

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

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FILER

LORAL CORP /NY/

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES
EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED MARCH 31, 1994

Commission file number 1-4238

LORAL CORPORATION

600 Third Avenue
New York, New York 10016
Telephone: (212) 697-1105

State of incorporation: New York

IRS identification number: 13-1718360

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

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
<S>	<C>
Common Stock, \$.25 par value.....	New York Stock Exchange
7% Senior Debentures.....	New York Stock Exchange
8 3/8% Senior Debentures.....	New York Stock Exchange

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

9 1/8% Senior Debentures

The registrant has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and has been subject to such filing requirements for the past 90 days.

No disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

As of April 29, 1994, 83,402,000 common shares were outstanding, and the aggregate market value of such shares (based upon the closing price on the New York Stock Exchange) held by non-affiliates of the registrant was approximately \$2,997,000,000.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's 1994 definitive proxy statement are incorporated by reference into Part III.

PART I

ITEM 1. BUSINESS

GENERAL DESCRIPTION OF BUSINESS

Loral Corporation (the "Company" or "Loral") was incorporated in New York in 1948. Through its subsidiaries and divisions, the Company is a leading supplier of defense electronics systems, components and services to U.S. and allied defense departments. The Company's principal business areas are: electronic combat; training and simulation; command, control, communications and

intelligence ("C3I")/reconnaissance; tactical weapons; systems integration; and space systems. The Company has achieved an incumbent position on a wide range of existing programs through internal growth and development and a series of acquisitions focused on its core technologies. Loral's business strategy is to emphasize upgrades of existing weapons systems, concentrate on further developing its core of advanced technologies, generate an increasing proportion of its sales from foreign customers and selectively extend the Company's proprietary technologies into non-military applications, such as systems integration, satellite-based telecommunications, medical diagnostic imaging systems, network management, data archiving, and information systems and services.

Effective January 1, 1994, Loral acquired Federal Systems Company, a division of International Business Machines Corporation, for \$1,503,500,000 in cash, not including acquisition costs. Federal Systems is a leading systems integrator and supplier of advanced information technology products and services to defense and non-defense agencies worldwide.

BUSINESS SEGMENTS

The Company operates primarily in one industry segment, defense electronics.

PRODUCTS

Electronic Combat

Loral is a leading producer of systems that detect, jam and deceive hostile radars and radar and infrared guided weapons and detect and analyze surface and submarine threats. Loral's electronic combat systems are used in the protection of U.S. and allied aircraft and antisubmarine warfare, antisurface warfare, airborne early warning, and for electronic support measures.

Loral manufactures the ALR-56 family of advanced, programmable radar warning systems. The ALR-56C and ALR-56M are utilized aboard U.S. Air Force and allied F-15 and F-16 jet fighter aircraft, respectively. Loral has sold its Rapport II and III (ALQ-178) fully integrated airborne radar warning and electronic jamming systems to Israel, Belgium and Turkey for the F-16, and has developed an advanced version called the ALQ-202.

Loral supplies the Forward-Looking Infrared (FLIR) targeting and weapon delivery pod aboard U.S. and allied F/A-18 strike jets. This system permits aircrews to deliver smart weapons to selectively identified high value targets through laser rangers and target designators.

Loral is the prime contractor for the U.S. Navy's LAMPS MK III helicopter for antisubmarine warfare, antisurface warfare and airborne early warning, and for a similar system, the EH101/Merlin, for the United Kingdom's Ministry of Defence. The Company also produces the Electronic Support Measures system for the U.S. Air Force's B-2 stealth bomber; a day/night adverse weather missions system for the MC-130H Combat Talon II aircraft; and the central computer for the F-15.

Loral's AAR-47 uses infrared sensing technologies to warn U.S. Navy and Marine helicopters of hostile missile threats. Loral's ALQ-157, Matador and Challenger infrared countermeasures systems emit infrared energy pulses that counter heat-seeking missiles by directing them away from aircraft, naval vessels and

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armored ground vehicles. Loral also produces antenna assemblies and systems for airborne warning aboard tactical aircraft, such as the E-2C.

Training and Simulation

Loral's training systems provide simulated, realistic battlefield environments that assist air, land and sea forces in achieving and maintaining combat readiness as well as aiding in the establishment and validation of requirements for new systems and upgrades. Loral produces a variety of simulators, including weapons systems simulators, virtual reality simulators, and distributed interactive simulators.

Loral's operational flight and weapons systems trainers simulate F-15 and F-15E jet aircraft avionics under combat conditions. Loral is also developing a comprehensive family of weapons systems trainers, courseware and mission rehearsal devices for the Special Operations Forces Aircrew Training System (SOF-ATS). The Company has a contract to assess pilot training requirements for the U.S. Air Force's new F-22 fighter. Loral is developing full mission simulators that combine flight weapon systems and mission training for Sweden's JAS-39 multi-role combat aircraft.

Loral's Multiple Integrated Laser Engagement System (MILES) is at the forefront of a family of laser-based training systems, including the Air-to-Ground Engagement System (AGES), the Precision Gunnery Training System (PGTS), Simulated Area Weapons Effect (SAWE), Precision Range Integrated Maneuver Exercise (PRIME) and Mobile Automated Instrumentation Suite (MAIS). These systems are used to train and evaluate ground combat troops and military equipment. The equipment simulates the effect of weapons fire through eye-safe, encoded laser beams. Detector cells and electronic decoding systems replicate target vulnerability. Data is transmitted to a central station to allow review of combat performance.

Loral is a principal developer of netted simulators for the U.S. Army. Loral operates and maintains simulator networks for ground vehicle and airborne platform training at Fort Knox and Fort Rucker under the Army's Advanced Distributed Simulation Technology Program. These simulators are linked to each other and to combat training ranges including ranges operated by the Company.

Loral's Close Combat Tactical Trainer (CCTT) provides the U.S. Army with a computer-based trainer that simulates vehicles, weapon systems and dismounted infantry in a virtual battlefield environment. The Company is prime contractor for the MATBAT tank gunnery training system to provide realistic battlefield conditions for the Israeli Defense Forces.

Loral has developed for the U.S. Navy a laser-guided training round, which simulates the operation of the Paveway II bomb, providing live-fire training for A-6 and F/A-18 aircrews at one-fifth the cost of an actual round.

Loral operates and maintains the U.S. Navy's and Air Force's primary pilot training ranges and electronic warfare ranges, provides instructors for classroom training, and supplies sophisticated avionics and undersea simulators. Loral's Simulator Device Development Support program is upgrading electronic warfare simulators at the Naval Weapons Center at China Lake.

Command, Control, Communications and Intelligence/Reconnaissance

Loral offers systems integration, operations management and engineering services, post-deployment systems support, military satellite communication terminals, information processing and display hardware, information management software, secure tactical communications instruments and telemetry equipment to address a broad spectrum of strategic and tactical C3I requirements.

Loral is the principal technical support contractor for the Space Defense Operations Center at Cheyenne Mountain for the U.S. Space Command, which monitors orbiting space systems to alert the U.S. and its allies to potential attack. Loral is producing the Rapid Execution and Combat Targeting system, which is modernizing the Minuteman missile launch control centers. Loral is also providing engineering support, systems integration, and operations and maintenance for the worldwide Air Force Satellite Control Network. Loral is developing the communications element of the All-Source Analysis System, a tactical intelligence

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fusion system that will receive, process and display battlefield information to tactical commanders on a near real-time basis.

Loral provides hardware support, software maintenance, sustaining engineering and on-site operational services in support of the U.S. Air Force's Global Positioning System. Loral is also responsible for system development, software maintenance, and engineering support for the U.S. Air Force's fixed and mobile Launch Detection System.

Loral produces mil-spec and ruggedized general-purpose computers and processors used in military systems, such as ground-launched and sea-launched cruise missiles, the Trident AFLOAT System and the MILSTAR communications programs. Loral also produces the Associative Processor (ASPRO), a parallel processing computer for command and control aboard the E-2C aircraft and for over-the-horizon targeting by U.S. submarines. Loral supplies antisubmarine warfare and combat control systems for submarines and surface ships, including the AN/BSY-1 combat system for the U.S. Navy's SSN 688 class attack submarines and portions of the AN/BSY-2 combat control system for the Navy's SSN-21 attack submarines, the Combat Control System MK3 for the Royal Australian Navy's Type 471 SSK submarines, and elements of the SQQ-89 surface ship ASW combat control system.

Loral's information and graphics display systems provide interactive access to real-time information on ground and shipboard platforms as well as aircraft, such as the E-2C, P-3C, S-3, F-14 and other U.S. Navy aircraft. Loral's EMR and instrumentation telemetry systems include airborne transmitters, receivers, data links, transponders and signal encoders, which are used in tracking, ranging,

data acquisition and command and control for operations of space vehicles and missiles. Loral's instrumentation products, primarily the System 500, provide high-speed real-time processing in testing and analyzing data from advanced avionics as well as from missile and satellite sources.

Loral's reconnaissance systems utilize advanced electronic imaging, communications and information processing technologies to provide integrated tactical battlefield information and navigation and targeting capability in airborne platforms for the U.S. Air Force, Navy and Marines. Loral employs mercury cadmium telluride, platinum silicide and charge-coupled device technologies required for the infrared ("IR") and electro optical ("EO") focal plane arrays that are at the heart of night vision and all-weather cameras. Loral's sensing and imaging products are a major component of the Advanced Tactical Air Reconnaissance System (ATARS), the Long-Range Oblique Photography System (LOROPS), the F-3050 tactical reconnaissance pod and a tactical reconnaissance system for German Tornado aircraft.

Loral also manufactures and sells commercial data and voice recorders, the indestructible "black boxes" mandated by the FAA for commercial and general aviation aircraft.

Loral is producing the Medical Diagnostic Imaging System which extends the Company's high-volume data storage and retrieval technologies into the medical marketplace for DoD, VA and commercial hospitals.

Tactical Weapons

Loral produces the Multiple Launch Rocket System (MLRS) for the U. S. Army. This weapon system spreads submunitions over a one kilometer area and was used extensively in Operation Desert Storm. Loral also produces the Army Tactical Missile System (ATACMS). Fired from the MLRS launcher, ATACMS provides a long range tactical missile. Loral will also test a long-range ship-fired version of ATACMS so the U.S. Navy can evaluate the missile for fire support missions. MLRS has substantial international markets, and has been purchased by France, Germany, the United Kingdom, Italy, the Netherlands, Turkey, Bahrain and Japan. The Company also expects an international market for ATACMS.

Loral has developed the Extended Range Interceptor missile (ERINT), a kinetic energy, high-altitude anti-missile missile that destroys its target through force of impact without explosives. The system has been selected by the U.S. Army for its PAC-3 Theater Missile Defense upgrade of the Patriot Missile System. Loral is also developing the LOSAT missile, a low-cost kinetic energy antitank missile.

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Loral's EO and IR sensors, processing technologies and advanced algorithms are employed in a wide range of tactical weapons and weapons guidance systems. Loral's IR sensors have been selected for the Theater High-Altitude Area Defense (THAAD) anti-tactical missile detection and interception system.

Loral's guidance programs include the Digital Scene Matching Area Correlation (DSMAC) system, which permits Tomahawk cruise missiles to direct themselves for long distances over enemy terrain, complete missile guidance control units for air-defense systems and gyro-optic assemblies for thermal imaging missiles, and air-to-ground weapons. Loral is also a prime contractor for sales to certain U.S. allies of the Chaparral air-defense system, for which it manufactures the entire missile and fire control system. Loral also produces the Sidewinder air-to-air missile; the AIM 9M and the AIM 9P.

Loral is under contract from the U. S. Marine Corps to develop a short-range antitank weapon, the Predator, which is a man-portable fire-and-forget weapon system. The Company's Vertical Launch Antisubmarine Rocket (VLA) is in production for the U. S. Navy and Japan.

Systems Integration

Loral is a leading provider of systems integration services focused on integrating complex hardware and software systems. Loral serves the U.S. Department of Defense and a broad range of federal and foreign government organizations, including the Federal Aviation Administration, the U.S. Department of Justice, the Internal Revenue Service, the U.S. Postal Service and the United Kingdom's Civil Aviation Authority.

Among Loral's programs are the Advanced Automation System, the next-generation air traffic control system for the Federal Aviation Administration (see Note 8 to Consolidated Financial Statements), and the United Kingdom's New En Route Centre air traffic control system. Loral is also under contract to produce a number of systems for non-DoD government agencies, including the Document Processing System that will image and store tax returns and correspondence for the Internal Revenue Service, a bar code-based mail

sorting system for the U.S. Postal Service, network and database systems for the administrative offices of the U.S. Courts and an image processing system for the U.S. Environmental Protection Agency to allow its regional offices across the country to convert paper documents into digitized data stored on optical disks.

Loral has developed systems for managing and tracking the nationwide real estate inventory of the Resolution Trust Corporation (RTC) and is currently supporting RTC's wide area networks and telecommunications efforts. Loral is the prime contractor for the U.S. Army's Sustaining Base Information Services program, which is a comprehensive information support system that will be used for all Army base management information and administrative processing. This includes personnel management, payroll, financial accounting and control, authorization documentation, supply and services and medical records management.

Space Systems

Loral and Space Systems/Loral, Inc. ("SS/L"), an unconsolidated affiliate, both participate in various aspects of space technology and systems. Loral provides engineering services supporting mission control systems for both manned and unmanned space flight and develops and manufactures scientific instruments, sensors, cameras and power systems for space systems applications. SS/L produces geosynchronous satellites and subsystems for telecommunications and earth sensing and is the prime contractor for the Globalstar low-earth-orbit mobile telecommunications system.

Loral designs, develops and integrates systems for the Space Shuttle's on board hardware and flight control software. Loral also provides systems engineering, safety engineering, reliability and engineering support to Johnson Space Center, and is modernizing its Mission Systems Control in support of manned space missions, including the Space Shuttle.

In space science, Loral is developing the Atmospheric Infrared Sounder (AIRS), a scientific instrument that will fly on NASA's Earth Observing System platform in the next century. At NASA's Goddard Space Flight Center, Loral is developing the computer system to store, archive and distribute data collected from the EOSDIS system.

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SS/L designs and fabricates geostationary and low-earth-orbiting satellites for space communications and remote earth sensing. SS/L's INTELSAT VII satellite will carry international telephone traffic for the International Telecommunications Satellite consortium. The first of a series of nine satellites was launched in October, 1993. SS/L is the prime contractor for a series of Geostationary Operational Environmental Satellites (GOES), which are being built to conduct imaging of clouds and the earth's surface and sounding of water vapor fields, and to monitor the space environment, collect data from terrestrial sensors and relay aircraft and maritime distress signals. The first GOES satellite was launched in April 1994. SS/L has supplied Japan's Space Communications Corporation with the Superbird communications satellites, and is building two N-STAR satellites for Nippon Telegraph and Telephone of Japan. SS/L also has a contract to supply two direct-to-home broadcast television satellites to TEMPO, a subsidiary of Tele-Communications, Inc.

Loral has contracts to supply video systems and provide systems engineering and integration for Space Station Freedom, and SS/L has contracts to supply subsystems and components, including power systems, for Space Station Freedom.

Loral is the managing general partner of Globalstar L.P., an international venture formed to design and operate a global satellite communications system in conjunction with the following strategic partners, who have collectively committed to invest \$275 million of initial equity capital toward a total \$1.8 billion funding requirement: Alcatel N.V.; Alenia Spazio, S.p.A.; DACOM Corporation; Hyundai Electronics Industries Company; QUALCOMM Incorporated; Vodafone Group; and AirTouch Communications (formerly Pactel). Globalstar will deploy and operate a worldwide, low-earth-orbit mobile satellite-based communications system using CDMA technology. The system, employing a constellation of 48 satellites, subject to receiving local licensing authority such as is pending before the Federal Communications Commission, is expected to be operational in 1998 and will offer low-cost worldwide digital wireless telecommunications services, including voice, data, paging, facsimile and geolocation services, to telephones and data terminals in areas currently not served or underserved by existing telecommunications systems. The system will allow existing cellular carriers to extend and enhance their provision of telecommunications services to new and current users.

CUSTOMERS

Substantially all of the Company's products are sold to agencies of the United States Government, primarily the Department of Defense, to foreign government agencies or to prime contractors or subcontractors thereof. In fiscal

1994, approximately 90% of the Company's sales was derived directly or indirectly from defense contracts for end use by the United States and foreign governments. Sales to domestic customers represented 86% of total revenue in fiscal 1994 and 1993. Sales to the U.S. Army, Air Force and Navy accounted for 23%, 18% and 11%, respectively, of the Company's consolidated sales for fiscal 1994, and 21%, 22% and 9%, respectively, for fiscal 1993. The majority of the Company's remaining domestic sales were to prime contractors for end use by the U.S. Government and other U.S. Government agencies.

For information concerning international programs and sales to foreign governments, see Foreign Sales below.

BACKLOG

Backlog at March 31, 1994, was approximately \$6.5 billion, compared with \$3.9 billion at March 31, 1993. Approximately 55% of the backlog at March 31, 1994, is expected to be shipped during fiscal 1995.

Of the backlog at March 31, 1994, approximately \$3.5 billion was directly or indirectly for defense contracts for end use by the U.S. Government and an additional \$530 million for contracts to other U.S. Government agencies. Backlog for the U.S. Army, Air Force and Navy accounted for 17%, 13% and 9%, respectively, of total backlog at March 31, 1994.

Approximately \$2.5 billion of the backlog consisted of orders by foreign governments and contractors, primarily for defense contracts in various allied nations, representing 38% of total backlog at March 31, 1994.

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COMPETITION

The Company faces intense competition in all its product areas. A number of the Company's competitors are, or are controlled by, companies that are larger and have greater financial resources than the Company.

The Company's position depends largely upon the quality, design and pricing of its products and services and the timeliness of deliveries. The Company must design products that meet or exceed rigid specifications and that are subjected to stringent testing procedures. A substantial portion of the Company's business is obtained through the submission of competitive proposals.

GOVERNMENT CONTRACTS

The Company's government contracts are normally for production, service or development. Such contracts are typically of the fixed-price or cost-type variety. Development contracts historically have been less profitable than production contracts, and the Company has at times experienced cost overruns on them.

Fixed-price contracts may provide for a firm fixed-price or they may be fixed-price incentive contracts. Under the firm fixed-price contracts, the Company agrees to perform for an agreed price and, accordingly, derives benefits from cost savings, but bears the entire risk of cost overruns. Under the fixed-price incentive contract, if actual costs incurred are less than estimated costs for the contract, the savings are apportioned between the Government and the Company. However, if actual costs under such a contract exceed estimated costs, excess costs are apportioned between the Government and the Company up to a ceiling. The Company bears all costs that exceed the ceiling. Some firm fixed-price contracts and fixed-price incentive contracts also provide for price adjustments in the event inflation differs from specified measurement indices, or in the event performance exceeds specified objectives or schedules.

Some cost-type contracts provide for reimbursement of the Company's actual costs, to the extent such costs are allowable, and additional compensation in the form of a fixed, incentive or award fee. Under cost-sharing contracts, costs are apportioned between the Government and the Company according to an agreed formula. Cost-type contracts contain cost ceilings and the Company is not obligated to incur costs in excess of such ceilings.

All domestic defense contracts and subcontracts to which the Company is a party are subject to audit, various cost controls and standard provisions for termination at the convenience of the Government. Multi-year Government contracts and related orders are subject to cancellation if funds for contract performance for any subsequent year become unavailable. Upon termination other than for a contractor's default, the contractor is normally entitled to reimbursement for allowable costs, but not necessarily all costs, and to an allowance for the proportionate share of fees or earnings for the work completed. Foreign defense contracts generally contain comparable provisions relating to termination for the convenience of the government.

Companies engaged primarily in supplying defense-related equipment to the Government are subject to certain business risks peculiar to the defense industry. These risks include the ability of the Government to unilaterally suspend the Company from receiving new contracts pending resolution of alleged violations of procurement laws or regulations.

In addition, all defense businesses are subject to risks associated with dependence on Government appropriations, changes in Government procurement policies, obtaining required Government export licenses for international sales, uncertain cost factors related to technologically scarce skills and exotic components, the frequent need to bid on programs in advance of design completion (which may result in unforeseen technological difficulties and, or cost overruns), design complexity and rapid obsolescence, and the constant necessity for design improvement.

United States Government expenditures for defense products are likely to continue to decline. These reductions may or may not have an effect on the Company's programs; however, in the event expenditures for products of the type manufactured by the Company are reduced, and not offset by greater foreign sales or other new programs or products, or acquisitions, there will be a reduction in the volume of contracts or

subcontracts awarded to the Company. Such reductions unless offset will have an adverse effect upon the Company's earnings.

PATENTS AND LICENSES

Although the Company owns some patents and has filed applications for additional patents, it does not believe that its operations depend upon its patents. In addition, the Company's U.S. Government contracts generally license it to use patents owned by others. Similar provisions in the U.S. Government contracts awarded to other companies make it impossible for the Company to prevent the use by other companies of its patents in most domestic defense work.

RESEARCH AND DEVELOPMENT

The Company employs scientific, engineering and other personnel to improve its existing product lines and to develop new products and technologies in the same or related fields. The largest portion of this work is performed under specific U.S. Government contracts. At March 31, 1994, the Company employed approximately 10,800 engineers (of whom 2,750 held advanced degrees), of which approximately 1,230 (including 360 holding advanced degrees) devote all or part of their effort to Company-sponsored research projects.

The amounts of research and development performed under customer-funded contracts and Company-sponsored research projects, including bid and proposal costs, for the three most recent fiscal years were as follows:

<TABLE>
<CAPTION>

<S>	CUSTOMER-FUNDED	COMPANY-SPONSORED	TOTAL	-----		
				(IN THOUSANDS)		
1994.....	\$ 843,964	\$172,604	\$1,016,568	<C>	<C>	<C>
1993.....	488,450	124,718	613,168			
1992.....	326,626	122,903	449,529			

</TABLE>

PERSONNEL

At March 31, 1994, the Company employed approximately 32,600 persons. A significant part of its operations is dependent upon professional, technical and engineering personnel whose tenure is not generally secured by employment contracts. The Company has agreements with labor organizations representing certain hourly employees.

FOREIGN SALES

Loral products currently sold in the international marketplace include the ALQ-178 Rapport, ALR-56C, ALR-56M, FLIR targeting and weapon delivery system for the F/A-18 strike jet, EH 101/Merlin, AAR-47, Challenger, Matador, E-2C displays, shipboard chaff and flare countermeasures, Romeo submarine sonar, Multiple Launch Rocket System, Vertical Launch Antisubmarine Rocket, guidance control systems for the Sidewinder missile, Chaparral air-defense system, F-3050 tactical reconnaissance pod, JAS-39 full mission simulator, MILES, TCM-620 tactical communications system and air traffic control systems. Through SS/L, Loral is also supplying the INTELSAT VII, Superbird and N-Star satellites for

the international marketplace. Certain other Loral programs have export potential, including ATACMS, the ASPRO computer, tactical displays, LOROPS and AIRS.

Foreign sales accounted for approximately 14% of the Company's sales in fiscal 1994 and 1993. Foreign sales and income are subject to changes in United States and foreign government policies, regulations, embargoes and international hostilities. Foreign sales generally require export licenses granted on a case-by-case basis by the United States Department of State. The exchange risk inherent in foreign contracts not denominated in U.S. dollars is mitigated by currency hedging where deemed appropriate.

Foreign sales comprise the following:

<TABLE>
<CAPTION>

	1994	1993	1992
	(IN THOUSANDS)		
<S>	<C>	<C>	<C>
Export sales:			
Asia.....	\$227,312	\$190,125	\$151,435
Europe.....	106,546	128,707	148,295
Middle East.....	91,049	119,401	213,473
Other.....	28,289	26,733	75,831
	453,196	464,966	589,034
Foreign operations, principally Europe.....	111,416	12,535	5,779
	-----	-----	-----
Total foreign sales.....	\$564,612	\$477,501	\$594,813
	-----	-----	-----

</TABLE>

ITEM 2. PROPERTIES

The Company operates in a number of plants and office facilities in the United States and abroad.

At March 31, 1994, the Company's manufacturing, engineering, research, administrative, warehousing and sales facilities aggregated approximately 21.4 million square feet, of which 51% is owned and 49% is leased. Substantially all the Company's facilities are located in the United States. Management believes the Company's facilities are adequate for its current level of business.

ITEM 3. LEGAL PROCEEDINGS

The Company is a defendant in a number of lawsuits or claims incidental to its business including those related to environmental issues (see Note 8 to Consolidated Financial Statements). In the opinion of management, the ultimate liability on these matters, if any, will not have a material adverse effect on the Company.

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

None

PART II

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

(a) MARKET PRICE AND DIVIDEND INFORMATION

The Company's Common Stock is listed on the New York Stock Exchange ("NYSE") under the symbol LOR. The following table sets forth the high and low sales prices per share as reported on the NYSE Composite Tape, and the dividends paid per share during those periods.

<TABLE>
<CAPTION>

DIVIDENDS

PER

<S>	MARKET PRICE*		SHARE*
	HIGH	LOW	
<C>	<C>	<C>	<C>
FISCAL 1994 QUARTER ENDED			
June 30.....	\$30 1/4	\$25 7/16	\$.125
September 30.....	32 3/4	29	.14
December 31.....	38 3/4	29	.14
March 31.....	42 3/4	35 7/8	.14
FISCAL 1993 QUARTER ENDED			
June 30.....	\$17 13/16	\$15 3/8	\$.12
September 30.....	20	15 7/8	.125
December 31.....	23 11/16	18 5/16	.125
March 31.....	28 13/16	22 1/4	.125

</TABLE>

* Adjusted to reflect two-for-one stock split distributed on October 7, 1993.

(b) APPROXIMATE NUMBER OF HOLDERS OF COMMON STOCK

As of April 29, 1994, there were approximately 4,500 holders of record of the Company's common stock.

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ITEM 6. SELECTED FINANCIAL DATA

The selected financial data has been derived from, and should be read in conjunction with, the related Consolidated Financial Statements.

<S>	1994 (A)	1993 (B)	1992	1991 (C)	1990
	<C>	<C>	<C>	<C>	<C>
(IN MILLIONS, EXCEPT PER SHARE AND RATIO AMOUNTS)					
OPERATING DATA:					
Sales.....	\$4,008.7	\$3,335.4	\$2,881.8	\$2,126.8	\$1,274.3
Operating income.....	401.4	296.3	292.2	215.5	148.7
Income from continuing operations before extraordinary item and cumulative effect of changes in accounting.....	228.3	159.1	121.8	90.4	77.5
Net income (loss).....	228.3	(92.1)	121.8	90.4	78.2
Earnings per share (primary) (d):					
Income from continuing operations before extraordinary item and cumulative effect of changes in accounting.....	2.72	2.06	2.00	1.78	1.54
Net income (loss).....	2.72	(1.20)	2.00	1.78	1.55
Weighted average shares outstanding (primary) (d).....	83.9	77.0	61.0	50.9	50.4
Ratio of earnings to fixed charges (Unaudited).....	6.42x	4.74x	4.22x	3.30x	3.49x
CASH FLOW DATA:					
Cash dividends paid per common share (d).....	\$.545	\$.495	\$.47	\$.43	\$.39
Depreciation and amortization.....	178.2	154.0	128.6	104.6	78.7
Capital expenditures, net.....	96.5	89.0	74.1	86.1	59.5
BALANCE SHEET DATA:					
Total assets.....	\$5,176.2	\$3,228.1	\$2,685.5	\$2,532.2	\$1,544.8
Working capital.....	554.4	610.5	630.0	457.7	312.6
Total debt.....	1,798.0	534.0	577.4	821.2	437.6
Shareholders' equity.....	1,381.3	1,187.9	997.3	672.0	584.5
Book value per common share (d).....	\$16.60	\$14.44	\$15.72	\$13.14	\$11.65

</TABLE>

(a) Reflects the acquisition of Federal Systems Company effective January 1, 1994, which had substantial effect on the balance sheet data in 1994.

(b) Reflects (i) the acquisition of the missile business of LTV Aerospace and Defense Company effective August 31, 1992 and (ii) the acquisition of the minority partners' equity interest in Loral Aerospace Holdings, Inc. ("LAH"), effective June 1, 1992, through the issuance of 12,313,810 shares of the Company's common stock and 627.3 shares of Series S Preferred Stock of LAH.

Effective April 1, 1992, the Company adopted Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" ("SFAS 106") and Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." Prior years'

results have not been restated to reflect these accounting changes.

Net income (loss) includes (i) a non-operating extraordinary charge (loss on extinguishment of debt) of \$28.2 million pre-tax, \$17.8 after-tax, or \$.23 per share, and (ii) a non-recurring charge of \$330.5 million pre-tax, \$233.4 million after-tax, or \$3.03 per share, as the cumulative effect of the accounting change for SFAS 106.

(c) Reflects the acquisition of Ford Aerospace Corporation effective October 1, 1990, which had substantial effect on the operating and balance sheet data in 1991.

(d) Adjusted to reflect two-for-one stock split distributed October 7, 1993.

See Management's Discussion and Analysis of Results of Operations and Financial Condition and Notes to Consolidated Financial Statements.

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

BUSINESS ENVIRONMENT

Loral's core business areas are electronic combat, training and simulation, C3I/reconnaissance, tactical weapons, systems integration and space systems. The U.S. defense budget has been declining in real terms since the mid 1980s, resulting in program delays, cancellations and scope reductions for defense contractors generally. The U.S. defense budget for 1995 will again likely show a decline versus the previous year. Loral's business areas focus primarily on U.S. and allied essential defense requirements. Management believes that to the extent a higher proportion of available funds will be allocated to the improvement of existing weapons systems and electronics on military platforms, rather than to new program starts, Loral is likely to benefit from its substantial incumbency in existing weapons systems and its experience in systems upgrades. Loral also believes its range of programs and systems are well suited for, and provide growth opportunities in, the international market place. In addition, Loral has a diverse base of programs, none of which is expected to account for more than 7% of fiscal 1995 revenues. In light of these factors, management believes Loral's program base is more resistant to declining U.S. defense spending than other contractors with significant dependence on new program starts or a less diverse program base.

In addition, the areas of the Company's expertise provide opportunities to selectively apply the Company's proprietary technologies to non-military applications; primary examples include systems integration programs for civilian agencies such as the FAA, the U.S. Postal Service and the U.S. Treasury Department and satellite based systems, particularly Globalstar, a low-earth-orbit mobile telecommunications system.

RESULTS OF OPERATIONS

In fiscal 1993 and 1994, major acquisitions made by the Company significantly affected results of operations. The acquisitions have been accounted for as purchases and, as such, the results of operations are included from the respective effective dates of acquisitions. (See Note 2 to Consolidated Financial Statements.)

Effective January 1, 1994, the Company, through Loral Federal Systems Company ("LFS"), acquired substantially all the assets and liabilities of the Federal Systems Company, a division of International Business Machines Corporation. LFS, headquartered in Bethesda, Maryland, is a leading systems integrator and supplier of advanced information technology products and services to defense and non-defense agencies worldwide and employs about 10,000 people. Historical operating results of Federal Systems Company for its fiscal year ended December 31, 1993 include sales of \$2.292 billion, operating income of \$117.5 million and funded backlog at December 31, 1993 of \$3.215 billion.

On August 31, 1992, the Company, through Loral Vought Systems Corporation ("LVS"), acquired the missile business of LTV Aerospace and Defense Company. LVS, headquartered in Dallas, Texas, designs and manufactures missile systems primarily for the U.S. Army and employs about 4,000 people. Historical operating results of the missile business for its fiscal year ended December 31, 1991 include sales of \$750.1 million, operating income of \$36.2 million and acquired funded backlog at August 31, 1992 of \$1.134 billion.

On October 7, 1993, the Company completed a two-for-one stock split in the form of a 100% stock distribution payable to stockholders of record on September 28, 1993. Accordingly, all share and per share amounts have been adjusted to reflect the stock split. (See Note 7 to Consolidated Financial Statements.)

Effective April 1, 1992, the Company adopted Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" ("SFAS 106"). (See Note 9 to Consolidated Financial Statements.) The results of operations for the fiscal year ended March 31, 1992 have not been restated to reflect this accounting change.

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FISCAL YEAR ENDED MARCH 31, 1994 COMPARED WITH FISCAL YEAR ENDED MARCH 31, 1993

During fiscal 1994, sales increased to \$4.009 billion from \$3.335 billion the prior year. Income increased to \$228.3 million, or \$2.72 per share, compared with \$159.1 million, or \$2.06 per share in the prior year, before an extraordinary item and the cumulative effect of adopting SFAS 106.

Earnings per share for fiscal 1994 is based on 83.9 million primary weighted average shares outstanding, compared with 77.0 million in the prior year.

The sales increase was attributable to the results of the acquired LFS and LVS businesses from their respective dates of acquisition. Sales also include higher volume on Vertical Launch Antisubmarine Rocket (VLA) and ALR-56M radar warning systems; offset by lower volume on Simulated Area Weapons Effect (SAWE) training system, Sidewinder air-to-air missiles, ALQ-178 radar warning and electronic countermeasures systems for foreign F-16 aircraft and AN/BSY-2 combat control system for the U.S. Navy's SSN-21 attack submarine.

Operating income increased to \$401.4 million from \$296.3 million in the prior year. Operating income as a percentage of sales increased to 10.0% in fiscal 1994 from 8.9% in fiscal 1993, due primarily to net improved margins of the acquired LVS business, the full-year impact of lower pension costs resulting from acquired pension plans and lower postretirement health care and life insurance costs due to various plan amendments (see Note 9 to Consolidated Financial Statements), offset by lower margins of the acquired LFS business. Excluding the effect of the acquisitions of LFS and LVS, operating income, as a percentage of sales increased to 9.6% in fiscal 1994 from 9.2% in fiscal 1993.

After the full-year impact of debt incurred as a result of the acquisition of LVS and interest expense from the effective date of acquisition of LFS, net interest expense decreased by \$1.7 million from the prior year, due primarily to the benefits from continued strong cash flow and lower overall interest costs as a result of a series of debt reshaping steps in the second half of last year. The Company's free cash flow (net cash from operating activities, less net capital expenditures, plus proceeds of stock purchases by employee benefit plans and exercises of stock options) was \$284.3 million and \$221.8 million in 1994 and 1993, respectively.

On August 10, 1993, the Omnibus Budget Reconciliation Act of 1993 was signed into law, including a provision that increased the Federal corporate income tax rate by 1%, to 35%, effective January 1, 1993. This increase was partially offset by the benefit resulting from revaluing deferred tax assets at the higher rate. As a result the Company's effective tax rate increased to 37.3% from 37% in the prior year. (See Note 6 to Consolidated Financial Statements.)

The minority interest charge was eliminated due to the Company's acquisition, effective June 1, 1992, of the minority partners' interest in Loral Aerospace Holdings, Inc. ("LAH"). (See Note 2 to Consolidated Financial Statements.)

FISCAL YEAR ENDED MARCH 31, 1993 COMPARED WITH FISCAL YEAR ENDED MARCH 31, 1992

During fiscal 1993, sales increased to \$3.335 billion from \$2.882 billion the prior year. Income, before extraordinary item and the cumulative effect of adopting SFAS 106, increased to \$159.1 million, or \$2.06 per share, compared with \$121.8 million, or \$2.00 per share, in the prior year.

Earnings per share for fiscal 1993 is based on 77.0 million primary weighted average shares outstanding, compared with 61.0 million in the prior year.

The sales increase was attributable to the results of the acquired LVS business from the effective date of acquisition. Sales also include higher volume on Simulated Area Weapons Effect (SAWE) training system, sonar systems for Romeo class submarines, Rapid Execution and Combat Targeting (REACT) launch control system, Vertical Launch Antisubmarine Rocket (VLA) and AN/BSY-2 combat control system for the U.S. Navy's SSN-21 attack submarine; offset by lower volume on F/A-18 Forward-Looking Infrared (FLIR) targeting and weapon delivery system, Chaparral air-defense systems, ALQ-178 radar warning and electronic countermeasures systems for foreign F-16 aircraft, Mk-48 antisubmarine torpedoes, Automated Remote Tracking Station (ARTS) and Mk-30/Ex-30 antisubmarine training targets.

Operating income increased to \$296.3 million from \$292.2 million in the prior year. Operating income as a percentage of sales declined from 10.1% in fiscal 1992 to 8.9% in fiscal 1993, due primarily to the current year effect of adopting SFAS 106 and lower margins of the acquired LVS business, partially offset by lower pension costs recorded in fiscal 1993 resulting from acquired pension plans. (See Note 9 to Consolidated Financial Statements.) Excluding the current year effect of adopting SFAS 106 and the effect of the acquisition of LVS, operating income as a percentage of sales increased to 10.3% in fiscal 1993 from 10.1% in fiscal 1992.

Net interest expense decreased by \$10.5 million from the prior year, due primarily to the full-year effect of the long-term debt repayments from the proceeds of the common stock issued in June 1991, strong cash flow and lower overall interest costs due to lower market interest rates and a series of debt reshaping steps, offset by the impact of debt incurred as a result of the acquisition of LVS. The Company's free cash flow was \$221.8 million and \$187.3 million in 1993 and 1992, respectively.

The minority interest charge was reduced by \$26.1 million, compared with the prior year, due to the Company's acquisition, effective June 1, 1992, of the minority partners' interest in LAH. (See Note 2 to Consolidated Financial Statements.)

In March 1993, retroactive to April 1, 1992, the Company adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," which did not have a material effect on the results of operations. The effective tax rate remained constant at 37% in both fiscal years. (See Note 6 to Consolidated Financial Statements.)

As a result of the early redemption of certain long-term debt issues and the cancellation of an existing credit facility, the Company recorded an extraordinary charge of \$28.2 million pre-tax, \$17.8 million after-tax, or \$.23 per share. The extraordinary charge consisted of redemption premiums and the write-off of unamortized discounts and financing costs. (See Note 5 to Consolidated Financial Statements.)

As a result of adopting SFAS 106, the Company recorded charges for the cumulative effect of the accounting change effective April 1, 1992 of \$330.5 million pre-tax, \$233.4 million after-tax, or \$3.03 per share.

FINANCIAL CONDITION AND LIQUIDITY

CASH PROVIDED AND USED

NET CASH PROVIDED BY OPERATING ACTIVITIES: Cash provided by operating activities was \$360.0 million in fiscal 1994, an increase of \$88.1 million or 32% over fiscal 1993. The increase was due primarily to higher earnings in fiscal 1994. Earnings after adjustment for non-cash items provided \$437.0 million, offset by changes in operating assets and liabilities which used \$77.0 million.

Contracts in process, before reduction for unliquidated progress payments, increased by \$888.4 million to \$2.88 billion at March 31, 1994, primarily due to the acquisition of LFS. (See Notes 1, 2 and 3 to Consolidated Financial Statements.) As is customary in the defense industry, unbilled contract receivables and inventoried costs are partially financed by progress payments. The unliquidated balance of such progress payments increased by \$610.5 million to \$1.55 billion at March 31, 1994, compared with \$943.5 million in the prior year. As a result, net contracts in process increased to \$1.33 billion in fiscal 1994 from \$1.05 billion in the prior year.

The Company's current ratio declined to 1.4:1 at March 31, 1994, from 1.8:1 at March 31, 1993 as a result of the LFS acquisition. The Company expects the current ratio to improve in the early part of fiscal 1995 based on its intent to refinance in the capital markets a portion of the debt incurred for the LFS acquisition, which will be used in part to repay the \$173.5 million of commercial paper borrowings that are classified as current portion of debt.

NET CASH USED IN INVESTING ACTIVITIES: Cash used in investing activities increased \$1.18 billion to \$1.53 billion in fiscal 1994. The acquisition cost, net of cash acquired, was \$1.40 billion in 1994 for LFS and \$253.0 million in 1993 for LVS. Investment in affiliates in fiscal 1994 was \$25.3 million, reflecting the initial investment in Globalstar. (See Note 2 to Consolidated Financial Statements.) Net fixed asset additions in fiscal 1994 totaled \$96.5

million, compared with \$89.0 million in fiscal 1993. Fixed asset additions were primarily for manufacturing and test equipment, facility expansion and renovation.

NET CASH PROVIDED BY FINANCING ACTIVITIES: Cash provided by financing activities was \$1.29 billion for fiscal 1994, due primarily to cash borrowed to finance the acquisition of LFS.

The Company's debt (net of cash) to equity ratio increased to 1.13:1 at March 31, 1994 from .35:1 at March 31, 1993, due primarily to the debt incurred for the LFS acquisition, offset by strong cash flow during the year. The LFS purchase price was initially financed through cash on hand and commercial paper borrowings which are backed up by revolving credit facilities totaling \$1.7 billion. It is the Company's intent to refinance a portion of this debt in order to fix interest costs and lengthen maturities. (See Note 5 to Consolidated Financial Statements.) Based on the financial condition of the Company following the LFS acquisition, management believes that the internal cash flows of the combined operations will be adequate to fund the future growth of the Company while servicing the interest and retiring the principal of the debt.

BACKLOG

The Company's funded backlog at March 31, 1994, including the funded backlog of LFS (\$3.2 billion at the January 1, 1994 effective date of acquisition), totalled \$6.5 billion, compared with \$3.9 billion at March 31, 1993. New orders in fiscal 1994 totalled \$3.5 billion, compared with \$3.1 billion in fiscal 1993. It is expected that 55% of the March 31, 1994 backlog will be shipped in fiscal 1995. Approximately 53% of the total backlog was directly or indirectly for defense contracts for end use by the U.S. Government and an additional 8% for contracts to other U.S. Government agencies; foreign customers account for about 38%. The exchange risk inherent in foreign contracts not denominated in U.S. dollars is mitigated by currency hedging where deemed appropriate.

RESEARCH AND DEVELOPMENT

Company-sponsored research and development, including bid and proposal costs, increased to \$172.6 million from \$124.7 million the prior year. In addition, customer-funded research and development was \$844.0 million for fiscal 1994, compared with \$488.5 million for the prior year. The increase in customer-funded research and development is due primarily to the acquisition of LFS.

ENVIRONMENTAL MATTERS

Management is continually assessing its obligations with respect to applicable environmental protection laws. While it is difficult to determine the timing and ultimate cost to be incurred by the Company in order to comply with these laws, based upon available internal and external assessments, the Company believes that even without considering potential insurance recoveries, if any, there are no environmental loss contingencies that, individually or in the aggregate, are material. The Company accrues for these contingencies when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. The Company has been named a Potentially Responsible Party ("PRP") at a number of sites. In several of these situations Loral acquired the site pursuant to a purchase agreement which provided that the seller would retain liability for environmental remediation and related costs arising from occurrences prior to the sale. In other situations the Company is party to an interim or final allocation plan that has been accepted by other PRPs whose size and current financial condition make it probable that they will be able to pay the environmental costs apportioned to them. The Company believes that it has adequately accrued for future expenditures in connection with environmental matters and that such expenditures will not have a material adverse effect on its financial condition or results of operations.

INFLATION

The effect of inflation on the Company's sales and earnings is minimal. Although a majority of the Company's sales are made under long-term contracts, the selling prices of such contracts, established for deliveries in the future, generally reflect estimated costs to be incurred in these future periods. In addition, some contracts provide for price adjustments through escalation clauses.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See Financial Statements and Financial Statement Schedules beginning on page F-1.

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

None

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PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

DIRECTORS

Information required for this item is set forth in the Company's 1994 definitive proxy statement which is incorporated herein by reference.

EXECUTIVE OFFICERS OF THE REGISTRANT

<TABLE>	<CAPTION>	NAME	AGE	POSITION
		----	---	-----
<S>	<C>	<C>		
Bernard L. Schwartz.....	68	Chairman of the Board of Directors and Chief Executive Officer.		
Frank C. Lanza.....	62	President and Chief Operating Officer.		
Michael P. DeBlasio.....	57	Senior Vice President - Finance.		
Robert V. LaPenta.....	48	Senior Vice President and Controller, since May 1990; prior thereto Vice President and Controller.		
Michael B. Targoff.....	49	Senior Vice President and Secretary, since April 1992; prior thereto Senior Vice President, General Counsel and Secretary, since May 1990, and Vice President, General Counsel and Secretary.		
Hugh Bennett.....	62	Group Vice President, since May 1990; prior thereto Director of Corporate Special Projects since 1986, and President of Loral Conic.		
Felix W. Fenter.....	67	Group Vice President, since April 1993; prior thereto President of Loral Vought Systems since 1987.		
Bernard Leibowitz.....	64	Group Vice President, since May 1990; President of Loral Microwave - Narda.		
Jimmie V. Adams.....	58	Vice President, since April 1993; prior thereto General Officer United States Air Force since 1984.		
Gerard F. Corbett.....	43	Vice President - Corporate Communications, since February 1994; prior thereto Director of Corporate Communications of ASARCO Incorporated since 1989.		
William F. Gates.....	72	Vice President, since 1988; President of Loral Randtron Systems until April 1992.		
Stephen L. Jackson.....	52	Vice President - Administration.		
Nicholas C. Moren.....	47	Vice President and Treasurer, since April 1991; prior thereto Acting Treasurer since February 1991, independent consultant since January 1990 and Vice President - Treasurer of TW Services, Inc. since 1983.		
Lawrence H. Schwartz....	56	Vice President - Technology.		
Robert F. Welte.....	62	Vice President; President of Loral Electronic Systems until September 1992.		
Eric J. Zahler.....	43	Vice President and General Counsel, since April 1992; prior thereto Partner, Fried, Frank, Harris, Shriver & Jacobson.		

</TABLE>

ITEM 11. EXECUTIVE COMPENSATION

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information required under Items 11, 12 and 13, is set forth in the Company's 1994 definitive proxy statement which is incorporated herein by reference.

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PART IV

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

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(a) 1. Financial Statements			

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Schedule X -- Supplementary Income Statement Information.....	S-4

</TABLE>

Financial Statement Schedules not listed herein are either not required or the information required to be included therein is reflected in the Consolidated Financial Statements.

3. Exhibits

Unless otherwise indicated, each of the following exhibits has been previously filed with the Securities and Exchange Commission and is located in file number 1-4238. Exhibits 10.1 through 10.18 are management contracts or compensation plans.

<TABLE>
<CAPTION>

EXHIBIT		FILED HEREWITH (-) OR INCORPORATED BY REFERENCE TO REGISTRATION NO. OR OTHER DOCUMENT
<S>	<C>	-----
3.1	Loral Corporation Restated Certificate of Incorporation as in effect May 12, 1994	<C> Form 10-Q for the quarter ended September 30, 1993, Exhibit 3
3.2	Loral Corporation By-Laws as in effect May 12, 1994	--
4.1	Revolving Credit Agreement among Loral Corporation, Certain Banks, Morgan Guaranty Trust Company of New York, Chemical Bank, Barclays Bank PLC, and Continental Bank, N.A., dated as of February 23, 1994	Current Report on Form 8-K dated February 23, 1994, Exhibit 4.1
4.2	364 Day Revolving Credit Agreement among Loral Corporation, Certain Banks, Morgan Guaranty Trust Company of New York, Chemical Bank, Barclays Bank PLC, and Continental Bank, N.A., dated as of February 23, 1994	Current Report on Form 8-K dated February 23, 1994, Exhibit 4.2
10.1	Loral 1983 Stock Option Plan	1983 Proxy Material
10.2	Amendment to the Loral 1983 Stock Option Plan	Annual Report on Form 10-K for the fiscal year ended March 31, 1986, Exhibit 10.11
10.3	Amended Loral 1986 Stock Option Plan	Form 10-Q for the quarter ended June 30, 1988, Exhibit 10.1

</TABLE>

<TABLE>
<CAPTION>

EXHIBIT		FILED HEREWITH (-) OR INCORPORATED BY REFERENCE TO REGISTRATION NO. OR OTHER DOCUMENT
<S>	<C>	-----
10.4	Amendment to the Loral 1980, 1981, 1983 and 1986 Stock Option Plans	<C> Annual Report on Form 10-K for the fiscal year ended March 31, 1990, Exhibit 10.8
10.5	1991 Amendment to the Loral 1986 Stock Option	Annual Report on Form 10-K for the

	Plan	fiscal year ended March 31, 1991, Exhibit 10.9
10.6	Loral Corporation Restricted Stock Purchase Plan	Current Report on Form 8-K dated May 13, 1987, Exhibit 10.28
10.7	Amendment to the Loral Corporation Restricted Stock Purchase Plan	Form 10-Q for the quarter ended June 30, 1987, Exhibit 10.2
10.8	Restated Employment Agreement between Loral Corporation and Bernard L. Schwartz, dated as of April 1, 1990	Annual Report on Form 10-K for the fiscal year ended March 31, 1990, Exhibit 10.11
10.9	Split-dollar life insurance agreement with Bernard L. Schwartz, dated as of March 15, 1990	Annual Report on Form 10-K for the fiscal year ended March 31, 1991, Exhibit 10.13
10.10	Split-dollar life insurance agreement with Bernard L. Schwartz, dated as of December 10, 1990	Annual Report on Form 10-K for the fiscal year ended March 31, 1991, Exhibit 10.14
10.11	Employment Contract between Loral Corporation and Frank C. Lanza, dated as of April 1, 1987	Form 10-Q for the quarter ended June 30, 1987, Exhibit 10.1 and Annual Report on Form 10-K for the fiscal year ended March 31, 1982, Exhibit 10.11
10.12	Amendment to Employment Contract between Loral Corporation and Frank C. Lanza, dated as of March 31, 1988	Annual Report on Form 10-K for the fiscal year ended March 31, 1988, Exhibit 10.19
10.13	Amendment to Employment Contract between Loral Corporation and Frank C. Lanza, dated as of March 21, 1990	Annual Report on Form 10-K for the fiscal year ended March 31, 1990, Exhibit 10.16
10.14	Amendment to Employment Contract between Loral Corporation and Frank C. Lanza, dated as of April 1, 1992	Annual Report on Form 10-K for the fiscal year ended March 31, 1992, Exhibit 10.17
10.15	Split-dollar life insurance agreement with Frank C. Lanza, dated as of August 5, 1985	Annual Report on Form 10-K for the fiscal year ended March 31, 1991, Exhibit 10.18
10.16	Split-dollar life insurance agreement with Michael P. DeBlasio, dated as of December 10, 1990	Annual Report on Form 10-K for the fiscal year ended March 31, 1991, Exhibit 10.19
10.17	Split-dollar life insurance agreement with Robert V. LaPenta, dated as of December 10, 1990	Annual Report on Form 10-K for the fiscal year ended March 31, 1992, Exhibit 10.20
10.18	Split-dollar life insurance agreement with Michael B. Targoff Insurance Trust, dated as of April 30, 1990	Annual Report on Form 10-K for the fiscal year ended March 31, 1990, Exhibit 10.20
10.19	Split-dollar life insurance agreement with E. Donald Shapiro, dated as of December 10, 1990	Annual Report on Form 10-K for the fiscal year ended March 31, 1992, Exhibit 10.22

</TABLE>

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<TABLE>
<CAPTION>

EXHIBIT

<S>	<C>	----- FILED HEREWITH (-) OR INCORPORATED BY REFERENCE TO REGISTRATION NO. OR OTHER DOCUMENT -----
10.20	Form of Indemnity Agreement between Loral Corporation and Officers and Directors of Loral Corporation	<C> Annual Report on Form 10-K for the fiscal year ended March 31, 1987, Exhibit 10.22
10.21	Standstill Agreement among Loral Corporation and certain limited partnerships affiliated with Shearson Lehman Brothers Holdings, Inc. dated as of August 14, 1992	Amendment No. 1 to Current Report on Form 8-K dated June 30, 1992, Exhibit 4.1
10.22	Amendment No. 1 to Standstill Agreement, dated as of November 13, 1992, among Loral Corporation and certain limited partnerships	Annual Report on Form 10-K for the fiscal year ended March 31, 1993, Exhibit 10.27

affiliated with Shearson Lehman Brothers Holdings, Inc.

10.23	Asset Purchase Agreement between Loral Corporation and International Business Machines Corporation dated as of December 12, 1993; and letter dated December 13, 1993	Current Report on Form 8-K dated December 12, 1993, Exhibit 10.1
10.24	Certain letters relating to the Asset Purchase Agreement between Loral Corporation and International Business Machines Corporation dated December 21, 1993 through March 1, 1994	Current Report on Form 8-K dated March 1, 1994, Exhibit 10.2
11	Computation of Earnings Per Share for the three years ended March 31, 1994	--
12	Computation of Ratio of Earnings to Fixed Charges for the five years ended March 31, 1994	--
21	Subsidiaries of the Registrant	--
23	Consent of Coopers & Lybrand	--
24	Powers of Attorney	--

</TABLE>

Note: Certain instruments with respect to issues of long-term debt have not been filed as Exhibits to this report since the authorized principal amount of any one of such issues does not exceed 10% of the total assets of the Registrant and its subsidiaries on a consolidated basis as of March 31, 1994. Such indebtedness is described in general terms in Note 5 to Consolidated Financial Statements included herein. The Registrant agrees to furnish to the Commission a copy of each instrument upon its request.

(b) Reports on Form 8-K

DATE OF REPORT		ITEMS REPORTED
<hr/>		
<S>	<C>	
February 23, 1994	Item 5 -- Other Events: The Registrant entered into new revolving credit facilities.	
March 1, 1994	Item 2 -- Acquisition of Assets: The Registrant completed its acquisition of Federal Systems Company, a division of International Business Machines Corporation.	

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SIGNATURES

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

LORAL CORPORATION

By: BERNARD L. SCHWARTZ

Bernard L. Schwartz
(Chairman of the Board and
Chief Executive Officer)
Date: May 12, 1994

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

SIGNATURES		TITLE	DATE
<S>	<C>	<C>	<hr/>
BERNARD L. SCHWARTZ	Chairman of the Board, Chief Executive Officer and Director	May 12, 1994	
Bernard L. Schwartz			
FRANK C. LANZA	Director and President	May 12, 1994	

*	Director	May 12, 1994
Howard Gittis		
*	Director	May 12, 1994
Robert B. Hodes		
*	Director	May 12, 1994
Gershon Kekst		
Charles Lazarus	Director	
*	Director	May 12, 1994
Malvin A. Ruderman		
*	Director	May 12, 1994
E. Donald Shapiro		
*	Director	May 12, 1994
Allen M. Shinn		
*	Director	May 12, 1994
Thomas J. Stanton Jr.		
*	Director	May 12, 1994
Daniel Yankelovich		
MICHAEL P. DEBLASIO	Principal Financial Officer	May 12, 1994
Michael P. DeBlasio		
ROBERT V. LAPENTA	Principal Accounting Officer	May 12, 1994
Robert V. LaPenta		
*By MICHAEL B. TARGOFF	Attorney-in-Fact	May 12, 1994
Michael B. Targoff		

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REPORT OF INDEPENDENT AUDITORS

To the Shareholders and Board of Directors of

We have audited the consolidated financial statements and the financial statement schedules of Loral Corporation and Subsidiaries (the "Company") listed under Items 14(a)1 and 14(a)2 of this Form 10-K. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Loral Corporation and Subsidiaries as of March 31, 1994 and 1993, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 1994 in conformity with generally accepted accounting principles. In addition, in our opinion, the financial statement schedules referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information required to be included therein.

As discussed in Notes 6 and 9 to the consolidated financial statements, in 1993 the Company changed its methods of accounting for income taxes and postretirement benefits other than pensions.

COOPERS & LYBRAND

1301 Avenue of the Americas
New York, New York 10019
May 12, 1994

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LORAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

<TABLE>
<CAPTION>

FOR THE YEARS ENDED MARCH 31,

	1994	1993	1992
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)			
<C>	<C>	<C>	
Sales (Note 1).....	\$4,008,733	\$3,335,403	\$2,881,820
Costs and expenses (Notes 1, 2 and 3).....	3,607,367	3,039,149	2,589,626
Operating income.....	401,366	296,254	292,194
Interest and investment income.....	8,275	12,422	10,633
Interest expense.....	47,269	53,133	61,837
Income before income taxes, minority interest and equity in net income (loss) of affiliate.....	362,372	255,543	240,990
Income taxes (Note 6).....	135,278	94,551	89,166
Income before minority interest and equity in net income (loss) of affiliate.....	227,094	160,992	151,824
Minority interest (Note 2).....		(2,586)	(28,710)
Equity in net income (loss) of affiliate (Note 2).....	1,174	663	(1,319)
Income before extraordinary item and cumulative effect of changes in accounting.....	228,268	159,069	121,795
Extraordinary item--loss on extinguishment of debt, net of income taxes of \$10,440 (Note 5).....		(17,776)	
Cumulative effect of changes in accounting, net of income taxes of \$97,122 (Notes 6 and 9).....		(233,377)	
Net income (loss).....	\$ 228,268	\$ (92,084)	\$ 121,795

Earnings per share (Note 1)			
Primary:			
Income before extraordinary item and cumulative			

effect of changes in accounting.....	\$ 2.72	\$ 2.06	\$2.00
Extraordinary item.....		(.23)	
Cumulative effect of changes in accounting.....		(3.03)	
-----	-----	-----	-----
Net income (loss).....	\$ 2.72	\$ (1.20)	\$2.00
-----	-----	-----	-----
-----	-----	-----	-----

Fully diluted:

Income before extraordinary item and cumulative effect of changes in accounting.....	\$ 2.72	\$ 2.02	\$1.93
Extraordinary item.....		(.23)	
Cumulative effect of changes in accounting.....		(2.99)	
-----	-----	-----	-----
Net income (loss).....	\$ 2.72	\$ (1.20)	\$1.93
-----	-----	-----	-----
-----	-----	-----	-----

</TABLE>

See notes to consolidated financial statements.

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LORAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

	MARCH 31,	
	1994	1993
<S>		
ASSETS:		
Current assets:		
Cash and cash equivalents (Note 1).....	\$ 238,498	\$ 116,902
Contracts in process (Notes 1 and 3).....	1,328,338	1,050,414
Deferred income taxes (Note 6).....	104,063	74,406
Other current assets.....	173,714	123,495
-----	-----	-----
Total current assets.....	1,844,613	1,365,217
-----	-----	-----
Property, plant and equipment (Notes 1 and 4).....	1,926,978	1,271,457
Less, accumulated depreciation and amortization.....	620,554	489,765
-----	-----	-----
1,306,424	781,692	
-----	-----	-----
Cost in excess of net assets acquired, less amortization (Notes 1 and 2)....	1,342,872	537,155
Investment in affiliates (Notes 1 and 2).....	163,479	137,017
Deferred income taxes (Note 6).....	37,873	36,845
Prepaid pension cost and other assets (Note 9).....	480,907	370,152
-----	-----	-----
	\$5,176,168	\$3,228,078
-----	-----	-----
-----	-----	-----
LIABILITIES and SHAREHOLDERS' EQUITY:		
Current liabilities:		
Current portion of debt (Note 5).....	\$ 173,928	\$ 43,209
Accounts payable, trade.....	248,657	151,344
Customer advances.....	286,273	102,452
Accrued employment costs.....	201,238	173,759
Income taxes (Note 6).....	77,815	60,440
Other current liabilities.....	302,256	223,509
-----	-----	-----
Total current liabilities.....	1,290,167	754,713
-----	-----	-----
Postretirement benefits (Note 9).....	639,266	622,048
Other liabilities.....	241,368	172,658
Long-term debt (Note 5).....	1,624,061	490,806
Commitments and contingencies (Notes 2, 8 and 11)		
Shareholders' equity (Note 7):		
Common stock, \$.25 par value; authorized 150,000,000 and 70,000,000 shares, issued 84,225,000 and 41,714,000 shares.....	21,056	10,429
Capital surplus.....	773,676	753,208
Retained earnings.....	643,373	460,288
-----	-----	-----
	1,438,105	1,223,925
Less:		
Treasury stock, at cost (888,000 and 448,000 shares).....	19,681	19,777

Equity adjustments.....	37,118	16,295
	-----	-----
Total shareholders' equity.....	1,381,306	1,187,853
	-----	-----
	\$5,176,168	\$3,228,078
	-----	-----
	-----	-----

</TABLE>

See notes to consolidated financial statements.

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LORAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED MARCH 31, 1994, 1993 AND 1992

<TABLE>
<CAPTION>

	COMMON STOCK						EQUITY ADJUSTMENTS
	SHARES ISSUED	AMOUNT	CAPITAL SURPLUS	RETAINED EARNINGS	TREASURY STOCK		
	(IN THOUSANDS, EXCEPT PER SHARE DATA)						
<S>	<C>	<C>	<C>	<C>	<C>		<C>
Balance March 31, 1991.....	25,956	\$6,489	\$197,460	\$ 496,391	\$ (348)		\$ (28,023)
Shares issued:							
Sale of common stock.....	4,600	1,150	177,234				
Exercise of stock options and related tax benefits, net of shares tendered.....	548	137	12,639		(4,336)		
Employee benefit plans.....	807	202	30,998		3,928		
Grant of restricted options, net.....			3,664				(3,664)
Amortization of restricted options.....							3,421
Shares earned under Restricted Stock Purchase Plan.....							6,736
Adjustment of unearned restricted stock to market value at year-end.....			(2,598)				2,598
Net income.....				121,795			
Dividends \$.47 per share*.....				(28,453)			
Foreign currency translation adjustment.....							(82)
Balance March 31, 1992.....	31,911	7,978	419,397	589,733	(756)		(19,014)
Shares issued:							
Exercise of stock options and related tax benefits, net of shares tendered.....	1,472	368	39,749		(16,403)		
Employee benefit plans.....	456	114	14,807		248		
Restricted Stock Purchase Plan.....	150	38	5,108				(5,108)
Conversion of subordinated debentures.....	1,575	394	69,890				
Acquisition of minority interest.....	6,150	1,537	193,405		237		
Purchase of treasury stock.....					(3,103)		
Grant of restricted options, net.....			5,562				(5,562)
Amortization of restricted options.....							10,772
Shares earned under Restricted Stock Purchase Plan.....							7,827
Adjustment of unearned restricted stock to market value at year-end.....			5,290				(5,290)
Income before extraordinary item and cumulative effect of changes in accounting.....				159,069			
Extraordinary item.....				(17,776)			
Cumulative effect of changes in accounting.....				(233,377)			
Dividends \$.495 per share*.....				(37,361)			
Foreign currency translation adjustment.....					80		
Balance March 31, 1993.....	41,714	10,429	753,208	460,288	(19,777)		(16,295)
Shares issued:							
Exercise of stock options and related tax benefits, net of shares tendered.....	380	95	9,359		(62)		
Employee benefit plans.....	289	72	11,167		159		
Two-for-one stock split.....	41,842	10,460	(10,460)				
Forfeiture of Restricted Stock Purchase Plan Shares.....				(369)			369
Grant of restricted options, net.....				8,466			(8,466)
Amortization of restricted options.....							3,246
Shares earned under Restricted Stock Purchase Plan.....							3,919
Adjustment of unearned restricted stock to market value at year-end.....			2,305				(2,305)
Net income.....				228,268			

Dividends \$.545 per share*.....				(45,183)		
Additional minimum pension liability.....						(16,049)
Foreign currency translation adjustment.....						(1,537)
Balance March 31, 1994.....	84,225	\$21,056	\$773,676	\$ 643,373	\$ (19,681)	\$ (37,118)
	-----	-----	-----	-----	-----	-----
	-----	-----	-----	-----	-----	-----

</TABLE>

* Adjusted to reflect two-for-one stock split distributed on October 7, 1993,
see Note 7.

See notes to consolidated financial statements.

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LORAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

	FOR THE YEARS ENDED MARCH 31,		
	1994	1993	1992
	---	---	---
		(IN THOUSANDS)	
<S>	<C>	<C>	<C>
Operating activities:			
Net income (loss).....	\$ 228,268	\$ (92,084)	\$ 121,795
Extraordinary item.....		17,776	
Cumulative effect of changes in accounting.....		233,377	
Depreciation and amortization.....	178,184	154,005	128,641
Deferred income taxes.....	31,727	14,818	8,433
Minority interest.....		2,586	28,710
Equity in net (income) loss of affiliates.....	(1,174)	(663)	1,319
Changes in operating assets and liabilities:			
Contracts in process.....	31,850	(29,963)	35,323
Other current assets.....	(55,338)	(40,673)	46,486
Prepaid pension cost and other assets.....	(22,767)	(38,444)	(18,024)
Accounts payable and accrued liabilities.....	(21,247)	1,539	(168,682)
Income taxes.....	17,375	27,063	27,868
Postretirement benefits and other liabilities.....	(26,366)	23,392	6,078
Other.....	(562)	(914)	(82)
Net cash from operating activities.....	359,950	271,815	217,865
Investing activities:			
Acquisition of businesses, net of cash acquired.....	(1,426,103)	(261,976)	5,240
Purchase price adjustment.....		9,000	48,289
Proceeds from note receivable.....	20,935		2,988
Investment in other assets.....		(15,265)	
Investment in affiliates.....	(25,288)	(9,500)	(3,500)
Proceeds from sale of stock of affiliate.....		12,197	
Repayments from (advances to) affiliate.....	(1,375)	1,305	(32,261)
Capital expenditures.....	(102,952)	(97,268)	(81,541)
Disposition of property, plant and equipment.....	6,492	8,309	7,402
	-----	-----	-----
	(1,528,291)	(353,198)	(53,383)
Financing activities:			
Net borrowings (payments) under revolving credit facilities and commercial paper.....	808,018	115,531	(236,700)
Proceeds from borrowings.....	503,534	120,803	101,885
Payments of debt.....	(47,578)	(211,201)	(108,996)
Dividends paid.....	(45,183)	(37,361)	(28,453)
Proceeds from issuance of common stock.....	20,789	38,921	221,952
Purchase of treasury stock.....		(3,103)	
Other.....	50,357	(16,418)	1,890
	-----	-----	-----
	1,289,937	7,172	(48,422)
Net increase (decrease) in cash and cash equivalents.....	121,596	(74,211)	116,060
Cash and cash equivalents, beginning of year.....	116,902	191,113	75,053
Cash and cash equivalents, end of year.....	\$ 238,498	\$ 116,902	\$ 191,113
Supplemental information:			
Interest paid during the year.....	\$ 46,342	\$ 48,729	\$ 63,183

Income taxes paid during the year, net of refunds.....	\$ 73,729	\$ 42,549	\$ 36,970

</TABLE>

See Notes 1 and 2 for additional information.

See notes to consolidated financial statements.

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LORAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF PRESENTATION:

The consolidated financial statements include the accounts of Loral Corporation and its subsidiaries ("Loral" or the "Company"). The Company's investments in its affiliates are carried on the equity method of accounting. All significant intercompany balances and transactions have been eliminated.

STATEMENTS OF CASH FLOWS:

The Company classifies investments that are readily convertible into cash, and have original maturities of three months or less as cash equivalents.

Changes in operating assets and liabilities are net of the impact of acquisitions and final purchase price allocations. Investing activities do not include certain marketable securities transactions in 1993 which were not settled in cash.

FINANCIAL INSTRUMENTS:

The carrying amount of cash and cash equivalents approximates fair value. Except as discussed in Notes 5 and 11, all other financial instruments are not material.

CONTRACTS IN PROCESS:

Sales on long-term production-type contracts are recorded as units are shipped; profits applicable to such shipments are recorded pro rata, based upon estimated total profit at completion of the contract. Sales and profits on cost reimbursable contracts are recognized as costs are incurred. Sales and estimated profits under other long-term contracts are recognized under the percentage of completion method of accounting using the cost to cost method. Amounts representing contract change orders or claims are included in sales only when they can be reliably estimated and realization is probable.

Costs accumulated under long-term contracts include applicable amounts of selling, general and administrative expenses. Losses on contracts are immediately recognized in full when determinable. Revisions in profit estimates are reflected in the period in which the facts which require the revision become known.

In accordance with industry practice, contracts in process contain amounts relating to contracts and programs with long production cycles, a portion of which may not be realized within one year.

PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment are stated at cost. Depreciation is provided primarily on the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the improvements.

COST IN EXCESS OF NET ASSETS ACQUIRED:

The excess of the cost of purchased businesses over the fair value of the net assets acquired is being amortized using a straight-line method generally over a 40-year period. Accumulated amortization amounted to \$70,207,000 and \$49,456,000 at March 31, 1994 and 1993, respectively.

The carrying amount of the cost in excess of net assets acquired is evaluated on a recurring basis. Current and future profitability as well as current and future undiscounted cash flows, excluding financing costs, of the acquired businesses are primary indicators of recoverability. For the three

years ended March 31, 1994, there were no adjustments to the carrying amount of the cost in excess of net assets acquired resulting from these evaluations.

LORAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOREIGN CURRENCY:

Assets and liabilities of foreign operations are translated into U.S. dollars at year-end rates and income and expenses are translated at average exchange rates during the year. The effects of the translation adjustments recorded as a component of Equity Adjustments in Shareholders' Equity aggregated \$1,904,000, \$367,000 and \$447,000 at March 31, 1994, 1993 and 1992, respectively. Foreign currency transaction gains and losses for the three years ended March 31, 1994 were not material. The Company enters into forward exchange contracts to hedge the effect of foreign currency fluctuations on certain transactions and commitments denominated in foreign currencies. Gains and losses on commitment hedges are deferred and included in the basis of the transaction underlying the commitment.

EARNINGS PER SHARE:

Primary earnings per share are computed based upon the weighted average number of common stock and common stock equivalents (stock options) outstanding. Fully diluted earnings per share also reflect additional dilution related to stock options due to the use of the market price at the end of the period, when higher than the average price for the period. In 1993 and 1992, fully diluted earnings per share assume the conversion of certain convertible debentures, giving effect to the resultant reduction in interest costs, net of the tax effect thereon, through the redemption date. In 1993, the impact of the extraordinary item and cumulative effect of changes in accounting on the fully diluted calculation is anti-dilutive, resulting in the net fully diluted amount equalling the net primary amount.

INCOME TAXES:

Effective April 1, 1992, the Company adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"). See Note 6, Income Taxes.

POSTRETIREE BENEFITS OTHER THAN PENSIONS:

Effective April 1, 1992, the Company adopted Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" ("SFAS 106"). See Note 9, Pensions and Other Employee Benefits.

RECLASSIFICATIONS:

Certain reclassifications have been made to conform prior-year amounts to the current-year presentation.

2. ACQUISITIONS AND INVESTMENT IN AFFILIATES:

ACQUISITIONS:

On March 1, 1994, effective January 1, 1994, the Company, through its newly formed wholly owned subsidiary Loral Federal Systems Company ("LFS"), acquired substantially all the assets and liabilities of the Federal Systems Company, a division of International Business Machines Corporation, for \$1,503,500,000 in cash, plus acquisition costs of \$8,000,000. The assets and liabilities recorded in connection with the purchase price allocation were \$1,925,194,000 and \$413,694,000, respectively. The acquisition was financed through cash on hand and commercial paper borrowings.

On August 31, 1992, the Company, through its newly formed wholly owned subsidiary Loral Vought Systems Corporation ("LVS"), acquired substantially all the assets and liabilities of the missile business of LTV Aerospace and Defense Company for \$261,250,000 in cash, plus acquisition costs of \$2,000,000. The purchase price was subsequently reduced by a \$9,000,000 purchase price adjustment paid in cash to the Company in December 1992. The assets and liabilities recorded in connection with the purchase price

allocation were \$564,502,000 and \$310,252,000, respectively. The acquisition was financed through cash on hand and borrowings under existing credit facilities.

In October 1990, Loral Aerospace Holdings, Inc. ("LAH"), a company owned by the Company and certain partnerships affiliated with Lehman Brothers Holdings Inc. (the "Lehman Partnerships"), acquired substantially all the businesses of Ford Aerospace Corporation ("FAC"). The FAC businesses were acquired by separate subsidiaries of LAH; Loral Aerospace Corp. ("Loral Aerospace") purchased all the businesses other than FAC's Space Systems Division, which was in effect purchased by Space Systems/Loral, Inc. ("SS/L").

Effective June 1, 1992, the Company acquired the Lehman Partnerships' equity interest in LAH through the issuance of 12,313,810 shares of Loral Common Stock (as adjusted for two-for-one stock split, see Note 7) and 627.3 shares of LAH Series S Preferred Stock. Each share of Series S Preferred Stock represents a beneficial interest in one share of common stock of SS/L. As a result of the issuance of the Series S Preferred Stock, the Lehman Partnerships have no economic interest in LAH other than with respect to the SS/L operations. This transaction increased shareholders' equity by \$195,179,000, eliminated minority interest, decreased the investment in affiliate by \$86,907,000 and increased cost in excess of net assets acquired by \$159,960,000. If the Lehman Partnerships continue to hold Series S Preferred Stock after January 1, 1998, or after a change in control of Loral, they will have the right to request that the Company purchase their Series S Preferred Stock at an appraised fair market value. In such event, the Company may elect to purchase such Series S Preferred Stock at appraised fair market value, or if the Company elects not to purchase the stock, the Lehman Partnerships may require the combined interests of the Company and the Lehman Partnerships in SS/L to be sold to a third party.

In April 1993, the Company acquired the advanced simulation business of Bolt Beranek and Newman Inc. for \$6,000,000 in cash. In September 1993, the Company acquired certain assets and assumed certain liabilities of Quintron Corporation for \$21,422,000 in cash. These acquisitions are not expected to have a material effect on the operations of the Company.

The acquisitions of LFS, LVS and the Lehman Partnerships' equity interest in LAH have been accounted for as purchases. As such, Loral's consolidated financial statements reflect the results of operations of the acquired entities and the elimination of the minority interest from the respective effective dates of acquisition.

Performance under acquired contracts in process, the accounting for which is described in Note 3, contributed after-tax income of \$49,061,000, \$43,283,000 and \$24,843,000, net of after-tax interest cost on debt related to the acquisitions and incremental amortization of cost in excess of net assets acquired aggregating \$29,125,000, \$18,653,000 and \$14,765,000 for 1994, 1993, and 1992, respectively.

Had the acquisitions of LFS, LVS and the Lehman Partnerships' equity interest in LAH occurred on April 1, 1992, the unaudited proforma sales, income before extraordinary item and cumulative effect of changes in accounting and related earnings per share data for the years ended March 31, 1994 and 1993 would have been: \$5,853,700,000 and \$5,954,900,000; \$228,000,000 and \$177,000,000; and \$2.72 and \$2.24, respectively. The results, which are based on various assumptions, are not necessarily indicative of what would have occurred had the acquisitions been consummated as of April 1, 1992.

INVESTMENT IN AFFILIATES:

In April 1991, SS/L sold 49% of its common stock to three European space systems manufacturers for \$171,500,000. At that time LAH made an additional capital contribution of \$3,500,000 to SS/L. In November 1992, a fourth European investor acquired 12 1/4% of SS/L's common stock from SS/L for \$57,167,000. In order to maintain the 51% interest in SS/L, Loral Aerospace purchased additional shares of SS/L common stock for \$59,500,000, consisting of \$9,500,000 in cash and the contribution of a \$50,000,000

LORAL CORPORATION AND SUBSIDIARIES

subordinated note and warrant issued in March 1992 by SS/L to Loral Aerospace for cash. In December 1992, the Lehman Partnerships purchased an additional 104.55 shares of Series S Preferred Stock from LAH for \$12,197,500 in cash. As a result of these transactions, Loral has an effective 32.7% economic interest in SS/L. No gain or loss was realized by Loral in connection with the sale of any

LAH and Loral Aerospace retain 51% of the outstanding common stock of SS/L, but have agreed not to cause SS/L to take certain actions without the concurrence of three, or in some cases, all of the SS/L directors appointed by the four European investors. Accordingly, the Company's investment in SS/L is classified as "Investment in affiliates," and the results of operations of SS/L are included in "Equity in net income (loss) of affiliate."

In March 1994, the Company and seven other partners made capital commitments totalling \$275,000,000 to Globalstar, L.P., a limited partnership of which the Company is the managing general partner, which plans to design and operate a worldwide satellite-based telecommunications network. The Globalstar network, consisting of 48 low-earth-orbiting satellites, subject to receiving local licensing authority such as is pending before the Federal Communications Commission, will offer voice, data, paging and geolocation services to both handheld and fixed terminals. Total system cost through 1998, the expected in-service date, is expected to total approximately \$1,800,000,000, which Globalstar intends to finance through sales of additional equity, advance payments from service providers, and debt financing.

At March 31, 1994, the Company has an effective 42% equity interest in Globalstar and has a total capital commitment of \$107,000,000, of which \$25,288,000 has been funded. The remaining commitment is expected to be funded in two installments, in September 1994 and March 1995. Through SS/L, the Company has an additional 2% indirect equity interest in Globalstar. By sales of its equity interest to other strategic partners and through subsequent Globalstar equity offerings, the Company expects to reduce its direct and indirect equity interest to approximately 25%.

Globalstar has awarded SS/L, the prime contract to design, construct and launch the satellite constellation. SS/L has and expects to award subcontracts to third parties, including other investors in Globalstar, for substantial portions of its obligations under the contract.

As managing general partner of Globalstar, the Company is entitled to receive a management fee determined in accordance with the partnership agreement.

3. CONTRACTS IN PROCESS:

Billings and accumulated costs and profits on long-term contracts, principally U.S. Government, comprise the following:

MARCH 31,		
	1994	1993
(IN THOUSANDS)		
<i><S></i>	<i><C></i>	<i><C></i>
Billed contract receivables.....	\$ 423,894	\$ 291,332
Unbilled contract receivables.....	1,901,156	1,130,915
Inventoried costs.....	557,259	571,655
	2,882,309	1,993,902
Less, unliquidated progress payments.....	(1,553,971)	(943,488)
Net contracts in process.....	\$ 1,328,338	\$1,050,414

</TABLE>

Unbilled contract receivables represent accumulated costs and profits earned but not yet billed to customers at year-end. The Company expects that substantially all such amounts will be billed and collected within one year.

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LORAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The following data has been used in the determination of costs and expense:

	1994	1993	1992
(IN THOUSANDS)			

<S>	<C>	<C>	<C>
Selling, general and administrative costs included in inventoried costs.....	\$ 64,212	\$ 82,676	\$ 89,655
Selling, general and administrative costs incurred.....	465,473	391,079	357,073
Independent research and development, including bid and proposal costs, included in S,G&A incurred...	172,604	124,718	122,903

</TABLE>

In connection with the determination of the fair value of assets acquired (Note 2) and pursuant to the provisions of Accounting Principles Board Opinion No. 16, the Company has valued acquired contracts in process at contract price, minus the estimated cost to complete and an allowance for the Company's normal profit on its effort to complete such contracts.

4. PROPERTY, PLANT AND EQUIPMENT:

<TABLE>
<CAPTION>

<S>	MARCH 31,	
	1994	1993
	(IN THOUSANDS)	
Land.....	\$ 116,347	\$ 68,710
Buildings and improvements.....	560,163	310,728
Machinery, equipment, furniture and fixtures.....	1,125,261	800,261
Leasehold improvements.....	125,207	91,758
	\$ 1,926,978	\$ 1,271,457
	-----	-----
	-----	-----

</TABLE>

Depreciation and amortization expense in 1994, 1993 and 1992 was \$141,853,000, \$113,447,000, and \$100,954,000, respectively.

5. DEBT:

<TABLE>
<CAPTION>

<S>	MARCH 31,	
	1994	1993
	(IN THOUSANDS)	
Commercial paper (3.76% and 3.37% at March 31, 1994 and 1993, respectively).....	\$ 1,373,548	\$ 99,562
Revolving credit (4.03% at March 31, 1993).....		165,969
9 1/8% Senior Debentures due 2022.....	100,000	100,000
8 3/8% Senior Debentures due 2023.....	100,000	100,000
7% Senior Debentures due 2023.....	200,000	
Other.....	24,441	68,484
	1,797,989	534,015
Less current maturities.....	173,928	43,209
	-----	-----
Total long-term debt.....	\$ 1,624,061	\$ 490,806
	-----	-----

</TABLE>

In February 1994, the Company entered into a five-year, \$1,200,000,000 revolving credit facility and a 364-day, \$500,000,000 revolving credit facility with a group of banks replacing an existing three-year revolving credit facility. The revolving credit facilities serve to back up the Company's commercial paper borrowings. The amount available for borrowing under the facilities is reduced by the outstanding commercial paper. Borrowings under the facilities are unsecured and bear interest, at the Company's option, at various rates based on the base rate, or on margins over the CD rate or EuroDollar rate. The Company pays a commitment

adjustment. Borrowings are prepayable at any time and are due at maturity. The agreements contain financial covenants requiring the Company to maintain certain levels of net worth and an interest coverage ratio, as well as a limitation on indebtedness and dividends.

The outstanding commercial paper borrowings at March 31, 1994, supported by the Company's five-year revolving credit facility are classified as long-term since the Company intends to refinance these borrowings through long-term borrowings, rollover of commercial paper borrowings or utilization of the revolving credit facilities.

In September 1993, the Company issued \$200,000,000 7% Senior Debentures. The 7%, 8 3/8% and 9 1/8% Senior Debentures are not redeemable prior to maturity and are not subject to any sinking fund provisions.

In October 1993, the Securities and Exchange Commission declared effective a shelf registration statement which enables the Company to issue up to \$300,000,000 of additional debt securities.

In anticipation of refinancing a portion of the revolving credit facilities, the Company entered into several interest rate hedge agreements, maturing in April and June 1994, with a principal amount of \$500,000,000.

In fiscal 1993, the Company recorded an extraordinary charge of \$28,216,000 pre-tax, \$17,776,000 after-tax, or \$.23 per share for the early redemption of certain long-term debt issues and the cancellation of an existing credit facility. The extraordinary charge consisted of redemption premiums and the write-off of unamortized discounts and financing costs. In connection with the redemption of \$69,694,000 principal amount of certain convertible debentures, the Company issued 3,149,710 shares of Loral Common Stock (as adjusted for two-for-one stock split, see Note 7).

The aggregate maturities of long-term debt, excluding commercial paper borrowings classified as long-term, for the years 1995 through 1999 are as follows: \$173,928,000, \$329,000, \$10,626,000, \$1,106,000 and \$859,000.

The fair value of the Company's total debt and the interest rate hedges, based on quoted market prices or on current rates for similar debt with the same maturities, was approximately \$1,762,000,000 and \$554,500,000 at March 31, 1994 and 1993, respectively.

6. INCOME TAXES:

In 1993, the Company adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"), which changed the method of accounting for income taxes from the deferred method to the liability method. Under the liability method, deferred tax assets and liabilities are recognized based on the temporary differences between the carrying amounts of assets and liabilities for financial statement purposes and income tax purposes using currently enacted tax rates. The adoption of SFAS 109 did not have a material effect on the financial position or results of operations for the year ended March 31, 1993.

The components of the provision for income taxes are as follows:

	1994	1993	1992
	-----	-----	-----
	(IN THOUSANDS)		
<S>	<C>	<C>	<C>
Currently payable:			
Federal.....	\$ 89,369	\$67,898	\$53,114
State and local.....	14,182	11,835	12,864
	-----	-----	-----
	103,551	79,733	65,978
Deferred, principally Federal.....	31,727	14,818	23,188
	-----	-----	-----
Total provision for income taxes.....	\$135,278	\$94,551	\$89,166
	-----	-----	-----

</TABLE>

LORAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The effective income tax rate differs from the statutory Federal income tax rate for the following reasons:

	1994	1993	1992
<S>	---	---	---
Statutory Federal income tax rate.....	35.0%	34.0%	34.0%
Research and development and other tax credits.....	(1.1)	(.4)	(1.0)
State and local income taxes, net of Federal income tax benefit and state and local income tax credits.....	3.8	3.5	4.5
Foreign sales corporation tax benefit.....	(.7)	(.8)	(.7)
Other, net.....	.3	.7	.2
	---	---	---
Effective income tax rate.....	37.3%	37.0%	37.0%
	---	---	---
	---	---	---

</TABLE>

On August 10, 1993, the Omnibus Budget Reconciliation Act of 1993 was signed into law, including a provision that increased the Federal corporate income tax rate by 1%, to 35%, effective January 1, 1993. This increase was partially offset by the additional tax benefit resulting from revaluing deferred tax assets at the higher rate.

The provision for income taxes excludes: current tax benefits related to the exercise of stock options, credited directly to Shareholders' Equity, of \$3,643,000 and \$10,237,000 for 1994 and 1993, respectively; a deferred tax benefit of \$10,261,000, related to the additional minimum pension liability debited directly to Shareholders' Equity for 1994; and, in 1993, the tax benefit of \$10,440,000, related to the extraordinary item and the deferred tax benefit of \$97,122,000, related to the cumulative effect of the change in accounting for SFAS 106.

The significant components of the net deferred income tax asset are:

<TABLE>
<Caption>

	MARCH 31,	
	1994	1993
(IN THOUSANDS)		
<S>	<C>	<C>
Compensation and benefits.....	\$ 14,545	\$ 6,979
Income recognition on long-term contracts.....	(16,887)	(486)
Installment sales.....	9,100	10,754
Inventoried costs.....	100,927	50,235
Other postretirement employee benefits.....	191,678	190,452
Pension costs.....	(126,771)	(101,599)
Property, plant and equipment.....	(64,912)	(66,945)
Other, net.....	34,256	21,861
	---	---
Net deferred income tax asset.....	\$ 141,936	\$ 111,251
	---	---

</TABLE>

The net deferred income tax asset is classified as follows:

<TABLE>
<Caption>

	MARCH 31,	
	1994	1993
(IN THOUSANDS)		
<S>	<C>	<C>
Current deferred income tax asset.....	\$104,063	\$74,406
	---	---
Long-term deferred income tax asset.....	\$ 37,873	\$36,845
	---	---

</TABLE>

7. SHAREHOLDERS' EQUITY:

In September 1993, the shareholders approved an increase in the number of authorized shares of common stock from 70,000,000 shares to 150,000,000 shares.

On October 7, 1993, the Company completed a two-for-one stock split in the form of a 100% stock distribution payable to shareholders of record on September 28, 1993. Accordingly, all share and per share amounts have been adjusted to reflect the stock split.

The Company has 2,000,000 authorized and unissued shares of preferred stock (par value \$1.00). The designation of terms, conditions and amounts of such preferred stock may be set by the Board of Directors.

Under the Company's various stock option plans, options may be granted at prices determined by the Compensation and Stock Option Committee. The Committee determines the exercise and expiration dates of the options, which may not be later than 10 years from the date of grant. For options granted at less than 75% of the fair market value at date of grant, the plans provide for return of stock issued on exercise of these options on a ratable basis should the recipient leave the Company's employment under certain circumstances within six years of the grant of these options. Unearned compensation with respect to options granted at less than fair market value at date of grant, included as a component of Equity Adjustments in Shareholders' Equity, aggregated \$13,644,000, \$8,424,000 and \$13,632,000 at March 31, 1994, 1993 and 1992, respectively, and is being amortized over the period that the options vest.

Options outstanding have been granted at prices ranging from \$4.50 to \$37.63 per share.

A summary of the option transactions follows:

<TABLE>
<CAPTION>

	1994	1993	1992
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)		
	<C>	<C>	<C>
<S>			
Options outstanding, beginning of year.....	3,764	5,500	6,392
Options granted.....	1,895	1,340	550
Options exercised.....	(508)	(2,944)	(1,096)
Exercise price.....	(\$4.50 to \$19.56)	(\$2.85 to \$20.19)	(\$2.85 to \$17.57)
Options cancelled.....	(86)	(132)	(346)
Options outstanding, end of year.....	5,065	3,764	5,500
Options exercisable, end of year.....	1,781	1,390	2,606

</TABLE>

There were 51,026 shares, 1,859,140 shares and 3,081,690 shares of common stock available for future option grants at March 31, 1994, 1993, and 1992, respectively.

Under the Company's Restricted Stock Purchase Plan, established in 1988, 2,000,000 shares of the Company's common stock were issued under the Plan, upon payment by the employee of the par value per share. The total number of shares earned under the Plan each year equals 3% of the Company's pre-tax profit divided by the grant value (currently \$105.00 per share) of restricted shares outstanding. Any shares not earned at the earlier of completion of the seventh year after grant or termination of employment will be essentially forfeited by being repurchased by the Company at par value. Under the Plan, 104,846 shares, 341,714 shares and 420,986 shares were earned for the years ended March 31, 1994, 1993 and 1992, respectively. At March 31, 1994, 147,738 shares of common stock are still to be earned and 13,060 shares of common stock are available for future grants under this Plan. Unearned compensation related to these shares, included as a component of Equity Adjustments in Shareholders' Equity, aggregated \$5,521,000, \$7,504,000 and \$4,935,000 at March 31, 1994, 1993, and 1992 respectively, and is amortized as the shares are earned.

The Company leases certain facilities and equipment under agreements expiring at various dates through 2080. At March 31, 1994, future minimum payments for noncancelable operating and capital leases with initial or remaining terms in excess of one year are as follows:

<TABLE>
<CAPTION>

	OPERATING LEASES	CAPITAL LEASES	TOTAL
	REAL ESTATE	EQUIPMENT	
(IN THOUSANDS)			
<S>	<C>	<C>	<C>
1995.....	\$ 56,914	\$13,162	\$ 1,243
1996.....	44,897	10,363	1,243
1997.....	33,907	7,589	11,394
1998.....	23,375	6,469	1,243
1999.....	16,208	5,465	1,243
Thereafter.....	100,444	5,158	9,628
	\$ 275,745	\$48,206	\$ 25,994
	-----	-----	-----
			\$349,945
	-----	-----	-----

</TABLE>

Real estate lease commitments have been reduced by minimum sublease rentals of \$27,399,000 due in the future under noncancelable subleases. The present value of the minimum lease payments for capital leases is \$16,729,000, net of imputed interest of \$9,265,000.

Leases covering major items of real estate and equipment contain renewal and or purchase options which may be exercised by the Company. Rent expense, net of sublease income of \$4,180,000, \$2,378,000 and \$5,218,000, was \$65,239,000, \$50,539,000 and \$44,281,000, in 1994, 1993 and 1992, respectively.

At March 31, 1994, outstanding letters of credit were approximately \$392,000,000.

At acquisition, LFS's contracts in process included a systems integration contract with the Federal Aviation Administration ("FAA") for the modernization of the U.S. air traffic control system. Prior to the acquisition, discussions were held between LFS and FAA officials with respect to modifying certain terms and conditions of the contract. This contract has also been the subject of considerable public and media attention in the past year and in December 1993, the FAA initiated a comprehensive review of the contract. The extent of the contract modifications, if any, as a result of the comprehensive review, as well as future negotiations with the FAA, is not determinable at this time. The final purchase price of LFS is subject to a reduction, up to a specified limit, based upon the outcome of these matters. (See Current Report on Form 8-K dated March 1, 1994, Exhibit 10.2.) In the opinion of management, and in light of the potential adjustment of the LFS purchase price and reserves provided, the ultimate outcome of this matter will not have a material adverse effect on the financial position or results of operations of the Company.

Management is continually assessing its obligations with respect to applicable environmental protection laws. While it is difficult to determine the timing and ultimate cost to be incurred by the Company in order to comply with these laws, based upon available internal and external assessments, the Company believes that even without considering potential insurance recoveries, if any, there are no environmental loss contingencies that, individually or in the aggregate, are material. The Company accrues for these contingencies when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. The Company has been named a Potentially Responsible Party ("PRP") at a number of sites. In several of these situations Loral acquired the site pursuant to a purchase agreement which provided that the seller would retain liability for environmental remediation and related costs arising from occurrences prior to the sale. In other situations the Company is party to an interim or final allocation plan that has been accepted by other PRPs whose size and current financial condition make it probable that they will be able to pay the environmental costs apportioned to them. The Company believes that it has adequately accrued for future expenditures in

connection with environmental matters and that such expenditures will not have a material adverse effect on its financial condition or results of operations.

There are a number of lawsuits or claims pending against the Company and incidental to its business. However, in the opinion of management, the ultimate liability on these matters, if any, will not have a material adverse effect on the financial position or results of operations of the Company.

9. PENSIONS AND OTHER EMPLOYEE BENEFITS:

PENSIONS:

The Company maintains several pension plans, both contributory and noncontributory, covering certain employees. Eligibility for participation in these plans varies and benefits are generally based on members' compensation and years of service. The Company's funding policy is generally to contribute annually the maximum amount that can be deducted for Federal income tax purposes. Plan assets are invested primarily in U.S. government and agency obligations and listed stocks and bonds.

Pension (credit) cost included the following components:

<TABLE>
<CAPTION>

	1994	1993	1992
----- (IN THOUSANDS)			
<S>	<C>	<C>	<C>
Service cost-benefits earned during the period.....	\$ 31,530	\$ 25,387	\$ 20,650
Interest cost on projected benefit obligation.....	159,747	123,560	69,621
Actual return on plan assets.....	(273,974)	(123,292)	(90,786)
Net amortization and deferral.....	64,221	(38,886)	10,299
Total pension (credit) cost.....	\$ (18,476)	\$ (13,231)	\$ 9,784
----- ----- ----- -----			

</TABLE>

The following presents the plans' funded status and amounts recognized in the balance sheet:

<TABLE>
<CAPTION>

	MARCH 31,			
	1994		1993	
	ASSETS EXCEED ACCUMULATED BENEFITS	ACCUMULATED BENEFITS EXCEED ASSETS	ASSETS EXCEED ACCUMULATED BENEFITS	ACCUMULATED BENEFITS EXCEED ASSETS
----- (IN THOUSANDS)				
<S>	<C>	<C>	<C>	<C>
Actuarial present value of benefit obligations:				
Vested benefits.....	\$ 1,844,260	\$235,480	\$ 1,551,190	\$ 44,031
-----	-----	-----	-----	-----
Accumulated benefits.....	\$ 1,871,754	\$236,467	\$ 1,584,481	\$ 44,531
Effect of projected future salary increases....	151,071	13,184	125,222	2,565
-----	-----	-----	-----	-----
Projected benefits.....	2,022,825	249,651	1,709,703	47,096
Plan assets at fair value.....	2,361,527	211,489	2,086,929	33,076
-----	-----	-----	-----	-----
Plan assets in excess of (less than) projected benefit obligation.....	338,702	(38,162)	377,226	(14,020)
Unrecognized net (gain) loss.....	12,879	39,495	(113,604)	1,039
Unrecognized prior service cost.....	(1,714)	12,484	5,655	11,527
Unrecognized net asset existing at transition....	(2,241)	(1)	(2,194)	(408)
Additional minimum liability.....		(38,794)		(9,593)
-----	-----	-----	-----	-----
Prepaid (accrued) pension cost.....	\$ 347,626	\$ (24,978)	\$ 267,083	\$ (11,455)
-----	-----	-----	-----	-----

</TABLE>

<TABLE>
<CAPTION>

	1994	1993	1992
	---	---	---
<S>	<C>	<C>	<C>
Discount rate.....	7.75%	9.0 %	9.0 %
Rate of increase in compensation levels.....	4.75%	6.0 %	6.0 %
Expected long-term rate of return on plan assets.....	9.5 %	9.5 %	9.5 %

POSTRETIREE HEALTH CARE AND LIFE INSURANCE BENEFITS:

In addition to providing pension benefits, the Company provides certain health care and life insurance benefits for retired employees and dependents at certain locations. Participants are eligible for these benefits when they retire from active service and meet the eligibility requirements for the Company's pension plans. These benefits are funded primarily on a pay-as-you-go basis with the retiree generally paying a portion of the cost through contributions, deductibles and coinsurance provisions.

Effective April 1, 1992, the Company adopted Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" ("SFAS 106"). SFAS 106 requires employers to recognize the cost of postretirement health and welfare obligations in their financial statements over the years of employee service. These costs were previously expensed on a pay-as-you-go basis. The Company elected to immediately recognize the accumulated postretirement obligation upon adoption of SFAS 106. A non-recurring charge of \$330,499,000 pre-tax, \$233,377,000, after-tax, or \$3.03 per share, was recorded as the cumulative effect of the accounting change. Total postretirement health care and life insurance costs were \$41,570,000 and \$57,353,000 for 1994 and 1993, respectively under SFAS 106. These costs for 1992, which were recorded on a cash basis, and have not been restated, were \$17,455,000.

In March 1993 and March 1994, the Company adopted various plan amendments which are being amortized as prior service cost commencing in the quarter following adoption.

Postretirement health care and life insurance costs included the following components:

<TABLE>
<CAPTION>

	1994	1993
	-----	-----
(IN THOUSANDS)		
<S>	<C>	<C>
Service cost -- benefits earned during the period.....	\$ 9,588	\$11,364
Interest cost on accumulated postretirement benefit obligation.....	46,050	45,989
Net amortization.....	(14,068)	
Total postretirement health care and life insurance costs.....	\$ 41,570	\$57,353
	-----	-----
	-----	-----

</TABLE>

The following table presents the amounts recognized in the balance sheet at:

<TABLE>
<CAPTION>

	MARCH 31,	
	1994	1993
	-----	-----
(IN THOUSANDS)		
<S>	<C>	<C>
Accumulated postretirement benefit obligation:		
Retirees.....	\$ 363,886	\$259,490
Fully eligible plan participants.....	29,689	95,939
Other active plan participants.....	95,372	50,365
Total accumulated postretirement benefit obligation.....	488,947	405,794
Unrecognized prior service cost related to plan amendments....	252,200	204,799
Unrecognized net loss, primarily due to change in the discount rate.....	(126,859)	
Accrued postretirement health care and life insurance costs...	\$ 614,288	\$610,593
	-----	-----
	-----	-----

LORAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Actuarial assumptions used in determining the accumulated postretirement benefit obligation include a discount rate of 7.75% and 9% for 1994 and 1993, respectively, and an assumed health care cost trend rate of 12.4% decreasing gradually to an ultimate rate of 6% by the year 2003. Changing the assumed health care cost trend rate by 1% in each year would change the accumulated postretirement benefit obligation at March 31, 1994 by approximately \$50,000,000 and the aggregate service and interest cost components for 1994 by approximately \$6,500,000.

EMPLOYEE SAVINGS PLANS:

Under its various employee savings plans, the Company matches the contributions of participating employees up to a designated level. The extent of the match, vesting terms and the form of the matching contribution vary among the plans. Under these plans, the matching contributions, in cash, Loral common stock or both, for 1994, 1993 and 1992 were \$22,929,000, \$18,625,000 and \$19,179,000, respectively.

POSTEMPLOYMENT BENEFITS:

In November 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits" ("SFAS 112"). The Company is required to adopt SFAS 112 by fiscal 1995 and based on preliminary estimates does not expect any material impact to the financial position or results of operations of the Company.

10. SALES TO PRINCIPAL CUSTOMERS:

The Company operates primarily in one industry segment, defense electronics. Sales to principal customers are as follows:

<S>	(IN THOUSANDS)		
	1994	1993	1992
U.S. Government Agencies.....	\$2,578,004	\$2,077,009	\$1,530,417
Foreign (principally foreign governments).....	564,612	477,501	594,813
Other (principally U.S. Government end use).....	866,117	780,893	756,590
	-----	-----	-----
	\$4,008,733	\$3,335,403	\$2,881,820
	-----	-----	-----
	-----	-----	-----

</TABLE>

Foreign sales comprise the following:

<S>	(IN THOUSANDS)		
	1994	1993	1992
Export sales:			
Asia.....	\$227,312	\$190,125	\$151,435
Europe.....	106,546	128,707	148,295
Middle East.....	91,049	119,401	213,473
Other.....	28,289	26,733	75,831
	-----	-----	-----
	453,196	464,966	589,034
Foreign operations, principally Europe.....	111,416	12,535	5,779
	-----	-----	-----
Total foreign sales.....	\$564,612	\$477,501	\$594,813
	-----	-----	-----

</TABLE>

11. RELATED PARTY TRANSACTIONS:

The Company charges SS/L a fee for providing SS/L with management services under an agreement among the Company, LAH, SS/L and the four European investors. The management fee was \$2,981,000, \$2,576,000 and \$1,953,000 in 1994, 1993 and 1992, respectively. The Company and LAH allocate certain

LORAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

overhead costs and expenses to SS/L and SS/L charges LAH certain overhead costs. The net allocated expenses charged to SS/L were \$9,446,000, \$10,448,000, and \$10,414,000 in 1994, 1993 and 1992, respectively. In addition, the Company sells products to SS/L. Net sales to SS/L were \$15,769,000, \$11,574,000 and \$8,513,000 in 1994, 1993 and 1992, respectively. Included in other current assets are advances to SS/L of \$8,207,000 and \$6,832,000 at March 31, 1994 and 1993, respectively. LAH and SS/L have a tax sharing agreement whereby certain tax liabilities and benefits are shared equitably. For the year ended March 31, 1992, LAH paid \$10,239,000 to SS/L pursuant to this agreement. LAH has guaranteed performance of SS/L under certain commercial contracts. To date, SS/L has performed satisfactorily under these contracts, and management believes that they will be successfully completed.

In 1989, the Company sold its Aircraft Braking Systems and Engineered Fabrics divisions to K&F Industries, Inc. ("K&F"), of which the Chairman of Loral owns 35% of the capital stock and certain executive officers of Loral own rights to purchase 4% of the capital stock. In connection with the sale, K&F issued to the Company a \$30,000,000 14 3/4% paid-in-kind subordinated convertible debenture due 2004 (the "Debenture") convertible into 15% of the common equity of K&F. In accordance with Securities and Exchange Commission Staff Accounting Bulletin No. 81, the value of the Debenture has not been recognized by the Company. Because the Debenture is not publicly traded its fair value is not readily determinable. However, the Company believes that the Debenture has a fair value less than the publicly traded K&F subordinated debentures, which have rights superior to the Debenture and pay interest currently, and are trading at approximately 92% of face value.

The Company and K&F have agreements covering various real property occupancy arrangements and agreements under which the Company and K&F provide certain services, such as benefits administration, treasury, accounting and legal services to each other. The charges for these services, as agreed to by the Company and K&F, are based upon the actual cost incurred in providing the services without a profit. These transactions between the Company and K&F were not significant. Sales to K&F were \$6,785,000, \$4,796,000 and \$8,828,000 in 1994, 1993 and 1992, respectively.

LORAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. QUARTERLY FINANCIAL INFORMATION (UNAUDITED):

<TABLE>
<CAPTION>

1994 QUARTER ENDED					
	JUNE 30	SEPT. 30	DEC. 31	MARCH 31	YEAR
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)					
<S>	<C>	<C>	<C>	<C>	<C>
Sales.....	\$849,451	\$836,633	\$902,003	\$1,420,646	\$4,008,733
Operating income.....	70,182	78,396	97,952	154,836	401,366
Net income.....	40,351	46,717	56,945	84,255	228,268
Earnings per share:*					
Primary.....	.48	.56	.68	1.00	2.72
Fully diluted.....	.48	.56	.68	1.00	2.72

</TABLE>
<CAPTION>

1993 QUARTER ENDED					
	JUNE 30	SEPT. 30	DEC. 31	MARCH 31	YEAR
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)					
<S>	<C>	<C>	<C>	<C>	<C>
Sales.....	\$ 681,300	\$738,902	\$941,141	\$974,060	\$3,335,403
Operating income.....	51,449	64,860	76,367	103,578	296,254
Income before extraordinary item and cumulative effect of changes in accounting.....	\$ 24,403	\$ 35,876	\$ 41,417	\$ 57,373	\$ 159,069

Extraordinary item.....			(17,776)	(17,776)
Cumulative effect of changes in accounting.....	(233,377)			(233,377)
Net income (loss).....	\$ (208,974)	\$ 35,876	\$ 41,417	\$39,597
	-----	-----	-----	-----
Earnings per share:*				
Primary:				
Income before extraordinary item and cumulative effect of changes in accounting.....	\$ 0.36	\$ 0.46	\$ 0.52	\$.69
Extraordinary item.....				(.21)
Cumulative effect of changes in accounting.....	(3.41)			(.23)
Net income (loss).....	\$ (3.05)	\$ 0.46	\$ 0.52	\$.48
	-----	-----	-----	-----
Fully diluted:				
Income before extraordinary item and cumulative effect of changes in accounting.....	\$ 0.35	\$ 0.45	\$ 0.51	\$.69
Extraordinary item.....				(.21)
Cumulative effect of changes in accounting.....	(3.40)			(2.99)
Net income (loss).....	\$ (3.05)	\$ 0.45	\$ 0.51	\$.48
	-----	-----	-----	-----

</TABLE>

* Earnings per share is computed independently for each of the periods presented and therefore the quarters may not sum to the total for the year. Adjusted to reflect two-for-one stock split distributed October 7, 1993.

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LORAL CORPORATION AND SUBSIDIARIES

SCHEDULE II -- ACCOUNTS RECEIVABLE FROM RELATED PARTIES AND
UNDERWRITERS, PROMOTERS AND EMPLOYEES OTHER THAN RELATED PARTIES
FOR THE YEARS ENDED MARCH 31, 1994, 1993 AND 1992
(IN THOUSANDS)

<TABLE>
<CAPTION>

NAME OF DEBTOR	BALANCE AT			BALANCE AT		
	APRIL 1	ADDITIONS	DEDUCTIONS	MARCH 31		
				AMOUNTS COLLECTED	WRITTEN OFF	NOT CURRENT
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Year ended March 31, 1994:						
George Taft, Senior Vice President of Loral Electronic Systems (a).....	\$100		\$ 100			
Lawrence H. Schwartz, Vice President of Loral Corporation (b).....	100		100			
Year ended March 31, 1993:						
George Taft.....	100				\$100	
Lawrence H. Schwartz.....	100				100	
Year ended March 31, 1992:						
George Taft.....	100					\$100
Lawrence H. Schwartz.....		\$ 100				100
Robert Ziernicki, former Senior Vice President of Loral Electronic Systems (c).....	218		218			

</TABLE>

Notes: (a) The loan was charged interest at 5% and was not collateralized. The loan was paid in full in June 1993.

(b) The loan was charged interest at 7% and was collateralized. The loan was paid in full in March 1994.

(c) No interest was charged and the loan was not collateralized. The loan was paid in full in May 1991.

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LORAL CORPORATION AND SUBSIDIARIES

SCHEDULE V -- PROPERTY, PLANT AND EQUIPMENT
FOR THE YEARS ENDED MARCH 31, 1994, 1993 AND 1992
(IN THOUSANDS)

<TABLE>
<CAPTION>

DESCRIPTION	BALANCE AT APRIL 1	ADDITIONS AT COST	RETIREMENTS	OTHER CHANGES	BALANCE AT MARCH 31
	(a)				(b)
<S>	<C>	<C>	<C>	<C>	<C>
Year ended March 31, 1994:					
Land.....	\$ 68,710	\$ 47,637			\$ 116,347
Buildings and improvements.....	310,728	254,676	\$ (165)	\$ (5,076)	560,163
Machinery, equipment, furniture and fixtures.....	800,261	340,889	(14,688)	(1,201)	1,125,261
Leasehold improvements.....	91,758	29,875	(774)	4,348	125,207
	\$1,271,457	\$ 673,077	\$ (15,627)	\$ (1,929)	\$1,926,978
	-----	-----	-----	-----	-----
	-----	-----	-----	-----	-----
Year ended March 31, 1993:					
Land.....	\$ 61,415	\$ 9,894	\$ (315)	\$ (2,284)	\$ 68,710
Buildings and improvements.....	293,635	16,446	(1,800)	2,447	310,728
Machinery, equipment, furniture and fixtures.....	708,336	129,371	(37,172)	(274)	800,261
Leasehold improvements.....	34,958	57,913	(1,083)	(30)	91,758
	\$1,098,344	\$ 213,624	\$ (40,370)	\$ (141)	\$1,271,457
	-----	-----	-----	-----	-----
	-----	-----	-----	-----	-----
Year ended March 31, 1992:					
Land.....	\$ 59,023	\$ 4,263		\$ (1,871)	\$ 61,415
Buildings and improvements.....	268,847	15,585	\$ (992)	10,195	293,635
Machinery, equipment, furniture and fixtures.....	621,445	68,506	(20,786)	39,171	708,336
Leasehold improvements.....	31,451	4,036	(643)	114	34,958
	\$ 980,766	\$ 92,390	\$ (22,421)	\$47,609	\$1,098,344
	-----	-----	-----	-----	-----
	-----	-----	-----	-----	-----

</TABLE>

Notes:

(a) Includes the following amounts acquired through business acquisitions:

<TABLE>
<CAPTION>

	1994	1993	1992
<S>	<C>	<C>	<C>
Land.....	\$ 47,521	\$ 9,894	\$ 2,100
Building and improvements.....	246,620	7,524	94
Machinery, equipment furniture and fixtures.....	259,643	62,832	8,254
Leasehold improvements.....	16,341	36,106	401
	\$ 570,125	\$ 116,356	\$ 10,849
	-----	-----	-----
	-----	-----	-----

</TABLE>

(b) Primarily reclassifications among asset categories, in addition to other minor adjustments. Fiscal 1992 includes final purchase price allocations of \$46,518.

LORAL CORPORATION AND SUBSIDIARIES

SCHEDULE VI -- ACCUMULATED DEPRECIATION AND AMORTIZATION
 OF PROPERTY, PLANT AND EQUIPMENT
 FOR THE YEARS ENDED MARCH 31, 1994, 1993 AND 1992
 (IN THOUSANDS)

<TABLE>
<CAPTION>

DESCRIPTION	BALANCE AT APRIL 1	ADDITIONS CHARGED			BALANCE AT MARCH 31
		TO COST AND EXPENSE	RETIREMENTS	OTHER CHANGES	
<S>	<C>	<C>	<C>	<C>	(a)
Year ended March 31, 1994:					
Building and improvements.....	\$ 65,735	\$ 15,961	\$ (33)	\$ (98)	\$ 81,565
Machinery, equipment, furniture and fixtures.....	398,860	113,613	(10,064)	(778)	501,631
Leasehold improvements.....	25,170	12,279	(638)	547	37,358
	\$489,765	\$141,853	\$ (10,735)	\$ (329)	\$620,554
	-----	-----	-----	-----	-----
Year ended March 31, 1993:					
Buildings and improvements.....	\$ 54,966	\$ 11,330	\$ (561)		\$ 65,735
Machinery, equipment, furniture and fixtures.....	337,269	91,808	(30,203)	\$ (14)	398,860
Leasehold improvements.....	16,285	10,309	(1,425)	1	25,170
	\$408,520	\$113,447	\$ (32,189)	\$ (13)	\$489,765
	-----	-----	-----	-----	-----
Year ended March 31, 1992:					
Buildings and improvements.....	\$ 44,455	\$ 10,675	\$ (46)	\$ (118)	\$ 54,966
Machinery, equipment, furniture and fixtures.....	263,646	87,024	(13,383)	(18)	337,269
Leasehold improvements.....	13,393	3,255	(466)	103	16,285
	\$321,494	\$100,954	\$ (13,895)	\$ (33)	\$408,520
	-----	-----	-----	-----	-----

</TABLE>

Notes:

(a) Primarily reclassifications among asset categories, in addition to other minor adjustments.

Depreciation and amortization:

The annual provisions for depreciation and amortization have been computed principally in accordance with the following range of years (provided primarily on the straight-line method):

Buildings and improvements -- 5 to 45 years

Machinery, equipment, furniture and fixtures -- 3 to 13 years

Leasehold improvements -- Lesser of asset life or lease term.

LORAL CORPORATION AND SUBSIDIARIES

SCHEDULE X -- SUPPLEMENTARY INCOME STATEMENT INFORMATION
 FOR THE YEARS ENDED MARCH 31, 1994, 1993 AND 1992
 (IN THOUSANDS)

<TABLE>
<CAPTION>

CHARGED TO COSTS AND EXPENSES

	DESCRIPTION	1994	1993	1992
		---	---	---
<S> <C>		<C>	<C>	<C>
(1) Maintenance and repairs.....		\$47,223	\$36,170	\$34,735
		-----	-----	-----
(2) Amortization of intangible assets and similar deferrals:		*		
Goodwill.....		\$12,858	\$ 7,377	
Unearned compensation.....		18,599	10,157	
Other assets.....		9,101	10,153	
		-----	-----	-----
		\$40,558	\$27,687	
		-----	-----	-----

</TABLE>

* Amounts are not presented because such amounts are less than one percent of total sales.

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EXHIBIT INDEX

<TABLE>
<CAPTION>

EXHIBIT

		FILED HEREWITH (-) OR INCORPORATED BY REFERENCE TO REGISTRATION NO. OR OTHER DOCUMENT
<S> <C>		-----
3.1	Loral Corporation Restated Certificate of Incorporation as in effect May 12, 1994	<C> Form 10-Q for the quarter ended September 30, 1993, Exhibit 3
3.2	Loral Corporation By-Laws as in effect May 12, 1994	--
4.1	Revolving Credit Agreement among Loral Corporation, Certain Banks, Morgan Guaranty Trust Company of New York, Chemical Bank, Barclays Bank PLC, and Continental Bank, N.A., dated as of February 23, 1994	Current Report on Form 8-K dated February 23, 1994, Exhibit 4.1
4.2	364 Day Revolving Credit Agreement among Loral Corporation, Certain Banks, Morgan Guaranty Trust Company of New York, Chemical Bank, Barclays Bank PLC, and Continental Bank, N.A., dated as of February 23, 1994	Current Report on Form 8-K dated February 23, 1994, Exhibit 4.2
10.1	Loral 1983 Stock Option Plan	1983 Proxy Material
10.2	Amendment to the Loral 1983 Stock Option Plan	Annual Report on Form 10-K for the fiscal year ended March 31, 1986, Exhibit 10.11
10.3	Amended Loral 1986 Stock Option Plan	Form 10-Q for the quarter ended June 30, 1988, Exhibit 10.1
10.4	Amendment to the Loral 1980, 1981, 1983 and 1986 Stock Option Plans	Annual Report on Form 10-K for the fiscal year ended March 31, 1990, Exhibit 10.8
10.5	1991 Amendment to the Loral 1986 Stock Option Plan	Annual Report on Form 10-K for the fiscal year ended March 31, 1991, Exhibit 10.9
10.6	Loral Corporation Restricted Stock Purchase Plan	Current Report on Form 8-K dated May 13, 1987, Exhibit 10.28
10.7	Amendment to the Loral Corporation Restricted Stock Purchase Plan	Form 10-Q for the quarter ended June 30, 1987, Exhibit 10.2
10.8	Restated Employment Agreement between Loral Corporation and Bernard L. Schwartz, dated as of April 1, 1990	Annual Report on Form 10-K for the fiscal year ended March 31, 1990, Exhibit 10.11
10.9	Split-dollar life insurance agreement with Bernard L. Schwartz, dated as of March 15, 1990	Annual Report on Form 10-K for the fiscal year ended March 31, 1991, Exhibit 10.13
10.10	Split-dollar life insurance agreement with Bernard L. Schwartz, dated as of December 10, 1990	Annual Report on Form 10-K for the fiscal year ended March 31, 1991, Exhibit 10.14
10.11	Employment Contract between Loral Corporation and Frank C. Lanza, dated as of April 1, 1987	Form 10-Q for the quarter ended June 30, 1987, Exhibit 10.1 and Annual Report on Form 10-K for the fiscal year ended March 31, 1982, Exhibit 10.11
10.12	Amendment to Employment Contract between Loral Corporation and Frank C. Lanza, dated as of March 31, 1988	Annual Report on Form 10-K for the fiscal year ended March 31, 1988, Exhibit 10.19
10.13	Amendment to Employment Contract between Loral Corporation and Frank C. Lanza, dated as of	Annual Report on Form 10-K for the fiscal year ended March 31, 1990,

</TABLE>

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<TABLE>
<CAPTION>

EXHIBIT

		FILED HEREWITH (-) OR INCORPORATED BY REFERENCE TO REGISTRATION NO. OR OTHER DOCUMENT
-----		-----
<S>	<C>	
10.14	Amendment to Employment Contract between Loral Corporation and Frank C. Lanza, dated as of April 1, 1992	<C> Annual Report on Form 10-K for the fiscal year ended March 31, 1992, Exhibit 10.17
10.15	Split-dollar life insurance agreement with Frank C. Lanza, dated as of August 5, 1985	Annual Report on Form 10-K for the fiscal year ended March 31, 1991, Exhibit 10.18
10.16	Split-dollar life insurance agreement with Michael P. DeBlasio, dated as of December 10, 1990	Annual Report on Form 10-K for the fiscal year ended March 31, 1991, Exhibit 10.19
10.17	Split-dollar life insurance agreement with Robert V. LaPenta, dated as of December 10, 1990	Annual Report on Form 10-K for the fiscal year ended March 31, 1992, Exhibit 10.20
10.18	Split-dollar life insurance agreement with Michael B. Targoff Insurance Trust, dated as of April 30, 1990	Annual Report on Form 10-K for the fiscal year ended March 31, 1990, Exhibit 10.20
10.19	Split-dollar life insurance agreement with E. Donald Shapiro, dated as of December 10, 1990	Annual Report on Form 10-K for the fiscal year ended March 31, 1992, Exhibit 10.22
10.20	Form of Indemnity Agreement between Loral Corporation and Officers and Directors of Loral Corporation	Annual Report on Form 10-K for the fiscal year ended March 31, 1987, Exhibit 10.22
10.21	Standstill Agreement among Loral Corporation and certain limited partnerships affiliated with Shearson Lehman Brothers Holdings, Inc. dated as of August 14, 1992	Amendment No. 1 to Current Report on Form 8-K dated June 30, 1992, Exhibit 4.1
10.22	Amendment No. 1 to Standstill Agreement, dated as of November 13, 1992, among Loral Corporation and certain limited partnerships affiliated with Shearson Lehman Brothers Holdings, Inc.	Annual Report on Form 10-K for the fiscal year ended March 31, 1993, Exhibit 10.27
10.23	Asset Purchase Agreement between Loral Corporation and International Business Machines Corporation dated as of December 12, 1993; and letter dated December 13, 1993	Current Report on Form 8-K dated December 12, 1993, Exhibit 10.1
10.24	Certain letters relating to the Asset Purchase Agreement between Loral Corporation and International Business Machines Corporation dated December 21, 1993 through March 1, 1994	Current Report on Form 8-K dated March 1, 1994, Exhibit 10.2
11	Computation of Earnings Per Share for the three years ended March 31, 1994	--
12	Computation of Ratio of Earnings to Fixed Charges for the five years ended March 31, 1994	--
21	Subsidiaries of the Registrant	--
23	Consent of Coopers & Lybrand	--
24	Powers of Attorney	--

</TABLE>

Note: Certain instruments with respect to issues of long-term debt have not been filed as Exhibits to this report since the authorized principal amount of any one of such issues does not exceed 10% of the total assets of the Registrant and its subsidiaries on a consolidated basis as of March 31, 1994. Such indebtedness is described in general terms in Note 5 to Consolidated Financial Statements included herein. The Registrant agrees to furnish to the Commission a copy of each instrument upon its request.

BY-LAWS
OF
LORAL CORPORATION

OFFICES

1. The principal office of the corporation shall be at 600 Third Avenue, New York, New York.

2. The corporation may also have offices at such other places, within or without the State of New York and within or without the United States of America as the board of directors may from time to time designate or as the business of the corporation may require.

STOCKHOLDERS' MEETINGS

3. Place: The annual meetings of stockholders of the corporation, for the election of directors and for the transaction of such other business as may come before such meetings, shall be held at the principal office of the corporation in New York, or at such other place in the State of New York as the Board of Directors shall from time to time designate and as may be set forth in the notice of the meeting. Special meetings of stockholders, other than those regulated by statute, in which event the requirements of the statutes shall be followed, may be held at such place within the State of New York and at such time as may be stated in the notice of the meeting.

4. Annual Meeting: The annual meeting of stockholders for 1972 shall be held on June 29, 1972 and, commencing with the year 1973, shall be held on the last Tuesday of July in each year and every year, if not a holiday, and if a holiday, then on the next succeeding business day, at 2:00 P.M., or at such other date, time and place as may be determined by the Board of Directors, for the purpose of electing a board of directors and transacting such other business as may properly be brought before the meeting.

5. Special Meetings: Special meetings of the stockholders of the Corporation may be called only by the Board of Directors or by the Chairman of the Board.

6. Notice of Meetings: Written notice of every meeting of stockholders, stating the time, place and purpose thereof, shall be delivered or mailed not less than ten (10) nor more than seventy-five (75) days prior thereto to each stockholder of record at his last known post-office address as the same appears on the books of the corporation.

7. Quorum: The holders of a majority in interest of the stock issued and

outstanding, and entitled to vote thereat, present in person, or represented by proxy, shall be requisite and shall constitute a quorum at all meetings of the stockholders for the transaction of business, except as otherwise provided by statute, by the certificate of incorporation or by these by-laws; provided, however, that if at any such meeting the holders of any class of stock of the corporation are entitled to vote separately as a class, the holders of a majority of the number of shares of such class outstanding shall constitute a quorum for such purpose. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. At such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally called.

8. Voting: At any meeting of the stockholders, every stockholder having the right to vote shall be entitled to vote in person, or by proxy appointed by an instrument in writing subscribed by such stockholder and bearing a date not more than eleven (11) months prior to said meeting, unless said instrument provides for a longer period. Each stockholder shall have one vote for each share of stock having voting power, registered in his name on the books of the corporation. The stockholders entitled to vote shall be those of

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record on the date fixed pursuant to Paragraph 36 hereof as the record date for the determination of stockholders entitled to vote, or, if no such record date shall have been fixed, then on the date of such meeting. Voting on any question or for any election shall be oral unless a vote by ballot is required by law or is demanded by any stockholder present and entitled to vote; then, in either of such cases, the vote shall be taken by ballot. All elections shall be had and all questions decided by a plurality vote of the shares voting, except as otherwise required by law, or the certificate of incorporation or the by-laws.

9. Inspectors of Election: At all elections of directors, the proxies shall be received and all questions relating to the qualifications to vote and the validity of proxies and the acceptance or rejection of votes shall be decided, and the ballots, if any, shall be received and counted by two inspectors. Such inspectors shall be appointed by the presiding officer of the meeting, shall be sworn faithfully to execute their duties with strict impartiality and according to the best of their ability, and shall in writing certify to their findings. No director or officer or candidate for election as director shall be appointed to act as inspector.

DIRECTORS

10. Number: (a) The number of directors which shall constitute the whole Board shall be eleven (11). At the 1985 annual meeting of stockholders, the directors shall be divided into three classes, of three directors per class, with the term of office of the first class to expire at the 1986 annual meeting of stockholders, the term of office of the second class to expire at the 1987

annual meeting of stockholders and the term of office of the third class to expire at the 1988 annual meeting of stockholders. At each annual meeting of stockholders following such initial classification and election, directors elected to succeed those directors whose terms expire shall be elected for a term of office to expire at the third succeeding annual meeting of stockholders after their election; directors elected to fill a vacancy shall be elected for a term equal to the remaining term of office of the class to which such directors shall have been elected.

(b) Subject to the rights of the holders of any class or series of the capital stock of the Corporation entitled to vote generally in the election of directors (hereinafter in these By-Laws referred to as the "Voting Stock") then outstanding, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause may be filled only by a majority vote of the directors then in office, though less than a quorum, and directors so chosen shall hold office for a term expiring at the next regular annual meeting of stockholders at which directors are to be elected. No decrease in the authorized number of directors constituting the entire Board of Directors shall shorten the term of any incumbent director.

(c) Subject to the rights of the holders of any class or series of the Voting Stock then outstanding, any director, or the entire Board of Directors, may be removed from office at any time, but only for cause and only by the directors or by the affirmative vote of the holders of at least 80 percent of the voting power of all of the then-outstanding shares of the Voting Stock, voting together as a single class.

11. Powers: The property and business of the corporation shall be managed by its board of directors, which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these by-laws directed or required to be exercised or done by the stockholders.

12. Organization Meeting: The first meeting of each newly elected board shall be held immediately following the annual meeting of stockholders at the same place, or shall be held at such other time and place either within or without the State of New York as shall be fixed by the vote of the stockholders at the annual meeting, unless the newly elected board shall by unanimous consent fix a different time and place, in which event the meeting shall be held at the time and place fixed by the directors. No notice of such meeting shall be necessary, but the consent to the time and place of such meeting given by any director who is not present at the meeting shall be in writing.

13. Regular Meetings: Regular meetings of the board may be held without notice at such time and place either within or without the State of New York or within or without the United States of America as shall from time to time be determined by the board.

14. Special Meetings: Special meetings of the board may be held within or without the State of New York or within or without the United States of America and may be called by the Chairman of the Board of Directors on two (2) days notice by mail or twenty-four (24) hours notice by telephone, telegram, cablegram or radiogram to each director; special meetings shall be called by the President, Vice President or Secretary in like manner and on like notice at the written request of a majority of the directors.

15. Quorum: At all meetings of the board, a majority of the directors then in office shall be necessary and sufficient to constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by the statute or by the certificate of incorporation or by these by-laws.

15A. Action by Unanimous Consent: Any action required or permitted to be taken by the board or any committee thereof may be taken without a meeting of all members of the board or the committee consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents thereto by the members of the board or committee shall be filed with the minutes of the proceedings of the board or committee.

16. Executive Committee: There shall be an executive committee consisting of the chairman of the board of directors and two (2) other directors chosen by the board, who shall serve during the pleasure of the board or for terms fixed by it. Two members of the executive committee shall constitute a quorum for the transaction of business. The executive committee shall have all the authority of the board of directors to the extent permitted by law.

OFFICERS

17. Officers: The officers of the corporation shall be a chairman of the board of directors, president, one or more vice presidents, a secretary, a treasurer and a controller and such other officers as the board of directors shall deem proper. The officers, other than the chairman of the board of directors and the president, need not be members of the board of directors, but the chairman of the board of directors and the president shall be members of the board. The same person may hold two or more offices.

18. Election: The board of directors, at its first meeting after each annual meeting of stockholders, shall choose the officers and may, not inconsistent with the by-laws fix the powers and duties of any officer. Each officer so chosen shall hold office until his successor shall be chosen and shall qualify, unless he shall sooner resign or be removed as herein in these by-laws provided.

19. Agents: The board may appoint such agents as it shall deem necessary, who shall act as such for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board.

20. Salaries: The salaries of the chairman of the board of directors, the chairman of the executive committee, the president, vice-president, the secretary and the treasurer shall be fixed by the board of directors. The salaries of all other officers and agents of the corporation shall be fixed by the board of directors or by such officer or officers as the board of directors may designate.

21. Removal and Vacancies: Any officer or agent elected or appointed by the board of directors may be removed with or without cause, at any time by the affirmative vote of a majority of the board of directors then in office. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the board of directors.

22. Chairman of the Board of Directors: The Chairman of the Board shall be the Chief Executive Officer of this Corporation and shall have general charge and control of all the business and affairs of the Corporation. He shall preside at all meetings of the stockholders and the Board of Directors. In the absence of the Chairman of the Executive Committee, the Chairman of the Board shall preside at meetings of the Executive Committee. The Chairman of the Board shall from time to time secure information concerning the business and affairs of the Corporation and shall promptly lay such information before the Board of Directors.

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23. Chairman of the Executive Committee: The chairman of the executive committee shall preside at all meetings of the executive committee at which he is present. He shall do and perform such duties as may, from time to time, be assigned to him by the board of directors.

24. The President: The President shall, in the absence of the Chairman of the Board, preside at meetings of the stockholders, of the Board of Directors and, in the absence also of the Chairman of the Executive Committee, of the Executive Committee; and shall, in case of a vacancy in the office of the Chairman of the Board, have the power to perform the duties incident to such office. He shall be the Chief Operating Officer of the Corporation, subject to the control of the Chairman of the Board.

25. Vice Presidents: The vice-presidents shall perform such duties as may be assigned by the board of directors.

26. The Secretary: The secretary shall attend all sessions of the board of directors and all meetings of the stockholders and record all votes and the minutes of all proceedings in a book to be kept for that purpose. He shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall keep in safe custody the seal of the corporation, and when authorized by the board of directors, affix the same to any instrument requiring it, and when so affixed it may be attested by his signature or by the signature

of the treasurer or an assistant secretary.

27. Assistant Secretaries: The assistant secretaries, if any, shall be chosen by the board of directors, shall, in order of their seniority and in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties as the board of directors shall prescribe.

28. The Treasurer: The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

29. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and directors at the regular meetings of the board of directors, or whenever they may require it, an account of all his transactions as treasurer and of the financial condition of the corporation.

30. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board for the faithful performance of the duties of his office and the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

31. Assistant Treasurers: The assistant treasurers, if any shall be chosen by the board of directors, shall in the order of their seniority and in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties as the board of directors shall prescribe.

RESIGNATION: FILLING OF VACANCIES

32. Resignation: Any director or officer may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein and, if no time be specified at the time of its receipt by the president, vice-president or secretary, the acceptance of which resignation shall not be necessary to make it effective.

33. Repealed as of August 20, 1985.

CERTIFICATES OF STOCK

34. The certificates for shares of the capital stock of the corporation shall be in such form, not inconsistent with the certificate of incorporation, as shall be approved by the board of directors. Each certificate shall be signed

by the Chairman of the Board, president or a vice-president and also by the secretary or an assistant secretary or the treasurer or an assistant treasurer, and shall be sealed with seal of the corporation, which may be facsimile. If the certificate is signed by either a transfer agent or a transfer clerk acting on behalf of the corporation and a registrar, the signature or any such officer of the corporation and the signature of a transfer agent acting on behalf of the corporation may be facsimile. In case of any officer or officers who shall have signed, or whose facsimile signature or signatures shall have been used on, any such certificate or certificates shall cease to be such officer or officers of the corporation, whether because of death, resignation or otherwise before such certificate or certificates may nevertheless be adopted by the corporation and be used and delivered as though the officer or officers who signed the said certificate or certificates or whose facsimile signature or signatures shall have been used thereon had not ceased to be such officer or officers of the corporation.

TRANSFERS OF STOCK

35. The stock of the corporation shall be transferable or assignable only on the books of the corporation by the holder thereof, in person or by duly authorized attorney, upon surrender of the certificate or certificates for such shares duly endorsed for transfer. The board of directors may appoint a transfer agent or transfer agents or registrar or registrars of transfers for any class or classes of capital stock of the corporation, and may require all certificates, or all certificates of any class or classes, to bear the signature of either or both.

CLOSING OF TRANSFER BOOKS

36. The board of directors, subject to the provisions of the certificate of incorporation, shall have power to close the stock transfer books of the corporation for a period not exceeding fifty days preceding the date of any meeting of stockholders or the date for payment of any dividend or the date for the allotment of rights or the date when any change or conversion or exchange of capital stock shall go into effect or for a period of not exceeding fifty days in connection with obtaining the consent of stockholders for any purpose; provided, however, that in lieu of closing the stock transfer books as aforesaid, the board of directors may fix in advance a date, not exceeding fifty days preceding the date of any meeting of stockholders or the date for the payment of any dividend or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, or a date in connection with obtaining such consent, as a record date for the determination of the stockholders entitled to notice of, and to vote at, any such meeting, and any adjournment thereof, or entitled to receive payment of any such dividend, or to any such allotment of rights, or to exercise the rights in respect of any such change, conversion or exchange of capital stock, or to give such consent, and in such case such stockholders, and only such stockholders as shall be stockholders of record of the date so fixed, shall be entitled to such notice of, and to vote at, such meeting and any adjournment thereof, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights, or to give such consent, as the case may be

notwithstanding any transfer of any stock on the books of the corporation after any such record date fixed as aforesaid.

REGISTERED STOCKHOLDERS

37. The corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person, whether or not it shall have express or other notice thereof, except as may be otherwise provided by the laws of New York.

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LOST CERTIFICATES

38. The board of directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, and the board of directors, when authorizing such issue of a new certificate or certificates, may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation.

CONTRACTS, LOANS AND BANK ACCOUNTS

39. The board of directors may, except as may otherwise be required by law, authorize any officer or officers, agent or agents in the name of, and on behalf of, the corporation to enter into any contract or execute or deliver any instrument or to sign any checks, drafts or other orders for the payment of money or notes or other evidences of indebtedness, and such authority may be general or confined to specific instances.

FISCAL YEAR

40. The fiscal year shall begin the first day of April in each year.

DIVIDENDS

41. Dividends upon the capital stock of the corporation, subject to the provisions of the certificate of incorporation, if any, may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property or in shares of the capital stock.

42. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund

to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may abolish any such reserve in the manner in which it was created.

SEAL

43. The board of directors shall provide a corporate seal which shall be in the form of a circle and shall have inscribed thereon the name of the corporation, the year of incorporation and the words "Corporate Seal" "New York". Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or otherwise reproduced.

NOTICE AND WAIVER OF NOTICES

44. Whenever any notice is required by these by-laws to be given, personal notice is not meant unless expressly so stated; and any notice so required shall be deemed to be sufficient if given by depositing same in a post-office box in a sealed, post-paid wrapper addressed to the person entitled thereto at his last known post-office address, and such notice shall be deemed to have been given on the day of such mailing. Any notice required to be given under these by-laws may be waived by the person entitled thereto in writing, whether before or after the time stated therein. Stockholders not entitled to vote shall not be entitled to receive notice of any meetings, except as otherwise provided by statute.

7

AMENDMENTS

45. Amendments: These By-Laws may be amended, added to, rescinded or repealed at any meeting of the Board of Directors or of the stockholders, provided notice of the proposed change was given in the notice of the meeting; provided, however, as respects actions by the stockholders to amend, add to, rescind or repeal any By-Law, and notwithstanding any other provisions of these By-Laws or any provision of law which might otherwise permit a lesser vote but not in derogation of any special vote of the holders of any particular class or series of the Voting Stock required by law, the Certificate of Incorporation of the Corporation, any Preferred Stock Designation or these By-Laws, the affirmative vote of the holders of at least 80 percent of the voting power of all the then-outstanding shares of the Voting Stock, voting together as a single class, shall be required to alter, amend or repeal Paragraph 5, or Paragraph 10(a), (b) or (c) of these By-Laws or this proviso to this Paragraph 45.

BY-LAW AMENDMENT

46. Indemnification. In addition to such rights of Indemnification as are provided by Article Ninth, Section (3) of the Certificate of Incorporation and as otherwise provided by applicable law, and in accordance with the New York Business Corporation Law, this Corporation may enter into such contracts of indemnification with directors and officers of this Corporation as may be authorized from time to time by the Board of Directors.

EXHIBIT 11

LORAL CORPORATION AND SUBSIDIARIES

COMPUTATION OF EARNINGS PER COMMON SHARE
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

<TABLE>

<CAPTION>

	FOR THE YEARS ENDED MARCH 31,		
	1994	1993	1992
	<C>	<C>	<C>
<S>			
Primary:			
Income before extraordinary item and cumulative effect of changes in accounting.....	\$228,268	\$ 159,069	\$121,795
Extraordinary item.....		(17,776)	
Cumulative effect of changes in accounting.....		(233,377)	
Net income (loss) applicable to common shares.....	\$228,268	\$ (92,084)	\$121,795
	-----	-----	-----
Shares:			
Weighted average common shares outstanding.....	82,590	75,944	59,844
Common equivalent shares applicable to stock options....	1,261	1,082	1,110
Average number of shares outstanding and common equivalent shares.....	83,851	77,026	60,954
	-----	-----	-----
Primary earnings per common share and common equivalent share:			
Income before extraordinary item and cumulative effect of changes in accounting.....	\$2.72	\$ 2.06	\$2.00
Extraordinary item.....		(.23)	
Cumulative effect of changes in accounting.....		(3.03)	
	-----	-----	-----
	\$2.72	\$ (1.20)	\$2.00
	-----	-----	-----
	-----	-----	-----
Fully Diluted:			
Income before extraordinary item and cumulative effect of changes in accounting.....	\$228,268	\$ 159,069	\$121,795
Adjustment to interest expense, net of the tax effect thereon attributable to convertible debt.....		3,376	4,446
Adjusted income before extraordinary item and cumulative effect of changes in accounting.....	228,268	162,445	126,241
Extraordinary item.....		(17,776)	
Cumulative effect of changes in accounting.....		(233,377)	
Adjusted net income (loss).....	\$228,268	\$ (88,708)	\$126,241
	-----	-----	-----
	-----	-----	-----
Shares:			
Average number of common shares as adjusted for primary computation.....	83,851	77,026	60,954

Incremental increase to shares under stock options where the quarter's ending market price is higher than the average market price during the quarter.....	94	86	64
Shares issuable for convertible debt.....		3,410	4,508
-----	-----	-----	-----
Average number of shares outstanding on a fully diluted basis.....	83,945	80,522	65,526
-----	-----	-----	-----
-----	-----	-----	-----
Earnings per common share assuming full dilution:			
Income before extraordinary item and cumulative effect of changes in accounting.....	\$2.72	\$ 2.02	\$1.93
Extraordinary item.....		(.23)	
Cumulative effect of changes in accounting.....		(2.99)	
-----	-----	-----	-----
	\$2.72	\$ (1.20)*	\$1.93
-----	-----	-----	-----
-----	-----	-----	-----

</TABLE>

* The impact of the extraordinary item and cumulative effect of changes in accounting on the fully diluted calculation is anti-dilutive, resulting in the net fully diluted amount equalling the net primary amount.

EXHIBIT 12

LORAL CORPORATION AND SUBSIDIARIES

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

<TABLE>
<CAPTION>

FOR THE YEARS ENDED MARCH 31,

	1994 ----- <C>	1993 ----- <C>	1992 ----- <C>	1991 ----- <C>	1990 ----- <C>
(IN THOUSANDS, EXCEPT FOR RATIO DATA) (UNAUDITED)					
Earnings:					
Income from continuing operations before taxes, minority interest and equity in net income (loss) of affiliate.....	\$ 362,372	\$ 255,543	\$ 240,990	\$ 165,801	\$ 123,061
Add:					
Interest expense.....	46,957	50,656	57,771	56,429	39,713
Amortization of debt expense.....	312	2,477	4,066	2,503	661
Amortization of capitalized interest.....	1,407	1,020	1,035	547	318
Interest component of rent expense.....	19,572	15,162	13,284	10,858	8,014
Earnings.....	\$ 430,620	\$ 324,858	\$ 317,146	\$ 236,138	\$ 171,767
Fixed charges:					
Interest expense.....	\$ 46,957	\$ 50,656	\$ 57,771	\$ 56,429	\$ 39,713
Amortization of debt expense.....	312	2,477	4,066	2,503	661
Capitalized interest.....	268	271	29	1,784	805
Interest component of rent expense....	19,572	15,162	13,284	10,858	8,014
Fixed charges.....	\$ 67,109	\$ 68,566	\$ 75,150	\$ 71,574	\$ 49,193
Ratio of earnings to fixed charges.....	6.42x	4.74x	4.22x	3.30x	3.49x

</TABLE>

LORAL CORPORATION AND SUBSIDIARIES

SUBSIDIARIES

As of March 31, 1994, active subsidiaries, all 100% owned directly or indirectly (except as noted below), consist of the following:

<TABLE>
<CAPTION>

	STATE OR COUNTRY OF INCORPORATION
<S>	<C>
Conic Corporation.....	Delaware
Frequency Sources, Inc.	Delaware
FSI Investment Corporation.....	Massachusetts
Loral Infrared & Imaging Systems, Inc.	Delaware
LC Acquiring Corp.	Delaware
Loral Defense Systems Corp.	Delaware
Loral Librascope Corporation.....	Delaware
Loral Fairchild Corp.	Delaware
Loral Federal Systems Company.....	Delaware
IBM Federal Sector Services Corporation.....	Delaware
IBM International Air Traffic Corporation.....	Delaware
International Business Machines Aerospace Systems Integration Corporation.....	Delaware
LORAL/ROLM Mil-Spec Corp.	Delaware
Loracon Sales Corporation.....	Delaware
Loral Aerospace Holdings, Inc.	Delaware
Loral Aerospace Corp.	Delaware
Logistic Services Corporation.....	Delaware
Loral Aerospace International, Inc.	Delaware
Loral General Partner, Inc.	Delaware
Space Systems/Loral, Inc.(2).....	Delaware
International Space Technology, Inc.(3).....	Delaware
Cosmotech(3).....	Russian Federation
SS/L Export Corporation(2).....	U. S. Virgin Islands
Loral American Beryllium Corporation.....	Delaware
Be MI AG(1).....	Switzerland
Loral Electro-Optical Systems, Inc.	Delaware
Electro-Opticas Superior S.A. de C.V.	United Mexican States
Loral Europe Limited.....	United Kingdom
Loral Hycor, Inc.	Delaware
Hycor International, Inc.	Massachusetts
Loral International, Inc.	Delaware
L/E Systems Corporation(4).....	Delaware
Loral International Belgian Services Limited.....	Delaware
Loral International GmbH.....	Republic of Germany
Loral International Systems Limited.....	Delaware
Loral Properties Inc.	Delaware
Loral Sales Office Corp.	Delaware
Loral Sonar Systems Corp.	Delaware
Loral Travel Services, Inc.	Delaware
Loral Vought Systems Corporation.....	Delaware
Loral Vought Services, Inc.	Delaware
MLRS International Corporation(6).....	Delaware
Mikrodalga Electronik Sistemler Sanayi Ve Tacaret Anonim Sirketi(7).....	Turkey
The Narda Microwave Corporation.....	New York
The Narda International Corp.	New York
Randtron Systems, Inc.	Delaware

Loral Export Corporation.....	U. S. Virgin Islands
Loral Securities, Inc.	Delaware
Valley Association Corporation(4).....	Ohio
WITG, Inc.(5)	Delaware
</TABLE>	

- - - -----

- (1) Only 33.3% owned directly or indirectly
- (2) Only 32.7% owned directly or indirectly
- (3) Only 16.16% owned directly or indirectly
- (4) Only 50% owned directly or indirectly
- (5) Only 25% owned directly or indirectly
- (6) Only 77.48% owned directly or indirectly
- (7) Only 50.67% owned directly or indirectly

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the registration statements of Loral Corporation and Subsidiaries on Form S-8 (File Nos. 2-78421, 2-91193, 33-7589, 33-8822, 33-14516, 33-23757 and 33-37829) and Form S-3 (File No. 33-50407) of our report dated May 12, 1994, which includes an explanatory paragraph regarding changes in methods of accounting for income taxes and postretirement benefits other than pensions as discussed in Notes 6 and 9 to the consolidated financial statements, on our audits of the consolidated financial statements and financial statement schedules of Loral Corporation and Subsidiaries as of March 31, 1994 and 1993, and for the years ended March 31, 1994, 1993 and 1992, which report is included in this Annual Report on Form 10-K.

COOPERS & LYBRAND

1301 Avenue of the Americas
New York, NY 10019
May 12, 1994

POWER OF ATTORNEY

The undersigned, as a Director of Loral Corporation, a New York corporation (the "Company"), and/or, as applicable, as an officer of the Company; does hereby constitute and appoint Michael B. Targoff and/or Eric J. Zahler to be his agent and attorney-in-fact; with the power to act fully hereunder and with full power of substitution to act in the name and on behalf of the undersigned; to sign in the name and on behalf of the undersigned, as Director of the Company or as Officer of the Company, and file with the Securities and Exchange Commission, an Annual Report on Form 10-K for fiscal year 1994; to execute and deliver any agreements, instruments, certificates or other documents which he shall deem necessary or proper in connection with the filing of such Report and amendments or supplements and generally to act for and in the name of the undersigned with respect to such filing as fully as could be undersigned if then personally present and acting.

IN WITNESS WHEREOF, the undersigned has executed the Power-of-Attorney on the date set opposite his respective name.

<TABLE>
<CAPTION>

SIGNATURES	TITLE	DATE
<C>	<S>	<C>
	Chairman of the Board, Chief Executive	
	Officer and Director	
Bernard L. Schwartz	Director and President	
Frank C. Lanza		
/s/ HOWARD GITTIS	Director	March 9, 1994
Howard Gittis		
/s/ ROBERT B. HODES	Director	March 9, 1994
Robert B. Hodes		
/s/ GERSHON KEKST	Director	March 9, 1994
Gershon Kekst		
Charles Lazarus	Director	
/s/ MALVIN A. RUDERMAN	Director	March 9, 1994
Malvin A. Ruderman		
/s/ E. DONALD SHAPIRO	Director	March 9, 1994
E. Donald Shapiro		
/s/ ALLEN M. SHINN	Director	March 9, 1994
Allen M. Shinn		
/s/ THOMAS J. STANTON, JR.	Director	March 9, 1994
Thomas J. Stanton, Jr.		
/s/ DANIEL YANKELOVICH	Director	March 9, 1994

</TABLE>