

REGISTRATION NO. 333-08895

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1

TO
FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

MARTIN MARIETTA MATERIALS, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

NORTH CAROLINA (STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	1400 (PRIMARY STANDARD INDUSTRIAL CLASSIFICATION CODE NUMBER)	56-1848578 (I.R.S. EMPLOYER IDENTIFICATION NO.)
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2710 WYCLIFF ROAD
RALEIGH, NC 27607-3033
(919) 781-4550

(ADDRESS, INCLUDING ZIP CODE AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF
REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

BRUCE A. DEERSON
VICE PRESIDENT, SECRETARY
AND GENERAL COUNSEL
MARTIN MARIETTA MATERIALS, INC.
2710 WYCLIFF ROAD
RALEIGH, NC 27607-3033
(919) 781-4550

(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE,
OF AGENT FOR SERVICE)

Copies of all communications, including all communications sent to the agent
for service, should be sent to:

JOHN S. D'ALIMONTE
MICHAEL A. SCHWARTZ
WILLKIE FARR & GALLAGHER
ONE CITICORP CENTER
153 EAST 53RD STREET
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WILLIAM J. PHILLIPS
JONATHAN L. FREEDMAN
DEWEY BALLANTINE
1301 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10019-6092
(212) 259-8000

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: Upon
consummation of the Exchange Offer referred to herein.

If the securities being registered on this Form are being offered in
connection with the formation of a holding company and there is compliance
with General Instruction G, check the following box:

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR
DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT
SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS
REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH
SECTION 8(A) OF THE SECURITIES ACT OR UNTIL THE REGISTRATION STATEMENT SHALL
BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID
SECTION 8(A), MAY DETERMINE.

+++++
+INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A +
+REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE +
+SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY +
+OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT +
+BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR +
+THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE +
+SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE +
+UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF +
+ANY SUCH STATE. +
+++++

OFFERING CIRCULAR--PROSPECTUS

Subject to Completion, Dated September 13, 1996

Lockheed Martin Corporation

Offer to Exchange
shares of Common Stock
of
Martin Marietta Materials, Inc.
for each share of Common Stock
of
Lockheed Martin Corporation

THE EXCHANGE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00
MIDNIGHT, NEW YORK CITY TIME, ON , 1996, UNLESS THE EXCHANGE OFFER IS
EXTENDED.

Lockheed Martin Corporation, a Maryland corporation ("Lockheed Martin"), has determined to distribute the shares it owns of Martin Marietta Materials, Inc., a North Carolina corporation ("Materials" or the "Company"), to Lockheed Martin stockholders by offering to exchange shares of Common Stock of Materials, par value \$.01 per share ("Materials Common Stock"), for each share tendered of Common Stock of Lockheed Martin, par value \$1.00 per share ("Lockheed Martin Common Stock"), up to an aggregate of shares of Lockheed Martin Common Stock tendered and exchanged, upon the terms and subject to the conditions set forth herein and in the related Letter of Transmittal (which together constitute the "Exchange Offer"). A holder of Lockheed Martin Common Stock has the right to tender all or a portion of such holder's shares of Lockheed Martin Common Stock. As of , 1996, Lockheed Martin owned 37,350,000 shares of Materials Common Stock. If more than shares of Lockheed Martin Common Stock are validly tendered and not withdrawn on or prior to the Expiration Date (as defined herein) of the Exchange Offer, Lockheed Martin will accept such shares for exchange on a pro rata basis as described herein. The Exchange Offer is subject to certain conditions as set forth under "The Exchange Offer--Certain Conditions to the Exchange Offer," including at least shares of Lockheed Martin Common Stock (approximately % of the outstanding Lockheed Martin Common Stock, which is a sufficient number of shares to result in at least 66 2/3% of the Materials Common Stock owned by Lockheed Martin being exchanged pursuant to the Exchange Offer) being validly tendered and not withdrawn prior to the Expiration Date of the Exchange Offer. If fewer than shares of Lockheed Martin Common Stock (but at least shares) are tendered and exchanged for Materials Common Stock pursuant to the Exchange Offer and Lockheed Martin accordingly continues to own shares of Materials Common Stock after consummation of the Exchange Offer, as soon as practicable thereafter Lockheed Martin will effect a pro rata distribution of its remaining shares of Materials Common Stock to holders of record of Lockheed Martin Common Stock remaining after consummation of the Exchange Offer (the "Spin-Off"; together with the Exchange Offer, the "Transaction").

(Continued on following page)

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Dealer Manager for the Exchange Offer is:

MORGAN STANLEY & CO.
Incorporated

The date of this Offering Circular-Prospectus is , 1996.

(Cover continued from previous page)

Neither the Board of Directors of Lockheed Martin or Lockheed Martin nor the Board of Directors of Materials or Materials makes any recommendation to any stockholder as to whether to tender or refrain from tendering shares of Lockheed Martin Common Stock pursuant to the Exchange Offer. Each stockholder of Lockheed Martin must make his or her own decision as to whether to tender pursuant to the Exchange Offer and, if so, how many shares to tender after reading this Offering Circular-Prospectus and consulting with his or her advisors based on his or her own financial position and requirements.

SEE "RISK FACTORS" COMMENCING ON PAGE 14 FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH THE EXCHANGE OFFER.

The shares of Lockheed Martin Common Stock are listed and traded on the New York Stock Exchange, Inc. (the "NYSE"). The shares of Materials Common Stock are also listed and traded on the NYSE. On July 25, 1996, the last trading day prior to the announcement of the Transaction, the closing sale prices as reported in the consolidated transactions reporting system on the NYSE per share of Lockheed Martin Common Stock and Materials Common Stock were \$80 5/8 and \$22 1/2, respectively. On , 1996, the last trading day before Lockheed Martin commenced the Exchange Offer, the closing sale prices as reported in the consolidated transactions reporting system on the NYSE per share of Lockheed Martin Common Stock and Materials Common Stock were \$ and \$, respectively. As of August 31, 1996, 200,263,185 shares of Lockheed Martin Common Stock were outstanding, held of record by approximately 41,058 holders.

Any stockholder desiring to accept the Exchange Offer should either (1) request his or her broker, dealer, commercial bank, trust company or nominee to effect the transactions for him or her or (2) complete the Letter of Transmittal or a facsimile thereof, sign it in the place required, have the signature thereon guaranteed if required by the Letter of Transmittal and forward it and any other required documents to First Chicago Trust Company of New York (the "Exchange Agent"), and either deliver the certificates for such shares of Lockheed Martin Common Stock to the Exchange Agent along with the Letter of Transmittal or tender such shares of Lockheed Martin Common Stock pursuant to the procedure for book-entry transfer set forth in "The Exchange Offer--Procedures for Tendering Shares of Lockheed Martin Common Stock." Stockholders having shares of Lockheed Martin Common Stock registered in the name of a broker, dealer, commercial bank, trust company or nominee must contact such person if they desire to tender their shares of Lockheed Martin Common Stock. Lockheed Martin will not pay any fees or commissions to any broker or dealer or any other person (other than the Dealer Manager and the Soliciting Dealers (as defined herein)) for soliciting shares of Lockheed Martin Common Stock pursuant to the Exchange Offer. See "The Exchange Offer--Fees and Expenses." Stockholders who wish to tender shares of Lockheed Martin Common Stock and whose certificates for such shares are not immediately available should tender such shares by following the procedures for guaranteed delivery set forth in "The Exchange Offer--Guaranteed Delivery Procedures."

LETTERS OF TRANSMITTAL AND CERTIFICATES FOR SHARES OF LOCKHEED MARTIN COMMON STOCK SHOULD NOT BE SENT TO LOCKHEED MARTIN, MATERIALS, THE INFORMATION AGENT, THE DEALER MANAGER OR ANY SOLICITING DEALERS.

Certain employees of Lockheed Martin and its subsidiaries participate in employee benefit plans which permit the investment of all or a portion of their account balances in shares of Lockheed Martin Common Stock. The plan trustee is the stockholder of record for such plans. However, certain of these plans provide that in the case of a transaction such as the Exchange Offer, participants are entitled to direct the trustee as to whether or not to exchange shares of Lockheed Martin Common Stock attributable to their accounts for shares of Materials Common Stock ("Participant Directed Plans"). Participants in Participant Directed Plans will receive information from the respective plan trustee as to the procedure for providing the trustee with

directions as to how to respond to the Exchange Offer with respect to shares of Lockheed Martin Common Stock attributable to the participant's account. With respect to the shares of Lockheed Martin Common Stock not allocated to any participant's account in a Participant Directed Plan or shares held in an employee benefit plan which is not a Participant Directed Plan, the trustee of the applicable plan will determine whether or not to exchange shares of Lockheed Martin Common Stock attributable to the participant's account for shares of Materials Common Stock.

QUESTIONS AND REQUESTS FOR ASSISTANCE OR FOR ADDITIONAL COPIES OF THIS OFFERING CIRCULAR-PROSPECTUS AND THE LETTER OF TRANSMITTAL SHOULD BE DIRECTED TO MORROW & CO., INC. (THE "INFORMATION AGENT") OR THE DEALER MANAGER, MORGAN STANLEY & CO. INCORPORATED, AT THEIR RESPECTIVE ADDRESSES AND TELEPHONE NUMBERS SET FORTH ON THE BACK COVER HEREOF.

No person has been authorized to give any information or to make any representations other than those contained in this Offering Circular-Prospectus, and, if given or made, such information or representations must not be relied upon as having been authorized by Lockheed Martin or Materials or any other person. This Offering Circular-Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, any securities other than the securities to which it relates or any offer to sell, or the solicitation of an offer to buy, such securities in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this Offering Circular-Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of Lockheed Martin or Materials since the date hereof or that the information contained herein is correct as of any time subsequent to its date. All information contained herein regarding Lockheed Martin has been supplied by authorized representatives of Lockheed Martin; all information contained herein regarding Materials has been supplied by authorized representatives of Materials.

In accordance with various state securities laws applicable to the Exchange Offer which require the Exchange Offer to be made to the public by a licensed broker or dealer, the Exchange Offer is hereby made to stockholders residing in each such state by Morgan Stanley & Co. Incorporated, as Dealer Manager, on behalf of Lockheed Martin.

AVAILABLE INFORMATION

Materials has filed a Registration Statement on Form S-4 under the Securities Act of 1933, as amended (the "Securities Act"), with the Securities and Exchange Commission (the "Commission") with respect to the securities offered hereby (the "Registration Statement"). Lockheed Martin has filed a Schedule 13E-4 Issuer Tender Offer Statement (the "Schedule 13E-4") under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), with the Commission with respect to the Exchange Offer. This Offering Circular-Prospectus does not contain all the information set forth in the Registration Statement, the Schedule 13E-4 and the exhibits thereto, to which reference is hereby made. Statements contained in this Offering Circular-Prospectus as to the contents of any contract or other document referred to are not necessarily complete and in each instance reference is made to the copy of such contract or other document filed as an exhibit to the Registration Statement, each such statement being qualified in all respects by such reference. The material features of any such contract or other document are described herein.

Each of Lockheed Martin and Materials is subject to the informational requirements of the Exchange Act and in accordance therewith files reports, proxy and information statements and other information with the Commission. The Registration Statement, the Schedule 13E-4, and such reports, proxy and information statements and other information can be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, and at the Commission's Regional Offices at

the Citicorp Center, 500 West Madison, Room 1400, Chicago, Illinois 60661 and 7 World Trade Center, 13th Floor, New York, New York 10048. Copies of such material can also be obtained at prescribed rates by writing to the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549. The Commission also maintains a Web site at <http://www.sec.gov> which contains reports, proxy statements and other information regarding registrants that file electronically with the Commission. In addition, reports, proxy and information statements and other information concerning Lockheed Martin and Materials can be inspected at the offices of the NYSE, 20 Broad Street, New York, New York 10005.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The following documents have been filed by Lockheed Martin with the Commission pursuant to the Exchange Act and are incorporated herein by reference and made a part of this Offering Circular-Prospectus: (i) Lockheed Martin's Annual Report on Form 10-K for the fiscal year ended December 31, 1995; (ii) Lockheed Martin's Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 1996 and June 30, 1996; (iii) the description of Lockheed Martin Common Stock contained in Lockheed Martin's registration statement under the Exchange Act with respect to Lockheed Martin Common Stock filed with the Commission, including any amendments or reports filed for the purpose of updating that description; and (iv) Lockheed Martin's reports on Form 8-K filed on the following dates: January 12, 1996, April 5, 1996, May 2, 1996 (amended May 8, 1996), May 20, 1996, May 28, 1996, June 18, 1996 and June 25, 1996. The following documents have been filed by Materials with the Commission pursuant to the Exchange Act and are incorporated herein by reference and made a part of this Offering Circular-Prospectus: (i) Materials' Annual Report on Form 10-K for the fiscal year ended December 31, 1995; (ii) Materials' Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 1996 and June 30, 1996; (iii) the sections entitled "Beneficial Ownership of Shares," "Executive Compensation" (except the "Report of the Compensation and Equity-Related Awards Committees on Executive Compensation" and the "Performance Graph"), and "Compensation Committee Interlocks and Insider Participation in Compensation Decisions" of Materials' Proxy Statement, filed with the Commission on March 27, 1996; and (iv) the description of Materials Common Stock contained in Materials' registration statement under the Exchange Act with respect to Materials Common Stock filed with the Commission, including any amendments or reports filed for the purpose of updating that description.

All documents and reports filed by Lockheed Martin or Materials with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Offering Circular-Prospectus and prior to the termination of the offering of the shares of Materials Common Stock shall be deemed to be incorporated herein by reference and made a part of this Offering Circular-Prospectus from the date of filing of such documents or reports. Any statement contained in a document or report incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Offering Circular-Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular-Prospectus.

This Offering Circular-Prospectus incorporates documents by reference that are not presented herein or delivered herewith. Copies of documents incorporated by reference (other than exhibits to such documents, unless such exhibits are specifically incorporated by reference into such documents) are available without charge to any person, including any beneficial owner, to whom this Offering Circular-Prospectus is delivered upon written or oral request to the Information Agent, Morrow & Co., Inc., telephone number (800) 566-9058. In order to ensure timely delivery of the documents, any request should be made prior to , 1996. [5 BUSINESS DAYS PRIOR TO EXPIRATION DATE.]

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OFFERING CIRCULAR--PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information included or incorporated by reference in this Offering Circular-Prospectus.

LOCKHEED MARTIN CORPORATION

Lockheed Martin is a diversified enterprise principally engaged in the conception, research, development, design, manufacture and integration of advanced technology products and services. Lockheed Martin conducts its business through six major operating sectors: Space & Strategic Missiles; Aeronautics; Information & Services; C/3/I & Systems Integration; Electronics; and Energy & Environment. The business of Lockheed Martin consists of the businesses previously conducted by Lockheed Corporation ("Lockheed") and Martin Marietta Corporation ("Martin Marietta") and their respective subsidiaries and the businesses of the former Loral Corporation recently acquired by Lockheed Martin (the "Loral Transaction").

Lockheed Martin was incorporated in August 1994 as a Maryland corporation in order to effect the combination (the "Combination") of the businesses of Lockheed with the businesses of Martin Marietta. On March 15, 1995, the Combination was consummated and Martin Marietta and Lockheed became wholly owned subsidiaries of Lockheed Martin. Subsequently, Martin Marietta and Lockheed were merged into Lockheed Martin.

Lockheed Martin's principal executive offices are located at 6801 Rockledge Drive, Bethesda, Maryland 20817-1877, and its telephone number is (301) 897-6000.

MARTIN MARIETTA MATERIALS, INC.

The Company is the United States' second largest producer of aggregates used for the construction of highways and other infrastructure projects and for commercial and residential construction, based on tons shipped. In 1995, the Company's Aggregates division shipped approximately 94 million tons of aggregates, primarily crushed stone, from more than 200 quarries and distribution yards in 19 states in the Southeast, Midwest and Central states, and in Canada and the Bahamas, generating net sales of \$538.8 million. Since the Materials IPO (as defined below), the Company has increased its annual aggregates production capacity by almost 40%, from 84 million tons in 1993 to 117.3 million tons in 1995, primarily as a result of the acquisition of Dravo Corporation's construction aggregates business ("Dravo Aggregates"), as well as numerous smaller acquisitions and the opening of greensites. In addition to expanding the Company's aggregates capacity and markets, the acquisition of Dravo Aggregates complemented the Company's distribution channels with an extensive river barge and ocean-going vessel distribution system and significantly expanded its presence in the nonconstruction aggregates markets, including markets for chemical and industrial applications.

The Company, through its Magnesia Specialties division, is also one of the nation's leading producers of dolomitic lime; magnesia-based products, including heat-resistant refractory products used in the steel industry; and magnesia-based chemical products for industrial, agricultural and environmental uses, including wastewater treatment and acid neutralization. In 1995, the division's sales were \$125.6 million.

Materials was formed in November 1993 as a North Carolina corporation to be the successor to substantially all of the assets and liabilities of the materials group of Martin Marietta and its subsidiaries. An initial public offering of a portion of the Materials Common Stock was completed in February 1994 (the "Materials IPO") whereby 8,797,500 shares of Materials Common Stock (representing approximately 19% of the shares outstanding) were sold. As of , 1996, Lockheed Martin beneficially owned approximately 81% of the outstanding shares of Materials Common Stock.

Materials' principal executive offices are located at 2710 Wycliff Road, Raleigh, North Carolina 27607-3033, and its telephone number is (919) 781-4550.

RISK FACTORS

Certain risk factors should be considered in evaluating an investment in the Materials Common Stock offered hereby: tendering and nontendering stockholders affected differently by the Transaction; tax treatment of the Transaction; market uncertainties with respect to Materials Common Stock and Lockheed Martin Common Stock; cyclicalities and seasonality of aggregates business; geographic concentration of aggregates business; dependence of magnesia-based product sales on steel industry; competition; environmental and other regulatory matters affecting Materials; and anti-takeover provisions. See "Risk Factors."

THE TRANSACTION

Pursuant to the Exchange Offer, Lockheed Martin is offering, upon the terms and subject to the conditions thereof, to exchange shares of Materials Common Stock for each share of Lockheed Martin Common Stock tendered, up to an aggregate of shares of Lockheed Martin Common Stock. As of August 31, 1996, there were 200,263,185 shares of Lockheed Martin Common Stock outstanding.

If fewer than shares of Lockheed Martin Common Stock (but at least shares) are tendered and exchanged for Materials Common Stock pursuant to the Exchange Offer and Lockheed Martin accordingly continues to own shares of Materials Common Stock after consummation of the Exchange Offer, Lockheed Martin will, as soon as practicable thereafter, effect the Spin-Off of the remaining shares of Materials Common Stock owned by Lockheed Martin as a pro rata distribution to holders of Lockheed Martin Common Stock remaining after consummation of the Exchange Offer. As of , 1996, Lockheed Martin owned 37,350,000 shares of Materials Common Stock.

PURPOSE AND EFFECTS OF THE TRANSACTION

Lockheed Martin and Materials believe that the Transaction will advance important business purposes of both Lockheed Martin and Materials, which include, among other things, the following: (i) facilitating the future issuance by Materials of its stock to finance strategic acquisitions in pursuit of its growth strategy; (ii) permitting Materials to implement more effective management stock incentive programs and employee stock compensation programs; (iii) allowing Materials to have direct control over its administrative costs and allowing Materials' credit rating to be evaluated independently of Lockheed Martin's; (iv) facilitating potential future equity offerings by Lockheed Martin; and (v) allowing Lockheed Martin to focus on its core businesses. For these and other reasons, Lockheed Martin believes that the Transaction will also enhance shareholder value for both Lockheed Martin and Materials.

Following the Transaction and consistent with Lockheed Martin's plan to generate cash to reduce debt, Lockheed Martin anticipates that, subject to prevailing financial, market and economic conditions, it will divest other non-core businesses and will consider making a public offering of shares of Lockheed Martin Common Stock to further reduce outstanding debt. Any public offering will be made only by means of a prospectus.

As a result of the Transaction, all of Lockheed Martin's approximately 81% interest in the Materials Common Stock will be exchanged with Lockheed Martin stockholders who participate in the Exchange Offer or, if applicable, distributed to the Lockheed Martin stockholders in the Spin-Off.

PRICE RANGE AND DIVIDENDS

Lockheed Martin Common Stock and Materials Common Stock are each listed on the NYSE. From the commencement of trading on March 16, 1995 to , 1996, the high and low sale prices per share of Lockheed Martin Common Stock as reported in the consolidated transactions reporting system on the NYSE were \$ and \$, respectively. Following the Combination, Lockheed Martin paid quarterly dividends of \$0.35 per share. Pursuant to a settlement of certain stockholder litigation in connection with the Combination, Lockheed Martin agreed to increase its regular quarterly dividend by \$0.05 per share for each of the first three quarters of 1996. On July 25, 1996, Lockheed Martin announced that its Board of Directors had declared a quarterly cash dividend of \$0.40 per share payable on September 30, 1996 to holders of record on September 3, 1996. The declaration and payment of future dividends to holders of Lockheed Martin Common Stock will be at the discretion of the Board of Directors of Lockheed Martin and will depend upon many factors, including Lockheed Martin's competitive position, financial condition, earnings and capital requirements.

From the commencement of trading on February 17, 1994 to , 1996, the high and low sale prices per share of Materials Common Stock as reported in the consolidated transactions reporting system on the NYSE were \$ and \$, respectively. Materials has paid quarterly cash dividends of \$0.11 per share in each quarter since the third quarter of 1994. On July 26, 1996, Materials announced that its Board of Directors had declared a quarterly cash dividend of \$0.12 per share payable on September 30, 1996 to holders of record on August 30, 1996. The declaration and payment of future dividends to holders of Materials Common Stock will be at the discretion of the Board of Directors of Materials and will depend upon many factors, including Materials's competitive position, financial condition, earnings and capital requirements.

THE EXCHANGE OFFER

Terms of the Exchange

Offer..... Lockheed Martin is offering, upon the terms and subject to the conditions of the Exchange Offer, to exchange shares of Materials Common Stock for each share of Lockheed Martin Common Stock tendered, up to an aggregate of shares of Lockheed Martin Common Stock. A holder of Lockheed Martin Common Stock has the right to tender all or a portion of such holder's shares of Lockheed Martin Common Stock. If fewer than shares of Lockheed Martin Common Stock (but at least shares) are validly tendered and not properly withdrawn pursuant to the Exchange Offer and the Exchange Offer is consummated, Lockheed Martin will distribute the remaining shares of Materials Common Stock pro rata to remaining holders of Lockheed Martin Common Stock as soon as practicable after consummation of the Exchange Offer. See "The Spin-Off." If more than shares of Lockheed Martin Common Stock are validly tendered and not properly withdrawn, then Lockheed Martin will accept all of such shares on a pro rata basis (except with respect to odd lot tenders) as described herein in exchange for the shares of Materials Common Stock. To be eligible to receive Materials Common Stock pursuant to the Exchange Offer, a holder of Lockheed Martin Common Stock must validly tender and not withdraw Lockheed Martin Common Stock on or prior to the Expiration Date. See "The Exchange Offer--Terms of the Exchange Offer."

Expiration Date..... 12:00 Midnight, New York City time, on , 1996, unless extended, in which case the term "Expiration Date" shall mean the last date and time to which the Exchange Offer is extended. See "The Exchange Offer--Extension of Tender Period; Termination; Amendment."

Conditions of the Exchange

Offer..... The Exchange Offer is subject to certain conditions, including at least shares of Lockheed Martin Common Stock (approximately % of the outstanding Lockheed Martin Common Stock, which is a sufficient number of shares of Lockheed Martin Common Stock to result in at least 66 2/3% of the Materials Common Stock owned by Lockheed Martin being exchanged pursuant to the Exchange Offer) being validly tendered and not withdrawn prior to the Expiration Date. All of the conditions to the Exchange Offer may be waived in the sole discretion of Lockheed Martin. See "The Exchange Offer--Certain Conditions of the Exchange Offer."

Procedures for Tendering....

To be tendered properly, certificates for shares of Lockheed Martin Common Stock, together with a properly completed and duly executed Letter of Transmittal (or manually signed facsimile thereof) or an Agent's Message (as defined herein) in connection with a book-entry transfer of shares and any other documents required by the Letter of Transmittal must be received by the Exchange Agent at one of the addresses set forth on the back

cover of this Offering Circular-Prospectus prior to 12:00 Midnight, New York City time, on the Expiration Date, or stockholders must comply with the specific procedures for guaranteed delivery described herein. Certain financial institutions may also effect tenders by book-entry transfer through a Book-Entry Transfer Facility (as defined herein). Holders of Lockheed Martin Common Stock having shares registered in the name of a broker, dealer, commercial bank, trust company or nominee are urged to contact such person promptly if they wish to tender any shares of Lockheed Martin Common Stock pursuant to the Exchange Offer. See "The Exchange Offer--Procedures for Tendering Shares of Lockheed Martin Common Stock."

Certain employees of Lockheed Martin and its subsidiaries participate in employee benefit plans which permit the investment of all or a portion of their account balances in shares of Lockheed Martin Common Stock. The plan trustee is the stockholder of record for such plans. However, participants in Participant Directed Plans are entitled to direct the trustee as to whether or not to exchange shares of Lockheed Martin Common Stock attributable to their accounts for shares of Materials Common Stock. Such participants will receive information from the respective plan trustee as to the procedure for providing the trustee with directions on how to respond to the Exchange Offer with respect to shares of Lockheed Martin Common Stock attributable to the participant's account. With respect to the shares of Lockheed Martin Common Stock not allocated to any participant's account in a Participant Directed Plan or shares held in an employee benefit plan which is not a Participant Directed Plans, the trustee of the applicable plan will determine whether or not to exchange shares of Lockheed Martin Common Stock attributable to the participant's account for shares of Materials Common Stock.

Proration..... If more than shares of Lockheed Martin Common Stock have been validly tendered for exchange and not withdrawn on or prior to the Expiration Date, Lockheed Martin will accept such shares on a pro rata basis, except that any holder of shares of Lockheed Martin Common Stock (other than participants in employee benefit plans of Lockheed Martin or its subsidiaries) who beneficially owns fewer than 100 shares of Lockheed Martin Common Stock (an "Odd Lot") and who validly tenders and does not withdraw all such shares of Lockheed Martin Common Stock prior to the Expiration Date will not be subject to proration if such holder completes the box captioned "Odd Lots" on the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery. See "The Exchange Offer--Tenders for Exchange by Holders of Fewer than 100 Shares of Lockheed Martin Common Stock."

Withdrawal Rights..... Subject to the conditions set forth herein, tenders of Lockheed Martin Common Stock may be withdrawn at any time on or prior to the Expiration Date, and, unless theretofore accepted for exchange, after , 1996. See "The Exchange Offer--Withdrawal Rights."

No Fractional Shares..... No fractional shares of Materials Common Stock will be distributed. Holders of Lockheed Martin Common Stock who would otherwise be entitled to receive a fractional share of Materials Common Stock will be paid cash in lieu of such fractional share. See "The Exchange Offer."

Delivery of Materials
Common Stock..... Lockheed Martin will deliver shares of Materials Common Stock and cash in lieu of fractional shares as soon as practicable after acceptance of Lockheed Martin Common Stock for exchange. See "The Exchange Offer--Exchange of Shares of Lockheed Martin Common Stock."

Exchange Agent..... First Chicago Trust Company of New York is serving as the Exchange Agent in connection with the Exchange Offer.

Information Agent..... Morrow & Co., Inc. is serving as the Information Agent in connection with the Exchange Offer. Its telephone number is (800) 566-9058.

Certain Federal Income Tax
Consequences of the
Transaction..... Lockheed Martin has received a legal opinion (the "Opinion") from King & Spalding, special tax counsel to Lockheed Martin, stating its opinion that, for federal income tax purposes, the Transaction will qualify as a fully tax-free distribution under Section 355 of the Internal Revenue Code of 1986, as amended (the "Code"). For a more complete discussion of the United States federal income tax consequences of the Transaction to holders of Lockheed Martin Common Stock, see "Certain Federal Income Tax Consequences."

Regulatory Approvals..... Except with respect to possible filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "HSR Act") under certain circumstances, Lockheed Martin and Materials do not believe that the receipt of any material federal or state regulatory approvals will be necessary in connection with the Transaction. See "The Transaction--Regulatory Approvals."

Appraisal Rights..... No appraisal rights are available to stockholders of Lockheed Martin or shareholders of Materials in connection with the Transaction. See "The Transaction--Appraisal Rights."

SUMMARY CONSOLIDATED FINANCIAL DATA OF MATERIALS

(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

	SIX MONTHS		FISCAL YEARS ENDED DECEMBER 31,				
	ENDED JUNE 30,		1995(1)	1994	1993	1992	1991
	1996	1995					
STATEMENT OF EARNINGS DATA:							
Net sales.....	\$ 337.0	\$ 305.9	\$664.4	\$501.7	\$452.9	\$408.3	\$371.7
Gross profit.....	79.1	75.3	167.2	139.1	121.3	98.4	95.0
Earnings from operations.....	48.5	45.6	107.6	91.9	76.4	55.1	55.4
Interest expense.....	(5.7)	(4.5)	(9.7)	(6.9)	(3.2)	(1.0)	(0.8)
Other income and expenses, net.....	4.3	2.6	6.0	5.4	0.9	2.5	(0.3)
Earnings before taxes on income, net extraordinary item and net cumulative effect of changes in accounting.....	47.1	43.7	103.8	90.4	74.1	56.5	54.3
Earnings before net extraordinary item and net cumulative effect of changes in accounting.....	31.1	28.2	67.6	58.3	48.0	39.0	37.4
Net extraordinary item(2).....	--	--	--	(4.6)	--	--	--
Net cumulative effect of changes in accounting(3).....	--	--	--	--	(17.5)	--	--
Net earnings.....	31.1	28.2	67.6	53.7	30.5	39.0	37.4
NET EARNINGS PER COMMON SHARE:							
Before extraordinary item.....	\$ 0.68	\$ 0.61	\$ 1.47	\$ 1.30			
Extraordinary item.....	--	--	--	(0.11)			
	\$ 0.68	\$ 0.61	\$ 1.47	\$ 1.19			
	=====	=====	=====	=====			
SELECTED STATISTICAL AND OPERATING DATA:							
EBITDA(4).....	\$ 82.8	\$ 75.2	\$169.2	\$140.1	\$114.3	\$ 99.5	\$ 94.4
Depreciation, depletion and amortization.....	\$ 30.0	\$ 27.0	\$ 55.7	\$ 42.8	\$ 37.0	\$ 42.0	\$ 39.3
Capital expenditures (including acquisitions).....	\$ 33.4	\$ 176.9	\$230.7	\$ 59.5	\$ 66.4	\$ 57.9	\$ 43.0
Tons of aggregates shipped (in millions)..	46.0	42.2	94.0	71.2	64.9	56.5	50.3
Annual aggregates production capacity available at end of period (in millions of tons)..	--	--	117.3	85.7	84.0	80.1	74.9
	AS OF JUNE 30,		AS OF DECEMBER 31,				
	1996	1995	1995	1994	1993	1992	1991
BALANCE SHEET DATA:							
Total assets.....	\$ 746.4	\$ 703.9	\$789.4	\$593.9	\$497.0	\$447.3	\$422.5
Working capital.....	165.2	52.8	141.0	132.4	89.1	85.5	82.7
Long-term debt (including current maturities of long-term debt).....	125.7	106.7	228.7	108.2	235.3	13.4	11.5
Stockholders' equity(5).....	444.6	394.3	423.5	376.3	145.4	--	--
Business equity(5).....	--	--	--	--	--	354.9	328.3

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- (1) The financial data for the year ended December 31, 1995, include the operations of the former Dravo Basic Materials Company, Inc., from the date of acquisition.
- (2) Amount represents the net extraordinary loss on the early extinguishment of debt associated with the February 1994 in-substance defeasance of \$125 million of long-term indebtedness.
- (3) Net cumulative effect of accounting changes reflects the 1993 adoption of the change in methods of accounting for income taxes, postretirement benefits other than pensions, and postemployment benefits.
- (4) EBITDA represents earnings before taxes on income, net extraordinary item, net cumulative effect of changes in accounting, interest expense, and depreciation, depletion and amortization. EBITDA does not represent net income or cash flows from operations as these terms are defined under generally accepted accounting principles, and should not be considered as an alternative to net income as an indicator of the Company's operating performance or to cash flows as a measure of liquidity. The Company has included information concerning EBITDA herein because it has been informed that such information is useful to certain investors.
- (5) The Company was incorporated in November 1993, at which time it authorized and issued Materials Common Stock and assumed the obligations with respect to certain indebtedness of its parent. Prior to its incorporation, the Company was an operating division of Martin Marietta and its capitalization did not include stockholders' equity in the form of capital stock or significant interest-bearing indebtedness. Accordingly, the presentation of its capitalization may not be comparable in all periods presented.

SUMMARY CONSOLIDATED FINANCIAL DATA OF LOCKHEED MARTIN
(IN MILLIONS, EXCEPT PER SHARE DATA)

	SIX MONTHS ENDED JUNE 30,		YEARS ENDED DECEMBER 31,		
	1996(1)	1995(2)	1995(2)	1994	1993
EARNINGS DATA:					
Net sales					
Space & Strategic Missiles.....	\$ 3,664	\$ 3,747	\$ 7,521	\$ 6,719	\$ 7,293
Aeronautics.....	2,500	3,242	6,617	7,091	6,601
Information & Technology Services.....	2,630	2,195	4,528	4,271	3,712
Electronics.....	2,965	1,650	3,294	4,055	4,092
Energy, Materials and Other (3).....	426	417	893	770	699
Total.....	\$12,185	\$11,251	\$ 22,853	\$ 22,906	\$ 22,397
Operating profit					
Space & Strategic Missiles.....	\$ 505	\$ 84	\$ 431	\$ 476	\$ 507
Aeronautics.....	230	136	394	511	479
Information & Technology Services.....	146	84	269	228	145
Electronics.....	249	80	261	456	331
Energy, Materials and Other (3).....	66	(85)	22	308	122
Total.....	\$ 1,196	\$ 299	\$ 1,377	\$ 1,979	\$ 1,584
Net earnings.....	\$ 571	\$ 84	\$ 682	\$ 1,018	\$ 829
Earnings per common share:					
Assuming no dilution.....	\$ 2.85	\$.28	\$ 3.28	\$ 5.12	\$ 3.99
Assuming full dilution.....	2.55	-- (2)	3.05	4.66	3.75
CASH FLOW DATA:					
Depreciation and amortization.....	\$ 533	\$ 465	\$ 921	\$ 937	\$ 936
Expenditures for property, plant and equipment.....	347	269	531	509	536
Dividends on common and preferred stock.....	186	155	314	274	260

	AS OF JUNE 30, 1996(1)	AS OF DECEMBER 31, 1995 1994	

BALANCE SHEET DATA:

Cash and cash equivalents.....	\$ 390	\$ 653	\$ 639
Total assets.....	30,328	17,648	18,049
Total debt.....	12,759	3,732	3,879
Stockholders' equity.....	6,912	6,433	6,086
Book value per common share, assuming full dilution.....	30.86	28.93	29.19

(1) On April 23, 1996, Lockheed Martin acquired Tactical Systems (the defense electronics and systems integration businesses of the former Loral Corporation). The operations of Tactical Systems have been included in the results of operations of Lockheed Martin's Information & Technology Services and Electronics segments from April 1, 1996. See "Unaudited Pro Forma Combined Condensed Earnings Data of Lockheed Martin" for the effects of the Loral Transaction.

(2) Operating profit includes the effect of the Lockheed Martin's \$690 million pretax charges for merger related and consolidation expenses recorded in 1995 related to the formation of Lockheed Martin. The after-tax effect of

these charges was \$436 million, or \$1.96 per common share assuming full dilution. Earnings per common share assuming full dilution for the six months ended June 30, 1995 is not presented as such amount is anti-dilutive.

- (3) Includes Energy and Environment Sector, Materials and businesses not included in the other business segments.

RISK FACTORS

In considering whether or not to accept the Exchange Offer, holders of Lockheed Martin Common Stock should carefully consider all information contained in this Offering Circular-Prospectus, especially the matters described or referred to in the following paragraphs.

TENDERING AND NONTENDERING STOCKHOLDERS AFFECTED DIFFERENTLY BY THE TRANSACTION

Holders of shares of Lockheed Martin Common Stock will be affected by the consummation of the Transaction regardless of whether such holders tender some or all of their shares of Lockheed Martin Common Stock for exchange pursuant to the Exchange Offer. Holders of shares of Lockheed Martin Common Stock who tender all of their shares for exchange pursuant to the Exchange Offer will no longer have an ownership interest in Lockheed Martin unless more than shares of Lockheed Martin Common Stock are tendered for exchange and such holder's tendered shares are accordingly prorated (other than stockholders holding less than 100 shares who tender all such shares and complete the box captioned "Odd Lots" on the Letter of Transmittal, and, if applicable, on the Notice of Guaranteed Delivery). Holders of shares of Lockheed Martin Common Stock who do not tender any of their shares for exchange pursuant to the Exchange Offer will receive shares of Materials Common Stock only as a result of the Spin-Off if fewer than shares of Lockheed Martin Common Stock are exchanged in the Exchange Offer, and will in any event own fewer shares of Materials Common Stock than if they had participated in the Exchange Offer. Such holders will continue to have an ownership interest in Lockheed Martin, which percentage interest will have been increased as a result of the consummation of the Exchange Offer.

TAX TREATMENT OF THE TRANSACTION

On July 24, 1996, Lockheed Martin received the Opinion from King & Spalding stating its opinion that for United States federal income tax purposes the Transaction will qualify under Section 355 of the Code as a distribution that is fully tax-free to Lockheed Martin's stockholders (except with respect to cash received in lieu of fractional shares) and, in general, is tax-free to Lockheed Martin. The Opinion, which is not binding on the Internal Revenue Service (the "IRS"), is subject to certain factual representations and assumptions. If such factual representations and assumptions are incorrect in any material respect, the ability of Lockheed Martin to rely on the Opinion would be jeopardized. Neither Lockheed Martin nor Materials is aware of any facts or circumstances that would cause any such representations or assumptions to be incorrect or untrue in any material respect. Nevertheless, if Lockheed Martin consummates the Transaction and the Transaction is subsequently deemed taxable by the IRS, both Lockheed Martin and its stockholders could be subject to tax on the Transaction, which tax could have a material adverse effect on Lockheed Martin.

In connection with the Transaction, Materials has agreed to indemnify Lockheed Martin for certain liabilities that would result from the failure of the distribution of Materials Common Stock to qualify as a fully tax-free distribution. In general, Materials will be responsible for only 19% of any such liabilities, up to an aggregate limit of \$25 million, and Lockheed Martin will be responsible for the balance. However, if Materials knowingly or willfully breaches certain covenants contained in the Tax Assurance Agreement (as defined herein) and the failure of the Transaction to qualify as a fully tax-free distribution would not have occurred but for such breach, Materials will be solely responsible for the full amount of any resulting liability. In addition, if Materials is subsequently acquired in a manner that causes the failure of the Transaction to qualify as a fully tax-free distribution under Section 355 of the Code (including the recognition of gain to Lockheed Martin on the distribution of Materials Common Stock pursuant to Section 355(d) of the Code) and the gain did not result from a breach by Lockheed Martin of the Tax Assurance Agreement, the resulting liability shall be allocated solely to Materials. Any such obligation of Materials to indemnify Lockheed Martin could have a material adverse effect on Materials. See "Certain Federal Income Tax Consequences."

MARKET UNCERTAINTIES WITH RESPECT TO MATERIALS COMMON STOCK AND LOCKHEED MARTIN COMMON STOCK

The Transaction will increase the number of publicly held shares of Materials Common Stock and the number of shareholders of Materials. If significant numbers of holders of Lockheed Martin Common Stock who

receive shares of Materials Common Stock pursuant to the Transaction attempt to sell such shares on the open market shortly after the Transaction, the market price for Materials Common Stock could be adversely affected.

The reduction in the number of shares of Lockheed Martin Common Stock outstanding will increase the proportionate ownership interest in Lockheed Martin of stockholders of Lockheed Martin who do not tender Lockheed Martin Common Stock pursuant to the Exchange Offer.

CYCLICALITY AND SEASONALITY OF AGGREGATES BUSINESS

Materials' Aggregates division markets its products primarily to the construction industry, with approximately half of the Aggregates division's shipments made to contractors in connection with highway and other public infrastructure projects. Accordingly, the profitability of construction aggregates producers is sensitive to national, as well as regional and local, economic conditions, and particularly to cyclical swings in construction spending, and to changes in the levels of infrastructure spending funded by the public sector. Due to the high level of fixed costs associated with aggregates production, operating leverage can be substantial.

In addition, Materials' aggregates business is highly seasonal, due primarily to the effect of weather conditions on construction activity in Materials' aggregates markets. Accordingly, Materials' second and third quarters are generally the strongest and the first quarter the weakest. In this regard, severe winter weather conditions within most of the markets served by the Aggregates division during the first quarter of 1996 adversely impacted the Company's earnings for the period. During the first week of September 1996, several of Materials' eastern North Carolina quarries were impacted to varying degrees by Hurricane Fran. The effect on Materials' operations has not been assessed fully at this time. While the third quarter earnings for 1996 may reflect the impact of increased costs and interrupted product shipments, Materials' management believes that the impact from the storm on Materials' financial position and on its results of operations for the year ending December 31, 1996, will not be material.

GEOGRAPHIC CONCENTRATION OF AGGREGATES BUSINESS

Materials' aggregates business is concentrated principally in the Southeast, Midwest and Central states and is, therefore, dependent upon the economies of those regions. The acquisition of Dravo Aggregates together with the recently acquired Nova Scotia quarry expanded the Company's distribution system by providing an extensive river barge network and an ocean going capability. While this expansion has enhanced the Company's ability to provide cost-effective coverage of certain coastal markets from New York to Texas, as well as allowed the Company to ship products to Canada, the Caribbean and parts of South America, approximately 30% of the Aggregates division's net sales in 1995 were made in North Carolina, 12% in Georgia and 9% in Iowa. See "Business of Materials--Aggregates Division."

DEPENDENCE OF MAGNESIA-BASED PRODUCT SALES ON STEEL INDUSTRY; COMPETITION

Materials' refractory and dolomitic lime products are sold primarily to the steel industry, and such sales may be affected by economic conditions, the levels of steel production and imports and price competition among suppliers to the steel industry. The division competes principally on the basis of quality, price and technical support for its products.

ENVIRONMENTAL AND OTHER REGULATORY MATTERS; LITIGATION

Materials' operations are subject to and affected by federal, state and local laws and regulations relating to the environment, health and safety and other regulatory matters. Certain of Materials' operations may from time to time involve the use of substances that are classified as toxic or hazardous substances within the meaning of these laws and regulations. Materials believes that its operations and facilities, both owned and leased, are in substantial compliance with applicable laws and regulations and that any noncompliance is not likely to have a material adverse effect on the Company's operations or its financial condition. Despite these compliance efforts, risk of environmental liability is inherent in the operation of the Company's businesses, as it is with other companies engaged in similar businesses, and there can be no assurance that environmental liabilities will not have a material adverse effect on the Company in the future. In addition, future events, such as changes in or

modified interpretations of existing laws or regulations or enforcement policies, or further investigation or evaluation of the potential health hazards of certain products or business activities, may give rise to additional compliance and other costs that could have a material adverse effect on the Company.

Materials is involved from time to time in various legal proceedings and claims that arise out of its operations, and is a defendant in several lawsuits. In the opinion of management of Materials, it is unlikely that the outcome of pending or threatened litigation will have a material adverse effect on Materials' operations or its financial condition; however, there can be no assurance that an adverse outcome in a pending or future legal proceeding would not have such a material adverse effect.

ANTI-TAKEOVER PROVISIONS

Certain provisions of Materials' Articles of Incorporation (as amended, the "Materials Articles of Incorporation") and Bylaws (as amended, the "Materials Bylaws"), and certain proposed amendments thereto (as described herein) that will become effective upon consummation of the Split-Off or the Transaction (the "Proposed Amendments"), may be deemed to have anti-takeover effects and may delay, defer or prevent a takeover attempt that a shareholder might consider to be in its best interest. These include provisions in the Materials Articles of Incorporation, the Materials Bylaws and the Proposed Amendments that (i) permit the Board of Directors to issue up to 10 million shares of preferred stock of Materials, without shareholder approval, (ii) classify the Board of Directors of Materials into three classes, with staggered terms of three years, (iii) limit the ability of shareholders to call a special meeting of shareholders, (iv) provide for the removal of directors only "for cause", and (v) require higher shareholder voting requirements for approving transactions with "interested shareholders" of Materials. In addition, the Board of Directors of Materials has adopted a shareholder rights plan that will become effective upon consummation of the Split-Off or the Transaction. See "Comparison of Rights of Stockholders of Lockheed Martin and Materials--Shareholder Rights Plan." The existence of the foregoing provisions and arrangements may, under certain circumstances, render more difficult attempts to acquire the Company, discourage bids for Materials Common Stock at a premium over the market price thereof and adversely affect the market price of, and voting and other rights of the holders of, Materials Common Stock.

FORWARD LOOKING STATEMENTS--SAFE HARBOR PROVISIONS

This Offering Circular-Prospectus contains or incorporates by reference statements which, to the extent that they are not recitations of historical fact, may constitute "forward looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All forward looking statements contained or incorporated by reference in this document are intended to be subject to the safe harbor protection provided by such Sections 27A and 21E. For a discussion identifying some important factors that could cause actual results to vary materially from those anticipated in the forward looking statements made by Lockheed Martin, see Lockheed Martin's Commission filings, including but not limited to the discussion on "Competition and Risk" and the discussion of "Government Contracts and Regulations on pages 10 through 12 and 13 through 14 of Lockheed Martin's 1995 Annual Report to Stockholders, which are incorporated by reference into Lockheed Martin's Annual Report on Form 10-K for the year ended December 31, 1995 ("Lockheed Martin's 1995 Annual Report") and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 44 through 56 of Lockheed Martin's 1995 Annual Report and "Note 1--Summary of Significant Accounting Policies" and "Note 14--Commitments and Contingencies" of the Notes to Consolidated Financial Statements on pages 62 through 63 and 73 through 74, respectively, of the Audited Financial Statements included in Lockheed Martin's 1995 Annual Report, which are incorporated by reference herein. For a discussion identifying some important factors that could cause actual results to vary materially from those anticipated in the forward looking statements made by Materials, see Materials' Commission filings, including but not limited to, the discussion of "Competition" on page 6 of Materials Annual Report on Form 10-K for the year ended December 31, 1995 ("Materials 1995 Form 10-K"), "Analysis of Financial Condition and Operating Results" on pages 28 through 36 of the Materials 1995 Annual Report to Shareholders ("Materials 1995 Annual Report") and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 9 through 20 of the Materials Quarterly Report on Form 10-Q for the quarterly

period ended June 30, 1996 ("Materials Second Quarter 1996 Form 10-Q"), which are incorporated by reference herein, and "Note A: Accounting Policies" and "Note M: Contingencies" of the "Notes to Financial Statements" on pages 15 through 17 and 26 through 27, respectively, of the Audited Financial Statements included in Materials 1995 Annual Report and "Note 5-Contingencies" of the "Notes to Condensed Consolidated Financial Statements" on page 8 of the unaudited financial statements included in the Materials Second Quarter 1996 Form 10-Q, which are incorporated herein by reference.

PURPOSE AND EFFECTS OF THE TRANSACTION

The Transaction will advance important business purposes of both Lockheed Martin and Materials, as described in the following two paragraphs. For these and other reasons, Lockheed Martin believes that the Transaction will enhance shareholder value for both Lockheed Martin and Materials.

The success of Materials' growth strategy during recent years has produced economies of scale in the operation of its business and has enhanced its competitive position. Materials believes that future growth will further improve these economies of scale in its businesses and is necessary to maintain or improve its competitive position. In part due to Materials' recent growth, the advantages that previously stemmed from its relationship with Lockheed Martin as its dominant shareholder have been substantially reduced. Instead, this relationship now presents a variety of systemic issues. For example, because of Lockheed Martin's loss of a favorable tax status that would occur if its ownership interest in Materials were to fall below 80% (i.e., the relationship of the two corporations as members of the same consolidated group), Materials is, as a practical matter, limited in its ability to issue its equity to finance strategic acquisitions or implement more effective management stock incentive and employee stock compensation programs that it believes would be beneficial. In addition, Materials believes that consummation of the Transaction will allow Materials to have direct control over its administrative costs and will allow its credit rating to be evaluated independently of Lockheed Martin's.

In addition, Lockheed Martin believes that the complete divestiture of Materials, which is Lockheed Martin's largest non-core business asset (determined by reference to estimated market value), will enhance the perception of Lockheed Martin's focus on its core aerospace and defense industries and thereby enhance stockholder value and facilitate potential future equity offerings by Lockheed Martin. Following the Transaction and consistent with its plan to generate cash to reduce debt, Lockheed Martin anticipates that, subject to prevailing financial, market and economic conditions, it will divest other non-core businesses and will consider making a public offering of shares of Lockheed Martin Common Stock to further reduce outstanding debt. Any public offering will be made only by means of a prospectus.

Materials was formed in November 1993 to be the successor to substantially all of the assets and liabilities of the materials group of Martin Marietta and its subsidiaries. The Materials IPO was completed in February 1994 whereby 8,797,500 shares of Materials Common Stock (representing approximately 19% of the shares outstanding) were sold. As of , 1996, Lockheed Martin owned approximately 81% of the outstanding shares of Materials Common Stock.

As a result of the Transaction, all of Lockheed Martin's approximately 81% interest in the Materials Common Stock will be exchanged with Lockheed Martin stockholders who participate in the Exchange Offer or, if applicable, distributed to the Lockheed Martin stockholders in the Spin-Off.

The Transaction will reduce the number of outstanding shares of Lockheed Martin Common Stock. This reduction will increase the proportionate ownership in Lockheed Martin of stockholders of Lockheed Martin who do not tender Lockheed Martin Common Stock pursuant to the Exchange Offer. The Exchange Offer will also provide Lockheed Martin's stockholders with an opportunity to adjust, in a tax-efficient manner, their investment between Lockheed Martin's remaining businesses in advanced technology products and services and Materials' aggregates and magnesia specialties businesses. To the extent that a holder exchanges all of such holder's Lockheed Martin Common Stock pursuant to the Exchange Offer, the holder will no longer participate in any increase in the value of Lockheed Martin Common Stock. Furthermore, any Lockheed Martin stockholder owning an aggregate of less than 100 shares of Lockheed Martin Common Stock whose shares of Lockheed

Martin Common Stock are accepted for exchange pursuant to the Exchange Offer will avoid the applicable odd lot discounts payable on sales of odd lots on the NYSE.

Holders of shares of Lockheed Martin Common Stock will be affected by the Transaction regardless of whether such holders tender their shares of Lockheed Martin Common Stock for exchange pursuant to the Exchange Offer. Holders of shares of Lockheed Martin Common Stock who tender all of their shares for exchange pursuant to the Exchange Offer will no longer have an ownership interest in Lockheed Martin unless more than shares of Lockheed Martin Common Stock are tendered for exchange and such holder's tendered shares are accordingly prorated (other than stockholders holding less than 100 shares who tender all such shares and complete the box captioned "Odd Lots" on the Letter of Transmittal, and, if applicable, on the Notice of Guaranteed Delivery). Holders of shares of Lockheed Martin Common Stock who do not tender any of their shares for exchange pursuant to the Exchange Offer will not receive shares of Materials Common Stock as a result of the Exchange Offer, although such stockholders will receive shares of Materials Common Stock pursuant to the Spin-Off if fewer than shares of Lockheed Martin Common Stock are tendered pursuant to the Exchange Offer and the Exchange Offer is consummated. Such holders will continue to have an ownership interest in Lockheed Martin, which percentage interest will have been increased as a result of the Exchange Offer.

Lockheed Martin Common Stock acquired by Lockheed Martin pursuant to the Exchange Offer generally will be available for issuance by Lockheed Martin without further stockholder action (except as required by applicable law or the rules of the NYSE, on which Lockheed Martin Common Stock is listed) for general or other corporate purposes, including stock splits or dividends, acquisitions, the raising of additional capital for use in Lockheed Martin's business and pursuant to employee benefit plans.

THE TRANSACTION

GENERAL

Pursuant to the Exchange Offer, Lockheed Martin is offering, upon the terms and subject to the conditions thereof, to exchange shares of Materials Common Stock for each share of Lockheed Martin Common Stock tendered and exchanged, up to an aggregate of shares of Lockheed Martin Common Stock.

If more than shares of Lockheed Martin Common Stock have been validly tendered for exchange and not withdrawn on or prior to the Expiration Date, except as provided herein, Lockheed Martin will accept such shares for exchange on a pro rata basis. If fewer than shares of Lockheed Martin Common Stock (but at least shares) are tendered and exchanged for Materials Common Stock pursuant to the Exchange Offer and Lockheed Martin accordingly continues to own shares of Materials Common Stock after consummation of the Exchange Offer, Lockheed Martin will effect the Spin-Off of the remaining shares of Materials Common Stock owned by Lockheed Martin as a pro rata distribution to holders of Lockheed Martin Common Stock remaining after consummation of the Exchange Offer, based on their percentage ownership of Lockheed Martin Common Stock after the Exchange Offer.

As of , 1996, Lockheed Martin owned 37,350,000 shares of Materials Common Stock.

NEITHER THE BOARD OF DIRECTORS OF LOCKHEED MARTIN OR LOCKHEED MARTIN NOR THE BOARD OF DIRECTORS OF MATERIALS OR MATERIALS MAKES ANY RECOMMENDATION TO ANY STOCKHOLDER AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING SHARES OF LOCKHEED MARTIN COMMON STOCK PURSUANT TO THE EXCHANGE OFFER. EACH STOCKHOLDER OF LOCKHEED MARTIN MUST MAKE HIS OR HER OWN DECISION AS TO WHETHER TO TENDER SHARES OF LOCKHEED MARTIN COMMON STOCK PURSUANT TO THE EXCHANGE OFFER AND, IF SO, HOW MANY SHARES TO TENDER, AFTER READING THIS OFFERING CIRCULAR-PROSPECTUS AND CONSULTING WITH HIS OR HER ADVISORS BASED ON HIS OR HER OWN FINANCIAL POSITION AND REQUIREMENTS.

REGULATORY APPROVALS

No filings under the HSR Act are required in connection with the Exchange Offer generally. To the extent certain stockholders of Lockheed Martin decide to participate in the Exchange Offer and to acquire a number of shares of Materials Common Stock that exceeds one of the thresholds stated in the regulations under the HSR Act, and if an exemption under those regulations does not apply, such stockholders and Lockheed Martin could be required to make filings under the HSR Act, and the waiting period requirements under the HSR Act may have to be satisfied before the exchanges by those particular stockholders could be carried out. In order to enable the Exchange Offer to be consummated in accordance with its terms, should the HSR Act filing requirements be applicable to any stockholder participating in the Exchange Offer, Lockheed Martin currently intends to hold such stockholder's shares of Materials Common Stock to be received in the Exchange Offer following consummation of the Exchange Offer. Upon expiration or earlier termination of the HSR Act waiting period, the shares of Materials Common Stock will be distributed to the stockholder. If a second request for information is made by a governmental authority or if the stockholder elects to withdraw his or her tender of shares, Lockheed Martin will return the tendered shares of Lockheed Martin Common Stock to such stockholder and will distribute the shares of Materials Common Stock which would otherwise have been received by such stockholder to holders of record of shares of Lockheed Martin Common Stock on a record date to be determined as soon as practicable following such withdrawal or second request.

Except as stated above, Lockheed Martin and Materials do not believe that any material federal or state regulatory approval will be necessary in connection with the Transaction.

APPRAISAL RIGHTS

No appraisal rights are available to Lockheed Martin or Materials stockholders in connection with the Transaction.

ACCOUNTING TREATMENT OF THE TRANSACTION

The shares of Lockheed Martin Common Stock received pursuant to the Exchange Offer will be recorded as a decrease in stockholders equity, reflecting the decrease in common stock outstanding at the market value of the shares of Materials Common Stock distributed on the Expiration Date. The Exchange Offer will result in a net gain to Lockheed Martin, after direct expenses of the disposition, and will be reported as a gain on the disposal of the business. The gain from the Exchange Offer will result from the difference between the market value and the carrying value of the shares of Materials Common Stock distributed.

Neither the exchange of shares of Lockheed Martin Common Stock for Materials Common Stock pursuant to the Exchange Offer nor the distribution of shares of Materials Common Stock in the Spin-Off will affect the financial position or results of operations of Materials.

Any remaining shares of Materials Common Stock that are distributed through the Spin-Off will be accounted for as a dividend through a direct charge to retained earnings. The amount of the dividend will be equal to Lockheed Martin's carrying value of the shares of Materials Common Stock distributed.

THE EXCHANGE OFFER

TERMS OF THE EXCHANGE OFFER

Upon the terms and subject to the conditions set forth in the Exchange Offer, Lockheed Martin hereby offers to exchange and will accept for exchange shares of Materials Common Stock for each share of Lockheed Martin Common Stock tendered, up to a maximum of shares of Lockheed Martin Common Stock, that is validly tendered by the Expiration Date and not withdrawn as provided in "-- Withdrawal Rights." A holder of Lockheed Martin Common Stock has the right to tender all or a portion of such holder's shares of Lockheed Martin Common Stock. The term "Expiration Date" shall mean 12:00 Midnight, New York City time, on , 1996, unless Lockheed Martin in its sole discretion shall have extended the period of time for which the

Exchange Offer is open, in which event the term "Expiration Date" shall mean the latest time and date at which the Exchange Offer, as so extended by Lockheed Martin, shall expire. The proration period will also expire on the Expiration Date.

The exchange ratio of _____ shares of Materials Common Stock for each share of Lockheed Martin Common Stock exchanged was established by Lockheed Martin. The principal factors considered by Lockheed Martin in determining the exchange ratio were (i) recent market prices for Lockheed Martin Common Stock and Materials Common Stock and (ii) advice from the Dealer Manager with respect to the determination of the appropriate exchange ratio in order to attract a sufficient number of Lockheed Martin stockholders to participate in the Exchange Offer.

It is a condition to the Exchange Offer that at least _____ shares of Lockheed Martin Common Stock (approximately _____ % of the outstanding Lockheed Martin Common Stock as of _____, 1996, which is a sufficient number of shares of Lockheed Martin Common Stock to result in at least 66 2/3% of the Materials Common Stock owned by Lockheed Martin being exchanged pursuant to the Exchange Offer) be validly tendered and not withdrawn prior to the Expiration Date (the "Minimum Condition"). If fewer than _____ shares of Lockheed Martin Common Stock are validly tendered pursuant to the Exchange Offer and not withdrawn and the Minimum Condition is satisfied, subject to the other conditions of the Exchange Offer, Lockheed Martin will exchange all such tendered shares of Lockheed Martin Common Stock for shares of Materials Common Stock and distribute the remaining shares of Materials Common Stock intended to be distributed by Lockheed Martin to the holders of Lockheed Martin Common Stock remaining following consummation of the Exchange Offer pro rata based on their respective holdings of Lockheed Martin Common Stock. See "The Spin-Off." Upon the terms and subject to the conditions of the Exchange Offer, if more than _____ shares of Lockheed Martin Common Stock have been validly tendered for exchange and not withdrawn prior to the Expiration Date, Lockheed Martin will exchange shares of Materials Common Stock for shares of Lockheed Martin Common Stock in the following order of priority:

(a) all shares of Lockheed Martin Common Stock tendered for exchange and not withdrawn prior to the Expiration Date by or on behalf of any stockholder (other than participants in employee benefit plans of Lockheed Martin or its subsidiaries) who beneficially owned an aggregate of fewer than 100 shares of Lockheed Martin Common Stock as of the close of business on _____, 1996 and who validly tenders all of such shares of Lockheed Martin Common Stock (partial tenders for exchange will not qualify for this preference) and completes the box captioned "Odd Lots" on the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery; and

(b) after exchange of all of the foregoing shares of Lockheed Martin Common Stock, all other shares of Lockheed Martin Common Stock validly tendered and not withdrawn prior to the Expiration Date on a pro rata basis.

As a result of such order of priority, shares of Lockheed Martin Common Stock described in clause (a) will not be subject to proration. Shares of Lockheed Martin Common Stock not exchanged for shares of Materials Common Stock because of proration will be returned.

Lockheed Martin does not expect that it will be able to announce the final proration factor or to commence delivery of any shares of Materials Common Stock exchanged pursuant to the Exchange Offer until approximately seven NYSE trading days after the Expiration Date if proration of tendered shares of Lockheed Martin Common Stock is required. This delay results from the difficulty in determining the number of shares of Lockheed Martin Common Stock validly tendered for exchange (including shares of Lockheed Martin Common Stock tendered for exchange pursuant to the guaranteed delivery procedures described in "--Guaranteed Delivery Procedures") and not withdrawn prior to the Expiration Date and as a result of the "odd lot" procedure described herein. Preliminary results of proration will be announced by press release as promptly as practicable after the Expiration Date. Holders of shares of Lockheed Martin Common Stock may obtain such preliminary information from the Information Agent or the Dealer Manager and may also be able to obtain such information from their brokers.

No fractional shares of Materials Common Stock will be distributed. The Exchange Agent, acting as agent for Lockheed Martin stockholders otherwise entitled to receive fractional shares of Materials Common Stock, will aggregate all fractional shares and sell them for the accounts of such stockholders. Proceeds from sales of fractional shares will be paid by the Exchange Agent based upon the average gross selling price per share of all such sales. Any such cash payments will be made through the Exchange Agent if such shares of Lockheed Martin Common Stock are tendered to the Exchange Agent, or if such shares of Lockheed Martin Common Stock are tendered through a Book-Entry Transfer Facility (as defined herein), through such Book-Entry Transfer Facility. None of the Exchange Agent, Lockheed Martin, Materials, the Dealer Manager or any Soliciting Dealer will guarantee any minimum sale price for the shares of Materials Common Stock.

The Exchange Offer is subject to certain conditions set forth in "--Certain Conditions of the Exchange Offer," including the Minimum Condition. If any such conditions are not satisfied, Lockheed Martin may (i) terminate the Exchange Offer and return all tendered shares of Lockheed Martin Common Stock to tendering stockholders, (ii) extend the Exchange Offer and, subject to withdrawal rights as set forth in "--Withdrawal Rights," retain all such shares of Lockheed Martin Common Stock until the expiration of the Exchange Offer as so extended, (iii) waive such condition and, subject to any requirement to extend the period of time during which the Exchange Offer is open, exchange all shares of Lockheed Martin Common Stock validly tendered for exchange by the Expiration Date and not withdrawn for Materials Common Stock or (iv) delay acceptance for exchange of or exchange for any shares of Lockheed Martin Common Stock until satisfaction or waiver of such conditions to the Exchange Offer even though the Exchange Offer has expired. Lockheed Martin's right to delay acceptance for exchange of, or exchange for, shares of Lockheed Martin Common Stock tendered for exchange pursuant to the Exchange Offer is subject to the provisions of applicable law, including, to the extent applicable, Rule 13e-4(f)(5) promulgated under the Exchange Act, which requires that Lockheed Martin pay the consideration offered or return the shares of Lockheed Martin Common Stock deposited by or on behalf of Lockheed Martin's stockholders promptly after the termination or withdrawal of the Exchange Offer. For a description of Lockheed Martin's right to extend the period of time during which the Exchange Offer is open and to amend, delay or terminate the Exchange Offer, see "--Extension of Tender Period; Termination; Amendment."

This Offering Circular-Prospectus and related Letter of Transmittal will be mailed to record holders of shares of Lockheed Martin Common Stock at the close of business on , 1996, and will be furnished to brokers, banks and similar persons whose names, or the names of whose nominees, appear on the Lockheed Martin stockholder list or, if applicable, who are listed as participants in a clearing agency's security position listing for subsequent transmittal to beneficial owners of shares of Lockheed Martin Common Stock. As of August 31, 1996, 200,263,185 shares of Lockheed Martin Common Stock were outstanding, held of record by approximately 41,058 holders.

TENDERS FOR EXCHANGE BY HOLDERS OF FEWER THAN 100 SHARES OF LOCKHEED MARTIN COMMON STOCK

All shares of Lockheed Martin Common Stock validly tendered for exchange and not withdrawn by or on behalf of persons (other than participants in employee benefit plans of Lockheed Martin, or its subsidiaries) who beneficially own an aggregate of fewer than 100 shares of Lockheed Martin Common Stock as of the close of business on , 1996, and who validly tender for exchange all such shares of Lockheed Martin Common Stock and do not withdraw any of such shares of Lockheed Martin Common Stock by the Expiration Date, will be accepted for exchange before proration, if any, of the exchange of other shares of Lockheed Martin Common Stock tendered for exchange. See "--Terms of the Exchange Offer" and "--Exchange of Shares of Lockheed Martin Common Stock." Partial tenders will not qualify for this preference, and it is not available to beneficial holders of 100 or more shares of Lockheed Martin Common Stock, even if such holders have separate stock certificates or accounts for fewer than 100 shares of Lockheed Martin Common Stock. Any stockholder wishing to tender all of his or her shares of Lockheed Martin Common Stock pursuant to this provision must complete the box captioned "Odd Lots" on the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery.

EXCHANGE OF SHARES OF LOCKHEED MARTIN COMMON STOCK

Upon the terms (including, without limitation, the proration provisions of the Exchange Offer) and subject to the satisfaction or waiver of the conditions of the Exchange Offer, Lockheed Martin will (subject to the proration provisions of the Exchange Offer) accept for exchange, and transfer shares of Materials Common Stock in exchange for, shares of Lockheed Martin Common Stock that have been validly tendered and not withdrawn by the Expiration Date, as promptly as practicable after the later of (i) the Expiration Date and (ii) the satisfaction or waiver of the conditions set forth in "--Certain Conditions of the Exchange Offer." In addition, Lockheed Martin reserves the right, in its sole discretion (subject to Rule 13e-4(f)(5) under the Exchange Act), to delay the acceptance for exchange or delay exchange of any shares of Lockheed Martin Common Stock in order to comply in whole or in part with any applicable law. For a description of Lockheed Martin's right to terminate the Exchange Offer and not accept for exchange of or exchange for any shares of Lockheed Martin Common Stock or to delay acceptance for exchange of or exchange for any shares of Lockheed Martin Common Stock, see "--Extension of Tender Period; Termination; Amendment."

For purposes of the Exchange Offer, Lockheed Martin shall be deemed, subject to the proration provisions of the Exchange Offer, to have accepted for exchange and exchanged shares of Lockheed Martin Common Stock validly tendered for exchange when, as and if Lockheed Martin gives oral or written notice to the Exchange Agent of its acceptance of the tenders of such shares of Lockheed Martin Common Stock for exchange. Exchange of shares of Lockheed Martin Common Stock accepted for exchange pursuant to the Exchange Offer will be made by deposit of tendered shares of Lockheed Martin Common Stock with the Exchange Agent, which will act as agent for the tendering stockholders for the purpose of receiving shares of Materials Common Stock from Lockheed Martin and transmitting such shares of Materials Common Stock to tendering stockholders. In all cases, exchange for shares of Lockheed Martin Common Stock accepted for exchange pursuant to the Exchange Offer will be made only after timely receipt by the Exchange Agent of (i) certificates for such shares of Lockheed Martin Common Stock (or of a confirmation of a book-entry transfer of such shares of Lockheed Martin Common Stock into the Exchange Agent's account at The Depository Trust Company (the "DTC")) and (ii) a properly completed and duly executed Letter of Transmittal (or manually signed facsimile thereof) or an Agent's Message (as defined herein) in connection with a book-entry transfer of shares, together with any other documents required by the Letter of Transmittal. For a description of the procedures for tendering shares of Lockheed Martin Common Stock pursuant to the Exchange Offer, see "--Procedures for Tendering Shares of Lockheed Martin Common Stock." Accordingly, exchanges of shares of Materials Common Stock for shares of Lockheed Martin Common Stock may be made to tendering stockholders at different times if delivery of the shares of Lockheed Martin Common Stock and other required documents occur at different times. Under no circumstances will interest be paid by Lockheed Martin pursuant to the Exchange Offer, regardless of any delay in making such exchange.

The exchange of shares of Materials Common Stock for shares of Lockheed Martin Common Stock may be delayed in the event of difficulty in determining the number of shares of Lockheed Martin Common Stock validly tendered or if proration is required. See "--Terms of the Exchange Offer." In addition, if certain events occur, Lockheed Martin may not be obligated to exchange shares of Materials Common Stock for shares of Lockheed Martin Common Stock pursuant to the Exchange Offer. See "--Certain Conditions of the Exchange Offer." As provided in Rules 13e-4(f)(4) and (8)(ii) under the Exchange Act, Lockheed Martin will exchange the same number of shares of Materials Common Stock for each share of Lockheed Martin Common Stock accepted for exchange pursuant to the Exchange Offer. If a holder of Lockheed Martin Common Stock tenders a sufficient number of shares of Lockheed Martin Common Stock such that upon consummation of the Exchange Offer an HSR Act filing would be required, and a second request for information is made by a governmental authority or such stockholder elects to withdraw his or her tendered shares, Lockheed Martin will distribute the shares of Materials Common Stock which would otherwise have been received by such stockholder to holders of record of shares of Lockheed Martin Common Stock remaining after consummation of the Exchange Offer. See "The Transaction--Regulatory Approvals."

If any tendered shares of Lockheed Martin Common Stock are not exchanged pursuant to the Exchange Offer for any reason, or if certificates are submitted for more shares of Lockheed Martin Common Stock than

are (i) tendered for exchange or (ii) accepted for exchange due to the proration provisions, certificates for such unexchanged or untendered shares of Lockheed Martin Common Stock will be returned (or, in the case of shares of Lockheed Martin Common Stock tendered by book-entry transfer, such shares of Lockheed Martin Common Stock will be credited to an account maintained at the DTC), without expense to the tendering stockholder, as promptly as practicable following the expiration or termination of the Exchange Offer.

No domestic stock transfer taxes will be payable as a result of the Transaction. Lockheed Martin will pay all foreign stock transfer taxes, if any, but only to the extent such taxes are not solely the obligation of a stockholder of Lockheed Martin payable on the transfer to Lockheed Martin of shares of Lockheed Martin Common Stock and the transfer to tendering stockholders of shares of Materials Common Stock, pursuant to the Exchange Offer. If, however, the exchange of shares is to be made to, or (in the circumstances permitted by the Exchange Offer) if shares of Lockheed Martin Common Stock that are not tendered or are not accepted for exchange are to be registered in the name of or delivered to any person other than the registered owner, or if tendered certificates are registered in the name of any person other than the person signing the Letter of Transmittal, the amount of all foreign stock transfer taxes, if any (whether imposed on the registered owner or such other person), payable on account of the transfer to such person must be paid by the tendering stockholder unless evidence satisfactory to Lockheed Martin of the payment of such taxes or exemption therefrom is submitted.

PROCEDURES FOR TENDERING SHARES OF LOCKHEED MARTIN COMMON STOCK

To tender shares of Lockheed Martin Common Stock pursuant to the Exchange Offer, either (a) a properly completed and duly executed Letter of Transmittal (or manually signed facsimile thereof) or an Agent's Message in the case of a book-entry transfer of shares, and any other documents required by the Letter of Transmittal must be received by the Exchange Agent at one of its addresses set forth on the back cover of this Offering Circular-Prospectus prior to 12:00 Midnight, New York City time, on the Expiration Date, and either (i) certificates for the shares of Lockheed Martin Common Stock to be tendered must be received by the Exchange Agent at one of such addresses prior to such time or (ii) such shares of Lockheed Martin Common Stock must be delivered pursuant to the procedures for book-entry transfer described below (and a confirmation of such delivery received by the Exchange Agent), in each case by the Expiration Date, or (b) the guaranteed delivery procedures described below must be complied with. LETTERS OF TRANSMITTAL AND CERTIFICATES FOR SHARES OF LOCKHEED MARTIN COMMON STOCK SHOULD NOT BE SENT TO LOCKHEED MARTIN, MATERIALS, THE INFORMATION AGENT, THE DEALER MANAGER OR ANY SOLICITING DEALER.

Any stockholder wishing to tender all of his or her shares of Lockheed Martin Common Stock pursuant to the procedures described above under "--Tenders for Exchange by Holders of Fewer Than 100 Shares of Lockheed Martin Common Stock" must complete the box captioned "Odd Lots" on the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery.

It is a violation of Rule 14e-4 promulgated under the Exchange Act for a person to tender shares of Lockheed Martin Common Stock for such person's own account unless the person so tendering (a) owns such shares of Lockheed Martin Common Stock or (b) owns other securities convertible into or exchangeable for such shares of Lockheed Martin Common Stock or owns an option, warrant or right to purchase such shares of Lockheed Martin Common Stock and intends to acquire shares of Lockheed Martin Common Stock for tender by conversion or exchange of such securities or by exercise of such option, warrant or right. Rule 14e-4 provides a similar restriction applicable to the tender or guarantee of a tender on behalf of another person.

A tender of shares of Lockheed Martin Common Stock made pursuant to any method of delivery set forth herein will constitute a binding agreement between the tendering stockholder and Lockheed Martin upon the terms and subject to the conditions of the Exchange Offer, including the tendering stockholder's representations that (i) such stockholder owns the shares of Lockheed Martin Common Stock being tendered within the meaning of Rule 14e-4 promulgated under the Exchange Act and (ii) the tender of such shares of Lockheed Martin Common Stock complies with Rule 14e-4.

In addition, all tendering stockholders will be required to provide certain information on the Letter of Transmittal or other transmittal forms as to their beneficial ownership (if any) of shares of Materials Common Stock and information as to the beneficial ownership of shares of Materials Common Stock by any persons with whom the tendering stockholders may be acting pursuant to a plan or arrangement with respect to the acquisition of shares of Materials Common Stock.

The Exchange Agent will establish accounts with respect to the shares of Lockheed Martin Common Stock at DTC, for purposes of the Exchange Offer, within two business days after the date of this Offering Circular-Prospectus, and any financial institution that is a participant in the DTC system may make delivery of shares of Lockheed Martin Common Stock by causing DTC to transfer such shares of Lockheed Martin Common Stock into the Exchange Agent's account in accordance with the procedures of DTC. Although delivery of shares of Lockheed Martin Common Stock may be effected through book-entry transfer to the Exchange Agent's account at DTC, a properly completed and duly executed Letter of Transmittal (or manually signed facsimile thereof) and any other required documents or an Agent's Message must, in any case, be transmitted to and received or confirmed by the Exchange Agent at one of its addresses set forth on the back cover of this Offering Circular-Prospectus by the Expiration Date, or the guaranteed delivery procedures described below must be complied with. "Agent's Message" means a message transmitted through electronic means by DTC to and received by the Exchange Agent and forming a part of a book-entry confirmation, which states that DTC has received an express acknowledgement from the participant in DTC tendering the shares that such participant has received and agrees to be bound by the Letter of Transmittal. DELIVERY OF DOCUMENTS TO DTC DOES NOT CONSTITUTE DELIVERY TO THE EXCHANGE AGENT AS REQUIRED HEREBY.

Signatures on a Letter of Transmittal must be guaranteed by an Eligible Institution unless the shares of Lockheed Martin Common Stock tendered pursuant to the Letter of Transmittal are tendered (i) by the registered holder of the shares of Lockheed Martin Common Stock tendered therewith and such holder has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the Letter of Transmittal or (ii) for the account of an Eligible Institution. An "Eligible Institution" means a participant in the Security Transfer Agents Medallion Program or the New York Stock Exchange Medallion Signature Guarantee Program or the Stock Exchange Medallion Program. A verification by a notary public alone is not acceptable. If a certificate representing shares of Lockheed Martin Common Stock is registered in the name of a person other than the signer of a Letter of Transmittal, or if delivery of shares of Materials Common Stock is to be made, or shares of Lockheed Martin Common Stock not exchanged or tendered are to be issued, to a person other than the registered owner, the certificate must be endorsed or accompanied by an appropriate stock power, in either case signed exactly as the name of the registered owner appears on the certificate with the signature on the certificate or stock power guaranteed by an Eligible Institution.

If the Letter of Transmittal or Notice of Guaranteed Delivery or any certificates or stock powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing and, unless waived by Lockheed Martin, proper evidence satisfactory to Lockheed Martin of their authority to so act must be submitted.

If any certificate representing shares of Lockheed Martin Common Stock has been mutilated, lost, stolen or destroyed, the stockholder desiring to tender shares represented by the certificate must (i) furnish to the Exchange Agent evidence, satisfactory to it in its discretion, of the ownership of and the mutilation, loss, theft or destruction of such certificate, (ii) furnish to the Exchange Agent indemnity, satisfactory to it in its discretion, and (iii) comply with such other reasonable regulations as the Exchange Agent may prescribe.

Certain employees of Lockheed Martin and its subsidiaries participate in employee benefit plans which permit the investment of all or a portion of their account balances in shares of Lockheed Martin Common Stock. The plan trustee is the stockholder of record for such plans. However, participants in Participant Directed Plans are entitled to direct the trustee as to whether or not to exchange shares of Lockheed Martin Common Stock attributable to their accounts for shares of Materials Common Stock. Such participants will receive information from the respective plan trustee as to the procedure for providing the trustee with directions on how to respond

to the Exchange Offer with respect to shares of Lockheed Martin Common Stock attributable to the participant's account. With respect to the shares of Lockheed Martin Common Stock not allocated to any participant's account in a Participant Directed Plan or shares held in an employee benefit plan which is not a Participant Directed Plan, the trustee of the applicable plan will determine whether or not to exchange shares of Lockheed Martin Common Stock attributable to the participant's account for shares of Materials Common Stock.

PROCEDURES FOR TENDERING DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN SHARES OF LOCKHEED MARTIN COMMON STOCK

Lockheed Martin stockholders who are participants in Lockheed Martin's Dividend Reinvestment and Stock Purchase Plan ("DRP") and who wish to tender shares of Lockheed Martin Common Stock held in their account under the DRP ("DRP Shares") pursuant to the Exchange Offer, must so indicate by completing Section I.B. of the Letter of Transmittal entitled "Dividend Reinvestment and Stock Purchase Plan Shares" and returning to the Exchange Agent the properly completed and duly executed Letter of Transmittal (or manually signed facsimile thereof) with any required signature guarantees and any other documents required by the Letter of Transmittal. If the participant authorizes the tender of his or her DRP Shares, but does not indicate the number of shares to be tendered, the participant will be deemed to have tendered all DRP Shares owned by such participant pursuant to the DRP. A tender of all DRP Shares will include fractional shares and any shares that may be credited to the participant's account after the date of tender and prior to the Expiration Date. If a participant authorizes the tender of the participant's DRP Shares and such DRP Shares are exchanged under the terms and subject to the conditions of the Exchange Offer, First Chicago Trust Company of New York, as administrator of the DRP, will reduce the number of shares of Lockheed Martin Common Stock in the participant's DRP account by the number of DRP Shares that are accepted for exchange. Any DRP Shares tendered but not exchanged will be returned to the participant's DRP account.

GUARANTEED DELIVERY PROCEDURES

If a stockholder desires to tender shares of Lockheed Martin Common Stock pursuant to the Exchange Offer and cannot deliver such shares of Lockheed Martin Common Stock and all other required documents to the Exchange Agent by the Expiration Date, such shares of Lockheed Martin Common Stock may nevertheless be tendered if all of the following conditions are met:

(i) such tender is made by or through an Eligible Institution;

(ii) a properly completed and duly executed Notice of Guaranteed Delivery substantially in the form provided by Lockheed Martin setting forth the name and address of the holder and the number of shares of Lockheed Martin Common Stock tendered, stating that the tender is being made thereby and guaranteeing that, within three NYSE trading days after the date of the Notice of Guaranteed Delivery, the certificate(s) representing the shares of Lockheed Martin Common Stock accompanied by all other documents required by the Letter of Transmittal will be deposited by the Eligible Institution with the Exchange Agent, is received by the Exchange Agent (as provided below) by the Expiration Date; and

(iii) the certificate(s) for such shares of Lockheed Martin Common Stock (or a confirmation of a book-entry transfer of such shares of Lockheed Martin Common Stock into the Exchange Agent's account at DTC), together with a properly completed and duly executed Letter of Transmittal (or manually signed facsimile thereof) and any required signature guarantees, or an Agent's Message in connection with a book-entry transfer, and any other documents required by the Letter of Transmittal, are received by the Exchange Agent within three NYSE trading days after the date of execution of the Notice of Guaranteed Delivery.

The Notice of Guaranteed Delivery may be delivered by hand, telegram, facsimile transmission or mail to the Exchange Agent and must include a guarantee by an Eligible Institution in the form set forth in such Notice.

THE METHOD OF DELIVERY OF SHARES OF LOCKHEED MARTIN COMMON STOCK AND ALL OTHER REQUIRED DOCUMENTS IS AT THE OPTION AND RISK OF THE TENDERING STOCKHOLDER. IF CERTIFICATES FOR SHARES OF LOCKHEED MARTIN COMMON STOCK ARE SENT BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED, AND SUFFICIENT TIME TO ENSURE TIMELY RECEIPT SHOULD BE ALLOWED.

All questions as to the form of documents (including notices of withdrawal)

and the validity, form, eligibility (including time of receipt) and acceptance for exchange of any tender of shares of Lockheed Martin Common Stock will be determined by Lockheed Martin in its sole discretion, which determination will be final

and binding on all stockholders. Lockheed Martin reserves the absolute right to reject any or all tenders of shares of Lockheed Martin Common Stock determined by it not to be in proper form or the acceptance for exchange of shares of Lockheed Martin Common Stock which may, in the opinion of Lockheed Martin's counsel, be unlawful. Lockheed Martin also reserves the absolute right to waive any defect or irregularity in any tender of shares of Lockheed Martin Common Stock. None of Lockheed Martin, Materials, the Dealer Manager, the Exchange Agent, the Information Agent or any other person will be under any duty to give notification of any defect or irregularity in tenders or incur any liability for failure to give any such notification.

WITHDRAWAL RIGHTS

Tenders of shares of Lockheed Martin Common Stock made pursuant to the Exchange Offer may be withdrawn at any time prior to the Expiration Date. Thereafter, such tenders are irrevocable, except that they may be withdrawn after , 1996, unless theretofore accepted for exchange as provided in this Offering Circular-Prospectus. If Lockheed Martin extends the period of time during which the Exchange Offer is open, tenders of shares of Lockheed Martin Common Stock may be withdrawn at any time during the period of such extension. If Lockheed Martin is delayed in its acceptance of shares of Lockheed Martin Common Stock for exchange or is unable to accept shares of Lockheed Martin Common Stock for exchange pursuant to the Exchange Offer for any reason, then, without prejudice to Lockheed Martin's rights under the Exchange Offer, the Exchange Agent may, on behalf of Lockheed Martin, retain all shares of Lockheed Martin Common Stock tendered, and such shares of Lockheed Martin Common Stock may not be withdrawn except as otherwise provided herein, subject to Rule 13e-4(f)(5) under the Exchange Act, which provides that the person making an issuer exchange offer shall either pay the consideration offered or return tendered securities, promptly after the termination or withdrawal of the offer. If a holder of Lockheed Martin Common Stock tenders a sufficient number of shares of Lockheed Martin Common Stock such that upon consummation of the Exchange Offer an HSR Act filing is required because of the amount of Materials Common Stock received, such holder has withdrawal rights with respect to his or her tendered shares of Lockheed Martin Common Stock after the Expiration Date. See "The Transaction--Regulatory Approvals."

To be effective, a written, telegraphic or facsimile transmission notice of withdrawal must be timely received by the Exchange Agent at one of its addresses set forth on the back cover of this Offering Circular-Prospectus and must specify the name of the person who tendered the shares of Lockheed Martin Common Stock to be withdrawn and the number of shares of Lockheed Martin Common Stock to be withdrawn precisely as it appears on the Letter of Transmittal. If the shares of Lockheed Martin Common Stock to be withdrawn have been delivered to the Exchange Agent, a signed notice of withdrawal with signatures guaranteed by an Eligible Institution must be submitted prior to the release of such shares of Lockheed Martin Common Stock (except that such signature guarantee requirement is not applicable in the case of shares of Lockheed Martin Common Stock tendered by an Eligible Institution). In addition, such notice must specify, in the case of shares of Lockheed Martin Common Stock tendered by delivery of certificates, the name of the registered holder (if different from that of the tendering stockholder) and the serial numbers shown on the particular certificates evidencing the shares of Lockheed Martin Common Stock to be withdrawn or, in the case of shares of Lockheed Martin Common Stock tendered by book-entry transfer, the name and number of the account at the Book-Entry Transfer Facility from which the shares were transferred. Withdrawals may not be rescinded, and shares of Lockheed Martin Common Stock withdrawn will thereafter be deemed not validly tendered for purposes of the Exchange Offer. However, withdrawn shares of Lockheed Martin Common Stock may be retendered by again following one of the procedures described in "-- Procedures for Tendering Shares of Lockheed Martin Common Stock" at any time prior to the Expiration Date.

All questions as to the form and validity (including time of receipt) of any notice of withdrawal will be determined by Lockheed Martin in its sole discretion, which determination shall be final and binding on all holders of Lockheed Martin Common Stock. None of Lockheed Martin, Materials, the Dealer Manager, the Exchange Agent, the Information Agent or any other person will be under any duty to give notification of any defect or irregularity in any notice of withdrawal or incur any liability for failure to give any such notification.

EXTENSION OF TENDER PERIOD; TERMINATION; AMENDMENT

Lockheed Martin expressly reserves the right, at any time or from time to time, in its sole discretion and regardless of whether or not any of the conditions specified in "--Certain Conditions of the Exchange Offer" shall have been satisfied, (i) to extend the period of time during which the Exchange Offer is open by giving oral

or written notice of such extension to the Exchange Agent and by making a public announcement of such extension or (ii) to amend the Exchange Offer in any respect by making a public announcement of such amendment. There can be no assurance that Lockheed Martin will exercise its right to extend or amend the Exchange Offer.

If Lockheed Martin materially changes the terms of the Exchange Offer or the information concerning the Exchange Offer, Lockheed Martin will extend the Exchange Offer to the extent required by the Exchange Act. The minimum period during which an offer must remain open following material changes in the terms of the offer or information concerning the offer (other than a change in price, change in the dealer's soliciting fee or a change in percentage of securities sought) will depend on the facts and circumstances, including the relative materiality of such terms or information. The Commission has stated that, as a general rule, it is of the view that an offer should remain open for a minimum of five business days from the date that notice of such a material change is first published, sent or given, and that if material changes are made with respect to information that approaches the significance of price and share levels, a minimum of ten business days may be required to allow adequate dissemination and investor response. If (i) Lockheed Martin increases or decreases the number of shares of Materials Common Stock offered in exchange for shares of Lockheed Martin Common Stock pursuant to the Exchange Offer or the number of shares of Lockheed Martin Common Stock eligible for exchange and (ii) the Exchange Offer is scheduled to expire at any time earlier than the expiration of a period ending on the tenth business day from and including the date that notice of such increase or decrease is first published, sent or given, the Exchange Offer will be extended until the expiration of such period of ten business days. The term "business day" shall mean any day other than Saturday, Sunday or a federal holiday and shall consist of the time period from 12:01 a.m. through 12:00 Midnight, New York City time.

Lockheed Martin also reserves the right, in its sole discretion, in the event any of the conditions specified in "--Certain Conditions of the Exchange Offer" shall not have been satisfied and so long as shares of Lockheed Martin Common Stock have not theretofore been accepted for exchange, to delay (except as otherwise required by applicable law) acceptance for exchange of or exchange for any shares of Lockheed Martin Common Stock or to terminate the Exchange Offer and not accept for exchange of or exchange for any shares of Lockheed Martin Common Stock.

If Lockheed Martin (i) extends the period of time during which the Exchange Offer is open, (ii) is delayed in accepting for exchange of or exchange for any shares of Lockheed Martin Common Stock or (iii) is unable to accept for exchange of or exchange for any shares of Lockheed Martin Common Stock pursuant to the Exchange Offer for any reason, then, without prejudice to Lockheed Martin's rights under the Exchange Offer, the Exchange Agent may, on behalf of Lockheed Martin, retain all shares of Lockheed Martin Common Stock tendered, and such shares of Lockheed Martin Common Stock may not be withdrawn except as otherwise provided in "--Withdrawal Rights" above. The reservation by Lockheed Martin of the right to delay acceptance for exchange of or exchange for any shares of Lockheed Martin Common Stock is subject to applicable law, which requires that Lockheed Martin pay the consideration offered or return the shares of Lockheed Martin Common Stock deposited by or on behalf of stockholders promptly after the termination or withdrawal of the Exchange Offer.

Any extension, termination or amendment of the Exchange Offer will be followed as promptly as practicable by a public announcement thereof. Without limiting the manner in which Lockheed Martin may choose to make any public announcement, Lockheed Martin will have no obligation (except as otherwise required by applicable law) to publish, advertise or otherwise communicate any such public announcement other than by making a release to the Dow Jones News Service. In the case of an extension of the Exchange Offer, Commission regulations require a public announcement of such extension no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date.

CERTAIN CONDITIONS OF THE EXCHANGE OFFER

Notwithstanding any other provisions of the Exchange Offer and without prejudice to Lockheed Martin's other rights under the Exchange Offer, Lockheed Martin shall not be required to accept for exchange of or, subject to any applicable rules and regulations of the Commission, including Rule 14e-1(c) under the Exchange Act relating to Lockheed Martin's obligation to exchange or return tendered shares of Lockheed Martin Common Stock promptly after termination or withdrawal of the Exchange Offer, exchange for any shares of Lockheed Martin Common Stock, and may terminate the Exchange Offer as provided in "--Extension of Tender Period;

Termination; Amendment," if prior to the acceptance for exchange of any shares of Lockheed Martin Common Stock (i) at least shares of Lockheed Martin Common Stock (approximately % of the outstanding shares of Lockheed Martin Common Stock as of , 1996, which is a sufficient number of shares of Lockheed Martin Common Stock to result in at least 66 2/3% of the Materials Common Stock owned by Lockheed Martin being exchanged pursuant to the Exchange Offer) shall not have been validly tendered and not withdrawn or (ii) at any time on or after , 1996, any of the following conditions exists:

(a) there shall be threatened, instituted or pending any action or proceeding by any government or governmental authority or agency, domestic or foreign, or by any other person, domestic or foreign, before any court or governmental authority or agency, domestic or foreign, (i) challenging or seeking to make illegal, to delay or otherwise directly or indirectly to restrain or prohibit the making of the Transaction or the acceptance for exchange of or exchange of some or all of the shares of Lockheed Martin Common Stock by Lockheed Martin or seeking to obtain material damages or otherwise directly or indirectly relating to the Transaction, (ii) seeking any relief that could result in a material diminution in the benefits expected to be derived by Lockheed Martin or any of its subsidiaries or affiliates (including Materials) as a result of the Transaction, or (iii) that otherwise, in the sole judgment of Lockheed Martin, has or may have material adverse significance with respect to the value of Lockheed Martin or any of its subsidiaries or affiliates (including Materials); or

(b) there shall be any action taken, or any statute, rule, regulation, injunction, order or decree proposed, enacted, enforced, promulgated, issued or deemed applicable to the Transaction or any other element of the Transaction by any court, government or governmental authority or agency, domestic or foreign, that, in the sole judgment of Lockheed Martin, might, directly or indirectly, result in any of the consequences referred to in clauses (i) through (iii) of paragraph (a) above; or

(c) there shall have occurred (i) any general suspension of or limitation on times for trading in, or limitation on prices for, securities on any national securities exchange or in the over-the-counter market, (ii) the declaration of a banking moratorium or any suspension of payments in respect of banks in the United States, (iii) any material adverse change (or development or threatened development involving a prospective material adverse change) in United States or any other currency exchange rates or a suspension of, or a limitation on, the markets therefor, (iv) the commencement or material escalation of a war, armed hostilities or other international or national calamity directly or indirectly involving the United States, (v) any limitation (whether or not mandatory) by any governmental authority or agency on, or any other event that, in the sole judgment of Lockheed Martin, might adversely affect, the extension of credit by banks or other financial institutions or (vi) in the case of any of the foregoing existing at the time of the commencement of the Exchange Offer, a material acceleration or worsening thereof; or

(d) there shall have occurred any material change (i) in the business, financial condition, results of operations or prospects of Lockheed Martin or Materials or (ii) in the market price of the shares of Lockheed Martin Common Stock or Materials Common Stock; or

(e) a tender or exchange offer for some or all of the shares of Lockheed Martin Common Stock or Materials Common Stock shall have been publicly proposed to be made or shall have been made by another person or it shall have been publicly disclosed or Lockheed Martin or Materials, as the case may be, shall have otherwise learned that (i) any person or "group" (as defined in Section 13(d)(3) of the Exchange Act) shall have acquired or proposed to acquire beneficial ownership of more than 5% of any class or series of capital stock of Lockheed Martin or Materials (including the shares of Lockheed Martin Common Stock or Materials Common Stock), through the acquisition of stock, the formation of a group or otherwise, or shall have been granted any option, right or warrant, conditional or otherwise, to acquire beneficial ownership of more than 5% of any class or series of capital stock of Lockheed Martin or Materials (including the shares of Lockheed Martin Common Stock or Materials Common Stock), (ii) any person or group shall have made a proposal with respect to a tender or exchange offer or a merger, consolidation or other business combination with or involving Lockheed Martin or Materials or (iii) any person shall have filed a Notification and Report Form under the HSR Act or made a public announcement reflecting an intent to acquire Lockheed Martin or Materials or any assets or securities of Lockheed Martin or Materials; or

(f) a holder of Lockheed Martin Common Stock shall have tendered a sufficient number of shares of Lockheed Martin Common Stock such that upon

consummation of the Exchange Offer, such stockholder would receive a number of shares of Materials Common Stock, which when added to the shares of Materials

Common Stock beneficially owned by such holder and affiliates of such holder, would constitute at least 15% of the outstanding shares of Materials Common Stock (a "15% Acquiror"); or

(g) Lockheed Martin shall, in its sole discretion, determine that it is unable to rely on the Opinion in connection with the consummation of the Transaction, including a determination relating to continuity of shareholder interest and compliance with Section 355(d) of the Code;

which, in the sole judgment of Lockheed Martin, in any such case, and regardless of the circumstances (including any action or omission by Lockheed Martin) giving rise to any such condition, makes it inadvisable to proceed with (i) such acceptance for exchange of or exchange for any shares of Lockheed Martin Common Stock or (ii) any other element of the Transaction.

The foregoing conditions are for the sole benefit of Lockheed Martin and may be asserted by Lockheed Martin in its sole discretion, regardless of the circumstances (including any action or omission by Lockheed Martin), giving rise to any such conditions, or may be waived by Lockheed Martin, in its sole discretion, in whole at any time or in part from time to time. The failure by Lockheed Martin at any time to exercise its rights under any of the foregoing conditions shall not be deemed a waiver of any such right; the waiver of any such right with respect to particular facts and circumstances shall not be deemed a waiver with respect to any other facts and circumstances; and each such right shall be deemed an ongoing right which may be asserted at any time or from time to time. Any determination by Lockheed Martin concerning the events described above will be final and binding upon all parties.

In addition, Lockheed Martin will not accept for exchange any shares of Lockheed Martin Common Stock tendered, and no shares of Materials Common Stock will be exchanged for any shares of Lockheed Martin Common Stock, at any time at which there shall be a stop order issued by the Commission which shall remain in effect with respect to the Registration Statement.

FEES AND EXPENSES

Morgan Stanley & Co. Incorporated ("Morgan Stanley") is acting as Dealer Manager in the United States only in connection with the Exchange Offer. The Dealer Manager will, among other things, coordinate all aspects of marketing of the Exchange Offer through the conduct of informational meetings and the direct solicitation of certain identified stockholders. Lockheed Martin has agreed to pay Morgan Stanley, as compensation for their services as Dealer Manager, a fee of \$1,500,000 plus reasonable out of pocket expenses. Morgan Stanley from time to time has provided and continues to provide financial advisory and financing services to Lockheed Martin and Materials and has received customary fees for the rendering of these services. Lockheed Martin has agreed to indemnify the Dealer Manager against certain liabilities, including civil liabilities under the Securities Act, or contribute to certain payments which the Dealer Manager may be required to make in respect thereof.

Lockheed Martin will pay to a Soliciting Dealer a solicitation fee of \$1.00 per share, up to a maximum of 1,000 shares, for each share of Lockheed Martin Common Stock tendered and accepted for exchange pursuant to the Exchange Offer if such Soliciting Dealer has affirmatively solicited and obtained such tender, except that no solicitation fee shall be payable (i) in connection with a tender of Lockheed Martin Common Stock by a stockholder (x) tendering more than 10,000 shares of Lockheed Martin Common Stock or (y) tendering from a country outside of the United States; or (ii) to the Dealer Manager. "Soliciting Dealer" includes (i) any broker or dealer in securities which is a member of any national securities exchange or of the National Association of Securities Dealers, Inc. or (ii) any bank or trust company. In order for a Soliciting Dealer to receive a solicitation fee with respect to the tender of shares of Lockheed Martin Common Stock, the Exchange Agent must have received a Letter of Transmittal with Section VII thereof entitled "Notice of Solicited Tenders" properly completed and duly executed.

No solicitation fee shall be payable to a Soliciting Dealer if such Soliciting Dealer is required for any reason to transfer the amount of such fee to a tendering holder (other than itself). Soliciting Dealers are not entitled to a solicitation fee with respect to shares of Lockheed Martin Common Stock beneficially owned by such Soliciting Dealer or with respect to any shares that are registered in the name of a Soliciting Dealer unless the shares are held by such Soliciting Dealer as nominee and are tendered for the benefit of beneficial holders identified in the

Letter of Transmittal. No broker, dealer, bank, trust company or fiduciary shall be deemed to be the agent of Lockheed Martin, Materials, the Exchange Agent, the Dealer Manager or the Information Agent for purposes of the Exchange Offer.

Lockheed Martin has retained Morrow & Co., Inc. to act as the Information Agent and First Chicago Trust Company of New York to act as the Exchange Agent in connection with the Exchange Offer. The Information Agent may contact holders of shares of Lockheed Martin Common Stock by mail, telephone, facsimile transmission and personal interviews and may request brokers, dealers and other nominee stockholders to forward materials relating to the Exchange Offer to beneficial owners. The Information Agent and the Exchange Agent each will receive reasonable and customary compensation for their respective services, will be reimbursed for certain reasonable out-of-pocket expenses and will be indemnified against certain liabilities in connection therewith, including certain liabilities under the federal securities laws. Neither the Information Agent nor the Exchange Agent has been retained to make solicitations or recommendations in their respective roles as Information Agent and Exchange Agent and the fees to be paid to them will not be based on the number of shares of Lockheed Martin Common Stock tendered pursuant to the Exchange Offer.

Lockheed Martin will not pay any fees or commissions to any broker or dealer or any other person (other than the Dealer Manager and the Soliciting Dealers) for soliciting tenders of shares of Lockheed Martin Common Stock pursuant to the Exchange Offer. Brokers, dealers, commercial banks and trust companies will, upon request, be reimbursed by Lockheed Martin for reasonable and necessary costs and expenses incurred by them in forwarding materials to their customers. Certain employees of Lockheed Martin may solicit shares of Lockheed Martin Common Stock from stockholders, but such employees will not receive any commissions or compensation for such services other than their normal employment compensation.

MISCELLANEOUS

The Exchange Offer is not being made to (nor will tenders be accepted from or on behalf of) holders of Lockheed Martin Common Stock in any jurisdiction in which the making of the Exchange Offer or the acceptance thereof would not be in compliance with the laws of such jurisdiction. Lockheed Martin is not aware of any jurisdiction where the making of the Exchange Offer or the acceptance thereof would not be in compliance with applicable law. If Lockheed Martin becomes aware of any jurisdiction where the making of the Exchange Offer or acceptance thereof would not be in compliance with any valid applicable law, Lockheed Martin will make a good faith effort to comply with such law. If, after such good faith effort, Lockheed Martin cannot comply with such law, the Exchange Offer will not be made to, nor will tenders be accepted from or on behalf of, holders of shares of Lockheed Martin Common Stock in any such jurisdiction.

No person has been authorized to give any information or make any representation on behalf of Lockheed Martin not contained in this Offering Circular-Prospectus or in the Letter of Transmittal and, if given or made, such information or representation must not be relied upon as having been authorized.

THE SPIN-OFF

If fewer than shares of Lockheed Martin Common Stock are validly tendered pursuant to the Exchange Offer and not withdrawn, and the Exchange Offer is consummated, Lockheed Martin will distribute all remaining shares of Materials Common Stock owned by Lockheed Martin pro rata to remaining holders of record of shares of Lockheed Martin Common Stock at the close of business on a record date as soon as practicable after consummation of the Exchange Offer. Such record date and the date of such distribution (which will be as soon as practicable after such record date) will be publicly announced by Lockheed Martin when they have been determined. If the Minimum Condition is not satisfied, Lockheed Martin may, in its sole discretion, (i) decide not to consummate the Exchange Offer, (ii) waive the Minimum Condition and consummate the Transaction, (iii) spin-off all shares of Materials Common Stock owned by it or (iv) review and implement other alternatives. See "The Exchange Offer-- Certain Conditions of the Exchange Offer." If at least shares of Lockheed Martin Common Stock are exchanged pursuant to the Exchange Offer, the Spin-Off will not be effected.

If a holder of Lockheed Martin Common Stock tenders a sufficient number of shares of Lockheed Martin Common Stock such that upon consummation of the Exchange Offer an HSR Act filing would be required, and an enforcement agency makes a second request for information or such stockholder elects to withdraw his or her tendered shares, Lockheed Martin will distribute the shares of Materials Common Stock which would otherwise have been received by such stockholder to holders of record of shares of Lockheed Martin Common Stock remaining after consummation of the Exchange Offer. See "The Transaction-- Regulatory Approvals."

No fractional shares of Materials Common Stock will be distributed pursuant to the Spin-Off. The Exchange Agent, acting as agent for Lockheed Martin stockholders otherwise entitled to receive fractional shares, will aggregate all fractional shares and sell them for the accounts of such stockholders. Proceeds from sales of fractional shares will be paid by the Exchange Agent based upon the average gross selling price per share of all such sales. None of the Exchange Agent, Lockheed Martin, Materials, the Dealer Manager or any Soliciting Dealer will guarantee any minimum sale price for the shares of Materials Common Stock and no interest will be paid on the proceeds.

PRICE RANGE OF LOCKHEED MARTIN COMMON STOCK AND DIVIDENDS

Lockheed Martin Common Stock is listed and traded on the NYSE. The following table sets forth for the periods indicated the high and low sale prices per share of Lockheed Martin Common Stock as reported in the consolidated transactions reporting system on the NYSE and the cash dividends paid per share of Lockheed Martin Common Stock:

	HIGH	LOW	CASH DIVIDENDS
	-----	-----	-----
1995			
First Quarter*	\$54 3/8	\$50 1/4	--
Second Quarter	64 7/8	50	\$0.35
Third Quarter	68 1/8	59 3/8	0.35
Fourth Quarter	79 1/2	63	0.35
1996			
First Quarter	\$80 7/8	\$73 1/8	\$0.40
Second Quarter	86 3/4	73	0.40
Third Quarter (through , 1996)			0.40

* Partial period data. The Combination of Lockheed and Martin Marietta was consummated on March 15, 1995. See "Offering Circular--Prospectus Summary--Lockheed Martin Corporation."

On July 25, 1996, the last trading day prior to the announcement of the Transaction, the closing sale price as reported in the consolidated transactions reporting system on the NYSE per share of Lockheed Martin Common Stock was \$80 5/8. On , 1996, the last trading day before Lockheed Martin commenced the Exchange Offer, the closing sale price as reported in the consolidated transactions reporting system on the NYSE per share of Lockheed Martin Common Stock was \$. Stockholders are urged to obtain current market quotations for the shares of Lockheed Martin Common Stock.

Following the Combination, Lockheed Martin paid quarterly dividends of \$0.35 per share. Pursuant to a settlement of certain shareholder litigation in connection with the Combination, Lockheed Martin agreed to increase its regular quarterly dividend by \$0.05 per share for each of the first three quarters of 1996. On July 25, 1996, Lockheed Martin announced that its Board of Directors had declared a quarterly cash dividend of \$0.40 per share of Lockheed Martin Common Stock payable on September 30, 1996 to holders of record on September 3, 1996. Holders of record of Lockheed Martin Common Stock on September 3, 1996 will receive the dividend regardless of whether such holders tender their shares prior to September 30, 1996. The declaration and payment of future dividends to holders of Lockheed Martin Common Stock will be at the discretion of the Board of Directors of Lockheed Martin and will depend upon many factors, including Lockheed Martin's competitive position, financial condition, earnings and capital requirements.

PRICE RANGE OF MATERIALS COMMON STOCK AND DIVIDENDS

Materials Common Stock is listed and traded on the NYSE. The following table sets forth for the periods indicated the high and low sale prices per share of Materials Common Stock as reported in the consolidated transactions reporting system on the NYSE and the cash dividends paid per share of Materials Common Stock:

	HIGH	LOW	CASH DIVIDENDS
	-----	-----	-----
1994			
First Quarter*	\$25 7/8	\$21 1/2	\$ --
Second Quarter	24	18	--
Third Quarter	22 1/4	18 3/4	\$0.11
Fourth Quarter	22 3/8	17	0.11
1995			
First Quarter	\$19 1/2	\$16 1/2	\$0.11
Second Quarter	21 3/4	19 1/8	0.11
Third Quarter	20 1/2	18 1/2	0.11
Fourth Quarter	22 1/8	18 5/8	0.11
1996			
First Quarter	\$23 1/4	\$20 1/8	\$0.11
Second Quarter	24 7/8	21 1/2	0.11
Third Quarter (through , 1996)			0.12

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* Partial period data. Materials Common Stock began trading on February 17, 1994 following the Materials IPO. See "Offering Circular--Prospectus Summary--Martin Marietta Materials, Inc."

On July 25, 1996, the last trading day prior to the announcement of the Transaction, the closing sale price as reported in the consolidated transactions reporting system on the NYSE per share of Materials Common Stock was \$22 1/2. On , 1996, the last trading day before Lockheed Martin commenced the Exchange Offer, the closing sale price as reported in the consolidated transactions reporting system on the NYSE per share of Materials Common Stock was \$. Stockholders are urged to obtain current market quotations for the shares of Materials Common Stock.

On July 26, 1996, Materials announced that its Board of Directors had declared a quarterly cash dividend of \$0.12 per share of Materials Common Stock payable on September 30, 1996 to holders of record on August 30, 1996. Holders of Lockheed Martin Common Stock who tender their shares in the Exchange Offer will not be eligible to receive the dividend on Materials Common Stock which is payable on September 30, 1996. The declaration and payment of future dividends to holders of Materials Common Stock will be at the discretion of the Board of Directors of Materials and will depend upon many factors, including Materials' competitive position, financial condition, earnings and capital requirements.

UNAUDITED PRO FORMA COMBINED CONDENSED EARNINGS DATA OF LOCKHEED MARTIN

The following unaudited pro forma combined condensed earnings data of Lockheed Martin, excerpted from Lockheed Martin's Quarterly Report on Form 10-Q for the quarter ended June 30, 1996 filed with the Commission on August 13, 1996, has been prepared by Lockheed Martin's management from the historical financial statements of Lockheed Martin and of Tactical Systems (the defense electronics and systems integration businesses of the former Loral Corporation). The unaudited pro forma combined condensed earnings data reflects adjustments as if the Loral Transaction had been consummated at the beginning of the periods presented. The unaudited pro forma adjustments are based upon preliminary estimates and certain assumptions that management of Lockheed Martin believes are reasonable in the circumstances.

The unaudited pro forma combined condensed earnings data is not necessarily indicative of results of operations that would have resulted if the Loral Transaction had occurred on the applicable dates indicated above. Moreover, such information is not intended to be indicative of future results of operations. The unaudited pro forma combined condensed earnings data should be read in conjunction with the historical consolidated financial statements of Lockheed Martin and related notes thereto, and the historical financial statements of Tactical Systems and related notes thereto, both of which are incorporated by reference in this Offering Circular-Prospectus.

LOCKHEED MARTIN	TACTICAL SYSTEMS	PRO FORMA COMBINED
(IN MILLIONS, EXCEPT PER SHARE DATA)		

SIX MONTHS ENDED JUNE 30,
1996:

Net sales.....	\$12,185	\$1,403(1)	\$13,545
Net earnings.....	571	126(1)	577
Earnings per common share:			
Assuming no dilution....	2.85	N/A	2.88
Assuming full dilution..	2.55	N/A	2.58

SIX MONTHS ENDED JUNE 30,
1995:

Net sales.....	\$11,251	\$3,223	\$14,387
Net earnings.....	84(2)	172	16
Earnings (loss) per common share:			
Assuming no dilution....	.28	N/A	(.07)
Assuming full dilution..	-- (3)	N/A	-- (3)

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- (1) Financial data presented represents the operating results of Tactical Systems for the first quarter of 1996. The operating results of Tactical Systems for the second quarter of 1996 have been included in the Lockheed Martin financial data.
 - (2) Net earnings includes the effect of Lockheed Martin's merger related and consolidation expenses recorded in 1995 related to the formation of Lockheed Martin. The after-tax effect of these charges was \$436 million, or \$1.96 per common share assuming full dilution.
 - (3) Amounts for earnings (loss) per common share assuming full dilution have not been presented as such amounts are anti-dilutive. Calculated earnings per common share were \$.38 for Lockheed Martin and \$.07 for Pro Forma Combined, respectively.

SELECTED CONSOLIDATED FINANCIAL DATA OF LOCKHEED MARTIN
(IN MILLIONS, EXCEPT PER SHARE DATA)

The following selected consolidated financial data as of and for the years ended December 31, 1995, 1994 and 1993 are derived from consolidated financial statements of Lockheed Martin which have been audited by Ernst & Young, LLP, independent auditors. The financial data as of and for the six months ended June 30, 1996 and 1995, are derived from unaudited financial statements and, in the opinion of Lockheed Martin's management, include all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of financial position, results of operations and cash flows. Operating results for the six months ended June 30, 1996, are not necessarily indicative of the results that may be expected for the entire year ending December 31, 1996. This information is qualified in its entirety by, and should be read in conjunction with, the consolidated financial statements and related footnotes thereto for Lockheed Martin incorporated by reference in this Offering Circular-Prospectus as well as the Unaudited Pro Forma Combined Condensed Financial Information of Lockheed Martin presented on the previous page of this Offering Circular-Prospectus.

	SIX MONTHS ENDED JUNE 30,		YEAR ENDED DECEMBER 31,		
	1996(1)	1995(2)	1995(2)	1994	1993
EARNINGS DATA:					
Net sales					
Space & Strategic Missiles....	\$ 3,664	\$ 3,747	\$ 7,521	\$ 6,719	\$ 7,293
Aeronautics.....	2,500	3,242	6,617	7,091	6,601
Information & Technology Services.....	2,630	2,195	4,528	4,271	3,712
Electronics.....	2,965	1,650	3,294	4,055	4,092
Energy, Materials and Other (3).....	426	417	893	770	699
Total.....	<u>\$12,185</u>	<u>\$11,251</u>	<u>\$22,853</u>	<u>\$22,906</u>	<u>\$22,397</u>
Operating profit					
Space & Strategic Missiles....	\$ 505	\$ 84	\$ 431	\$ 476	\$ 507
Aeronautics.....	230	136	394	511	479
Information & Technology Services.....	146	84	269	228	145
Electronics.....	249	80	261	456	331
Energy, Materials and Other (3).....	66	(85)	22	308	122
Total.....	<u>\$ 1,196</u>	<u>\$ 299</u>	<u>\$ 1,377</u>	<u>\$ 1,979</u>	<u>\$ 1,584</u>
Net earnings.....	\$ 571	\$ 84	\$ 682	\$ 1,018	\$ 829
Earnings per common share:					
Assuming no dilution.....	\$ 2.85	\$.28	\$ 3.28	\$ 5.12	\$ 3.99
Assuming full dilution.....	2.55	-- (2)	3.05	4.66	3.75
CASH FLOW DATA:					
Depreciation and amortization...	\$ 533	\$ 465	\$ 921	\$ 937	\$ 936
Expenditures for property, plant and equipment.....	347	269	531	509	536
Dividends on common and preferred stock.....	186	155	314	274	260

	AS OF	
	AS OF JUNE 30, 1996(1)	DECEMBER 31, 1995 1994

BALANCE SHEET DATA:

Cash and cash equivalents.....	\$ 390	\$ 653	\$ 639
Total assets.....	30,328	17,648	18,049
Total debt.....	12,759	3,732	3,879
Stockholders' equity.....	6,912	6,433	6,086
Book value per common share, assuming full dilution.....	30.86	28.93	29.19

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- (1) On April 23, 1996, Lockheed Martin acquired Tactical Systems (the defense electronics and systems integration businesses of the former Loral Corporation). The operations of Tactical Systems have been included in the results of operations of Lockheed Martin's Information & Technology Services and Electronics segments from April 1, 1996. See "Unaudited Pro Forma Combined Condensed Earnings Data of Lockheed Martin" for the effects of the Loral Transaction.
 - (2) Operating profit includes the effect of the Lockheed Martin's \$690 million pretax charges for merger related and consolidation expenses recorded in 1995 related to the formation of Lockheed Martin. The after-tax effect of these charges was \$436 million, or \$1.96 per common share assuming full dilution. Earnings per common share assuming full dilution for the six months ended June 30, 1995 is not presented as such amount is anti-dilutive.
 - (3) Includes Energy and Environment Sector, Materials and businesses not included in the other business segments.

SELECTED CONSOLIDATED FINANCIAL DATA OF MATERIALS

The Statement of Earnings Data set forth below for each of the years in the three-year period ended December 31, 1995, and the Balance Sheet Data set forth below as of December 31, 1995 and 1994, are derived from the audited consolidated financial statements of the Company and notes thereto incorporated by reference in this Offering Circular--Prospectus. These consolidated financial statements have been audited by Ernst & Young LLP, independent auditors. The Statement of Earnings Data set forth below for each of the years in the two-year period ended December 31, 1992, and the Balance Sheet Data set forth below as of December 31, 1993, 1992 and 1991, are derived from the audited consolidated financial statements of the Company, which also have been audited by Ernst & Young LLP. The Statement of Earnings Data for the six-month periods ended June 30, 1996 and 1995, and the Balance Sheet Data as of June 30, 1996 and 1995, are derived from the Company's unaudited condensed consolidated financial information and include, in the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation. The earnings results for the six-month period ended June 30, 1996, are not necessarily indicative of the results that may be expected for the full year ending December 31, 1996.

The selected financial data presented below should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations, the unaudited condensed consolidated financial statements and related notes thereto, and the audited consolidated financial statements and related notes thereto which are incorporated by reference in this Offering Circular-Prospectus.

(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

	SIX MONTHS ENDED JUNE 30,		FISCAL YEARS ENDED DECEMBER 31,				
	1996	1995	1995(1)	1994	1993	1992	1991
STATEMENT OF EARNINGS DATA:							
Net sales.....	\$ 337.0	\$ 305.9	\$ 664.4	\$ 501.7	\$452.9	\$408.3	\$371.7
Gross profit.....	79.1	75.3	167.2	139.1	121.3	98.4	95.0
Earnings from operations.....	48.5	45.6	107.6	91.9	76.4	55.1	55.4
Interest expense.....	(5.7)	(4.5)	(9.7)	(6.9)	(3.2)	(1.0)	(0.8)
Other income and expenses, net.....	4.3	2.6	6.0	5.4	0.9	2.5	(0.3)
Earnings before taxes on income, net extraordinary item and net cumulative effect of changes in accounting.....	47.1	43.7	103.8	90.4	74.1	56.5	54.3
Earnings before net extraordinary item and net cumulative effect of changes in accounting.....	31.1	28.2	67.6	58.3	48.0	39.0	37.4
Net extraordinary item(2).....	--	--	--	(4.6)	--	--	--
Net cumulative effect of changes in accounting(3).....	--	--	--	--	(17.5)	--	--
Net earnings.....	31.1	28.2	67.6	53.7	30.5	39.0	37.4
NET EARNINGS PER COMMON SHARE:							
Before extraordinary item.....	\$ 0.68	\$ 0.61	\$ 1.47	\$ 1.30			
Extraordinary item.....	--	--	--	(0.11)			
	\$ 0.68	\$ 0.61	\$ 1.47	\$ 1.19			
	=====	=====	=====	=====			
SELECTED STATISTICAL AND OPERATING DATA:							
EBITDA(4).....	\$ 82.8	\$ 75.2	\$ 169.2	\$ 140.1	\$114.3	\$ 99.5	\$ 94.4
Depreciation, depletion and amortization.....	\$ 30.0	\$ 27.0	\$ 55.7	\$ 42.8	\$ 37.0	\$ 42.0	\$ 39.3
Capital expenditures							

(including acquisitions).....	\$ 33.4	\$ 176.9	\$ 230.7	\$ 59.5	\$ 66.4	\$ 57.9	\$ 43.0
Tons of aggregates shipped (in millions)..	46.0	42.2	94.0	71.2	64.9	56.5	50.3
Annual aggregates production capacity available at end of period (in millions of tons).....	--	--	117.3	85.7	84.0	80.1	74.9

AS OF JUNE 30,

AS OF DECEMBER 31,

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1996	1995	1995	1994	1993	1992	1991	
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BALANCE SHEET DATA:

Total assets.....	\$ 746.4	\$ 703.9	\$ 789.4	\$ 593.9	\$497.0	\$447.3	\$422.5
Working capital.....	165.2	52.8	141.0	132.4	89.1	85.5	82.7
Long-term debt (including current maturities of long-term debt).....	125.7	106.7	228.7	108.2	235.3	13.4	11.5
Stockholders' equity(5).....	444.6	394.3	423.5	376.3	145.4	--	--
Business equity(5).....	--	--	--	--	--	354.9	328.3

-
- (1) The financial data for the year ended December 31, 1995, include the operations of the former Dravo Basic Materials Company, Inc., from the date of acquisition.
 - (2) Amount represents the net extraordinary loss on the early extinguishment of debt associated with the February 1994 in-substance defeasance of \$125 million of long-term indebtedness.

- (3) Net cumulative effect of accounting changes reflects the 1993 adoption of the change in methods of accounting for income taxes, postretirement benefits other than pensions, and postemployment benefits.
- (4) EBITDA represents earnings before taxes on income, net extraordinary item, net cumulative effect of changes in accounting, interest expense, and depreciation, depletion and amortization. EBITDA does not represent net income or cash flows from operations as these terms are defined under generally accepted accounting principles, and should not be considered as an alternative to net income as an indicator of the Company's operating performance or to cash flows as a measure of liquidity. The Company has included information concerning EBITDA herein because it has been informed that such information is useful to certain investors.
- (5) The Company was incorporated in November 1993, at which time it authorized and issued Materials Common Stock and assumed the obligations with respect to certain indebtedness of its parent. Prior to its incorporation, the Company was an operating division of Martin Marietta Corporation and its capitalization did not include stockholders' equity in the form of capital stock or significant interest-bearing indebtedness. Accordingly, the presentation of its capitalization may not be comparable in all periods presented.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF MATERIALS

The following discussion and analysis presents management's assessment of Materials' business environment, factors affecting the results of operations, liquidity and capital resources as of and for the second quarter and six months ended June 30, 1996, and the results of operations for the three years in the period ended December 31, 1995. This information should be read in conjunction with the Company's condensed consolidated financial statements and related notes thereto contained in the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1996, and the Company's audited financial statements and related notes thereto contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995, which are incorporated by reference herein.

OVERVIEW

Materials achieved record quarterly sales and earnings, including earnings from operations, for the quarter ended June 30, 1996, principally through continued pricing and profitability improvements, coupled with the positive impact of its previous acquisition activities. Financial results for the first half of 1996 yielded earnings from operations of \$48.5 million. These operating earnings were up \$2.8 million from the year-earlier period on net sales of \$337.0 million. Comparatively, earnings from operations for the first six months of 1995 were \$45.6 million on net sales of \$305.9 million. The Company's net earnings for the six-month period ended June 30, 1996, of \$31.1 million, or \$0.68 a share, represent an increase of 10% over net earnings for the first six months of 1995 of \$28.2 million, or \$0.61 a share.

Materials continues to maintain a level of capital resources which management believes is adequate to operate, compete and grow in an increasingly challenging and competitive environment. At June 30, 1996, total shareholders' equity reached \$444.6 million, and the Company's ratio of debt to total capitalization was 25%, compared with a debt-to-capitalization ratio of 35% at year-end 1995. Total debt at year-end reflected a temporary increase in long-term debt associated with the December 1995 sale of the Company's \$125 million 7% Debentures. The proceeds from the sale of these Debentures were used ultimately to repay the \$100 million aggregate principal amount of the Company's 8 1/2% Notes upon their maturity on March 1, 1996.

The management of Materials continues to remain committed to achieving its current and long-term strategic and financial goals, which include a plan for disciplined growth through acquisitions in the Company's core businesses and an ongoing program for development of new aggregates quarry locations, known as greensiting.

BUSINESS ENVIRONMENT

Materials conducts its operations through two divisions: Aggregates and Magnesia Specialties. The Aggregates division is the second largest producer of construction aggregates in the United States, based on tons shipped, and its products are used primarily for construction of highways and other infrastructure projects and in commercial and residential construction. The Magnesia Specialties division sells a majority of its products to customers in the steel industry, and also serves customers in other industrial, agricultural and environmental markets.

The Company's aggregates business is characterized by a high level of dependence upon private and public sector construction spending and a sensitivity to national, as well as regional and local, economic cycles. Historically, these characteristics have made the construction aggregates industry highly cyclical. In addition, the aggregates business is seasonal, due primarily to the effect of weather conditions on construction activity in the markets served.

The public sector portion of construction spending levels, which accounts for approximately one-half of the division's annual shipments, has been historically more stable than the levels of construction spending for the commercial and residential portions. Consequently, management believes that the division's broad mix of public

sector construction activity and its emphasis on infrastructure-related projects lessen somewhat the Company's exposure to fluctuations in commercial and residential spending levels. Over time, these spending levels have been sensitive primarily to the effects of changes in regional and local economies, as well as to fluctuations in interest rates.

The current federal highway program expires September 30, 1997. However, management expects a new federal program will be enacted without interruption, with construction spending to continue at levels comparable to current spending levels. In addition, it is expected that construction spending associated with the state- and local-level highway programs in markets in which the Company does business will continue at levels comparable to current spending levels. If construction spending reductions occur in state- and local-level highway programs, or if, as part of the federal budget deliberations, construction spending reductions occur in the current or a successor federal highway program, the division's operations could be adversely affected, if such reductions occur within the division's respective markets. However, it should be noted that the Highway Trust Fund and a significant portion of the state and local highway programs within the Company's markets are funded from sources such as dedicated portions of gasoline tax revenues, which management believes should not be adversely affected by federal and state-level budget reductions. In fact, current federal legislation is pending that would transfer 4.3 cents per gallon of a non-dedicated portion of the federal gasoline tax--funds that are now channeled to the general treasury for use in reducing the federal budget deficit--to the Highway Trust Fund. While this proposed legislation is receiving bipartisan support currently, there is no assurance that passage of the legislation will occur.

Against the backdrop of what is described by some economists as a soft takeoff in economic and construction activity in the current year following what was described as a soft landing back in 1995, a modest increase in the total value of construction awards is expected for the full year 1996. While the increase in 1996 construction awards is expected to be concentrated in commercial income and residential construction properties, the level of public works construction awards is expected to be flat through 1996.

Because of the concentration of the Aggregates division's operations in the southeastern, midwestern and central regions of the country, the division's and, consequently, the Company's operating performance is dependent on the strength of these specific regional economies. Therefore, the division's performance could be adversely affected by the future economic conditions in these regions.

In connection with the Aggregates division's geographic expansion strategy, the Company has made strategic acquisitions that not only widened its geographic exposure but also added significant distribution flexibility. In this regard, the division now has significant water transportation distribution capabilities in addition to truck and rail. The acquisition of Dravo Aggregates in 1995 complemented the division's operations by adding operating facilities, including barges and distribution yards, along the Ohio and Mississippi River systems, as well as on the Gulf of Mexico and the Southeastern Atlantic coast. New quarry and mineral reserve locations resulting from the acquisition of the former Dravo operations in the Bahamas and from a separate acquisition in Nova Scotia have added important markets outside the United States in Canada, the Caribbean islands and South America. These quarries add significant long-term mineral reserve capacity that position the Company to be able to compete for construction aggregate and chemical stone business along the east coast and near major Eastern metropolitan markets which are accessible by water transportation.

Finally, it should be noted that with respect to the seasonal nature of the aggregates business, levels of construction activity in the division's markets are affected significantly by regional weather conditions. Accordingly, production and shipment levels coincide with general construction activity levels, most of which occur in the division's markets typically during the spring, summer and fall seasons.

The Aggregates division achieved record quarterly production and shipment levels during the period ended June 30, 1996, reflecting the benefits of the Company's growth strategy. Net shipments increased by 12%, with growth experienced in each of the division's operating regions despite continued adverse weather conditions in the northern sections of the country during most of the quarter. Consistent with prior periods and the previous

year, construction for infrastructure programs have accounted for approximately one-half of the division's sales thus far in 1996. Currently, management believes that the Company will see improvement in the division's annual production and shipment levels for the full year 1996, compared with the prior year, without taking into account any acquisitions the Company may consummate during the balance of the year. In the longer term, the Aggregates division's business and financial results will continue to follow the national, as well as regional and local, general economic trends. At this time, some industry analysts are predicting an economic downturn beginning in the 1998 or 1999 time period. If this downturn occurs, the pattern for total construction activity over the economic cycle beginning in 1998 would represent a sharp change from those cycles of previous periods in the early 1990s.

The Aggregates division's raw material reserves are sufficient to permit production at present operating levels for the foreseeable future. Based upon 1995 annual shipment levels, the Company's raw material reserves exceed 50 years of production activity.

The Magnesia Specialties division's products, which include refractory and dolomitic lime, are used principally within the steel industry. Sales to the steel industry continue to account for approximately 74% of the Magnesia Specialties division's current period sales. Accordingly, the division's profitability is highly dependent on the manufacture of steel and its related marketplace. Prices of its refractory products are directly affected by current economic trends within the steel industry, which continues to experience price weaknesses. To mitigate this exposure, the management of Magnesia Specialties has taken steps to emphasize new product development and concentrate on additional products for use in environmental, agricultural and other industrial applications. As a result, the division's financial results have benefited from increased sales of its higher-margin chemical and lime products, coupled with successful cost reduction programs at its manufacturing facilities.

The June 1995 strike at an operating facility in Manistee, Michigan, which adversely affected the division's earnings for 1995, was settled successfully and a new four-year agreement reached in early August 1995. During the current period, another labor union contract at a separate operating location in Woodville, Ohio, was renegotiated successfully without work interruption.

The Company is involved in various environmental and reclamation matters. Among the variables that management must assess in evaluating costs associated with these issues are evolving environmental regulatory standards. The nature of these matters makes it difficult to estimate the timing and amount of any costs that may be necessary for future remedial measures. The Company incurs certain environmental-related costs in connection with its operations, including land reclamation costs, pollution control facility operating and maintenance costs, and environmental program compliance and monitoring costs. For financial reporting purposes, the Company treats these costs as normal ongoing operating expenses of its businesses and records them as costs of sales in the period in which they are incurred.

The Company records appropriate financial statement accruals for environmental matters in the period in which liability is established and the appropriate amount can be estimated reasonably. The Company currently has no material provisions for estimated costs in connection with environmental-related expenditures, because it is impossible to quantify with certainty the potential impact of all actions regarding environmental matters, particularly the extent and cost of future remediation and other compliance efforts. However, in the opinion of management, it is unlikely that any additional liability the Company may incur for known environmental issues or that compliance with present environmental protection laws would have a material adverse effect on the Company's consolidated financial position or on its results of operations.

BUSINESS COMBINATION WITH DRAVO

In January 1995, Materials purchased substantially all of the assets of the construction aggregates business of Dravo for an acquisition price of approximately \$121 million in cash plus the assumption of certain liabilities. In addition, the Company recorded a provision of approximately \$7 million for estimated costs to consummate the transaction and integrate the operations. The acquisition was accounted for under the purchase method of

accounting, wherein approximately \$7 million in goodwill was recognized by the Company after recording approximately \$8 million in other intangibles (representing the estimated fair market value of certain assets) and other purchase adjustments necessary to allocate the purchase price to the value of assets acquired and liabilities assumed. As of June 30, 1996, approximately \$6.7 million (of the \$7 million of costs originally estimated to consummate the transaction and integrate the operations) has been expended and charged against the liability. Management expects the balance of the estimated costs will be incurred during the remainder of 1996. Goodwill and other intangibles are being amortized over 20-year periods.

RESULTS OF OPERATIONS

June 1996 Compared to June 1995. Net sales for the quarter were \$200.4 million, a 14% increase over 1995 second quarter sales of \$175.9 million. Net sales for the first six months of 1996 were \$337.0 million, an increase of 10% over net sales for the year-earlier period of \$305.9 million. Earnings from operations were up \$8.8 million, or 28%, to \$39.9 million for the second quarter of 1996 over the same period in 1995, with earnings from operations up \$2.8 million, to \$48.5 million for the first six months of 1996, compared with the first six months of 1995. Consolidated net earnings for the quarter increased 34% to \$26.8 million, or \$0.58 per share, from 1995 second quarter net earnings of \$20.0 million, or \$0.43 per share. For the six-month period ended June 30, 1996, consolidated net earnings were \$31.1 million, or \$0.68 per share. This represents an increase of 10% over net earnings for the first six months of 1995 of \$28.2 million, or \$0.61 per share.

Sales for the Aggregates division increased 15% to \$167.7 million for the second quarter, compared with the year-earlier period. The division's sales increased 11% to \$271.3 million for the first six months of 1996, compared with the first six months of 1995. This increase in sales reflects record year-to-date aggregates shipments of 46 million tons and an increase in the division's average net selling price, when compared to the same period in 1995. The division's second quarter operating profits were \$37.6 million, an increase of 23% over operating profits for the year-earlier period of \$30.6 million. The division's operating profits for the first six months of 1996 increased slightly to \$43.2 million from \$42.4 million for the first six months of 1995, reflecting the lingering effect of adverse weather conditions within most of the markets served by the division during most of the first quarter of 1996. The Company's aggregates business is highly seasonal, due primarily to the effect of weather conditions on the level of construction activity, the most of which occurs typically in the spring, summer, and early fall. The severe winter weather conditions experienced during the first quarter of 1996 contributed to overall higher production costs during the first six months of the year. Management continues to believe that the Company's annual production and shipments, excluding any acquisition activities, will see some improvement for the full year ending December 31, 1996, compared with the prior year.

The Magnesia Specialties division had second quarter 1996 sales of \$32.8 million, an increase of 10% over the second quarter of 1995, and had six month 1996 sales of \$65.7 million, an increase of 6% in the first six months of 1996 over 1995. Even though shipments of refractory products for the first six months of 1996 were relatively flat when compared with the year-earlier period, overall prices were up somewhat. Because of a more favorable customer and product sales mix during the first half of the year, the division realized a softening of pricing pressures during the period. However, the division's management continues to expect price weaknesses in this sector for the foreseeable future due to the fixed market limitations inherent within the steel industry. Chemical product sales for the first half of 1996 were above those for the comparable period in 1995, principally due to strong industrial products and magnesium hydroxide sales. Additionally, sales of the division's lime products, used in the steel industry's basic oxygen furnaces, continued to strengthen through the first half of the year.

Compared to the year-earlier period, the division's earnings from operations for the first six months of 1996 increased to \$5.3 million from \$3.2 million in 1995. While the division's lower operating earnings for the first half of 1995 principally reflected the effect of costs incurred during a 1995 labor strike, the improvement in the operating margin for the first half of 1996 is attributable to the benefits realized by the division's efforts to build a more competitive operating cost structure, despite the somewhat negative impact of an explosion and resulting fire in an electrical substation at the division's Woodville, Ohio, lime plant.

The labor union contract covering the employees at the Magnesia Specialties lime operation at Woodville, Ohio, expired in June 1996. A new labor union agreement was renegotiated successfully without work interruption.

The following tables present net sales, gross profit, selling, general and administrative expenses, and earnings from operations data for the Company and each of its divisions for the three and six months ended June 30, 1996 and 1995. In each case the data is stated as a percentage of net sales of the Company or the relevant division, as the case may be:

	THREE MONTHS ENDED JUNE 30,			
	1996		1995	
	AMOUNT	% OF NET SALES	AMOUNT	% OF NET SALES
(Dollars in Thousands)				
NET SALES:				
Aggregates.....	\$167,660	100.0	\$146,013	100.0
Magnesia Specialties.....	32,778	100.0	29,901	100.0
Total.....	\$200,438	100.0	\$175,914	100.0
GROSS PROFIT:				
Aggregates.....	\$ 48,359	28.8	\$ 40,581	27.8
Magnesia Specialties.....	6,971	21.3	5,669	19.0
Total.....	\$ 55,330	27.6	\$ 46,250	26.3
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:				
Aggregates.....	\$ 10,784	6.4	\$ 9,945	6.8
Magnesia Specialties.....	4,213	12.9	4,765	15.9
Total.....	\$ 14,997	7.5	\$ 14,710	8.4
EARNINGS FROM OPERATIONS:				
Aggregates.....	\$ 37,576	22.4	\$ 30,637	21.0
Magnesia Specialties.....	2,280	7.0	455	1.5
Total.....	\$ 39,856	19.9	\$ 31,092	17.7

	SIX MONTHS ENDED JUNE 30,			
	1996		1995	
	AMOUNT	% OF NET SALES	AMOUNT	% OF NET SALES
(Dollars in Thousands)				
NET SALES:				
Aggregates.....	\$271,302	100.0	\$243,862	100.0
Magnesia Specialties.....	65,683	100.0	61,994	100.0
Total.....	\$336,985	100.0	\$305,856	100.0
GROSS PROFIT:				
Aggregates.....	64,399	23.7	\$ 61,632	25.3
Magnesia Specialties.....	14,736	22.4	13,691	22.1
Total.....	\$ 79,135	23.5	\$ 75,323	24.6
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:				
Aggregates.....	21,240	7.8	\$ 19,259	7.9
Magnesia Specialties.....	8,493	12.9	9,555	15.4
Total.....	\$ 29,733	8.8	\$ 28,814	9.4
EARNINGS FROM OPERATIONS:				
Aggregates.....	\$ 43,160	15.9	\$ 42,374	17.4
Magnesia Specialties.....	5,290	8.1	3,242	5.2
Total.....	\$ 48,450	14.4	\$ 45,616	14.9

Other income and expenses, net, for the six months ended June 30, were \$4.4 million in income in 1996 and \$2.6 million in income in 1995. In addition to several offsetting amounts, the 1996 amount included nonrecurring pretax gains of approximately \$1.8 million associated with the selling of certain assets and a foreign investment along with approximately \$1.1 million of interest income from affiliates loans. The 1995 amount also included a nonrecurring pretax gain of approximately \$1.4 million related to certain asset dispositions in connection with one of the Company's equity investments and \$0.6 million of interest income from loans to affiliates.

Interest expense was approximately \$1.2 million, or 27%, higher in the first six months of 1996 over 1995. The increase in 1996 resulted from the net effect of the additional long-term borrowings by the Company in December 1995, when the Company offered and sold to the public its \$125 million 7% Debentures, offset by the reduction of long-term debt during the period caused by the repayment of the 8 1/2% Notes on March 1, 1996, and the reduced amounts outstanding during the period that were due to Lockheed Martin under the credit agreement.

The Company's estimated effective income tax rate for the first six months was 33.9% in 1996 and 35.5% in 1995. The effective rate for the first half of 1996 was lower than the current federal corporate income tax rate of 35%, due to the effect of several partially offsetting factors. The Company's year-to-date 1996 effective tax rate reflects the effect of state income taxes which has been more than offset by the favorable impact of differences in book and tax accounting arising from the permanent benefits associated with the depletion allowances for mineral reserves, foreign subsidiaries' operating earnings, and equity earnings in nonconsolidated investments.

1995 Compared to 1994. The Company's net sales were approximately \$664.4 million in 1995 and \$501.7 million in 1994. Net sales increased \$162.7 million, or 32%, in 1995 and \$48.8 million, or 11%, in 1994. Consolidated earnings from operations were approximately \$107.6 million in 1995 and \$91.9 million in 1994, reflecting an increase of \$15.7 million, or 17%, in 1995 and \$15.5 million, or 20%, in 1994. Net sales and operating earnings for 1995 include the financial results of Dravo Aggregates which was combined with Materials in January 1995.

For the year ended December 31, 1995, the Aggregates division had net sales of \$538.8 million, which were \$155.7 million, or 41%, higher than the year-earlier net sales. This improvement reflects a 22.8 million ton, or 32%, increase in total tons shipped during 1995 of 94.0 million tons. Approximately 21.4 million tons of the increase in 1995 shipments are attributable to Dravo Aggregates acquired in January. The increase in net sales also reflects an increase of approximately 5% in the division's average net selling price, when compared to the prior year's. These pricing improvements were experienced in each of the division's five original operating elements. Earnings from operations in the Aggregates division in the year were \$98.1 million, an increase of 20% over the prior year.

Magnesia Specialties division's net sales of \$125.6 million were 6% above the prior year's, but the Division's operating earnings decreased 7% to \$9.5 million. This decrease in earnings was principally the result of the strike in connection with an expired labor union agreement at a major operating location in Michigan. While shipments of refractory products were up slightly from the year-earlier period because of increased demand in the domestic and foreign steel industry, competitive pressure has continued to negatively impact the Division's pricing structure. Overall chemical product sales levels exceeded the prior year's, principally from increased industrial and magnesium hydroxide product sales. Additionally, the division's sales remained strong as a result of continued demand throughout the year for lime that is used in the steel industry's basic oxygen furnaces.

Other income and expenses, net, for the year ended December 31, 1995, was \$6.0 million in income, compared to \$5.4 million in income for the prior year. The increase in 1995 in other income, net, is attributable principally to equity earnings representing the Company's share of increased income levels from certain investments. In 1994, other income, net, included gains related to asset sales and interest income related to an

affiliate's loan, both of which were offset by charges related to amounts receivable from certain affiliates and to equity losses from an investment in an Iowa-based aggregates operation. Interest expense on debt of \$9.7 million in 1995 was \$2.9 million higher than in 1994. This increase is the result of incremental borrowings during 1995 under the Company's credit agreement with Lockheed Martin and the December 1995 sale of the \$125 million 7% Debentures. In 1994, the Company's interest expense was higher than the prior year's due to indebtedness that was assumed by the Company upon its incorporation in November 1993.

The Company's effective income tax rate for 1995 was 34.9%, compared with 35.5% in 1994 and 35.2% in 1993. The favorable variance in the effective income tax rate for 1995, which is slightly lower than the federal corporate tax rate of 35%, is due to the effect of several offsetting factors. In this regard, the Company's effective tax rate reflects the effect of state income taxes which has been more than offset by the favorable impact of differences in book and tax accounting arising from the permanent benefits associated with the depletion allowance for mineral reserves, foreign corporate operating earnings and equity earnings in nonconsolidated investments. For 1994 and 1993, the Company's effective income tax rates were higher than the statutory rates due principally to the effect of state income taxes offset by less significant book and tax accounting differences arising primarily from the benefit associated with the depletion allowances.

1994 Compared to 1993. The Aggregates division's net sales increased 14% to \$383.2 million, reflecting increased volume and improved prices in all five of the division's operating elements. In 1994, the division's aggregates shipments increased approximately 10% to 71.2 million tons, compared to 64.9 million tons in 1993, and the aggregates products' average net selling price improved 3.5% over the prior year's. The division's 1994 earnings from operations increased by approximately 14% to \$81.7 million over the prior year's earnings from operations reflecting the benefit from an improved pricing structure. While the Magnesias Specialties division's net sales of approximately \$118.5 million increased a modest 3% over the prior year's, the division's shipments of refractory products in 1994 actually were below those of the prior year due to competitive pressures from within the industry. This decline in refractory product shipments was offset by higher chemical product sales for the year and as a result of a strong demand for lime products used in the steel industry's basic oxygen furnaces. Operating income margin improvements in 1994 continued to reflect the benefit of the division's ongoing cost reduction program.

The following tables present net sales, gross profit, selling, general and administrative expenses, and earnings from operations data for the Company and each of its divisions for the three years ended December 31, 1995, 1994 and 1993:

	YEAR ENDED DECEMBER 31,		
	1995	1994	1993

	(Dollars in Thousands)		
NET SALES:			
Aggregates.....	\$538,827	\$383,155	\$337,543
Magnesias Specialties.....	125,579	118,505	115,363

Total.....	\$664,406	\$501,660	\$452,906
GROSS PROFIT:			
Aggregates.....	\$137,704	\$109,928	\$ 98,353
Magnesias Specialties.....	29,460	29,215	22,962

Total.....	\$167,164	\$139,143	\$121,315
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:			
Aggregates.....	\$ 39,617	\$ 28,254	\$ 26,408
Magnesias Specialties.....	18,121	17,028	16,243

Total.....	\$ 57,738	\$ 45,282	\$ 42,651
EARNINGS FROM OPERATIONS:			
Aggregates.....	\$ 98,087	\$ 81,674	\$ 71,945
Magnesias Specialties.....	9,478	10,213	4,450

Total.....	\$107,565	\$ 91,887	\$ 76,395

LIQUIDITY AND CAPITAL RESOURCES

The Company's net working capital at June 30, 1996, was \$165.2 million, which reflects an increase of \$24.2 million over the year-end net working capital. Shareholders' equity reached \$444.6 million as of the end of the second quarter of 1996, an increase of \$21.0 million over total shareholders' equity at year-end 1995. The ratio of long-term debt to total capitalization was 25% at June 30, 1996, compared with 35% at year-end, which reflected the impact of the December 1995 sale of \$125 million of long-term debentures. For purposes of computing the Company's debt-to-capitalization ratio at June 30, 1996, the calculation included the \$24.5 million of certain intercompany amounts owed to Lockheed Martin as of that date. The primary use of the proceeds from the sale of these debentures was ultimately for the repayment of a portion of certain related party debt and the \$100-million aggregate principal amount of the Company's 8 1/2% Notes. These notes matured on March 1, 1996, at which time they were paid in full upon redemption by their holders. Accordingly, the Company's debt-to-capitalization ratio dropped to 25% following repayment of the 8 1/2% Notes in March, an action which had a significant and favorable impact on the Company's capital structure. In addition to the above-stated debentures, as of June 30, 1996, \$1.5 million was outstanding under the terms of a cash management agreement and \$23 million was outstanding under the terms of a credit agreement, each with its majority shareholder, Lockheed Martin. As of August 1, 1996, \$12 million was outstanding under the terms of these agreements.

Net cash flow provided by operating activities during the first six months of 1996 was \$26.8 million, compared with \$37.6 million in the comparable period of 1995. The cash flow from operating activities for both 1995 and 1996 was principally from earnings, before deducting depreciation, depletion and amortization, offset by increased demand for working capital. Working capital increases during the first half of 1996 were principally due to an increase in accounts receivable balances due to timing and growth in aggregates demand, as well as more moderate increases in amounts due from affiliates and in certain inventory balances. The increased demand on working capital during the first half of 1995 was primarily the result of increases in inventory and accounts receivable balances, both of which were offset somewhat by increased trade accounts payable and other liabilities balances. The seasonal nature of the construction aggregates business impacts quarterly net cash provided by operating activities when compared with the year. Accordingly, full year 1995 net cash provided by operating activities was \$128.6 million, compared with the \$37.6 million provided by operations in the first half of 1995.

Capital expenditures, excluding acquisitions, for the first half of 1996 were \$33.4 million, compared with \$34.1 million for the same period in 1995. Capital expenditures are expected to be approximately \$82 million for 1996, exclusive of acquisitions. Comparable capital expenditures, were \$71.6 million in 1995, \$47.0 million in 1994 and \$45.9 million in 1993. Capital expenditures for 1995 and 1996 include increased spending requirements for capital improvements and investments relating to the addition of the former Dravo businesses.

The Company relies, for its liquidity requirements, upon internally generated funds, access to capital markets, and funds obtained under its cash management agreement and credit agreement, each with its majority shareholder, Lockheed Martin. Prospectively, management may choose to borrow from third-party lenders or through the Company's access to capital markets. The above-referenced credit agreement with Lockheed Martin, which includes a revolving credit provision that expires December 31, 1996, but which may be extended by mutual consent of both parties, provides for borrowings of up to \$55 million. Loans outstanding under the credit agreement bear interest at a published prime interest rate or at LIBOR plus a graduated rate.

During the latter half of 1996, management expects to establish a revolving credit facility with a syndicate of banks to replace the current credit agreements with Lockheed Martin. It should be noted, however, that the Company has not determined the specific timing of, or the method by which it may establish and access such a banking credit facility. Further, while any such borrowings may be used initially to provide necessary working capital funds, it is anticipated that the Company will repay the funds borrowed under its credit agreement with Lockheed Martin with such bank borrowings. Additionally, management may choose further access to the public debt markets through the issuance of commercial paper or other debt securities. Again, it should be noted that the Company has not determined the method or methods by which it may further access the public markets.

With respect to the Company's ability to access the public market, it has an effective shelf registration on file with the Securities and Exchange Commission for the offering of up to \$175 million of debt securities, which may be issued from time to time. The Company's ability to issue such debt securities at any time is dependent, among other things, upon market conditions. Additionally, limitations under the amended and restated credit agreement and certain other agreements in effect currently with Lockheed Martin may restrict the Company's ability to borrow funds from the public market and third-party lenders.

Based on prior performance and current expectations, the Company's management believes that cash flows from internally generated funds and its access to capital markets are expected to continue to be sufficient to provide the capital resources necessary to fund the operating needs of its existing businesses, cover debt service requirements, and allow for payment of dividends in 1996. The Company may be required to obtain additional levels of financing in order to fund certain strategic acquisitions if any such opportunities arise. Currently, the Company's senior unsecured debt is rated "A" by Standard & Poor's and "A3" by Moody's. While Standard & Poor's continues to keep the Company's debt rating on CreditWatch--an action that was taken in March 1996 as a result of Lockheed Martin's 81% ownership of the Company--Standard & Poor's announced in July that, upon consummation of the proposed Transaction by Lockheed Martin, the Company's "A" senior debt rating will be affirmed and removed from CreditWatch. In a related July press release following the announcement of the proposed split-off transaction, Moody's confirmed the Company's "A3" senior debt rating and expects the Company's financial position and debt protection measurements to remain consistent with such rating. While management believes its credit ratings will remain at an investment-grade level, no assurance can be given that these ratings will remain at the above-mentioned levels.

As of August 1, 1996, the Board of Directors has approved regular quarterly dividends on the Company's Common Stock totalling \$0.34 a share through the first three quarters of 1996. Dividends were authorized and paid at a rate of \$0.11 a share in each of the first two quarters of the year, and in July the Board of Directors declared an increase in the Company's regular quarterly dividend to \$0.12 a share for the third quarter of 1996. This third quarter dividend is payable September 30, 1996, to shareholders of record as of the close of business on August 30, 1996. The Company's amended and restated credit agreement with Lockheed Martin, in effect currently, contains certain covenants that may, in certain circumstances, restrict the Company's ability to pay dividends.

The Company may repurchase up to 2.5 million shares of its common stock under authorizations from the Company's Board of Directors for use in the Omnibus Securities Award Plan and for general corporate purposes. As of August 1, 1996, there have been 68,200 shares repurchased under these authorizations.

OTHER MATTERS

In connection with the Transaction, the Company's Board of Directors has adopted a shareholder rights plan that will become effective, and certain terms of which will be established, upon consummation of the Transaction, at the discretion of the Executive Committee of the Board of Directors. The shareholder rights plan provides, among other things, that if any person or group of persons becomes the beneficial owner of 15% or more of the Company's Common Stock, all holders of rights issued pursuant to the plan (other than such person or group of persons and their affiliates, associates and transferees) will have the right to acquire shares of the Company's Common Stock at 50% of the then current market value.

Also in connection with the Transaction, the Board of Directors has adopted, and has recommended that the shareholders of the Company approve at a special meeting to be called for such purpose, certain amendments to the Company's Articles of Incorporation. The proposed amendments are intended to reduce the vulnerability of the Company to an unsolicited takeover proposal, particularly one that is made at an inadequate price or does not contemplate the acquisition of all of the Company's Common Stock. The special meeting of the shareholders to approve such amendments will be held prior to the consummation of the Transaction, and Lockheed Martin, which beneficially owns 81% of the Company's Common Stock, has indicated that it intends to vote its shares in favor of such amendments. Accordingly, if Lockheed Martin votes its shares as it has indicated, the adoption of such amendment is assured.

The Company adopted Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" ("FAS 121"), as of January 1, 1996. The pronouncement requires that certain long-lived assets be reviewed for impairment when circumstances indicate that the carrying amount of such assets may not be recoverable. Additionally, FAS 121 requires that certain long-lived assets held for disposition be reported at the lower of the carrying amount or fair value less any selling costs. The impact of the adoption of this pronouncement did not have a material effect on the Company's consolidated financial position or on its results of operations.

The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("FAS 123"), in 1995, which will be effective for financial statements in the current year. FAS 123 introduces a fair-value based method of accounting for stock-based compensation and encourages, but does not require, compensation expense recognition for grants of stock, stock options and other equity instruments to employees based on the new fair-value accounting rules. Companies that choose not to adopt the new rules will continue to apply the existing accounting rules contained in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"). However, it should be noted that although expense recognition for employee stock-based compensation is not mandatory, FAS 123 requires companies that choose not to adopt the fair-value accounting rules to disclose pro forma net income and earnings per share under the new method. Currently, management intends to continue applying the accounting rules in APB 25 for purposes of recognizing compensation expense for stock option grants to employees of the Company and will adopt the disclosure provisions of FAS 123 as required in the fourth quarter of 1996.

The impact of inflation on Materials' businesses has become less significant with the benefit of lower inflation rates in recent years. When the Company incurs higher costs to replace productive facilities and equipment, increased depreciation generally is countered by increased capacity and productivity, increased selling prices, and various other offsetting factors.

MANAGEMENT OF MATERIALS

DIRECTORS AND EXECUTIVE OFFICERS

The executive officers and directors of Materials and their ages and positions as of August 31, 1996 are:

NAME ----	POSITION -----	AGE ---
Marcus C. Bennett	Chairman of the Board	60
Stephen P. Zelnak, Jr.	President, Chief Executive Officer, Director	51
Richard G. Adamson	Director	63
Bobby F. Leonard	Director	63
Frank H. Menaker, Jr.	Director	56
James M. Reed	Director	63
William B. Sansom	Director	55
Philip J. Sipling	Senior Vice President	49
Robert R. Winchester	Senior Vice President	59
Bruce A. Deerson	Vice President, Secretary and General Counsel	45
Janice K. Henry	Vice President, Chief Financial Officer and Treasurer	45
Jonathan T. Stewart	Vice President--Human Resources	47

Currently, the Materials Board of Directors consists of seven members. In connection with adoption of the Proposed Amendments, the Materials Board of Directors will be expanded to nine directors. The Materials Board of Directors has not yet determined the identity of the two additional directors.

BIOGRAPHIES

Marcus C. Bennett, Chairman of the Board (since 1994) and Director (since 1993), Chairman of the Executive and Finance Committees, member of the Compensation Committee, has served as Executive Vice President and Chief Financial Officer of Lockheed Martin since July 1996. He has been a director of Lockheed Martin since March 1995. From March 1995 until July 1996 he served as Senior Vice President and Chief Financial Officer of Lockheed Martin and from 1988 until 1995 as Vice President and Chief Financial Officer of Martin Marietta Corporation. He also served as a director of Martin Marietta Corporation from 1993 to 1995. Mr. Bennett joined Martin Marietta Corporation in 1959. Mr. Bennett is also a Director of Carpenter Technologies, Inc.

Stephen P. Zelnak, Jr., Director (since 1993), member of the Executive and Finance Committees, has served as President and Chief Executive Officer of Materials since 1993, and previously served as the President of Martin Marietta Corporation's materials group from 1992 until the formation of the Company, and of Martin Marietta Corporation's aggregates division since 1982. Mr. Zelnak also served as a Vice President of Martin Marietta Corporation from 1989 until 1994, when he resigned as an officer of Martin Marietta Corporation effective upon the completion of the Materials IPO. Mr. Zelnak joined Martin Marietta Corporation in 1981.

Richard G. Adamson, Director (since 1994), member of the Ethics and Environmental Affairs and Audit Committees, served as Vice President, Strategic Development for Martin Marietta Corporation from April 1993 until his retirement in 1995. From 1984 until April 1993, he served as Vice President, Business Development of Martin Marietta Corporation.

Bobby F. Leonard, Director (since 1994), Chairman of the Compensation Committee, member of the Ethics and Environmental Affairs and Equity-Related Awards Committees, served as Vice President, Human Resources, of Martin Marietta Corporation from 1981 until his retirement in March 1995. He is currently in private law practice in Maryland.

Frank H. Menaker, Jr., Director (since 1993), Chairman of the Ethics and Environmental Affairs Committee, has served as Senior Vice President and General Counsel of Lockheed Martin since July 1996. He served as Vice President and General Counsel of Lockheed Martin from March 1995 to July 1996 and as Vice President of Martin Marietta Corporation from 1982 until 1995 and as General Counsel of Martin Marietta Corporation from 1981 until 1995.

James M. Reed, Director (since 1994), Chairman of the Audit Committee, member of the Equity-Related Awards, Executive and Finance Committees, has served as Chief Financial Officer of Union Camp Corporation since 1977 and as Vice Chairman of the Board of Union Camp Corporation since 1993. Mr. Reed is a Director of Bush Boake Allen Inc., Savannah Foods & Industries, Inc. and The Bulgarian-American Enterprise Fund.

William B. Sansom, Director (since 1994), Chairman of the Equity-Related Awards Committee, member of the Audit and Compensation Committees, has served as the Chairman and Chief Executive Officer of The H.T. Hackney Co. since May 1983. From 1979 to 1983, he served in Tennessee State Government, first as a Commissioner of Transportation and then as Commissioner of Finance and Administration. He has also previously served on the Board of Directors of the National Crushed Stone Association. Mr. Sansom is a Director of First Tennessee National Corporation and Astec Industries, Inc.

Philip J. Sipling, Senior Vice President (since 1993), also serves as President of Martin Marietta Magnesia Specialties Inc., a wholly owned subsidiary of the Company. Mr. Sipling is also responsible for the management of the Central Region of the Aggregates division. Mr. Sipling joined Martin Marietta Corporation in 1985, serving as Vice President of the aggregates division from 1989 to 1993.

Robert R. Winchester, Senior Vice President (since 1993), also serves as Executive Vice President of the Aggregates division responsible for the general management of the Mideast Region and Eastern Carolina Region and has served as Vice President Operations of the Aggregates division since 1982. Mr. Winchester joined Martin Marietta Corporation in 1960 and has held various positions in the aggregates division since that time.

Bruce A. Deerson, Vice President, Secretary and General Counsel (since 1993), served as General Counsel to Martin Marietta Corporation's materials group from 1988 to 1993. Mr. Deerson joined Martin Marietta Corporation in 1979 and in 1981 became Assistant General Counsel of Martin Marietta Corporation with responsibility for the aggregates division.

Janice K. Henry, Vice President, Chief Financial Officer (since 1994) and Treasurer (since 1996), served as Vice President Business Management at Martin Marietta Corporation's astronautics group from August 1992 to January 1994. Prior to that, Ms. Henry served as Secretary of Martin Marietta Corporation from 1985 to 1990 and as Director of Business Management of the Defense, Space and Communications company of Martin Marietta Astronautics from 1990 to August 1992. Ms. Henry served as Controller of Martin Marietta Corporation's materials group from 1981 to 1985. Ms. Henry joined Martin Marietta Corporation in 1974.

Jonathan T. Stewart, Vice President, Human Resources (since 1993), served as Human Resources Vice President of Martin Marietta Corporation's materials group from 1992 to 1993, having served in similar capacities for divisions of the group from 1984 to 1992. Mr. Stewart joined Martin Marietta Corporation in 1982.

BUSINESS OF MATERIALS

The Company is the United States' second largest producer of aggregates used for the construction of highways and other infrastructure projects and for commercial and residential construction, based on tons shipped. In 1995, the Company's Aggregates division shipped approximately 94 million tons of aggregates, primarily crushed stone, from more than 200 quarries and distribution yards in 19 states in the Southeast, Midwest and Central states, and in Canada and the Bahamas, generating net sales of \$538.8 million. Since the Materials IPO, the Company has increased its aggregates production capacity by almost 40%, from 84 million tons in 1993 to 117 million tons in 1995, primarily as a result of the acquisition of Dravo Aggregates as well as numerous smaller acquisitions and the opening of greensites. In addition to expanding the Company's aggregates capacity and markets, the acquisition of Dravo Aggregates complemented the Company's distribution channels with an extensive river barge and ocean-going vessel distribution system and significantly expanded its presence in the nonconstruction aggregates markets, including markets for chemical and industrial applications.

The Company, through its Magnesia Specialties division, is also one of the nation's leading producers of dolomitic lime (which is used by the Company as a raw material in its internal process as well as a fluxing agent in steel mills); magnesia-based products, including heat-resistant refractory products used in the steel industry; and magnesia-based chemical products for industrial, agricultural and environmental uses, including wastewater treatment and acid neutralization. In 1995, the division's sales were \$125.6 million.

STRATEGY

The Company's business strategy includes the following major elements:

PURSUE DISCIPLINED GROWTH. The Company's principal long-term strategy is to identify high-return growth markets and to enter and grow in those markets through a combination of acquisitions, greensiting (the opening of new quarries), product development, superior service and capital investment in capacity increases, with the objective of being a leading producer in the markets it serves while minimizing increases in management, technical and administrative costs. Since 1986, the Company has made 24 acquisitions involving 68 quarries having a total capacity of over 48 million tons.

The 1995 acquisition of Dravo Aggregates provided the Company the opportunity, in a single transaction, to grow its annual production capacity by more than 24 million tons. In addition, this acquisition provided the Company access to a significant barge and oceangoing vessel distribution system, opening extensive markets for the aggregates business along the Ohio and Mississippi River systems from Western Pennsylvania throughout the central and southern United States and along the Gulf of Mexico and Atlantic coasts. The Company leveraged this water-based distribution system with the acquisition of a large granite quarry located in Nova Scotia, Canada. This granite operation, when combined with the limestone quarries in Illinois, Kentucky and the Bahamas which were acquired from Dravo Corporation allows the Company to economically serve coastal and island customers with a full range of products. These two acquisitions provide more than 12 million tons annually of well-positioned, water-accessible capacity. In addition, during 1995 the Company completed four smaller acquisitions enhancing the Company's position in coastal and southern regions, specifically in the Atlanta metropolitan region, Richmond, Virginia and South Carolina.

Many companies have chosen to exit the aggregates industry because of increased operational complexity, regulatory issues and capital requirements. The Company believes the aggregates industry will continue to consolidate and that it has the financial and management capabilities to continue to grow through acquisition.

The acquisition of Dravo Aggregates also significantly increased the division's participation in non-construction applications for aggregates such as high-grade chemical uses, desulfurization and cement production.

In late 1994, the Company purchased the MagneClear Division of Clearwater, Inc. ("MagneClear"). MagneClear operates a plant in Pittsburgh, Pennsylvania, which produces magnesium hydroxide slurry for

environmental applications, such as acid neutralization, heavy metal removal, and acidic stack gas scrubbing. This purchase, in combination with production from Martin Marietta Magnesia Specialties' Manistee, Michigan plant, brings total production capacity for magnesium hydroxide slurry to over 100,000 tons per year for this growing market.

Materials' growth strategy has produced economies of scale in the operation of its business and has enhanced its competitive position. Materials believes that the continued pursuit of its disciplined growth strategy will further improve these economies of scale in its businesses and is necessary to maintain or improve its competitive position. Materials has pursued, and intends to continue pursuing, a very active growth strategy, and, as a part of that strategy, it will seek to acquire companies in the aggregates business or related businesses. With the exception of the acquisition of Dravo Aggregates in January 1995, most of the Company's acquisitions have been of smaller companies. While the Company will continue to seek to acquire smaller companies that fit within its managed growth strategy, management believes that the industry trend toward consolidation has and will continue to create significant new opportunities for growth through larger acquisitions. Materials has had preliminary discussions with several larger acquisition candidates, but such discussions have not moved to a more serious level because, as a practical matter, any such acquisition would require the use of a substantial amount of Materials Common Stock as the acquisition consideration and the Company believes that the use of Materials Common Stock or the acquisition candidate's willingness to accept Materials Common Stock is unlikely so long as Lockheed Martin remains as Materials' dominant stockholder.

Both Lockheed Martin and Materials believe that the ability of Materials to achieve its desired growth will be significantly enhanced in the event the Transaction is consummated. If the Transaction is effected, Materials intends to seek to enter into active negotiations with one or more of such larger acquisition candidates and would seek to conclude a substantial acquisition within the relatively near future. Materials does not currently have any commitments or agreements with respect to any such acquisition, and no assurance can be given that any such acquisition will be consummated on terms acceptable to the Company or, if consummated, that any such acquired business can be successfully integrated with the business operations of the Company. If any such acquisition is consummated, the use of Materials' equity securities as acquisition consideration may cause dilution to investors acquiring Materials Common Stock pursuant to the Exchange Offer.

In addition to acquisitions, the Company maintains a consistent and disciplined approach to greensiting. The greensiting approach includes:

- . Locating sites with long-term and economically accessible mineral reserves in strategic growth corridors;
- . Focusing on good transportation access and proximity to markets to minimize the transportation component of customers' costs;
- . Minimizing initial capital expenditures through the use of third-party crushing and other services, and making major investments only when justified by market demand; and
- . Opening greensites in areas contiguous to existing operations where the Company can take advantage of operating and customer synergies.

Over the past 10 years, the Company has opened 22 new quarries in seven states and has 14 additional sites ready to be opened as market conditions dictate. As a foundation for its growth strategy, the Company adds locations to its greensite inventory each year. The Company's planning team has developed expertise in locating (through geological studies and market analysis), acquiring, zoning, permitting, engineering and opening new quarry facilities. As barriers to entry continue to increase the time and difficulty of opening new sites, the Company believes the value of its greensites is enhanced considerably.

The Company has an active product development program at its Magnesia Specialties division with research and development efforts being directed to applied technological development for use in its refractory and

chemical products, with focus given to higher margin products. During 1995, four patents were awarded to the division for chemical applications and a new product was introduced for flame retardant and smoke suppressant applications. In addition, seven FloMag(R) magnesium-oxide products received certification from NSF International (a global leader in the development of voluntary consensus standards and product testing and certification in public health and environmental specialties) for the product's use in the treatment of drinking water. In 1996, the Company received NSF International certification of its MagneClear(R) slurry products for use in potable water treatments.

The Magnesia Specialties division is committed to the export market. In 1995, the division's products were sold to customers in approximately 30 countries. Total international sales in this division increased 23% in 1995, representing 13% of the total sales of the Company's Magnesia Specialties division.

Also, the Company recently announced the expansion of its Woodville, Ohio lime operation. The expansion at this facility, which is currently the largest single location producer of dolomitic lime in North America, will raise annual capacity to 850,000 tons of high quality dolomitic lime products. Phase one of this two-phased expansion program was completed in the second quarter of 1996. Depending on steel market conditions, phase two construction is planned for 1997. The Company believes that market conditions make this expansion timely. The added low cost capacity permits the Company to increase its participation in steel and related markets.

CONTINUE TO MINIMIZE COSTS. The Company has been able to limit increases in its unit production costs and plans to continue to minimize costs through emphasis on limiting increases in overhead costs as production volume expands, modernizing and automating of production facilities and continuing attention to savings in plant and equipment and maintenance. The Company believes its size provides cost advantages by enabling it to distribute overhead costs over greater production volume. Further, the Company's financial resources have allowed it to make capital expenditures to modernize its facilities and increase productivity. The Company intends to continue to increase productivity through automation of production facilities, by the use of specialized equipment, and by continued modernization of its mobile equipment.

In 1995, the Company made important progress in reducing costs in the Magnesia Specialties division. The Magnesia Specialties division established a gulf coast facility in Baton Rouge, Louisiana to produce refractory products using competitively priced imported magnesite. The location of this operation significantly reduces freight costs for the Company's refractory products in the southern United States and provides the economic flexibility to switch between domestic and imported magnesite. In addition, the Company negotiated a new labor agreement in the third quarter, following a strike at its Manistee, Michigan, production facility during the summer, which provides for increased job flexibility, and when combined with other changes, the Company believes will allow the Magnesia Specialties division to be more cost competitive.

MAINTAIN A STRONG BALANCE SHEET AND CASH FLOWS TO POSITION THE COMPANY TO TAKE ADVANTAGE OF GROWTH OPPORTUNITIES. As of June 30, 1996, the Company had long-term debt of \$125.7 million and stockholders' equity of \$444.6 million for a debt-to-capitalization ratio of approximately 25%, which calculation includes \$24.5 million of certain intercompany amounts owed to Lockheed Martin. The Company generated cash flow from operating activities of \$128.6 million, \$79.5 million and \$90.9 million in 1995, 1994, and 1993, respectively. The Company believes that its healthy financial condition, as well as its historically strong cash flows, will provide the financial flexibility to enable it to selectively pursue growth opportunities.

OVERVIEW OF AGGREGATES INDUSTRY

Demand Characteristics

Of the four principal markets in which the Company participates, three are construction related--public sector, commercial and residential; the fourth market is related to chemical/environmental uses. The aggregates industry is highly dependent upon private and public sector construction spending and is sensitive to national, as well as regional and local, economic factors. Historically, these characteristics have made the construction

aggregates industry cyclical. In addition, the aggregates business is seasonal, due primarily to the effect of weather conditions on construction activity in the markets served.

Public sector spending accounted for approximately 26 percent of total construction spending for the period from 1990 through 1995, of which approximately 29 percent related to infrastructure expenditures for highways and streets. The balance of public spending related to institutional buildings, military facilities, conservation and sewer and water and sanitary systems, environmental and other purposes. Total public spending has averaged \$123 billion per year through the 1990s and highway spending has averaged \$36 billion per year.

Public sector demand is principally a function of the availability of government funding and has been more stable than private sector demand. The value of public construction put in place has climbed steadily since 1989. The Intermodal Surface Transportation and Infrastructure Act of 1991 authorized a \$155 billion, six-year infrastructure funding program which expires in 1997. New legislation is anticipated which will provide continued funding at or above the current levels. Construction spending associated with state and local highway programs also significantly influence the demand for aggregates. The Highway Trust Fund and a significant portion of state and local highway programs are funded from sources such as dedicated gasoline tax revenues and related user fees.

U.S. Department of Transportation data indicate each \$1 billion of highway construction spending results in the use of approximately 20 million tons of construction aggregates. Approximately half of the Company's products are used for infrastructure projects, predominantly road construction and paving.

Over time, construction spending for commercial and residential projects has been sensitive primarily to the effects of changes in regional and local economies, as well as to fluctuations in interest rates and credit availability. Private construction spending for the commercial and residential sectors can vary in the same cyclical patterns, but more often residential construction is more quickly impacted by economic changes while commercial construction reacts more slowly based on size and lead time of projects. An example is the 1994-96 period. The advent of higher interest rates and slower economic growth in early 1995 caused residential construction activity to weaken. However, excess inventories of commercial space had been absorbed and developers responded by initiating new projects. The extended economic expansion of the early 1990s generated record corporate profits, a significant portion of which was reinvested in plant and equipment. The resulting commercial and industrial construction expenditures offset the decline in the residential sector.

Chemical and environmental market demand fluctuates based on the specific use of product and changing government regulations.

Supply Characteristics

Aggregates can be found in abundant quantities throughout the United States, and there are many producers nationwide. The ability to transport materials via a water-based transportation system expands the market area for aggregates quarries. Without water access, as a general rule, the size of the market area of an aggregates quarry is limited, because of the cost of transporting processed aggregates to customers is high in relation to the value of the product itself. As a result, proximity of quarry facilities to customers is the most important factor in competition for aggregates business, and helps explain the highly fragmented nature of the aggregates industry.

While there remains a large number of producers, the industry has experienced a significant consolidation of quarry operators. According to the U.S. Geological Survey, from 1980 to 1995, the number of companies producing crushed stone in the United States declined 14% from approximately 1,870 to approximately 1,600, even though crushed stone consumption during the period increased by 44%, and the number of sand and gravel producers declined from 4,512 to 4,250, even though sand and gravel consumption increased by 27%.

The Company believes that several factors explain the trend toward consolidation. First, the aggregates industry has become more capital intensive, relying on specialty heavy equipment such as mobile crushers and large off-road vehicles. Second, the technical sophistication required in aggregates production has placed a premium on producers' abilities to achieve economies of scale. Efficient quarry operations require expertise in geological engineering and planning, blasting technology, design of processing facilities, computer automation technology, reclamation planning and various other technical support functions. The ability to distribute the costs of these functions over a greater number of quarry operations enhances the competitive position of larger producers.

In addition, the difficulty and related expense of complying with environmental and other regulations make it difficult for small producers to compete effectively. In ongoing quarry operations, aggregates producers must adhere to various mining regulations, such as those requiring reclamation of depleted quarry sites, restrictions on dust and water emissions, rules on sediment and erosion control, noise limitations, wetlands protection, and safety regulations on blasting and other mining techniques. New quarry sites require, among other things, zoning changes and permits and plans regarding mining, reclamation and air and water emissions. New site approval procedures may require the preparation of archaeological, endangered species and other studies and environmental impact plans. Compliance with these regulatory requirements can add to the length of time and cost to develop a new site.

In addition to governmental compliance issues, quarry operators may face opposition from the communities in which new quarries are to be located. Public concerns center on noise levels and blasting safety, the visual impact of a quarry on the neighboring properties, and the volume of truck traffic. To respond to these issues, producers must not only operate in a more sophisticated manner (for example, developing blasting techniques to minimize surface vibrations and noise), but also must develop an effective community communications program. Producers are often required to acquire larger tracts of property to allow for extended buffer zones between quarry operations and surrounding properties and to expend significant amounts to improve road and highway access.

Regulatory requirements and public concerns typically add from one to two years to the time required by the Company to develop a new site, and in extreme cases may require significantly longer time. Moreover, at some locations regulatory obstacles may prevent the development of an attractive site. The Company anticipates that environmental compliance, operational and community relations issues will become more difficult in the future, enhancing the competitive advantage of larger, strongly capitalized producers, further encouraging consolidation in the industry, and making entry into the aggregates business increasingly expensive.

AGGREGATES DIVISION

The Company's Aggregates division processes and sells granite, sandstone, limestone, shell and other aggregates products primarily for use in the construction industry, including infrastructure such as highways and bridges, and commercial and residential buildings. The Company is the United States' second largest producer of aggregates based on tons shipped. In 1995, the Company shipped approximately 94 million tons of aggregates, an increase of 32% over the previous year, to customers in 25 Southeastern, Midwestern and Central states and five foreign countries, generating net sales and earnings from operations of \$538.8 million and \$98.1 million, respectively. In 1995, approximately 87% of the aggregates shipped by the Company were crushed stone, primarily granite and limestone, and approximately 13% were sand and gravel. The Company has focused on the production of aggregates and has not integrated vertically into other construction materials business.

The Company's aggregates business is concentrated principally in the Southeast, Midwest and Central states. The acquisition of Dravo Aggregates opened markets for the Company for the aggregates business along the Ohio and Mississippi River systems from western Pennsylvania throughout the central and southern United States. The newly-acquired distribution centers along the Gulf of Mexico and Atlantic coasts, as well as operating facilities in the Bahamas, together with the recently acquired Nova Scotia quarry, enhanced the Company's ability to provide cost-effective coverage of certain coastal markets from New York to Texas, as well as allowing

the Company to ship product to Canada, the Caribbean and parts of South America. In 1995, the Company shipped construction aggregates from over 200 quarry and distribution locations in 19 states and Canada and the Bahamas. The following map illustrates the locations in which the Company operates aggregates quarries and the percentage of the aggregates production by the Company in each of these locations in 1995.

PERCENTAGE OF COMPANY'S 1995 AGGREGATES PRODUCTION BY LOCATION

[MAP OF EASTERN HALF OF UNITED STATES APPEARS HERE]

NOTE: The Company's production facilities in Pennsylvania were sold during the first quarter of 1996. Its quarry operations in Nova Scotia were acquired in late 1995.

The Aggregates division also supplies its products to nonconstruction markets, particularly for industrial and chemical uses. The division's shipments for nonconstruction purposes increased significantly in 1995 with the acquisition of several high-calcium limestone deposits from Dravo Corporation. These deposits enable the division to serve a wide array of industrial and utility needs. Aggregates from the Company are used by utilities and industrial plants for flue gas desulphurization, by chemical companies as a neutralization agent, and by other industries that utilize acids as an integral component of processing. Significant quantities are also shipped as aglime for soil remediation. The division has targeted the nonconstruction market as an area providing opportunity for growth.

Capacity. The Company estimates that its recoverable reserves represent an average quarry life exceeding 50 years of production assuming continuing production levels at the 1995 production rate. Since implementing an expansion strategy in 1986, the Company has almost doubled annual production capacity from 59 million tons to 117 million tons in 1995. This capacity does not include the addition of approximately 2.9 million tons of annual crushed stone production capacity acquired in connection with the Company's purchase in 1992 of a nonconsolidated 50% interest in an Iowa-based aggregates corporation, which operates 13 quarries in the Midwest. Since 1986, the Company has made 24 acquisitions which involve 68 quarries, having a total capacity of over 48 million tons. The acquisition of Dravo Aggregates in 1995 added more than 24 million tons of annual production capacity to the Company's operations. As a result of the acquisition of Dravo Aggregates and the Nova Scotia quarry, the Company has added more than 12 million tons of well-positioned, water-accessible annual capacity. Since 1986, the Company also placed 22 greensite quarries into operation, primarily in the Southeast, accounting for increased annual capacity of approximately 13 millions tons.

The Company anticipates that further increases in capacity will come from both additional acquisitions and greensiting of new facilities, and expansion of existing quarries. The Company expects that growth in the Midwest will come largely from acquisitions. In the Southeast and Central areas, a more even mix of greensiting and acquisitions is anticipated. The Company believes that its strong balance sheet and historically strong cash flows provide it with the financial flexibility to pursue both external and internal growth opportunities.

These increases in capacity, which are due in large part to the success of Materials' growth strategy, have produced economies of scale in the operation of Materials' aggregates businesses and have enhanced Materials' competitive position. Accordingly, the Company intends to continue pursuing its disciplined growth strategy as a means of further increasing its capacity.

Mining Operations. The Company attempts to minimize the cost of its mining operations in various ways. Permanent production facilities are based on modular designs, which permit the Company to respond promptly to market needs with appropriately sized facilities that can later be expanded economically as markets grow. Alternatively, portions of facilities may be detached from existing facilities and moved for use at other sites. The Company frequently uses transportable crushers at quarry sites in the markets that do not warrant the construction of a permanent facility and in newer quarries, the Company frequently uses on-site independent contractors for stone crushing until growth in market demand justifies the construction of a crushing plant. The Company operates a maintenance facility in Salisbury, North Carolina, which services and rebuilds crushers and certain plant equipment. The Company relies on its servicing and maintenance program to minimize the need for additional capital expenditures for equipment replacement and to limit the need for an inventory of spare production equipment. In addition, the Company has increased automation at many of its existing production facilities with computer-controlled equipment that has improved production efficiency.

Customers. The Company markets its aggregates products to customers in a variety of industries, including producers of asphaltic concrete, ready-mix concrete, concrete blocks, and concrete pipes; commercial, residential and public infrastructure construction contractors; and railroads. Although a substantial amount of the Company's aggregates is used in publicly funded projects, the Company typically does not contract directly with government agencies. The following chart shows the Company's estimates of aggregates use by main category of customer. See "Overview of Aggregates Industry."

1995 AGGREGATES DIVISION MARKETS

[PIE CHART APPEARS HERE]

INFRASTRUCTURE	48%
COMMERCIAL	26%
CHEMICAL, RAILROAD BALLAST & OTHER	9%
RESIDENTIAL	17%

The Company actively encourages certain of its customers, such as asphalt plant operators and ready-mixed concrete plant operators, to locate their production facilities on or near the Company's quarry sites. As of December 31, 1995, 57 customer facilities were located on the Company's quarry sites.

MAGNESIA SPECIALTIES DIVISION

The Company's Magnesia Specialties division is a market leader in the integrated production of magnesia-based products for the steel industry and other industrial and agricultural users. In 1995, approximately 74% of the division's net sales were generated by products used in the steel industry as refractory (heat-resistant) furnace lining materials, as a flux agent in the steel production process or as a raw material for refractory bricks used in steel furnaces and vessels. Magnesia-based chemical products sold for wastewater treatment, acid neutralization and other industrial and agricultural uses primarily accounted for the remaining 26% of 1995 sales. In 1995, the division's net sales were \$125.6 million, or 19%, of the Company's sales, and its earnings from operations were approximately \$9.5 million, or 9% of the Company's earnings from operations.

At the Company's Magnesia Specialties division research and development efforts are being directed to applied technological development for use in its refractory and chemical products, with focus given to higher margin products. During 1995, four patents were awarded to the division for chemical applications and a new product was introduced for flame retardant and smoke suppressant applications. In addition, seven FloMag(R) magnesium-oxide products received certification from NSF International for the product's use in the treatment of drinking water. In 1996, the Company received NSF International certification for its MagneClear(R) slurry products for use in potable water treatment.

The Magnesia Specialties division is committed to the export market. In 1995, the division's products were sold to customers in approximately 30 countries. Total international sales increased 23% from \$13 million in 1994 to \$16 million in 1995. Sales of international refractory products now account for 12% of the sales of this product line, and export sales of chemical products increased by 7% over the prior year.

In late 1994, the Company acquired MagneClear, enhancing the Company's Magnesia Specialties division's production capabilities in the growing water treatment market. This acquisition, coupled with the Company's existing capacity at Manistee, Michigan, resulted in an 85% increase in shipments from 1994 to 1995 of its

products used in water treatment. Further, during 1995, the Magnesia Specialties division began selling magnesium hydroxide powder, which is used as a flame retardant.

The division operates major facilities in Woodville, Ohio, and Manistee, Michigan, and smaller plants in River Rouge, Michigan, Bridgeport, Connecticut, Pittsburgh, Pennsylvania and Baton Rouge, Louisiana. According to the U.S. Geological Survey, based on production, the Woodville facility is the largest dolomitic lime manufacturing facility in the United States. In addition to dolomitic lime for sale to steel producers, this facility manufactures a variety of high-purity magnesium oxide chemical products and also sells crushed limestone as construction aggregates.

The Manistee plant receives lime from the Woodville facility and combines it with magnesium-chloride-rich brine to produce a magnesium hydroxide slurry. The slurry is further refined and marketed for acid neutralization and wastewater treatment, or further processed to produce magnesium oxide refractory products and periclase grain or other magnesium-oxide chemical products. The River Rouge and Bridgeport facilities are small processing plants, which blend magnesia and alumina-based refractory products for the steel industry and fuel additives for sale to oil-burning electric utilities, respectively. The operation in Pittsburgh produces the Company's MagneClear(R) product line of stable magnesium hydroxide slurry for use in wastewater treatment and industrial applications. A similar facility will be opened in eastern Tennessee during the third quarter of 1996, further enhancing the cost competitiveness of this product to the southeastern United States. The Baton Rouge operation involves a third-party tolling arrangement to produce refractory products using competitively priced, imported magnesite. This operation significantly reduces freight costs for the Company's refractory products sold in the Southern United States and provides the economic flexibility to switch between domestic and imported magnesite. The first phase of this facility became operational in early 1995; the facility was completed in the first quarter of 1996.

COMPETITION

Because of the impact of transportation costs on the aggregates business, competition in each of the Company's aggregates market tends to be limited to producers in proximity to the Company's production facilities. However, the Company believes that its ability to transport materials by ocean vessels and river barges as a result of the acquisition of Dravo Aggregates and the Nova Scotia acquisition has enhanced the Company's ability to compete in certain extended market areas. Although the Company experiences competition in all of its aggregates markets, it believes that it is generally a leading producer in the market areas it serves. Competition is based primarily on quarry location and price, but quality of aggregates and level of customer service are also factors.

The Company is the second largest producer of aggregates in the United States based on tons shipped. There are over 4,000 companies in the United States that produce crushed stone, sand and gravel. The largest producer accounts for less than 6% of the total market. Certain of the Company's competitors in the aggregates industry have greater financial resources than the Company.

The Magnesia Specialties division of the Company competes with various companies in different geographic and product markets. The Company believes that the Magnesia Specialties division is one of the largest suppliers of monolithic (unshaped) refractory products and dolomitic lime to the steel industry in the United States and one of the largest suppliers of magnesia-based chemical products to various industries. The Magnesia Specialties division has recently begun importing lower purity, natural magnesite for use in its products. The division competes principally on the basis of quality, price and technical support for its products. The Company's largest competitor for monolithic refractory sales in the basic oxygen steel furnace market is Minerals Technologies Inc. The Magnesia Specialties division also competes for sales to customers located outside the United States with sales to such customers accounting for approximately \$16.0 million in sales in 1995 (representing approximately 13% of total sales of the Company's Magnesia Specialties division). Certain of the Company's competitors in the magnesia specialties industry have greater financial resources than the Company.

ENVIRONMENTAL REGULATIONS

Materials' operations are subject to and affected by federal, state and local laws and regulations relating to the environment, health and safety and other regulatory matters. Certain of the Company's operations may from time to time involve the use of substances that are classified as toxic or hazardous substances within the meaning of these laws and regulations. Environmental operating permits are, or may be, required for certain of the Company's operations and such permits are subject to modification, renewal and revocation. The Company regularly monitors and reviews its operations, procedures and policies for compliance with these laws and regulations. Despite these compliance efforts, risk of environmental liability is inherent in the operation of the Company's businesses, as it is with other companies engaged in similar businesses, and there can be no assurance that environmental liabilities will not have a material adverse effect on the Company in the future. Costs incurred by the Company in connection with environmental matters in the preceding two fiscal years were not material to the Company's operations or financial condition.

The Company believes that its operations and facilities, both owned or leased, are in substantial compliance with applicable laws and regulations and that any noncompliance is not likely to have a material adverse effect on the Company's operations or financial condition. However, future events, such as changes in or modified interpretations of existing laws or regulations or enforcement policies, or further investigation or evaluation of the potential health hazards of certain products or business activities, may give rise to additional compliance and other costs that could have a materially adverse effect on the Company. For additional information with respect to environmental matters, see the Materials 1995 Form 10-K and "Analysis of Financial Condition and Results of Operation" and "Note M: Contingencies" of the "Notes to Financial Statements" in the Materials 1995 Annual Report and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Note 5-Contingencies" of the "Notes to Condensed Consolidated Financial Statements" in the Materials Second Quarter 1996 Form 10-Q, which are incorporated by reference herein.

EMPLOYEES

As of March 19, 1996, the Company had approximately 4,000 employees. Approximately 2,950 are hourly employees and approximately 1,050 are salaried employees. Included among these employees are approximately 800 hourly employees represented by labor unions. Approximately 17% of the Company's Aggregates division's hourly employees are members of a labor union, while 95% of the Magnesia Specialty division's hourly employees are represented by labor unions. The Company's principal union contracts cover employees at the Manistee, Michigan magnesia-based products plant and the Woodville, Ohio lime plant. A work stoppage that lasted approximately 9 weeks commenced in June 1995 at the Manistee plant at the expiration of the labor union contract. The strike was settled, a new four-year agreement was reached, and normal operating production levels were achieved before the end of the third quarter of 1995. Following the expiration of the Woodville labor union contract, in June 1996 the Company entered into a new four-year labor contract with the Woodville labor union. The Company considers its relations with its employees to be good.

PRINCIPAL STOCKHOLDER

Prior to the Transaction, the only person who beneficially owned more than 5% of any class of Materials voting stock was Lockheed Martin. As of 1996, Lockheed Martin owned beneficially and of record 37,350,000 shares of Materials Common Stock, representing approximately 81% of the outstanding Materials Common Stock. Lockheed Martin has sole voting and sole investment power with respect to these shares. Lockheed Martin is deemed to be a parent of Materials as that term is defined for purposes of the Securities Act. After the consummation of the Transaction, Lockheed Martin will no longer own any interest in Materials.

SHARES ELIGIBLE FOR FUTURE SALE

Shares of Materials Common Stock distributed to Lockheed Martin stockholders will be freely transferable, except for shares received by persons who may be deemed to be "affiliates" of Materials under the Securities Act. Persons who may be deemed to be affiliates of Materials after the expiration of the Exchange Offer generally include individuals or entities that control, are controlled by, or are under common control with, Materials, and will include the directors and principal executive officers of Materials and also could include certain significant stockholders of Materials. Persons who are affiliates of Materials will be permitted to sell their shares of

Materials Common Stock only pursuant to an effective registration statement under the Securities Act or an exemption from the registration requirements of the Securities Act, such as the exemption afforded by Rule 144 under the Securities Act.

COMPARISON OF RIGHTS OF STOCKHOLDERS OF LOCKHEED MARTIN AND MATERIALS

Upon consummation of the Offer, stockholders of Lockheed Martin who exchange their shares of Lockheed Martin Common Stock for Materials Common Stock will become shareholders of Materials. The rights of a Materials shareholder will be defined and governed by the corporate law of North Carolina, the State in which Materials is incorporated, and by the Materials Articles of Incorporation and the Materials Bylaws, rather than by the corporate law of Maryland, the State in which Lockheed Martin is incorporated, the Charter of Lockheed Martin (the "Lockheed Martin Charter") and the Bylaws of Lockheed Martin (the "Lockheed Martin Bylaws").

Certain provisions of North Carolina law, the Materials Articles of Incorporation and the Materials Bylaws alter the rights of shareholders of Materials from those that Lockheed Martin stockholders presently have. The following is a summary of the material differences. The summary does not purport to be a complete statement of the rights of holders of shares of Materials Common Stock under applicable North Carolina law, the Materials Articles of Incorporation and the Materials Bylaws or a comprehensive comparison with the rights of the holders of shares of Lockheed Martin Common Stock under applicable Maryland law, the Lockheed Martin Charter and the Lockheed Martin Bylaws, or a complete description of the specific provisions referred to herein. The identification of specific differences is not meant to indicate that other equally or more significant differences do not exist. This summary is qualified in its entirety by reference to the North Carolina Business Corporation Act ("NCBCA") and the governing corporate instruments of Materials, and the Maryland General Corporation law ("MGCL") and the governing corporate instruments of Lockheed Martin, to which holders of shares of Lockheed Martin Common Stock are referred.

AMENDMENTS TO THE CHARTER

Lockheed Martin. Except for certain specified matters, the MGCL provides that an amendment or change to a corporation's charter must be authorized by the board of directors in a resolution setting forth the amendment, declaring that it is advisable, and directing that it be submitted to the stockholders for approval. The proposed amendment must then be approved by the stockholders by an affirmative vote of two-thirds of all the votes entitled to be cast on the matter, unless a corporation's charter calls for a greater or lesser proportion of the votes (but in no event may this proportion of votes be less than a majority of all the votes entitled to be cast). The Lockheed Martin Charter reduces the vote required for amendments to the affirmative vote of a majority of all votes entitled to be cast.

Materials. Except for certain specified matters, the NCBCA requires shareholder approval in order to amend a corporation's articles of incorporation. In order to be adopted in accordance with the NCBCA, proposed amendments must be recommended by the board prior to their submission to the shareholders (or, if the board cannot recommend the proposal as a result of a conflict of interest or other special circumstances, the board must submit the proposal with a statement of its reasons for the lack of a recommendation). The proposed amendment must then be approved at a meeting at which a quorum is present with more votes cast in favor of the amendment than are cast in opposition to the amendment, or, to the extent the amendment would give rise to dissenters' rights (as discussed below), of any voting group, by the affirmative vote of the holders of a majority of the shares of such group entitled to vote on the matter unless a greater number of shares are specified in the articles of incorporation, the NCBCA or required by the board of directors. Except for certain specified matters, the Materials Articles of Incorporation do not so specify a greater number of shares.

AMENDMENTS TO THE BYLAWS

Lockheed Martin. The MGCL provides that after the organizational meeting of directors, the power to adopt, alter and repeal the bylaws is vested in the stockholders, except to the extent that the charter or bylaws vest this power in the board of directors. The Lockheed Martin Bylaws provide the Board of Directors shall have exclusive power, at any regular or special meeting thereof, to make and adopt new bylaws, or to amend, alter, or

repeal any bylaws of Lockheed Martin, provided such revisions are not inconsistent with the Lockheed Martin Charter or statute.

Materials. The NCBCA provides that bylaws may be adopted, amended or repealed by either the board of directors or the shareholders of a corporation. While the power of the board of directors to adopt, amend and repeal the bylaws may be limited in the articles of incorporation or in a bylaw adopted by the shareholders, neither the Materials Articles of Incorporation nor the Materials Bylaws provide for any such limitation. The board of directors may not readopt, amend or repeal any bylaw that has been adopted, amended or repealed by the shareholders unless so authorized in the articles of incorporation or a bylaw adopted by the shareholders. Special requirements apply to bylaws increasing quorum or voting requirements for directors.

NUMBER OF DIRECTORS

Lockheed Martin. Under the MGCL, unless a corporation has fewer than three stockholders, at all times the board of directors shall consist of at least three directors. Subject to the above provision, a Maryland corporation shall have the number of directors provided in its charter until changed by the bylaws. The Lockheed Martin Charter provides that the number of directors of Lockheed Martin shall be 24, which number may increase or decrease from time to time pursuant to the Lockheed Martin Charter or the Lockheed Martin Bylaws, but which shall never be less than 12. The Lockheed Martin Bylaws provide that the number of directors shall be not less than four and not more than 25. The Lockheed Martin Board of Directors has the power to fix the number of directors. There are currently 19 members of the Lockheed Martin Board of Directors.

Materials. Under the NCBCA, a board of directors must consist of one or more individuals, with the number specified in or fixed in accordance with the articles of incorporation or bylaws. The number of directors may from time to time increase or decrease by amendment of the articles of incorporation or, if permitted by the articles of incorporation, the bylaws, but no such decrease shall be made when the number of shares voting against the proposal for decrease would be sufficient to elect a director by cumulative voting if such shares are entitled to be voted cumulatively for the election of directors. If a board of directors has power under the articles of incorporation or bylaws to fix or change the number of directors and if the shareholders do not have the right to cumulate their votes for directors, the board may increase or decrease the number of directors, by not more than 30% during any 12 month period. The articles of incorporation or bylaws may establish a variable range for the size of the board of directors by fixing a minimum and maximum number of directors. If a variable range is established, the number of directors may be fixed or changed from time to time, within the minimum or maximum, by the shareholders or the board of directors. After shares are issued, only the shareholders may change the range of the size of the board or change from a fixed to a variable-range size board and vice versa. The Board of Directors of Materials has approved and recommended to shareholders amendments to the Materials Articles of Incorporation (the "Proposed Amendments") which, among other things, provide that the Board of Directors will consist of not less than nine nor more than eleven directors, with the number of directors within that range constituting the Board to be determined from time to time by the Board of Directors or the shareholders. The Proposed Amendments will be presented for approval at a special meeting of the shareholders of Materials (the "Special Meeting"), to be held prior to consummation of the Exchange Offer. Lockheed Martin, which will directly or indirectly hold approximately 81% of the Materials Common Stock as of the record date for the Special Meeting, has advised Materials that it will vote in favor of approval of the Proposed Amendments. Accordingly, if Lockheed Martin votes its shares as it has indicated, approval of the Proposed Amendments is assured.

Currently, the Materials Board of Directors consists of seven members. In connection with adoption of the Proposed Amendments, the Materials Board of Directors will be expanded to nine directors. The Materials Board of Directors has not yet determined the identity of the two additional directors.

STAGGERED BOARD OF DIRECTORS

Lockheed Martin. The MGCL provides that if the directors are divided into classes, the term of office may be stated in the bylaws, provided the term of office may not be longer than five years and the term of at least one class must expire each year. Neither the Lockheed Martin Charter nor the Lockheed Martin Bylaws divide the directors into classes with staggered terms of office.

Materials. The NCBCA provides that if the number of directors is fixed at nine or more, the Articles of Incorporation or Bylaws adopted by the shareholders may provide for staggered terms by dividing the total number of directors into two, three or four groups, with each group containing one-half, one-third or one-quarter of the total, as near as may be. In that event, the terms of directors in the first group expire at the first annual shareholders' meeting after their election, the terms of the second group expire at the second annual shareholders' meeting after their election, the terms of the third group, if any, expire at the third annual shareholders' meeting after their election, and the terms of the fourth group, if any, expire at the fourth annual shareholder meeting after their election. At each annual shareholders' meeting held thereafter, directors shall be chosen for a term of two years, three years or four years, as the case may be, to succeed those whose terms expire. The rules of the NYSE do not permit a listed company to divide its board of directors into four such groups. The Proposed Amendments provide for three classes of directors with staggered terms of three years.

REMOVAL OF DIRECTORS

Lockheed Martin. The MGCL provides that unless the charter of a corporation provides otherwise, the stockholders of the corporation may remove any director with or without cause, by the affirmative vote of a majority of all the votes entitled to be cast for the election of directors. Unless the charter provides otherwise, if the stockholders of any class or series are entitled separately to elect one or more directors, a director elected by a class or series may not be removed without cause, except by the affirmative vote of a majority of all the votes of that class or series, and if a corporation has cumulative voting and less than the entire board of directors is to be removed, a director may not be removed without cause if the votes cast against his removal would be sufficient to elect the director if then cumulatively voted at an election of the entire board of directors or at an election of the class of directors to which he or she is a member. The Lockheed Martin Charter provides that any director or the entire Board of Directors may be removed from office as a director or directors at any time, but only for cause, by the affirmative vote at a duly called meeting of stockholders of at least 80% of the votes that the holders of the then outstanding shares of capital stock of Lockheed Martin are entitled to cast at an annual election of directors, voting together as a single class.

Materials. The NCBCA provides that shareholders may remove one or more directors with or without cause unless the articles of incorporation provide that directors can be removed only for cause. The Proposed Amendments would amend the Materials Articles of Incorporation to provide that any director may be removed at any time, but only for cause, by a vote of the holders of a majority of shares entitled to be voted. If a director is elected by a voting group of shareholders, only the shareholders of that group may participate in the vote to remove that director. A director may not be removed by the shareholders at a meeting unless the notice of the meeting states that the purpose, or one of the purposes, of the meeting is removal of the director. If any directors are so removed, new directors may be elected at the same meeting.

VACANCIES IN THE BOARD OF DIRECTORS

Lockheed Martin. The MGCL provides that unless a corporation's charter or bylaws provide otherwise, newly created directorships resulting from an increase in the number of directors may be filled by a majority of the entire board of directors and vacancies on the board of directors that result from any other cause may be filled by a majority of the remaining directors. Vacancies on the board of directors resulting from the removal of a director by the stockholders may also be filled by the stockholders unless the stockholders of any class or series are entitled separately to elect one or more directors, in which case such stockholders may elect a successor to fill such a vacancy. The Lockheed Martin Charter provides that vacancies in the board of directors, except for vacancies resulting from an increase in the number of directors, shall be filled only by a majority vote of the remaining directors then in office, even if less than a quorum, except that vacancies resulting from removal from office by a vote of the stockholders, may be filled by the stockholders at the same meeting in which such removal occurs. The Lockheed Martin Charter further provides that vacancies resulting from an increase in the number of directors shall be filled only by a majority vote of the entire board of directors.

Materials. The NCBCA provides that, unless the articles of incorporation provide otherwise, a vacancy on the board of directors, including a vacancy resulting from an increase in the number of directors or from the failure of the shareholders to elect the full authorized number of directors may be filled by the shareholders or

the board of directors, even though the remaining directors constitute less than a quorum. The Proposed Amendments provide that vacancies on the Board of Directors, including any vacancies resulting from an increase in the number of directors, shall be filled only by a majority vote of the remaining directors then in office, though less than a quorum, except that vacancies resulting from removal from office by a vote of the shareholders may be filled by the shareholders at the same meeting at which such removal occurs. Any director elected to fill a vacancy shall hold office only until the next shareholders' meeting at which directors are elected. No decrease in the number of directors constituting the Board of Directors shall affect the tenure of any incumbent director.

SPECIAL MEETINGS OF STOCKHOLDERS

Lockheed Martin. The MGCL provides that special meetings of the stockholders may be called by the president of the corporation, the board of directors, or any other person specified in the charter or bylaws. Special meetings may also be called by the secretary of the corporation upon the written request of the holders of 25% of the votes entitled to be cast at the meeting specifying the purpose for which the meeting is being called. Effective as of October 1, 1996, the MGCL has been amended to provide that a corporation may include in its charter or bylaws a provision that requires the written request of stockholders entitled to cast a percentage of votes greater or lesser than 25% in order to call a special meeting, provided that the percentage may not be greater than a majority of all the votes entitled to be cast at the meeting. The Lockheed Martin Bylaws give the Chairman of the Board of Directors, the President, the Board of Directors, and the Executive Committee of the Board of Directors the power to call a special meeting of the stockholders.

Materials. The NCBCA provides that special meetings of the shareholders may be called by the board of directors or the persons authorized to call such a meeting in the articles of incorporation or bylaws. The Proposed Amendments provide the Chairman of the Board of Directors, the President, the Board of Directors, and the Executive Committee of the Board of Directors with the power to call a special meeting of the shareholders by a vote at a meeting or in writing with or without a meeting. Special meetings of the shareholders may not be called by any other person or persons.

NOTICE OF STOCKHOLDER MEETINGS

Lockheed Martin. Under the MGCL, not less than ten days nor more than 90 days before the date of every stockholders' meeting, the secretary of the corporation shall give each stockholder entitled to vote at the meeting and each other stockholder entitled to notice of the meeting, written or printed notice stating the time and place of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is being called. The provision in the Lockheed Martin Bylaws regarding notice of stockholders' meetings is identical to the MGCL, except that it provides that not less than 30 days nor more than 90 days before the date of every stockholders' meeting, the secretary shall give notice of the meeting.

Materials. Under the NCBCA, not less than ten days nor more than 60 days before the date of every shareholders' meeting, the corporation shall give each shareholder entitled to vote at the meeting notice stating the time and place of the meeting, and in the case of a special meeting, a description of the purpose or purposes for which it was called. The Materials Bylaws provide for substantially identical notice requirements.

CUMULATIVE VOTING IN CERTAIN CIRCUMSTANCES

Lockheed Martin. Under the MGCL, the charter of a corporation may include a provision for minority representation through cumulative voting in the election of directors. The Lockheed Martin Charter provides that in the event that there shall exist a Substantial Stockholder (any person (other than Lockheed Martin or any Subsidiary or any employee benefit plan) who or which is a beneficial owner of voting stock representing 40% or more of the votes entitled to be cast by the holders of all the outstanding shares of voting stock) of Lockheed Martin and such existence shall be known or made known to Lockheed Martin in advance of a meeting of stockholders at which directors will be elected, each holder of voting stock shall be entitled, in connection with any vote taken for such election of directors, to as many votes as shall equal the number of votes which (except for this provision as to cumulative voting) such stockholder would be entitled to cast for the election of directors

with respect to such stockholder's shares multiplied by the number of directors to be elected, and such stockholder may cast all of such votes for a single director or may distribute them among the number of directors to be voted for, or for any two or more of them as such stockholder may see fit. In connection with any election of directors in which stockholders are entitled to cumulative voting, the Lockheed Martin Charter provides that one or more candidates may be nominated by a majority of the Disinterested Directors (any member of the Board of Directors of Lockheed Martin who is unaffiliated with an Interested Stockholder (i.e., a stockholder that beneficially owns, directly or indirectly, 5% or more of the voting power of the outstanding voting stock of or is or was an affiliate or associate of Lockheed Martin and at any time during the two-year period prior to the date in question owned 5% or more of the voting power of the outstanding voting stock of Lockheed Martin or certain assignees of any such person) and was a member of the Board of Directors prior to the time the Interested Stockholder became an Interested Stockholder) or by any person who is the beneficial owner of shares of voting stock having an aggregate market price of \$250,000 or more. Lockheed Martin's proxy statement and other communications with respect to such an election shall contain on an equal basis and at the expense of Lockheed Martin, descriptions and other statements of or with respect to all nominees for election that qualify under the procedures set forth above.

Materials. Under the NCBCA, shareholders do not have the right to cumulate their vote for directors unless the articles of incorporation so provide. The Materials Articles of Incorporation do not contain any provision regarding cumulative voting rights.

INDEMNIFICATION AND LIMITATION OF LIABILITY

Lockheed Martin. The MGCL contains provisions setting forth conditions under which a corporation may indemnify its directors, officers, employees and agents from any liability incurred in their activities on behalf of the corporation. The MGCL permits indemnification unless it is established that (1) the act or omission was material to the matter giving rise to the proceeding and was either committed in bad faith or was the result of active and deliberate dishonesty; (2) the party seeking indemnification actually received an improper personal benefit in money, property or services; or (3) in the case of criminal proceedings, the party seeking indemnification had reasonable cause to believe that the act or omission was unlawful.

The Lockheed Martin Charter provides that the board of directors shall have the power to adopt bylaws or resolutions for the indemnification of Lockheed Martin's directors, officers, employees and agents, provided that any such bylaws or resolutions shall be consistent with applicable law. The Lockheed Martin Bylaws indemnify, to the fullest extent permitted by law, directors, officers, and employees of Lockheed Martin, as well as any person serving at the request of Lockheed Martin as a director, officer, or employee of another corporation or entity (including services with employee benefit plans) who by reason of this status or service in that capacity was, is or is threatened to be made a party, or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative; provided that Lockheed Martin shall not be required to indemnify a person in connection with any action, suit or proceeding initiated by such person, unless the action, suit or proceeding was authorized by the Board of Directors. Additionally, the Lockheed Martin Bylaws provide for the reimbursement of reasonable expenses in advance of a final disposition of the proceeding and without requiring a preliminary determination of the ultimate entitlement to indemnification under specified circumstances.

The MGCL provides that the charter of a corporation may include a provision expanding or limiting the liability of directors or officers to the corporation or its stockholders for money damages, but may not include any provision that restricts or limits the liability of the directors or officers to the corporation or its stockholders (i) to the extent that it is proved that the person actually received an improper benefit or profit in money, property, or services for the amount of the benefit or profit in money, property, or services actually received, or (ii) to the extent that a judgment or other final adjudication adverse to the person is entered in a proceeding based on a finding in the proceeding that the person's action, or failure to act, was the result of active or deliberate dishonesty, and was material to the cause of action adjudicated in the proceeding. The Lockheed Martin Charter provides that, to the maximum extent permitted by the MGCL, no director or officer of Lockheed Martin shall be liable to the corporation or its stockholders for money damages.

Materials. The NCBCA provides that a corporation must indemnify a director or officer who has been wholly successful, on the merits or otherwise, in the defense of any actual or threatened proceeding to which he was, or was threatened to be made, a party because he is or was a director or officer; and it also provides that a corporation may, but is not required to, indemnify a director, officer, employee, or agent who has conducted himself in good faith and reasonably believed that his conduct was in, or not opposed to, the corporation's best interests, except that such indemnification may not be granted to anybody who was held liable to the corporation in an action brought by or on behalf of the corporation, nor for any personal benefit improperly received by him. In addition to indemnification provisions described in the preceding sentence, the NCBCA allows a corporation to include in its articles of incorporation a provision limiting or eliminating the personal liability of any director for monetary damages for breach of any duty as a director, except for conduct that the director knew or believed was clearly in conflict with the corporation's best interests, or for liability for unlawful distributions under the NCBCA, or for any transaction from which the director derived an improper personal benefit; and it also allows a corporation to indemnify or agree by its articles of incorporation, bylaws, or separate agreement to indemnify any director, officer, employee, or agent against any liability or expenses, except for activities which were at the time taken known or believed by him to be clearly in conflict with the corporation's best interests.

The Materials Articles of Incorporation provide that to the fullest extent permitted by the NCBCA, as it exists or may hereafter be amended, no person who is serving or has served as a director of Materials shall be personally liable to Materials or any of its shareholders for the monetary damages for breach of duty as a director. The Materials Bylaws indemnify directors, officers and employees of Materials both in their capacities as such and when serving at the request of Materials as directors, officers, partners, trustees, employees or agents of another corporation, partnership, joint venture, trust or other enterprise or as trustees, other fiduciaries or administrators under an employee benefit plan. Additionally, the Proposed Amendments provide for the reimbursement of expenses in advance of a final disposition of the action, suit or proceeding and without requiring a preliminary determination of the ultimate entitlement to indemnification. Such rights shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provision of such bylaw, including a right of indemnification under any statute, agreement or insurance policy.

VOTE REQUIRED FOR CERTAIN EXTRAORDINARY TRANSACTIONS

Lockheed Martin. The MGCL provides that in order to effectuate a merger, consolidation, share exchange or sale of all or substantially all of a corporation's assets, the board of directors generally must adopt a resolution declaring that the merger, consolidation, share exchange or sale of all or substantially all of a corporation's assets is advisable and directing that the proposed transaction be submitted to the stockholders for approval. With certain exceptions, the affirmative vote of two-thirds of the stockholders entitled to vote on such a transaction is necessary to effectuate the transaction. The MGCL, however, permits a Maryland corporation's charter to contain a provision specifying that a greater or lesser proportion of the votes entitled to be cast on the matter may be required to approve such a transaction (but in no event may this proportion of votes be less than a majority of all the votes entitled to be cast). The Lockheed Martin Charter contains a provision lowering the two-thirds requirement to the vote of a majority of the votes entitled to be cast on the matter.

Materials. The NCBCA requires that in order to approve a plan of merger, the board of directors must first adopt a plan of merger and must then recommend the plan of merger to the shareholders. The shareholders must then approve the plan by an affirmative vote of a majority of shares entitled to vote thereon unless a higher threshold is specified in the Materials Articles of Incorporation or Bylaws. Neither the Materials Articles of Incorporation nor Bylaws provide for a higher threshold, other than with respect to certain business combinations which are discussed below.

CONTROL SHARE ACQUISITIONS

Lockheed Martin. The MGCL provides that "control shares" of a Maryland corporation acquired in a "control share acquisition" have no voting rights except to the extent approved by a vote of two-thirds of the

votes entitled to be cast by stockholders in the election of directors, excluding shares of stock as to which the acquiring person, officers of the corporation and directors of the corporation who are employees of the corporation are entitled to exercise or direct the exercise of the voting power of the shares in the election of directors. "Control shares" are voting shares of stock which, if aggregated with all other shares of stock previously acquired by such person, would entitle the acquiror to exercise voting power in electing directors within one of the following ranges of voting power: (i) one-fifth or more but less than one-third, (ii) one-third or more but less than a majority, or (iii) a majority of all voting power. Control shares do not include shares that the acquiring person is entitled to vote as a result of having previously obtained stockholder approval. A "control share acquisition" means the acquisition, directly or indirectly, of control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition, upon satisfaction of certain conditions (including an undertaking to pay expenses), may compel the board of directors to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares.

If voting rights are not approved at the meeting or if the acquiror does not deliver an acquiring person statement as required by the statute, then subject to certain conditions and limitations, the corporation may redeem any or all of the control shares, except those for which voting rights have previously been approved, for fair value determined, without regard to voting rights, as of the date of the last control share acquisition or of any meeting of stockholders at which the voting rights of such shares are considered and not approved. If voting rights for control shares are approved at a stockholders' meeting and the acquiror becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of such appraisal rights may not be less than the highest price per share paid in the control share acquisition, and certain limitations and restrictions generally applicable to the exercise of appraisal rights do not apply in the context of a control share acquisition.

The control share acquisition statute does not apply to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or to acquisitions approved or excepted by the charter or the bylaws of the corporation.

Materials. The NCBCA contains a Control Share Acquisition Act similar to that contained in the MGCL, but Materials has exercised its right under the Act to include in its Articles of Incorporation a provision opting out of the Act so that the Act does not apply to Materials.

BUSINESS COMBINATIONS

Lockheed Martin. Under the MGCL, certain "business combinations" (including a merger, consolidation, share exchange or, in certain circumstances, an asset transfer or issuance or reclassification of equity securities) between a Maryland corporation and (i) any person who beneficially owns 10% or more of the voting power of the corporation's shares, (ii) an affiliate of such corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then-outstanding voting stock of the corporation (in either case, an "interested stockholder"), or (iii) any affiliate of an interested stockholder, are prohibited for five years after the most recent date on which the interested stockholder became an interested stockholder, and thereafter must be recommended by the board of directors of the Maryland corporation and approved by the affirmative vote of at least (a) 80% of the votes entitled to be cast by holders of its outstanding voting shares, and (b) two-thirds of the votes entitled to be cast by holders of such outstanding voting shares, other than shares held by the interested stockholder with whom the business combination is to be effected; unless, among other things, the corporation's stockholders receive a minimum price (as defined in MGCL) for their shares and the consideration is received in cash or in the same form as previously paid by the interested stockholder for its shares. These provisions of the MGCL do not apply to business combinations that are approved or exempted by the board of directors of the corporation prior to the time that the interested stockholder becomes an interested stockholder. The Lockheed Martin Board of Directors has exempted any business combination with General Electric Company from its application.

In addition to the MGCL requirements, the Lockheed Martin Charter also contains a provision requiring that any business combination between Lockheed Martin and a Related Person (i.e., any individual, corporation, partnership, or other person or entity which, as of the record date for the determination of stockholders entitled to notice of and to vote on the business combination or immediately prior to the consummation of the business combination, together with their affiliates and associates beneficially owns ten percent or more of the outstanding shares on any class or series of voting stock of Lockheed Martin and any affiliate or associate of such individual, corporation, partnership, or other person or entity) must be approved by 80% of the outstanding shares of Voting Stock and by two-thirds of the outstanding shares of Voting Stock not owned by the Related Person. This provision does not apply to a business combination approved by a two-thirds vote of the directors in office prior to the time a Related Person becomes a Related Person (and certain other directors designated from time to time as "Continuing Directors") or if the consideration received by the stockholders other than the Related Person is not less than the highest price per share paid by the Related Person prior to the business combination and a proxy statement complying with the regulations of the Exchange Act shall have been sent to all stockholders. Under the Lockheed Martin Charter, this provision may be amended only by the same two supermajority votes required for approval of a business combination.

The business combination statute and the control share acquisition statute could have the effect of discouraging unsolicited offers to acquire Lockheed Martin and of increasing the difficulty of consummating any such offer.

Materials. The NCBCA contains a Shareholder Protection Act, which severely limits mergers with, and asset sales or leases to, any person that beneficially owns 20% of the corporation's voting shares without the affirmative vote of the holders of 95% of the corporation's voting shares entitled to vote on the matter, but Materials has exercised its right under the Act to include in its Articles of Incorporation a provision opting out of the Act so that the Act does not apply to Materials.

The Materials Articles of Incorporation, as modified by the Proposed Amendments, provide that certain business combinations (including a merger or consolidation or, in certain circumstances, a sale, lease, exchange or other transfer of assets, the issuance, transfer or reclassification of equity securities, or the adoption of a plan of liquidation or dissolution) between Materials and any "interested shareholder" (defined generally as any person who beneficially owns 5% or more of the voting stock of Materials), must be approved by the holders of 80% of the outstanding voting stock of Materials and 66 2/3% of such voting stock not held by any interested shareholder, except in cases in which either (i) the interested transaction is approved by a majority of the disinterested directors of Materials (as defined in the Articles of Incorporation) or (ii) such interested shareholder has beneficially owned his shares for more than two years.

The Materials Articles of Incorporation, as modified by the Proposed Amendments, prevent Materials from repurchasing from an "interested shareholder" shares of voting stock of Materials that have been beneficially owned for a period of less than two years unless (i) the purchase price is not greater than the fair market value of such stock on the earlier of the date of repurchase or the date on which an agreement with respect to such transaction was entered into, (ii) such transaction has been approved by the holders of a majority of the voting stock not owned by the interested shareholder, or (iii) such offer is made to the holders of all outstanding shares of the same class of voting stock to be purchased. Fair market value of the shares to be purchased is determined by reference to the last closing sale price immediately preceding the time in question on the NYSE or other principal market on which such shares are listed, or, if not listed, based on the last closing bid quotation with respect to the stock on the National Association of Securities Dealers, Inc. Automated Quotations System or, if not so quoted, as determined by the Board of Directors in good faith.

DISSENTERS' RIGHTS

Under both the MGCL and NCBCA, holders of shares have the right, under specified circumstances, to dissent from certain corporate transactions by demanding payment in cash for their shares equal to the fair value (excluding any appreciation or depreciation that directly or indirectly results from the transaction) of such shares.

Lockheed Martin. Under the MGCL, the amount to be received by the dissenters for their stock may be determined by agreement between the dissenters and the corporation or, if the corporation and the dissenters are unable to agree, the corporation or the dissenters may petition a court for an appraisal to determine the fair value of the stock. The MGCL affords dissenters' rights upon certain mergers, consolidations, share exchanges, sales of all or substantially all of the assets and amendments of the charter that alter the contract rights, as expressly set forth in the charter, of outstanding stock and substantially affect stockholders' rights (unless the right to do so is reserved by the charter of the corporation). Except in certain circumstances, the MGCL does not grant dissenters' rights to holders of stock if (i) the stock is listed on a national securities exchange or is designated as a national market system security on an interdealer quotation system by the National Association of Securities Dealers, Inc.; or (ii) the stock is that of the successor in a merger, unless the merger alters the contract rights of the stock as expressly set forth in the charter, and the charter does not reserve the right to do so, or the stock is to be changed or converted in whole or in part in the merger into something other than stock in the successor, cash, scrip or other rights or interests arising from fractional shares. The Lockheed Martin Common Stock is listed on the New York Stock Exchange.

Materials. Under the NCBCA, the amount to be received by the dissenters for their stock may be determined by agreement between the dissenters and the corporation or, if the corporation and the dissenters are unable to agree, the dissenters may petition a court for an appraisal of the fair value of the stock. This last provision differs from the provision found in the MGCL in that under the NCBCA only the dissenter has a right to petition the court for appraisal rights. Under MGCL both the corporation and the dissenter have a right to petition the court. The NCBCA affords dissenters rights upon certain mergers, share exchanges, transfers of assets or amendments of the corporation's articles of incorporation that substantially abridge certain rights of the shareholders. Unlike the MGCL, the NCBCA does not limit dissenters' rights if the corporation's stock is listed on a national exchange or is designated as a national market system security.

AUTHORIZED SHARES OF STOCK

Lockheed Martin. The Lockheed Martin Charter provides that the total number of shares of stock of all classes which Lockheed Martin has authority to issue is 820 million shares, divided into 20 million shares of Series A Preferred Stock, \$1.00 par value per share, 50 million shares of Series Preferred Stock, \$1.00 par value per share, and 750 million shares of Common Stock, \$1.00 par value per share. The aggregate par value of all shares of all classes is \$820 million.

Materials. The Materials Articles of Incorporation provide that the number of shares Materials is authorized to issue is 110 million, divided into 100 million Common Shares and 10 million Preferred Shares, each with a par value of \$.01 per share.

SHAREHOLDER RIGHTS PLAN

Materials. The Board of Directors of Materials has adopted a shareholder rights plan that will become effective, and certain terms of which will be established, upon consummation of the Exchange Offer or the Transaction, at the discretion of the Executive Committee of the Board of Directors. The shareholder rights plan provides, among other things, that if any person or group of persons becomes the beneficial owner of 15% or more of the Materials Common Stock, all holders of rights issued pursuant to the plan (other than such person or group of persons and their affiliates, associates and transferees) will have the right to acquire shares of Materials Common Stock at 50% of the then current market value.

CERTAIN MATTERS RELATING TO LOCKHEED MARTIN SERIES A PREFERRED STOCK

All of the 20 million authorized shares of Series A Preferred Stock of Lockheed Martin currently are outstanding and held by General Electric Company. The shares of Series A Preferred Stock rank senior to all classes of capital stock of Lockheed Martin, except those classes of preferred stock expressly designated as

ranking on a parity with the Series A Preferred Stock. The shares of Series A Preferred Stock generally are entitled to cumulative cash dividends at the rate of \$.75 per quarter, are subject to redemption at the option of Lockheed Martin on or after April 2, 1998 at specified prices, are entitled to only limited voting rights, are convertible at the option of the holders into that number of fully paid and non-assessable shares of Lockheed Martin Common Stock as is determined by dividing \$50 by the Conversion Price in effect at the time of conversion, and are entitled to a liquidation preference relative to the shares of Lockheed Martin Common Stock of \$50 per share plus accrued and unpaid dividends.

As of the date of this Offering Circular--Prospectus, the Conversion Price of the shares of Series A Preferred Stock is \$34.5525. In accordance with the terms of the Lockheed Martin Charter, the Conversion Price is subject to adjustment upon the occurrence of certain events, including but not limited to repurchases by Lockheed Martin or any of its subsidiaries of any shares of Lockheed Martin Common Stock at a weighted average purchase price in excess of the "Average Closing Price" determined as of a specified date prior to such repurchase and noncash distributions to holders of Lockheed Martin Common Stock of assets of Lockheed Martin. Under the Lockheed Martin Charter, the "Average Closing Price" is defined as the average of the closing prices for Lockheed Martin Common Stock for the 20 consecutive trading days commencing 30 trading days before the day in question, with each day's closing sale price being the reported last sale price regular way or, in case no such reported sale takes place on such day, the average of the reported closing bid and asking prices, in either case on the NYSE.

Depending on the relative prices of the shares of Lockheed Martin Common Stock and Materials Common Stock and the number of shares of Lockheed Martin Common Stock tendered in the Exchange Offer, the Transaction may have the effect of causing the Conversion Price to be adjusted in accordance with the anti-dilution adjustments described in the preceding paragraph. In the event that greater than _____ shares of Lockheed Martin Common Stock are validly tendered and not withdrawn on or prior to the Expiration Date, the consummation of the Exchange Offer will result in an adjustment of the Conversion Price if the Average Closing Price per share of Lockheed Martin Common Stock determined as of the earlier of the commencement of the Exchange Offer or the public announcement of the Exchange Offer is less than the value of the shares of Materials Common Stock issued in the Exchange Offer. If more than _____ shares of Lockheed Martin Common Stock but less than _____ shares of Lockheed Martin Common Stock are validly tendered and not withdrawn on or prior to the Expiration Date and Lockheed Martin effects a pro rata distribution of its remaining shares of Materials Common Stock to holders of record of Lockheed Martin Common Stock remaining after consummation of the Exchange Offer, the distribution of the remaining shares of Materials Common Stock in the Spin-Off also will result in an adjustment of the Conversion Price. Notwithstanding the foregoing, no adjustment to the Conversion Price is required unless the adjustment would require an increase or decrease of at least one percent in the Conversion Price; provided, however, that any adjustments that are not required to be made by reason of this de minimis adjustment provision shall be carried forward and taken into account in any subsequent adjustment.

RELATIONSHIP BETWEEN MATERIALS AND LOCKHEED MARTIN

Materials' relationship with Lockheed Martin is governed by agreements entered into by Materials and Martin Marietta Corporation and certain of its affiliates in connection with the incorporation of Materials, and agreements entered into in connection with the Materials IPO. In connection with a reorganization of Lockheed Martin and its subsidiaries, Lockheed Martin assumed the responsibilities of Martin Marietta Corporation and its affiliates.

Set forth below are descriptions of certain agreements between Materials and Lockheed Martin which are currently in place.

THE TAX SHARING, SUPPLEMENTAL TAX SHARING AND TAX ASSURANCE AGREEMENTS

The Company has been and will be included in Lockheed Martin's consolidated tax group until and including the day the Transaction is consummated, and therefore the taxable income (or loss) of the Company and its subsidiaries (the "Materials Consolidated Group") has been and will be included in the Lockheed Martin consolidated federal income tax return until such date. The Company and Lockheed Martin, as successor to Martin Marietta, are parties to a Tax Sharing Agreement, dated February 18, 1994, that allocates responsibility between the Company and Lockheed Martin for their respective shares of the consolidated federal income tax liability of Lockheed Martin and certain other liabilities. Pursuant to the Tax Sharing Agreement, the Company and Lockheed Martin make payments between them such that, with respect to any period, the amount of taxes paid by the Company or any refund payable to the Company is determined as though Materials filed separate federal, state and local income tax returns (including any amounts determined to be due as a result of a redetermination of the tax liability of Lockheed Martin arising from an audit or otherwise) as the common parent of an affiliated group of corporations filing a consolidated return rather than a consolidated subsidiary of Lockheed Martin.

In anticipation of the Transaction, the Company and Lockheed Martin have entered into a Supplemental Tax Sharing Agreement and a Tax Assurance Agreement. The Supplemental Tax Sharing Agreement allocates responsibility between the Company and Lockheed Martin for certain tax liabilities (including any related liability of the Company or Lockheed Martin to stockholders of Lockheed Martin) that may result from the failure of the Transaction to qualify as a fully tax-free distribution. Pursuant to this agreement, any such liability generally shall be allocated 81% to Lockheed Martin and 19% to the Company, subject to a maximum allocation of \$25 million to the Company. However, if (i) either Lockheed Martin or the Company (but not both) knowingly or willfully breaches a covenant contained in the Tax Assurance Agreement, which contains covenants relating to the parties' post-Transaction conduct which could jeopardize the qualification of the Transaction as fully tax-free (if, among other things, there is a change of law or in the ruling policy of the IRS), and the failure of the Transaction to qualify as a fully tax-free distribution would not have occurred but for such breach, the resulting liability shall be allocated solely to the breaching party. Materials would not be solely liable for the resulting liability if it first obtained an opinion of counsel (satisfactory to Lockheed Martin) to the effect that any action underlying a breach would not cause the Transaction to fail to qualify as a fully tax-free distribution. Furthermore, if either Lockheed Martin or the Company is acquired in a manner that causes the failure of the Transaction to qualify as a fully tax-free distribution under Section 355 of the Code (including the recognition of gain to Lockheed Martin on the distribution of Materials Common Stock pursuant to Section 355(d) of the Code) and the gain did not result from a breach of the Tax Assurance Agreement, the resulting liability shall be allocated solely to the corporation so acquired.

TRANSFER AGREEMENTS

In connection with its incorporation, Materials entered into several agreements providing for the transfer to Materials of the business, assets and liabilities associated with Martin Marietta's materials group. These agreements provide that Materials, on the one hand, and Lockheed Martin, on the other hand, are required to indemnify each other for, among other things, claims or losses arising out of or relating to (i) the liabilities assumed by Materials (in the case of indemnification by Materials) and (ii) certain losses resulting from the failure of Materials to receive the same ownership interests in the assets transferred to it as was held by the transferors (in the case of indemnification by Lockheed Martin).

INTERCOMPANY LOAN AGREEMENTS

Revolving Credit Facility

Materials and Lockheed Martin are parties to an amended and restated credit agreement (as amended, the "Revolving Credit Facility") pursuant to which Lockheed Martin has agreed to provide, from time to time,

financing of up to \$55 million for general corporate purposes, including but not limited to financing the working capital needs of Materials. The Revolving Credit Facility expires December 31, 1996, unless extended by mutual agreement. There is no required prepayment or scheduled reduction of availability of loans under the Revolving Credit Facility.

During 1996, Materials' management expects to establish a revolving credit facility with a syndicate of banks. However, Materials has not determined the timing when, or method by which, it may establish and access such a banking credit facility. Further, while any such borrowings may be used initially to provide necessary working capital funds, it is anticipated that Materials will repay the funds borrowed under the Revolving Credit Facility with such bank borrowings by December 31, 1996. Additionally, management may choose further access to the public debt markets through the issuance of commercial paper or otherwise. Materials has not determined the method or methods by which it may further access the public market.

Loans outstanding under the Revolving Credit Facility bear interest, at Materials' option, either at (i) a rate per annum equal to the higher of the federal funds rate as announced from time to time plus 1/2 percent or the rate announced from time to time by Morgan Guaranty Trust Company of New York as its prime rate or (ii) LIBOR plus an interest rate margin based on the then current ratings on the Company's senior unsecured long-term debt (currently 1/4 percent per annum). In addition, Materials is required to pay Lockheed Martin a commitment fee equal to 1/8 percent per annum on the amount of the available but unused commitment under the Revolving Credit Facility.

The Revolving Credit Facility sets forth certain negative and affirmative covenants binding Materials. These covenants including, without limitation, (i) a maximum ratio of funded debt to the sum of net worth plus funded debt of 55 percent; (ii) a minimum ratio of earnings (before deduction of interest expense, income taxes, depreciation, depletion and amortization) to interest expense and preferred dividends of 4-to-1; (iii) a prohibition (subject to certain exceptions) on liens and sale-leaseback transactions; (iv) a requirement of compliance with applicable laws, including ERISA and all environmental laws; and (v) a limitation on Materials' ability to incur liabilities under employee benefit plans. The foregoing restrictions may limit Materials' ability to incur indebtedness, to pay dividends, or to otherwise achieve corporate objectives.

Cash Advance Agreement

Materials and Lockheed Martin have entered into an amended agreement (as amended, the "Cash Advance Agreement") pursuant to which excess cash balances of the Company will be advanced to Lockheed Martin on an overnight basis, and will bear interest at a rate per annum equal to the federal funds rate as in effect from time to time. Cash shortfalls, up to \$2 million, will be funded by Lockheed Martin on an overnight basis, and will bear interest at a rate per annum equal to the federal funds rate as in effect from time to time. The Cash Advance Agreement expires on December 31, 1996, unless extended by mutual agreement of both parties.

TRANSITION AGREEMENT

In connection with the Materials IPO, Materials and Martin Marietta entered into an intercompany services agreement (the "Services Agreement") with respect to the services to be provided to Materials by Martin Marietta. The Services Agreement contemplated that Martin Marietta (and, subsequently, Lockheed Martin as successor to Martin Marietta) would furnish to Materials a package of services in exchange for a fee based upon a specified formula.

In connection with the Transaction, Materials and Lockheed Martin are negotiating a Transition Agreement (the "Transition Agreement") to replace the Services Agreement. It is expected that under the terms of the Transition Agreement, Materials may obtain for a limited time period certain of the services available

under the Services Agreement. The Transition Agreement is expected to provide that Materials will pay Lockheed Martin a fee only for those services it actually uses. The services available to Materials under the Transition Agreement are expected to include: certain tax services; internal audit services; insurance planning and advice; employee benefit plan administration and services; treasury and cash management services; and certain other support services.

In addition to specifying those services available to Materials subsequent to consummation of the Transaction, the Transition Agreement is expected generally to provide that Materials will obtain its own insurance commencing as of the Expiration Date and that Lockheed Martin and Materials will reimburse each other in respect of insurance claims, premiums, costs and expenses relating to their respective businesses. The Transition Agreement also is expected to provide for the continuation of certain insurance for the benefit of Materials in respect of occurrences prior to the Expiration Date and for the indemnification by Materials of Lockheed Martin in respect of guarantees and other accommodation obligations of Lockheed Martin for the direct or indirect benefit of Materials.

Under the terms of the Transition Agreement, Lockheed Martin and Materials contemplate entering into certain agreements in respect of employee benefit plans and arrangements, including the existing pension and retirement plans available to employees of Materials and Lockheed Martin. Generally, it is contemplated that under the terms of the Transition Agreement, the assets and liabilities attributable to employees and former employees of Materials and employees and former employees of Lockheed Martin will be allocated and, to the extent required, transferred, to an appropriate Lockheed Martin or Materials employee benefit plan. Materials will establish separate savings plans to the extent necessary to accept a transfer of the assets and an assumption of the liabilities relating to its employees and former employees and has agreed to establish voluntary employee beneficiary associations to be the successors to the voluntary employee beneficiary associations currently maintained by Lockheed Martin that include former Materials employees.

There can be no assurance that Materials and Lockheed Martin will be able to reach agreement on terms that are mutually satisfactory and, therefore, no assurance can be given that Materials and Lockheed Martin will enter into an agreement or that the terms of such agreement will be as described herein.

CORPORATE AGREEMENT

Materials and Lockheed Martin are parties to a corporate agreement (the "Corporate Agreement") pursuant to which, among other things, (i) Materials has granted to Lockheed Martin the right, exercisable immediately

prior to the issuance of any equity securities by Materials, to purchase equity securities of Materials so that Lockheed Martin can maintain its percentage ownership in Materials, (ii) under certain circumstances Materials has a right of first refusal with respect to the disposition by Lockheed Martin of shares of Materials Common Stock owned by it, (iii) Materials has granted to Lockheed Martin registration rights with respect to the Materials Common Stock held by it and (iv) the parties have provided for certain corporate governance matters, including the inclusion on the Materials Board of directors who are independent within the meaning of the NYSE rules. Materials has agreed not to exercise its right of first refusal with respect to the Transaction. Upon consummation of the Transaction, the Corporate Agreement will terminate, except that the obligations of Materials and Lockheed Martin to indemnify each other for certain liabilities in connection with the Registration Statement will continue.

OTHER

Neither Lockheed Martin, nor any subsidiary of Lockheed Martin, nor, to Lockheed Martin's knowledge, any of Lockheed Martin's executive officers or directors or associates of any of the foregoing, has engaged in any transaction involving shares of Lockheed Martin Common Stock during the period of forty business days prior to the date hereof except for the following transactions by certain executive officers of Lockheed Martin:

NAME & TITLE OF OFFICER	DATE OF ACTIVITY	NO. OF SHARES	DESCRIPTION OF TRANSACTION	PRICE PER SHARE
Minoru S. Araki Vice President of Lockheed Martin	August 16, 1996	13,692	Open market sale of shares acquired via stock option exercise of same date	12,000 @ \$87.497 1,692 @ \$88.869
Norman R. Augustine Vice Chairman and Chief Executive Officer of Lockheed Martin	July 29, 1996	5,497	Shares surrendered in payment of tax obligation on restricted stock award	\$61.875
Marcus C. Bennett Executive Vice President and Chief Financial Officer of Lockheed Martin	July 26, 1996	2,462	Shares surrendered in payment of tax obligation on restricted stock award	\$81.750
James W. McNally Vice President of Lockheed Martin	July 25, 1996	1,963	Shares surrendered in payment of tax obligation on restricted stock award	\$80.625
Frank H. Menaker, Jr. Senior Vice President and General Counsel of Lockheed Martin	July 31, 1996	1,712	Shares surrendered in payment of tax obligation on restricted stock award	\$82.250
Robert E. Rulon Vice President of Lockheed Martin	August 12, 1996	18,908	Open market sale of shares acquired via stock option exercise of same date	\$85.194
Peter B. Teets Vice President of Lockheed Martin	July 25, 1996	2,995	Shares surrendered in payment of tax obligation on restricted stock award	\$80.625
	August 14, 1996	2,383	Shares surrendered in payment of tax obligation on stock option exercise (10,000 exercised)	\$85.375
	August 15, 1996	7,617	Open market sale of shares acquired via stock option exercise of August 14, 1996	\$86.042

As of August 31, 1996, directors, executive officers and affiliates of Lockheed Martin owned 477,625.828 shares of Lockheed Martin Common Stock (0.239% of the outstanding shares of Lockheed Martin Common Stock) and have indicated to Lockheed Martin that they do not intend to tender their respective shares of Lockheed Martin Common Stock pursuant to the Exchange Offer.

Certain Materials employees have stock options granted pursuant to the Martin Marietta 1984 Stock Option Plan for Key Employees (with stock appreciation rights) and Martin Marietta Corporation Amended Omnibus Securities Award Plan. Following the consummation of the Transaction, Materials will no longer qualify as an affiliate of Lockheed Martin and Lockheed Martin stock options held by Materials employees will therefore expire, in accordance with their terms, 90 days following the consummation of the Transaction. However, Lockheed Martin's management intends to recommend to the Lockheed Martin Board of Directors that the expiration period for Lockheed Martin stock options for such employees be extended from 90 days to one year following the consummation of the Transaction. Thus, if Lockheed Martin's Board of Directors accepts this recommendation, Materials employees holding vested Lockheed Martin stock options at the time of the Transaction will have one year following the consummation of the Transaction to exercise stock options granted under Lockheed Martin's plans.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of the material United States federal income tax consequences relating to the Transaction. The discussion contained in this Offering Circular-Prospectus is based upon the Code, the regulations promulgated thereunder by the United States Treasury Department, and interpretations of the Code and regulations by the courts and the IRS, all as they exist and are in effect as of the date of this Offering Circular-Prospectus and all of which are subject to change at any time. Any such change, which may or may not be retroactive, could alter the tax consequences to Lockheed Martin or its stockholders as described herein.

Section 355 of the Code permits the distribution of stock of a controlled corporation on a tax-free basis with respect to both the distributing corporation and its stockholders, provided that certain requirements are satisfied. Among these are requirements that after the distribution both the

controlled corporation must be engaged in the active conduct of a qualifying trade or business, that the distribution must not be used principally as a device for the distribution of earnings and profits of the distributing corporation or the controlled corporation, and that persons who are stockholders of the distributing corporation prior to the distribution, as a group, must have a continuing ownership interest in both the distributing corporation and the controlled corporation following the distribution. In addition, regulations promulgated under Section 355 of the Code require that the distribution be motivated in whole or in substantial part by a real and substantial purpose (other than the reduction of federal income taxes) that is germane to the business of the distributing corporation, the controlled corporation or the affiliated group of corporations to which the distributing corporation belongs.

Even if the foregoing requirements of Section 355 of the Code are satisfied, a tax to the distributing corporation would result if any person, as defined under broad attribution rules, or group of persons acting pursuant to a plan or arrangement within the meaning of Section 355(d) of the Code, holds a 50% or greater interest in either the distributing corporation's stock or the controlled corporation's stock immediately after the distribution that is (i) acquired by purchase within the five years immediately preceding the date of the distribution or (ii) received in the distribution in respect of stock of the distributing corporation acquired by purchase within the five years immediately preceding the date of the distribution.

King & Spalding, special tax counsel to Lockheed Martin, has issued the Opinion stating its opinion that the Transaction will qualify under Section 355 of the Code and that, accordingly, the following federal income tax consequences will result from the Transaction:

1. No gain or loss will be recognized by, and no amount will be included in the income of, the Lockheed Martin stockholders upon their receipt of shares of Materials Common Stock (including any fractional shares of Materials Common Stock distributed to the Exchange Agent) in the Transaction.

2. For Lockheed Martin stockholders who surrender all of their Lockheed Martin Common Stock in the Exchange Offer, each such stockholder's aggregate tax basis in the Materials Common Stock (including any fractional share) received will be the same as the aggregate tax basis of the shares of Lockheed Martin Common Stock exchanged. For Lockheed Martin stockholders who do not surrender all of their Lockheed Martin Common Stock in the Exchange Offer, each such stockholder's aggregate tax basis in the Lockheed Martin Common Stock held before consummation of the Transaction will be allocated between the Lockheed Martin Common Stock and the Materials Common Stock (including any fractional share) held by such stockholder after the Transaction in proportion to their relative fair market values on the date of the Transaction.

3. The holding period of the shares of Materials Common Stock (including any fractional share) received by a Lockheed Martin stockholder in the Transaction will include the holding period of the shares of Lockheed Martin Common Stock with respect to which the shares of Materials Common Stock were received, provided that the shares of Lockheed Martin Common Stock are held as a capital asset on the date of the Transaction.

4. If cash is received by a Lockheed Martin stockholder as a result of the sale of a fractional share of Materials Common Stock by the Exchange Agent, such Lockheed Martin stockholder will be treated as having received such fractional share of Materials Common Stock and thereafter having sold such fractional share for the amount of cash received. Accordingly, a Lockheed Martin stockholder who receives cash in lieu of a fractional share will recognize gain or loss in an amount equal to the difference between the amount of cash received for the fractional share and the tax basis allocable to such fractional share. Such gain or loss will be a capital gain or loss if such fractional share was held by such stockholder as a capital asset on the date of the sale by the Exchange Agent.

5. Excluding gain taken into account under the consolidated return regulations as a result of Materials' ceasing to be a member of the Lockheed Martin consolidated group, no gain or loss will be recognized by Lockheed Martin or Materials as a result of the Transaction.

The Opinion is based upon current law which is subject to change at any time and represents the best judgment of counsel. The Opinion is not binding on the IRS, and no ruling from the IRS has been or will be requested in connection with the Transaction. The Opinion is subject to certain representations by Lockheed Martin and Materials as to the existence of numerous material facts and circumstances, as well as certain assumptions. If such representations or assumptions are incorrect or untrue in any material respect, the ability to rely on the Opinion would be jeopardized.

Treasury Regulations promulgated under Section 355 of the Code require that each Lockheed Martin stockholder who receives Materials Common Stock pursuant to the Transaction attach a statement to the federal income tax return filed by such stockholder for the taxable year in which the Transaction is consummated, which statement shows the applicability of Section 355 of the Code to the Transaction. Lockheed Martin will provide each Lockheed Martin stockholder with the information necessary to comply with this requirement.

On March 19, 1996, President Clinton submitted to Congress a proposed budget for 1997 that included a proposal which would amend Section 355(d) of the Code. Under the Administration's budget proposal, the distributing corporation in a distribution qualifying under Section 355 of the Code would recognize gain on the distribution of the stock of the controlled corporation if stockholders of the distributing corporation, as a group, do not retain a sufficient stock interest (generally 50%) in the distributing and controlled corporations during the four-year period commencing two years prior to the distribution. In determining whether stockholders retain a sufficient stock interest in both corporations, any acquisition or disposition that is not related to the distribution (which generally includes public trading) will be disregarded. The Administration's proposal would be effective generally for distributions occurring after the date of announcement of the proposal. However, House Ways and Means Committee Chairman Archer and Senate Finance Committee Chairman Roth have stated that the Administration's proposal would, if enacted, have an effective date not earlier than the date of appropriate committee action, which, as of the date of this Offering Circular-Prospectus, has not occurred. If enacted as proposed, such legislation could adversely affect the Transaction. Due to certain conditions of the Exchange Offer, however, the likelihood that the Administration's proposal would apply to the Transaction appears remote even if it were enacted with retroactive application.

If the Transaction does not qualify under Section 355 of the Code, those Lockheed Martin stockholders experiencing a reduction in their percentage interest in Lockheed Martin as a result of the Exchange Offer would recognize gain or loss with respect to their shares of Lockheed Martin Common Stock surrendered in the Exchange Offer, while other Lockheed Martin stockholders would recognize dividend income in an amount equal to the fair market value of the Materials Common Stock received in the Exchange Offer. All Lockheed Martin stockholders remaining after consummation of the Exchange Offer would recognize dividend income with respect to Materials Common Stock received in the Spin-Off. Furthermore, if the Transaction does not qualify under Section 355 of the Code, Lockheed Martin will recognize gain as if the Materials Common Stock had been sold on the date of the Transaction for its then fair market value.

THE SUMMARY OF FEDERAL INCOME TAX CONSEQUENCES SET FORTH ABOVE IS FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE TO STOCKHOLDERS WHO RECEIVED THEIR LOCKHEED MARTIN COMMON STOCK THROUGH THE EXERCISE OF EMPLOYEE STOCK OPTIONS OR OTHERWISE AS COMPENSATION, WHO ARE NOT CITIZENS OR RESIDENTS OF THE UNITED STATES, OR WHO ARE OTHERWISE SUBJECT TO SPECIAL TREATMENT UNDER THE CODE. THIS SUMMARY DOES NOT ADDRESS ANY STATE, LOCAL, OR FOREIGN TAX CONSEQUENCES. LOCKHEED MARTIN STOCKHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTION, INCLUDING THE APPLICATION AND EFFECT OF STATE, LOCAL, AND FOREIGN LAWS, THE TAX BASIS AND HOLDING PERIOD CONSEQUENCES TO STOCKHOLDERS WHO OWN TWO OR MORE BLOCKS OF LOCKHEED MARTIN COMMON STOCK THAT WERE ACQUIRED AT DIFFERENT TIMES OR PRICES, AND ANY CHANGES IN FEDERAL TAX LAWS THAT OCCUR AFTER THE DATE OF THIS OFFERING CIRCULAR-PROSPECTUS.

For a description of the agreement pursuant to which Lockheed Martin and Materials have provided for various tax matters, see "Relationship Between Materials and Lockheed Martin-Tax Sharing Agreement."

LEGAL MATTERS

Certain legal matters will be passed upon for Lockheed Martin by Dewey Ballantine, 1301 Avenue of the Americas, New York, New York 10019-6092. Certain legal matters relating to Materials Common Stock being offered hereby will be passed upon for Materials by Willkie Farr & Gallagher, One Citicorp Center, 153 East 53rd Street, New York, New York 10022 and Robinson, Bradshaw & Hinson, P.A., 101 North Tryon Street, Suite 1900, Charlotte, North Carolina 28246. Certain legal matters relating to tax implications of the Transaction will be passed upon for Lockheed Martin by King & Spalding, Suite 1100, 1730 Pennsylvania Avenue N.W., Washington, DC 20006.

EXPERTS

The consolidated financial statements of Lockheed Martin incorporated by reference in Lockheed Martin's Annual Report on Form 10-K for the year ended December 31, 1995, have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon included therein and incorporated in this Offering Circular-Prospectus by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon the report of Ernst & Young LLP given upon the authority of such firm as experts in accounting and auditing.

The consolidated financial statements of Materials incorporated by reference in Material's Annual Report on Form 10-K for the year ended December 31, 1995, have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon included therein and incorporated in this Offering Circular-Prospectus by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon the report of Ernst & Young LLP given upon the authority of such firm as experts in accounting and auditing.

The financial statements of the Dravo Basic Materials Company, Inc. and subsidiaries incorporated by reference in this Offering Circular-Prospectus have been audited by KPMG Peat Marwick LLP, independent auditors, as indicated in their reports, which are incorporated herein by reference, and have been so incorporated herein in reliance upon the authority of said firm as experts in auditing and accounting. The reports of KPMG Peat Marwick LLP refer to prescribed changes in the methods of accounting for postretirement benefits other than pensions and income taxes in 1993 and in the method of accounting for postemployment benefits in 1994.

The consolidated balance sheets of Loral Corporation and Subsidiaries-- Retained Business as of March 31, 1996 and 1995 and the related consolidated statements of operations, changes in net assets and cash flows for each of the three years in the period ended March 31, 1996, included in Lockheed Martin's Current Report on Form 8-K filed with the Commission on June 18, 1996, which are incorporated by reference in this Registration Statement and Offering Circular-Prospectus, have been incorporated herein by reference in reliance upon the report of Coopers & Lybrand L.L.P., independent auditors, given upon the authority of that firm as experts in accounting and auditing.

A Letter of Transmittal, certificates for shares of Lockheed Martin Common Stock and any other required documents should be sent by each holder of Lockheed Martin Common Stock or his or her broker, dealer, commercial bank, trust company or other nominee to the Exchange Agent as follows:

The Exchange Agent is:

FIRST CHICAGO TRUST COMPANY OF NEW YORK

By Mail:

P.O. BOX 2569
TENDERS & EXCHANGES
SUITE 4660
JERSEY CITY, NEW JERSEY
07303-2569

By Hand or Overnight Courier:

14 WALL STREET, 8TH FLOOR
SUITE 4680-LMC
NEW YORK, NEW YORK 10005

Confirm Receipt of Notice of Guaranteed Delivery By Telephone:

(201) 222-4707

Any questions or requests for assistance or additional copies of the Offering Circular-Prospectus and the Letter of Transmittal may be directed to the Information Agent or the Dealer Manager at their respective telephone numbers and locations listed below. You may also contact your broker, dealer, commercial bank or trust company for assistance concerning the Exchange Offer.

The Information Agent for the Exchange Offer is:

MORROW & CO., INC.

909 THIRD AVENUE, 20TH FLOOR
NEW YORK, NEW YORK 10022
(212) 754-8000
TOLL FREE (800) 566-9058

BANKS AND BROKERAGE FIRMS, PLEASE CALL:
(800) 662-5200

The Dealer Manager for the Exchange Offer is:

MORGAN STANLEY & CO.
Incorporated

1585 BROADWAY
NEW YORK, NEW YORK 10036
(212) 761-7486

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. Indemnification of Officers and Directors

Section 55-2-02 of the NCBCA enables a corporation in its articles of incorporation to eliminate or limit, with certain exceptions, the personal liability of a director for monetary damages for breach of duty as a director. No such provision is effective to eliminate or limit a director's liability for (i) acts or omissions that the director at the time of the breach knew or believed to be clearly in conflict with the best interests of the corporation, (ii) improper distributions described in Section 55-8-33 of the Business Corporation Act, (iii) any transaction from which the director derived an improper personal benefit, or (iv) acts or omissions occurring prior to the date the exculpatory provision became effective. The Materials Articles of Incorporation limit the personal liability of its directors to the fullest extent permitted by the NCBCA.

Sections 55-8-50 through 55-8-58 of the NCBCA permit a corporation to indemnify its directors, officers, employees or agents under either or both a statutory or nonstatutory scheme of indemnification. Under the statutory scheme, a corporation may, with certain exceptions, indemnify a director, officer, employee or agent of the corporation who was, is or is threatened to be made, a party to any threatened, pending or completed legal action, suit or proceeding, whether civil, criminal, administrative, or investigative, because of the fact that such person was a director, officer, agent or employee of the corporation, or is or was serving at the bequest of such corporation as a director, officer, employee or agent of another corporation of enterprise. This indemnity may include the obligation to pay any judgment, settlement, penalty, fine (including an excise tax assessed with respect to an employee benefit plan) and reasonable expenses incurred in connection with a proceeding (including counsel fees), but no such indemnification may be granted unless such director, officer, agent or employee (i) conducted himself in good faith, (ii) reasonably believed (1) that any action taken in his official capacity with the corporation was in the best interest of the corporation or (2) that in all other cases his conduct at least was not opposed to the corporation's best interest, and (iii) in the case of any criminal proceeding, had not reasonable cause to believe his conduct was unlawful. Whether a director has met the requisite standard of conduct for the type of indemnification set forth above is determined by the board of directors, a committee of directors, special legal counsel or the shareholders in accordance with Section 55-8-55. A corporation may not indemnify a director under the statutory scheme in connection with a proceeding by or in the right of the corporation in which the director was adjudged liable to the corporation or in connection with a proceeding in which a director was adjudged liable on the basis of having received an improper personal benefit.

In addition to, and notwithstanding the conditions of and limitations on indemnification described above under the statutory scheme, Section 55-8-57 of the NCBCA permits a corporation to indemnify or agree to indemnify any of its directors, officers, employees or agents against liability and expenses (including attorneys' fees) in any proceeding (including proceedings brought by or on behalf of the corporation) arising out of their status as such or their activities in such capacities, except for any liabilities or expenses incurred on account of activities that were, at the time taken, known or believed by the person to be clearly in conflict with the best interests of the corporation. Because the Materials Bylaws provide for indemnification to the fullest extent permitted under the NCBCA, the Company may indemnify its directors, officers and employees in accordance with either the statutory or the nonstatutory standard.

Sections 55-8-52 and 55-8-56 of the NCBCA requires a corporation, unless its articles of incorporation provide otherwise, to indemnify a director or officer who has been wholly successful on the merits or otherwise in the defense of any proceeding to which such director or officer was, or was threatened to be made, a party. Unless prohibited by the articles of incorporation, a director or officer also may make application and obtain court-ordered indemnification if the court determines that such director or officer is fairly and reasonably entitled to such indemnification as provided in Section 55-8-54 and 55-8-56.

Additionally, Section 55-8-57 of the NCBCA authorizes a corporation to purchase and maintain insurance on behalf of an individual who is or was a director, officer, employee or agent of the corporation against certain

liabilities incurred by such persons, whether or not the corporation is otherwise authorized by the NCBCA to indemnify such party. The Company's directors and officers are currently covered under directors' and officers' insurance policies maintained by Lockheed Martin, which will indemnify such persons against certain liabilities arising from acts or omissions in the discharge of their duties. Such insurance policies provide \$185 million coverage for liabilities, including liabilities for alleged violation of securities laws.

ITEM 21. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Exhibits

EXHIBIT NUMBER -----	DESCRIPTION -----
3.01	--Articles of Incorporation of the Company, as amended (incorporated by reference to Exhibit 3.01 to the Martin Marietta Materials, Inc. registration statement on Form S-1 (SEC Registration No. 33-72648))
3.02	--Bylaws of the Company, as amended (incorporated by reference to Exhibit 3.02 to the Martin Marietta Materials, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 1994)
4.01	--Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.01 to the Martin Marietta Materials, Inc. registration statement on Form S-1 (SEC Registration No. 33-72648))
4.02	--Articles 2, 8, 9 and 10 of the Company's Articles of Incorporation (incorporated by reference to Exhibit 4.02 to the Martin Marietta Materials, Inc. registration statement on Form S-1 (SEC Registration No. 33-72648))
4.03	--Article I of the Company's Bylaws (incorporated by reference to Exhibit 4.03 to the Martin Marietta Materials, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 1994)
4.04	--Indenture dated as of December 1, 1995 between the Company and First Union National Bank of North Carolina (incorporated by reference to Exhibit 4(a) to the Martin Marietta Materials, Inc. registration statement on Form S-3 (SEC Registration No. 33-99082))
4.05	--Form of the Company 7% Debentures due 2025 (incorporated by reference to Exhibit 4(a)(i) to the Martin Marietta Materials, Inc. registration statement on Form S-3 (SEC Registration No. 33-99082))
5.01	--Opinion of Willkie Farr & Gallagher+
8.01	--Opinion of King & Spalding+
10.01	--Assumption Agreement between the Company and Martin Marietta Technologies, Inc. (now known as Lockheed Martin Corporation) dated as of November 12, 1993 (incorporated by reference to Exhibit 10.01 to the Martin Marietta Materials, Inc. registration statement on Form S-1 (SEC Registration No. 33-72648))
10.02	--Transfer and Capitalization Agreement dated as of November 12, 1993, among Martin Marietta Technologies, Inc. (now known as Lockheed Martin Corporation), Martin Marietta Investments, Inc. and the Company (incorporated by reference to Exhibit 10.02 to the Martin Marietta Materials, Inc. registration statement on Form S-1 (SEC Registration No. 33-72648))
10.03	--Intercompany Services Agreement between the Company and Martin Marietta Corporation (now known as Lockheed Martin Corporation) (incorporated by reference to Exhibit 10.03 to the Martin Marietta Materials, Inc. Form 10-Q for the quarter ended March 31, 1994)
10.04	--Tax Sharing Agreement between the Company and Martin Marietta Corporation (now known as Lockheed Martin Corporation) (incorporated by reference to Exhibit 10.04 to the Martin Marietta Materials, Inc. Form 10-Q for the quarter ended March 31, 1994)

EXHIBIT
NUMBER

DESCRIPTION

- 10.05 --Supplemental Tax Sharing Agreement, dated as of September 13, 1996, between the Company and Lockheed Martin Corporation+
- 10.06 --Tax Assurance Agreement, dated as of September 13, 1996, between the Company and Lockheed Martin Corporation+
- 10.07 --Corporate Agreement between the Company and Martin Marietta Corporation (now known as Lockheed Martin Corporation) (incorporated by reference to Exhibit 10.05 to the Martin Marietta Materials, Inc. Form 10-Q for the quarter ended March 31, 1994)
- 10.08 --Cash Advance Agreement, dated as of February 17, 1994, as amended, between the Company and Martin Marietta Technologies, Inc. (now known as Lockheed Martin Corporation) (incorporated by reference to Exhibit 10.01 to the Martin Marietta Materials, Inc. Form 10-Q for the quarter ended June 30, 1996)
- 10.09 --Amended and Restated Credit Agreement, dated as of January 2, 1995, as amended, between the Company and Lockheed Martin Corporation (incorporated by reference to Exhibit 10.02 to the Martin Marietta Materials, Inc. Form 10-Q for the quarter ended June 30, 1996)
- 10.10 --Martin Marietta Corporation (now known as Lockheed Martin Corporation) Amended Omnibus Securities Award Plan (incorporated by reference to Exhibit 10.13 to the Lockheed Martin Corporation's registration statement on Form S-4 (SEC Registration No. 33-57645))
- 10.11 --Martin Marietta Corporation (now known as Lockheed Martin Corporation) Supplemental Excess Retirement Plan, as amended (incorporated by reference to Exhibit 10.15 to the Lockheed Martin Corporation's registration statement on Form S-4 (SEC Registration No. 33-57645))
- 10.12 --Martin Marietta Corporation (now known as Lockheed Martin Corporation) 1984 Stock Option Plan for Key Employees, as amended (incorporated by reference to Exhibit 10.12 to the Lockheed Martin Corporation's registration statement on Form S-4 (SEC Registration No. 33-57645) and Exhibit 10(cc) to Lockheed Martin Corporation's Annual Report on Form 10-K for the year ended December 31, 1995)
- 10.13 --Martin Marietta Materials, Inc. Long Term Performance Incentive Compensation Plan (incorporated by reference to Exhibit 10.18 Martin Marietta Materials, Inc. Form 10-Q for the quarter ended March 31, 1994)
- 10.14 --Martin Marietta Corporation (now known as Lockheed Martin Corporation) Restricted Stock Award Plan, as amended (incorporated by reference to Exhibit 10.16 to the Lockheed Martin Corporation's registration statement on Form S-4 (SEC Registration No. 33-57645))
- 10.15 --Martin Marietta Corporation (now known as Lockheed Martin Corporation) Pension Plan for Salaried Employees, as amended (incorporated by reference to Exhibit 10.15 to the Martin Marietta Materials, Inc. Form 10-K for the fiscal year ended December 31, 1995)
- 10.16 --Martin Marietta Corporation (now known as Lockheed Martin Corporation) Post-Retirement Death Benefit Plan for Senior Executives, as amended (incorporated by reference to Exhibit 10.9 to the Lockheed Martin Corporation's registration statement on Form S-4 (SEC Registration No. 33-57645))
- 10.17 --Martin Marietta Materials, Inc. Omnibus Securities Award Plan (incorporated by reference to Exhibit 10.24 to the Martin Marietta Materials, Inc. registration statement on Form S-8 (SEC Registration No. 33-83516))
- 10.18 --Martin Marietta Materials, Inc. Executive Incentive Plan, as amended (incorporated by reference to Exhibit 10.18 to the Martin Marietta Materials, Inc. Form 10-K for the fiscal year ended December 31, 1995)

EXHIBIT
NUMBER

DESCRIPTION

- 10.19 --Martin Marietta Materials, Inc. Incentive Stock Plan (incorporated by reference to Exhibit 10.01 to Martin Marietta Materials, Inc. Form 10-Q for the quarter ended June 30, 1995)
- 11.01 --Computation of earnings per common share for the years ended December 31, 1995 and 1994 (incorporated by reference to Exhibit 11.01 to the Martin Marietta Materials, Inc. Form 10-K for the fiscal year ended December 31, 1995)
- 13.01 --Martin Marietta Materials, Inc. 1995 Annual Report to Shareholders, portions of which are incorporated by reference in this Form S-4. Those portions of the 1995 Annual Report to Shareholders that are not incorporated by reference shall not be deemed to be "filed" as part of this report
- 21.1 --List of subsidiaries of Martin Marietta Materials, Inc. (incorporated by reference to Exhibit 21.01 to the Martin Marietta Materials, Inc. Form 10-K for the fiscal year ended December 31, 1995)
- 23.1 --Consent of Ernst & Young LLP, Independent Auditors for Martin Marietta Materials, Inc. and consolidated subsidiaries+
- 23.02 --Consent of Ernst & Young LLP, Independent Auditors for Lockheed Martin Corporation and consolidated subsidiaries+
- 23.03 --Consent of KPMG Peat Marwick LLP, Independent Auditors for Dravo Basic Materials Company, Inc. and subsidiaries+
- 23.04 --Consent of Coopers & Lybrand LLP, Independent Auditors for Loral Corporation and Subsidiaries--Retained Business+
- 23.05 --Consent of Willkie Farr & Gallagher (contained in Exhibit 5.01)+
- 23.06 --Consent of King & Spalding (contained in Exhibit 8.01)+
- 24.01 --Powers of Attorney (included on signature page)
- 99.01 --Letter of Transmittal+
- 99.02 --Notice of Guaranteed Delivery+
- 99.03 --Letter from the Dealer Manager to Brokers, Dealers, Commercial Banks, Trust Companies and other Nominees+
- 99.04 --Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and other Nominees+
- 99.05 --Guidelines for Certification of Taxpayer Identification Number on substitute Form W-9+
- 99.06 --Question and Answer Letter+
- 99.07 --Letter from Lockheed Martin Corporation to Stockholders+
- 99.08 --Procedures for participants in Lockheed Martin's employee benefit plans+
- 99.09 --Letter to unexchanged certificate holders+
- 99.10 --Letter to participants in Lockheed Martin employee benefit plans from Trustees+
- 99.11 --Form of Instruction card for participants in Lockheed Martin employee benefit plans+

+Filed herewith.

ITEM 22. UNDERTAKINGS

The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers or persons controlling the registrant pursuant to the foregoing provisions, the registrant has been informed that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes as follows: that prior to any public reoffering of the securities registered hereunder through use of a prospectus which is a part of this registration statement, by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c), the issuer undertakes that such reoffering prospectus will contain the information called for by the applicable registration form with respect to reofferings by persons who may be deemed underwriters, in addition to the information called for by the other Items of the applicable form.

The registrant undertakes that every prospectus (i) that is filed pursuant to the immediately preceding paragraph, or (ii) that purports to meet the requirements of section 10(a)(3) of the Securities Act of 1933 and is used in connection with an offering of securities subject to Rule 415, will be filed as a part of an amendment to the registration statement and will not be used until such amendment is effective, and that, for purposes of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

The undersigned registrant hereby undertakes to respond to requests for information that is incorporated by reference into the prospectus pursuant to Items 4, 10(b), 11 or 13 of this Form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

The undersigned registrant hereby undertakes to deliver or cause to be delivered with the prospectus, to each person to whom the prospectus is sent or given, the latest annual report to security holders that is incorporated by reference in the prospectus and furnished pursuant to and meeting the requirements of Rule 14a-3 or Rule 14c-3 under the Securities Exchange Act of 1934; and, where interim financial information required to be presented by Article 3 of Regulation S-X is not set forth in the prospectus, to deliver, or cause to be delivered to each person whom the prospectus is sent to given, the latest quarterly report that is specifically incorporated by reference in the prospectus to provide such interim financial information.

The undersigned registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it becomes effective.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT HAS DULY CAUSED THIS AMENDMENT TO THE REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN RALEIGH, NORTH CAROLINA, ON SEPTEMBER 11, 1996.

Martin Marietta Materials, Inc.

By: *

MARCUS C. BENNETT CHAIRMAN OF THE BOARD

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS AMENDMENT TO THE REGISTRATION STATEMENT HAS BEEN SIGNED BY THE FOLLOWING PERSONS IN THE CAPACITIES INDICATED BELOW ON SEPTEMBER 11, 1996.

SIGNATURE

TITLE

*

Chairman of the Board

MARCUS C. BENNETT

*

President, Chief Executive
Officer and Director

STEPHEN P. ZELNAK, JR.

*

Vice President, Chief Financial
Officer and Treasurer

JANICE K. HENRY

*

Controller and Chief Accounting
Officer

EDWARD D. MILES

*

Director

RICHARD G. ADAMSON

*

Director

BOBBY F. LEONARD

SIGNATURE

*

FRANK H. MENAKER, JR.

*

JAMES M. REED

*

WILLIAM B. SANSOM

* By /s/ Bruce A. Deerson

ATTORNEY-IN-FACT

TITLE

Director

Director

Director

September 9, 1996

Martin Marietta Materials, Inc.
2710 Wycliff Road
Raleigh, North Carolina 27607

Ladies and Gentlemen:

We have acted as counsel to Martin Marietta Materials, Inc., a corporation organized under the laws of the State of North Carolina (the "Company"), in connection with the preparation of a Registration Statement on Form S-4 (Registration No. 333-08895), as amended (the "Registration Statement"), relating to the 37,350,000 shares of common stock, par value \$0.01 per share, of the Company (the "Shares"), to be offered by Lockheed Martin Corporation in exchange for shares of its common stock.

We have examined copies of the Articles of Incorporation and By-Laws of the Company, as amended, the Registration Statement, resolutions adopted by the Company's Board of Directors and other records and documents that we have deemed necessary for the purpose of this opinion. We have also examined such other documents, papers, statutes and authorities as we have deemed necessary to form a basis for the opinion hereinafter expressed.

In our examination, we have assumed the genuineness of all signatures and the conformity to original documents of all copies submitted to us. As to various questions of fact material to our opinion, we have relied on statements and certificates of officers and representatives of the Company and public officials.

We are members of the bar of the State of New York and express no opinion as to the laws of any jurisdiction other than the State of New York and the federal law of the United States. As to matters governed by North Carolina law, we have relied solely upon the opinion of Robinson, Bradshaw & Hinson, P.A., a copy of which is enclosed herewith.

Based on the foregoing, we are of the opinion that:

1. The Company is a corporation validly existing under the laws of the State of North Carolina.
2. The Shares have been legally issued and are fully paid and non-assessable.

Martin Marietta Materials, Inc.

September 9, 1996

Page 2

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to us in the Offering Circular -- Prospectus included as part of the Registration Statement under the heading "Legal Matters". In giving such consent, we do not hereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the rules and regulations of the Securities and Exchange Commission thereunder.

Very truly yours,

/s/Willkie Farr & Gallagher

September 9, 1996

Martin Marietta Materials, Inc.
2710 Wycliff Road
Raleigh, North Carolina 27607

Attention: Mr. Stephen P. Zelnak, Jr.

Ladies and Gentlemen:

We have served as North Carolina counsel to Martin Marietta Materials, Inc. (the "Company"), and are providing this opinion letter to you at your request in connection with the preparation and filing by the Company of a registration statement on Form S-4, Registration No. 333-08895 (the "Registration Statement"), with the Securities and Exchange Commission. A copy of this opinion letter is also being provided to Willkie Farr & Gallagher counsel assisting you in the preparation of the Registration Statement with the understanding that Willkie Farr & Gallagher will rely upon this opinion letter in providing its opinion to be filed as an exhibit to the Registration Statement.

We have examined the articles of incorporation and the bylaws of the Company, as incorporated by reference as Exhibits 3.01 and 3.02 to the Registration Statement, respectively, all corporate proceedings relating to the authorization, issuance and sale of the 37,350,000 shares of Common Stock of the Company, \$.01 par value, held in by Lockheed Martin Corporation (the "Shares") and such other documents and records as we have deemed necessary in order to enable us to render this opinion.

Based upon the foregoing, and subject to the conditions set forth below, we are of the opinion that:

1. The Company is a corporation duly organized and validly existing under the laws of the State of North Carolina; and
2. The Shares have been legally issued and are fully paid and nonassessable.

We hereby consent to be named in the Registration Statement and in the prospectus that constitutes Part I thereof as attorneys who will pass upon certain legal matters in connection with the validity of the Shares.

Sincerely yours,

ROBINSON, BRADSHAW & HINSON, P.A.

/s/ Stephen M. Lynch

Stephen M. Lynch

SML:mer

cc: Willkie Farr & Gallagher
Attention: Michael A. Schwartz

September 13, 1996

Lockheed Martin Corporation
6801 Rockledge Drive
Bethesda, Maryland 20817

Martin Marietta Materials, Inc.
2710 Wycliff Road
Raleigh, North Carolina 27607

Re: Registration Statement on Form S-4 of
Martin Marietta Materials, Inc.

Ladies and Gentlemen:

This opinion is delivered to you in connection with the Registration Statement on Form S-4 (Reg. No. 333-08895) (the "Registration Statement") to be filed with the Securities and Exchange Commission by Martin Marietta Materials, Inc. ("Materials") in connection with the proposed distribution by Lockheed Martin Corporation ("Lockheed Martin") of its shares of common stock of Materials to Lockheed Martin stockholders in exchange for Lockheed Martin common stock, followed by a distribution by Lockheed Martin of its remaining shares of Materials common stock, if any (the "Transaction").

INFORMATION RELIED UPON

In rendering the opinion expressed herein, we have examined such documents as we have deemed appropriate. Specifically, we have examined, among other documents, the originals or drafts, as may be applicable, of (i) the Registration Statement, including the Offering Circular-Prospectus (the "Offering Circular-Prospectus"); (ii) the Schedule 13E-4 Issuer Tender Offer Statement to be filed with the Securities and Exchange Commission by Lockheed Martin; (iii) the Tax Sharing Agreement, dated February 18, 1994, by and between Martin Marietta Corporation ("Martin Marietta"), as a predecessor in interest to Lockheed Martin, and Materials; (iv) the Supplemental Tax Sharing Agreement to be entered into on the date hereof by and

between Lockheed Martin and Materials; (v) the Tax Assurance Agreement to be entered into on the date hereof by and between Lockheed Martin and Materials; (vi) the Intercompany Services Agreement, dated February 17, 1994, by and between Materials and Martin Marietta, as a predecessor in interest to Lockheed Martin; (vii) the Corporate Agreement, dated February 17, 1994, by and between Martin Marietta, as a predecessor in interest to Lockheed Martin, and Materials; (viii) the Amended and Restated Credit Agreement, dated January 2, 1995, by and between Materials and Martin Marietta Technologies, Inc., a predecessor in interest to Martin Marietta, as a predecessor in interest to Lockheed Martin, and the amendments thereto dated January 31, 1995, March 31, 1995, and March 14, 1996; (ix) the Cash Management Agreement, dated February 17, 1994, by and between Materials and Martin Marietta Technologies, Inc., a predecessor in interest to Martin Marietta, as a predecessor in interest to Lockheed Martin; (x) the Transition Agreement to be entered by and between Materials and Lockheed Martin; and (xi) the Lockheed Martin Letter of Transmittal. We understand that Lockheed Martin and Materials (together, the "Companies") have provided to us all documents and materials submitted or presented to the Boards of Directors of each of the Companies in connection with the Transaction, as well as the draft resolutions and minutes of the Boards of Directors of each of the Companies relating to the Transaction. Moreover, we have participated in conferences with officers and representatives of the Companies and the Dealer Manager at which the contents of the Registration Statement and the Offering Circular-Prospectus and related matters were discussed.

In our examination of the documents and in our reliance upon them in issuing this opinion, we have assumed, with your consent, that all documents submitted to us as photocopies or by telecopy faithfully reproduce the originals thereof, that the originals are authentic, that all such documents submitted to us have been or will be duly executed and validly signed (or filed, where applicable) to the extent required in substantially the same form as they have been provided to us, that each executed document will constitute the legal, valid, binding and enforceable agreement of the signatory parties, except as such enforceability may, following completion of the Transaction, be limited by (a) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforceability of creditors' rights generally and (b) the application of principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity) including, without limitation, (i) the possible unavailability of specific performance, injunctive relief or other equitable remedies and (ii) concepts of materiality, reasonableness, good faith and fair dealing, that all representations and statements set forth in the documents are and will remain true, correct, and complete in all material respects, and that all obligations imposed on the parties by any of

the documents have been or will be performed or satisfied in accordance with their terms in all material respects. We have further assumed that, for our examination in connection with this opinion, you have disclosed to us all of the documents that are material to the transaction that is the subject of this opinion.

We also have obtained such additional information and representations, upon which we also have relied in rendering this opinion, as we have deemed relevant and necessary through consultations with various representatives of the Companies. Likewise, we have obtained written certificates from each of the Companies and from trustees of certain of the Lockheed Martin employee benefit plans to verify certain relevant facts that have been represented to us or that we have been authorized to assume and upon which we have relied in rendering this opinion. Moreover, with your consent, we have relied upon the information contained in the memorandum from King & Spalding to Lockheed Martin and Materials dated July 22, 1996, regarding Materials' strategy of growth through acquisitions, and the business purpose letter to Lockheed Martin and Materials from Morgan Stanley & Co. Incorporated dated July 22, 1996.

In addition, we have assumed, with your consent and based upon the existence of the Materials Rights Plan which will become effective when Lockheed Martin's ownership interest in Materials is reduced below 15 percent, information that will be received from the Lockheed Martin Letters of Transmittal and the Exchange Agent, and representations that Lockheed Martin has obtained from various Lockheed Martin employee benefit plans, that no holder of Lockheed Martin common stock (and any person that may be acting pursuant to a plan or arrangement with such holder with respect to the acquisition of Materials common stock) will acquire a sufficient number of shares of Materials common stock such that it would be possible for the Transaction to constitute a disqualified distribution within the meaning of Section 355(d) of the Code. We also have assumed, with your consent and based upon the same information and representations, that there is no reasonable basis to believe that any disposition of Materials common stock by persons who are shareholders of Materials immediately following consummation of the Transaction would jeopardize the opinion set forth below due to a failure of such shareholders to satisfy the continuity of interest requirement of Treasury Regulation Section 1.355-2(c).

OPINION

Based on the foregoing, it is our opinion that (i) the statements contained in the Offering Circular-Prospectus in the section captioned "CERTAIN FEDERAL INCOME TAX CONSEQUENCES" fairly present in all material respects the information set forth therein and fairly summarize the matters referred to therein and (ii) the statements contained in the section captioned "RELATIONSHIP BETWEEN MATERIALS AND LOCKHEED MARTIN--The Tax Sharing, Supplemental Tax Sharing and Tax Assurance Agreements," insofar as such statements constitute summaries of the legal matters, documents or proceedings referred to therein, fairly present in all material respects the information called for with respect to such legal matters, documents and proceedings and fairly summarize the matters referred to therein.

This opinion is based on current authorities and upon facts and assumptions as of this date. It is subject to change in the event of a change in the applicable law or a change in the interpretation of such law by the courts or by the Internal Revenue Service. There can be no assurance that legislative or administrative changes or court decisions will not be forthcoming that would significantly modify this opinion or cause its withdrawal. We are under no obligation to inform you of any such changes or decisions. In addition, our opinion is based solely on the documents that we have examined, the additional information that we have obtained, and the representations referred to herein that we have assumed with your consent to be true on the date hereof. Our opinion cannot be relied upon if any of the material facts contained in such documents or any such additional information is, or later becomes, materially inaccurate or if any of the representations referred to herein are, or later become, materially inaccurate. Our opinion represents our legal judgment and has no official status of any kind. Finally, our opinion is limited to the tax matters specifically covered thereby.

This letter is furnished by us as counsel for Lockheed Martin and is solely for the benefit of Lockheed Martin and Materials. We consent to the filing of this opinion as an exhibit to the Registration Statement in connection with the Transaction and to the use of our name in the Offering Circular-Prospectus.

Very truly yours,

KING & SPALDING

SUPPLEMENTAL TAX SHARING AGREEMENT

This SUPPLEMENTAL TAX SHARING AGREEMENT (this "Agreement"), dated as of September 13, 1996, is made and entered into by and between LOCKHEED MARTIN CORPORATION, a Maryland corporation ("Lockheed Martin"), and MARTIN MARIETTA MATERIALS, INC., a North Carolina corporation ("Materials").

RECITALS

1. Materials is a New York Stock Exchange listed corporation. Lockheed Martin owns, directly or indirectly through its wholly owned subsidiary, Martin Marietta Investments, Inc., 37,350,000 shares (approximately 81% of the outstanding shares) of Materials Common Stock (as defined in Section 1.1).

2. Lockheed Martin has determined to distribute all of the shares it owns in Materials to Lockheed Martin stockholders by means of a transaction (the "Transaction") intended to qualify as a Tax-Free Distribution (as defined in Section 1.1).

3. Due to compelling strategic business considerations, Lockheed Martin's and Materials' Boards of Directors have determined that it is in the best interests of the corporations and their stockholders and shareholders to effect the Transaction.

4. The Board of Directors of Materials has determined that Materials will realize significant independent benefits as a result of the Transaction, which benefits will include, among other things: (a) facilitating the future issuance by Materials of its stock to finance strategic acquisitions in pursuit of its growth strategy; (b) permitting Materials to implement more effective management stock incentive programs and employee stock compensation programs; (c) permitting Materials to have direct control over its administrative costs; and (d) allowing Materials' credit rating to be evaluated independently of Lockheed Martin's credit rating.

4. Lockheed Martin and Materials desire to provide for the allocation of the tax liabilities that would result in the event of a Failure (as defined in Section 1.1).

NOW, THEREFORE, in consideration of the premises and the covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of Lockheed Martin and Materials, intending to be legally bound, hereby agrees as follows:

ARTICLE I.
DEFINITIONS AND CONSTRUCTION

Section 1.1 Certain Definitions. As used in this Agreement, the

following terms shall have the meanings specified below:

"Code" shall mean the Internal Revenue Code of 1986, as amended, or any successor thereto, as in effect for the taxable period in question.

"Distribution Tax" shall mean any federal or state tax imposed on a Person as a result of a Failure, together with any related interest, penalties or additions to tax.

"Failure" shall mean the failure of the Transaction for any reason whatsoever to constitute a Tax-Free Distribution under Section 355 of the Code.

"Fault" shall mean, with respect to each party, and except as otherwise provided by Section 2.3 of the Tax Assurance Agreement, responsibility for a Failure where (a) such party engaged in the conduct described in, or otherwise breached, any of the following sections of the Tax Assurance Agreement: (i) in the case of Materials, Section 2.1, 2.2, 2.4 or 2.5 of the Tax Assurance Agreement or (ii) in the case of Lockheed Martin, Section 2.5 of the Tax Assurance Agreement and (b) but for such conduct or breach the Transaction would have been a Tax-Free Distribution; provided, however, that any misrepresentation by either party made in connection with the King & Spalding Opinion shall not constitute Fault. For purposes of clause (b) of the preceding sentence, in making the determination of whether conduct that is the subject of this Agreement is the "but for" cause of the Failure, the only conduct or action that could constitute the "but for" cause of the Failure is (y) if the government has determined a deficiency and issued a statutory notice of deficiency, any conduct or action identified in either the statutory notice of deficiency or the answer to Lockheed Martin's Tax Court petition, or in the answer to a suit for refund if the issue arises in that posture, as forming the basis for the government's position that there has been a Failure and, if a court of competent jurisdiction makes a final determination which is not subject to appeal that there has been a Failure, any conduct or action identified in the written decision of that court as a cause of the Failure and (z) in all other instances, any conduct or action so identified by the government in writing in connection with its examination of the Lockheed Martin tax return or any resulting administrative appeal (collectively, the "Identified Conduct"). For purposes of this Agreement, (a) no conduct or action other than Identified Conduct may be deemed to have caused the Failure, (b) the fact that Identified Conduct could constitute the "but for" cause of the Failure for purposes of this Agreement is not dispositive as to whether any particular Identified Conduct is in fact the "but for" cause of the Failure and such determination will be resolved between the parties by agreement or through litigation, and (c) the Transaction otherwise shall be deemed to have been a Tax-Free Distribution.

"King & Spalding Opinion" shall mean the opinions of King & Spalding which will be delivered in connection with the closing of the Transaction stating that the Transaction will qualify as a Tax-Free Distribution.

"Materials Common Stock" shall mean the shares of common stock of Materials, par value \$.01 per share.

"Opinion of Counsel" shall mean a written opinion of counsel, other than the King & Spalding Opinion, delivered to Materials relating to the taxability of the Transaction, which opinion is of a strength and character appropriate to the issues at stake and which opinion and counsel are reasonably satisfactory to Lockheed Martin. For this purpose, the parties agree that Sutherland, Asbill & Brennan will be deemed satisfactory counsel. Such Opinion of Counsel shall be (a) obtained from approved counsel that (i) is engaged by Materials for the purpose of providing such Opinion of Counsel prior to Materials' taking substantial steps toward consummating the action that is to be the subject of the Opinion of Counsel and (ii) is, from the time of its engagement, actively involved by Materials in Materials' consideration, review or evaluation of the proposed action or conduct, (b) delivered, together with copies of supporting documentation relied upon in such Opinion of Counsel, to Lockheed Martin in sufficient time prior to Materials' consummation of the action that is the subject of such Opinion of Counsel to allow Lockheed Martin a reasonable opportunity to review the Opinion of Counsel prior to Materials' consummation of the action that is the subject of the Opinion of Counsel, and (c) brought current, with no changes except as expressly agreed by Lockheed Martin in writing as of the date that Materials consummates the action. In addition, such Opinion of Counsel shall expressly provide that Lockheed Martin is entitled to rely thereon. Such Opinion of Counsel must state that the proposed action or conduct, or in the case of a request under Section 2.5(a) of the Tax Assurance Agreement, the failure to satisfy such request, will neither cause the Transaction to fail to qualify under Section 355 of the Code nor cause the distribution to be a disqualified distribution under Section 355(d) of the Code, without any qualification other than those in the King & Spalding Opinion or those which are otherwise acceptable to the parties. Such Opinion of Counsel (a) may assume the accuracy of the facts and assumptions relied upon in the King & Spalding Opinion, but only as of the date of the King & Spalding Opinion, (b) may rely upon written representations, appropriate to the issues at stake, of parties to the action or conduct which representations have been subject to due diligence by the approved counsel which due diligence shall be described in the Opinion of Counsel in reasonable detail, and (c) may assume that the Transaction would qualify as a Tax-Free Distribution except that such assumption shall not extend to (i) the action or conduct which is the subject of the Opinion of Counsel and (ii) other action or conduct of Materials that is described in Section 2.1, 2.2, 2.4 or 2.5 of the Tax Assurance Agreement and for which an Opinion of Counsel has not been obtained. Such Opinion of Counsel shall be deemed satisfactory to Lockheed Martin unless written notice that it is unsatisfactory with specifications as to the reasons is given to Materials as soon as practicable, but no later than 30 days after delivery to Lockheed Martin pursuant to the notice provisions of Section 3.4 of both such Opinion of Counsel and the supporting documentation identified in such Opinion of Counsel as being relied upon.

"Person" shall mean an individual, a general partnership, a limited partnership, a limited liability company, an association, a joint venture, a corporation, a business, a trust, any entity organized under applicable law, an unincorporated organization or any governmental authority.

"Tax Assurance Agreement" shall mean the Tax Assurance Agreement, by and between Lockheed Martin and Materials, entered into in connection with the Transaction.

"Tax-Free Distribution" shall mean a distribution qualifying under Section 355 of the Code that is free from federal income taxes except for taxes resulting from the recognition of gain or income under the consolidated return regulations (i.e., taking into account gain from intercompany transactions or income attributable to excess loss accounts) and gain recognized on the receipt of cash paid in lieu of fractional shares. Thus, for example, a distribution for which

gain is recognized as the result of a disqualified distribution within the meaning of Section 355(d) of the Code is not a Tax-Free Distribution.

Section 1.2 Interpretation and Construction of this Agreement. The

definitions in Section 1.1 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine or neuter form. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The headings contained in this Agreement are inserted for convenience only and shall not constitute a part hereof. All references herein to Articles and Sections (other than references to Sections of the Code) shall be deemed to be references to Articles and Sections of this Agreement unless the context shall otherwise require. Unless the context shall otherwise require or provide, any reference to any agreement or other instrument or statute or regulation is to such agreement, instrument, statute or regulation as amended and supplemented from time to time (and, in the case of a statute or regulation, to any successor provision), provided, however, that no covenant herein shall be deemed to have been breached because of a change in law or regulation which is enacted or issued subsequent to the completion of the action or conduct which is the subject of the covenant. This Agreement shall be construed in accordance with its fair meaning and shall not be construed strictly against the drafter.

ARTICLE II.
INDEMNIFICATION

Section 2.1 Indemnification for a Failure for Any Reason Other Than

Fault. Lockheed Martin and Materials agree that any liability of Lockheed

Martin or Materials for Distribution Taxes to any Person resulting from a Failure, other than liability arising under Section 2.2 or 2.3, shall be allocated 81 percent to Lockheed Martin and 19 percent to Materials, provided, however, that the aggregate liability of Materials under this Section 2.1 (including the sum of the costs, if any, incurred and borne by Materials pursuant to Section 2.5(a) of the Tax Assurance Agreement), whether such liability is the result of one or a number of disputes, shall in no event exceed \$25 million. Lockheed Martin agrees to indemnify and hold harmless Materials for any liability for Distribution Taxes resulting from a Failure, other than liability arising under Section 2.2 or 2.3, imposed upon Materials in excess of the liability allocated to Materials under this Section 2.1.

Section 2.2 Indemnification for a Failure Because of Fault. Lockheed

Martin and Materials each agrees to indemnify and hold harmless the other for any liability for Distribution Taxes to any Person resulting from a Failure as a result of the Fault of the indemnifying party.

Section 2.3 Indemnification for Liability Arising From a Hostile

Takeover. Excluding any acquisition of Materials with respect to which it

obtains an Opinion of Counsel, if either Lockheed Martin or Materials is acquired in a manner that causes a Failure, and the Failure did

not result from the Fault of either party, the liability of Lockheed Martin and Materials for Distribution Taxes to any Person resulting from such Failure shall be allocated solely to the party so acquired. To the extent that this Section 2.3 is applicable, it shall apply with respect to any liability arising from the Failure, and Sections 2.1 and 2.2 shall not apply to such extent.

Section 2.4 Exclusive Remedy. The remedies provided in this Article

II constitute the sole and exclusive remedies for recoveries by each of the parties against the other arising out of, based upon, or in connection with a Failure. Neither Lockheed Martin nor Materials shall assert any right or make any claim to recover or seek relief for a Failure on any basis other than as provided in this Agreement, including, but not limited to, rights or claims in contract or tort (including fraud and fraudulent misrepresentation), at law or in equity, under common law or statute, or otherwise. Each of Lockheed Martin and Materials waives any and all such rights or claims except for rights or claims arising pursuant to the express terms of this Agreement and the Tax Assurance Agreement.

Section 2.5 Notice of Investigation. If either Lockheed Martin or

Materials receives any written notice that a taxing authority is considering treating the Transaction as not qualifying under Section 355 of the Code or as constituting a disqualified distribution within the meaning of Section 355(d) of the Code, the party receiving such notice shall promptly give written notice thereof to the other party. Each party agrees that from and after such time as it obtains knowledge that any representative of a taxing authority has formally begun to investigate or inquire as to the tax-free status of the Transaction, it will notify the other, consult with the other from time to time as to the conduct of such investigation or inquiry, and provide the other with copies of all correspondence between it or its representatives and such taxing authority pertaining to such investigation or inquiry. Each party agrees that, from such time as the taxing authorities have proposed an adjustment based upon the Transaction not constituting a Tax-Free Distribution, it shall, to the extent possible, arrange for a representative of the other to be present at all meetings with such taxing authority or any representative thereof pertaining to such investigation or inquiry, permit the other to consult with respect to such disputes, and, if the other party may be liable under Section 2.2 or 2.3, permit the other to participate in the resolution of any such disputes.

Section 2.6 Tax Benefit. In determining any liability for

indemnification under this Article II, the parties shall take into account the extent of any tax benefit realized by the indemnitee with respect to the obligation for which there is an indemnification obligation under this Agreement.

ARTICLE III.
PROCEDURAL AND OTHER MATTERS

Section 3.1 Forms 1099. Lockheed Martin shall file on behalf of and

at the expense of Materials all Forms 1099 due with respect to the receipt by Materials' shareholders of any cash paid in lieu of fractional shares in the Transaction.

Section 3.2 Form of Payment. Whenever payment is required under this

Agreement, payment shall be made in cash by wire transfer of immediately available funds.

Section 3.3 Character of Payments; Gross-Up. All payments made by

any party pursuant to this Agreement or Section 2.5(a) of the Tax Assurance Agreement shall be treated as the discharge of liabilities incurred by such party in connection with the Transaction. If, notwithstanding such treatment by the parties, payment by any party is finally determined to be taxable to the other party by any taxing authority, there shall be a gross-up with respect to such payment to such other party to the extent necessary to fully indemnify the indemnitee on an after-tax basis. The amount of such gross-up shall be determined consistent with all of the principles contained in this Agreement and the Tax Assurance Agreement. Thus, for example, the gross-up payment, as well as the amount of the indemnified liability, shall take into account the extent of the tax benefits, if any, realized by the indemnitee with respect to the obligation for which there is an indemnification obligation under this Agreement or the Tax Assurance Agreement, and if the indemnification arises under Section 2.1 of this Agreement (or Section 2.5(a) of the Tax Assurance Agreement), all costs and the amount of the gross-up shall be apportioned 81% to Lockheed Martin and 19% to Materials, subject to any applicable limitations on the aggregate liability of Materials. Any such gross-up with respect to the liabilities that may arise under Section 2.1 or the Tax Assurance Agreement shall be treated as a liability of Materials for the purpose of determining its aggregate liability under Section 2.1 such that, notwithstanding such gross-up, Materials' aggregate liability shall be limited to \$25 million.

Section 3.4 Notices. Any notice, demand, claim or other

communication under this Agreement shall be in writing and shall be deemed to have been given on the earliest of the following:

(a) upon the delivery thereof if delivered personally;

(b) on the date on which delivery thereof is guaranteed by the carrier if delivered by a national courier guaranteeing delivery within a fixed number of days of sending; or

(c) on the date on which facsimile transmission thereof is confirmed "OK" by the receiving machine if transmitted by facsimile machine and confirmed by delivery by one of the prior methods;

but, in each case, only if addressed to the parties in the following manner at the following addresses or facsimile numbers ("Fax") (or at such other address or other facsimile number as a party may specify by written notice to the other):

Lockheed Martin: Lockheed Martin Corporation
6801 Rockledge Drive
Bethesda, Maryland 20817
Attention: Senior Vice President and General
Counsel
URGENT: NOTICE UNDER LOCKHEED
MARTIN/MATERIALS TAX
AGREEMENT
Tel: (301) 897-6125
Fax: (301) 897-6791

With a copy to: Lockheed Martin Corporation
6801 Rockledge Drive
Bethesda, Maryland 20817
Attention: Vice President and General Tax Counsel
URGENT: NOTICE UNDER LOCKHEED
MARTIN/MATERIALS TAX
AGREEMENT
Tel: (301) 897-6063
Fax: (301) 897-6880

Materials: Martin Marietta Materials, Inc.
2710 Wycliff Road
Raleigh, North Carolina 27607
Attention: Vice President and Chief Financial
Officer
URGENT: NOTICE UNDER LOCKHEED
MARTIN/MATERIALS TAX
AGREEMENT
Tel: (919) 783-4658
Fax: (919) 510-4700

With a copy to: Martin Marietta Materials, Inc.
2710 Wycliff Road
Raleigh, North Carolina 27607
Attention: Vice President and General Counsel
URGENT: NOTICE UNDER LOCKHEED
MARTIN/MATERIALS TAX
AGREEMENT
Tel: (919) 783-4506
Fax: (919) 783-4535

ARTICLE IV.

MISCELLANEOUS PROVISIONS

Section 4.1 Tax Sharing Agreement. The Tax Sharing Agreement, dated

as of February 18, 1994, by and between Martin Marietta Corporation, a Maryland corporation and a predecessor-in-interest to Lockheed Martin, and Materials (the "Tax Sharing Agreement"), shall remain in full force and effect in accordance with its terms and is not amended or otherwise modified by this Agreement.

Section 4.2 Entire Agreement. This Agreement, together with the Tax

Sharing Agreement and the Tax Assurance Agreement, embodies the entire agreement and understanding of the parties in respect of the subject matter contained herein and in those documents. This provision shall not abrogate any other agreement or understanding between the parties dealing with a different subject matter that was executed contemporaneously with this Agreement. Except with respect to any subsequent written modifications of this Agreement, this Agreement, the Tax Sharing Agreement and the Tax Assurance Agreement supersede any prior agreements or understandings and abrogate any inconsistent provisions of any contemporaneous agreements or understandings between the parties with respect to the subject matter contained in this Agreement, the Tax Sharing Agreement and the Tax Assurance Agreement.

Section 4.3 Waiver, Amendment, etc. This Agreement may not be

amended or supplemented, and no waivers of or consents to departures from the provisions hereof shall be effective, unless set forth in a writing signed by, and delivered to, each party. No failure or delay of any party in exercising any power or right under this Agreement will operate as a waiver thereof, nor will any single or partial exercise of any right or power, or any abandonment or discontinuance of steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power.

Section 4.4 Survival. The covenants and agreements contained herein

shall survive until 30 days after the expiration of all applicable statutes of limitations under the Code with respect to the Transaction, except as otherwise provided herein. No investigation or other examination by Lockheed Martin or Materials, or their respective representatives, shall affect the term of survival of the covenants and agreements set forth in this Agreement.

Section 4.5 Governing Law. THIS AGREEMENT SHALL BE INTERPRETED, AND

THE RIGHTS, OBLIGATIONS AND LIABILITIES OF THE PARTIES HERETO DETERMINED, IN ACCORDANCE WITH THE INTERNAL LAWS (AS OPPOSED TO CONFLICTS OF LAW PROVISIONS) OF THE STATE OF MARYLAND.

Section 4.6. Consent to Jurisdiction. LOCKHEED MARTIN AGREES THAT IT

WILL BRING ANY ACTION OR PROCEEDING FOR THE ENFORCEMENT OF ANY RIGHT, REMEDY, OBLIGATION OR LIABILITY ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT SOLELY IN THE STATE OR FEDERAL COURTS LOCATED IN NORTH CAROLINA. MATERIALS AGREES THAT IT WILL BRING ANY ACTION OR

PROCEEDING FOR THE ENFORCEMENT OF ANY RIGHT, REMEDY, OBLIGATION OR LIABILITY ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT SOLELY IN THE STATE OR FEDERAL COURTS LOCATED IN MARYLAND. EACH PARTY HEREBY IRREVOCABLY WAIVES ITS RIGHT TO BRING ANY ACTION OR PROCEEDING AGAINST THE OTHER EXCEPT IN ACCORDANCE WITH THE PRECEDING SENTENCES. EACH PARTY CONSENTS THAT ALL SERVICE OF PROCESS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL DIRECTED TO THE PARTY AT THE ADDRESS STATED IN SECTION 3.4.

Section 4.7 Severability. The invalidity or unenforceability of any

provision hereof in any jurisdiction will not affect the validity or enforceability of the remainder hereof in that jurisdiction or the validity or enforceability of this Agreement, including that provision, in any other jurisdiction. To the extent permitted by applicable law, each party waives any provision of applicable law that renders any provision hereof prohibited or unenforceable in any respect. If any provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the extent possible.

Section 4.8 Counterparts. This Agreement may be executed in one or

more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

Section 4.9 Binding Agreement. This Agreement shall be binding upon

and shall inure only to the benefit of the parties hereto and their respective successors and assigns (by merger, acquisition of assets, or otherwise) to the same extent as if the successor or assign had been an original party to this Agreement.

Section 4.10 No Third Party Beneficiaries. This Agreement is not

intended to benefit any person other than the parties hereto and their respective successors and assigns, and no such person (including stockholders of Lockheed Martin or shareholders of Materials) shall be a third party beneficiary hereof.

Section 4.11 Assignment. Neither Lockheed Martin nor Materials shall

assign this Agreement or any rights, interests or obligations thereunder, or delegate any of its obligations hereunder, without the prior written consent of the other.

Section 4.12 Termination. The rights and obligations of the parties

to this Agreement shall terminate, and neither party shall have any liability under this Agreement, if the Transaction is not consummated.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their authorized representatives.

LOCKHEED MARTIN CORPORATION

By: _____
Name: Marcus C. Bennett
Title: Executive Vice President
and Chief Financial Officer

THIS IS A SIGNATURE PAGE TO

THE SUPPLEMENTAL TAX SHARING AGREEMENT

AND IS EXECUTED BY THE PARTY NAMED ABOVE.

MARTIN MARIETTA MATERIALS, INC.

By: _____
Name: Stephen P. Zelnak, Jr.
Title: President and Chief Executive
Officer

THIS IS A SIGNATURE PAGE TO

THE SUPPLEMENTAL TAX SHARING AGREEMENT

AND IS EXECUTED BY THE PARTY NAMED ABOVE

TAX ASSURANCE AGREEMENT

This TAX ASSURANCE AGREEMENT (this "Agreement"), dated as of September 13, 1996, is made and entered into by and between LOCKHEED MARTIN CORPORATION, Maryland corporation ("Lockheed Martin"), and MARTIN MARIETTA MATERIALS, INC., a North Carolina corporation ("Materials").

RECITALS

1. Materials is a New York Stock Exchange listed corporation. Lockheed Martin owns, directly or indirectly through its wholly owned subsidiary, Martin Marietta Investments, Inc., 37,350,000 shares (approximately 81% of the outstanding shares) of Materials Common Stock.

2. Lockheed Martin has determined to distribute all of the shares it owns in Materials to Lockheed Martin stockholders by means of a transaction (the "Transaction") intended to qualify as a Tax-Free Distribution.

3. Due to compelling strategic business considerations, Lockheed Martin's and Materials' Boards of Directors have determined that it is in the best interests of the corporations and their stockholders and shareholders to effect the Transaction.

4. The Board of Directors of Materials has determined that Materials will realize significant independent benefits as a result of the Transaction, which benefits will include, among other things: (a) facilitating the future issuance by Materials of its stock to finance strategic acquisitions in pursuit of its growth strategy; (b) permitting Materials to implement more effective management stock incentive programs and employee stock compensation programs; (c) permitting Materials to have direct control over its administrative costs; and (d) allowing Materials' credit rating to be evaluated independently of Lockheed Martin's credit rating.

5. It is fundamental to achieving the strategic benefits of the Transaction that it qualify as a Tax-Free Distribution.

6. Lockheed Martin and Materials have mutually agreed to enter into this Agreement in order to give assurances to each other that the Transaction will constitute a Tax-Free Distribution.

NOW, THEREFORE, in consideration of the premises and the covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of Lockheed Martin and Materials, intending to be legally bound, hereby agrees as follows:

ARTICLE I.

DEFINITIONS AND CONSTRUCTION

Section 1.1 Certain Definitions. As used in this Agreement, the

following terms shall have the meanings specified below:

"Affiliate" shall mean, with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by, or is under common Control with, such Person.

"Associate" shall have the meaning ascribed to such term in Rule 12b-2 under the Exchange Act.

"Beneficial Owner" (including, with its correlative meanings, "Beneficially Own" and "Beneficial Ownership"), with respect to any securities, shall mean any Person which:

(a) has, or any of whose Affiliates or Associates has, directly or indirectly, the right to acquire (whether such right is exercisable immediately or only after the passage of time) such securities pursuant to any agreement, arrangement or understanding (whether or not in writing), or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise;

(b) has, or any of whose Affiliates or Associates has, directly or indirectly, the right to vote or dispose of such securities (whether such right is exercisable immediately or only after the passage of time) or "beneficial ownership" of such securities (as determined pursuant to Rule 13d-3 under the Exchange Act as in effect on the date hereof but including all such securities which a Person has the right to acquire beneficial ownership of, whether or not such right is exercisable within the 60-day period specified therein), including pursuant to any agreement, arrangement or understanding (whether or not in writing); or

(c) has, or any of whose Affiliates or Associates has, any agreement, arrangement or understanding (whether or not in writing) for the purpose of acquiring, holding, voting or disposing of any securities which are Beneficially Owned, directly or indirectly, by any other Person (or any Affiliate or Associate thereof).

"Contract" shall mean any agreement, arrangement or understanding, whether written or oral.

"Control" (including, with its correlative meanings, "Controlled by" and "under common Control with") shall mean, with respect to a Person or Group, possession by such Person or Group of the power, directly or indirectly, (a) to elect a majority of the board of directors (or equivalent governing body) of the entity in question or (b) to direct or cause the direction of the

management and policies of or with respect to the entity in question, whether through ownership of securities, by contract or otherwise.

"Exchange Act" shall mean the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder.

"Group" shall mean any group within the meaning of Section 13(d)(3) of the Exchange Act.

"Lockheed Martin Common Stock" shall mean the shares of common stock of Lockheed Martin, par value \$1.

"Materials Rights Plan" shall mean the Rights Plan as described in the Form S-4 Registration Statement filed with the Securities and Exchange Commission by Materials (including the Offering Circular-Prospectus).

"Other Materials Stock" shall mean any class or series of capital stock or any other instrument that would constitute "equity" of Materials for federal income tax purposes other than Materials Common Stock.

"Restricted Period" shall mean the period beginning on the date of this Agreement and ending on the second anniversary of the Transaction Date.

"Subsidiary" shall mean, with respect to any Person (the "Parent"), any other Person in which the Parent, one or more Subsidiaries of the Parent, or the Parent and one or more of its Subsidiaries (a) have the ability, through ownership of securities individually or as a group, ordinarily, in the absence of contingencies, to elect a majority of the directors (or individuals performing similar functions) of such other Person or (b) own more than 50% of the equity interests.

"Supplemental Tax Sharing Agreement" shall mean the Supplemental Tax Sharing Agreement by and between Lockheed Martin and Materials, entered into in connection with the Transaction.

"Transaction Date" shall mean the date that the Transaction is completed.

"Transfer" shall mean any act pursuant to which, directly or indirectly, the ownership of the assets or securities in question is sold, transferred, conveyed, delivered or otherwise disposed of.

Section 1.2 Other Definitions. Each term appearing in this Agreement

with initial capitalization and not defined herein shall have the meaning ascribed to it in the Supplemental Tax Sharing Agreement.

Section 1.3 Interpretation and Construction of this Agreement. The

definitions in Section 1.1 and those incorporated by Section 1.2 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine or neuter form. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The headings contained in this Agreement are inserted for convenience only and shall not constitute a part hereof. All references herein to Articles and Sections (other than references to Sections of the Code) shall be deemed to be references to Articles and Sections of this Agreement unless the context shall otherwise require. Unless the context shall otherwise require or provide, any reference to any agreement or other instrument or statute or regulation is to such agreement, instrument, statute or regulation as amended and supplemented from time to time (and, in the case of a statute or regulation, to any successor provision), provided, however, that no covenant herein shall be deemed to have been breached because of a change in law or regulation which is enacted or issued subsequent to the completion of the action or conduct which is the subject of the covenant. This Agreement shall be construed in accordance with its fair meaning and shall not be construed strictly against the drafter.

ARTICLE II.

COVENANTS

Section 2.1 Conduct with Respect to Materials Common Stock and Other

Materials Stock. Materials covenants and agrees with Lockheed Martin that it

will not knowingly or willfully cause a Failure by undertaking, authorizing, approving, recommending to Materials' shareholders, or entering into any Contract or consummating any transaction during the Restricted Period with respect to:

(a) the acquisition or proposed acquisition by any Person other than Materials of Beneficial Ownership of any Materials Common Stock or Other Materials Stock (whether from Materials or from one or more shareholders of Materials), but excluding any conduct undertaken to permit, facilitate or maintain the listing and general trading (as opposed to any specific transaction) of Materials Common Stock on any public stock exchange (including the New York Stock Exchange) and excluding any conduct undertaken to permit or facilitate the issuance of securities, including, but not limited to, stock or rights in connection with providing compensation to Materials' employees and directors;

(b) the waiver, amendment, or termination of any provision of the Materials Rights Plan in connection with, or in order to permit or facilitate, any such acquisition or proposed acquisition of Beneficial Ownership of Materials Common Stock or Other Materials Stock as described in paragraph (a) of this Section 2.1;

(c) excluding stock, rights or other securities under the Materials Rights Plan, (i) the issuance of any Other Materials Stock or (ii) the issuance of any options, rights, warrants or securities exercisable for, or convertible into, any Other Materials Stock or the entering into of any other similar arrangements with respect to the issuance of any Other Materials Stock;

(d) the issuance of Materials Common Stock (including any options, rights, warrants or securities exercisable for, or convertible into, Materials Common Stock or any similar arrangements), except in connection with providing compensation to Materials' employees and directors;

(e) any redemptions, repurchases or other acquisitions of Materials Common Stock in a single transaction or in a series of related or unrelated transactions, unless (i) such redemptions, repurchases or other acquisitions are made (w) pursuant to a negotiated or private transaction with respect to which discussions or negotiations commence no earlier than the end of the 60-day period beginning on the Transaction Date and only if such redemptions, repurchases or other acquisitions in a single transaction or a series of related transactions will not exceed 250,000 shares of Materials Common Stock or (x) in the open market, (ii) Materials does not have any reason to believe that such redemptions, repurchases or other acquisitions are made from (y) any shareholder owning one percent or more of the outstanding voting power or equity interests of Materials or (z) any director or officer of Materials, excluding redemptions, repurchases or other acquisitions from a director who is ceasing to serve or an officer who is ceasing to be employed by Materials, (iii) such redemptions, repurchases or other acquisitions of Materials Common Stock, individually or in the aggregate during the Restricted Period, do not result in the acquisition of more than 2.5 million shares of Materials Common Stock, and (iv) such redemptions, repurchases or other acquisitions will not exceed, in the aggregate, 250,000 shares of Materials Common Stock during the 60 day period beginning on the Transaction Date; or

(f) the dissolution or complete or partial liquidation (within the meaning of such term as defined in Section 302(e) of the Code) of Materials or any announcement of any intention to dissolve or effect a complete or partial liquidation of Materials.

Section 2.2 Conduct with Respect to the Business and Assets of

Materials. Materials covenants and agrees with Lockheed Martin that it will not

knowingly or willfully cause a Failure by undertaking, authorizing, approving, recommending to Materials' shareholders, or entering into any Contract or consummating any transaction during the Restricted Period with respect to:

(a) the termination or discontinuance of a significant portion of Materials' business operations as they existed prior to the Transaction; or

(b) the Transfer, in a single transaction or in the aggregate, other than in the ordinary course of business, of an amount of assets owned by Materials (directly or indirectly through one or more entities) immediately after the Transaction that would exceed 40% by fair

market value of the assets which it owned (directly or indirectly through one or more entities) immediately after the Transaction.

Section 2.3. Exception to Fault. Notwithstanding anything to the

contrary in this Agreement:

(a) if Materials obtains an Opinion of Counsel with respect to any conduct, action or inaction that might otherwise constitute Fault, excluding conduct, action or inaction under Section 2.5(b), Materials shall not be at Fault with respect to any Failure resulting from the conduct or action that is the subject of the Opinion of Counsel and Materials' only indemnification obligation shall be determined pursuant to Sections 2.1 and 2.3 of the Supplemental Tax Sharing Agreement; and

(b) any conduct or action either party is required to take (or refrain from taking) as a matter of law shall not form a basis for Fault.

Section 2.4 Additional Covenant by Materials. With respect to any

written representation Materials delivers to the approved counsel in connection with any Opinion of Counsel, and to the extent such representation pertains to future actions or conduct by Materials (or any Affiliate, agent or representative of Materials) and is expressly referred to in such Opinion of Counsel, neither Materials nor any of its Affiliates nor any of their respective officers, directors, employees, agents or representatives will take any action (unless Materials receives an Opinion of Counsel with respect to such action based on principles substantially identical to those set forth in this Agreement) during the two-year period following the making of such representation (the "Effective Period") that would have caused such representation to be untrue if Materials or any such other Person had planned or intended to take such action at the time Materials made the representation. Materials' covenants and agreements contained in this Section 2.4 shall survive until the later to occur of (a) the expiration of the Restricted Period and (b) the expiration of all outstanding Effective Periods.

Section 2.5 Mutual Covenants by Lockheed Martin and Materials.

(a) In addition to the other covenants and agreements set forth in this Agreement, each party and its Affiliates, officers, directors, employees, agents and representatives will take, or refrain from taking, as the case may be, such actions as the other party may reasonably request as necessary to ensure that the Transaction is a Tax-Free Distribution, including such actions as may be necessary to obtain or to prevent the withdrawal of the King & Spalding Opinion.

(i) For purposes of this Section 2.5(a), in determining what constitutes a reasonable request, all facts and circumstances shall be considered including, without limitation, (y) the nature of risk to the status of the Transaction as a Tax-Free Distribution if the request were not satisfied and (z) the burden, if any, associated with satisfying the request; in no event

shall a request to Materials to take or refrain from taking certain actions constitute a reasonable request if Materials obtains an Opinion of Counsel stating that failing to comply with the request will neither cause the Transaction to fail to qualify under Section 355 of the Code nor cause the distribution to be a disqualified distribution under Section 355(d) of the Code.

(ii) Without limiting the generality of the foregoing, each party shall cooperate with the other if either party determines to obtain any additional Opinion of Counsel pertaining to whether any actual or proposed change in facts and circumstances affects the tax status of the Transaction.

(iii) The incremental costs arising from any action taken by a party pursuant to one or more requests by the other party under this Section 2.5(a) shall be borne as follows: regardless of whether such costs arise from one or more requests, the first \$1 million of such costs (determined on a cumulative basis) shall be borne entirely by the party of whom such requests are made and any excess of such costs shall be borne 81% by Lockheed Martin and 19% by Materials; provided, however, that the incremental costs incurred and to be borne by Materials pursuant to this Section 2.5(a) shall in no event exceed \$25 million and shall be treated as a liability for purposes of determining the aggregate liability of Materials under Section 2.1 of the Supplemental Tax Sharing Agreement. In determining the incremental costs for purposes of this Section 2.5(a)(iii), only the actual out-of-pocket costs, reduced by the incremental actual cash receipts and taking into account all income tax benefits or costs associated with such costs or receipts, shall be taken into account.

(iv) To be effective, any request pursuant to this Section 2.5(a) must be made in accordance with notice provisions of Section 3.2 and must conspicuously bear the following language: "THIS IS A REQUEST PURSUANT TO SECTION 2.5(a) OF THE TAX ASSURANCE AGREEMENT RELATING TO ENSURING THAT THE DISTRIBUTION OF MARTIN MARIETTA MATERIALS IS A TAX-FREE DISTRIBUTION."

(v) The covenants and agreements contained in this Section 2.5(a) shall survive until the expiration of Materials' covenants and agreements under Section 2.4.

(b) The parties to this Agreement expressly agree to characterize the Transaction as a Tax-Free Distribution in any tax return, report or document filed with the Securities Exchange Commission or any national securities exchange (including the New York Stock Exchange), any report or document filed with any other governmental agency, and any announcement or writing disseminated to the public, if such tax return, report, document, announcement or writing discusses or describes the tax aspects or consequences of the Transaction. The requirement of this Section 2.5(b) will be deemed satisfied by the inclusion of and the absence of any statement explicitly inconsistently with, the following sentence in such report, document, announcement or writing: "The distribution by Lockheed Martin Corporation of the shares of common stock of Martin Marietta Materials, Inc. qualified as a tax-free distribution pursuant to Section 355 of the Internal Revenue Code."

(c) Each party agrees that from and after the date of this Agreement, it shall not knowingly or willfully act (or knowingly or willfully refrain from acting), except where required by law to do so, in a manner which it believes would materially increase the likelihood of a Failure. If either party is aware of action (or inaction) that the other party is contemplating which such party believes would materially increase the likelihood of a Failure and such party fails

to promptly notify the other party of such belief in accordance with the notice provisions of Section 3.2, such action (or inaction) taken by the other party shall not constitute Fault.

ARTICLE III.

MISCELLANEOUS

Section 3.1 Survival. The covenants and agreements contained herein

shall survive until 30 days after the expiration of all applicable statutes of limitations under the Code with respect to the Transaction, except as otherwise provided herein. No investigation or other examination by Lockheed Martin or Materials, or their respective representatives, shall affect the term of survival of the covenants and agreements set forth in this Agreement.

Section 3.2 Notices. Any notice, demand, request, claim or other

communication under this Agreement shall be in writing and shall be deemed to have been given on the earliest of the following:

- (a) upon the delivery thereof if delivered personally;
- (b) on the date on which delivery thereof is guaranteed by the carrier if delivered by a national courier guaranteeing delivery within a fixed number of days of sending; or
- (c) on the date on which facsimile transmission thereof is confirmed "OK" by the receiving machine if transmitted by facsimile machine and confirmed by delivery by one of the prior methods;

but, in each case, only if addressed to the parties in the following manner at the following addresses or facsimile numbers ("Fax") (or at such other address or other facsimile number as a party may specify by written notice to the other):

Lockheed Martin: Lockheed Martin Corporation
6801 Rockledge Drive
Bethesda, Maryland 20817
Attention: Senior Vice President and General Counsel
URGENT: NOTICE UNDER LOCKHEED
MARTIN/MATERIALS TAX
AGREEMENT
Tel: (301) 897-6125
Fax: (301) 897-6791

With a copy to: Lockheed Martin Corporation
6801 Rockledge Drive
Bethesda, Maryland 20817
Attention: Vice President and General Tax Counsel
URGENT: NOTICE UNDER LOCKHEED
MARTIN/MATERIALS TAX
AGREEMENT
Tel: (301) 897-6063
Fax: (301) 897-6880

Materials: Martin Marietta Materials, Inc.
2710 Wycliff Road
Raleigh, North Carolina 27607
Attention: Vice President and
Chief Financial Officer
URGENT: NOTICE UNDER LOCKHEED
MARTIN/MATERIALS TAX
AGREEMENT
Tel: (919) 783-4658
Fax: (919) 510-4700

With a copy to: Martin Marietta Materials, Inc.
2710 Wycliff Road
Raleigh, North Carolina 27607
Attention: Vice President and General Counsel
URGENT: NOTICE UNDER LOCKHEED
MARTIN/MATERIALS TAX
AGREEMENT
Tel: (919) 783-4506
Fax: (919) 783-4535

Section 3.3 Entire Agreement. This Agreement, together with the

Tax Sharing Agreement and the Supplemental Tax Sharing Agreement, embodies the entire agreement and understanding of the parties in respect of the subject matter contained herein and in those documents. This provision shall not abrogate any other agreement or understanding between the parties dealing with a different subject matter that was executed contemporaneously with this Agreement. Except with respect to any subsequent written modifications of this Agreement, this Agreement, the Tax Sharing Agreement and the Supplemental Tax Sharing Agreement supersede any prior agreements or understandings and abrogate any inconsistent provisions of any contemporaneous agreements or understandings between the parties with respect to the subject matter contained in this Agreement, the Tax Sharing Agreement and the Supplemental Tax Sharing Agreement.

Section 3.4 Waiver, Amendment, etc. This Agreement may not be

amended or supplemented, and no waivers of or consents to departures from the provisions hereof shall be effective, unless set forth in a writing signed by, and delivered to, each party. No failure or delay of any party in exercising any power or right under this Agreement will operate as a waiver thereof, nor will any single or partial exercise of any right or power, or any abandonment or discontinuance of steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power.

Section 3.5 Governing Law. THIS AGREEMENT SHALL BE INTERPRETED,

AND THE RIGHTS, OBLIGATIONS AND LIABILITIES OF THE PARTIES HERETO DETERMINED, IN ACCORDANCE WITH THE INTERNAL LAWS (AS OPPOSED TO CONFLICTS OF LAW PROVISIONS) OF THE STATE OF MARYLAND.

Section 3.6. Consent to Jurisdiction. LOCKHEED MARTIN AGREES THAT

IT WILL BRING ANY ACTION OR PROCEEDING FOR THE ENFORCEMENT OF ANY RIGHT, REMEDY, OBLIGATION OR LIABILITY ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT SOLELY IN THE STATE OR FEDERAL COURTS LOCATED IN NORTH CAROLINA. MATERIALS AGREES THAT IT WILL BRING ANY ACTION OR PROCEEDING FOR THE ENFORCEMENT OF ANY RIGHT, REMEDY, OBLIGATION OR LIABILITY ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT SOLELY IN THE STATE OR FEDERAL COURTS LOCATED IN MARYLAND. EACH PARTY HEREBY IRREVOCABLY WAIVES ITS RIGHT TO BRING ANY ACTION OR PROCEEDING AGAINST THE OTHER EXCEPT IN ACCORDANCE WITH THE PRECEDING SENTENCES. EACH PARTY CONSENTS THAT ALL SERVICE OF PROCESS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL DIRECTED TO THE PARTY AT THE ADDRESS STATED IN SECTION 3.2.

Section 3.7 Severability. The invalidity or unenforceability of

any provision hereof in any jurisdiction will not affect the validity or enforceability of the remainder hereof in that jurisdiction or the validity or enforceability of this Agreement, including that provision, in any other jurisdiction. To the extent permitted by applicable law, each party waives any provision of applicable law that renders any provision hereof prohibited or unenforceable in any respect. If any provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the extent possible.

Section 3.8 Counterparts. This Agreement may be executed in one or

more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

Section 3.9 Binding Agreement. This Agreement shall be binding

upon and inure only to the benefit of the parties hereto and their respective successors and permitted assigns (by merger, acquisition of assets, or otherwise) to the same extent as if the successor or assign had been an original party to this Agreement.

Section 3.10 No Third Party Beneficiaries. This Agreement is not

intended to benefit any Person other than the parties hereto and their
respective successors and permitted assigns, and no such Person shall be a third
party beneficiary hereof.

Section 3.11 Assignment. Neither Lockheed Martin nor Materials

shall assign this Agreement or any rights, interests or obligations hereunder,
or delegate performance of any of its obligations hereunder, without the prior
written consent of the other party.

Section 3.12 Costs and Expenses. All costs and expenses incurred

by Materials or Lockheed Martin relating to any Opinion of Counsel shall be paid
by the party seeking such Opinion of Counsel, and each party agrees to indemnify
the other against any and all such costs and expenses.

Section 3.13 Books, Records and Documentation. Each party shall

keep, maintain and preserve books, records and documentation necessary in or
applicable to the determination of liabilities pursuant to the Supplemental Tax
Sharing Agreement or this Agreement and the establishment of the Transaction as
a Tax-Free Distribution until the expiration of all applicable statutes of
limitations.

Section 3.14 Termination. The rights and obligations of the parties

to this Agreement shall terminate, and neither party shall have any liability
under this Agreement, if the Transaction is not consummated.

IN WITNESS WHEREOF, Lockheed Martin and Materials have caused their
respective duly authorized officers to execute this Agreement as of the day and
year first above written.

LOCKHEED MARTIN CORPORATION

By:

Name: Marcus C. Bennett
Title: Executive Vice President
and Chief Financial Officer

THIS IS A SIGNATURE PAGE TO THE TAX ASSURANCE AGREEMENT

AND IS EXECUTED BY THE PARTY NAMED ABOVE

MARTIN MARIETTA MATERIALS, INC.

By:

Name: Stephen P. Zelnak, Jr.
Title: President and Chief
Executive Officer

THIS IS A SIGNATURE PAGE TO THE TAX ASSURANCE AGREEMENT

AND IS EXECUTED BY THE PARTY NAMED ABOVE

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" in the Registration Statement (Form S-4 No. 333-08895) of Martin Marietta Materials, Inc. and related Offering Circular - Prospectus of Lockheed Martin Corporation and to the incorporation by reference therein of our reports dated January 23, 1996, with respect to the consolidated financial statements of Martin Marietta Materials, Inc. incorporated by reference in its Annual Report (Form 10-K) for the year ended December 31, 1995 and the related financial statement schedule included therein, filed with the Securities and Exchange Commission.

ERNST & YOUNG LLP

September 9, 1996
Raleigh, North Carolina

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" in Amendment No. 1 to the Registration Statement (Form S-4 No. 333-08895) of Martin Marietta Materials, Inc. and related Offering Circular Prospectus of Lockheed Martin Corporation, and to the incorporation by reference therein of our report dated January 23, 1996, with respect to the consolidated financial statements of Lockheed Martin Corporation incorporated by reference in its Annual Report (Form 10-K) for the year ended December 31, 1995, filed with the Securities and Exchange Commission.

ERNST & YOUNG LLP

September 10, 1996
Washington, DC

The Board of Directors
Dravo Basic Materials Company, Inc.:

We consent to the incorporation by reference in the registration statement on Form S-4 of Martin Marietta Materials, Inc. of our reports dated February 16, 1994, except as to note 11 which is as of January 5, 1995, with respect to the consolidated balance sheets of Dravo Basic Materials Company, Inc. and subsidiaries as of December 31, 1993 and 1992, and the related consolidated statements of operations, shareholder's equity and cash flows for the years then ended, and February 10, 1995, with respect to the consolidated balance sheet of Dravo Basic Materials Company, Inc. and subsidiaries as of December 29, 1994, and the related consolidated statements of operations, shareholder's equity, and cash flows for the period from January 1, 1994 to December 29, 1994, which reports appear in Forms 8-K and 8-K/A of Martin Marietta Materials, Inc. dated January 3, 1995. Our reports refer to changes in the methods of accounting for postretirement benefits other than pensions and income taxes prescribed by Statements of Financial Accounting Standards Nos. 106 and 109, respectively, in 1993 and in the method of accounting for post-employment benefits prescribed by Statement of Financial Accounting Standards No. 112 in 1994.

We also consent to the reference to our firm under the heading "Experts" in the prospectus.

KPMG PEAT MARWICK LLP

New Orleans, Louisiana
September 9, 1996

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in this registration statement of Martin Marietta Materials, Inc. on Form S-4 (No. 333-08895) of our report dated May 17, 1996, on our audits of the consolidated financial statements of Loral Corporation and Subsidiaries - Retained Business, which is now known as Lockheed Martin Tactical Systems, Inc., a subsidiary of Lockheed Martin Corporation, as of March 31, 1996 and 1995, and for each of the three years in the period ended March 31, 1996, which report is incorporated by reference in the Lockheed Martin Corporation Current Report on Form 8-K dated June 18, 1996. We also consent to the reference to our firm under the caption "Experts".

COOPERS & LYBRAND L.L.P.

New York, New York
September 9, 1996

THE EXCHANGE OFFER WILL EXPIRE AT MIDNIGHT,
NEW YORK CITY TIME, ON , , 1996, UNLESS OTHERWISE EXTENDED

LOCKHEED MARTIN CORPORATION
LETTER OF TRANSMITTAL
FOR SHARES OF COMMON STOCK,
PAR VALUE \$1.00 PER SHARE,
OF LOCKHEED MARTIN CORPORATION

TO: FIRST CHICAGO TRUST COMPANY OF NEW YORK, EXCHANGE AGENT

By Mail:
P.O. Box 2569
Tenders & Exchanges
Suite 4660
Jersey City, New Jersey 07303-2569

By Hand or Overnight Courier:
14 Wall Street, 8th Floor
Suite 4680-LMC
New York, New York 10005

THE INFORMATION AGENT FOR THE EXCHANGE OFFER IS:

MORROW & CO., INC.

909 Third Avenue, 20th Floor
New York, New York 10022
(212) 754-8000
Toll Free (800) 566-9058
Banks and Brokerage Firms, please call:
(800) 662-5200

The undersigned acknowledges receipt of the Offering Circular--Prospectus dated , 1996 (the "Offering Circular--Prospectus") of Lockheed Martin Corporation, a Maryland corporation ("Lockheed Martin"), and this Letter of Transmittal, which together constitute Lockheed Martin's offer (the "Exchange Offer") to exchange shares of common stock, par value \$.01 per share, of Martin Marietta Materials, Inc. ("Materials Common Stock"), a North Carolina corporation ("Materials"), for each share tendered of common stock, par value \$1.00 per share, of Lockheed Martin ("Lockheed Martin Common Stock") up to an aggregate of shares of Lockheed Martin Common Stock tendered and exchanged.

Capitalized terms used but not defined herein have the meanings given to them in the Offering Circular--Prospectus.

The undersigned has completed, executed and delivered this Letter of Transmittal to indicate the action the undersigned desires to take with respect to the Exchange Offer.

TO BE COMPLETED BY ALL TENDERING HOLDERS OF CERTIFICATED SHARES OF LOCKHEED
MARTIN COMMON STOCK REGARDLESS OF WHETHER SUCH SHARES ARE
BEING PHYSICALLY DELIVERED HERewith

DELIVERY OF THIS LETTER OF TRANSMITTAL TO A PERSON OTHER THAN THE EXCHANGE
AGENT OR TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE WILL NOT
CONSTITUTE VALID DELIVERY

DO NOT COMPLETE OR RETURN THIS LETTER OF TRANSMITTAL IF YOUR SHARES ARE
HELD IN AN ACCOUNT WITH A BROKER, DEALER, COMMERCIAL BANK, TRUST COMPANY,
EMPLOYEE BENEFIT PLAN SPONSORED BY LOCKHEED MARTIN (OR A SUBSIDIARY) OR
OTHER NOMINEE AND ARE NOT CERTIFICATED IN YOUR NAME. THIS LETTER OF
TRANSMITTAL IS BEING SUPPLIED FOR YOUR INFORMATION ONLY. THE INSTITUTION
HOLDING YOUR SHARES WILL SUPPLY YOU WITH SEPARATE INSTRUCTIONS REGARDING
THE TENDER OF YOUR SHARES.

Stockholders who wish to tender and whose shares of Lockheed Martin Common Stock are not immediately available or who cannot deliver their shares of Lockheed Martin Common Stock and all other documents required hereby to the Exchange Agent on or before the Expiration Date must tender shares of Lockheed Martin Common Stock according to the guaranteed delivery procedures set forth in the Offering Circular--Prospectus under the caption "The Exchange Offer--Guaranteed Delivery Procedures." See Instruction 1.

CHECK HERE IF THE CERTIFICATE(S) REPRESENTING TENDERED SHARES OF LOCKHEED MARTIN COMMON STOCK ARE ENCLOSED HERewith.

CHECK HERE IF TENDERED SHARES OF LOCKHEED MARTIN COMMON STOCK ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY AND COMPLETE THE FOLLOWING:

Name(s) of Registered Holder(s): _____

Date of Execution of Notice of Guaranteed Delivery: _____

Name of Institution that guaranteed delivery: _____

B. DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN SHARES. Complete this Section I.B. if you wish to tender shares held in the Dividend Reinvestment and Stock Purchase Plan.

THE UNDERSIGNED, BY COMPLETING THIS SECTION I.B. AND SIGNING AND DELIVERING THIS LETTER OF TRANSMITTAL TO THE EXCHANGE AGENT, WILL BE DEEMED TO HAVE TENDERED THE SHARES OF LOCKHEED MARTIN COMMON STOCK INDICATED BELOW.

CHECK HERE IF YOU ARE A PARTICIPANT IN LOCKHEED MARTIN'S DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN (THE "DRP") AND WISH TO TENDER SHARES OF LOCKHEED MARTIN COMMON STOCK HELD IN YOUR ACCOUNT UNDER THE DRP ("DRP SHARES") AND COMPLETE THE FOLLOWING:

Tender all DRP Shares; or

Number of whole shares tendered from DRP (if less than all):

A tender of all DRP Shares will include fractional shares and any shares credited to the participant's account after the date hereof and prior to the Expiration Date.

IF THE PARTICIPANT AUTHORIZES THE TENDER OF HIS OR HER DRP SHARES, BUT DOES NOT INDICATE THE NUMBER OF SHARES TO BE TENDERED, THE PARTICIPANT WILL BE DEEMED TO HAVE TENDERED ALL DRP SHARES OWNED BY SUCH PARTICIPANT, PURSUANT TO THE DRP. SEE INSTRUCTION 5.

C. ODD LOT SHARES--Complete this Section I.C. if you hold fewer than 100 shares and wish to tender all such shares.

CHECK HERE IF (i) YOU ARE THE OWNER BENEFICIALLY AND OF RECORD OF LESS THAN 100 SHARES OF LOCKHEED MARTIN COMMON STOCK IN THE AGGREGATE AND (ii) YOU WISH TO TENDER ALL YOUR SHARES OF LOCKHEED MARTIN COMMON STOCK.

If you are the owner, beneficially and of record, of less than 100 shares of Lockheed Martin Common Stock (an "Odd Lot") and you tender all your shares, you will receive preferential treatment if the Exchange Offer is oversubscribed. See Instruction 8.

II. TENDER OF SHARES HELD BY A BROKER, DEALER, COMMERCIAL BANK, TRUST COMPANY, EMPLOYEE BENEFIT PLAN SPONSORED BY LOCKHEED MARTIN (OR A SUBSIDIARY) OR OTHER NOMINEE.

If your shares of Lockheed Martin Common Stock are held in an account with a broker, dealer, commercial bank, trust company, employee benefit plans sponsored by Lockheed Martin (or a subsidiary) or other nominee and you wish to tender all or part of those shares, do not return this Letter of Transmittal to the Exchange Agent. This Letter of Transmittal is being supplied for your information only. The institution holding your shares will supply you with separate instructions regarding the tender of your shares. If you have not received instructions regarding the tender of your shares, please contact a representative of the institution holding your shares.

ONLY BROKERS, DEALERS, COMMERCIAL BANKS, TRUST COMPANIES, TRUSTEES OF EMPLOYEE BENEFIT PLANS SPONSORED BY LOCKHEED MARTIN (OR A SUBSIDIARY) AND OTHER NOMINEES SHOULD COMPLETE THIS SECTION II.

A. BOOK-ENTRY TRANSFER SHARES--Complete this Section II.A. if you wish to tender shares held by DTC.

CHECK HERE IF TENDERED SHARES OF LOCKHEED COMMON STOCK ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER MADE TO AN ACCOUNT MAINTAINED BY THE EXCHANGE AGENT WITH DTC AND COMPLETE THE FOLLOWING:

Name of Tendering Institution: _____

DTC Account Number: _____

Transaction Code Number: _____

CHECK HERE IF TENDERED SHARES OF LOCKHEED MARTIN COMMON STOCK ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY AND COMPLETE THE FOLLOWING:

Date of Execution of Notice of Guaranteed Delivery: _____

Name of Institution that guaranteed delivery: _____

B. ODD LOT SHARES--Complete this Section II.B. if you wish to tender on behalf of an owner of an Odd Lot.

CHECK HERE IF (i) YOU ARE TENDERING ON BEHALF OF THE OWNER BENEFICIALLY AND OF RECORD OF AN ODD LOT, (ii) YOU BELIEVE, BASED UPON REPRESENTATIONS MADE TO YOU BY SUCH OWNER, THAT SUCH OWNER OWNED BENEFICIALLY AND OF RECORD LESS THAN 100 SHARES OF LOCKHEED MARTIN COMMON STOCK IN THE AGGREGATE AND (iii) SUCH OWNER WISHES TO TENDER ALL HIS OR HER SHARES OF LOCKHEED MARTIN COMMON STOCK.

Owners of Odd Lots who tender all such shares of Lockheed Martin Common Stock will receive preferential treatment if the Exchange Offer is oversubscribed. See Instruction 8.

III. SPECIAL ISSUANCE INSTRUCTIONS--To be completed only if shares of Materials Common Stock, a Fractional Share Check and/or shares of Lockheed Martin Common Stock tendered but not accepted for exchange are to be issued in the name of someone other than the Stockholder tendering shares of Lockheed Martin Common Stock.

Note: If this Section is completed, the signature in Section V must be guaranteed by an Eligible Institution. See Instruction 3.

SPECIAL ISSUANCE INSTRUCTIONS
(SEE INSTRUCTIONS 3 AND 4)

To be completed ONLY if Materials Common Stock Certificate(s), a Fractional Share Check issued in connection therewith, if any, and shares of Lockheed Martin Common Stock not accepted for exchange, if any, are to be ISSUED in the name of someone other than the undersigned.

Issue:

check appropriate box(es):

all of the following to:
Materials Certificate(s):
Fractional Share Check:
Lockheed Martin Common Stock Certificate(s):

Name(s): _____
(PLEASE PRINT)

(PLEASE PRINT)

Address: _____

ZIP CODE

EMPLOYER IDENTIFICATION OR SOCIAL SECURITY NO.

IV. SPECIAL DELIVERY INSTRUCTIONS--To be completed only if shares of Materials Common Stock, a Fractional Share Check and/or shares of Lockheed Martin Common Stock are to be mailed to an address other than that shown in the box entitled "Description of Shares of Lockheed Martin Common Stock Tendered" or in Section III above.

SPECIAL DELIVERY INSTRUCTIONS
(SEE INSTRUCTIONS 3 AND 4)

To be completed ONLY if Materials Certificate(s), a Fractional Share Check issued in connection therewith, if any, and/or shares of Lockheed Martin Common Stock not tendered or any shares of Lockheed Martin Common Stock tendered but not accepted for exchange, if any, are to be MAILED to someone other than the undersigned, or to the undersigned at an address other than that shown in the box entitled "Description of Shares of Lockheed Martin Common Stock Tendered" or in Section III above, as applicable.

Mail:
check appropriate box(es):
Materials Common Stock
Certificate(s) to:
Fractional Share Check to:
Lockheed Martin Common Stock
Certificate(s):
Not Tendered to:
Not Accepted to:
Name(s): _____
(PLEASE PRINT)

(PLEASE PRINT)
Address: _____

ZIP CODE

V. SIGNATURE--To be completed by all Stockholders who are tendering shares of Lockheed Martin Common Stock and who completed Sections I.A., I.B. or I.C.

Note: SIGNATURES MUST BE PROVIDED BELOW

IMPORTANT
ALL TENDERING STOCKHOLDERS PLEASE SIGN HERE
(PLEASE ALSO COMPLETE THE FOLLOWING SUBSTITUTE FORM W-9)
(SEE INSTRUCTIONS 1 AND 3)

X.....
X.....

SIGNATURE(S) OF OWNER(S)

Dated:....., 1996

(Must be signed by the registered holder(s) of shares of Lockheed Martin Common Stock as their name(s) appear(s) on certificate(s) for shares of Lockheed Martin Common Stock or on a security position listing or by person(s) authorized to become registered holder(s) by endorsements and documents transmitted with this Letter of Transmittal.)

If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer or other person acting in a fiduciary or representative capacity, please set forth full title. (See Instruction 3.)

Name(s):.....
.....

(PLEASE PRINT)

Capacity:.....

Address:.....

.....

(INCLUDE ZIP CODE)

Area Code and Telephone No.:

Dated:, 1996

SIGNATURE GUARANTEE
(IF REQUIRED -- SEE INSTRUCTIONS 1 AND 3)

FOR USE BY ELIGIBLE INSTITUTIONS ONLY.
PLACE MEDALLION GUARANTEE IN SPACE BELOW.

Signature(s) Guaranteed by an Eligible Institution:.....
(AUTHORIZED SIGNATURE)

Name:.....
(PLEASE PRINT)

Title:.....

Name of Firm:.....

Address:.....
(INCLUDE ZIP CODE)

Area Code and Telephone No.:.....

Date:, 1996

All tendering stockholders must complete the Substitute Form W-9 below. If a person other than the tendering Stockholder has been named in Section III, such other person, rather than the person tendering the shares of Lockheed Martin Common Stock, must complete the following Substitute Form W-9. See Instruction 6 and the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.

PAYER'S NAME: FIRST CHICAGO TRUST COMPANY OF NEW YORK

PAYER'S REQUEST FOR TAXPAYER IDENTIFICATION NUMBER AND CERTIFICATION

SUBSTITUTE

FORM W-9

PLEASE PROVIDE YOUR TAXPAYER IDENTIFICATION NUMBER IN THE BOX AT RIGHT AND CERTIFY BY SIGNING AND DATING BELOW

(SOCIAL SECURITY NO. EMPLOYER IDENTIFICATION NO.)

DEPARTMENT OF THE TREASURY INTERNAL REVENUE SERVICE

PAYER'S REQUEST FOR TAXPAYER IDENTIFICATION NUMBER AND CERTIFICATION FOR PAYEES EXEMPT FROM BACKUP WITHHOLDING (SEE GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9)

PLEASE CHECK THE BOX AT RIGHT IF YOU HAVE APPLIED FOR AND ARE AWAITING RECEIPT OF YOUR TAXPAYER IDENTIFICATION NUMBER

CERTIFICATION--Under penalties of perjury, I certify that:

- (1) The number shown on this form is my correct Taxpayer Identification Number (or I am waiting for a Taxpayer Identification number to be issued to me), and
- (2) I am not subject to backup withholding either because I have not been notified by the Internal Revenue Service ("IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends, or the IRS has notified me that I am no longer subject to backup withholding.

You must cross out item (2) above if you have been notified by the IRS you are subject to backup withholding because of underreporting interest or dividends on your tax return. However, if after being notified by the IRS that you were subject to backup withholding you received another notification from the IRS that you are no longer subject to backup withholding, do not cross out item (2).

PRINT YOUR NAME: _____

ADDRESS: _____

SIGNATURE: _____ DATE: _____

NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING OF 31% ON ANY DIVIDENDS OR OTHER TAXABLE PAYMENTS MADE TO YOU PURSUANT TO THE EXCHANGE OFFER. FOR ADDITIONAL DETAILS, PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9.

IF YOU CHECKED THE ABOVE BOX OF THIS SUBSTITUTE FORM W-9 INDICATING THAT YOU ARE AWAITING RECEIPT OF YOUR TAXPAYER IDENTIFICATION NUMBER, YOU MUST SIGN AND DATE THE FOLLOWING CERTIFICATION.

CERTIFICATION OF PAYEE AWAITING TAXPAYER
IDENTIFICATION NUMBER

I certify under penalties of perjury, that a Taxpayer Identification Number has not been issued to me, and that I mailed or delivered an application to receive a Taxpayer Identification Number to the appropriate IRS Center or Social Security Administration Office (or I intend to mail or deliver an application in the near future). I understand that if I do not provide a Taxpayer Identification Number within 60 days, 31% of all reportable payments made to me thereafter will be withheld until I provide a number.

SIGNATURE: _____

DATE: _____

IMPORTANT: THIS LETTER OF TRANSMITTAL OR A MANUALLY SIGNED FACSIMILE HEREOF (TOGETHER WITH SHARES OF LOCKHEED MARTIN COMMON STOCK AND ALL OTHER REQUIRED DOCUMENTS) OR A NOTICE OF GUARANTEED DELIVERY MUST BE RECEIVED ON OR PRIOR TO THE EXPIRATION DATE (AS DEFINED IN THE OFFERING CIRCULAR--PROSPECTUS).

VI. AGGREGATE OWNERSHIP INFORMATION--To be completed by all stockholders who are tendering shares of Lockheed Martin Common Stock.

A. CERTIFICATED SHARES HELD IN YOUR NAME--Stockholders who are tendering shares of Lockheed Martin Common Stock issued in their own name (other than brokers, dealers, commercial banks, trust companies, trustees of employee benefit plans sponsored by Lockheed Martin (or a subsidiary) or other nominees) must complete this Section VI.A. Brokers, dealers, commercial banks, trust companies, trustees of employee benefit plans sponsored by Lockheed Martin (or a subsidiary) or other nominees must complete Section VI. B. below.

STOCKHOLDERS MUST CHECK EITHER THE BOX MARKED "YES" OR "NO" BELOW. SEE PAGE 12 HEREOF WHICH PROVIDES AN EXPRESS ASSUMPTION OF LIABILITY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS SECTION VI.

Instructions:

1. For purposes of this section, you should assume that there will be no proration in the Exchange Offer and that each share of Lockheed Martin Common Stock tendered will be exchanged for _____ shares of Materials Common Stock.

2. In calculating your ownership of Materials Common Stock for purposes of this section, you must include shares of Materials Common Stock owned by any person with whom you are or were acting pursuant to a plan or arrangement with respect to the acquisition of Materials Common Stock, including shares now owned by such person, shares to be acquired by such person in the Exchange Offer and shares to be acquired by such person apart from the Exchange Offer.

YES[] I/We intend to own, directly or indirectly, individually, beneficially or otherwise, 2,000,000 or more shares of Materials Common Stock upon consummation of the Exchange Offer.

NO[] I/We do not intend to own, directly or indirectly, individually, beneficially or otherwise, 2,000,000 or more shares of Materials Common Stock upon consummation of the Exchange Offer.

IF YOU CHECKED THE BOX MARKED "YES", YOU MUST PROVIDE THE FOLLOWING INFORMATION:

How many shares of Materials Common Stock do you currently own, directly or indirectly, individually, beneficially or otherwise?

How many additional shares of Materials Common Stock do you intend to acquire by purchase or otherwise, to be owned directly or indirectly, individually, beneficially or otherwise, upon or before completion of the Transaction? (Do not include shares to be received pursuant to the Exchange Offer.)

How many shares of Materials Common Stock are owned, directly or indirectly, individually, beneficially or otherwise, by any person with whom you are or were acting pursuant to a plan or arrangement with respect to the acquisition of Materials Common Stock?

How many shares of Materials Common Stock are intended to be acquired by purchase or otherwise, to be owned directly or indirectly, individually, beneficially or otherwise, by any person with whom you are or were acting pursuant to a plan or arrangement upon or before completion of the Transaction with respect to the acquisition of Materials Common Stock? (Do not include shares to be received pursuant to the Exchange

Offer.)

How many shares of Materials Common Stock will be received pursuant to the Exchange Offer, to be owned directly or indirectly, individually, beneficially or otherwise, by any person with whom you are

or were acting pursuant to a plan or arrangement with respect to the acquisition of Materials Common Stock?

B. SHARES HELD BY A BROKER, DEALER, COMMERCIAL BANK, TRUST COMPANY, TRUSTEE OF EMPLOYEE BENEFIT PLANS SPONSORED BY LOCKHEED MARTIN (OR A SUBSIDIARY) OR OTHER NOMINEE--Brokers, dealers, commercial banks, trust companies, trustee of employee benefit plans sponsored by Lockheed Martin (or a subsidiary) or other nominees who have received instructions from the beneficial owners of the shares of Lockheed Martin Common Stock to tender their shares in the Exchange Offer must complete this Section VI.B.

ONLY BROKERS, DEALERS, COMMERCIAL BANKS, TRUST COMPANIES, TRUSTEE OF EMPLOYEE BENEFIT PLANS SPONSORED BY LOCKHEED MARTIN (OR A SUBSIDIARY) OR OTHER NOMINEES SHOULD COMPLETE THIS SECTION VI.B.

CHECK HERE IF ANY OF THE BENEFICIAL OWNERS ON WHOSE BEHALF YOU ARE TENDERING HAVE INDICATED THAT THEY INTEND TO OWN, DIRECTLY OR INDIRECTLY, INDIVIDUALLY, BENEFICIALLY OR OTHERWISE, 2,000,000 OR MORE SHARES OF MATERIALS COMMON STOCK UPON CONSUMMATION OF THE EXCHANGE OFFER AND STATE THE DETAILS OF SUCH OWNERSHIP AS PROVIDED TO YOU BY SUCH BENEFICIAL OWNER IN THEIR INSTRUCTION FORM.

(ATTACH ADDITIONAL SHEETS, AS NECESSARY)

VII. NOTICE OF SOLICITING TENDERS--to be completed if a Soliciting Dealer fee is to be paid in connection with this tender.

NOTICE OF SOLICITED TENDERS

Lockheed Martin will pay to a Soliciting Dealer, as defined in the Offering Circular--Prospectus, a solicitation fee of \$1.00 per share, up to a maximum of 1,000 shares, for each share of Lockheed Martin Common Stock tendered and exchanged pursuant to the Exchange Offer if such Soliciting Dealer has affirmatively solicited and obtained such tender, except that no solicitation fee shall be payable (i) in connection with a tender of Lockheed Martin Common Stock by a Stockholder (x) owning more than 10,000 shares of Lockheed Martin Common Stock or (y) tendering from a country outside the United States; or (ii) to the Dealer Manager. In addition, no such fee shall be payable to a Soliciting Dealer if such Soliciting Dealer is required for any reason to transfer the amount of such fee to a tendering holder (other than itself). No broker, dealer, bank, trust company or fiduciary shall be deemed to be the agent of Lockheed Martin, Materials, the Exchange Agent, the Information Agent or the Dealer Manager for purposes of the Exchange Offer. See Instruction 9.

The undersigned represents that the Soliciting Dealer which solicited and obtained this tender is:

Name of Firm: _____
(Please Print)

Name of Individual Broker or Financial Consultant: _____

Identification Number (if known): _____

Address: _____
(Include Zip Code)

The following is to be completed ONLY if customer's Lockheed Martin Common Stock held in nominee name is tendered.

BENEFICIAL OWNERS	NUMBER OF SHARES OF LOCKHEED MARTIN COMMON STOCK TENDERED
-----	-----

(ATTACH ADDITIONAL LIST IF NECESSARY)

Beneficial Owner No. 1 _____
Beneficial Owner No. 2 _____
Beneficial Owner No. 3 _____

The acceptance of compensation by such Soliciting Dealer will constitute a representation by it that: (i) it has complied with the applicable requirements of the Securities Exchange Act of 1934, as amended, and the applicable rules and regulations thereunder, in connection with such solicitation; (ii) it is entitled to such compensation for such solicitation under the terms and conditions of the Offering Circular--Prospectus; and (iii) in soliciting tenders of shares of Lockheed Martin Common Stock, it has used no soliciting materials other than those furnished by Lockheed Martin.

SOLICITING DEALERS ARE NOT ENTITLED TO A FEE WITH RESPECT TO SHARES OF LOCKHEED MARTIN COMMON STOCK BENEFICIALLY OWNED BY SUCH SOLICITING DEALER OR WITH RESPECT TO ANY SHARES THAT ARE REGISTERED IN THE NAME OF A SOLICITING DEALER UNLESS SUCH SHARES ARE HELD BY SUCH SOLICITING DEALER AS NOMINEE AND ARE TENDERED FOR THE BENEFIT OF BENEFICIAL HOLDERS IDENTIFIED IN THE LETTER OF TRANSMITTAL.

PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY

Ladies and Gentlemen:

Upon the terms and subject to the conditions of the Exchange Offer, the undersigned hereby tenders to Lockheed Martin the shares of Lockheed Martin Common Stock represented by the certificate(s) described above. Subject to, and effective upon, the acceptance for exchange of the shares of Lockheed Martin Common Stock tendered herewith, the undersigned hereby conveys, exchanges, assigns and transfers to, or upon the order of, Lockheed Martin, all right, title and interest in and to the shares of Lockheed Martin Common Stock tendered hereby (and any and all other shares of Lockheed Martin Common Stock or other securities issued or issuable in respect thereof on or after , 1996) and accepted for exchange pursuant to the Exchange Offer. The undersigned hereby irrevocably constitutes and appoints the Exchange Agent as its true and lawful agent and attorney-in-fact (with full knowledge that the Exchange Agent also acts as the agent of Lockheed Martin) with respect to the shares of Lockheed Martin Common Stock tendered herewith, with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest) (a) to deliver stock certificates representing the shares of Lockheed Martin Common Stock tendered herewith or transfer ownership of such shares of Lockheed Martin Common Stock on the account books maintained by The Depository Trust Company ("DTC"), together with all accompanying evidences of transfer and authenticity, to or upon the order of Lockheed Martin upon receipt by the Exchange Agent, as the undersigned's agent, of certificate(s) representing shares of Materials Common Stock ("Materials Certificate(s)") and shares of Lockheed Martin Common Stock not exchanged to which the undersigned is entitled upon the acceptance for exchange by Lockheed Martin of the shares of Lockheed Martin Common Stock tendered herewith under the Exchange Offer; (b) to present certificate(s) representing such shares of Lockheed Martin Common Stock for transfer on the books of Lockheed Martin; and (c) to receive all benefits and otherwise exercise all rights of beneficial ownership of such shares of Lockheed Martin Common Stock, all in accordance with the terms and conditions of the Exchange Offer. If the undersigned has not, prior to the Exchange Offer, submitted to the Exchange Agent the undersigned's stock certificates representing Martin Marietta Corporation common stock or Lockheed Corporation common stock, then the undersigned hereby represents and warrants that all representations and warranties set forth in this Letter of Transmittal with respect to Lockheed Martin Common Stock shall be deemed to be made with respect to both the Martin Marietta Corporation common stock or Lockheed Corporation common stock, as the case may be, as well as the Lockheed Martin Common Stock that would have been obtained upon such submission.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, convey, exchange, assign and transfer the shares of Lockheed Martin Common Stock tendered hereby (and any and all other shares of Lockheed Martin Common Stock or other securities issued or issuable in respect thereof on or after , 1996) and that when such shares of Lockheed Martin Common Stock are accepted by Lockheed Martin for exchange pursuant to the Exchange Offer, Lockheed Martin will acquire good, marketable and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances and that none of such shares of Lockheed Martin Common Stock will be subject to any adverse claim or right when the same are accepted for exchange by Lockheed Martin. The undersigned will, upon request, execute and deliver any additional documents deemed by the Exchange Agent or Lockheed Martin to be necessary or desirable to complete the conveyance, exchange, assignment and transfer of the shares of Lockheed Martin Common Stock tendered hereby (and all such other shares of Materials Common Stock or securities). All authority conferred or agreed to be conferred in this Letter of Transmittal and every obligation of the undersigned hereunder shall be binding upon the successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives of the undersigned and shall not be affected by, and shall survive, the death or incapacity of the undersigned.

The undersigned understands that if more than shares of Lockheed Martin Common Stock are validly tendered and not properly withdrawn in the Exchange Offer as provided in the Offering Circular--Prospectus, the shares of Lockheed Martin Common Stock so tendered and not withdrawn shall be accepted for exchange on a pro rata basis in accordance with the terms set forth in the Offering Circular--Prospectus under "The Exchange Offer--Terms of the Exchange Offer," except for odd lot tenders as described in the Offering Circular--Prospectus under "The Exchange Offer--Tenders for Exchange by Holders of Fewer than 100 Shares of Lockheed Martin Common Stock." The undersigned understands that, upon acceptance by Lockheed Martin of the shares of Lockheed Martin Common Stock tendered herewith, the undersigned will be deemed to have accepted the shares of Materials Common Stock exchanged therefor and will be

deemed to have relinquished all rights with respect to the shares of Lockheed Martin Common Stock so accepted.

The undersigned understands that Lockheed Martin may accept the undersigned's tender at any time on or after the Expiration Date (as defined in the Offering Circular--Prospectus) by delivering oral or written notice of acceptance to the Exchange Agent. Tenders of shares of Lockheed Martin Common Stock may be withdrawn at any time prior to the Expiration Date and, unless theretofore accepted for exchange as provided in the Exchange Offer, at any time after , 1996. This tender may be withdrawn only in accordance with the procedures set forth in the Offering Circular--Prospectus under "The Exchange Offer--Withdrawal Rights" and the Instructions contained in this Letter of Transmittal.

The undersigned recognizes that, under certain circumstances and subject to certain conditions to the Exchange Offer (which Lockheed Martin, in its sole discretion, may waive) set forth in the Offering Circular--Prospectus, Lockheed Martin may not be required to accept for exchange any of the shares of Lockheed Martin Common Stock tendered herewith or any shares of Lockheed Martin Common Stock tendered after the Expiration Date. The shares of Lockheed Martin Common Stock delivered to the Exchange Agent and not accepted for exchange will be returned to the undersigned as promptly as practicable following expiration or termination of the Exchange Offer at the address set forth above under "Description of Shares of Lockheed Martin Common Stock Tendered," unless otherwise indicated under "Special Delivery Instructions."

The undersigned understands and acknowledges that the Exchange Offer is intended to qualify for treatment as a tax-free distribution of shares of Materials Common Stock pursuant to Section 355 of the Internal Revenue Code, and that to ensure such treatment all persons tendering shares of Lockheed Martin Common Stock are required to provide the information called for under "Aggregate Ownership Information." The undersigned hereby represents and warrants to Lockheed Martin and to Materials and to the stockholders of Lockheed Martin and Materials that the information provided by the undersigned under "Aggregate Ownership Information" is complete and correct. If the undersigned is a broker, dealer, nominee or other agent or representative tendering on behalf of one or more beneficial owners of Lockheed Martin Common Stock, the undersigned represents and warrants that to the best of its knowledge no such beneficial owner, together with any other person or persons with whom such beneficial owner may be acting pursuant to a plan or arrangement with respect to the acquisition of Materials Common Stock, shall, following, the Exchange Offer, hold more than 2,000,000 shares of Materials Common Stock, except as disclosed in Section VI. "Aggregate Ownership Information." TO THE EXTENT THE UNDERSIGNED TENDERS SHARES OF LOCKHEED MARTIN COMMON STOCK IN VIOLATION OF THE UNDERSIGNED'S REPRESENTATION AND WARRANTY SET FORTH IN THIS PARAGRAPH, THE UNDERSIGNED HEREBY EXPRESSLY AGREES THAT THE UNDERSIGNED SHALL BE LIABLE FOR ALL DAMAGES CAUSED THEREBY TO ALL PARTIES (INCLUDING LOCKHEED MARTIN, MATERIALS AND THEIR STOCKHOLDERS) BY REASON OF SUCH BREACH AND ACKNOWLEDGES THAT SUCH DAMAGE MAY BE SUBSTANTIAL.

All authority conferred or agreed to be conferred by this Letter of Transmittal shall survive the death or incapacity of the undersigned and every obligation of the undersigned under this Letter of Transmittal shall be binding upon his or her heirs, personal representatives, successors and assigns. Tenders may be withdrawn only in accordance with the procedures set forth in the Instructions contained in this Letter of Transmittal and the Offering Circular--Prospectus.

Unless otherwise indicated under "Special Issuance Instructions," please issue (i) the Materials Certificate(s) to which the undersigned is entitled; (ii) if applicable, a check in lieu of a fractional share equal to such fraction multiplied by the average gross selling price per share of Materials Common Stock obtained by the Exchange Agent upon the sale of all fractional shares on behalf of those tendering Lockheed Martin shareholders otherwise entitled to receive fractional shares (a "Fractional Share Check"); and (iii) if applicable, the certificate(s) representing any shares of Lockheed Martin Common Stock tendered herewith that are not accepted for exchange, in each case in the name(s) of the tendering holder(s) shown above under "Description of Shares of Lockheed Martin Common Stock Tendered." Unless otherwise indicated under "Special Delivery Instructions," please send (i) Materials Certificate(s) to which the undersigned is entitled; (ii) if applicable, a Fractional Share Check; (iii) if applicable, the certificate(s) representing any shares of Lockheed Martin Common Stock not tendered; and/or (iv) if applicable, the certificate(s) representing any shares of Lockheed Martin Common Stock tendered herewith and not accepted for exchange, in each case issued in the name(s) of the tendering holder(s) shown above under "Description of Shares of Lockheed Martin Common Stock Tendered" together with accompanying documents, as appropriate to the address(es) of the tendering holder(s) shown above under "Description of Shares of Lockheed Martin Common Stock Tendered." Any shares of Lockheed Martin Common Stock delivered by book-entry transfer that are not tendered or any shares of Lockheed Martin Common

Stock tendered herewith delivered by book-entry transfer that are not accepted for exchange will be credited to the account at the DTC designated under Section II.A. The undersigned recognizes that Lockheed Martin has no obligation pursuant to the "Special Issuance Instructions" to transfer

any shares of Lockheed Martin Common Stock from the name of the tendering holder hereof if Lockheed Martin does not accept for exchange such shares. In the event that the boxes entitled "Special Issuance Instructions" and "Special Delivery Instructions" are both completed, please issue (i) the Materials certificate(s) to which the undersigned is entitled; (ii) if applicable, a Fractional Share Check; and (iii) if applicable, the certificate(s) representing any shares of Lockheed Martin Common Stock tendered herewith and not accepted for exchange in the name(s) of, and mail such certificate(s) and check (and accompanying documents, as appropriate) to, the person(s) so indicated. Certificate(s) representing any shares of Lockheed Martin Common Stock not tendered by the undersigned will be returned in the name(s) of the tendering holder(s) shown above to the address(es) shown above under "Description of Shares of Lockheed Martin Common Stock Tendered," unless otherwise instructed under "Special Delivery Instructions."

The undersigned understands that the delivery and surrender of the shares of Lockheed Martin Common Stock tendered herewith is not effective, and the risk of loss of the shares of Lockheed Martin Common Stock (including shares of Lockheed Martin Common Stock tendered herewith) does not pass to the Exchange Agent, until receipt by the Exchange Agent of this Letter of Transmittal, or a manually signed facsimile hereof, duly completed and signed, or an Agent's Message (as defined in the Offering Circular--Prospectus under "The Exchange Offer--Procedures for Tendering Shares of Lockheed Martin Common Stock) in connection with a book-entry transfer of shares, together with all accompanying evidences of authority in form satisfactory to Lockheed Martin and any other required documents. ALL QUESTIONS AS TO VALIDITY, FORM AND ELIGIBILITY AND ACCEPTANCE FOR EXCHANGE OF ANY SURRENDER OF SHARES OF LOCKHEED MARTIN COMMON STOCK TENDERED HEREWITH WILL BE DETERMINED BY LOCKHEED MARTIN IN ITS SOLE DISCRETION AND SUCH DETERMINATION SHALL BE FINAL AND BINDING UPON ALL TENDERING SHAREHOLDERS.

The undersigned understands that a tender of shares of Lockheed Martin Common Stock and the acceptance by Lockheed Martin for exchange of such shares pursuant to the procedures described in the Offering Circular--Prospectus under "The Exchange Offer--Procedures for Tendering Shares of Lockheed Martin Common Stock" and in the Instructions hereto will constitute a binding agreement between the undersigned and Lockheed Martin upon the terms and subject to the conditions of the Exchange Offer, including the tendering shareholder's representation and warranty that (i) such holder owns the shares of Lockheed Martin Common Stock being tendered within the meaning of Rule 14e-4 promulgated under the Securities Exchange Act of 1934, as amended, and (ii) the tender of such shares of Lockheed Martin Common Stock complies with Rule 14e-4.

INSTRUCTIONS

FORMING PART OF THE TERMS OF AND CONDITIONS

TO THE EXCHANGE OFFER

1. DELIVERY OF THIS LETTER OF TRANSMITTAL AND CERTIFICATES OR BOOK-ENTRY CONFIRMATIONS. Certificate(s) for shares of Lockheed Martin Common Stock or any book-entry transfer into the Exchange Agent's account at DTC of shares of Lockheed Martin Common Stock tendered electronically, as well as a properly completed and duly executed copy or manually signed facsimile of this Letter of Transmittal, or an Agent's Message in the case of a book-entry transfer of shares, and any other documents required by this Letter of Transmittal, must be received by the Exchange Agent at its address set forth herein on or prior to the Expiration Date (as defined in the Offering Circular--Prospectus). THE METHOD OF DELIVERY OF THIS LETTER OF TRANSMITTAL, CERTIFICATE(S) FOR SHARES OF LOCKHEED MARTIN COMMON STOCK, AND ANY OTHER REQUIRED DOCUMENTS IS AT THE ELECTION AND RISK OF THE STOCKHOLDERS AND, EXCEPT AS OTHERWISE PROVIDED, THE DELIVERY WILL BE DEEMED MADE WHEN ACTUALLY RECEIVED OR CONFIRMED BY THE EXCHANGE AGENT. IF DELIVERY IS BY MAIL, THE USE OF REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS SUGGESTED AND SUFFICIENT TIME TO ENSURE TIMELY RECEIPT SHOULD BE ALLOWED.

Stockholders whose shares of Lockheed Martin Common Stock are not immediately available or who cannot deliver their shares of Lockheed Martin Common Stock and all other required documents to the Exchange Agent on or prior to the Expiration Date, as may be extended, may tender their shares of Lockheed Martin Common Stock pursuant to the guaranteed delivery procedures set forth in the Offering Circular--Prospectus. Pursuant to such procedures (i) tender must be made through a participant in the Security Transfer Agents Medallion Program or the New York Stock Exchange Medallion

Signature Guarantee Program or the Stock Exchange Medallion Program (an "Eligible Institution"); (ii) on or prior to the Expiration Date, the Exchange Agent must have received from the Eligible Institution a properly completed and duly executed Notice of Guaranteed Delivery (by facsimile transmission, mail or hand delivery) (x) setting forth the name and address of the Stockholder and the number of shares of Lockheed Martin Common Stock being tendered, (y) stating that the tender is being made thereby and (z) guaranteeing that, within three New York Stock Exchange trading days after the date of execution of such Notice of Guaranteed Delivery, this Letter of Transmittal together with the certificate(s) representing the shares of Lockheed Martin Common Stock and any other documents required by this Letter of Transmittal will be deposited by the Eligible Institution with the Exchange Agent; and (iii) the certificate(s) for all tendered shares of Lockheed Martin Common Stock, or a confirmation of a book-entry transfer of such shares of Lockheed Martin Common Stock into the Exchange Agent's account at the DTC, together with a properly completed and duly executed copy of this Letter of Transmittal (or manually signed facsimile thereof) and any required signature guarantees, or an Agent's Message, as well as all other documents required by this Letter of Transmittal, must be received by the Exchange Agent within three New York Stock Exchange trading days after the date of execution of such Notice of Guaranteed Delivery, all as provided in the Offering Circular--Prospectus under the caption "The Exchange Offer--Guaranteed Delivery Procedures."

All questions as to the validity, form, eligibility (including time of receipt), acceptance and withdrawal of tendered shares of Lockheed Martin Common Stock will be determined by Lockheed Martin, in its sole discretion, which determination shall be final and binding on all tendering Stockholders. Lockheed Martin reserves the absolute right to reject any or all tenders of shares of Lockheed Martin Common Stock determined by it not to be in proper form or the acceptance of which may, in the opinion of Lockheed Martin's counsel, be unlawful. Lockheed Martin also reserves the absolute right to waive any defect or irregularity in any tender of shares of Lockheed Martin Common Stock. All tendering Stockholders, by execution of this Letter of Transmittal (or facsimile thereof), waive any right to receive notice of the acceptance of their shares of Lockheed Martin Common Stock for exchange.

None of Lockheed Martin, the Exchange Agent, or any other person shall be under any duty to give notification of any defect or irregularity in any tender, or incur any liability for failure to give any such notification.

2. PARTIAL TENDERS (NOT APPLICABLE TO STOCKHOLDERS WHO TENDER BY BOOK-ENTRY TRANSFER); WITHDRAWALS. If less than all the shares of Lockheed Martin Common Stock evidenced by a submitted certificate are tendered, the tendering Stockholder must fill in the number of shares tendered in the fourth column of the box entitled "Description of Shares of Lockheed Martin Common Stock Tendered." All the shares of Lockheed Martin Common Stock represented by certificates delivered to the Exchange Agent will be deemed to have been tendered unless otherwise indicated. Partial tenders are not applicable to holders of shares of Lockheed Martin Common Stock who tender by book-entry transfer. If all the shares of Lockheed Martin Common Stock are not tendered, (i) a reissued certificate representing the number of shares of Lockheed Martin Common Stock not tendered will be issued in the name of such tendering Stockholders, and sent to, unless otherwise indicated under "Special Delivery Instructions," such tendering Stockholders and (ii) certificate(s) for shares of Materials Common Stock will be issued in the name of, and sent to, such tendering Stockholders unless otherwise indicated above under "Special Issuance Instructions" or "Special Delivery Instructions," promptly after the shares of Lockheed Martin Common Stock are accepted for exchange.

A tender pursuant to the Exchange Offer may be withdrawn, subject to the procedures described in this Letter of Transmittal and in the Offering Circular--Prospectus, at any time prior to the Expiration Date and subsequent to , 1996, if not theretofore accepted for exchange. To be effective with respect to the tender of shares of Lockheed Martin Common Stock, a written facsimile transmission notice of withdrawal must (i) be received by the Exchange Agent before the Expiration Date, (ii) specify the name of the person who tendered the shares of Lockheed Martin Common Stock to be withdrawn, (iii) contain the serial numbers shown on the particular certificate(s) evidencing the shares of Lockheed Martin Common Stock to be withdrawn and the name of the registered holder thereof (if certificates have been delivered or otherwise identified to the Exchange Agent) or the name and number of the account at DTC from which the shares were transferred and the number of shares of Lockheed Martin Common Stock withdrawn and (iv) be signed by the Stockholder in the same manner as the original signature on this Letter of Transmittal (including the required signature guarantee(s)) or be accompanied by evidence satisfactory to Lockheed Martin that the person withdrawing the tender has succeeded to the beneficial ownership of the shares of Lockheed Martin Common

Stock. If the certificate(s) for shares of Lockheed Martin Common Stock to be withdrawn have been delivered to the Exchange Agent, a signed notice of withdrawal with (except in

the case of shares of Lockheed Martin Common Stock tendered by an Eligible Institution) signatures guaranteed by an Eligible Institution must be submitted prior to the release of such certificate(s) for shares of Lockheed Martin Common Stock. Withdrawals may not be rescinded, and shares of Lockheed Martin Common Stock withdrawn will thereafter be deemed not validly tendered for purposes of the Exchange Offer. However, withdrawn shares of Lockheed Martin Common Stock may be retendered by again following the procedures described in this Letter of Transmittal and the Offering Circular--Prospectus.

All questions as to the form and validity (including time of receipt) of any notice of withdrawal will be determined by Lockheed Martin, in its sole discretion, which determination shall be final and binding. None of Lockheed Martin, the Exchange Agent or any other person will be under any duty to give notification of any defect or irregularity in any notice of withdrawal or incur any liability for failure to give any such notification.

3. SIGNATURES ON THIS LETTER OF TRANSMITTAL, STOCK POWERS AND ENDORSEMENTS; GUARANTEE OF SIGNATURES. If this Letter of Transmittal is signed by the holder(s) of the shares of Lockheed Martin Common Stock tendered hereby, the signature must correspond with the name(s) as written on the face of the certificate(s) without alteration, enlargement or any change whatsoever.

If any of the shares of Lockheed Martin Common Stock tendered hereby are owned by two or more joint owners, all such owners must sign this Letter of Transmittal. If any tendered shares of Lockheed Martin Common Stock are held in different names on several certificates, it will be necessary to complete, sign and submit as many separate copies of this Letter of Transmittal as there are names in which certificates are held.

If this Letter of Transmittal is signed by the tendering Stockholder(s) of the shares of Lockheed Martin Common Stock listed and tendered hereby, no signature guarantees are required, unless Materials Certificate(s) are to be issued and, if applicable, certificate(s) for any shares of Lockheed Martin Common Stock not accepted for exchange are to be reissued, in the name of a person other than the tendering holder(s), in which case, the signature guarantee in Section V of this Letter of Transmittal must be completed. Such signature guarantees must be provided by an Eligible Institution.

If this Letter of Transmittal or any certificates or stock powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing and, unless waived by Lockheed Martin, proper evidence satisfactory to Lockheed Martin of their authority to so act must be submitted.

All signatures on this Letter of Transmittal must be guaranteed by an Eligible Institution unless the shares of Lockheed Martin Common Stock tendered pursuant hereto are tendered: (i) by the registered holder of the shares of Lockheed Martin Common Stock (which term, for purposes of this Letter of Transmittal, shall include any participant in DTC whose name appears on a security position listing as the owner of the shares of Lockheed Martin Common Stock) who has not completed the box entitled "Special Issuance Instructions" on this Letter of Transmittal, or (ii) for the account of an Eligible Institution.

4. SPECIAL ISSUANCE AND DELIVERY INSTRUCTIONS. If special issuance and/or special delivery instructions are requested, tendering Stockholders should indicate, in the applicable box, the name and address to which Materials Certificate(s), a Fractional Share Check, if any, and substitute certificate(s) for shares of Lockheed Martin Common Stock tendered but not accepted for exchange, if any, are to be issued or the name and address to which the Materials Certificate(s), a Fractional Share Check, if any, and/or substitute certificate(s) for shares of Lockheed Martin Common Stock not tendered or shares of Lockheed Martin Common Stock tendered and not accepted for exchange, if any, are to be sent if different from the name and address of the person signing this Letter of Transmittal. In the case of issuance of shares of Materials Common Stock or Lockheed Martin Common Stock in a different name, the employer identification or the social security number of the person named must be identified and a Substitute Form W-9 must be completed for the new owner.

5. DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN SHARES. Stockholders who are participants in Lockheed Martin's Dividend Reinvestment and Stock Purchase Plan (the "DRP") and who wish to tender shares of Lockheed Martin Common Stock held in their account under the DRP ("DRP Shares") pursuant to the Exchange Offer must so indicate by completing Section I.B. and returning to the Exchange Agent the properly completed and duly executed Letter of Transmittal

(or manually signed facsimile thereof) with any required signature guarantees and any other documents required by this Letter of Transmittal. If the participant authorizes the tender of his or her DRP Shares, but does not indicate the number of shares to be tendered, the participant will be deemed to have tendered all DRP Shares owned by such participant, including fractional shares and any shares credited to the participant's account after the date hereof and prior to the Expiration Date. If a participant authorizes the tender of his or her DRP Shares and such DRP Shares are actually exchanged under the terms and subject to the conditions of the Exchange Offer, First Chicago Trust Company of New York, as administrator of the DRP, will reduce the number of shares of Lockheed Martin Common Stock in the participant's DRP account by the number of DRP Shares that are accepted for exchange. Any DRP shares tendered but not exchanged will be returned to the participant's DRP account.

6. TAXPAYER IDENTIFICATION NUMBER. Federal income tax law requires that a Stockholder whose tendered shares of Lockheed Martin Common Stock are accepted for exchange must provide his or her correct taxpayer identification number ("TIN") which, in the case of a Stockholder who is an individual, is his or her social security number. If the Stockholder does not provide the correct TIN, the Stockholder may be subject to a penalty imposed by the Internal Revenue Service ("IRS") and dividends or other taxable payments paid to such Stockholder may be subject to 31% backup withholding. If backup withholding results in an overpayment of taxes, a refund may be obtained from the IRS. Exempt Stockholders (including, among others, all corporations and certain foreign individuals) are not subject to these backup withholding requirements. In order for a foreign individual to qualify as an exempt person, that individual must submit a statement, signed under penalty of perjury, attesting to that individual's exempt status. A Form W-8 for such a statement can be obtained from the Exchange Agent.

To prevent backup withholding, each tendering Stockholder must provide his or her correct TIN by completing "Substitute Form W-9" set forth above, certifying that the TIN provided is correct (or that the Stockholder is awaiting a TIN) and that (a) the Stockholder has not been notified by the IRS that he or she is subject to backup withholding as a result of failure to report all interest or dividends or (b) the IRS has notified the Stockholder that he or she is no longer subject to backup withholding. To prevent possible erroneous backup withholding, exempt Stockholders (other than certain foreign individuals) should certify in accordance with the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 that such Stockholder is exempt from backup withholding. If a Stockholder has been notified by the IRS that he or she is subject to backup withholding because of underreporting interest or dividends on his or her tax return, he or she should nevertheless complete and sign Substitute Form W-9 but should (unless after being so notified by the IRS he or she received a notification from the IRS that he or she is no longer subject to backup withholding) cross out item (2) of the certification on the form. In such case, backup withholding may apply to dividends paid on the shares of Materials Common Stock issued to such Stockholder. If the shares of Lockheed Martin Common Stock are in more than one name or are not in the name of the actual owner, consult the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 for information on which TIN to report.

See enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" for additional instructions.

7. TRANSFER TAXES. No domestic stock transfer taxes will be payable as a result of the Transaction. Lockheed Martin will pay all foreign stock transfer taxes, if any, but only to the extent such taxes are not solely the obligation of a stockholder of Lockheed Martin and are payable on the transfer of shares pursuant to the Exchange Offer. If, however, the exchange of shares is to be made to, or (in the circumstances permitted by the Exchange Offer) if shares of Lockheed Martin Common Stock that are not tendered or are not accepted for exchange are to be registered in the name of or delivered to, any person other than the registered owner, or if tendered certificates are registered in the name of any person other than the person signing the Letter of Transmittal, the amount of all foreign stock transfer taxes, if any (whether imposed on the registered owner or such other person), payable on account of the transfer to such person must be paid by the tendering stockholder unless evidence satisfactory to Lockheed Martin of the payment of such taxes or exemption therefrom is submitted.

8. ODD LOTS. As described in the Offering Circular--Prospectus, if fewer than all shares of Lockheed Martin Common Stock tendered on or prior to the Expiration Date are to be purchased by Lockheed Martin, the shares of Lockheed Martin Common Stock purchased first will consist of all shares of Lockheed Martin Common Stock validly tendered by any

Stockholder who owned beneficially and of record as of , 1996 an aggregate of less than 100 shares of Lockheed Martin Common Stock and who tendered all of such shares of Lockheed Martin Common Stock. This preference will not be available unless Section I.C. or II.B. of this Letter of Transmittal and the Notice of Guaranteed Delivery, if applicable, is completed.

9. SOLICITED TENDERS. Lockheed Martin will pay a solicitation fee of \$1.00 per share, up to a maximum of 1,000 shares, for each share of Lockheed Martin Common Stock tendered and accepted for exchange pursuant to the Exchange Offer, covered by the Letter of Transmittal which designates, in the box captioned "Notice of Solicited Tenders," as having solicited and obtained the tender, the name of (i) any broker or dealer in securities which is a member of any national securities exchange or of the National Association of Securities Dealers, Inc. or (ii) any bank or trust company (each, a "Soliciting Dealer"), except that no solicitation fee shall be payable (i) in connection with a tender of Lockheed Martin Common Stock by a Stockholder (x) tendering more than 10,000 shares of Lockheed Martin Common Stock or (y) tendering from a country outside of the United States or (ii) to the Dealer Manager. In addition, Soliciting Dealers are not entitled to a fee with respect to shares of Lockheed Martin Common Stock beneficially owned by such Soliciting Dealer or with respect to any shares that are registered in the name of a Soliciting Dealer unless such shares are held by such Soliciting Dealer as nominee and are tendered for the benefit of beneficial holders identified in this Letter of Transmittal. No such fee shall be payable to a Soliciting Dealer if such Soliciting Dealer is required for any reason to transfer the amount of such fee to a tendering holder (other than itself). No broker, dealer, bank, trust company or fiduciary shall be deemed to be the agent of Lockheed Martin, the Exchange Agent, the Information Agent or the Dealer Manager for purposes of the Exchange Offer.

10. WAIVER OF CONDITIONS. Lockheed Martin reserves the absolute right to amend or waive any of the specified conditions to the Exchange Offer in the case of any shares of Lockheed Martin Common Stock tendered other than certain conditions specified in the Offering Circular--Prospectus.

11. MUTILATED, LOST, STOLEN OR DESTROYED SHARES OF LOCKHEED MARTIN STOCK. Any Stockholder whose shares of Lockheed Martin Common Stock have been mutilated, lost, stolen or destroyed should contact the Exchange Agent by telephone at (800) 519-3111 or at the address indicated above for further instructions. If any certificate representing shares of Lockheed Martin Common Stock has been mutilated, lost, stolen or destroyed, such stockholder must (i) furnish to the Exchange Agent evidence, satisfactory to it in its discretion, of the ownership of and the mutilation, loss, theft or destruction of such certificate, (ii) furnish to the Exchange Agent indemnity, satisfactory to it in its discretion, and (iii) comply with such other regulations as the Exchange Agent may prescribe.

12. REQUESTS FOR ASSISTANCE OR ADDITIONAL COPIES. Questions relating to the procedure for tendering and requests for additional copies of the Offering Circular--Prospectus and this Letter of Transmittal may be directed to the Information Agent by telephone at (800) 566-9058.

THE INFORMATION AGENT FOR THE EXCHANGE OFFER IS:

MORROW & CO., INC.

909 THIRD AVENUE, 20TH FLOOR
NEW YORK, NEW YORK 10022
(212) 754-8000
TOLL FREE (800) 566-9058

BANKS AND BROKERAGE FIRMS, PLEASE CALL:
(800) 662-5200

LOCKHEED MARTIN CORPORATION

NOTICE OF GUARANTEED DELIVERY

(NOT TO BE USED FOR SIGNATURE GUARANTEE)

As set forth in the Offering Circular--Prospectus dated , 1996 (the "Offering Circular--Prospectus") in the section entitled "The Exchange Offer--Guaranteed Delivery Procedures" and in the accompanying Letter of Transmittal (the "Letter of Transmittal"; and together with the Offering Circular--Prospectus, the "Exchange Offer") and Instruction 1 thereto, this form or one substantially equivalent hereto must be used to accept the Exchange Offer if certificates for shares of common stock, par value \$1.00 per share, of Lockheed Martin Corporation ("Lockheed Martin Common Stock") are not immediately available or time will not permit such holder's certificates or other required documents to reach the Exchange Agent prior to the Expiration Date (as defined in the Offering Circular--Prospectus) of the Exchange Offer. This form may be delivered by hand or sent by facsimile transmission or mail to the Exchange Agent.

To: First Chicago Trust Company of New York, Exchange Agent

By Mail:
P.O. Box 2569
Tenders & Exchanges
Suite 4660
Jersey City, New Jersey 07303-2569

By Facsimile Transmission:
(201) 222-4720
or
(201) 222-4721

By Hand or Overnight Courier:
14 Wall Street, 8th Floor
Suite 4680-LMCNew
York, New York 10005

To Confirm Receipt of Notice of Guaranteed Delivery By Telephone:

(201) 222-4707

DELIVERY OF THIS INSTRUMENT TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION OF INSTRUCTIONS VIA FACSIMILE TRANSMISSION TO A NUMBER OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.

This Notice of Guaranteed Delivery is not to be used to guarantee signatures. If a signature on a Letter of Transmittal is required to be guaranteed by an "Eligible Institution" under the Instructions thereto, such signature guarantee must appear in the applicable space provided in the signature box on the Letter of Transmittal.

Ladies and Gentlemen:

The undersigned hereby tenders to Lockheed Martin Corporation the shares of Lockheed Martin Common Stock listed below, upon the terms of and subject to the conditions set forth in the Offering Circular--Prospectus and the related Letter of Transmittal and the instructions thereto, receipt of which is hereby acknowledged, pursuant to the guaranteed delivery procedures set forth in the Offering Circular--Prospectus, as follows:

Certificate No.	Number of Shares
_____	_____
_____	_____
_____	_____

The Book-Entry Transfer Facility Account Number (if the shares of Lockheed Martin Common Stock will be tendered by book-entry transfer)

Sign Here

_____ ACCOUNT NUMBER

_____ SIGNATURE(S)

_____ NUMBER OF SHARES

_____ NUMBER AND STREET OR P.O. BOX

Dated: _____, 1996

_____ CITY, STATE, ZIP CODE

ODD LOTS

This section is to be completed ONLY if shares of Lockheed Martin Common Stock are being tendered by or on behalf of a person owning beneficially and of record an aggregate of less than 100 shares of Lockheed Martin Common Stock as of _____, 1996.

The undersigned either (check one):

was the owner beneficially and of record of less than 100 shares of Lockheed Martin Common Stock in the aggregate as of _____, 1996, all of which are being tendered, or

is a broker, dealer, commercial bank, trust company or other nominee which (i) is tendering, for the beneficial owners thereof, shares of Lockheed Martin Common Stock with respect to which it is the record owner, and (ii) believes, based upon representations made to it by each such beneficial owner, that such owner owned beneficially and of record less than 100 shares of Lockheed Martin Common Stock as of _____, 1996, and is tendering all such shares.

GUARANTEE

(NOT TO BE USED FOR SIGNATURE GUARANTEE)

The undersigned, a participant in the Security Transfer Agents Medallion Program or the New York Stock Exchange Medallion Signature Guarantee Program or the Stock Exchange Medallion Program, (a) represents and guarantees that the above-named person(s) "own(s)" the shares of Lockheed Martin Common Stock tendered hereby within the meaning of Rule 14e-4 of the Securities Exchange Act of 1934, as amended, and (b) guarantees delivery to the Exchange Agent of certificates for the shares of Lockheed Martin Common Stock tendered hereby, in proper form for transfer or delivery of such shares of Lockheed Martin Common Stock pursuant to procedures for book-entry transfer, in either case with delivery of a properly completed and duly executed Letter of Transmittal (or manually signed facsimile thereof) and any other required documents, unless an Agent's Message is utilized, all within three New York Stock Exchange trading days after the date hereof.

Firm Name (Print)

Authorized Signature

Address

City, State, Zip Code

Area Code and Telephone Number

Date _____, 1996

DO NOT SEND CERTIFICATE OR ANY OTHER REQUIRED DOCUMENTS
WITH THIS FORM. THEY SHOULD BE SENT WITH THE LETTER OF
TRANSMITTAL (UNLESS A BOOK-ENTRY TRANSFER FACILITY IS USED).

LOCKHEED MARTIN CORPORATION

OFFER TO EXCHANGE SHARES OF
COMMON STOCK OF MARTIN MARIETTA MATERIALS,
INC. FOR EACH SHARE OF COMMON STOCK OF
LOCKHEED MARTIN CORPORATION UP TO AN AGGREGATE OF
SHARES OF COMMON STOCK OF LOCKHEED MARTIN CORPORATION

To Brokers, Securities Dealers, Commercial Banks, Trust Companies and Other Nominees:

Lockheed Martin Corporation ("Lockheed Martin") is offering, upon the terms and subject to the conditions set forth in the enclosed Offering Circular--Prospectus dated , 1996 (the "Offering Circular--Prospectus") and the enclosed Letter of Transmittal (the "Letter of Transmittal"; and together with the Offering Circular--Prospectus, the "Exchange Offer"), to exchange shares of common stock, par value \$.01 per share ("Materials Common Stock"), of Martin Marietta Materials, Inc. ("Materials") for each share tendered of common stock, par value \$1.00 per share, of Lockheed Martin ("Lockheed Martin Common Stock") up to an aggregate of shares of Lockheed Martin Common Stock tendered and exchanged.

We are asking you to contact your clients for whom you hold shares of Lockheed Martin Common Stock registered in your name or in the name of your nominee. You will be reimbursed for customary mailing and handling expenses incurred by you in forwarding any of the enclosed materials to your clients. No domestic stock transfer taxes will be payable as a result of the transaction. Lockheed Martin will pay all foreign stock transfer taxes, except as otherwise provided in Instruction 7 of the Letter of Transmittal.

Lockheed Martin will pay to a Soliciting Dealer (as defined herein), a solicitation fee of \$1.00 per share, up to a maximum of 1,000 shares, for each share of Lockheed Martin Common Stock tendered and accepted for exchange pursuant to the Exchange Offer if such Soliciting Dealer has solicited and obtained such tender, except that no solicitation fee shall be payable in connection with a tender of shares of Lockheed Martin Common Stock by a shareholder owning more than 10,000 shares of Lockheed Common Stock or to the Dealer Manager. "Soliciting Dealer" includes (i) any broker or dealer in securities which is a member of any national securities exchange or of the National Association of Securities Dealers, Inc. or (ii) any bank or trust company. In order for a Soliciting Dealer to receive a solicitation fee with respect to the tender of shares of Lockheed Martin Common Stock, the Exchange Agent must have received a properly completed and executed form (from the Letter of Transmittal) entitled "Notice of Solicited Tenders."

No fee shall be paid to a Soliciting Dealer with respect to shares of Lockheed Martin Common Stock beneficially owned by such Soliciting Dealer or with respect to any shares that are registered in the name of a Soliciting Dealer unless such shares are held by such Soliciting Dealer as nominee and are tendered for the benefit of beneficial holders identified in the Letter of Transmittal. No such fee shall be payable to a Soliciting Dealer if such Soliciting Dealer is required for any reason to transfer the amount of such fee to a tendering holder (other than itself). No broker, dealer, bank, trust company or fiduciary shall be deemed to be the agent of Lockheed Martin, Materials, the Exchange Agent, the Dealer Manager or the Information Agent for purposes of the Exchange Offer.

Enclosed is a copy of each of the following documents:

1. The Offering Circular--Prospectus.
2. The Question and Answer Letter.
3. The Letter of Transmittal for your use and for the information of your clients.
4. The Notice of Guaranteed Delivery.

5. A form of letter which may be sent to your clients for whose account you hold shares of Lockheed Martin Common Stock registered in your name or the name of your nominee with space provided for obtaining the clients' instructions with regard to the Exchange Offer.
6. Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.
7. A return envelope addressed to First Chicago Trust Company of New York, the Exchange Agent.

Your prompt action is requested. The Exchange Offer will expire at Midnight, New York City time, on _____, 1996, or if extended by Lockheed Martin, the latest date and time to which extended (the "Expiration Date"). Shares of Lockheed Martin Common Stock tendered pursuant to the Exchange Offer may be withdrawn, subject to the procedures described in the Offering Circular--Prospectus, at any time prior to the Expiration Date and after _____, 1996, if not theretofore accepted for exchange.

To participate in the Exchange Offer, certificates for shares of Lockheed Martin Common Stock (or evidence of a book-entry delivery into the Exchange Agent's account at The Depository Trust Company) and a duly executed and properly completed Letter of Transmittal or a manually signed facsimile thereof together with any other required documents must be delivered to the Exchange Agent as indicated in the Exchange Offer. PLEASE NOTE THAT CERTAIN AGGREGATE OWNERSHIP INFORMATION IS BEING REQUESTED OF YOUR CLIENTS WHICH YOU ARE REQUIRED TO FORWARD TO THE EXCHANGE AGENT IN YOUR LETTER OF TRANSMITTAL.

If holders of shares of Lockheed Martin Common Stock wish to tender, but it is impracticable for them to forward their shares of Lockheed Martin Common Stock prior to the Expiration Date, a tender may be effected by following the guaranteed delivery procedures described in the Offering Circular--Prospectus under "The Exchange Offer--Guaranteed Delivery Procedures."

Additional information concerning the Exchange Offer and additional copies of the enclosed material may be obtained from Morrow & Co., Inc., the Information Agent at (800) 662-5200.

Very truly yours,

LOCKHEED MARTIN CORPORATION

NOTHING HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU OR ANY PERSON AS AN AGENT OF LOCKHEED MARTIN, MATERIALS, THE EXCHANGE AGENT, THE DEALER MANAGER OR THE INFORMATION AGENT, OR AUTHORIZE YOU OR ANY OTHER PERSON TO MAKE ANY STATEMENTS ON BEHALF OF ANY OF THEM WITH RESPECT TO THE EXCHANGE OFFER, EXCEPT FOR STATEMENTS EXPRESSLY MADE IN THE OFFERING CIRCULAR--PROSPECTUS OR THE LETTER OF TRANSMITTAL.

LOCKHEED MARTIN CORPORATION

OFFER TO EXCHANGE SHARES OF
COMMON STOCK OF MARTIN MARIETTA MATERIALS, INC. FOR
EACH SHARE OF COMMON STOCK OF LOCKHEED MARTIN
CORPORATION UP TO AN AGGREGATE OF
SHARES OF COMMON STOCK OF LOCKHEED MARTIN CORPORATION

To Our Clients:

Enclosed for your consideration is an Offering Circular--Prospectus dated , 1996 (the "Offering Circular--Prospectus") and a form of Letter of Transmittal (the "Letter of Transmittal"; and together with the Offering Circular--Prospectus, the "Exchange Offer") relating to the offer by Lockheed Martin Corporation ("Lockheed Martin") to exchange shares of common stock, par value \$.01 per share, of Martin Marietta Materials, Inc. ("Materials Common Stock") for each share tendered of common stock, par value \$1.00 per share, of Lockheed Martin ("Lockheed Martin Common Stock") up to an aggregate of shares of Lockheed Martin Common Stock tendered and exchanged.

The material is being forwarded to you as the beneficial owner of shares of Lockheed Martin Common Stock carried by us in your account but not registered in your name. A tender of such shares of Lockheed Martin Common Stock may only be made by us as the registered holder and pursuant to your instructions. Therefore, Lockheed Martin urges holders of shares of Lockheed Martin Common Stock registered in the name of a broker, dealer, commercial bank, trust company or other nominee to contact such registered holder promptly if they wish to accept the Exchange Offer.

Accordingly, we request instructions as to whether you wish us to tender any or all such shares of Lockheed Martin Common Stock held by us for your account pursuant to the terms and conditions set forth in the enclosed Offering Circular--Prospectus and the related Letter of Transmittal.

Your instructions to us should be forwarded as promptly as possible in order to permit us to tender shares of Lockheed Martin Common Stock in accordance with the provisions of the Exchange Offer. The Exchange Offer will expire at Midnight, New York City time, on , 1996, or if extended by Lockheed Martin, the latest date and time to which extended (the "Expiration Date"). Shares of Lockheed Martin Common Stock tendered pursuant to the Exchange Offer may be withdrawn, subject to the procedures described in the Offering Circular--Prospectus, at any time prior to the Expiration Date and after , 1996, if not theretofore accepted for exchange.

Your attention is directed to the following:

1. The Exchange Offer is for up to an aggregate of shares of Lockheed Martin Common Stock.
2. Lockheed Martin's obligation to accept shares of Lockheed Martin Common Stock tendered in the Exchange Offer is subject to certain conditions specified in the Offering Circular--Prospectus.
3. No domestic stock transfer taxes will be payable as a result of the transaction. Lockheed Martin will pay all foreign stock transfer taxes, except as otherwise provided in Instruction 7 of the Letter of Transmittal.

If you wish to have us tender any or all of your shares of Lockheed Martin Common Stock, please so instruct us by completing, executing and returning to us the instruction form which appears on the reverse side of this letter. THE LETTER OF TRANSMITTAL IS FURNISHED TO YOU FOR INFORMATION ONLY AND MAY NOT BE USED BY YOU TO TENDER SHARES OF LOCKHEED MARTIN COMMON STOCK.

INSTRUCTIONS

The undersigned acknowledge(s) receipt of your letter and the enclosed material referred to therein relating to the Exchange Offer of Lockheed Martin Corporation (the "Company") relating to the common stock, par value \$1.00 per share, of Lockheed Martin ("Lockheed Martin Common Stock").

This will instruct you to tender the shares of Lockheed Martin Common Stock indicated below held by you for the account of the undersigned, pursuant to the terms of and conditions set forth in the Offering Circular--Prospectus and the Letter of Transmittal.

Box 1 Please tender all of my shares of Lockheed Martin Common Stock held by you for my account.

Box 2 Please tender (number) of the shares of Lockheed Martin Common Stock held by you for my account.

Box 3 Please do not tender any of my shares of Lockheed Martin Common Stock held by you for my account.

IMPORTANT--IF YOU HAVE CHECKED EITHER BOX 1 OR BOX 2 ABOVE THEN YOU MUST PROVIDE THE AGGREGATE OWNERSHIP INFORMATION REQUESTED BELOW.

AGGREGATE OWNERSHIP INFORMATION

Instructions:

1. You must check either the box marked "Yes" or "No" below.
2. For purposes of this section, you should assume that there will be no proration in the Exchange Offer and that each share of Lockheed Martin Common Stock tendered will be exchanged for shares of Materials Common Stock.
3. In calculating your ownership of Materials Common Stock for purposes of this section, you must include shares of Materials Common Stock owned by any person with whom you are or were acting pursuant to a plan or arrangement with respect to the acquisition of Materials Common Stock, including shares now owned by such person, shares to be acquired by such person in the Exchange Offer and shares to be acquired by such person apart from the Exchange Offer.

YES I/We intend to own, directly or indirectly, individually, beneficially or otherwise, 2,000,000 or more shares of Materials Common Stock upon consummation of the Exchange Offer.

NO I/We do not intend to own, directly or indirectly, individually, beneficially or otherwise, 2,000,000 or more shares of Materials Common Stock upon consummation of the Exchange Offer.

IF YOU CHECKED THE BOX MARKET "YES" ABOVE, YOU MUST PROVIDE THE FOLLOWING INFORMATION:

How many shares of Materials Common Stock do you currently own, directly or indirectly, individually, beneficially or otherwise?

How many additional shares of Materials Common Stock do you intend to acquire by purchase or otherwise, to be owned directly or indirectly, individually, beneficially or otherwise, upon or before completion of the Transaction? (Do not include shares to be received pursuant to the Exchange Offer.)_____

How many shares of Materials Common Stock are owned, directly or indirectly, individually, beneficially or otherwise, by any person with whom you are or were acting pursuant to a plan or arrangement with respect to the acquisition of Materials Common Stock?_____

Questions-continued on next page.

How many shares of Materials Common Stock are intended to be acquired by purchase or otherwise, to be owned directly or indirectly, individually, beneficially or otherwise, by any person with whom you are or were acting pursuant to a plan or arrangement upon or before completion of the Transaction with respect to the acquisition of Materials Common Stock? (Do not include shares to be received pursuant to the Exchange Offer.)

How many shares of Materials Common Stock will be received pursuant to the Exchange Offer, to be owned directly or indirectly, individually, beneficially or otherwise, by any person with whom you are or were acting pursuant to a plan or arrangement with respect to the acquisition of Materials Common Stock?

ODD LOTS

By checking this box, the undersigned represents that the undersigned owned beneficially and of record as of _____, 1996, an aggregate of less than 100 shares of Lockheed Martin Common Stock and is tendering all such shares.

NOTICE OF SOLICITED TENDERS

Lockheed Martin will pay to a Soliciting Dealer, as defined in the Offering Circular--Prospectus, a solicitation fee of \$1.00 per share, up to a maximum of 1,000 shares, for each share of Lockheed Martin Common Stock tendered and exchanged pursuant to the Exchange Offer in cases where such tenders are affirmatively solicited by the Soliciting Dealer, except that no solicitation fee shall be payable (i) in connection with a tender of Lockheed Martin Common Stock by a stockholder (x) tendering more than 10,000 shares of Lockheed Martin Common Stock or (y) tendering from a country outside of the United States; or (ii) to the Dealer Manager. In addition, no such fee shall be payable to a Soliciting Dealer if such Soliciting Dealer is required for any reason to transfer the amount of such fee to a tendering holder (other than itself). No broker, dealer, bank, trust company or fiduciary shall be deemed to be the agent of Lockheed Martin, Materials, the Exchange Agent, the Information Agent or the Dealer Manager for purposes of the Exchange Offer.

By checking this box, the undersigned represents that his or her tender was affirmatively solicited by the Soliciting Dealer listed below:

Name of Firm: _____
(Please Print)

Name of Individual Broker or Financial Consultant: _____

Identification Number (if known): _____

Address: _____
(Include Zip Code)

SIGNATURE

Dated: _____

SIGNATURE(S)

PLEASE PRINT NAME(S) HERE

UNLESS A SPECIFIC CONTRARY INSTRUCTION IS GIVEN IN THE SPACE PROVIDED, YOUR SIGNATURE(S) HEREON SHALL CONSTITUTE AN INSTRUCTION TO US TO TENDER ALL OF YOUR SHARES OF LOCKHEED MARTIN COMMON STOCK.

- | | |
|---|-----------------------|
| 10. Corporate account | The corporation |
| 11. Religious, charitable, or educational organization account | The organization |
| 12. Partnership account held in the name of the business | The partnership |
| 13. Association, club, or other tax-exempt organization | The organization |
| 14. A broker or registered nominee | The broker or nominee |
| 15. Account with the Department of Agriculture in the name of a public entity (such as a State or local government, school district, or prison) that receives agricultural program payments | The public entity |
-

- (1) List first and circle the name of the person whose number you furnish.
- (2) Circle the minor's name and furnish the minor's social security number.
- (3) Circle the ward's, minor's or incompetent person's name and furnish such person's social security number.
- (4) Show the name of the owner.
- (5) List first and circle the name of the legal trust, estate, or pension trust.

NOTE: If no name is circled when there is more than one name, the number will be considered to be that of the first name listed.

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION
NUMBER ON SUBSTITUTE FORM W-9
PAGE 2

OBTAINING A NUMBER

If you don't have a taxpayer identification number or you don't know your number, obtain Form SS-5, Application for a Social Security Number Card, or Form SS-4, Application for Employer Identification Number, at the local office of the Social Security Administration or the Internal Revenue Service and apply for a number.

PAYEES EXEMPT FROM BACKUP WITHHOLDING

Payees specifically exempted from backup withholding on ALL payments include the following:

- . A corporation.
- . A financial institution.
- . An organization exempt from tax under section 501(a), or an individual retirement plan.
- . The United States or any agency or instrumentality thereof.
- . A State, the District of Columbia, a possession of the United States, or any subdivision or instrumentality thereof.
- . A foreign government, a political subdivision of a foreign government, or any agency or instrumentality thereof.
- . An international organization or any agency, or instrumentality thereof.
- . A registered dealer in securities or commodities registered in the U.S. or a possession of the U.S.
- . A real estate investment trust.
- . A common trust fund operated by a bank under section 584(a).
- . An exempt charitable remainder trust, or a non-exempt trust described in section 4947(a)(1).
- . An entity registered at all times under the investment Company Act of 1940.
- . A foreign central bank of issue.

Payments of dividends and patronage dividends not generally subject to backup withholding include the following:

- . Payments to nonresident aliens subject to withholding under section 1441.
- . Payments to partnerships not engaged in a trade or business in the U.S. and which have at least one nonresident partner.
- . Payments of patronage dividends where the amount received is not paid in money.
- . Payments made by certain foreign organizations.
- . Payments made to a nominee.

Payments of interest not generally subject to backup withholding include the following:

- . Payments of interest on obligations issued by individuals. Note: You may be subject to backup withholding if this interest is \$600 or more and is paid in the course of the payer's trade or business and you have not provided your correct taxpayer identification number to the payer.
- . Payments of tax-exempt interest (including exempt-interest dividends under section 852).
- . Payments described in section 6049(b)(5) to nonresident aliens.
- . Payments on tax-free covenant bonds under section 1451.
- . Payments made by certain foreign organizations.
- . Payments made to a nominee.

Exempt payees described above should file Form W-9 to avoid possible erroneous backup withholding. FILE THIS FORM WITH THE PAYER, FURNISH YOUR TAXPAYER IDENTIFICATION NUMBER, WRITE "EXEMPT" ON THE FACE OF THE FORM, AND RETURN IT TO THE PAYER. IF THE PAYMENTS ARE INTEREST, DIVIDENDS, OR PATRONAGE DIVIDENDS, ALSO SIGN AND DATE THE FORM.

Certain payments other than interest dividends, and patronage dividends, that are not subject to information reporting are also not subject to backup withholding. For details, see the regulations under sections 6041, 6041A(a), 6045, and 6050A.

PRIVACY ACT NOTICE.--Section 6109 requires most recipients of dividend, interest, or other payments to give taxpayer identification numbers to payers who must report the payments to IRS. IRS uses the numbers for identification purposes. Payers must be given the numbers whether or not recipients are required to file tax returns. Beginning January 1, 1984, payers must generally withhold 31% of taxable interest, dividend, and certain other payments to a payee who does not furnish a taxpayer identification number to a payer. Certain penalties may also apply.

PENALTIES

(1) **PENALTY FOR FAILURE TO FURNISH TAXPAYER IDENTIFICATION NUMBER.**--If you fail to furnish your taxpayer identification number to a payer, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

(2) **FAILURE TO REPORT CERTAIN DIVIDEND AND INTEREST PAYMENTS.**--If you fail to include any portion of an includible payment for interest, dividends, or

patronage dividends in gross income, such failure will be treated as being due to negligence and will be subject to a penalty of 5% on any portion of an under-payment attributable to that failure unless there is clear and convincing evidence to the contrary.

(3) CIVIL PENALTY FOR FALSE INFORMATION WITH RESPECT TO WITHHOLDING.--If you make a false statement with no reasonable basis which results in no imposition of backup withholding, you are subject to a penalty of \$500.

(4) CRIMINAL PENALTY FOR FALSIFYING INFORMATION.--Falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

FOR ADDITIONAL INFORMATION CONTACT YOUR TAX CONSULTANT OR THE INTERNAL REVENUE SERVICE.

QUESTIONS AND ANSWERS

LOCKHEED MARTIN CORPORATION EXCHANGE OFFER FOR COMMON STOCK OF MARTIN MARIETTA MATERIALS, INC.

Q1. What is the split-off and what is the Exchange Offer?

A1. The split-off is a tax-free exchange which allows stockholders to tender some, all or none of their shares of Lockheed Martin Common Stock in return for shares of Materials Common Stock. The number of shares of Materials Common Stock that Lockheed Martin will distribute for each share of Lockheed Martin Common Stock accepted is specified by the exchange ratio described in the Offering Circular-Prospectus. This exchange ratio is _____ shares of Materials Common Stock for each share of Lockheed Martin Common Stock tendered and accepted for exchange.

The Exchange Offer is the formal offer to Lockheed Martin stockholders to participate in the split-off.

Q2. How do I accept the Exchange Offer?

A2. Complete and sign the Letter of Transmittal designating the number of shares of Lockheed Martin Common Stock you wish to tender. Send it, together with your Lockheed Martin stock certificate(s) and any other required documents (as described in the Letter of Transmittal) to the Exchange Agent, First Chicago Trust Company of New York, at the address listed on the back cover of the Offering Circular-Prospectus. Do not send your certificates to Lockheed Martin, Materials, the Dealer Manager (Morgan Stanley), or the Information Agent (Morrow & Co., Inc.). If your shares are held in an account with your broker or bank, you must ask that institution to tender your shares for you.

Q3. How many shares of Materials Common Stock will I receive if I participate in the Exchange Offer?

A3. Generally, you will receive _____ shares of Materials Common Stock for each share of Lockheed Martin Common Stock validly tendered and accepted for exchange. The number of your shares that will be accepted for exchange will depend on the total number of shares of Lockheed Martin Common Stock tendered by all Lockheed Martin stockholders. If _____ or fewer shares of Lockheed Martin Common Stock are tendered for exchange and the Exchange Offer is consummated, all of your tendered shares of Lockheed Martin Common Stock will be accepted, and you will receive _____ shares of Materials Common Stock for each share of Lockheed Martin Common Stock tendered. If more than _____ shares of Lockheed Martin Common Stock are tendered for exchange, proration will occur and less than all Lockheed Martin shares tendered will be accepted for exchange unless you qualify under the special provision for odd-lot holders.

Q4. What will happen if fewer than _____ shares of Lockheed Martin Common Stock are tendered, i.e., the Exchange Offer is under-subscribed?

A4. If at least _____ shares of Lockheed Martin Common Stock (approximately _____ percent of the shares of Lockheed Martin Common Stock outstanding) are tendered and the other conditions to the offer are satisfied, the Exchange Offer will proceed. That will result in a distribution of at least 66 2/3 percent of the shares of Materials Common Stock owned by Lockheed Martin in exchange for shares of Lockheed Martin Common Stock tendered. The remaining shares of Materials Common Stock held by Lockheed Martin will be distributed to Lockheed Martin stockholders of record as soon as practicable after the Exchange Offer through a spin-off on a pro rata basis. If fewer than _____ shares of Lockheed Martin Common Stock are tendered, Lockheed Martin is not obligated to proceed with the Exchange Offer.

- Q5. What if more than _____ shares of Lockheed Martin Common Stock are tendered, i.e., the offer is oversubscribed?
- A5. If more than _____ shares of Lockheed Martin Common Stock are validly tendered and not withdrawn prior to the Expiration Date, Lockheed Martin will accept those shares on a pro rata basis (except for odd-lot tenders, which will not be subject to proration), based on the number of shares of Lockheed Martin Common Stock each stockholder has tendered in the offer (not based on the stockholder's aggregate ownership of Lockheed Martin). Generally, the formula to determine the proration factor _____ is divided by the total number of shares of Lockheed Martin Common Stock tendered for exchange. This fraction, multiplied by the number of shares you tendered, will determine the number of your shares of Lockheed Martin Common Stock which will be accepted for exchange. Any tendered shares of Lockheed Martin Common Stock not accepted for exchange will be returned to tendering stockholders.

Q6. When does the Exchange Offer expire?

- A6. The Exchange Offer is scheduled to expire at 12:00, midnight, New York City time, on October _____, unless extended.

To participate, registered stockholders (i.e., recordholders) must deliver to the Exchange Agent (First Chicago Trust Company of New York) a completed Letter of Transmittal and all other required documents specified in the Letter of Transmittal--including the stockholder's stock certificate(s) or a Notice of Guaranteed Delivery--not later than midnight on October _____. The documents must be received by First Chicago on that day--a postmark will not constitute a valid tender.

If you provide a Notice of Guaranteed Delivery instead of the stock certificate(s) at the time you submit your Letter of Transmittal, you must then physically deliver the stock certificate(s) not later than three New York Stock Exchange trading days after the expiration of the offer period.

Your Lockheed Martin shares will not be accepted at Lockheed Martin or Materials corporate headquarters. If your shares are held in an account with a broker or bank, we strongly recommend that you submit your instructions to the broker or bank well in advance of the expiration date.

- Q7. My shares of Lockheed Martin Common Stock are held by my broker. How do I proceed if I want to participate in the Exchange Offer?
- A7. If your shares are held by your broker and are not certificated in your name (i.e., if your shares are in "street name"), you should receive instructions from your broker on how to participate in the Exchange Offer. In this situation, you do not need to complete the Letter of Transmittal. If you have not yet received instructions from your broker, please contact your broker directly.
- Q8. If I cannot find my Lockheed Martin share certificates, what should I do to participate in the exchange offer?
- A8. You should contact the Exchange Agent (First Chicago Trust Company of New York) by calling (800) 519-3111 and inform the Exchange Agent of your situation. You will receive an affidavit to complete and you will be informed of the amount needed to pay for a surety bond for your lost shares (equal to 2 percent of the average market price on the date of notification). Upon receipt of the completed affidavit, the surety bond payment and the completed Letter of Transmittal, your shares will be included in the Exchange Offer. You will need to act quickly to ensure that the lost certificates can be replaced prior to expiration of the Exchange Offer.
- Q9. How do employees who own Lockheed Martin Common Stock through a plan sponsored by Lockheed Martin (or a subsidiary) tender their shares?

A9. Special procedures apply to employee benefit plans sponsored by Lockheed Martin (or a subsidiary). The plan trustee is the stockholder of record for the plan and therefore the Exchange Offer is directed to the trustee who will complete the Letter of Transmittal and other transfer documents on behalf of the plan. Certain of those plans, however, do permit participants to direct the trustee as to the manner in which to respond to the Exchange Offer for shares attributable to participants' accounts. Participants in those plans will be advised by the trustee of the procedures to follow for providing instructions to the trustee. You will need to act quickly to ensure that the trustee receives your instructions in time to allow the trustee to tender on a timely basis. For shares not allocated to participant accounts and for all other plans, the trustee will determine the manner in which to respond to the Exchange Offer on behalf of the plan.

Q10. Can I exchange the shares I have in Lockheed Martin's Dividend Reinvestment and Stock Purchase Plan for Materials Common Stock?

A10. Yes. To tender Dividend Reinvestment and Stock Purchase Plan ("DRP") shares, please check the first box found in Section I.B of the Letter of Transmittal entitled "Dividend Investment and Stock Purchase Plan Shares," then indicate whether you wish to tender all DRP shares or only a certain number of whole shares in the applicable boxes. If you do not otherwise indicate, you will be deemed to have tendered all shares in your DRP account.

Q11. If I have not yet submitted my Martin Marietta Corporation or Lockheed Corporation stock certificates for exchange into Lockheed Martin Corporation stock certificates following the combination of Martin Marietta Corporation and Lockheed Corporation in March, 1995, may I still participate in the Exchange Offer?

A11. Yes. Simply follow all the instructions for tendering your shares in the Exchange Offer but submit your Martin Marietta Corporation or Lockheed Corporation stock certificates in place of the Lockheed Martin stock certificates. Remember, however, that each share of Lockheed Corporation common stock has been converted into the right to receive 1.63 shares of Lockheed Martin Common Stock, while each share of Martin Marietta Corporation common stock has been converted into the right to receive one share of Lockheed Martin Common Stock. If you cannot locate your stock certificates, contact the Exchange Agent (First Chicago Trust Company of New York) by calling (800) 519-3111 and inform the Exchange Agent of your situation.

Q12. Is there special treatment for odd-lot holders?

A12. Yes. If you own fewer than 100 shares of Lockheed Martin Common Stock and tender all such shares for exchange, you may request preferential treatment by completing Section I. C. of the Letter of Transmittal entitled "Odd Lot Shares." If the Exchange Offer is consummated, all of your shares will be accepted for exchange, and you will not be subject to proration. However, if you are an employee of Lockheed Martin who owns shares of Lockheed Martin Common Stock through a plan sponsored by Lockheed Martin (or a subsidiary), you are not eligible for this preferential treatment.

Q13. When will tendering stockholders know the outcome of the Exchange Offer?

A13. Preliminary results of the Exchange Offer, including any preliminary proration factor, will be announced by press release as promptly as practicable after the expiration of the Exchange Offer. Lockheed Martin stockholders may also contact Morrow & Co., Morgan Stanley or their broker to inquire about preliminary results approximately three (3) business days after expiration of the Exchange Offer. Announcement of any final proration factor should occur approximately seven business days after the expiration of the Exchange Offer.

Q14. If I participate in the Exchange Offer, when will I receive my new Materials certificates?

A14. The Exchange Agent (First Chicago Trust Company of New York) will coordinate with the Materials' transfer agent (First Union National Bank of North Carolina) who will mail your new Materials certificates within approximately three weeks after the Expiration Date of the Exchange Offer.

Q15. What will happen to third-quarter dividends that I should receive on my shares of Lockheed Martin Common Stock?

A15. The Board of Directors of Lockheed Martin declared a third-quarter dividend for 1996 of 40 cents a share on outstanding shares of Lockheed Martin Common Stock. The dividend is payable on September 30, 1996, to stockholders of record at the close of business on September 3, 1996. You will receive third quarter dividends on September 30 as long as you were a Lockheed Martin stockholder of record at the close of business on September 3. It does not matter if you tender your shares prior to September 30.

Q16. Will the exchange of shares of Lockheed Martin Common Stock for shares of Materials Common Stock be taxable to Lockheed Martin stockholders? Do stockholders have to pay taxes on shares of Materials Common Stock received in the Exchange Offer?

A16. No. Although the IRS will not be asked to rule on the Transaction and will not be bound by Lockheed Martin's treatment of the Transaction, King & Spalding, special tax counsel to Lockheed Martin, has issued its opinion to Lockheed Martin stating that the exchange of shares of Lockheed Martin Common Stock for shares of Materials Common Stock will not be taxable to Lockheed Martin stockholders for United States federal income tax purposes. The receipt of cash for a fractional share of Materials Common Stock will be taxable as a capital gain or loss if your Lockheed Martin Common Stock was held as a capital asset.

Q17. What will be the tax basis of shares of Materials Common Stock I receive in exchange for my shares of Lockheed Martin Common Stock?

A17. If you tender all of your shares of Lockheed Martin Common Stock (and all are accepted for exchange by Lockheed Martin), the tax basis in shares of Materials Common Stock you receive in the exchange will equal your total tax basis in shares of Lockheed Martin Common Stock before the exchange.

If you tender less than all of your shares of Lockheed Martin Common Stock, or less than all of your shares of Lockheed Martin Common Stock are accepted for exchange, the total tax basis in the shares of Lockheed Martin Common Stock and Materials Common Stock received in the exchange that you hold immediately after the exchange also should equal your total tax basis in shares of Lockheed Martin Common Stock before the exchange; however, the basis of the shares of Materials Common Stock you receive will not necessarily equal the basis of the shares of Lockheed Martin Common Stock that are accepted for exchange. The portion of your total tax basis allocated to the shares of Materials Common Stock you receive in the Exchange Offer will equal your old tax basis in the shares of Lockheed Martin Common Stock multiplied by a fraction. The fraction will be equal the aggregate fair market value of the shares of Materials Common Stock you receive in the Exchange Offer divided by the fair market value of the shares of Materials Common Stock plus the fair market value of the shares of Lockheed Martin Common Stock on the date of the exchange. Stated as a formula, the basis in your shares of Materials Common Stock received in the Exchange Offer may be determined as follows:

Basis in Materials Common Stock received in the Exchange Offer	=	Basis in Lockheed Martin Common Stock prior to the Exchange Offer	X	FMV of Materials Common Stock Received in the Exchange Offer	/	FMV of Materials Common Stock Received in the Exchange Offer Plus FMV of Lockheed Martin Common Stock held immediately after the Exchange Offer
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If additional shares of Materials Common Stock are received in a spin-off, the same determination must be repeated using the basis in the shares of Lockheed Martin Common Stock as determined following the Exchange Offer pursuant to the approach described in A18 or A19 below.

- Q18. What will be the tax basis in shares of Lockheed Martin Common Stock that are not exchanged pursuant to the Exchange Offer?
- A18. If you tender less than all of your shares of Lockheed Martin Common Stock, or less than all of your shares of Lockheed Martin Common Stock are accepted for exchange, the tax total basis in your remaining shares of Lockheed Martin Common Stock will not equal the total tax basis in the shares of Lockheed Martin Common Stock before the exchange. The total tax basis in your unexchanged shares of Lockheed Martin Common Stock after the transaction will equal your total tax basis in shares of Lockheed Martin Common Stock before the exchange, less the basis allocated to shares of Materials Common Stock as determined under the calculation described in A17 above.
- Q19. What will be the tax basis in shares of Lockheed Martin Common Stock which are not exchanged pursuant to the Exchange Offer if I have blocks of shares of Lockheed Martin Common Stock which have different per share tax bases?
- A19. While the proper tax treatment is not clear, it may be reasonable to take the position that the tax basis of each block of shares of Lockheed Martin Common Stock may be reduced proportionately for the basis allocated to your shares of Materials Common Stock. Please consult with your tax advisor before applying this approach to your specific situation.
- Q20. What will be the tax basis in shares of Materials Common Stock received with respect to blocks of shares of Lockheed Martin Common Stock which have different per share tax basis?
- A20. While the proper treatment is not clear, it is possible that the relative basis disparities in the blocks of shares of Lockheed Martin Common Stock may be preserved in different blocks of shares of Materials Common Stock or it is possible that the tax basis in each of the shares of Materials Common Stock may be uniform. Please consult with your tax advisor.
- Q21. Who should I contact for additional information about the Exchange Offer?
- A21. You can obtain additional information by calling the Information Agent, Morrow & Co., Inc., at 1-800-566-9058, toll free.

THESE QUESTIONS AND ANSWERS CONTAIN SUMMARIES OF MORE DETAILED INFORMATION FOUND IN THE OFFERING CIRCULAR-PROSPECTUS AND THE LETTER OF TRANSMITTAL, AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE OFFERING CIRCULAR-PROSPECTUS AND THE LETTER OF TRANSMITTAL.

September , 1996

Dear Stockholder:

I am pleased to inform you that Lockheed Martin Corporation ("Lockheed Martin") is commencing an Exchange Offer through which it is offering its stockholders an opportunity to exchange current holdings of Lockheed Martin Common Stock for shares of Martin Marietta Materials, Inc. ("Materials") Common Stock. As further described in the enclosed documents, an exchange ratio of _____ shares of Materials Common Stock for each share of Lockheed Martin Common Stock tendered has been established for this Exchange Offer, up to an aggregate of _____ shares of Lockheed Martin Common Stock. The Exchange Offer will provide Lockheed Martin's stockholders with an opportunity to adjust, on a tax-free basis, their investment between Lockheed Martin's advanced technology business and Materials' aggregates and magnesia business.

The Exchange Offer will expire, unless extended by Lockheed Martin, at 12:00 Midnight, New York City time, on October , 1996. The terms and conditions of the Exchange Offer are contained in the enclosed Offering--Circular Prospectus. The documents also contain information relating to the business and management of Materials, information regarding the adjustments to tax basis resulting from exchanging shares of Lockheed Martin Common Stock for shares of Materials Common Stock and other information that will assist you in considering the Exchange Offer. You should read these documents carefully before deciding whether to tender your shares of Lockheed Martin Common Stock in exchange for shares of Materials Common Stock.

You also should read the enclosed Letter of Transmittal carefully, as it explains in detail the proper procedure for tendering shares of Lockheed Martin Common Stock. Neither Lockheed Martin or the Board of Directors of Lockheed Martin nor Materials or the Board of Directors of Materials makes any recommendation as to whether to participate in the Exchange Offer. Each stockholder must make his or her own decision as to whether to tender such shares and, if so, how many shares to tender.

If fewer than _____ shares of Lockheed Martin Common Stock are tendered and the Exchange Offer is consummated, Lockheed Martin will distribute the remaining shares of Materials Common Stock owned by Lockheed Martin on a pro rata basis to all holders of record of Lockheed Martin Common Stock as of a date following the expiration of the Exchange Offer. If more than _____ shares of Lockheed Martin Common Stock are tendered and the Exchange Offer is consummated, proration will occur and tendering stockholders, except those who qualify under the special provision for odd-lot holders, will have less than all the shares they tender accepted for exchange in the Exchange Offer.

Lockheed Martin has retained the services of Morrow & Co., Inc. as Information Agent to assist stockholders in connection with the Exchange Offer. Requests for additional documents, questions regarding the terms and conditions of the Exchange Offer, and information on tendering shares should be directed to Morrow & Co., Inc. at the following toll free number: (800) 566-9058.

Sincerely,

Daniel M. Tellep
Chairman

Norman R. Augustine
Vice Chairman and Chief Executive
Officer

EXPLANATION OF PROCEDURES CONCERNING
EXCHANGE OF LOCKHEED MARTIN CORPORATION COMMON STOCK
FOR MARTIN MARIETTA MATERIALS, INC. COMMON STOCK

September 16, 1996

Purpose of this Document

According to our records, you are a participant in one or more savings plans or 401(k) plans (these plans are referred to in this explanation as "Individual Account Plans") maintained by Lockheed Martin Corporation ("LMC") or its subsidiaries which permit the investment of a portion of your plan account in a fund invested in shares of LMC common stock (the "Company Stock Fund" or "LMC Stock Fund"). This document, which has been prepared by LMC, is being sent to you by State Street Bank and Trust Company (the "Plan Trustee"), along with the other materials enclosed in this envelope, because LMC has commenced an exchange offer (the "Exchange Offer") with its stockholders. Pursuant to the Exchange Offer, each LMC stockholder is being offered the opportunity to receive shares of Martin Marietta Materials, Inc. ("Materials"), an 81%-owned subsidiary of LMC, in exchange for shares of LMC. For each share of LMC common stock exchanged, a Lockheed Martin stockholder may become entitled to receive _____ shares of Materials common stock, subject to adjustment if the Exchange Offer is oversubscribed.

Participants in the LMC Stock Fund will be allowed to direct the Trustee as to whether to exchange LMC shares that are attributable to their individual accounts. This document (the "Plan Exchange Procedures") is intended to supplement the other materials enclosed in this package regarding the Exchange Offer and to explain the procedures that govern your decision whether to exchange some or all of the LMC stock

SPECIFICALLY DESIGNATED PORTIONS OF THIS DOCUMENT* CONSTITUTE PART OF A
PROSPECTUS COVERING SECURITIES THAT HAVE BEEN REGISTERED UNDER THE SECURITIES
ACT OF 1933

*All of the document except as specifically noted on pages 7-8.

attributable to your account. You should carefully read the Plan Exchange Procedures and the other materials sent to you, in particular, the Offering Circular/Prospectus.

These Plan Exchange Procedures are for information purposes only. Neither LMC, the LMC Board of Directors nor the Plan Trustee makes any recommendation whether to exchange or to refrain from exchanging LMC shares in the Exchange Offer. If you have any questions concerning the Exchange Offer, you should contact the Information Agent for the Exchange Offer at 1-800-566-9058.

Procedures for Instructing the Trustee With Regard to Your Decision Whether to Exchange LMC Shares

Enclosed in this envelope is a Participant Instruction Card ("Instruction Card" or "Card") and a self-addressed return envelope. If you wish to have some or all of the LMC shares attributable to your account exchanged, you must return the Instruction Card. You should also return the Instruction Card even if you do NOT want to exchange your LMC shares. The Instruction Card must be mailed to the address listed on the envelope included with these Plan Exchange Procedures.

When you examine your Card, you will see that it provides different election amounts from 0% to 100% in 10% increments. Your selection of one of these amounts will instruct the Plan Trustee as to what percent of your LMC shares you want to exchange. The Card also shows the number of LMC shares that plan records show as attributable to your account as of the close of business on August 30, 1996, as calculated by the Trustee. The Trustee will calculate a new number of shares as of the close of business on October 16th. All other Individual Account Plan transactions received before 4:00 p.m. east coast time on October 16, 1996 will be processed before the Trustee calculates the new LMC share amount. It is the October 16th balance which will be used to determine the number of shares that will be tendered according to your election and subject to the terms of the Exchange Offer.

You should indicate the shares you wish to exchange, if any, by checking a percentage, from 0% to 100%, in the appropriate box on your Card. If you check a box of less than 100% and return the Instruction Card, your Card will be treated as an instruction to exchange the percentage of LMC shares listed and an instruction NOT to exchange all remaining LMC shares. For example, an instruction to exchange 20% of your shares will be treated as an instruction to exchange 20%

of your LMC shares and an instruction not to exchange the remaining 80%.

If you do not wish to exchange any shares, you must return the

Instruction Card with the box for 0% checked. If you fail to return a Card,

send the Card to an improper address, or send an incomplete or incorrect Card,

an independent fiduciary will decide whether to tender the LMC shares in your

account, in accordance with plan provisions and applicable law. U.S. Trust

Company has been retained to serve as the independent fiduciary and to make the
exchange decision with regard to any LMC shares attributable to participant
accounts for which no properly completed instructions are received.

Your account balance will be updated for purchases or sales of LMC shares attributable to your account through the close of business on Wednesday, October 16, 1996, which will be the date used to calculate the actual number of LMC shares to be exchanged. (This date is called the "Share Determination Date.") For example, if your Instruction Card shows 100 LMC shares attributable to your account and you elect to exchange 60% of your shares, but your account balance as of the Share Determination Date has increased to 120 shares, the Trustee will exchange 72 LMC shares (i.e., 60% of 120 shares). The LMC shares exchanged will include fractional shares attributable to your account, to the extent practicable. LMC shares credited to your account after the Share Determination Date will not be exchanged.

THE DEADLINE FOR RECEIPT OF YOUR INSTRUCTION CARD IS OCTOBER 11, 1996. An original signed Instruction Card must be received by mail on or before that date at the address listed on the enclosed self-addressed envelope. Facsimiles will NOT be accepted. Although the Exchange Offer closes on October 18, 1996 for individuals who own shares directly, instructions from participants in Individual Account Plans must be received by October 11th in order to accurately tabulate instructions and submit Exchange Offer instructions to the Exchange Agent.

Any instruction regarding the exchange of LMC shares attributable to your account may be modified so long as your Instruction Card is received by the close of business on October 11th. If you want to modify your instructions, you must obtain and mail in a new Instruction Card. A new Card may be obtained by calling the Information Agent at 1-800-566-9058.

AS REQUIRED BY LAW, ALL EXCHANGE DECISIONS ARE STRICTLY CONFIDENTIAL. Your exchange decision will be processed by the

Plan Trustee and the Exchange Agent. Your exchange decision will not be disclosed to any member of Lockheed Martin Corporation management.

It is possible that the terms of the Exchange Offer may change. For example, if too few shares are tendered, it is possible that the length of time to respond to the Exchange Offer may be extended, the terms of the Exchange Offer may be changed, or other steps may be taken. You will be notified of any material changes.

It is possible that, if the number of tendered shares is less than is required to distribute all of the Materials stock, the remaining Materials shares will be distributed as a stock dividend to the remaining holders of LMC shares. If this occurs, appropriate notifications will be sent to all shareholders, including participants in the Individual Account Plans.

It is also possible that more LMC shares will be tendered than can be exchanged for Materials stock. In this case, the amount of shares accepted for exchange will be reduced proportionately. If the Exchange Offer is oversubscribed by 50%, for example, only 2/3 of the shares you elected to tender will be accepted for exchange.

Procedures for Handling Accounts After the Close of The Exchange Offer

The Exchange Offer will not affect your ability to buy or sell additional units in the LMC Stock Fund through contributions or investment switches through close of business on October 16, 1996. Your ability to sell LMC shares will not be affected if you return an Instruction Card and elect not to exchange any LMC shares. If you exchange a portion of your LMC shares, or if you fail to return a properly completed Instruction Card by October 11, 1996 and the independent fiduciary exchanges LMC shares on your behalf, the portion of your account relating to the exchanged shares, as indicated by the elected percentage on the Instruction Card, WILL NOT BE AVAILABLE for plan transactions until the exchange is completed in November. This delay is necessary to accurately process the exchange instructions received from participants.

For example, if you elect to exchange 50% of your LMC shares and 120 LMC shares are attributable to your account as of October 16th, you will only be able to make plan transactions with regard to 60 of these shares (50% of 120 shares) from October 16th through the completion of the exchange. We anticipate the exchange will be completed by

mid-November. Once the exchange is complete, your entire account will once again be available for all plan transactions, subject to the various limitations described below.

There are three ways in which you can learn the number of LMC shares accepted for exchange. If your Plan has a voice response system, you should be able to determine your new balances approximately seven days after LMC publicly announces the result of the Exchange Offer. In addition, you receive quarterly statements showing your account balance. The quarterly statement for the period in which the exchange occurs will show a new balance in the Materials Stock Fund if any shares attributable to your account are exchanged by you or by the independent fiduciary. In addition, you will receive a transaction confirmation statement describing the results of the exchange.

Description of Materials Stock Fund

In considering whether to exchange your LMC shares, in addition to reviewing all of the enclosed communication material, it is very important that you understand the treatment under your Plan of any Materials common stock that you receive in exchange for your LMC shares. Materials common stock received by participants in the Plan will be held in a separate fund, the "Materials Stock Fund," established as part of completing the exchange. The Materials Stock Fund will operate in a manner different from the other funds under the Plan. It will, however, be a unitized fund, like the LMC Stock Fund.

You will not be able to add to your Materials Stock Fund balance. Cash dividends on Materials common stock will be held in the Materials Stock Fund in short term investments and will not be invested in shares of Materials common stock. Distributions from the Materials Stock Fund will be made in cash and not in shares of stock.

Other than for transfers in the Lockheed Martin Energy Systems, Inc. Savings Program, transfers out of the Materials Stock Fund will be handled differently from other investment directions for prior contributions. Normally, regular investment directions are handled by voice response and result in a reallocation of a participant's entire account balance derived from prior contributions. In contrast, transfers out of the Materials Stock Fund must be made through a customer service representative and not as a reallocation through the voice response system. A direction to transfer out of the Materials Stock Fund will involve only the assets transferred out of that Fund and will not result in a reallocation of

other account balances. In addition, a reallocation of your entire prior contribution account balance and a transfer out of the Materials Stock Fund cannot be completed on the same day but instead must be requested and processed separately. Finally, for all plans (including the Lockheed Martin Energy Systems, Inc. Savings Program), assets transferred out of the Materials Stock Fund cannot be transferred back into the Materials Stock Fund at a later date.

In any event, the Materials Stock Fund under your Plan will be terminated as of October 30, 1998. The termination date may be extended in which case you will be notified of the extension prior to August 1, 1998. If you have not disposed of your Materials Stock Fund balance by the termination date, the Plan will provide for the orderly liquidation of the remaining balances in the Materials Stock Fund as of that date and the reinvestment of the proceeds in the least volatile investment fund offered under the Plan, as selected by the Benefit Plan Committee.

The LMC shares presently attributable to your account may come from different contribution sources, such as employee pre-tax deferrals, employee after-tax contributions, or company matching contributions. The types and percentages of contribution sources of Materials shares credited to your account after the Exchange Offer will be identical to the types and percentages of contribution sources of the LMC shares in your account on October 16, 1996. Your balance in the Materials Stock Fund will be available for loans and all withdrawals (hardship or otherwise) to the extent permitted under the Plan for those types of contributions.

Description of Tax Consequences

Exchanging LMC shares for Materials shares could change how you are taxed on the amounts distributed to you from the plan. Depending on the type of distribution, a participant who takes an in-kind distribution of shares of stock may elect not to be taxed at the time of distribution on the "net unrealized appreciation" attributable to certain types of contributions. The "net unrealized appreciation" is the difference between the value of the units in the stock fund at the time they were allocated to your account and at the time the shares representing the value of those units are distributed to you. Net unrealized appreciation will not be taxed until the stock is sold and the appreciation is realized.

For tax purposes, the cost basis of the LMC shares currently allocated to your account will be apportioned

between your remaining shares in the LMC Stock Fund and your shares in the Materials Stock Fund. Distributions upon termination of employment or withdrawals from the Materials Stock Fund will be made, however, only in cash. As a result, distributions from the Materials Stock Fund will not be eligible for "net unrealized appreciation" tax treatment.

For example, suppose that (1) prior to the Exchange Offer, you intended to receive your entire distribution from the LMC Stock Fund in shares and (2) after the Exchange Offer, you intend to receive your LMC Stock Fund balance in shares and your Materials Stock Fund balance in cash. In this case (and assuming that the value of your Materials stock is equal to the value of the LMC stock that would have remained in your account if the Exchange Offer had not occurred) you will pay a higher tax at the time of the distribution (and a lesser tax upon sale of your LMC shares) than would be the case if you had not exchanged your LMC shares. This is because the tax due on the appreciation of the LMC shares would have been deferred until you sold the LMC shares, whereas you are taxed on the full amount of your cash distribution from the Materials Stock Fund (less the amount of your after-tax contributions invested in that fund).

Treatment of Materials Employees

If you will be an employee of Materials after completion of the Exchange Offer, your balance in the Lockheed Martin Savings and Investment Plan for Hourly Employees or the Lockheed Martin Performance Sharing Plan will be transferred to new plans to be established by Materials. Because LMC will no longer be the parent company of your employer, the treatment of the Materials Stock Fund may be different than the procedures described in the immediately preceding section. In addition, the treatment of your investment in the LMC Stock Fund may change. The terms of the new Materials plans, and not your existing Lockheed Martin plans will govern how LMC and Materials common stock attributable to your accounts will be treated.

Materials will provide you with information concerning your new plans and you may want to consider that information in making your decision as to how to respond to the Exchange Offer. Materials has provided Lockheed Martin with the following information (which does not constitute part of this Prospectus):

"Specifically, any remaining shares of LMC stock that were not tendered for exchange will be held in a separate "LMC Stock Fund" and you will have a new company stock investment option in your plans for Materials stock called the "Materials Stock Fund." You will be able to dispose of and transfer out any balance in the LMC Stock Fund in the same manner and at the same time as you are able to dispose of and transfer out other assets in your account. However, you will not be able to add to your LMC stock balance and any cash dividends from LMC stock will be reinvested automatically in a new stable value fund. You will not have proxy rights associated with any LMC shares in your LMC Stock Fund. For income tax purposes, the cost basis of the LMC Stock currently allocated to your account as of October 16, 1996 will be apportioned between any remaining LMC shares and any Materials shares in the Materials Stock Fund. Additionally, any LMC shares remaining in your LMC Stock Fund will be liquidated on or about October 31, 1998, and will be reinvested automatically in a stable value fund option. You will be able to receive the balance in your LMC Stock Fund in shares of LMC stock if, and only if, you terminate employment and request a distribution before November 1, 1998."

EXCHANGE PROCEDURES
KEY DATES AND TERMS

KEY DATES (Based on schedule as of September 16, 1996; dates are approximate and
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may change if the Exchange Offer deadline is extended).

Date	Event
September 16, 1996	Exchange Offer Commences - Begin mailing materials to plan participants
October 11, 1996	Deadline for receipt by Exchange Agent of Participant Instruction Cards
October 16, 1996	Share Determination Date - Participant LMC account balances updated to reflect transactions through close of business on October 16, 1996. It is this balance that will be used to determine the number of shares exchanged.
October 16, 1996	Commencement of restrictions on exchange of all units in LMC Stock Fund for participants who directed Trustee to exchange all or a percentage of LMC account (or participants who provided no properly completed directions in the event the independent fiduciary directs an exchange of shares for those accounts). Restrictions only apply to tendered portion of account.
October 18, 1996	Exchange offer closes -Trustee submits exchange instructions to LMC Exchange Agent.
Approximately October 25, 1996	Exchange Agent announces whether Exchange Offer was oversubscribed and if so, the percentage of shares tendered which will be exchanged.
Week of November 4, 1996	Trustee receives new Materials shares. Lifting of restrictions on exchange in LMC Stock Fund for participants who directed Trustee to exchange all or a percentage of Company Stock Account balance (or participants who provided no properly completed directions in the event the independent fiduciary directs a exchange for those accounts.

KEY TERMS
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"Exchange Offer" - the opportunity being provided to shareholders of Lockheed Martin Corporation to exchange shares of common stock of Lockheed Martin Corporation for shares of common stock of Martin Marietta Materials, Inc.

"Independent Fiduciary" - U.S. Trust Company, the special fiduciary appointed to respond to the Exchange Offer on behalf of participants for whom properly completed instructions are not received by the deadline.

"Instruction Card" - (or "Card" or "Participant Instruction Card") - the card/form on which a participant may give instructions to the Trustee as to whether or not to tender in response to the Exchange Offer.

"Offering Circular/Prospectus" - a document provided to all shareholders of Lockheed Martin Corporation which describes the Exchange Offer.

"Plan Exchange Procedures" - a document provided to employees who participate in plans sponsored by Lockheed Martin Corporation or its subsidiaries which permit investment of account balances in Lockheed Martin Corporation common stock. The Plan Exchange Procedures set forth the procedures whereby a participant in one of those plans may instruct the plan trustee as to how to respond to the Exchange Offer.

"Share Determination Date: - the balance in a participant's account on this date will be used to determine the number of shares that will be tendered as

part of the Exchange Offer, if the participant (or the independent fiduciary tender in the case of a participant who does not turn in a properly completed Instruction Card) directs the trustee to tender a percentage of his/her account.

This Plan Exchange Procedures explanation applies to participants in the following plans:

Lockheed Martin Corporation Performance Sharing Plan
Lockheed Martin Corporation Savings and Investment Plan for Hourly Employees
Lockheed Martin Energy Systems, Inc. Savings Program
Lockheed Martin Performance Sharing Plan for Puerto Rico Employees

EXPLANATION OF PROCEDURES CONCERNING
EXCHANGE OF LOCKHEED MARTIN CORPORATION COMMON STOCK
FOR MARTIN MARIETTA MATERIALS, INC. COMMON STOCK

September 16, 1996

Purpose of this Document

According to our records, you are a participant in the Sandia Corporation Savings and Security Plan or the Sandia Corporation Savings and Income Plan (these plans are referred to in this explanation as "Individual Account Plans") maintained by Sandia Corporation, a subsidiary of Lockheed Martin Corporation ("LMC") which permits the investment of a portion of your plan account in the Company Common Stock Fund (LMC Shares). This document, which has been prepared by LMC, is being sent to you by Fidelity Management Trust Company (the "Plan Trustee" or "Fidelity"), along with the other materials enclosed in this envelope, because LMC has commenced an exchange offer (the "Exchange Offer") with its stockholders. Pursuant to the Exchange Offer, each LMC stockholder is being offered the opportunity to receive shares of Martin Marietta Materials, Inc. ("Materials"), an 81%-owned subsidiary of LMC, in exchange for shares of LMC. For each share of LMC common stock exchanged, a Lockheed Martin stockholder may become entitled to receive ___ shares of Materials common stock, subject to adjustment if the Exchange Offer is oversubscribed.

Participants invested in the Company Common Stock Fund (LMC Shares) will be allowed to direct the Trustee as to whether to exchange LMC shares owned by the Plan that are attributable to their individual accounts. This document (the "Plan Exchange Procedures") is intended to supplement the other materials enclosed in this package regarding the Exchange Offer and to explain the procedures that govern your decision whether to exchange some or all of the LMC stock attributable to your account. You should read carefully the Plan Exchange Procedures and the other materials sent to you, in particular, the Offering Circular/Prospectus, and make your own decision regarding the Exchange Offer.

These Plan Exchange Procedures are for information purposes only. Neither LMC, Sandia Corporation, their Boards of Directors nor the Plan Trustee makes any recommendation whether to exchange or to refrain from exchanging LMC shares in the Exchange Offer. If you have any questions concerning the Exchange Offer, you should contact the Information Agent for the Exchange Offer at 1-800-566-

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS
COVERING SECURITIES THAT HAVE BEEN REGISTERED
UNDER THE SECURITIES ACT OF 1933

9058. If you have any questions concerning the Plan Exchange Procedures, you should contact Fidelity at 1-800-240-4015.

Procedures for Instructing the Trustee With Regard to Your Decision Whether to Tender LMC Shares

Enclosed in this envelope is a Participant Instruction Card ("Instruction Card" or "Card") and a self-addressed return envelope. If you wish to have some or all of the LMC shares attributable to your account exchanged, you must return the Instruction Card. You should also return the Instruction Card even if you do NOT want to exchange your LMC shares. The Instruction Card must be mailed to the address listed on the Card and on the envelope included with these Plan Exchange Procedures.

When you examine your Card, you will see that it provides different election amounts from 0% to 100% in 10% increments. Your selection of one of these amounts will instruct the Plan Trustee, what percent of your LMC shares you want to exchange. The Card also shows the number of LMC shares that plan records show as attributable to your account as of the close of business on September 9th, as calculated by the Plan Trustee. The Trustee will calculate a new number of shares attributable to your account as of the close of business on October 11th. All transactions received by close of business on October 11th will be processed before the Trustee calculates the new share amount. It is the October 11th balance which will be used to determine the number of shares that will be exchanged according to your election and subject to the terms of the Exchange Offer.

You should indicate the shares you wish to exchange, if any, by checking a percentage, from 0% to 100%, in the appropriate box on your Card. If you check a box of less than 100% and return the Instruction Card, your Card will be treated as an instruction to exchange the percentage of LMC shares listed and an instruction NOT to exchange all remaining LMC shares. For example, an instruction to exchange 20% of your shares will be treated as an instruction to exchange 20% of your LMC shares and an instruction not to exchange the remaining 80%.

If you do not wish to exchange any shares, you should return the Instruction Card with the box for 0% shares checked. If you fail to return a Card, send the Card to an improper address, or send an incomplete or incorrect Card, you will be deemed to have instructed the Trustee not to exchange any shares attributable to your account.

Your account balance will be updated for purchases or sales of LMC shares attributable to your account through the close of business on Friday, October 11, 1996, which will be the date used to calculate the actual number of LMC shares to be exchanged.

(This date is called the "Share Determination Date.") For example, if your Instruction Card shows 100 LMC shares attributable to your account and you elect to exchange 60% of your shares, but your account balance as of the Share Determination Date has increased to 120 shares, the Trustee will tender 72 LMC shares (i.e., 60% of 120 shares). The LMC shares exchanged will include fractional shares attributable to your account, to the extent practicable. LMC shares credited to your account after the Share Determination Date will not be exchanged.

THE DEADLINE FOR RECEIPT OF YOUR INSTRUCTION CARD IS MIDNIGHT OCTOBER 11, 1996. An original signed Instruction Card must be received on or before that date by mail at the address printed on the enclosed self-addressed envelope. Facsimiles will NOT be accepted. Although the Exchange Offer closes on October 18, 1996 for individuals who own shares directly, instructions from participants in Individual Account Plans must be received by October 11th in order to allow the Plan Trustee to accurately tabulate instructions and submit Exchange Offer instructions to the Exchange Agent.

Any instruction regarding the exchange of LMC shares attributable to your account may be modified so long as your Instruction Card is received by midnight on October 11th. If you want to modify your instructions, you must obtain and mail in a new Instruction Card. A new Card may be obtained by calling Fidelity at 1-800-240-4015.

AS REQUIRED BY LAW, ALL EXCHANGE DECISIONS ARE STRICTLY CONFIDENTIAL. Your exchange decision will be processed by the Plan Trustee and its affiliates and agents. Your exchange decision will not be disclosed to any member of Lockheed Martin or Sandia Corporation management.

It is possible that the terms of the Exchange Offer may change. For example, if too few shares are tendered, it is possible that the length of time to respond to the Exchange Offer may be extended, the terms of the Exchange Offer may be changed, or other steps may be taken. You will be notified of any material changes.

It is possible that, if the number of tendered shares is less than is required to distribute all of the Materials stock, the remaining Materials shares will be distributed as a stock dividend to the remaining holders of LMC shares. If this occurs, appropriate notifications will be sent to all shareholders, including participants in the Individual Account Plans.

It is also possible that more LMC shares will be tendered than can be exchanged for Materials stock. In this case, the amount of shares accepted for exchange will be reduced proportionately. If the Exchange Offer is oversubscribed by 50%, for example, only 2/3 of the shares you elected to tender will be accepted for exchange.

Procedures for Handling Accounts After the Close of The Exchange Offer

This Exchange Offer will not affect your ability to buy additional units in the Company Common Stock Fund (LMC Shares) through contributions or exchanges. Nonetheless, as of 4:00 PM on Friday, October 11th, you will NOT be able to take distributions or make exchanges from the Company Common Stock Fund (LMC Shares) for a certain period of time:

- . No participant will be able to take distributions or make exchanges from the Company Common Stock Fund (LMC Shares) until the Plan Trustee completes its tabulation and tender (the "Tender Completion Date"), which is expected to occur by the close of business on October 17, 1996.
- . Participants who instruct the Plan Trustee not to exchange any of the LMC shares attributable to the Company Common Stock Fund (LMC Shares) will be able to take distributions or make exchanges after the Tender Completion Date. This is expected to occur by the close of business on October 17, 1996.
- . Participants who instruct the Plan Trustee to exchange any allowable percentage of the Company Common Stock Fund (LMC Shares) will NOT be able to take distributions or make exchanges from that fund until the Exchange Offer is complete and the Plan Trustee has received the Materials shares and completed processing (the "Processing Completion Date"). This is expected to occur around mid-November.

The Trustee will process exchanges in participant accounts as soon as administratively feasible after the Exchange Offer is complete and the Materials Stock has been received. It is anticipated that the Trustee will receive the Materials common stock during the first week in November. If the Exchange Offer results in activity in your Plan account, that activity will be reflected on the quarterly statement for the period in which the processing occurs. In addition, after the processing is complete, you can call the Fidelity at 1-800-240-4015 to learn about your balances in the Company Common Stock Fund (LMC Shares) and the Materials Stock Fund.

Description of Materials Stock Fund

In considering whether to exchange your LMC shares, in addition to reviewing all of the enclosed communication material, it is very important that you understand the treatment under your Plan of any Materials common stock that you receive in exchange for your LMC shares. Materials common stock received by participants in the Plan will be held in a separate fund, the "Materials Stock Fund," established as part of completing the exchange. The Materials Stock Fund will operate in a different manner than the Company Common Stock Fund (LMC Shares). It will, however, be a unitized fund, like the Company Common Stock Fund (LMC Shares).

Your balance in the Materials Stock Fund will be distributable in cash or in kind. You will be able to transfer your balance in the Materials Stock Fund in the same manner and at the same time as you are able to transfer other assets in your account. You will not be able, however, to add to your Materials Stock Fund balance. In addition, any dividends on Materials common stock will be automatically invested in accordance with your then current contribution investment directions. If you are not making current contributions, the dividends will be invested in the Interest Income Fund.

In any event, the Materials Stock Fund under your Plan will be terminated as of October 30, 1998. If you have not disposed of your Materials Stock Fund balance by that date, the Plan will provide for the orderly liquidation of the remaining balances in the Materials Stock Fund as of that date and the reinvestment of the proceeds in the most conservative investment option, as selected by the Plan's Investment Committee.

The LMC shares presently attributable to your account may come from different contribution sources, such as employee pre-tax deferrals, employee after-tax contributions, or company matching contributions. The types and percentages of contribution sources of Materials shares credited to your account after the Exchange Offer will be identical to the types and percentages of contribution sources of the LMC shares in your account on October 11, 1996. Your balance in the Materials Stock Fund will be available for loans and all withdrawals (hardship or otherwise) to the extent permitted under the Plan for those types of contributions.

Description of Tax Consequences

Exchanging LMC shares for Materials shares will not change how you are taxed on the amounts distributed to you from the plan while the Materials Stock Fund remains an investment option, but may affect your tax treatment after it terminates as an investment

option. Depending on the type of distribution, the participant who takes an in-kind distribution of shares of stock may elect not to be taxed at distribution on the "net unrealized appreciation" attributable to certain types of contributions. The "net unrealized appreciation" is the difference between the value of the units in the stock fund at the time they were allocated to your account and the time shares representing the value of those units are distributed to you. Net unrealized appreciation will not be taxed unless and until the appreciation is realized when the participant ultimately sells the stock.

For tax purposes, the cost basis of the units of the Company Common Stock Fund (LMC Shares) currently allocated to your account will be apportioned between your remaining units in the Company Common Stock Fund (LMC Shares) and your units in the Materials Stock Fund. The Internal Revenue Service will consider in-kind distributions from the Materials Stock Fund to be eligible for "net unrealized appreciation" treatment. Because you will be able to take a distribution of Materials shares in kind, both the portion of your account invested in the Company Common Stock Fund (LMC Shares) and the portion invested in the Materials Stock Fund will be eligible for the "net unrealized appreciation" tax treatment. Nonetheless, if your balance in the Materials Stock Fund is exchanged for another investment option, then as with any exchange out of an employer stock fund, distributions from that new investment will not be eligible for "net unrealized appreciation" treatment.

EXCHANGE PROCEDURES
KEY DATES AND TERMS

KEY DATES (Based on schedule as of September 16, 1996; dates are approximate and

may change if the Exchange Offer deadline is extended).

Date	Event

September 16, 1996	Exchange Offer Commences.
September 17, 1996	Begin mailing materials to plan participants.
October 11, 1996	Deadline for receipt by Trustee of Participant Instruction Cards.
October 11, 1996	Share Determination Date - Participant Company Common Stock Fund (LMC Shares) balances updated to reflect transactions through close of business on October 11, 1996. It is this balance that will be used to determine the number of shares tendered.
October 11, 1996	Commencement of restrictions on exchange out of Company Common Stock Fund (LMC Shares) for all participants, whether or not directing exchange of LMC shares.
October 17, 1996	Estimated "Tender Completion Date" - Trustee submits tender instructions to LMC Exchange Agent. End of restrictions on exchange out of Company Common Stock Fund (LMC Shares) for participants for whom no exchange was directed. Restrictions continue for those who did direct exchange.
October 18, 1996	Exchange Offer Closes - Deadline for Trustee to submit exchange instructions to LMC Exchange Agent.
Approximately October 25, 1996	Exchange Agent announces whether Exchange Offer was oversubscribed and if so, the percentage of shares tendered which will be exchanged.
Week of November 4, 1996	Trustee receives new Materials shares.
Week of November 11, 1996	Trustee allocates units of Materials Stock Fund to plan accounts of exchanging participants. End of restrictions on exchange or withdrawals from Company Common Stock Fund (LMC Shares) for participants who directed exchange of LMC shares. Materials Stock Fund available for exchanges out and withdrawals.

KEY TERMS

"Exchange Offer" - the opportunity being provided to shareholders of Lockheed Martin Corporation to exchange shares of common stock of Lockheed Martin Corporation for shares of common stock of Martin Marietta Materials, Inc.

"Instruction Card" - (or "Card" or "Participant Instruction Card") - the card/form on which a participant may give instructions to the Trustee as to whether or not to exchange in response to the Exchange Offer.

"Offering Circular/Prospectus" - a document provided to all shareholders of Lockheed Martin Corporation which describes the Exchange Offer.

"Plan Exchange Procedures" - a document provided to employees who participate in plans sponsored by Lockheed Martin Corporation or its subsidiaries which permit investment of account balances in Lockheed Martin Corporation common stock. The Plan Exchange Procedures set forth the procedures whereby a participant in one of those plans may instruct the plan trustee as to how to respond to the Exchange Offer.

"Share Determination Date: - October 11, 1996; the balance in a

participant's account on this date will be used to determine the number of shares that will be exchanged as part of the Exchange Offer, if the participant directs the trustee to exchange a percentage of his/her account.

EXPLANATION OF PROCEDURES CONCERNING
EXCHANGE OF LOCKHEED MARTIN CORPORATION COMMON STOCK
FOR MARTIN MARIETTA MATERIALS, INC. COMMON STOCK

September 16, 1996

Purpose of this Document

According to our records, you are a participant in one or more savings plans (these plans are referred to in this explanation as "Individual Account Plans") maintained by Lockheed Martin Corporation ("LMC") or its subsidiaries which permit or provide for the investment of a portion of your plan account in the LMC Common Stock Fund. This document, which has been prepared by LMC, is being sent to you by Fidelity Management Trust Company (the "Plan Trustee" or "Fidelity"), along with the other materials enclosed in this envelope, because LMC has commenced an exchange offer (the "Exchange Offer") with its stockholders. Pursuant to this Exchange Offer, each LMC stockholder is being offered the opportunity to receive shares of Martin Marietta Materials, Inc. ("Materials"), an 81%-owned subsidiary of LMC, in exchange for shares of LMC. For each share of LMC common stock exchanged, a Lockheed Martin stockholder may become entitled to receive ___ shares of Materials common stock, subject to adjustment if the Exchange Offer is oversubscribed.

Participants invested in the LMC Stock Fund will be allowed to direct the Trustee whether to exchange LMC shares owned by the Plan that are attributable to their individual accounts. This document (the "Plan Exchange Procedures") is intended to supplement the other materials enclosed in this package regarding the Exchange Offer and to explain the procedures that govern your decision whether to exchange some or all of the LMC stock attributable to your account. You should read carefully the Plan Exchange Procedures and the other materials sent to you, in particular, the Offering Circular/Prospectus, and make your own decision regarding the Exchange Offer.

These Plan Exchange Procedures are for information purposes only. Neither LMC, the LMC Board of Directors nor the Plan Trustee makes any recommendation whether to exchange or to refrain from exchanging LMC shares in the Exchange Offer. If you have any questions concerning the Exchange Offer, you should contact the Information Agent for the Exchange Offer at 1-800-566-9058. If you have any questions concerning the Plan Exchange Procedures, you should contact Fidelity at 1-800-354-7125.

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS
COVERING SECURITIES THAT HAVE BEEN REGISTERED
UNDER THE SECURITIES ACT OF 1933

Procedures for Instructing the Trustee With Regard to Your Decision Whether to Tender LMC Shares

Enclosed in this envelope is a Participant Instruction Card ("Instruction Card" or "Card") and a self-addressed return envelope. If you wish to have some or all of the LMC shares attributable to your account exchanged, you must return the Instruction Card. You should also return the Instruction Card even if you do NOT want to exchange your LMC shares. The Instruction Card must be mailed to the address listed on the Card and on the envelope included with these Plan Exchange Procedures.

When you examine your Instruction Card, you will see that it provides different election amounts from 0% to 100% in 10% increments. Your selection of one of these amounts will instruct the Plan Trustee what percent of your LMC shares you want to exchange. The Card also shows the number of LMC shares that plan records show as attributable to your account as of the close of business on September 9th, as calculated by the Plan Trustee. The Trustee will calculate a new number of shares attributable to your account as of the close of business on October 11th. All transactions received by close of business on October 11, 1996 will be processed before the Trustee calculates the new share amount. It is the October 11th balance which will be used to determine the number of shares that will be exchanged according to your election and subject to the terms of the Exchange Offer.

You should indicate the shares you wish to exchange, if any, by checking a percentage, from 0% to 100%, in the appropriate box on your Card. If you check a box of less than 100% and return the Instruction Card, your Card will be treated as an instruction to exchange the percentage of LMC shares listed and an instruction NOT to exchange all remaining LMC shares. For example, an instruction to exchange 20% of your shares will be treated as an instruction to exchange 20% of your LMC shares and an instruction not to exchange the remaining 80%.

If you do not wish to exchange any shares, you must return the

Instruction Card with the box for 0% shares checked. If you fail to return a

Card, send the Card to an improper address, or send an incomplete or incorrect

Card, an independent fiduciary will decide whether to exchange the LMC shares in

your account, in accordance with plan provisions and applicable law. U.S. Trust

Company has been retained to serve as the independent fiduciary and to make the
exchange decision with regard to any LMC shares attributable to participant
accounts for which no properly completed Instruction Cards are received.

Your account balance will be updated for purchases or sales of LMC shares attributable to your account through the close of business on Friday, October 11, 1996, which will be the date used to calculate the actual number of LMC shares to be exchanged. (This date is called the "Share Determination Date.") For example, if your Instruction Card shows 100 LMC shares attributable to your account and you elect to exchange 60% of your shares, but your account balance as of the Share Determination Date has increased to 120 shares, the Trustee will tender 72 LMC shares (i.e., 60% of 120 shares). The LMC shares exchanged will include fractional shares attributable to your account, to the extent practicable. LMC shares credited to your account after the Share Determination Date will not be exchanged.

THE DEADLINE FOR RECEIPT OF THE INSTRUCTION CARD IS MIDNIGHT OCTOBER 11, 1996. An original signed Instruction Card must be received on or before that date by mail at the address printed on the enclosed self-addressed envelope. Facsimiles will NOT be accepted. Although the Exchange Offer closes on October 18, 1996 for individuals who own shares directly, instructions from participants in Individual Account Plans must be received by October 11th in order to allow the Plan Trustee to accurately tabulate instructions and submit Exchange Offer instructions to the Exchange Agent.

Any instruction regarding the exchange of LMC shares attributable to your account may be modified so long as your Instruction Card is received by the close of business on October 11th. If you want to modify your instructions, you must obtain and mail in a new Instruction Card. A new Card may be obtained by calling the Fidelity Service Center at 1-800-354-7125.

AS REQUIRED BY LAW, ALL EXCHANGE DECISIONS ARE STRICTLY CONFIDENTIAL. Your exchange decision will be processed by the Plan Trustee and its affiliates and agents. Your exchange decision will not be disclosed to any member of Lockheed Martin Corporation management.

It is possible that the terms of the Exchange Offer may change. For example, if too few shares are tendered, it is possible that the length of time to respond to the Exchange Offer may be extended, the terms of the Exchange Offer may be changed, or other steps may be taken. You will be notified of any material changes.

It is possible that, if the number of tendered shares is less than is required to distribute all of the Materials common stock, the remaining Materials shares will be distributed as a stock

dividend to the remaining holders of LMC shares. If this occurs, appropriate notifications will be sent to all shareholders, including participants in the Individual Account Plans.

It is also possible that more LMC shares will be tendered than can be exchanged for Materials stock. In this case, the amount of shares accepted for exchange will be reduced proportionately. If the Exchange Offer is oversubscribed by 50%, for example, only 2/3 of the shares you elected to tender will be accepted for exchange.

Procedures for Handling Accounts After the Close of The Exchange Offer

This Exchange Offer will not affect your ability to buy additional units in the LMC Stock Fund from contributions or exchanges. Nonetheless, as of 4:00 p.m. on Friday, October 11th, you will NOT be able to take distributions or make exchanges from the LMC Stock Fund for a certain period of time:

- . No participant will be able to take distributions or make exchanges from the LMC Stock Fund until the Plan Trustee's tabulation and tender is complete (the "Tender Completion Date"), which is expected to occur by the close of business on October 17, 1996.
- . Participants who instruct the Trustee not to exchange any of the LMC shares attributable to their accounts will be able to take distributions or exchanges after the Tender Completion Date. This is expected to occur by close of business on October 17, 1996.
- . Participants who instruct the Trustee to exchange any allowable percentage of LMC shares will NOT be able to take distributions or make exchanges from the LMC Stock Fund until the Exchange Offer is complete and the Plan Trustee has received the Materials shares and completed processing (the "Processing Completion Date"). This date is anticipated to occur in mid-November.
- . Participants who do not give properly completed instructions to the Trustee will NOT be able to take distributions or make exchanges from the LMC Stock Fund until the Processing Completion Date if the Independent Fiduciary instructs the Plan Trustee to exchange any LMC shares.

The Plan Trustee will process exchanges in participant accounts as soon as administratively feasible after the Exchange Offer is complete and the Materials shares have been received. It

is anticipated that the Trustee will receive the Materials common stock during the first week of November. If the Exchange Offer results in activity in your Plan account, that activity will be reflected on the quarterly statement for the period in which the processing occurs. In addition, after the processing is complete, you can call the Fidelity Service Center at 1-800-354-7125 to learn about your balances in the LMC Stock Fund and the Materials Stock Fund.

Description of Materials Stock Fund

In considering whether to exchange your LMC shares, in addition to reviewing all of the enclosed communication material, it is very important that you understand the treatment under your Plan of any Materials common stock that you receive in exchange for your LMC shares. Materials common stock received by participants in the Plan will be held in a separate fund, the "Materials Stock Fund," established as part of completing the exchange. Like the LMC Stock Fund, the Materials Stock Fund will be unitized. The Materials Stock Fund will operate in a different manner than the LMC Stock Fund under the Plan.

You will be able to transfer your balance in the Materials Stock Fund in the same manner and at the same time as you are able to transfer other assets in your account. You will not, however, be able to add to your Materials Stock Fund balance. Cash dividends on Materials common stock will be held in the Materials Stock Fund in short term investments and will not be automatically invested in shares of Materials stock. Your balance in the Materials Stock Fund will only be distributable in cash, not in kind.

In any event, the Materials Stock Fund under your Plan will be terminated as of October 30, 1998. The termination date may be extended in which case you will be notified of the extension prior to August 1, 1998. If you have not disposed of your Materials Stock Fund balance by the termination date, the Plan will provide for the orderly liquidation of the remaining balances in the Materials Stock Fund as of that date and the reinvestment of the proceeds in the most conservative investment option, as selected by the Lockheed Martin Benefit Plan Committee.

The LMC shares presently attributable to your account may come from different contribution sources, such as employee pre-tax deferrals, employee after-tax contributions, or company matching contributions. The types and percentages of contribution sources of Materials shares credited to your account after the Exchange Offer will be identical to the types and percentages of

contribution sources of the LMC shares in your account on October 11, 1996. Your balance in the Materials Stock Fund will be available for loans and all withdrawals (hardship or otherwise) to the extent permitted under the Plan for those types of contributions.

Description of Tax Consequences

Exchanging LMC shares for Materials shares could change how you are taxed on the amounts distributed to you from the plan. Depending on the type of distribution, a participant who takes an in-kind distribution of shares of stock may elect not to be taxed at the time of distribution on the "net unrealized appreciation" attributable to certain types of contributions. The "net unrealized appreciation" is the difference between the value of the units in the stock fund at the time they were allocated to your account and at the time the shares representing the value of those units are distributed to you. Net unrealized appreciation will not be taxed until the stock is sold and the appreciation is realized.

For tax purposes, the cost basis of the LMC shares currently allocated to your account will be apportioned between your remaining units in the LMC Stock Fund and your units in the Materials Stock Fund. Distributions upon termination of employment or withdrawals from the Materials Stock Fund will be made, however, only in cash. As a result, distributions from the Materials Stock Fund will not be eligible for "net unrealized appreciation" tax treatment.

For example, suppose that (1) prior to the Exchange Offer, you intended to receive your entire distribution from the LMC Stock Fund in shares and (2) after the Exchange Offer, you intend to receive your LMC Stock Fund balance in shares and your Materials Stock Fund balance in cash. In this case (and assuming that the value of your Materials stock is equal to the value of the LMC stock that would have remained in your account if the Exchange Offer had not occurred) you will pay a higher tax at the time of the distribution (and a lesser tax upon sale of your LMC shares) than would be the case if you had not exchanged your LMC shares. This is because the tax due on the appreciation of the LMC shares would have been deferred until you sold the LMC shares, whereas you are taxed on the full amount of your cash distribution from the Materials Stock Fund (less the amount of your after-tax contributions invested in that fund).

EXCHANGE PROCEDURES
KEY DATES AND TERMS

KEY DATES (Based on schedule as of September 16, 1996; dates are approximate
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and may change if the Exchange Offer deadline is extended).

Date	Event

September 16, 1996	Exchange offer commences.
September 17, 1996	Begin mailing materials to plan participants.
October 11, 1996	Deadline for receipt by Trustee of Participant Instruction Cards.
October 11, 1996	Share Determination Date - Participant LMC account balances updated to reflect transactions through close of business on October 11, 1996. It is this balance that will be used to determine the number of shares exchanged.
October 11, 1996	Commencement of restrictions on exchange out of LMC Stock Fund for all participants, whether or not directing exchange of LMC shares.
October 17, 1996	Estimated "Tender Completion Date" - Trustee submits tender instructions to LMC Exchange Agent. End of restrictions on exchange out of LMC Stock Fund for participants for whom no exchange was directed. Restrictions continue for those who did direct exchange (or for whom independent fiduciary directed exchange).
October 18, 1996	Exchange Offer closes.
Approximately October 25, 1996	Exchange Agent announces whether Exchange Offer was oversubscribed and if so, the percentage of shares tendered which will be exchanged.
Week of November 4, 1996	Trustee receives new Materials shares.
Week of November 11, 1996	Trustee allocates units of Materials Stock Fund to plan accounts of exchanging participants. End of restrictions on exchanges or withdrawals from LMC Stock Fund for participants who directed exchange of LMC shares (or for whom independent fiduciary directed exchange). Materials Stock Fund available for exchanges out and withdrawals.

KEY TERMS
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"Exchange Offer" - the opportunity being provided to shareholders of Lockheed Martin Corporation to exchange shares of common stock of Lockheed Martin Corporation for shares of common stock of Martin Marietta Materials, Inc.

"Independent Fiduciary" - the special fiduciary appointed to respond to the Exchange Offer on behalf of participants for whom properly completed instructions are not received by the deadline.

"Instruction Card" - (or "Card" or "Participant Instruction Card") - the card/form on which a participant may give instructions to the Trustee as to whether or not to exchange in response to the Exchange Offer.

"Offer Circular/Prospectus" - a document provided to all shareholders of Lockheed Martin Corporation which describes the Exchange Offer.

"Plan Exchange Procedures" - a document provided to employees who participate in plans sponsored by Lockheed Martin Corporation or its subsidiaries which permit investment of account balances in Lockheed Martin Corporation common stock. The Plan Exchange Procedures set forth the procedures

whereby a participant in one of those plans may instruct the plan trustee as to how to respond to the Exchange Offer.

"Share Determination Date: - the balance in a participant's account on this date will be used to determine the number of shares that will be exchanged as part of the Exchange Offer, if the participant (or the independent fiduciary exchanges in the case of a participant who does not turn in a properly completed Instruction Card) directs the trustee to exchange a percentage of his/her account.

This Plan Procedures Explanation applies to participants in the following plans:

Lockheed Martin Aerospace Savings Plan
Lockheed Martin Tactical Defense Systems Savings Plan
Lockheed Martin Tactical Systems Master Savings Plan
Conic Corporation Deferred Income Retirement Plan
Narda Microwave Supplemental Retirement Savings Plan
Lockheed Martin Federal Systems Deferred Income Retirement Plan
Lockheed Martin Tactical Defense Systems Savings & Investment Plan
Frequency Sources, Inc. 401(k) Retirement Savings Plan
Lockheed Martin Tactical Systems Deferred Income Savings Plan
Narda-Western Operations 401(k) Deferred Income Retirement Plan
Lockheed Martin/ROLM Mil-Spec Corp. Retirement Income Savings Plan
Lockheed Martin Electro-Optical Systems, Inc. 401(k) Matching
Contribution Plan
Lockheed Martin Fairchild Corp. Savings Plan
Lockheed Martin IR Imaging Systems, Inc. Savings Plan
Lockheed Martin Vought Systems Corporation Capital Accumulation Plan
Lockheed Martin Librascope Retirement Savings Plan

EXPLANATION OF PROCEDURES CONCERNING
EXCHANGE OF LOCKHEED MARTIN CORPORATION COMMON STOCK
FOR MARTIN MARIETTA MATERIALS, INC. COMMON STOCK

September 16, 1996

Purpose of this Document

According to our records, you are a participant in the Lockheed Martin Salaried Employees Savings Plan Plus, the Lockheed Martin Hourly Employees Savings Plan Plus, or the Lockheed Martin Space Operations Hourly Employee Investment Plan Plus (these plans are referred to in this explanation as "Individual Account Plans") maintained by Lockheed Martin Corporation ("LMC") or its subsidiaries which permit the investment of a portion of your plan account in LMC common stock ("LMC Stock Fund" or "ESOP Fund"). This document, which has been prepared by LMC, is being sent to you, along with the other materials enclosed in this envelope, because LMC has commenced an exchange offer (the "Exchange Offer") with its stockholders. Pursuant to the Exchange Offer, each LMC stockholder is being offered the opportunity to receive shares of Martin Marietta Materials, Inc. ("Materials"), an 81%-owned subsidiary of LMC, in exchange for shares of LMC. For each share of LMC common stock exchanged, a Lockheed Martin stockholder may become entitled to receive ___ shares of Materials common stock, subject to adjustment if the Exchange Offer is oversubscribed.

Participants in the Individual Account Plans who have invested in the LMC Stock Fund will be allowed to direct the Trustee as to whether to exchange shares that are allocated to their individual accounts. This document (the "Plan Exchange Procedures") is intended to supplement the other materials enclosed in this package regarding the Exchange Offer and to explain the procedures that govern your decision whether to exchange some or all of the LMC stock allocated to your account. You should read carefully the Plan Exchange Procedures and the other materials sent to you, in particular, the Offering Circular/Prospectus and make your own decision about the Exchange Offer.

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS COVERING
SECURITIES THAT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF
1933

These Plan Exchange Procedures are for information purposes only. Neither LMC, the LMC Board of Directors nor the Plan Trustee makes any recommendation whether to exchange or to refrain from exchanging LMC shares in the Exchange Offer. If you have any questions concerning the Exchange Offer, you should contact the Information Agent for the Exchange Offer at 1-800-566-9058. If you have any questions concerning the Plan Exchange Procedures, you should contact the Plan Trustee, U.S. Trust Company, at the following telephone numbers, Monday through Friday:

1-800-362-7514 between 9:00 AM and 5:30 PM Eastern Time
1-800-535-3093 between 8:30 AM and 5:00 PM Pacific Time

Procedures for Instructing the Trustee With Regard to Your Decision Whether to Tender LMC Shares

Enclosed in this envelope is a Participant Instruction Card ("Instruction Card" or "Card") and a self-addressed return envelope. If you wish to have some or all of the LMC shares allocated to your account exchanged, you must return the Instruction Card. You should also return the Instruction Card even if you do NOT want to exchange your LMC shares. The Instruction Card must

be mailed to the address listed on the envelope included with these Plan Exchange Procedures.

When you examine your Instruction Card, you will see that it provides different election amounts from 0% to 100% in 10% increments. Your selection of one of these amounts will instruct the Plan Trustee as to what percent of your LMC shares you want to exchange. The Card also shows the number of LMC shares allocated to your account as of the close of business on July 31st, as calculated by the Plan recordkeeper.

You should indicate the shares you wish to exchange, if any, by checking a percentage, from 0% to 100%, in the appropriate box on your Card. If you check a box of less than 100% and return the Instruction Card, your Card will be treated as an instruction to tender the percentage of LMC shares listed and an instruction NOT to tender the remaining LMC shares. For example, an instruction to tender 20% of your shares will be treated as an instruction to tender 20% of your LMC shares and an instruction not to tender the remaining 80%.

If you do not wish to exchange any shares, you must return the

Instruction Card with the box for 0% shares checked. If you fail to return a

Card, send the Card to an improper address, or send an incomplete or incorrect

Card, an independent fiduciary will decide whether to exchange the LMC shares in

your account, in accordance

with plan provisions and applicable law. U.S. Trust Company has been retained to

serve as the independent fiduciary and to make the exchange decision with regard to any LMC shares allocated to participant accounts for which no properly completed instructions are received. In addition, U.S. Trust Company will make the exchange decision with regard to the LMC shares held by the Lockheed Martin Salaried Savings Plan Plus that have not been allocated to participants as of August 31, 1996.

Your account balance will be updated for purchases or sales of LMC shares in your account through August 31st, which will be the date used to calculate the actual number of LMC shares to be exchanged. (This later date is called the "Share Determination Date.") For example, if your Instruction Card shows 100 LMC shares allocated to your account and you elect to exchange 60% of your shares, but your account balance as of the Share Determination Date has increased to 120 shares, the Trustee will tender 72 LMC shares (i.e., 60% of 120 shares). The LMC shares exchanged will include fractional shares to the extent practicable. LMC shares credited to your account after the Share Determination Date will not be exchanged.

THE DEADLINE FOR RECEIPT OF YOUR INSTRUCTION CARD IS OCTOBER 11, 1996. An original signed Instruction Card must be received by mail on or before that date at the address listed on the enclosed self-addressed envelope. Facsimiles will NOT be accepted. Although the Exchange Offer closes on October 18, 1996 for individuals who own shares directly, instructions from participants in Individual Account Plans must be received by October 11th in order to allow the Plan Trustee to accurately tabulate instructions and submit exchange offer instructions to the Exchange Agent.

Any instruction regarding the exchange of LMC shares allocated to your account may be modified so long as your Instruction Card is received by October 11th. If you want to modify your instructions, you must obtain and mail in a new Instruction Card. A new Card may be obtained by calling U.S. Trust Company Monday through Friday at 1-800-362-7514 between 9:00 AM and 5:30 PM, Eastern Time, or 1-800-535-3093 between 8:30 AM and 5:00 PM Pacific Time.

AS REQUIRED BY LAW, ALL EXCHANGE DECISIONS ARE STRICTLY CONFIDENTIAL. Your exchange decision will be processed by the Plan Trustee, the Plan recordkeeper and the Exchange Agent. Your exchange decision will not be disclosed to any member of Lockheed Martin Corporation management.

It is possible that the terms of the Exchange Offer may change. For example, if too few shares are tendered, it is possible that the length of time to respond to the Exchange Offer

may be extended, the terms of the Exchange Offer may be changed, or other steps may be taken. You will be notified of any material changes.

It is possible that, if the number of tendered shares is less than is required to distribute all of the Materials stock, the remaining Materials shares will be distributed as a stock dividend to the remaining holders of LMC shares. If this occurs, appropriate notifications will be sent to all shareholders, including participants in the Individual Account Plans.

It is also possible that more LMC shares will be tendered than can be exchanged for Materials stock. In this case, the amount of shares accepted for exchange will be reduced proportionately. If the Exchange Offer is oversubscribed by 50%, for example, only 2/3 of the shares you elected to tender will be accepted for exchange.

Procedures for Handling Accounts After the Close of The Exchange Offer

Any transaction involving LMC shares in your account -- including purchases, sales, distributions or loans -- that otherwise would be processed as of September 30 will be delayed for approximately one week. This delay will apply to all participants regardless of whether the participant elects to tender all or a portion of the LMC shares in his or her account. Also, if you exchange a portion of your LMC shares, or if you fail to return a properly completed Instruction Card by October 11 and the independent fiduciary tenders LMC shares on your behalf, the Plan Trustee will not process September instructions to purchase or sell LMC shares in your account, which would otherwise be effective as of October 31, until the exchange is complete. We anticipate the exchange will be completed by mid-November. These delays are necessary to accurately process the exchange instructions received from participants. The exchange will be processed as a September transaction. Once the exchange is complete, your entire account will once again be available for all plan transactions, subject to the various limitations described below.

There are three ways in which you can learn the number of LMC shares accepted for exchange. If your Plan has a voice response system, you should be able to determine your new balances on or around November 15, 1996. In addition, you receive quarterly statements showing your account balance. The next quarterly statement will show the number of LMC shares exchanged. In addition, you will receive a transaction confirmation statement describing the results of the exchange.

Description of Materials Stock Fund

In considering whether to exchange your LMC shares, in addition to reviewing all of the enclosed communication material, it is very important that you understand the treatment under your Plan of any Materials common stock that you receive in exchange for your LMC shares. Materials common stock received by participants in the Plan will be held in a separate fund, the "Materials Stock Fund," established as part of completing the exchange. The Materials Stock Fund will be a unitized fund and will operate in a manner different from the other funds under the Plan.

You will not be able to add to your Materials Stock Fund balance. Cash dividends on Materials stock will be held in the Materials Stock Fund in short term investments and will not be automatically invested in shares of Materials stock. Distributions from the Materials Stock Fund will be made in cash and not in shares of stock.

In any event, the Materials Stock Fund under your Plan will be terminated as of October 30, 1998. The termination date may be extended in which case you will be notified of the extension prior to August 1, 1998. If you have not disposed of your Materials Stock Fund balance by the termination date, the Plan will provide for the orderly liquidation of the remaining balances in the Materials Stock Fund as of that date and the reinvestment of the proceeds in the most conservative investment option offered under the Plan, as selected by the Benefit Plan Committee.

The LMC shares presently in your account may come from different contribution sources, such as employee pre-tax deferrals, employee after-tax contributions, or company matching contributions. The types and percentages of contribution sources of Materials shares credited to your account after the Exchange Offer will be identical to the types and percentages of contribution sources of the LMC shares in your account as of August 31, 1996. Your balance in the Materials Stock Fund will be available for loans and all withdrawals (hardship or otherwise) to the extent permitted under the Plan for those types of contributions.

Description of Tax Consequences

Exchanging LMC shares for Materials shares could change how you are taxed on the amounts distributed to you from the plan. Depending on the type of distribution, a participant who takes an in-kind distribution of shares of stock may elect not to be taxed at the time of distribution on the "net unrealized appreciation" attributable to certain types of contributions. The "net

unrealized appreciation" is the difference between the value of the shares in the stock fund at the time they were allocated to your account and at the time the shares are distributed to you. Net unrealized appreciation will not be taxed until the stock is sold and the appreciation is realized.

For tax purposes, the cost basis of the LMC shares currently allocated to your account will be apportioned between your remaining shares in the LMC Stock Fund and your units in the Materials Stock Fund. Distributions upon termination of employment or withdrawals from the Materials Stock Fund will be made, however, only in cash. As a result, distributions from the Materials Stock Fund will not be eligible for "net unrealized appreciation" tax treatment.

For example, suppose that (1) prior to the Exchange Offer, you intended to receive your entire distribution from the ESOP Fund in shares and (2) after the Exchange Offer, you intend to receive your ESOP Fund balance in shares and your Materials Stock Fund balance in cash. In this case (and assuming that the value of your Materials stock is equal to the value of the LMC stock that would have remained in your account if the Exchange Offer had not occurred) you will pay a higher tax at the time of the distribution (and a lesser tax upon sale of your LMC shares) than would be the case if you had not exchanged your LMC shares. This is because the tax due on the appreciation of the LMC shares would have been deferred until you sold the LMC shares, whereas you are taxed on the full amount of your cash distribution from the Materials Stock Fund (less the amount of your after-tax contributions invested in that fund).

EXCHANGE PROCEDURES
KEY DATES AND TERMS

KEY DATES (Based on schedule as of September 16, 1996; dates are approximate and
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may change if the Exchange Offer deadline is extended).

Date	Event
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August 30, 1996	Share Determination Date - Participant LMC account balances updated to reflect July transactions processed in August. It is this balance that will be used to determine the number of shares exchanged.
September 16, 1996	Exchange Offer Commences - Begin mailing materials to plan participants.
September 30, 1996	Transactions normally processed as of September 30 delayed for one week for all participants.
October 11, 1996	Deadline for receipt by Trustee of Participant Instruction Cards.
October 18, 1996	Exchange Offer Closes - Trustee submits exchange instructions to LMC Exchange Agent.
Approximately October 25, 1996	Exchange Agent announces whether Exchange Offer was oversubscribed and if so, the percentage of shares tendered which will be exchanged.
October 30, 1996	September transactions normally processed at end of October delayed for all participants who directed Trustee to exchange all or a percentage of LMC account (or participants who provided no properly completed directions in the event the independent fiduciary directs an exchange of all or a percentage of those shares)
Week of November 4, 1996	Trustee receives new Materials shares.
Week of November 11, 1996	Trustee allocates shares of Materials to plan accounts of tendering participants.
Week of November 11 1996	Processing of September transactions completed for all participants who directed Trustee to exchange all or a percentage of LMC Account (or participants who provided no properly completed directions in the event the independent fiduciary directs an exchange of all or a percentage of those shares).

KEY TERMS
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"Exchange Offer" - the opportunity being provided to shareholders of Lockheed Martin Corporation to exchange shares of common stock of Lockheed Martin Corporation for shares of common stock of Martin Marietta Materials, Inc.

"Independent Fiduciary" - U. S. Trust Company, the special fiduciary appointed to respond to the Exchange Offer on behalf of participants for whom properly completed instructions are not received by the deadline.

"Instruction Card" - (or "Card" or "Participant Instruction Card") - the card/form on which a participant may give instructions to the Trustee as to whether or not to exchange in response to the Exchange Offer.

"Offering Circular/Prospectus" - a document provided to all shareholders of Lockheed Martin Corporation which describes the Exchange Offer.

"Plan Exchange Procedures" - a document provided to employees who

participate in plans sponsored by Lockheed Martin Corporation or its subsidiaries which permit investment of account balances in Lockheed Martin Corporation common stock. The Plan Exchange Procedures set forth the procedures whereby a participant in one of those plans may instruct the plan trustee as to how to respond to the Exchange Offer.

"Share Determination Date: - August 31, 1996, the balance in a participant's account on this date will be used to determine the number of shares that will be tendered as part of the Exchange Offer, if the participant (or the independent fiduciary tenders in the case of a participant who does not turn in a properly completed Instruction Card) directs the trustee to tender a percentage of his/her account.

EXPLANATION OF PROCEDURES CONCERNING
EXCHANGE OF LOCKHEED MARTIN CORPORATION COMMON STOCK
FOR MARTIN MARIETTA MATERIALS, INC. COMMON STOCK

September 16, 1996

Purpose of this Document

According to our records, you are a participant in the Lockheed Martin Energy Systems, Inc. Savings Plan for Salaried and Hourly Employees or the Lockheed Martin Energy Systems, Inc. Savings Plan for Hourly Employees (these plans are referred to in this explanation as "Individual Account Plans") maintained by Lockheed Martin Energy Systems, Inc., a subsidiary of Lockheed Martin Corporation ("LMC"). These Plans permit you to invest a portion of your plan account in a fund invested in LMC common stock ("Company Stock Fund" or "LMC Stock Fund"). This document, which has been prepared by LMC, is being sent to you by State Street Bank and Trust Company (the "Plan Trustee"), along with the other materials enclosed in this envelope, because LMC has commenced an exchange offer (the "Exchange Offer") with its shareholders. Pursuant to the Exchange Offer, each LMC stockholder is being offered the opportunity to receive shares of Martin Marietta Materials, Inc. ("Materials"), an 81%-owned subsidiary of LMC, in exchange for shares of LMC. For each share of LMC common stock exchanged, a Lockheed Martin stockholder may become entitled to receive _____ shares of Materials common stock, subject to adjustment if the Exchange Offer is oversubscribed.

Plan participants who have invested in the LMC Stock Fund will be allowed to direct the Trustee as to whether to exchange LMC shares allocated to their individual accounts. This document (the "Plan Exchange Procedures") is intended to supplement the other materials enclosed in this package regarding the Exchange Offer and to explain the procedures that govern your decision whether to exchange some or all of the LMC stock attributable to your account. You should read carefully the Plan Exchange Procedures and the other materials sent to you, in particular, the Offering Circular/Prospectus.

These Plan Exchange Procedures are for information purposes only. Neither LMC, Lockheed Martin Energy Systems, Inc. their Boards of Directors nor the Plan Trustee makes any recommendation whether to exchange or to refrain from exchanging LMC shares in the Exchange Offer. If you have any questions concerning the Exchange Offer, you should contact the Information Agent for the Exchange Offer at 1-800-566-9058.

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS
COVERING SECURITIES THAT HAVE BEEN REGISTERED
UNDER THE SECURITIES ACT OF 1933

Procedures for Instructing the Trustee With Regard to Your Decision Whether to Tender LMC Shares

Enclosed in this envelope is a Participant Instruction Card ("Instruction Card" or "Card") and a self-addressed return envelope. If you wish to have some or all of the LMC shares attributable to your account exchanged, you must return the Instruction Card. You should also return the Instruction Card even if you do NOT want to exchange your LMC shares. The

Instruction Card must be mailed to the address listed on the Card and on the envelope included with these Plan Exchange Procedures.

When you examine your Instruction Card, you will see that it provides different election amounts from 0% to 100% in 10% increments. Your selection of one of these amounts will instruct the Plan Trustee as to what percent of the LMC shares attributable to your account to exchange. The Card also shows the number of LMC shares allocated to your account as of the close of business on July 31st, as calculated by the Plan recordkeeper.

You should indicate the shares you wish to exchange, if any, by checking a percentage, from 0% to 100%, in the appropriate box on your Card. If you check a box of less than 100% and return the Instruction Card, your Card will be treated as an instruction to exchange the percentage of LMC shares listed and an instruction NOT to exchange the remaining LMC shares. For example, an instruction to exchange 20% of your shares will be treated as an instruction to exchange 20% of your LMC shares and an instruction not to exchange the remaining 80%.

If you do not wish to exchange any shares, you must return the Instruction Card with the box for 0% checked. If you fail to return a Card, send the Card to an improper address, or send an incomplete or incorrect Card, an independent fiduciary will decide whether to exchange the LMC shares in your account, in accordance with plan provisions and applicable law. U.S. Trust Company has been retained to serve as the independent fiduciary and to make the exchange decision with regard to any LMC shares allocated to participant accounts for which no properly completed Instruction Card is received.

Your account balance will be updated for purchases or sales of LMC shares attributable to your account through August 31st, which will be the date used to calculate the actual number of LMC shares to be exchanged. (This later date is called the "Share Determination Date.") For example, if your Instruction Card shows 100 LMC shares allocated to your account and you elect to exchange 60% of your shares, but your account balance as of the Share

Determination Date has increased to 120 shares, the Trustee will exchange 72 LMC shares (i.e., 60% of 120 shares). The LMC shares exchanged will include fractional shares attributable to your account to the extent practicable. LMC shares credited to your account after the Share Determination Date will not be exchanged.

THE DEADLINE FOR RECEIPT OF YOUR INSTRUCTION CARD IS OCTOBER 11, 1996. An original signed Instruction Card must be received by mail on or before that date at the address listed on the enclosed self-addressed envelope. Facsimiles will NOT be accepted. Although the Exchange Offer closes on October 18, 1996 for individuals who own shares directly, instructions from participants in Individual Account Plans must be received by October 11th in order to allow the Plan Trustee to accurately tabulate instructions and submit Exchange Offer instructions to the Exchange Agent.

Any instruction regarding the exchange of LMC shares allocated to your account may be modified so long as your Instruction Card is received by close of business on October 11th. If you want to modify your instructions, you must obtain and mail in a new Instruction Card. A new Card may be obtained by calling the Information Agent at 1-800-566-9058.

AS REQUIRED BY LAW, ALL EXCHANGE DECISIONS ARE STRICTLY CONFIDENTIAL. Your exchange decision will be processed by the Plan Trustee and the Exchange Agent. Your exchange decision will not be disclosed to any member of Lockheed Martin Corporation management.

It is possible that the terms of the Exchange Offer may change. For example, if too few shares are tendered, it is possible that the length of time to respond to the Exchange Offer may be extended, the terms of the Exchange Offer may be changed, or other steps may be taken. You will be notified of any material changes.

It is possible that, if the number of tendered shares is less than is required to distribute all of the Materials common stock, the remaining Materials shares will be distributed as a stock dividend to the remaining holders of LMC shares. If this occurs, appropriate notifications will be sent to all shareholders, including participants in the Individual Account Plans.

It is also possible that more LMC shares will be tendered than can be exchanged for Materials stock. In this case, the amount of shares accepted for exchange will be reduced proportionately. If the Exchange Offer is oversubscribed by 50%, for example, only 2/3 of the shares you elected to tender will be accepted for exchange.

Procedures for Handling Accounts After the Close of The Exchange Offer

Upon notification to the Plan's recordkeeper by the Transfer Agent of the number of shares to be exchanged, the percentage of your August 31, 1996 account balance that you instructed be exchanged will be segregated from the remainder of your LMC account. The shares in this segregated account will be those exchanged for Materials common stock. LMC stock held in the segregated account will not be available for distribution or sale until the exchange process is completed. If you do not return a properly completed Instruction Card, the independent fiduciary may decide to exchange shares allocated to your LMC stock account. The LMC shares exchanged by the independent fiduciary will also be segregated from your account. If you return the Instruction Card with a less than 100% election, any transaction involving the non-segregated shares of LMC stock, including purchases, sales and distributions will be processed as normal.

There are two ways in which you can learn the number of LMC shares accepted for exchange. You receive semiannual statements showing your account balance. The next statement will show the number of LMC shares exchanged. In addition, you will receive a transaction confirmation statement describing the results of the exchange.

Description of Materials Stock Fund

In considering whether to exchange your LMC shares, in addition to reviewing all of the enclosed communication material, it is very important that you understand the treatment under your Plan of any Materials common stock that you receive in exchange for your LMC shares. Materials common stock received by participants in the Plan will be held in a separate fund, the "Materials Stock Fund," established as part of completing the exchange. The Materials Stock Fund will be a unitized fund and will operate in a manner different from the other funds under the Plan.

You will be able to dispose of your balance in the Materials Stock Fund in the same manner and at the same time as you are able to dispose of other assets in your account. You will not be able, however, to add to your Materials Stock Fund balance. In addition,

cash dividends on Materials common stock will be held in the Materials Stock Fund in short term investments and will not be automatically invested in shares of Materials common stock. Distributions from the Materials Stock Fund will be made in cash and not in shares of stock.

In any event, the Materials Stock Fund under your Plan will be terminated as of October 30, 1998. The termination may be extended in which case you will be notified of the extension prior to August 1, 1998. If you have not disposed of your Materials Stock Fund balance by the termination date, the Plan will provide for the orderly liquidation of the remaining balances in the Materials Stock Fund as of that date and the reinvestment of the proceeds in the most conservative investment option offered under the Plan, as selected by the Benefit Plan Committee.

The value of the LMC shares presently in your account may come from different contribution sources, such as Basic, Supplemental, employee pre-tax deferrals, employee after-tax contributions, or company matching contributions. The types and percentages of contribution sources of Materials shares credited to your account after the Exchange Offer will be identical to the types and percentages of contribution sources of the LMC shares in your account as of August 31, 1996. Your balance in the Materials Stock Fund will be available for all withdrawals (hardship or otherwise) to the extent permitted under the Plan for the types of contributions.

Description of Tax Consequences

Exchanging LMC shares for Materials shares could change how you are taxed on the amounts distributed to you from the plan. Depending on the type of distribution, a participant who takes an in-kind distribution of shares of stock may elect not to be taxed at the time of distribution on the "net unrealized appreciation" attributable to certain types of contributions. The "net unrealized appreciation" is the difference between the value of the units in the stock fund at the time they were allocated to your account and at the time the shares representing the value of those units are distributed to you. Net unrealized appreciation will not be taxed until the stock is sold and the appreciation is realized.

For tax purposes, the cost basis of the LMC shares currently allocated to your account will be apportioned between your remaining units in the LMC Stock Fund and your units in the Materials Stock Fund. Distributions upon termination of employment or withdrawals from the Materials Stock Fund will be made, however, only in cash. As a result, distributions from the Materials Stock

Fund will not be eligible for "net unrealized appreciation" tax treatment.

For example, suppose that (1) prior to the Exchange Offer, you intended to receive your entire distribution from the LMC Stock Fund in shares and (2) after the Exchange Offer, you intend to receive your LMC Stock Fund balance in shares and your Materials Stock Fund balance in cash. In this case (and assuming that the value of your Materials stock is equal to the value of the LMC stock that would have remained in your account if the Exchange Offer had not occurred) you will pay a higher tax at the time of the distribution (and a lesser tax upon sale of your LMC shares) than would be the case if you had not exchanged your LMC shares. This is because the tax due on the appreciation of the LMC shares would have been deferred until you sold the LMC shares, whereas you are taxed on the full amount of your cash distribution from the Materials Stock Fund (less the amount of your after-tax contributions invested in that fund).

EXCHANGE PROCEDURES
KEY DATES AND TERMS

KEY DATES (Based on schedule as of September 16, 1996; dates are approximate and
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may change if the Exchange Offer deadline is extended).

Date	Event
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August 30, 1996	Share Determination Date - Participant LMC Fund Account Balances Updated to reflect July transactions processed in August. It is this balance that will be used to determine the number of shares exchanged.
September 16, 1996	Exchange Offer Commences - Begin mailing materials to plan participants.
October 11, 1996	Deadline for receipt by Trustee of Participant Instruction Cards.
October 18, 1996	Exchange Offer Closes - Trustee submits tender instructions to LMC Exchange Agent.
Approximately October 25, 1996	Exchange Agent announces whether Exchange Offer was oversubscribed and if so, the percentage of shares tendered which will be exchanged.
Week of November 5, 1996	Trustee receives new Materials shares.
Week of November 11,	Trustee allocates shares of Materials to plan accounts of exchanging participants.

KEY TERMS
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"Exchange Offer" - the opportunity being provided to shareholders of Lockheed Martin Corporation to exchange shares of common stock of Lockheed Martin Corporation for shares of common stock of Martin Marietta Materials, Inc.

"Independent Fiduciary" - U.S. Trust Company, the special fiduciary appointed to respond to the Exchange Offer on behalf of participants for whom properly completed instructions are not received by the deadline.

"Instruction Card" - (or "Card" or "Participant Instruction Card") - the card/form on which a participant may give instructions to the Trustee as to whether or not to exchange in response to the Exchange Offer.

"Offering Circular/Prospectus" - a document provided to all shareholders of Lockheed Martin Corporation which describes the Exchange Offer.

"Plan Exchange Procedures" - a document provided to employees who participate in plans sponsored by Lockheed Martin Corporation or its subsidiaries which permit investment of account balances in Lockheed Martin Corporation common stock. The Exchange Procedures set forth the procedures whereby a participant in one of those plans may instruct the plan trustee as to how to respond to the Exchange Offer.

"Share Determination Date: - August 30, 1996; the balance in a participant's account on this date will be used to determine the number of shares that will be exchanged as part of the Exchange Offer, if the participant (or the independent fiduciary exchanges in the case of a participant who does not turn in a properly completed Instruction Card) directs the trustee to exchange a percentage of his/her account.

EXPLANATION OF PROCEDURES CONCERNING
EXCHANGE OF LOCKHEED MARTIN CORPORATION COMMON STOCK
FOR MARTIN MARIETTA MATERIALS, INC. COMMON STOCK

September 16, 1996

Purpose of this Document

According to our records, you are a participant in the Idaho National Engineering Laboratory Employee Investment Plan (the "Plan") maintained by a subsidiary of Lockheed Martin Corporation ("LMC"). The Plan permits you to invest a portion of your individual plan account in a fund invested in LMC common stock. This document, which has been prepared by LMC, is being sent to you by U.S. Bank of Idaho (the "Plan Trustee"), along with the other materials enclosed in this envelope, because LMC has commenced an exchange offer (the "Exchange Offer") with its stockholders. Pursuant to the Exchange Offer, each LMC stockholder is being offered the opportunity to receive shares of Martin Marietta Materials, Inc. ("Materials"), an 81%-owned subsidiary of LMC, in exchange for shares of LMC. For each share of LMC common stock exchanged, a Lockheed Martin stockholder may become entitled to receive ____ shares of Materials common stock, subject to adjustment if the Exchange Offer is oversubscribed.

Plan participants who have invested in the LMC Stock Fund will be allowed to direct the Trustee as to whether to exchange LMC shares that are attributable to their individual accounts. This document (the "Plan Exchange Procedures") is intended to supplement the other materials enclosed in this package regarding the Exchange Offer and to explain the procedures that govern your decision whether to exchange some or all of the LMC stock attributable to your account. You should read carefully the Plan Exchange Procedures and the other materials sent to you, in particular, the Offering Circular/Prospectus and make your own decision about the Exchange Offer.

These Plan Exchange Procedures are for information purposes only. Neither LMC, its subsidiaries, their Boards of Directors nor the Plan Trustee makes any recommendation whether to exchange or to refrain from exchanging LMC shares in the Exchange Offer. If you have any questions concerning the Exchange Offer, you should contact the Information Agent for the Exchange Offer at 1-800-566-9058.

Procedures for Instructing the Trustee With Regard to Your Decision Whether to Exchange LMC Shares

Enclosed in this envelope is a Participant Instruction Card ("Instruction Card" or "Card") and a self-addressed return envelope. If you wish to have some or all of the LMC shares attributable to your account exchanged, you must return the Instruction Card. You should also return the Instruction Card even if you do NOT want to exchange your LMC shares. The

Instruction Card must be mailed to the address listed on the Card and using the envelope included with these Plan Exchange Procedures.

When you examine your Instruction Card, you will see that it provides different election amounts from 0% to 100% in 10% increments. Your selection of one of these amounts will instruct the Plan Trustee as to what percent of your LMC shares you want to exchange. The Card also shows the number of LMC shares attributable to your account as of the close of business on July 31, 1996.

You should indicate the shares you wish to exchange, if any, by checking a percentage, from 0% to 100%, in the appropriate box on your Card. If you check a box of less than 100% and return the Instruction Card, your Card will be treated as an instruction to exchange the percentage of LMC shares listed and an instruction NOT to exchange the remaining LMC shares. For example, an instruction to exchange 20% of your shares will be treated as an instruction to exchange 20% of your LMC shares and an instruction not to exchange the remaining 80%.

If you do not wish to exchange any shares, you must return the

Instruction Card with the box for 0% shares checked. If you fail to return a

Card, send the Card to an improper address, or send an incomplete or incorrect

Card, an independent fiduciary will decide whether to exchange the LMC shares in

your account, in accordance with plan provisions and applicable law. U.S. Trust

Company has been retained to serve as the independent fiduciary and to make the exchange decision with regard to any LMC shares attributable to participant accounts for which no properly completed instructions are received.

Your account balance will be updated for purchases or sales of LMC shares in your account through September 30, 1996, which will be the date used to calculate the actual number of LMC shares to be exchanged. (This later date is called the "Share Determination Date.") For example, if your Instruction Card shows 100 LMC shares attributable to your account and you elect to exchange 60% of your

shares, but your account balance as of the Share Determination Date has increased to 120 shares, the Trustee will exchange 72 LMC shares (i.e., 60% of 120 shares). The LMC shares exchanged will include fractional shares. LMC shares credited to your account after the Share Determination Date will not be exchanged.

THE DEADLINE FOR RECEIPT OF YOUR INSTRUCTION CARD IS OCTOBER 11, 1996. An original signed Instruction Card must be received by mail on or before that date at the address listed on the enclosed self-addressed envelope. Facsimiles will NOT be accepted. Although the Exchange Offer closes on October 18, 1996 for individuals who own shares directly, instructions from Plan participants must be received by October 11th in order to allow the Plan Trustee to accurately tabulate instructions and submit exchange offer instructions to the Exchange Agent.

Any instruction regarding the exchange of LMC shares attributable to your account may be modified so long as your Instruction Card is received by the close of business on October 11th. If you want to modify your instructions, you must obtain and mail in a new Instruction Card. A new Card may be obtained by calling the Information Agent at 1-800-566-9058.

AS REQUIRED BY LAW, ALL EXCHANGE DECISIONS ARE STRICTLY CONFIDENTIAL. Your exchange decision will be processed by the Plan Trustee and the Exchange Agent. Your exchange decision will not be disclosed to any member of Lockheed Martin Corporation management.

It is possible that the terms of the Exchange Offer may change. For example, if too few shares are tendered, it is possible that the length of time to respond to the Exchange Offer may be extended, the terms of the Exchange Offer may be changed, or other steps may be taken. You will be notified of any material changes.

It is possible that, if the number of tendered shares is less than is required to distribute all of the Materials stock, the remaining Materials shares will be distributed as a stock dividend to the remaining holders of LMC shares. If this occurs, appropriate notifications will be sent to all shareholders, including participants in the Plan.

It is also possible that more LMC shares will be tendered than can be exchanged for Materials stock. In this case, the amount of shares accepted for exchange will be reduced proportionately. If the Exchange Offer is oversubscribed by 50%, for example, only 2/3 of the shares you elected to tender will be accepted for exchange.

Procedures for Handling Accounts After the Close of The Exchange Offer

Your ability to buy and sell LMC shares WILL NOT be affected if you return a properly completed Instruction Card and elect not to exchange any LMC shares. If you exchange a portion of your shares, or if you fail to return a properly completed Instruction Card by October 11, 1996 and the independent fiduciary exchanges LMC shares on your behalf, the Plan Trustee will not process September instructions to purchase or sell LMC shares in your account until the exchange is complete. In addition, all distributions scheduled for October 15 will be delayed, regardless of whether an exchange was elected. These delays are necessary to accurately process the exchange instructions received from participants. We anticipate the exchange will be completed by mid-November. Once the exchange is complete, your entire account will once again be available for all plan transactions.

There are three ways in which you can learn the number of LMC shares accepted for exchange. You should be able to determine your new balances from your electronic time sheet approximately 10 to 15 days after the end of the month following the month in which the exchange is completed. In addition, you receive quarterly statements showing your account balance. The quarterly statement for the period ending December 31 will show the results of the exchange for participants who tendered shares. In addition, you will receive a transaction confirmation statement describing the results of the exchange.

Description of Materials Stock Fund

In considering whether to exchange your LMC shares, in addition to reviewing all of the enclosed communication material, it is very important that you understand the treatment under your Plan of any Materials common stock that you receive in exchange for your LMC shares. Materials common stock received by participants in the Plan will be held in a separate fund, the "Materials Stock Fund," established as part of completing the exchange. The Materials Stock Fund will operate in a manner different from the other funds under the Plan.

You will be able to dispose of your balance in the Materials Stock Fund in the same manner and at the same time as you are able to dispose of other assets in your account. You will not be able, however, to add to your Materials Stock Fund balance. Any dividends on Materials stock will be part of the Materials Stock Fund.

The Materials Stock Fund under your Plan will be terminated as of October 30, 1998. The termination date may be extended in which case you will be notified of the extension prior to August 1, 1998. If you have not disposed of your Materials Stock Fund balance by the termination date, the Plan will provide for the orderly liquidation of the remaining balances in the Materials Stock Fund as of that date and the reinvestment of the proceeds according to your contribution investment elections in effect at that time.

The LMC shares presently in your account may come from different contribution sources, such as employee pre-tax deferrals, employee after-tax contributions, or company matching contributions. The types and percentages of contribution sources of Materials shares credited to your account after the Exchange Offer will be identical to the types and percentages of contribution sources of the LMC shares in your account on September 30, 1996. Your balance in the Materials Stock Fund will be available for loans and all withdrawals (hardship or otherwise) to the extent permitted under the Plan for those types of contributions.

EXCHANGE PROCEDURES
KEY DATES AND TERMS

KEY DATES (Based on schedule as of September 16, 1996; dates are approximate and
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may change if the Exchange Offer deadline is extended).

Date	Event
September 16, 1996	Exchange Offer Commences - Begin mailing materials to plan participants
September 30, 1996	Share Determination Date - Participant LMC Stock Fund account balances updated to reflect August transactions processed in September. It is this balance that will be used to determine the number of shares exchanged.
October 11, 1996	Deadline for receipt by Trustee of Participant Instruction Cards.
October 18, 1996	Exchange Offer Closes - Trustee submits tender instructions to LMC Exchange Agent.
Approximately October 25, 1996	Exchange Agent announces whether Exchange Offer was oversubscribed and if so, the percentage of shares exchanged which will be exchanged.
October 30, 1996	September transactions normally processed at the end of October delayed for participants who directed Trustee to exchange all or a percentage of LMC account (or participants who provided no properly completed Instruction Card in the event the Independent fiduciary directs a exchange of all or a percentage of those shares).
Week of November 4, 1996	Trustee receives new Materials shares.
Week of November 11, 1996	Trustee allocates shares of Materials to plan accounts of exchanging participants.
Week of November 11, 1996	Processing of September transactions normally processed at the end of October for all participants who directed Trustee to exchange all or a percentage of LMC Stock Fund account (or participants who provided no properly completed Instruction Card in the event the Independent fiduciary directs a exchange of all or a percentage of those shares).

KEY TERMS
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"Exchange Offer" - the opportunity being provided to shareholders of Lockheed Martin Corporation to exchange shares of common stock of Lockheed Martin Corporation for shares of common stock of Martin Marietta Materials, Inc.

"Independent Fiduciary" - U.S. Trust Company, the special fiduciary appointed to respond to the Exchange Offer on behalf of participants for whom properly completed instructions are not received by the deadline.

"Instruction Card" - (or "Card" or "Participant Instruction Card") - the card/form on which a participant may give instructions to the Trustee as to whether or not to exchange in response to the Exchange Offer.

"Offering Circular/Prospectus" - a document provided to all shareholders of Lockheed Martin Corporation which describes the Exchange Offer.

"Plan Exchange Procedures" - a document provided to employees who participate in plans sponsored by Lockheed Martin Corporation or its subsidiaries which permit investment of account balances in Lockheed Martin Corporation common stock. The Plan Exchange Procedures set forth the procedures whereby a participant in one of those plans may instruct the plan trustee as to how to respond to the Exchange Offer.

"Share Determination Date: - the balance in a participant's account on

this date will be used to determine the number of shares that will be exchanged as part of the Exchange Offer, if the participant (or the independent fiduciary exchanges in the case of a participant who does not turn in a properly completed Instruction Card) directs the trustee to exchange a percentage of his/her account.

EXPLANATION OF PROCEDURES CONCERNING
EXCHANGE OF LOCKHEED MARTIN CORPORATION COMMON STOCK
FOR MARTIN MARIETTA MATERIALS, INC. COMMON STOCK

September 16, 1996

Purpose of this Document

According to our records, you are a participant in the Lockheed Martin Capital Accumulation Plan or the Lockheed Martin Hourly Employees Savings and Investment Plan - Fort Worth and Abilene Divisions (these plans are referred to in this explanation as "Individual Account Plans") maintained by Lockheed Martin Corporation ("LMC") or its subsidiaries. These Plans permit you to invest a portion of your plan account in LMC common stock. This document, which has been prepared by LMC, is being sent to you by Bankers Trust Company (the "Plan Trustee"), along with the other materials enclosed in this envelope, because LMC has commenced an exchange offer (the "Exchange Offer") with its stockholders. Pursuant to the Exchange Offer, each LMC stockholder is being offered the opportunity to receive shares of Martin Marietta Materials, Inc. ("Materials"), an 81%-owned subsidiary of LMC, in exchange for shares of LMC. For each share of LMC common stock exchanged, a Lockheed Martin stockholder may become entitled to receive ___ shares of Materials common stock, subject to adjustment if the Exchange Offer is oversubscribed.

Plan participants who have invested in the LMC Stock Fund will be allowed to direct the trustee as to whether to exchange LMC shares allocated to their individual accounts. This document (the "Plan Exchange Procedures") is intended to supplement the other materials enclosed in this package regarding the Exchange Offer and to explain the procedures that govern your decision whether to exchange some or all of the LMC stock allocated to your account. You should read carefully the Plan Exchange Procedures and the other materials sent to you, in particular, the Offering Circular/Prospectus and make your own decision regarding the Exchange Offer.

These Plan Exchange Procedures are for information purposes only. Neither LMC, the LMC Board of Directors nor the Plan Trustee makes any recommendation whether to exchange or to refrain from exchanging LMC shares in the Exchange Offer.

If you have any questions concerning the Exchange Offer, you should contact the Information Agent for the Exchange Offer at 1-800-566-9058. If you have any questions concerning the Plan

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS
COVERING SECURITIES THAT HAVE BEEN REGISTERED
UNDER THE SECURITIES ACT OF 1933

Exchange Procedures, you should contact the Plan Trustee, Bankers Trust Company, at 1-800-949-8496.

Procedures for Instructing the Trustee With Regard to Your Decision Whether to Tender LMC Shares

Enclosed in this envelope is a Participant Instruction Card ("Instruction Card" or "Card") and a self-addressed return envelope. If you wish to have some or all of the LMC shares allocated to your account exchanged, you must return the Instruction Card. You should also return the Instruction Card even if you do NOT want to exchange your LMC shares. The Instruction Card

must be mailed to the address listed the envelope included with these Plan Exchange Procedures.

When you examine your Instruction Card, you will see that it provides different election amounts from 0% to 100% in 10% increments. Your selection of one of these amounts will instruct the Plan Trustee as to what percent of your LMC shares you want to exchange. The Card also shows the number of LMC shares allocated to your account as of the close of business on July 31st, as calculated by the Plan recordkeeper.

You should indicate the shares you wish to exchange, if any, by checking a percentage, from 0% to 100%, in the appropriate box on your Card. If you check a box of less than 100% and return the Instruction Card, your Card will be treated as an instruction to tender the percentage of LMC shares listed and an instruction NOT to tender the remaining LMC shares. For example, an instruction to tender 20% of your shares will be treated as an instruction to tender 20% of your LMC shares and an instruction not to tender the remaining 80%.

If you do not wish to exchange any shares, you must return the Instruction Card with the box for 0% shares checked. If you fail to return a Card, send the Card to an improper address, or send an incomplete or incorrect Card, an independent fiduciary will decide whether to exchange the LMC shares in your account, in accordance with plan provisions and applicable law. U.S. Trust Company has been retained to serve as the independent fiduciary and to make the exchange decision with regard to any LMC shares allocated to participant accounts for which no properly completed Instruction Card is received.

Your account balance will be updated for purchases or sales of LMC shares in your account through August 31st, which will be the date used to calculate the actual number of LMC shares to be exchanged. (This later date is called the "Share Determination Date.") For example, if your Instruction Card shows 100 LMC shares allocated to your account and you elect to exchange 60% of your shares, but your account balance as of the Share Determination Date

has increased to 120 shares, the Trustee will tender 72 LMC shares (i.e., 60% of 120 shares). The LMC shares exchanged will include fractional shares. LMC shares credited to your account after the Share Determination Date will not be exchanged.

THE DEADLINE FOR RECEIPT OF YOUR INSTRUCTION CARD IS OCTOBER 11, 1996. An original signed Instruction Card must be received by mail on or before that date at the address listed on the enclosed self-addressed envelope. Facsimiles will NOT be accepted. Although the Exchange Offer closes on October 18, 1996 for individuals who own shares directly, instructions from participants in Individual Account Plans must be received by October 11th in order to allow the Plan Trustee to accurately tabulate instructions and submit Exchange Offer instructions to the Exchange Agent.

Any instruction regarding the exchange of LMC shares allocated to your account may be modified so long as your Instruction Card is received by the close of business on October 11th. If you want to modify your instructions, you must obtain and mail in a new Instruction Card. A new Card may be obtained by calling Bankers Trust Company at 1-800-949-8496.

AS REQUIRED BY LAW, ALL EXCHANGE DECISIONS ARE STRICTLY CONFIDENTIAL. Your exchange decision will be processed by the Plan Trustee. Your exchange decision will not be disclosed to any member of Lockheed Martin Corporation management.

It is possible that the terms of the Exchange Offer may change. For example, if too few shares are tendered, it is possible that the length of time to respond to the Exchange Offer may be extended, the terms of the Exchange Offer may be changed, or other steps may be taken. You will be notified of any material changes.

It is possible that, if the number of tendered shares is less than is required to distribute all of the Materials stock, the remaining Materials shares will be distributed as a stock dividend to the remaining holders of LMC shares. If this occurs, appropriate notifications will be sent to all shareholders, including participants in the Individual Account Plans.

It is also possible that more LMC shares will be tendered than can be exchanged for Materials stock. In this case, the amount of shares accepted for exchange will be reduced proportionately. If the Exchange Offer is oversubscribed by 50%, for example, only 2/3 of the shares you elected to tender will be accepted for exchange.

Procedures for Handling Accounts After the Close of The Exchange Offer

Any transaction involving LMC shares in your account -- including purchases, sales, distributions or loans -- that otherwise

would be processed as of September 30 will be delayed for approximately one week. This delay will apply to all participants, regardless of whether the participants elects to tender all or a portion of the LMC shares in his or her account. Also, if you exchange a portion of your LMC shares, or if you fail to return a properly completed Instruction Card by October 11 and the independent fiduciary exchanges LMC shares on your behalf, the Plan Trustee will not process September instructions to purchase or sell LMC shares in your account, which would otherwise be effective as of October 31, until the exchange is complete. We anticipate the exchange will be completed by mid-November. These delays are necessary to accurately process the exchange instructions received from participants. The exchange will be processed as a September transaction. Once the exchange is complete, your entire account will once again be available for all plan transactions, subject to the various limitations described below.

There are several ways in which you can learn the number of LMC shares accepted for exchange. If your Plan has a voice response system, you should be able to determine your new balances on or around November 15, 1996. In addition, you receive quarterly statements showing your account balance. The next quarterly statement will also show the number of LMC shares exchanged. In addition, you will receive a transaction confirmation statement describing the results of the exchange.

Description of Materials Stock Fund

In considering whether to exchange your LMC shares, in addition to reviewing all of the enclosed communication material, it is very important that you understand the treatment under your Plan of any Materials common stock that you receive in exchange for your LMC shares. Materials common stock received by participants in the Plan will be held in a separate fund, the "Materials Stock Fund," established as part of completing the exchange. The Materials Stock Fund will be a unitized fund and will operate in a manner different from the other funds under the Plan.

You will not be able to add to your Materials Stock Fund balance. Cash dividends on Materials stock will be held in the Materials Stock Fund in short term investments and will not be invested in shares of Materials common stock. Distributions from the Materials Stock Fund will be made in cash and not in shares of stock.

In any event, the Materials Stock Fund under your Plan will be terminated as of October 30, 1998. The termination may be extended, in which case you will be notified of the extension prior to August 1, 1998. If you have not disposed of your Materials Stock Fund balance by the termination date, the Plan will provide for the orderly liquidation of the remaining balances in the Materials Stock Fund as of that date and the reinvestment of the

proceeds in the most conservative investment option offered under the Plan, as selected by the Benefit Plan Committee.

The LMC shares presently in your account may come from different contribution sources, such as employee pre-tax deferrals, employee after-tax contributions, or company matching contributions. The types and percentages of contribution sources of Materials shares credited to your account after the Exchange Offer will be identical to the types and percentages of contribution sources of the LMC shares in your account as of August 31, 1996. Your balance in the Materials Stock Fund will be available for loans and all withdrawals (hardship or otherwise) to the extent permitted under the Plan for those types of contributions.

Description of Tax Consequences

Exchanging LMC shares for Materials shares could change how you are taxed on the amounts distributed to you from the plan. Depending on the type of distribution, a participant who takes an in-kind distribution of shares of stock may elect not to be taxed at the time of distribution on the "net unrealized appreciation" attributable to certain types of contributions. The "net unrealized appreciation" is the difference between the value of the units in the stock fund at the time they were allocated to your account and at the time the shares representing the value of those units are distributed to you. Net unrealized appreciation will not be taxed until the stock is sold and the appreciation is realized.

For tax purposes, the cost basis of the LMC shares currently allocated to your account will be apportioned between your remaining shares in the LMC Stock Fund and your units in the Materials Stock Fund. Distributions upon termination of employment or withdrawals from the Materials Stock Fund will be made, however, only in cash. As a result, distributions from the Materials Stock Fund will not be eligible for "net unrealized appreciation" tax treatment.

For example, suppose that (1) prior to the Exchange Offer, you intended to receive your entire distribution from the LMC Stock Fund in shares and (2) after the Exchange Offer, you intend to receive your LMC Stock Fund balance in shares and your Materials Stock Fund balance in cash. In this case (and assuming that the value of your Materials stock is equal to the value of the LMC stock that would have remained in your account if the Exchange Offer had not occurred) you will pay a higher tax at the time of the distribution (and a lesser tax upon sale of your LMC shares) than would be the case if you had not exchanged your LMC shares. This is because the tax due on the appreciation of the LMC shares would have been deferred until you sold the LMC shares, whereas you are taxed on the full amount of your cash distribution from the Materials Stock Fund (less the amount of your after-tax contributions invested in that fund).

EXCHANGE PROCEDURES
KEY DATES AND TERMS

KEY DATES (Based on schedule as of September 16, 1996; dates are approximate and
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may change if the Exchange Offer deadline is extended).

Date	Event

August 30, 1996	Share Determination Date - Participant LMC account balances updated to reflect July transactions processed in August. It is this balance that will be used to determine the number of shares exchanged.
September 16, 1996	Exchange Offer Commences - Begin mailing materials to plan participants
September 30, 1996	Transactions normally processed as of September 30 delayed for one week for all participants.
October 11, 1996	Deadline for receipt by Trustee of Participant Instruction Cards
October 18, 1996	Exchange Offer Closes - Trustee submits exchange instructions to LMC Exchange Agent
Approximately October 25, 1996	Exchange Agent announces whether Exchange Offer was oversubscribed and if so, the percentage of shares tendered which will be exchanged.
October 30, 1996	September transactions normally processed at end of October delayed for all participants who directed Trustee to exchange all or a percentage of LMC account (or participants who provided no properly completed directions in the event the independent fiduciary directs an exchange of all or a percentage of those shares)
Week of November 4, 1996	Trustee receives new Materials shares
Week of November 11, 1996	Trustee allocates shares of Materials to plan accounts of exchanging participants
Week of November 11, 1996	Processing of September transactions completed for all participants who directed Trustee to exchange all or a percentage of LMC account (or participants who provided no properly completed instructions in the event the independent fiduciary directs an exchange of all or a percentage of those shares).

KEY TERMS
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"Exchange Offer" - the opportunity being provided to shareholders of Lockheed Martin Corporation to exchange shares of common stock of Lockheed Martin Corporation for shares of common stock of Martin Marietta Materials, Inc.

"Independent Fiduciary" - U.S. Trust Company, the special fiduciary appointed to respond to the Exchange Offer on behalf of participants for whom properly completed instructions are not received by the deadline.

"Instruction Card" - (or "Card" or "Participant Instruction Card") - the card/form on which a participant may give instructions to the Trustee as to whether or not to exchange in response to the Exchange Offer.

"Offering Circular/Prospectus" - a document provided to all shareholders of Lockheed Martin Corporation which describes the Exchange Offer.

"Plan Exchange Procedures" - a document provided to employees who participate in plans sponsored by Lockheed Martin Corporation or its subsidiaries which permit investment of account balances in Lockheed Martin Corporation common stock. The Plan Exchange Procedures set forth the procedures whereby a participant in one of those plans may instruct the plan trustee as to how to respond to the Exchange Offer.

"Share Determination Date: - August 31, 1996, the balance in a

participant's account on this date will be used to determine the number of shares that will be tendered as part of the Exchange Offer, if the participant (or the independent fiduciary tenders in the case of a participant who does not turn in a properly completed Instruction Card) directs the trustee to tender a percentage of his/her account.

[LETTERHEAD OF LOCKHEED MARTIN APPEARS HERE]

IMPORTANT NOTICE

TO HOLDERS OF COMMON STOCK OF
MARTIN MARIETTA CORPORATION

On March 16, 1995, you were advised that the combination of Lockheed Corporation and Martin Marietta Corporation was approved by the stockholders of each company at special stockholders meetings held on March 15, 1995. As a result of the combination, holdings formerly representing Martin Marietta Corporation common stock were converted into the right receive Lockheed Martin Corporation common stock in the ratio of one share of Lockheed Martin Corporation common stock for each share of Martin Marietta Corporation common stock.

Our records indicate that you have not yet submitted your stock certificates representing Martin Marietta Corporation shares for exchange.

Lockheed Martin Corporation is now commencing an exchange offer through which it is offering its stockholders an opportunity to exchange _____ shares of common stock of Martin Marietta Materials, Inc. owned by Lockheed Martin Corporation for each share of Lockheed Martin Corporation common stock. The terms and conditions of the exchange offer are detailed in the enclosed exchange offer materials.

You may participate in the exchange offer even if you have not yet exchanged your Martin Marietta Corporation stock certificates for Lockheed Martin Corporation stock certificates (or even if you cannot locate your certificates). Simply follow all the instructions for tendering your shares in the exchange offer contained in the enclosed Offering Circular-Prospectus and Letter of Transmittal but submit your Martin Marietta stock certificates in place of the Lockheed Martin stock certificates.

Questions relating to any lost, stolen or destroyed stock certificates should be directed to First Chicago Trust Company of New York, the exchange agent for the exchange offer at (800) 519-3111.

Questions relating to the procedures for tendering may be directed to the Morrow & Co., Inc., the information agent for the exchange offer, at (800) 566-9058.

Sincerely,

Lillian M. Trippett

September 16, 1996

[LETTERHEAD OF LOCKHEED MARTIN APPEARS HERE]

IMPORTANT NOTICE

TO HOLDERS OF COMMON STOCK OF LOCKHEED CORPORATION

On March 16, 1995, you were advised that the combination of Lockheed Corporation and Martin Marietta Corporation was approved by the stockholders of each company at special stockholders meetings held on March 15, 1995. As a result of the combination, holdings formerly representing Lockheed Corporation common stock were converted into the right to receive Lockheed Martin Corporation common stock in the ratio of 1.63 shares of Lockheed Martin Corporation common stock for each share of Lockheed Corporation common stock.

Our records indicate that you have not yet submitted your stock certificates representing Lockheed Corporation shares for exchange.

Lockheed Martin Corporation is now commencing an exchange offer through which it is offering its stockholders an opportunity to exchange _____ shares of common stock of Martin Marietta Materials, Inc. owned by Lockheed Martin Corporation for each share of Lockheed Martin Corporation common stock. The terms and conditions of the exchange offer are detailed in the enclosed exchange offer materials.

You may participated in the exchange offer even if you have not yet exchanged your Lockheed Corporation stock certificates for Lockheed Martin Corporation stock certificates (or even if you cannot locate your certificates). Simply follow all the instructions for tendering your shares in the exchange offer contained in the enclosed Offering Circular-Prospectus and Letter of Transmittal but submit your Lockheed stock certificates in place of the Lockheed Martin stock certificates. Remember, however, that each share of Lockheed Corporation common stock has been converted into the right to receive 1.63 shares of Lockheed Martin common stock.

Questions relating to any lost, stolen or destroyed stock certificates should be directed to First Chicago Trust Company of New York, the exchange agent for the exchange offer of (800) 519-3111.

Questions relating to the procedures for tendering may be directed to the Morrow & Co., Inc., the information agent for the exchange offer, at (800) 566-9058.

Sincerely,

Lillian M. Trippett

September 16, 1996

[Trustee Letterhead]

September 16, 1996

Re: Sandia Corporation Savings and
Security Plan; Sandia Corporation
Savings and Income Plan

Dear Plan Participant:

Lockheed Martin Corporation ("Lockheed Martin") is offering each of the holders of record of its common stock the opportunity to exchange all or a portion of each Lockheed Martin share held by the stockholder for a specified number of shares of common stock of Martin Marietta Materials, Inc. up to a maximum number (the "Exchange Offer"). In cases where the Lockheed Martin shares are held by one of the employee benefit plans listed above, the plan trustee is the holder of record of the Lockheed Martin common stock for purposes of responding to the Exchange Offer. Nonetheless, participants in the plans listed above may direct the plan trustee on the decision as to whether to exchange Lockheed Martin shares allocated to the participant's plan account.

This letter and the enclosed materials are being sent to all participants in the plans listed above, regardless of whether any portion of a participant's account balance is attributable to Lockheed Martin common stock. This is being done to assure that all participants have an opportunity to direct the Trustee as to a response to the Exchange Offer. However, if no portion of your account balance currently is attributable to Lockheed Martin common stock and you do not intend to invest any portion of your account in Lockheed Martin stock by October 11, 1996, you do not need to take any actions with regard to the Exchange Offer or this package.

The attached materials have been prepared by Lockheed Martin and describe the Exchange Offer and the procedures plan participants should follow in responding to the Exchange Offer. The materials contain important information including the following:

- . Offering Circular/Prospectus - This document has been provided to all holders of record of Lockheed Martin common stock.
- . Questions and Answers - This document also has been provided to all holders of record of Lockheed Martin common stock.
- . Explanation of Procedures Concerning Exchange of Lockheed Martin Corporation Common Stock for Martin Marietta Materials, Inc. Common Stock ("Plan Exchange Procedures") - This document describes the special procedures applicable to responses for plan participants.
- . Participant Instruction Card - This is the card on which you may direct the plan trustee confidentially as to how to respond to the Exchange Offer with respect to Lockheed Martin shares attributable to your plan account.
- . Self-addressed stamped envelope - This envelope should be used for return of your Participant Instruction Card.

All of the enclosed documents should be read in their entirety prior to making a decision regarding how to respond to the Exchange Offer. Neither Lockheed Martin, Sandia Corporation, their Boards of Directors nor the Plan Trustee makes any recommendation whether to tender or to refrain from tendering LMC shares in the Exchange Offer.

Please note that the Offering Circular/Prospectus and the Exchange Procedures differ on the procedures for responding to the Exchange Offer. This is because, as noted above, the Offering Circular/Prospectus is directed to the record holder of the common stock (in this case, the plan trustee) rather than the plan participants. The Exchange Procedures, on the other hand, are specifically directed to plan participants and are the exclusive means for plan participants to respond to the Exchange Offer. Plan participants should follow -----
the procedures set forth in the Exchange Procedures and not the procedures in -----

the Offering Circular/Prospectus. In particular,

- . You should indicate your response to the Exchange Offer for Lockheed Martin shares attributable to your plan

account on the enclosed Participant Instruction Card and not on the Letter of Transmittal sent to other shareholders.

- . An original signed and properly completed instruction card must be received

by the plan trustee at the address on the enclosed self-addressed stamped envelope by midnight on October 11, 1996 (unless a later deadline is announced for the Exchange Offer).
- . You must return an original signed and properly completed Participant

Instruction Card even if you do not want to exchange any of the shares

attributable to your plan account; if the trustee does not receive an

original signed and properly completed card, no shares attributable to your plan account will be exchanged for shares of Martin Marietta Materials, Inc.

If you hold shares directly as a shareholder in addition to the shares held through one of the plans listed above, you will also receive, under separate cover, Exchange Offer materials which can be used to exchange those shares directly with Lockheed Martin. Those Exchange Offer materials may not be used to direct the Trustee to tender or not tender Lockheed Martin shares attributable to your plan account. Directions regarding your plan account may only be given on a Participant Instruction Card submitted in accordance with the Plan Exchange Procedures.

The Exchange Procedures contain telephone numbers you may call should you have any questions concerning the Exchange Offer.

Your instructions are confidential and will not be disclosed to members of Lockheed Martin or Sandia Corporation management. PLEASE REMEMBER TO RETURN YOUR PARTICIPANT INSTRUCTION CARD BY OCTOBER 11, 1996 TO THE ADDRESS LISTED ON THE RETURN ENVELOPE.

[Trustee Name]

[Trustee Letterhead]

September 16, 1996

Re: List of U.S.
Trust Plan Names

Dear Plan Participant:

Lockheed Martin Corporation ("Lockheed Martin") is offering each of the holders of record of its common stock the opportunity to exchange all or a portion of each Lockheed Martin share held by the stockholder for a specified number of shares of common stock of Martin Marietta Materials, Inc. up to a maximum number (the "Exchange Offer"). In cases where the Lockheed Martin shares are held by one of the employee benefit plans listed above, the plan trustee is the holder of record of the Lockheed Martin Common stock for purposes of responding to the Exchange Offer. Nonetheless, participants in the plans listed above may direct the plan trustee on the decision as to whether to exchange Lockheed Martin shares allocated to the participant's plan account.

The attached materials have been prepared by Lockheed Martin and describe the Exchange Offer and the procedures plan participants should follow in responding to the Exchange Offer. The materials contain important information including the following:

- . Offering Circular/Prospectus - This document has been provided to all holders of record of Lockheed Martin common stock.
- . Questions and Answers - This document also has been provided to all holders of record of Lockheed Martin common stock.
- . Explanation of Procedures Concerning Exchange of Lockheed Martin Corporation Common Stock for Martin Marietta Materials, Inc. Common Stock ("Plan Exchange Procedures") - This document describes the special procedures applicable to responses for plan participants.
- . Participant Instruction Card - This is the card on which you may direct the plan trustee confidentially as to how to respond to the Exchange Offer with respect to Lockheed Martin shares allocated to your plan account.
- . Self-addressed stamped envelope - This envelope should be used for return of your Participant Instruction Card.

All of the enclosed documents should be read in their entirety prior to making a decision regarding how to respond to the Exchange Offer. Neither Lockheed Martin, its Board of Directors nor the Plan Trustee makes any recommendation whether to tender or to refrain from tendering LMC shares in the Exchange Offer.

Please note that the Offering Circular/Prospectus and the Exchange Procedures differ on the procedures for responding to the Exchange Offer. This is because, as noted above, the Offering Circular/Prospectus is directed to the record holder of the common stock (in this case, the plan trustee) rather than the plan participants. The Exchange Procedures, on the other hand, are specifically directed to plan participants and are the exclusive means for plan participants to respond to the Exchange Offer. Plan participants should follow -----
the procedures set forth in the Exchange Procedures and not the procedures in -----

the Offering Circular/Prospectus. In particular,

- . You should indicate your response to the Exchange Offer for Lockheed Martin shares allocated to your plan account on the enclosed Participant Instruction Card

and not on the Letter of Transmittal sent to other shareholders.

- . An original signed and properly completed instruction card must be received

by the plan trustee at the address on the enclosed self-addressed stamped envelope by close of business on October 11, 1996 (unless a later deadline is announced for the Exchange Offer).
- . You must return an original signed and properly completed Participant

Instruction Card even if you do not want to exchange any of the shares

attributable to your plan account; if the trustee does not receive an

original signed and properly completed card, an independent fiduciary will determine whether or not any of the Lockheed Martin shares allocated to your plan account will be exchanged for shares of Martin Marietta Materials, Inc.

If you hold shares directly as a shareholder in addition to the shares held through one of the plans listed above, you will also receive, under separate cover, Exchange Offer materials which can be used to exchange those shares directly with Lockheed Martin. Those Exchange Offer materials may not be used to direct the Trustee to tender or not tender Lockheed Martin shares allocated to your plan account. Directions regarding your plan account may only be given on a Participant Instruction Card submitted in accordance with the Plan Exchange Procedures.

The Exchange Procedures contain telephone numbers you may call should you have any questions concerning the Exchange Offer.

Your instructions are confidential and will not be disclosed to members of Lockheed Martin management. PLEASE REMEMBER TO RETURN YOUR PARTICIPANT INSTRUCTION CARD BY OCTOBER 11, 1996 TO THE ADDRESS LISTED ON THE RETURN ENVELOPE.

[Trustee Name]

[Trustee Letterhead]

September 16, 1996

Re: Idaho National
Engineering
Laboratory Employee
Investment Plan

Dear Plan Participant:

Lockheed Martin Corporation ("Lockheed Martin") is offering each of the holders of record of its common stock the opportunity to exchange all or a portion of each Lockheed Martin share held by the stockholder for a specified number of shares of common stock of Martin Marietta Materials, Inc. up to a maximum number (the "Exchange Offer"). In cases where the Lockheed Martin shares are held by an employee benefit plan such as the Idaho National Engineering Laboratory Employee Investment Plan ("Plan"), the plan trustee is the holder of record of the Lockheed Martin Common stock for purposes of responding to the Exchange Offer. Nonetheless, participants in the Plan may direct the plan trustee on the decision as to whether to exchange Lockheed Martin shares allocated to the participant's Plan account.

This letter and the enclosed materials are being sent to all participants in the plan listed above, regardless of whether any portion of a participant's account balance is attributable to Lockheed Martin common stock. This is being done to assure that all participants have an opportunity to direct the Trustee as to a response to the Exchange Offer. However, if no portion of your account balance currently is attributable to Lockheed Martin common stock and you do not intend to invest any portion of your account in Lockheed Martin stock by September 30, 1996, you do not need to take any actions with regard to the Exchange Offer or this package.

The attached materials have been prepared by Lockheed Martin and describe the Exchange Offer and the procedures plan participants should follow in responding to

the Exchange Offer. The materials contain important information including the following:

- . Offering Circular/Prospectus - This document has been provided to all holders of record of Lockheed Martin common stock.
- . Questions and Answers - This document also has been provided to all holders of record of Lockheed Martin common stock.
- . Explanation of Procedures Concerning Exchange of Lockheed Martin Corporation Common Stock for Martin Marietta Materials, Inc. Common Stock ("Plan Exchange Procedures") - This document describes the special procedures applicable to responses for plan participants.
- . Participant Instruction Card - This is the card on which you may direct the plan trustee confidentially as to how to respond to the Exchange Offer with respect to Lockheed Martin shares attributable to your plan account.
- . Self-addressed stamped envelope - This envelope should be used for return of your Participant Instruction Card.

All of the enclosed documents should be read in their entirety prior to making a decision regarding how to respond to the Exchange Offer. Neither Lockheed Martin, its subsidiaries, their Boards of Directors nor the Plan Trustee makes any recommendation whether to tender or to refrain from tendering LMC shares in the Exchange Offer.

Please note that the Offering Circular/Prospectus and the Exchange Procedures differ on the procedures for responding to the Exchange Offer. This is because, as noted above, the Offering Circular/Prospectus is directed to the record holder of the common stock (in this case, the plan trustee) rather than the plan participants. The Exchange Procedures, on the other hand, are specifically directed to plan participants and are the exclusive means for plan participants to respond to the Exchange Offer. Plan participants should follow

the procedures set forth in the Exchange Procedures and not the procedures in

the Offering Circular/Prospectus. In particular,

- . You should indicate your response to the Exchange Offer for Lockheed Martin shares attributable to your plan account on the enclosed Participant Instruction Card and not on the Letter of Transmittal sent to other shareholders.
- . An original signed and properly completed instruction card must be received

by the plan trustee at the address on the enclosed self-addressed stamped envelope by close of business on October 11 1996 (unless a later deadline is announced for the Exchange Offer).
- . You must return an original signed and properly completed Participant

Instruction Card even if you do not want to exchange any of the shares

attributable to your plan account; if the trustee does not receive an

original signed and properly completed card, an independent fiduciary will determine whether or not any of the Lockheed Martin shares attributable to your plan account will be exchanged for shares of Martin Marietta Materials, Inc.

If you hold shares directly as a shareholder in addition to the shares held through one of the plans listed above, you will also receive, under separate cover, Exchange Offer materials which can be used to exchange those shares directly with Lockheed Martin. Those Exchange Offer materials may not be used to direct the Trustee to tender or not tender Lockheed Martin shares attributable to your plan account. Directions regarding your plan account may only be given on a Participant Instruction Card submitted in accordance with the Plan Exchange Procedures.

The Exchange Procedures contain telephone numbers you may call should you have any questions concerning the Exchange Offer.

Your instructions are confidential and will not be disclosed to members of Lockheed Martin management. PLEASE REMEMBER TO RETURN YOUR PARTICIPANT INSTRUCTION CARD BY OCTOBER 11, 1996 TO THE ADDRESS LISTED ON THE RETURN ENVELOPE.

[Trustee Name]

[Trustee Letterhead]

September 16, 1996

Re: List of Bankers
Trust Plan Names

Dear Plan Participant:

Lockheed Martin Corporation ("Lockheed Martin") is offering each of the holders of record of its common stock the opportunity to exchange all or a portion of each Lockheed Martin share held by the stockholder for a specified number of shares of common stock of Martin Marietta Materials, Inc. up to a maximum number (the "Exchange Offer"). In cases where the Lockheed Martin shares are held by one of the employee benefit plans listed above, the plan trustee is the holder of record of the Lockheed Martin Common stock for purposes of responding to the Exchange Offer. Nonetheless, participants in the plans listed above may direct the plan trustee on the decision as to whether to exchange Lockheed Martin shares allocated to the participant's plan account.

The attached materials have been prepared by Lockheed Martin and describe the Exchange Offer and the procedures plan participants should follow in responding to the Exchange Offer. The materials contain important information including the following:

- . Offering Circular/Prospectus - This document has been provided to all holders of record of Lockheed Martin common stock.
- . Questions and Answers - This document also has been provided to all holders of record of Lockheed Martin common stock.
- . Explanation of Procedures Concerning Exchange of Lockheed Martin Corporation Common Stock for Martin Marietta Materials, Inc. Common Stock ("Plan Exchange Procedures") - This document describes the special procedures applicable to responses for plan participants.
- . Participant Instruction Card - This is the card on which you may direct the plan trustee confidentially as to how to respond to the Exchange Offer with respect to Lockheed Martin shares allocated to your plan account.
- . Self-addressed stamped envelope - This envelope should be used for return of your Participant Instruction Card.

All of the enclosed documents should be read in their entirety prior to making a decision regarding how to respond to the Exchange Offer. Neither Lockheed Martin, its Board of Directors nor the Plan Trustee makes any recommendation whether to tender or to refrain from tendering LMC shares in the Exchange Offer.

Please note that the Offering Circular/Prospectus and the Exchange Procedures differ on the procedures for responding to the Exchange Offer. This is because, as noted above, the Offering Circular/Prospectus is directed to the record holder of the common stock (in this case, the plan trustee) rather than the plan participants. The Exchange Procedures, on the other hand, are specifically directed to plan participants and are the exclusive means for plan participants to respond to the Exchange Offer. Plan participants should follow -----
the procedures set forth in the Exchange Procedures and not the procedures in -----

the Offering Circular/Prospectus. In particular,

- . You should indicate your response to the Exchange Offer for Lockheed Martin shares allocated to your plan account on the enclosed Participant Instruction Card

and not on the Letter of Transmittal sent to other shareholders.

- . An original signed and properly completed instruction card must be received

by the plan trustee at the address on the enclosed self-addressed stamped envelope by close of business on October 11, 1996 (unless a later deadline is announced for the Exchange Offer).
- . You must return an original signed and properly completed Participant

Instruction Card even if you do not want to exchange any of the shares

attributable to your plan account; if the trustee does not receive an

original signed and properly completed card, an independent fiduciary will determine whether or not any of the Lockheed Martin shares allocated to your plan account will be exchanged for shares of Martin Marietta Materials, Inc.

If you hold shares directly as a shareholder in addition to the shares held through one of the plans listed above, you will also receive, under separate cover, Exchange Offer materials which can be used to exchange those shares directly with Lockheed Martin. Those Exchange Offer materials may not be used to direct the Trustee to tender or not tender Lockheed Martin shares allocated to your plan account. Directions regarding your plan account may only be given on a Participant Instruction Card submitted in accordance with the Plan Exchange Procedures.

The Exchange Procedures contain telephone numbers you may call should you have any questions concerning the Exchange Offer.

Your instructions are confidential and will not be disclosed to members of Lockheed Martin management. PLEASE REMEMBER TO RETURN YOUR PARTICIPANT INSTRUCTION CARD BY OCTOBER 11, 1996 TO THE ADDRESS LISTED ON THE RETURN ENVELOPE.

[Trustee Name]

[Trustee Letterhead]

September 16, 1996

Re: List of MMES
Plan Names

Dear Plan Participant:

Lockheed Martin Corporation ("Lockheed Martin") is offering each of the holders of record of its common stock the opportunity to exchange all or a portion of each Lockheed Martin share held by the stockholder for a specified number of shares of common stock of Martin Marietta Materials, Inc. up to a maximum number (the "Exchange Offer"). In cases where the Lockheed Martin shares are held by one of the employee benefit plans listed above, the plan trustee is the holder of record of the Lockheed Martin Common stock for purposes of responding to the Exchange Offer. Nonetheless, participants in the plans listed above may direct the plan trustee on the decision as to whether to exchange Lockheed Martin shares allocated to the participant's plan account.

The attached materials have been prepared by Lockheed Martin and describe the Exchange Offer and the procedures plan participants should follow in responding to the Exchange Offer. The materials contain important information including the following:

- . Offering Circular/Prospectus - This document has been provided to all holders of record of Lockheed Martin common stock.
- . Questions and Answers - This document also has been provided to all holders of record of Lockheed Martin common stock.
- . Explanation of Procedures Concerning Exchange of Lockheed Martin Corporation Common Stock for Martin Marietta Materials, Inc. Common Stock ("Plan Exchange Procedures") - This document describes the special procedures applicable to responses for plan participants.
- . Participant Instruction Card - This is the card on which you may direct the plan trustee confidentially as to how to respond to the Exchange Offer with respect to Lockheed Martin shares allocated to your plan account.
- . Self-addressed stamped envelope - This envelope should be used for return of your Participant Instruction Card.

All of the enclosed documents should be read in their entirety prior to making a decision regarding how to respond to the Exchange Offer. Neither Lockheed Martin, Lockheed Martin Energy Systems, Inc., their Boards of Directors nor the Plan Trustee makes any recommendation whether to tender or to refrain from tendering LMC shares in the Exchange Offer.

Please note that the Offering Circular/Prospectus and the Exchange Procedures differ on the procedures for responding to the Exchange Offer. This is because, as noted above, the Offering Circular/Prospectus is directed to the record holder of the common stock (in this case, the plan trustee) rather than the plan participants. The Exchange Procedures, on the other hand, are specifically directed to plan participants and are the exclusive means for plan participants to respond to the Exchange Offer. Plan participants should follow -----
the procedures set forth in the Exchange Procedures and not the procedures in -----

the Offering Circular/Prospectus. In particular,

- . You should indicate your response to the Exchange Offer for Lockheed Martin shares allocated to your plan account on the enclosed Participant Instruction Card

and not on the Letter of Transmittal sent to other shareholders.

- . An original signed and properly completed instruction card must be received

by the plan trustee at the address on the enclosed self-addressed stamped envelope by close of business on October 11, 1996 (unless a later deadline is announced for the Exchange Offer).
- . You must return an original signed and properly completed Participant

Instruction Card even if you do not want to exchange any of the shares

attributable to your plan account; if the trustee does not receive an

original signed and properly completed card, an independent fiduciary will determine whether or not any of the Lockheed Martin shares allocated to your plan account will be exchanged for shares of Martin Marietta Materials, Inc.

If you hold shares directly as a shareholder in addition to the shares held through one of the plans listed above, you will also receive, under separate cover, Exchange Offer materials which can be used to exchange those shares directly with Lockheed Martin. Those Exchange Offer materials may not be used to direct the Trustee to tender or not tender Lockheed Martin shares allocated to your plan account. Directions regarding your plan account may only be given on a Participant Instruction Card submitted in accordance with the Plan Exchange Procedures.

The Exchange Procedures contain telephone numbers you may call should you have any questions concerning the Exchange Offer.

Your instructions are confidential and will not be disclosed to members of Lockheed Martin management. PLEASE REMEMBER TO RETURN YOUR PARTICIPANT INSTRUCTION CARD BY OCTOBER 11, 1996 TO THE ADDRESS LISTED ON THE RETURN ENVELOPE.

[Trustee Name]

[State Street Letterhead]

September 16, 1996

Re: List of MMC Plans

Dear Plan Participant:

Lockheed Martin Corporation ("Lockheed Martin") is offering each of the holders of record of its common stock the opportunity to exchange all or a portion of each Lockheed Martin share held by the stockholder for a specified number of shares of common stock of Martin Marietta Materials, Inc. up to a maximum number (the "Exchange Offer"). In cases where the Lockheed Martin shares are held by one of the employee benefit plans listed above, the plan trustee is the holder of record of the Lockheed Martin Common stock for purposes of responding to the Exchange Offer. Nonetheless, participants in the plans listed above may direct the plan trustee on the decision as to whether to exchange Lockheed Martin shares allocated to the participant's plan account.

This letter and the enclosed materials are being sent to all participants in the plans listed above, regardless of whether any portion of a participant's account balance is attributable to Lockheed Martin common stock. This is being done to assure that all participants have an opportunity to direct the Trustee as to a response to the Exchange Offer. However, if no portion of your account balance currently is attributable to Lockheed Martin common stock and you do not intend to invest any portion of your account in Lockheed Martin stock by October 16, 1996, you do not need to take any actions with regard to the Exchange Offer or this package.

The attached materials have been prepared by Lockheed Martin and describe the Exchange Offer and the procedures plan participants should follow in responding to the Exchange Offer. The materials contain important information including the following:

- . Offering Circular/Prospectus - This document has been provided to all holders of record of Lockheed Martin

common stock.

- . Questions and Answers - This document also has been provided to all holders of record of Lockheed Martin common stock.
- . Explanation of Procedures Concerning Exchange of Lockheed Martin Corporation Common Stock for Martin Marietta Materials, Inc. Common Stock ("Plan Exchange Procedures") - This document describes the special procedures applicable to responses for plan participants.
- . Participant Instruction Card - This is the card on which you may direct the plan trustee confidentially as to how to respond to the Exchange Offer with respect to Lockheed Martin shares attributable to your plan account.
- . Self-addressed stamped envelope - This envelope should be used for return of your Participant Instruction Card.

All of the enclosed documents should be read in their entirety prior to making a decision regarding how to respond to the Exchange Offer. Neither Lockheed Martin, its Board of Directors nor the Plan Trustee makes any recommendation whether to tender or to refrain from tendering LMC shares in the Exchange Offer.

Please note that the Offering Circular/Prospectus and the Exchange Procedures differ on the procedures for responding to the Exchange Offer. This is because, as noted above, the Offering Circular/Prospectus is directed to the record holder of the common stock (in this case, the plan trustee) rather than the plan participants. The Exchange Procedures, on the other hand, are specifically directed to plan participants and are the exclusive means for plan participants to respond to the Exchange Offer. Plan participants should follow

the procedures set forth in the Exchange Procedures and not the procedures in

the Offering Circular/Prospectus. In particular,

- . You should indicate your response to the Exchange Offer for Lockheed Martin shares attributable to your plan account on the enclosed Participant Instruction Card and not on the Letter of Transmittal sent to other shareholders.

- . An original signed and properly completed instruction card must be received

by the plan trustee at the address on the enclosed self-addressed stamped envelope by close of business on October 11, 1996 (unless a later deadline is announced for the Exchange Offer).

- . You must return an original signed and properly completed Participant

Instruction Card even if you do not want to exchange any of the shares

attributable to your plan account; if the trustee does not receive an

original signed and properly completed card, an independent fiduciary will determine whether or not any of the Lockheed Martin shares attributable to your plan account will be exchanged for shares of Martin Marietta Materials, Inc.

If you hold shares directly as a shareholder in addition to the shares held through one of the plans listed above, you will also receive, under separate cover, Exchange Offer materials which can be used to exchange those shares directly with Lockheed Martin. Those Exchange Offer materials may not be used to direct the Trustee to tender or not tender Lockheed Martin shares attributable to your plan account. Directions regarding your plan account may only be given on a Participant Instruction Card submitted in accordance with the Plan Exchange Procedures.

The Exchange Procedures contain telephone numbers you may call should you have any questions concerning the Exchange Offer.

Your instructions are confidential and will not be disclosed to members of Lockheed Martin management. PLEASE REMEMBER TO RETURN YOUR PARTICIPANT INSTRUCTION CARD BY OCTOBER 11, 1996 TO THE ADDRESS LISTED ON THE RETURN ENVELOPE.

[Trustee Name]

[Trustee Letterhead]

September 16, 1996

Re: List of Loral
Plan Names

Dear Plan Participant:

Lockheed Martin Corporation ("Lockheed Martin") is offering each of the holders of record of its common stock the opportunity to exchange all or a portion of each Lockheed Martin share held by the stockholder for a specified number of shares of common stock of Martin Marietta Materials, Inc. up to a maximum number (the "Exchange Offer"). In cases where the Lockheed Martin shares are held by one of the employee benefit plans listed above, the plan trustee is the holder of record of the Lockheed Martin common stock for purposes of responding to the Exchange Offer. Nonetheless, participants in the plans listed above may direct the plan trustee on the decision as to whether to exchange Lockheed Martin shares allocated to the participant's plan account.

This letter and the enclosed materials are being sent to all participants in the plans listed above, regardless of whether any portion of a participant's account balance is attributable to Lockheed Martin common stock. This is being done to assure that all participants have an opportunity to direct the Trustee as to a response to the Exchange Offer. However, if no portion of your account balance currently is attributable to Lockheed Martin common stock and you do not intend to invest any portion of your account in Lockheed Martin stock by October 11, 1996, you do not need to take any actions with regard to the Exchange Offer or this package.

The attached materials have been prepared by Lockheed Martin and describe the Exchange Offer and the procedures plan participants should follow in responding to the Exchange Offer. The materials contain important information including the following:

- . Offering Circular/Prospectus - This document has been provided to participants as well as all holders of record of Lockheed Martin common stock.
- . Questions and Answers - This document also has been provided to participants as well as all holders of record of Lockheed Martin common stock.
- . Explanation of Procedures Concerning Exchange of Lockheed Martin Corporation Common Stock for Martin Marietta Materials, Inc. Common Stock ("Plan Exchange Procedures") - This document describes the special procedures applicable to responses for plan participants.
- . Participant Instruction Card - This is the card on which you may direct the plan trustee confidentially as to how to respond to the Exchange Offer with respect to Lockheed Martin shares attributable to your plan account.
- . Self-addressed stamped envelope - This envelope should be used for return of your Participant Instruction Card.

All of the enclosed documents should be read in their entirety prior to making a decision regarding how to respond to the Exchange Offer. Neither Lockheed Martin, its Board of Directors nor the Plan Trustee makes any recommendation whether to tender or to refrain from tendering LMC shares in the Exchange Offer.

Please note that the Offering Circular/Prospectus and the Exchange Procedures differ on the procedures for responding to the Exchange Offer. This is because, as noted above, the Offering Circular/Prospectus is directed to the record holder of the common stock (in this case, the plan trustee) rather than the plan participants. The Exchange Procedures, on the other hand, are specifically directed to plan participants and are the exclusive means for plan participants to respond to the Exchange Offer. Plan participants should follow -----
 the procedures set forth in the Exchange Procedures and not the procedures in -----

 the Offering Circular/Prospectus. In particular,

- . You should indicate your response to the Exchange Offer for Lockheed Martin shares attributable to your plan account on the enclosed Participant Instruction Card

and not on the Letter of Transmittal sent to other shareholders.

- . An original signed and properly completed instruction card must be received

by the plan trustee at the address on the enclosed self-addressed stamped envelope by midnight on October 11, 1996 (unless a later deadline is announced for the Exchange Offer).
- . You must return an original signed and properly completed Participant

Instruction Card even if you do not want to exchange any of the shares

attributable to your plan account; if the trustee does not receive an

original signed and properly completed card, an independent fiduciary will determine whether or not any of the Lockheed Martin shares attributable to your plan account will be exchanged for shares of Martin Marietta Materials, Inc.

If you hold shares directly as a shareholder in addition to the shares held through one of the plans listed above, you will also receive, under separate cover, Exchange Offer materials which can be used to exchange those shares directly with Lockheed Martin. Those Exchange Offer materials may not be used to direct the Trustee to tender or not tender Lockheed Martin shares attributable to your plan account. Directions regarding your plan account may only be given on a Participant Instruction Card submitted in accordance with the Plan Exchange Procedures.

The Exchange Procedures contain telephone numbers you may call should you have any questions concerning the Exchange Offer.

Your instructions are confidential and will not be disclosed to members of Lockheed Martin management. PLEASE REMEMBER TO RETURN YOUR PARTICIPANT INSTRUCTION CARD BY OCTOBER 11, 1996 TO THE ADDRESS LISTED ON THE RETURN ENVELOPE.

[Trustee Name]

PARTICIPANT INSTRUCTION CARD
EXCHANGE OFFER
DEADLINE 5 P.M. EAST COAST TIME ON OCTOBER 11, 1996

IMPORTANT: YOU SHOULD RETURN THIS CARD WHETHER OR NOT YOU WANT TO EXCHANGE YOUR LOCKHEED MARTIN SHARES FOR MARTIN MARIETTA MATERIALS, INC. SHARES IN YOUR ACCOUNT.

Neither Lockheed Martin Corporation, the Board of Directors nor the Trustee makes any recommendation to any participant as to whether to tender or refrain from tendering shares. Your instructions on this card will be confidentially tabulated and will not be divulged or revealed to management.

By signing on the reverse side, the participant acknowledges receipt of the Offering Circular/Prospectus and the Explanation of Procedures Concerning Exchange of Lockheed Martin Stock for Martin Marietta Materials, Inc. Stock and has indicated his or her directions to the Trustee on the reverse side of this Participant Instruction Card.

CARDS MUST BE RECEIVED BY MAIL NO LATER THAN 5 P.M. EAST COAST
TIME ON OCTOBER 11, 1996

SEE REVERSE
SIDE

[X] PLEASE MARK
YOUR INSTRUCTIONS
AS IN THIS EXAMPLE.

+++
+

+
+ XXXX
++++

THE PARTICIPANT HEREBY INSTRUCTS THE TRUSTEE TO EXCHANGE THE FOLLOWING PERCENTAGE OF SHARES OF LOCKHEED MARTIN COMMON STOCK ATTRIBUTABLE TO HIS OR HER SAVINGS PLAN OR 401(K) ACCOUNT FOR SHARES OF MARTIN MARIETTA MATERIALS, INC. IN ACCORDANCE WITH THE OFFERING CIRCULAR/PROSPECTUS AND PLAN EXCHANGE PROCEDURES AND TO RETAIN THE REMAINING PERCENTAGE INVESTED IN THE LOCKHEED MARTIN COMMON STOCK FUND.

CHECK ONLY ONE BOX TO INDICATE PERCENTAGE OF LOCKHEED MARTIN SHARES IN YOUR ACCOUNT TO BE TENDERED IN EXCHANGE FOR MARTIN MARIETTA MATERIALS, INC. SHARES.

0% <input type="checkbox"/>	30% <input type="checkbox"/>	60% <input type="checkbox"/>
10% <input type="checkbox"/>	40% <input type="checkbox"/>	70% <input type="checkbox"/>
20% <input type="checkbox"/>	50% <input type="checkbox"/>	80% <input type="checkbox"/>
		90% <input type="checkbox"/>
		100% <input type="checkbox"/>

Please sign and date this instruction card and return in the enclosed envelope for receipt no later than 5 P.M. east coast time on October 11, 1996.

. If a signed card is returned with no box checked your card will be treated as an instruction to tender zero percentage of the shares attributable to your account.

. If no card or an improperly completed card is returned, an independent fiduciary will determine the extent to which shares in your account may be exchanged in accordance with applicable law and the respective plan documents.

SIGNATURE _____ DATE _____

NOTE: Please sign exactly as name appears hereon. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.