

MARTIN MARIETTA MATERIALS INC

Form 10-Q

May 03, 2011

Table of Contents

**SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q**

(Mark One)

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

For the quarterly period ended March 31, 2011

OR

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

For the transition period from

to

Commission File Number 1-12744

MARTIN MARIETTA MATERIALS, INC.

(Exact name of registrant as specified in its charter)

North Carolina

56-1848578

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification Number)

2710 Wycliff Road, Raleigh, NC

27607-3033

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code 919-781-4550

Former name:

None

Former name, former address and former fiscal year, if changes since last report.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes or No

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock, as of the latest practicable date.

Class	Outstanding as of April 28, 2011
Common Stock, \$0.01 par value	45,588,745

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q
For the Quarter Ended March 31, 2011

	Page
<u>Part I. Financial Information:</u>	3
<u>Item 1. Financial Statements.</u>	3
<u>Consolidated Balance Sheets March 31, 2011, December 31, 2010 and March 31, 2010</u>	3
<u>Consolidated Statements of Earnings Three Months Ended March 31, 2011 and 2010</u>	4
<u>Consolidated Statements of Cash Flows Three Months Ended March 31, 2011 and 2010</u>	5
<u>Consolidated Statement of Total Equity</u>	6
<u>Condensed Notes to Consolidated Financial Statements</u>	7
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.</u>	17
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk.</u>	34
<u>Item 4. Controls and Procedures.</u>	35
<u>Part II. Other Information:</u>	
<u>Item 1. Legal Proceedings.</u>	36
<u>Item 1A. Risk Factors.</u>	36
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.</u>	36
<u>Item 5. Other Information.</u>	37
<u>Item 6. Exhibits.</u>	40
<u>Signatures</u>	41
<u>Exhibit Index</u>	42
<u>EX-31.01</u>	
<u>EX-31.02</u>	
<u>EX-32.01</u>	
<u>EX-32.02</u>	
<u>EX-101 INSTANCE DOCUMENT</u>	
<u>EX-101 SCHEMA DOCUMENT</u>	
<u>EX-101 CALCULATION LINKBASE DOCUMENT</u>	
<u>EX-101 LABELS LINKBASE DOCUMENT</u>	
<u>EX-101 PRESENTATION LINKBASE DOCUMENT</u>	
<u>EX-101 DEFINITION LINKBASE DOCUMENT</u>	

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	March 31, 2011 <i>(Unaudited)</i>	December 31, 2010 <i>(Audited)</i>	March 31, 2010 <i>(Unaudited)</i>
	<i>(Dollars in Thousands, Except Per Share Data)</i>		
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 176,829	\$ 70,323	\$ 221,043
Accounts receivable, net	203,242	183,361	202,101
Inventories, net	331,679	331,894	322,027
Current deferred income tax benefits	88,805	83,380	72,921
Other current assets	39,806	27,253	36,619
Total Current Assets	840,361	696,211	854,711
Property, plant and equipment	3,589,883	3,568,275	3,500,655
Allowances for depreciation, depletion and amortization	(1,913,562)	(1,880,445)	(1,805,610)
Net property, plant and equipment	1,676,321	1,687,830	1,695,045
Goodwill	626,527	626,527	624,224
Other intangibles, net	17,166	17,548	18,863
Other noncurrent assets	48,231	46,627	52,059
Total Assets	\$ 3,208,606	\$ 3,074,743	\$ 3,244,902
LIABILITIES AND EQUITY			
Current Liabilities:			
Bank overdraft	\$	\$ 2,123	\$ 2,227
Accounts payable	74,914	60,333	67,281
Accrued salaries, benefits and payroll taxes	9,239	17,506	12,217
Pension and postretirement benefits	4,234	6,034	18,263
Accrued insurance and other taxes	24,326	23,535	26,128
Current maturities of long-term debt and short-term facilities	7,101	248,714	219,583
Accrued interest	26,914	12,045	27,948
Other current liabilities	12,034	15,203	21,699
Total Current Liabilities	158,762	385,493	395,346
Long-term debt	1,161,518	782,045	1,029,606
Pension, postretirement and postemployment benefits	129,592	127,671	159,154

Edgar Filing: MARTIN MARIETTA MATERIALS INC - Form 10-Q

Noncurrent deferred income taxes	240,586	228,698	192,299
Other noncurrent liabilities	83,402	82,577	95,602
Total Liabilities	1,773,860	1,606,484	1,872,007
Equity:			
Common stock, par value \$0.01 per share	455	455	453
Preferred stock, par value \$0.01 per share			
Additional paid-in capital	400,972	396,485	386,211
Accumulated other comprehensive loss	(54,564)	(53,660)	(70,528)
Retained earnings	1,046,346	1,082,160	1,016,156
Total Shareholders' Equity	1,393,209	1,425,440	1,332,292
Noncontrolling interests	41,537	42,819	40,603
Total Equity	1,434,746	1,468,259	1,372,895
Total Liabilities and Equity	\$ 3,208,606	\$ 3,074,743	\$ 3,244,902

See accompanying condensed notes to consolidated financial statements.

Page 3 of 42

Table of Contents

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS

	Three Months Ended March 31,	
	2011	2010
	<i>(In Thousands, Except Per Share Data)</i>	
	<i>(Unaudited)</i>	
Net Sales	\$ 306,244	\$ 295,561
Freight and delivery revenues	50,268	45,383
Total revenues	356,512	340,944
Cost of sales	285,135	275,948
Freight and delivery costs	50,268	45,383
Total cost of revenues	335,403	321,331
Gross Profit	21,109	19,613
Selling, general & administrative expenses	29,235	33,571
Research and development	2	13
Other operating (income) and expenses, net	(1,985)	(1,107)
Loss from Operations	(6,143)	(12,864)
Interest expense	18,165	17,616
Other nonoperating (income) and expenses, net	(261)	(600)
Loss from continuing operations before taxes on income	(24,047)	(29,880)
Income tax benefit	(6,384)	(4,984)
Loss from Continuing Operations	(17,663)	(24,896)
(Loss) Gain on discontinued operations, net of related tax (benefit) expense of (\$12) and \$38, respectively	(34)	148
Consolidated net loss	(17,697)	(24,748)
Less: Net loss attributable to noncontrolling interests	(283)	(568)
Net Loss Attributable to Martin Marietta Materials, Inc.	\$ (17,414)	\$ (24,180)
Net (Loss) Earnings Attributable to Martin Marietta Materials, Inc.		
Loss from continuing operations	\$ (17,380)	\$ (24,328)

Discontinued operations	(34)	148
	\$ (17,414)	\$ (24,180)
Net Loss Attributable to Martin Marietta Materials, Inc.		
Per Common Share		
Basic from continuing operations attributable to common shareholders	\$ (0.39)	\$ (0.54)
Discontinued operations attributable to common shareholders	\$ (0.39)	\$ (0.54)
Diluted from continuing operations attributable to common shareholders	\$ (0.39)	\$ (0.54)
Discontinued operations attributable to common shareholders	\$ (0.39)	\$ (0.54)
Weighted-Average Common Shares Outstanding		
Basic	45,584	45,400
Diluted	45,584	45,400
Cash Dividends Per Common Share	\$ 0.40	\$ 0.40

See accompanying condensed notes to consolidated financial statements.

Table of Contents

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,	
	2011	2010
	<i>(Dollars in Thousands)</i>	
	<i>(Unaudited)</i>	
Cash Flows from Operating Activities:		
Consolidated net loss	\$ (17,697)	\$ (24,748)
Adjustments to reconcile consolidated net loss to net cash provided by operating activities:		
Depreciation, depletion and amortization	43,294	44,968
Stock-based compensation expense	2,777	3,894
Gains on divestitures and sales of assets	(3,042)	(1,133)
Deferred income taxes	3,350	957
Excess tax benefits from stock-based compensation transactions	(268)	(145)
Other items, net	625	391
Changes in operating assets and liabilities, net of effects of acquisitions and divestitures:		
Accounts receivable, net	(19,320)	(39,286)
Inventories, net	216	10,681
Accounts payable	14,519	15,077
Other assets and liabilities, net	(3,128)	16,465
Net Cash Provided by Operating Activities	21,326	27,121
Cash Flows from Investing Activities:		
Additions to property, plant and equipment	(30,674)	(25,021)
Acquisitions, net	(55)	(28,026)
Proceeds from divestitures and sales of assets	2,188	1,588
Net Cash Used for Investing Activities	(28,541)	(51,459)
Cash Flows from Financing Activities:		
Borrowings of long-term debt	300,000	50,000
Repayments of long-term debt	(162,207)	(50,560)
Debt issuance costs	(3,120)	(80)
Change in bank overdraft	(2,123)	490
Payments on capital lease obligations		(29)
Dividends paid	(18,400)	(18,362)
Distributions to owners of noncontrolling interests	(1,000)	
Issuances of common stock	303	186
Excess tax benefits from stock-based compensation transactions	268	145

Net Cash Provided by (Used for) Financing Activities	113,721	(18,210)
Net Increase (Decrease) in Cash and Cash Equivalents	106,506	(42,548)
Cash and Cash Equivalents, beginning of period	70,323	263,591
Cash and Cash Equivalents, end of period	\$ 176,829	\$ 221,043
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	\$ 2,042	\$ 1,914
Cash payments (refunds) for income taxes	\$ 385	\$ (8,955)

See accompanying condensed notes to consolidated financial statements.

Table of Contents

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
 CONSOLIDATED STATEMENT OF TOTAL EQUITY
(Unaudited)

	Shares of		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total		Total Equity
	Common Stock	Common Stock				Shareholders' Equity	Noncontrolling Interests	
<i>(in thousands)</i> Balance at December 31, 2010	45,579	\$ 455	\$ 396,485	\$ (53,660)	\$ 1,082,160	\$ 1,425,440	\$ 42,819	\$ 1,468,259
Consolidated net loss					(17,414)	(17,414)	(283)	(17,697)
Adjustment for funded status of pension and postretirement benefit plans, net of tax of \$3,017				(1,442)		(1,442)	1	(1,441)
Foreign currency translation gain				397		397		397
Amortization of terminated value of forward starting interest rate swap agreements into interest expense, net of tax of \$93				141		141		141
Consolidated comprehensive loss						(18,318)	(282)	(18,600)
Dividends declared					(18,400)	(18,400)		(18,400)
Issuances of common stock for stock award plans	10		1,710			1,710		1,710
Stock-based compensation expense			2,777			2,777		2,777
Distributions to owners of noncontrolling							(1,000)	(1,000)

interests

Balance at

March 31, 2011	45,589	\$ 455	\$ 400,972	\$ (54,564)	\$ 1,046,346	\$ 1,393,209	\$ 41,537	\$ 1,434,746
----------------	--------	--------	------------	-------------	--------------	--------------	-----------	--------------

See accompanying condensed notes to consolidated financial statements.

Page 6 of 42

Table of Contents

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q

For the Quarter Ended March 31, 2011

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies

Basis of Presentation

The accompanying unaudited consolidated financial statements of Martin Marietta Materials, Inc. (the Corporation) have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to the Quarterly Report on Form 10-Q and to Article 10 of Regulation S-X. The Corporation has continued to follow the accounting policies set forth in the audited consolidated financial statements and related notes thereto included in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2010, filed with the Securities and Exchange Commission on February 25, 2011. In the opinion of management, the interim financial information provided herein reflects all adjustments, consisting of normal recurring accruals, necessary for a fair presentation of the results of operations, financial position and cash flows for the interim periods. The results of operations for the quarter ended March 31, 2011 are not indicative of the results expected for other interim periods or the full year. The balance sheet at December 31, 2010 has been derived from the audited financial statements at that date but does not include all of the information and notes required by generally accepted accounting principles (GAAP) for complete financial statements. These financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2010.

Earnings (Loss) per Common Share

The numerator for basic and diluted earnings (loss) per common share is net earnings (loss) attributable to Martin Marietta Materials, Inc., reduced by dividends and undistributed earnings attributable to the Corporation's unvested restricted stock awards and incentive stock awards. The denominator for basic earnings (loss) per common share is the weighted-average number of common shares outstanding during the period. Diluted earnings (loss) per common share are computed assuming that the weighted-average number of common shares is increased by the conversion, using the treasury stock method, of awards to be issued to employees and nonemployee members of the Corporation's Board of Directors under certain stock-based compensation arrangements if the conversion is dilutive. The diluted per-share computations reflect a change in the number of common shares outstanding (the denominator) to include the number of additional shares that would have been outstanding if the potentially dilutive common shares had been issued.

Table of Contents

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q
For the Quarter Ended March 31, 2011
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

1. Significant Accounting Policies (continued)
Earnings (Loss) per Common Share (continued)

The following table reconciles the numerator and denominator for basic and diluted earnings (loss) per common share:

	Three Months Ended March 31,	
	2011	2010
	<i>(In Thousands)</i>	
Net loss from continuing operations attributable to Martin Marietta Materials, Inc.	\$ (17,380)	\$ (24,328)
Less: Distributed and undistributed earnings attributable to unvested awards	165	202
Basic and diluted net loss available to common shareholders from continuing operations attributable to Martin Marietta Materials, Inc.	(17,545)	(24,530)
Basic and diluted net (loss) earnings available to common shareholders from discontinued operations	(34)	148
Basic and diluted net loss available to common shareholders attributable to Martin Marietta Materials, Inc.	\$ (17,579)	\$ (24,382)
Basic weighted-average common shares outstanding	45,584	45,400
Effect of dilutive employee and director awards		
Diluted weighted-average common shares outstanding	45,584	45,400

Comprehensive Earnings/Loss

Consolidated comprehensive earnings/loss for the Corporation consist of consolidated net earnings or loss; adjustments for the funded status of pension and postretirement benefit plans; foreign currency translation adjustments; and the amortization of the value of terminated forward starting interest rate swap agreements into interest expense. Consolidated comprehensive loss for the three months ended March 31, 2011 and 2010 was \$18,600,000 and \$20,192,000, respectively.

Table of Contents

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q
For the Quarter Ended March 31, 2011
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2. Discontinued Operations

Operations that are disposed of or permanently shut down represent discontinued operations, and, therefore, the results of their operations through the dates of disposal and any gain or loss on disposals are included in discontinued operations in the consolidated statements of earnings. All discontinued operations relate to the Aggregates business.

Discontinued operations included the following net sales, pretax gain or loss on operations, income tax benefit or expense and overall net earnings or loss:

	Three Months Ended March 31,	
	2011	2010
	<i>(Dollars in Thousands)</i>	
Net sales	\$ 17	\$ 17
Pretax (loss) gain on operations	\$ (46)	\$ 186
Income tax (benefit) expense	(12)	38
Net (loss) earnings	\$ (34)	\$ 148

3. Inventories, Net

	March 31, 2011	December 31, 2010	March 31, 2010
	<i>(Dollars in Thousands)</i>		
Finished products	\$ 361,956	\$ 358,138	\$ 342,099
Products in process and raw materials	12,254	13,842	15,945
Supplies and expendable parts	49,025	46,958	47,482
	423,235	418,938	405,526
Less allowances	(91,556)	(87,044)	(83,499)
Total	\$ 331,679	\$ 331,894	\$ 322,027

In 2010, the Corporation reclassified certain of its finished products and inventory allowances and currently presents them on a gross basis. The March 31, 2010 amounts, which were previously presented on a net basis, have been recast for comparability. The reclassification had no effect on the Corporation's financial condition, results of operations or cash flows.

Table of ContentsMARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q

For the Quarter Ended March 31, 2011

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

4. Goodwill and Intangible Assets

During the three months ended March 31, 2011, there were no changes in goodwill.

5. Long-Term Debt

	March 31, 2011	December 31, 2010	March 31, 2010
	<i>(Dollars in Thousands)</i>		
6.875% Notes, due 2011	\$ 242,140	\$ 242,129	\$ 242,100
6.6% Senior Notes, due 2018	298,333	298,288	298,154
7% Debentures, due 2025	124,399	124,393	124,376
6.25% Senior Notes, due 2037	247,890	247,882	247,858
Term Loan Facility, due 2015, interest rate of 1.932% at March 31, 2011	250,000		
Floating Rate Senior Notes, due 2010			217,568
Term Loan, due 2012, interest rate of 3.29% at December 31, 2010		111,750	111,750
Other notes	5,857	6,317	7,383
Total debt	1,168,619	1,030,759	1,249,189
Less current maturities	(7,101)	(248,714)	(219,583)
Long-term debt	\$ 1,161,518	\$ 782,045	\$ 1,029,606

On March 31, 2011, the Corporation entered into a Credit Agreement with JPMorgan Chase Bank, N.A., as Administrative Agent, Wells Fargo Bank, N.A., Branch Banking and Trust Company, SunTrust Bank, and Bank of America, N.A., as Co-Syndication Agents, and the lenders party thereto (the Credit Agreement), which provides for a \$250,000,000 senior unsecured term loan (the Term Loan Facility) and a \$350,000,000 four-year senior unsecured revolving facility (the Revolving Facility), and together with the Term Loan Facility, the Senior Unsecured Credit Facilities).

Table of Contents

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q
For the Quarter Ended March 31, 2011
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

5. Long-Term Debt (continued)

The Senior Unsecured Credit Facilities are syndicated with the following banks:

Lender	Revolving Facility Commitment	Term Loan Facility Commitment
	<i>(Dollars in Thousands)</i>	
JPMorgan Chase Bank, N.A.	\$ 46,667	\$ 33,333
Wells Fargo Bank, N.A.	46,667	33,333
SunTrust Bank	46,667	33,333
Branch Banking and Trust Company	46,667	33,333
Bank of America, N.A.	46,667	33,333
Citibank, N.A.	29,167	20,833
Deutsche Bank AG New York Branch	29,167	20,833
The Northern Trust Company	29,167	20,833
Comerica Bank	14,582	10,418
Regions Bank	14,582	10,418
Total	\$ 350,000	\$ 250,000

Borrowings under the Senior Unsecured Credit Facilities bear interest, at the Corporation's option, at rates based upon LIBOR or a base rate, plus, for each rate, a margin determined in accordance with a ratings-based pricing grid. The base rate is defined as the highest of (i) JPMorgan Chase Bank N.A.'s prime lending rate, (ii) the Federal Funds rate plus 0.5% and (iii) one-month LIBOR plus 1%.

The Revolving Facility expires on March 31, 2015, with any outstanding principal amounts, together with interest accrued thereon, due in full on that date. At March 31, 2011, the Corporation had no outstanding borrowings under the Revolving Facility.

On March 31, 2011, the Corporation borrowed \$250,000,000 under the Term Loan Facility, a portion of which was used to prepay the \$111,750,000 Term Loan due 2012. The Corporation is required to make annual principal payments of \$5,000,000, with the remaining outstanding principal, together with interest accrued thereon, due in full on March 31, 2015.

On March 31, 2011, the Corporation entered into the Second Amendment to Account Purchase Agreement with Wells Fargo Bank, N.A. (the "Second Amendment to Account Purchase Agreement"), which amended its \$100,000,000 secured accounts receivable credit facility (the "AR Credit Facility"). As amended, purchases and settlements will be made monthly. Additionally, as amended, borrowings under the AR Credit Facility bear interest at a rate equal to the one-month LIBOR plus 1.35%. Borrowings under the AR Credit Facility are limited based on the balance of the Corporation's accounts receivable. At March 31, 2011, December 31, 2010 and March 31, 2010, the Corporation had no outstanding borrowings under the AR Credit Facility.

Table of Contents

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q
For the Quarter Ended March 31, 2011
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

5. Long-Term Debt (continued)

On April 1, 2011, the Corporation borrowed \$100,000,000 under the AR Credit Facility, which in addition to proceeds from the Term Loan Facility, was used to repay \$242,140,000 of 6.875% Notes that matured on that date. The Corporation classified its 6.875% Notes as long-term debt at March 31, 2011 as it had the ability and intent to refinance these Notes with borrowings that are due in excess of one year.

The Credit Agreement and the AR Credit Facility, as amended, require the Corporation's ratio of consolidated debt to consolidated earnings before interest, taxes, depreciation, depletion and amortization (EBITDA), as defined, for the trailing twelve month period (the Ratio) to not exceed 3.5x as of the end of any fiscal quarter, provided that the Corporation may exclude from the Ratio debt incurred in connection with certain acquisitions for a period of 180 days so long as the Corporation maintains specified ratings on its long-term unsecured debt and the Ratio calculated without such exclusion does not exceed 3.75x. Additionally, if no amounts are outstanding under both the Revolving Facility and the AR Credit Facility, consolidated debt, including debt guaranteed by the Corporation, may be reduced by the Corporation's unrestricted cash and cash equivalents in excess of \$50,000,000, such reduction not to exceed \$200,000,000, for purposes of the covenant calculation.

The Corporation unwound two forward starting interest rate swap agreements with a total notional amount of \$150,000,000 (the Swap Agreements) in April 2008. The Corporation made a cash payment of \$11,139,000, which represented the fair value of the Swap Agreements on the date of termination. The accumulated other comprehensive loss, net of tax, at the date of termination is being recognized in earnings over the life of the 6.6% Senior Notes. For the three months ended March 31, 2011 and 2010, the Corporation recognized \$234,000 and \$218,000, respectively, as additional interest expense. The ongoing amortization of the terminated value of the Swap Agreements will increase annual interest expense by approximately \$1,000,000 until the maturity of the 6.6% Senior Notes in 2018. The accumulated other comprehensive loss related to the Swap Agreements was \$5,203,000, net of cumulative noncurrent deferred tax assets of \$3,404,000, at March 31, 2011; \$5,344,000, net of cumulative noncurrent deferred tax assets of \$3,497,000, at December 31, 2010; and \$5,755,000, net of cumulative noncurrent deferred tax assets of \$3,765,000, at March 31, 2010.

6. Financial Instruments

The Corporation's financial instruments include temporary cash investments, accounts receivable, notes receivable, bank overdraft, publicly registered long-term notes, debentures and other long-term debt.

Table of Contents

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q
For the Quarter Ended March 31, 2011
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

6. Financial Instruments (continued)

Temporary cash investments are placed primarily in money market funds and Eurodollar time deposits with the following financial institutions: Bank of America, N.A., Branch Banking and Trust Company, JPMorgan Chase Bank, N.A., Regions Financial Corporation and Wells Fargo Bank, N.A. The Corporation's cash equivalents have maturities of less than three months. Due to the short maturity of these investments, they are carried on the consolidated balance sheets at cost, which approximates fair value.

Customer receivables are due from a large number of customers, primarily in the construction industry, and are dispersed across wide geographic and economic regions. However, customer receivables are more heavily concentrated in certain states (namely, Texas, North Carolina, Georgia, Iowa and Louisiana which accounted for approximately 55% of the Aggregate business 2010 net sales). The estimated fair values of customer receivables approximate their carrying amounts.

Notes receivable are primarily related to divestitures and are not publicly traded. However, using current market interest rates, but excluding adjustments for credit worthiness, if any, management estimates that the fair value of notes receivable approximates the carrying amount.

The bank overdraft represents the float of outstanding checks. The estimated fair value of the bank overdraft approximates its carrying value.

The estimated fair value of the Corporation's publicly registered long-term notes and debentures at March 31, 2011, December 31, 2010 and March 31, 2010 was \$927,859,000, \$933,637,000 and \$1,158,501,000, respectively, compared with a carrying amount of \$912,762,000, \$912,692,000 and \$1,130,056,000, respectively, on the consolidated balance sheets. The fair value of this long-term debt was estimated based on quoted market prices. The estimated fair value of other borrowings was \$255,857,000, \$118,067,000 and \$119,133,000 at March 31, 2011, December 31, 2010, and March 31, 2010, respectively, and approximates its carrying amount.

The carrying values and fair values of the Corporation's financial instruments are as follows (dollars in thousands):

	March 31, 2011		December 31, 2010		March 31, 2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash and cash equivalents	\$ 176,829	\$ 176,829	\$ 70,323	\$ 70,323	\$ 221,043	\$ 221,043
Accounts receivable, net	\$ 203,242	\$ 203,242	\$ 183,361	\$ 183,361	\$ 202,101	\$ 202,101
Notes receivable, net	\$ 11,116	\$ 11,116	\$ 10,866	\$ 10,866	\$ 12,661	\$ 12,661
Bank overdraft	\$	\$	\$ 2,123	\$ 2,123	\$ 2,227	\$ 2,227
Long-term debt	\$ 1,168,619	\$ 1,183,716	\$ 1,030,759	\$ 1,051,704	\$ 1,249,189	\$ 1,277,634

Page 13 of 42

Table of Contents

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q
For the Quarter Ended March 31, 2011
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

7. Income Taxes

Income tax benefit/expense reported in the Corporation's consolidated statements of earnings includes income tax benefit/expense on earnings attributable to both the Corporation and its noncontrolling interests.

	Three Months Ended March 31,	
	2011	2010
Estimated effective income tax rate:		
Continuing operations	26.5%	16.7%
Discontinued operations	26.1%	20.4%
Consolidated overall	26.5%	16.7%

The Corporation's effective income tax rate reflects the effect of federal and state income taxes and the impact of differences in book and tax accounting arising from the net permanent benefits associated with the depletion allowances for mineral reserves and the domestic production deduction. The effective income tax rates for discontinued operations reflect the tax effects of individual operations' transactions and are not indicative of the Corporation's overall effective income tax rate.

8. Pension and Postretirement Benefits

The following presents the estimated components of the recorded net periodic benefit cost for pension and postretirement benefits (dollars in thousands):

	Three Months Ended March 31,			
	Pension		Postretirement Benefits	
	2011	2010	2011	2010
Service cost	\$ 2,973	\$ 3,074	\$ 124	\$ 157
Interest cost	5,862	5,829	614	711
Expected return on assets	(6,051)	(5,255)		
Amortization of:				
Prior service cost (credit)	133	146	(435)	(372)
Actuarial loss	1,866	2,605		15
Settlement charge	14	99		
Total net periodic benefit cost	\$ 4,797	\$ 6,498	\$ 303	\$ 511

9. Contingencies

The Corporation is engaged in certain legal and administrative proceedings incidental to its normal business activities. In the opinion of management and counsel, it is unlikely that the outcome of any litigation and other proceedings, including those pertaining to environmental matters, relating to the Corporation and its subsidiaries, will have a material adverse effect on the results of the Corporation's operations, its cash flows or its financial position.

Table of Contents

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended March 31, 2011

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

10. Business Segments

The Corporation conducts its aggregates operations through three reportable business segments: Mideast Group, Southeast Group and West Group. The Corporation also has a Specialty Products segment that includes magnesia-based chemicals products and dolomitic lime. These segments are consistent with the Corporation's current management reporting structure.

The following tables display selected financial data for continuing operations for the Corporation's reportable business segments. Corporate loss from operations primarily includes depreciation on capitalized interest, expenses for corporate administrative functions, unallocated corporate expenses and other nonrecurring and/or non-operational adjustments.

	Three Months Ended March 31,	
	2011	2010
	<i>(Dollars in Thousands)</i>	
Total revenues:		
Mideast Group	\$ 91,323	\$ 89,342
Southeast Group	82,761	83,967
West Group	128,829	121,808
Total Aggregates Business	302,913	295,117
Specialty Products	53,599	45,827
Total	\$ 356,512	\$ 340,944
Net sales:		
Mideast Group	\$ 85,455	\$ 83,345
Southeast Group	65,958	68,120
West Group	105,689	102,370
Total Aggregates Business	257,102	253,835
Specialty Products	49,142	41,726
Total	\$ 306,244	\$ 295,561
Earnings (Loss) from operations:		
Mideast Group	\$ 5,702	\$ 2,095
Southeast Group	(9,756)	(9,099)
West Group	(12,459)	(12,262)
Total Aggregates Business	(16,513)	(19,266)
Specialty Products	15,129	11,212
Corporate	(4,759)	(4,810)

Total

\$ (6,143)

\$ (12,864)

Page 15 of 42

Table of Contents

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q
For the Quarter Ended March 31, 2011
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

10. Business Segments (continued)

The asphalt, ready mixed concrete, road paving and other product lines are considered internal customers of the core aggregates business. Product lines for the Specialty Products segment consist of magnesia-based chemicals, dolomitic lime and other. Net sales by product line are as follows:

	Three Months Ended March 31,	
	2011	2010
	<i>(Dollars in Thousands)</i>	
Aggregates	\$ 237,648	\$ 237,638
Asphalt	10,974	8,651
Ready Mixed Concrete	5,314	5,625
Road Paving	2,222	1,659
Other	944	262
 Total Aggregates Business	 257,102	 253,835
 Magnesia-Based Chemicals	 35,159	 26,776
Dolomitic Lime	13,780	14,698
Other	203	252
 Total Specialty Products	 49,142	 41,726
 Total	 \$ 306,244	 \$ 295,561

11. Supplemental Cash Flow Information

The following table presents the components of the change in other assets and liabilities, net:

	Three Months Ended March 31,	
	2011	2010
	<i>(Dollars in Thousands)</i>	
Other current and noncurrent assets	\$ (668)	\$ (1,912)
Accrued salaries, benefits and payroll taxes	(7,129)	(2,193)
Accrued insurance and other taxes	790	1,853
Accrued income taxes	(10,610)	3,127
Accrued pension, postretirement and postemployment benefits	1,686	733
Other current and noncurrent liabilities	12,803	14,857
	\$ (3,128)	\$ 16,465

Table of Contents

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q
For the Quarter Ended March 31, 2011
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS
First Quarter Ended March 31, 2011

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

OVERVIEW Martin Marietta Materials, Inc. (the Corporation), conducts its operations through four reportable business segments: Mideast Group, Southeast Group, West Group (collectively, the Aggregates business) and Specialty Products. The Corporation's annual net sales and earnings are predominately derived from its Aggregates business, which processes and sells granite, limestone, and other aggregates products from a network of 278 quarries, distribution facilities and plants to customers in 30 states, Canada, the Bahamas and the Caribbean Islands. The Aggregates business products are used primarily by commercial customers principally in domestic construction of highways and other infrastructure projects and for nonresidential and residential building development. Aggregates products are also used in the railroad, environmental, utility and agricultural industries. The Specialty Products segment produces magnesia-based chemicals products used in industrial, agricultural and environmental applications and dolomitic lime sold primarily to customers in the steel industry.

CRITICAL ACCOUNTING POLICIES The Corporation outlined its critical accounting policies in its Annual Report on Form 10-K for the year ended December 31, 2010, filed with the Securities and Exchange Commission on February 25, 2011. There were no changes to the Corporation's critical accounting policies during the three months ended March 31, 2011.

RESULTS OF OPERATIONS Except as indicated, the following comparative analysis in the Results of Operations section of this Management's Discussion and Analysis of Financial Condition and Results of Operations reflects results from continuing operations and is based on net sales and cost of sales. The Corporation's heritage aggregates product line excludes volume and pricing data for acquisitions that have not been included in prior-year operations for the comparable period and divestitures.

Gross margin as a percentage of net sales and operating margin as a percentage of net sales represent non-GAAP measures. The Corporation presents these ratios calculated based on net sales, as it is consistent with the basis by which management reviews the Corporation's operating results. Further, management believes it is consistent with the basis by which investors analyze the Corporation's operating results given that freight and delivery revenues and costs represent pass-throughs and have no profit mark-up. Gross margin and operating margin calculated as percentages of total revenues represent the most directly comparable financial measures calculated in accordance with generally accepted accounting principles (GAAP). The following tables present the calculations of gross margin and operating margin for the three months ended March 31, 2011 and 2010 in accordance with GAAP and reconciliations of the ratios as percentages of total revenues to percentages of net sales (dollars in thousands):

Page 17 of 42

Table of Contents

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
 FORM 10-Q
 For the Quarter Ended March 31, 2011
 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
 RESULTS OF OPERATIONS
 First Quarter Ended March 31, 2011
 (Continued)

Gross Margin in Accordance with GAAP

	Three Months Ended March 31,	
	2011	2010
Gross profit	\$ 21,109	\$ 19,613
Total revenues	\$ 356,512	\$ 340,944
Gross margin	5.9%	5.8%

Gross Margin Excluding Freight and Delivery Revenues

	Three Months Ended March 31,	
	2011	2010
Gross profit	\$ 21,109	\$ 19,613
Total revenues	\$ 356,512	\$ 340,944
Less: Freight and delivery revenues	(50,268)	(45,383)
Net sales	\$ 306,244	\$ 295,561
Gross margin excluding freight and delivery revenues	6.9%	6.6%

Operating Margin in Accordance with GAAP

	Three Months Ended March 31,	
	2011	2010
Loss from operations	\$ (6,143)	\$ (12,864)
Total revenues	\$ 356,512	\$ 340,944
Operating margin	(1.7%)	(3.8%)

Table of Contents

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
 FORM 10-Q
 For the Quarter Ended March 31, 2011
 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
 RESULTS OF OPERATIONS
 First Quarter Ended March 31, 2011
 (Continued)

Operating Margin Excluding Freight and Delivery Revenues

	Three Months Ended March 31,	
	2011	2010
Loss from operations	\$ (6,143)	\$ (12,864)
Total revenues	\$ 356,512	\$ 340,944
Less: Freight and delivery revenues	(50,268)	(45,383)
Net sales	\$ 306,244	\$ 295,561
Operating margin excluding freight and delivery revenues	(2.0%)	(4.4%)

Quarter Ended March 31

Notable items for the quarter ended March 31, 2011 (all comparisons are versus the prior-year quarter):

Net sales increased to \$306.2 million compared with \$295.6 million

Consolidated operating margin (excluding freight and delivery revenues) up 240 basis points

Loss per diluted share of \$0.39 compared with loss per diluted share of \$0.54

Increased diesel costs negatively affected earnings by \$0.05 per diluted share

Heritage aggregates product line pricing up 0.4%

Heritage aggregates product line volume down 1.2%

Specialty Products record first-quarter earnings from operations of \$15.1 million

Selling, general and administrative expenses down 190 basis points as a percentage of net sales

The following table presents net sales, gross profit, selling, general and administrative expenses and earnings (loss) from operations data for the Corporation and its reportable segments for the three months ended March 31, 2011 and 2010. In each case, the data is stated as a percentage of net sales of the Corporation or the relevant segment, as the case may be.

Earnings from operations include research and development expense and other operating income and expenses, net. Consolidated other operating income and expenses, net, was income of \$2.0 million and \$1.1 million for the quarters ended March 31, 2011 and 2010, respectively.

Table of Contents

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
 FORM 10-Q
 For the Quarter Ended March 31, 2011
 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
 RESULTS OF OPERATIONS
 First Quarter Ended March 31, 2011
 (Continued)

	Three Months Ended March 31,		2010	% of Net Sales
	2011	Amount		
	Amount	% of Net Sales	Amount	% of Net Sales
	<i>(Dollars in Thousands)</i>			
Net sales:				
Mideast Group	\$ 85,455		\$ 83,345	
Southeast Group	65,958		68,120	
West Group	105,689		102,370	
Total Aggregates Business	257,102	100.0	253,835	100.0
Specialty Products	49,142	100.0	41,726	100.0
Total	\$ 306,244	100.0	\$ 295,561	100.0
Gross profit (loss):				
Mideast Group	\$ 13,251		\$ 11,872	
Southeast Group	(5,019)		(2,885)	
West Group	(2,410)		(2,943)	
Total Aggregates Business	5,822	2.3	6,044	2.4
Specialty Products	17,570	35.8	14,073	33.7
Corporate	(2,283)		(504)	
Total	\$ 21,109	6.9	\$ 19,613	6.6
Selling, general & administrative expenses:				
Mideast Group	\$ 10,408		\$ 10,447	
Southeast Group	6,123		6,414	
West Group	10,596		10,665	
Total Aggregates Business	27,127	10.6	27,526	10.8
Specialty Products	2,467	5.0	2,931	7.0
Corporate	(359)		3,114	
Total	\$ 29,235	9.5	\$ 33,571	11.4

Earnings (Loss) from operations:

Mideast Group	\$ 5,702		\$ 2,095	
Southeast Group	(9,756)		(9,099)	
West Group	(12,459)		(12,262)	
Total Aggregates Business	(16,513)	(6.4)	(19,266)	(7.6)
Specialty Products	15,129	30.8	11,212	26.9
Corporate	(4,759)		(4,810)	
Total	\$ (6,143)	(2.0)	\$ (12,864)	(4.4)

Page 20 of 42

Table of Contents

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q
For the Quarter Ended March 31, 2011
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS
First Quarter Ended March 31, 2011
(Continued)

The Corporation's first-quarter financial results confirmed management's expectations, reflecting a 240-basis-point improvement in consolidated operating margin (excluding freight and delivery revenues) over the prior-year quarter. Furthermore, the Corporation's Aggregates business achieved greater levels of stability during the quarter. In particular, aggregates product line pricing, supported partly by 2010 volume growth, increased for the first time in more than a year. Management believes this pattern of stability will continue and serve as a platform as the Corporation advances toward the next phase of the construction cycle—recovery and growth.

Since heavy-construction activity slows during the winter months, the Corporation's first-quarter results seldom reflect annual performance. That said, milder winter in some of the Corporation's markets early in the quarter led to monthly aggregates shipment growth over the prior-year periods. In contrast to 2010, weather patterns deteriorated in the critical last two weeks of March, slowing momentum gained early in the quarter. Management believes these weather-related delays in shipments were a primary factor leading to an overall quarterly decrease of 1% in the Corporation's heritage aggregates volume. However, despite a volume decrease for the quarter and the negative impact of rising diesel prices, the Aggregates business achieved an incremental operating margin (excluding freight and delivery revenues) in line with management's expectations.

Infrastructure, as the Corporation's largest end-use market, comprises approximately half of its quarterly aggregates shipments. Uncertainty stemming from the absence of a long-term federal highway bill has negatively affected the infrastructure construction market. For the quarter, infrastructure shipments declined 3% compared with the prior-year quarter.

The residential end-use market volume grew 15% compared with the prior-year quarter, reflecting increased multi-family construction activity. The Corporation's ChemRock/Rail end-use market experienced a 2% volume increase compared with the prior-year quarter. The commercial component of the nonresidential end-use market, particularly in the Corporation's San Antonio District, reflected increased shipments during the quarter. While management continues to expect strong volumes to the energy sector for the full year, shipments to this industry declined from the prior-year quarter which led to an overall 3% reduction in nonresidential shipments.

Compared with the prior-year quarter, changes in aggregates pricing varied by geographic region. In the first quarter of 2011, more of the Corporation's markets reported pricing increases than in the past two years. For example, quarterly heritage aggregates pricing for the Southeast Group increased 5.8%, with positive pricing in the Florida market compensating for negative pricing in the Alabama market. Pricing in the West Group was negatively affected by product mix, particularly in the Southwest market. Other markets in the West Group, including North Texas and Iowa, had pricing increases.

Table of Contents

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q
For the Quarter Ended March 31, 2011
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS
First Quarter Ended March 31, 2011
(Continued)

The following tables present volume and pricing data and shipments data for the aggregates product line. Heritage aggregates operations exclude volume and pricing data for acquisitions that were not included in prior-year operations for the comparable period and divestitures.

	Three Months Ended March 31, 2011	
	Volume	Pricing
Volume/Pricing Variance ⁽¹⁾		
Heritage Aggregates Product Line ⁽²⁾ :		
Mideast Group	0.1%	0.8%
Southeast Group	(9.7%)	5.8%
West Group	2.9%	(2.4%)
Heritage Aggregates Operations	(1.2%)	0.4%
Aggregates Product Line ⁽³⁾	(0.9%)	0.3%
	Three Months Ended March 31, 2011 2010 <i>(tons in thousands)</i>	
Shipments		
Heritage Aggregates Product Line ⁽²⁾ :		
Mideast Group	6,913	6,905
Southeast Group	5,528	6,122
West Group	10,751	10,446
Heritage Aggregates Operations	23,192	23,473
Acquisitions	74	
Divestitures ⁽⁴⁾	1	3
Aggregates Product Line ⁽³⁾	23,267	23,476

(1) *Volume/pricing variances reflect the percentage increase/(decrease) from the comparable period in the prior year.*

(2) *Heritage Aggregates Product Line excludes volume and pricing data for acquisitions that have not been included in prior-year operations for the comparable period and divestitures.*

(3) *Aggregates Product Line includes all acquisitions from the date of acquisition and divestitures through the date of disposal.*

(4) *Divestitures include the tons related to divested aggregates product line operations up to the date of divestiture.*

Table of Contents

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
 FORM 10-Q
 For the Quarter Ended March 31, 2011
 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
 RESULTS OF OPERATIONS
 First Quarter Ended March 31, 2011
 (Continued)

The Aggregates business is significantly affected by seasonal changes and other weather-related conditions. Aggregates production and shipment levels coincide with general construction activity levels, most of which occurs in the spring, summer and fall. Thus, production and shipment levels vary by quarter. Operations concentrated in the northern United States generally experience more severe winter weather conditions than operations in the Southeast and Southwest. Excessive rainfall, and conversely excessive drought, can also jeopardize shipments, production and profitability. Because of the potentially significant impact of weather on the Corporation's operations, first-quarter results are not indicative of expected performance for other interim periods or the full year.

The Specialty Products business benefitted from continued strong demand, primarily in the magnesia chemicals product line where volume records were achieved for several product lines. The Specialty Products business reported record quarterly net sales of \$49.1 million, an 18% increase over the prior-year quarter. Record first-quarter earnings from operations of \$15.1 million grew 35% compared with the prior-year quarter, reflecting increased product demand and continued focus on cost control efforts. Thus, while management expects strong performance from this business segment for the remainder of the year, prospective prior-year comparisons will be versus record 2010 quarterly performance.

The Corporation continued its commitment to cost control. Consolidated direct production costs increased 7%, primarily due to a 14% increase in noncontrollable energy costs. Higher energy prices also increased embedded freight costs for the quarter as transportation providers passed on their rising energy costs.

The Corporation's gross margin (excluding freight and delivery revenues) for the three months ended March increased 30 basis points to 6.9% in 2011. The following presents a rollforward of the Corporation's gross profit (dollars in thousands):

Consolidated gross profit, quarter ended March 31, 2010	\$ 19,613
Aggregates Business:	
Volume weakness	(293)
Pricing strength	3,560
Cost increases, net	(3,489)
Decrease in Aggregates Business gross profit	(222)
Specialty Products	3,497
Corporate	(1,779)
Increase in consolidated gross profit	1,496
Consolidated gross profit, quarter ended March 31, 2011	\$ 21,109

Table of Contents

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q
For the Quarter Ended March 31, 2011
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS
First Quarter Ended March 31, 2011
(Continued)

Selling, general and administrative expenses declined \$4.3 million, or 190 basis points as a percentage of net sales, for the quarter compared with the 2010 first quarter, primarily due to lower personnel and pension costs.

Among other items, other operating income and expenses, net, includes gains and losses on the sale of assets; gains and losses related to customer accounts receivable; rental, royalty and services income; and the accretion and depreciation expenses related to asset retirement obligations. For the first quarter, consolidated other operating income and expenses, net, was income of \$2.0 million in 2011 compared with income of \$1.1 million in 2010. First quarter 2011 other operating income and expenses, net, includes a \$2.4 million land condemnation gain for the Mideast Group.

Interest expense was \$18.2 million for the first quarter 2011 as compared with \$17.6 million for the prior-year quarter. In addition to other offsetting amounts, other nonoperating income and expenses, net, are comprised generally of interest income and net equity earnings from nonconsolidated investments. Consolidated other nonoperating income and expenses, net, for the quarter ended March 31, was income of \$0.3 million in 2011 compared with income of \$0.6 million in 2010.

The overall effective tax rate for the quarter was 27% compared with 17% for the first quarter 2010. The 2010 effective tax rate includes the effect of a charge of approximately \$2.8 million resulting from the Patient Protection and Affordable Care Act (the Act). Management expects the overall effective tax rate for the full year to be approximately 26%.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities during the three months ended March 31, 2011 was \$21.3 million compared with \$27.1 million for the same period in 2010. Operating cash flow is primarily from consolidated net earnings or loss, before deducting depreciation, depletion and amortization, offset by working capital requirements. The reduction in net cash provided by operating activities for the first three months of 2011 as compared with the year-earlier period is primarily due to the timing of federal income tax refunds. Working capital management continues to be a priority and to that end, days sales outstanding was 45 days, essentially flat with 2010, and the change in net working capital improved nearly \$9 million in the first quarter as compared with 2010.

Table of Contents

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
 FORM 10-Q
 For the Quarter Ended March 31, 2011
 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
 RESULTS OF OPERATIONS
 First Quarter Ended March 31, 2011
 (Continued)

Depreciation, depletion and amortization were as follows:

	Three Months Ended March 31,	
	2011	2010
	<i>(Dollars in Thousands)</i>	
Depreciation	\$ 42,039	\$ 43,493
Depletion	484	620
Amortization	771	855
	\$ 43,294	\$ 44,968

The seasonal nature of the construction aggregates business impacts quarterly operating cash flow when compared with the year. Full year 2010 net cash provided by operating activities was \$269.8 million, compared with \$27.1 million for the first three months of 2010.

Capital expenditures, exclusive of acquisitions, for the first three months were \$30.7 million in 2011 and \$25.0 million in 2010. In May 2011, the Corporation will begin the construction of a \$53 million dolomitic lime kiln at its Specialty Products location in Woodville, Ohio. This project is expected to be completed by the end of 2012. Full-year capital spending for 2011 is expected to be approximately \$175 million, including the Hunt Martin Materials joint venture but exclusive of acquisitions. Comparable full-year capital expenditures were \$135.9 million in 2010.

On March 31, 2011, the Corporation entered into a Credit Agreement with JPMorgan Chase Bank, N.A., as Administrative Agent, Wells Fargo Bank, N.A., Branch Banking and Trust Company, SunTrust Bank, and Bank of America, N.A., as Co-Syndication Agents, and the lenders party thereto (the "Credit Agreement"), which provides for a \$250 million senior unsecured term loan (the "Term Loan Facility") and a \$350 million four-year senior unsecured revolving facility (the "Revolving Facility"), and together with the Term Loan Facility, the "Senior Unsecured Credit Facilities"). On March 31, 2011, the Corporation borrowed \$250 million under the Term Loan Facility, a portion of which was used to prepay outstanding borrowings of \$111.8 million on the Term Loan due 2012.

Additionally, on March 31, 2011, the Corporation entered into the Second Amendment to Account Purchase Agreement with Wells Fargo Bank, N.A. (the "Second Amendment to Account Purchase Agreement"), which amended its \$100 million secured accounts receivable credit facility (the "AR Credit Facility"). As amended, purchases and settlements will be made monthly. Additionally, as amended, borrowings under the AR Credit Facility bear interest at a rate equal to the one-month LIBOR plus 1.35%. Borrowings under the AR Credit Facility are limited based on the balance of the Corporation's accounts receivable. At March 31, 2011, the Corporation had no outstanding borrowings under the AR Credit Facility.

Table of Contents

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
 FORM 10-Q
 For the Quarter Ended March 31, 2011
 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
 RESULTS OF OPERATIONS
 First Quarter Ended March 31, 2011
 (Continued)

On April 1, 2011, the Corporation borrowed \$100 million under the AR Credit Facility, which, in addition to proceeds from the Term Loan Facility, was used to repay \$242.1 million of 6.875% Notes that matured on that date. Subsequent to this net repayment, the Corporation's total debt outstanding at April 1, 2011 consisted of the following (dollars in thousands):

6.6% Senior Notes, due 2018	\$ 298,333
7% Debentures, due 2025	124,399
6.25% Senior Notes, due 2037	247,890
Term Loan Facility, due 2015, interest rate of 1.932% at April 1, 2011	250,000
AR Credit Facility, interest rate of 1.6625% at April 1, 2011	100,000
Other notes	5,857
Total debt	\$ 1,026,479

The Corporation can repurchase its common stock through open-market purchases pursuant to authority granted by its Board of Directors. The Corporation did not repurchase any shares of common stock during the three months ended March 31, 2011 and 2010. Management currently has no intent to repurchase any shares of its common stock. At March 31, 2011, 5,042,000 shares of common stock were remaining under the Corporation's repurchase authorization. The Credit Agreement and the AR Credit Facility, as amended, require the Corporation's ratio of consolidated debt to consolidated earnings before interest, taxes, depreciation, depletion and amortization (EBITDA), as defined, for the trailing twelve month period (the Ratio) to not exceed 3.5x as of the end of any fiscal quarter, provided that the Corporation may exclude from the Ratio debt incurred in connection with certain acquisitions for a period of 180 days so long as the Corporation maintains specified ratings on its long-term unsecured debt and the Ratio calculated without such exclusion does not exceed 3.75x. Additionally, if there are no amounts outstanding under both the Revolving Facility and the AR Credit Facility, consolidated debt, including debt guaranteed by the Corporation, will be reduced for purposes of the covenant calculation by the Corporation's unrestricted cash and cash equivalents in excess of \$50 million, such reduction not to exceed \$200 million (hereinafter, net debt).

The Ratio is calculated as net debt, including debt guaranteed by the Corporation, divided by consolidated EBITDA, as defined, for the trailing twelve months. Consolidated EBITDA is generally defined as earnings before interest expense, income tax expense, and depreciation, depletion and amortization expense for continuing operations. Additionally, stock-based compensation expense is added back and interest income is deducted in the calculation of consolidated EBITDA. Certain other nonrecurring items and noncash items, if they occur, can affect the calculation of consolidated EBITDA.

Table of Contents

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q
For the Quarter Ended March 31, 2011
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS
First Quarter Ended March 31, 2011
(Continued)

At March 31, 2011, the Corporation's ratio of consolidated debt to consolidated EBITDA, as defined, for the trailing twelve months EBITDA was 2.73 times and was calculated as follows (dollars in thousands):

	Twelve Month Period April 1, 2010 to March 31, 2011
Earnings from continuing operations attributable to Martin Marietta Materials, Inc.	\$ 103,775
Add back:	
Interest expense	69,004
Income tax expense	27,781
Depreciation, depletion and amortization expense	175,133
Stock-based compensation expense	13,558
Deduct:	
Interest income	(1,019)
Consolidated EBITDA, as defined	\$ 388,232
Consolidated debt, including debt guaranteed by the Corporation, at March 31, 2011	\$ 1,186,001
Deduct:	
Unrestricted cash and cash equivalents in excess of \$50,000 at March 31, 2011	(126,655)
Net debt, as defined, at March 31, 2011	\$ 1,059,346
Consolidated debt to consolidated EBITDA, as defined, at March 31, 2011 for the trailing twelve months EBITDA	2.73 X

In the event of a default on the leverage ratio, the lenders can terminate the Credit Agreement and AR Credit Facility and declare any outstanding balances as immediately due.

Cash on hand, along with the Corporation's projected internal cash flows and availability of financing resources, including its access to debt and equity capital markets, are expected to continue to be sufficient to provide the capital resources necessary to support anticipated operating needs, cover debt service requirements, meet capital expenditures and discretionary investment needs, fund certain acquisition opportunities that may arise, and allow for payment of dividends for the foreseeable future. At March 31, 2011, the Corporation had \$348 million of unused borrowing capacity under its Revolving Facility and \$100 million of available borrowings on its AR Credit Facility, subject to complying with the Ratio. The Credit Agreement expires on March 31, 2015 and the AR Credit Facility terminates on April 20, 2012.

Table of Contents

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
 FORM 10-Q
 For the Quarter Ended March 31, 2011
 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
 RESULTS OF OPERATIONS
 First Quarter Ended March 31, 2011
 (Continued)

The Corporation may be required to obtain financing in order to fund certain strategic acquisitions, if any such opportunities arise, or to refinance outstanding debt. Any strategic acquisition of size would require an appropriate balance of newly-issued equity with debt in order to maintain an investment-grade credit rating. Borrowings under the AR Credit Facility would be limited based on the balance of the Corporation's accounts receivable. Furthermore, the Corporation is exposed to the credit markets, through the interest cost related to its variable rate debt, which includes borrowings under its Revolving Facility, Term Loan Facility and AR Credit Facility, and the interest cost related to its commercial paper program, to the extent that it is available to the Corporation. The Corporation's credit ratings are investment-grade-level and, on April 28, 2011, Standard & Poor's reaffirmed its BBB+ corporate credit rating and revised its outlook on the Corporation's long-term rating to stable. While management believes its credit ratings will remain at an investment-grade level, no assurance can be given that these ratings will remain at those levels.

Contractual Obligations

At March 31, 2011, the Corporation's contractual obligations, including interest, related to its Term Loan Facility were as follows (dollars in thousands):

	Total	< 1 yr	1-3 yrs.	3-5 yrs.
Long-term debt	\$ 250,000	\$ 5,000	\$ 10,000	\$ 235,000
Interest (off balance sheet)	18,668	4,806	9,322	4,540
Total	\$ 268,668	\$ 9,806	\$ 19,322	\$ 239,540

Management currently intends to maintain \$100 million of outstanding borrowings on its AR Credit Facility until its expiration on April 30, 2012.

TRENDS AND RISKS The Corporation outlined the risks associated with its business in its Annual Report on Form 10-K for the year ended December 31, 2010, filed with the Securities and Exchange Commission on February 25, 2011. Management continues to evaluate its exposure to all operating risks on an ongoing basis.

Table of Contents

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q
For the Quarter Ended March 31, 2011
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS
First Quarter Ended March 31, 2011
(Continued)

OUTLOOK A variety of factors make it difficult to form a complete perspective for 2011. A noteworthy consideration will be the rate at which states spend available Stimulus funds for infrastructure projects. The Corporation is operating under a Congressional continuing resolution that extends the Safe, Accountable, Flexible and Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU) through September 30, 2011. Although there is bipartisan Congressional agreement that infrastructure is a key and essential governmental priority, there is heightened sensitivity with respect to all government spending due to the national deficit. Without interim clarity, a definitive outlook is uncertain. Management believes there are several options for federal infrastructure funding, including: additional continuing resolutions that maintain current funding through the next presidential election, or a new federal highway bill (with flat or reduced funding and which may be shorter than the typical six-year term). While operating under a continuing resolution is more likely for 2011, management believes that Congress understands that fully-funded, reauthorized infrastructure legislation at the federal level serves as an efficient means of jobs creation and investment in America's economic growth.

Given this uncertainty, the Corporation's 2011 outlook assumes there will be additional continuing resolutions that maintain current federal funding levels. Management also expects that state spending on infrastructure should remain relatively constant and 30% of ARRA infrastructure funds will be spent this year. Management expects the infrastructure end-use market to be flat to slightly down; management also anticipates a modest volume recovery in the commercial component of the Corporation's nonresidential end-use market. Considering the notable aggregates shipments to the energy sector in 2010, management expects the rate of growth in the heavy industrial component of the Corporation's nonresidential end-use market to moderate in 2011. Natural gas prices and the timing of lease commitments for oil and natural gas companies will be significant factors for energy-sector activity. Additionally, given current oil prices, there is a possibility of increased wind farm construction activity. Overall, management expects nonresidential end-use shipments in 2011 to increase in the mid-single digit range. The Corporation has noticed early signs of potential recovery in the multi-family component of the residential construction market and expects the rate of improvement in this end-use market to increase over 2010. Finally, the Corporation's ChemRock/Rail shipments should be stable compared with 2010 shipments. Cumulatively, management expects flat to a 3% improvement in overall aggregates volume in 2011.

Page 29 of 42

Table of Contents

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q
For the Quarter Ended March 31, 2011
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS
First Quarter Ended March 31, 2011
(Continued)

Stability in the Corporation's aggregates shipments will likely lead to sustainable price increases. However, such increases may not be uniform throughout the Corporation's enterprise. Overall, management expects full-year 2011 aggregates pricing will range from flat to a 2% increase. Additionally, rising energy costs may provide an impetus for certain mid-year price increases.

Aggregates production cost per ton in 2011 is expected to range from flat to a slight decrease compared with 2010, despite rising energy costs. The Specialty Products segment should contribute \$50 million to \$52 million in pretax earnings for 2011, as economic recovery drives industrial demand for magnesia-based chemicals products and continued demand for environmental applications is driven by the United States' focus on green technology and innovation.

Selling, general and administrative expenses should be lower in 2011, primarily due to lower pension expense. Interest expense should be approximately \$60 million in 2011, or \$8 million less than 2010, resulting from the refinancing of \$242 million of 6.875% Senior Notes with variable-rate borrowings under the Corporation's outstanding credit facilities. The Corporation's effective tax rate is expected to be 26%. Capital expenditures are forecast at \$175 million for 2011, including the first \$25 million of the \$50 million project in Specialty Products and nearly \$50 million for selective high-quality growth projects.

The 2011 estimated outlook includes management's assessment of the likelihood of certain risk factors that will affect performance. The most significant risk to 2011 performance will be, as previously noted, the United States economy and its impact on construction activity.

Other risks related to the Corporation's future performance include, but are not limited to: both price and volume and include a recurrence of widespread decline in aggregates pricing; a greater-than-expected decline in infrastructure construction as a result of continued delays in traditional federal, ARRA, state and/or local infrastructure projects and continued lack of clarity regarding the timing and amount of the federal highway bill; a decline in nonresidential construction; a slowdown in the residential construction recovery; or some combination thereof. Further, increased highway construction funding pressures resulting from either federal or state issues can affect profitability. Currently, nearly all states are experiencing some funding-level pressures driven by lower tax revenues. If these pressures reduce transportation budgets more than in the past, construction spending could be negatively affected. North Carolina and Texas are among the states experiencing these general pressures, although recent statistics indicate that tax revenues are increasing; these states disproportionately affect the Corporation's revenue and profitability.

Table of Contents

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q
For the Quarter Ended March 31, 2011
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS
First Quarter Ended March 31, 2011
(Continued)

The Corporation's principal business serves customers in construction aggregates-related markets. This concentration could increase the risk of potential losses on customer receivables; however, payment bonds normally posted on public projects, together with lien rights on private projects, help to mitigate the risk of uncollectible receivables. The level of aggregates demand in the Corporation's end-use markets, production levels and the management of production costs will affect the operating leverage of the Aggregates business and, therefore, profitability. Production costs in the Aggregates business are also sensitive to energy prices, both directly and indirectly. Diesel and other fuels change production costs directly through consumption or indirectly in the increased cost of energy-related consumables, such as, steel, explosives, tires and conveyor belts. Fluctuating diesel pricing also affects transportation costs, primarily through fuel surcharges in the Corporation's long-haul distribution network.

Transportation in the Corporation's long-haul network, particularly barge availability on the Mississippi River system, as well as rail cars and locomotive power to move trains, affects the Corporation's ability to efficiently transport material into certain markets, most notably Texas, Florida and the Gulf Coast. The Aggregates business is also subject to weather-related risks that can significantly affect production schedules and profitability. The first and fourth quarters are most adversely affected by winter weather.

Risks to the 2011 outlook include shipment declines as a result of economic events beyond the Corporation's control. In addition to the impact on nonresidential and residential construction, the Corporation is exposed to risk in its estimated outlook from credit markets and the availability of and interest cost related to its debt.

OTHER MATTERS If you are interested in Martin Marietta Materials, Inc. stock, management recommends that, at a minimum, you read the Corporation's current Annual Report and Forms 10-K, 10-Q and 8-K reports to the SEC over the past year. The Corporation's recent proxy statement for the annual meeting of shareholders also contains important information. These and other materials that have been filed with the SEC are accessible through the Corporation's website at www.martinmarietta.com and are also available at the SEC's website at www.sec.gov. You may also write or call the Corporation's Corporate Secretary, who will provide copies of such reports.

Investors are cautioned that all statements in this Quarterly Report that relate to the future involve risks and uncertainties, and are based on assumptions that the Corporation believes in good faith are reasonable but which may be materially different from actual results. Forward-looking statements give the investor the Corporation's expectations or forecasts of future events. You can identify these statements by the fact that they do not relate only to historical or current facts. They may use words such as anticipate, estimate, expect, project, intend, plan, believe, and c of similar meaning in connection with future events or future operating or financial performance. Any or all of the Corporation's forward-looking statements here and in other publications may turn out to be wrong.

Table of Contents

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q
For the Quarter Ended March 31, 2011
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS
First Quarter Ended March 31, 2011
(Continued)

Factors that the Corporation currently believes could cause actual results to differ materially from the forward-looking statements in this Quarterly Report on Form 10-Q include, but are not limited to, the performance of the United States economy; widespread decline in aggregates pricing; the level and timing of federal and state transportation funding, including federal stimulus projects and most particularly in North Carolina, one of the Corporation's largest and most profitable states, and Texas, Georgia, Iowa and Louisiana, which when coupled with North Carolina, represented 55% of 2010 net sales of the Aggregates business; the ability of states and/or other entities to finance approved projects either with tax revenues or alternative financing structures; levels of construction spending in the markets the Corporation serves; the severity of a continued decline in the commercial construction market, notably office and retail space; a slowdown in residential construction recovery; unfavorable weather conditions, particularly Atlantic Ocean hurricane activity, the late start to spring or the early onset of winter and the impact of a drought in the markets served by the Corporation; the volatility of fuel costs, particularly diesel fuel, and the impact on the cost of other consumables, namely steel, explosives, tires and conveyor belts; continued increases in the cost of other repair and supply parts; transportation availability, notably barge availability on the Mississippi River system and the availability of railcars and locomotive power to move trains to supply the Corporation's Texas, Florida and Gulf Coast markets; increased transportation costs, including increases from higher passed-through energy costs and higher volumes of rail and water shipments; availability and cost of construction equipment in the United States; weakening in the steel industry markets served by the Corporation's dolomitic lime products; inflation and its effect on both production and interest costs; ability to successfully integrate acquisitions quickly and in a cost-effective manner and achieve anticipated profitability to maintain compliance with the Corporation's leverage ratio debt covenant; changes in tax laws, the interpretation of such laws and/or administrative practices that would increase the Corporation's tax rate; violation of the debt covenant if price and volume return to previous levels of instability; downward pressure on the Corporation's common stock price and its impact on goodwill impairment evaluations; and other risk factors listed from time to time found in the Corporation's filings with the Securities and Exchange Commission. Other factors besides those listed here may also adversely affect the Corporation, and may be material to the Corporation. The Corporation assumes no obligation to update any such forward-looking statements.

INVESTOR ACCESS TO COMPANY FILINGS Shareholders may obtain, without charge, a copy of Martin Marietta Materials, Inc.'s Annual Report on Form 10-K, as filed with the Securities and Exchange Commission for the fiscal year ended December 31, 2010, by writing to:

Martin Marietta Materials, Inc.
Attn: Corporate Secretary
2710 Wycliff Road
Raleigh, North Carolina 27607-3033

Page 32 of 42

Table of Contents

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q
For the Quarter Ended March 31, 2011
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS
First Quarter Ended March 31, 2011
(Continued)

Additionally, Martin Marietta Materials, Inc.'s Annual Report, press releases and filings with the Securities and Exchange Commission, including Forms 10-K, 10-Q, 8-K and 11-K, can generally be accessed via the Corporation's website. Filings with the Securities and Exchange Commission accessed via the website are available through a link with the Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system. Accordingly, access to such filings is available upon EDGAR placing the related document in its database. Investor relations contact information is as follows:

Telephone: (919) 783-4540

Website address: www.martinmarietta.com

Information included on the Corporation's website is not incorporated into, or otherwise create a part of, this report.

Page 33 of 42

Table of Contents

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q

For the Quarter Ended March 31, 2011

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The Corporation's operations are highly dependent upon the interest rate-sensitive construction and steelmaking industries. Consequently, these marketplaces could experience lower levels of economic activity in an environment of rising interest rates or escalating costs.

Management has considered the current economic environment and its potential impact to the Corporation's business. Demand for aggregates products, particularly in the nonresidential and residential construction markets, could decline if companies and consumers are unable to obtain financing for construction projects or if the economic recession causes delays or cancellations to capital projects. Additionally, uncertainty regarding federal highway funding, declining tax revenues and state budget deficits have negatively affected states' abilities to finance infrastructure construction projects.

Demand in the residential construction market is affected by interest rates. The Federal Reserve kept the federal funds rate at zero percent during the quarter ended March 31, 2011. The residential construction market accounted for approximately 7% of the Corporation's aggregates product line shipments in 2010.

Aside from these inherent risks from within its operations, the Corporation's earnings are affected also by changes in short-term interest rates as a result of any temporary cash investments, including money market funds and Eurodollar time deposit accounts; any outstanding variable-rate borrowing facilities; and defined benefit pension plans.

Additionally, the Corporation's earnings are affected by energy costs. The Corporation has no counterparty risk.

Variable-Rate Borrowing Facilities. The Corporation has a \$600 million Credit Agreement which supports its commercial paper program and a \$100 million AR Credit Facility. Borrowings under these facilities and the commercial paper program bear interest at a variable interest rate. A hypothetical 100-basis-point increase in interest rates on outstanding borrowings of \$250 million, which is the outstanding balance at March 31, 2011, would increase interest expense by \$2.5 million on an annual basis.

Pension Expense. The Corporation's results of operations are affected by its pension expense. Assumptions that affect this expense include the discount rate and, for the defined benefit pension plans only, the expected long-term rate of return on assets. Therefore, the Corporation has interest rate risk associated with these factors. The impact of hypothetical changes in these assumptions on the Corporation's annual pension expense is discussed in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2010, filed with the Securities and Exchange Commission on February 25, 2011.

Page 34 of 42

Table of Contents

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q

For the Quarter Ended March 31, 2011

Energy Costs. Energy costs, including diesel fuel, natural gas and liquid asphalt, represent significant production costs for the Corporation. A hypothetical 10% change in the Corporation's energy costs in 2011 as compared with 2010, assuming constant volumes, would impact annual 2011 pretax earnings by approximately \$15.6 million.

Aggregate Risk for Interest Rates and Energy Costs. Pension expense for 2011 was calculated based on assumptions selected at December 31, 2010. Therefore, interest rate risk in 2011 is limited to the potential effect related to the Corporation's borrowings under variable-rate facilities. The effect of a hypothetical increase in interest rates of 1% on the \$250 million of variable-rate borrowings outstanding at March 31, 2011 would be an increase of \$2.5 million in interest expense in 2011. Additionally, a 10% change in energy costs compared with 2010 would impact annual pretax earnings by \$15.6 million.

Item 4. Controls and Procedures

As of March 31, 2011, an evaluation was performed under the supervision and with the participation of the Corporation's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and the operation of the Corporation's disclosure controls and procedures. Based on that evaluation, the Corporation's management, including the Chief Executive Officer and Chief Financial Officer, concluded that the Corporation's disclosure controls and procedures were effective as of March 31, 2011. There were no changes in the Corporation's internal control over financial reporting during the most recently completed fiscal quarter that materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

Page 35 of 42

Table of ContentsMARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q

For the Quarter Ended March 31, 2011

PART II-OTHER INFORMATION

Item 1. Legal Proceedings.

Reference is made to *Part I. Item 3. Legal Proceedings* of the Martin Marietta Materials, Inc. Annual Report on Form 10-K for the year ended December 31, 2010.

Item 1A. Risk Factors.

Reference is made to *Part I. Item 1A. Risk Factors and Forward-Looking Statements* of the Martin Marietta Materials, Inc. Annual Report on Form 10-K for the year ended December 31, 2010.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs
January 1, 2011 – January 31, 2011		\$		5,041,871
February 1, 2011 – February 28, 2011		\$		5,041,871
March 1, 2011 – March 31, 2011		\$		5,041,871
Total		\$		5,041,871

The Corporation's initial stock repurchase program, which authorized the repurchase of 2.5 million shares of common stock, was announced in a press release dated May 6, 1994, and has been updated as appropriate. The program does not have an expiration date.

Table of Contents

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q
For the Quarter Ended March 31, 2011
PART II-OTHER INFORMATION
(Continued)

Item 5. Other Information.

The operation of the Corporation's aggregates quarries and mines is subject to regulation by the federal Mine Safety and Health Administration (MSHA) under the Federal Mine Safety and Health Act of 1977 (the Mine Act). MSHA inspects the Corporation's quarries and mines on a regular basis and issues various citations and orders when it believes a violation has occurred under the Mine Act.

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Corporation is required to present information regarding certain mining safety and health citations which MSHA has issued with respect to its aggregates mining operations in its periodic reports filed with the Securities and Exchange Commission. In evaluating this information, consideration should be given to factors such as: (i) the number of citations and orders will vary depending on the size of the quarry or mine, (ii) the number of citations issued will vary from inspector to inspector and location to location, and (iii) citations and orders can be contested and appealed, and in that process, may be reduced in severity and amount, and are sometimes dismissed.

The Corporation presents the following items regarding certain mining safety and health matters for the three months ended March 31, 2011:

Total number of violations of mandatory health or safety standards that could significantly and substantially contribute to the cause and effect of a mine safety or health hazard under section 104 of the Mine Act for which the Corporation has received a citation from MSHA (hereinafter, Mine Act Section 104 Significant and Substantial Citations);

Total number of orders issued under section 104(b) of the Mine Act (hereinafter, Mine Act Section 104(b) Orders);

Total number of citations and orders for unwarrantable failure of the mine operator to comply with mandatory health or safety standards under Section 104(d) of the Mine Act (hereinafter, Mine Act Section 104(d) Unwarrantable Failure Citations/Orders);

Total number of imminent danger orders issued under section 107(a) of the Mine Act (hereinafter, Mine Act Section 107(a) Imminent Danger Orders); and

Total dollar value of proposed assessments from MSHA under the Mine Act.

Table of Contents

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended March 31, 2011

PART II-OTHER INFORMATION

(Continued)

Location *	Mine Act Section 104 Significant and Substantial Citations	Mine Act Section 104(b) Orders	Mine Act Section 104(d) Unwarrantable Failure Citations/Orders	Mine Act Section 107(a) Imminent Danger Orders	Total Dollar Value of Proposed MSHA Assessments
Alden	1			1	\$
Ames	5		1		21,837
Apple Grove	1				
Augusta, KS	1				
Bakers	1				276
Beaver Lake					208
Bessemer City	2				
Broken Bow					238
Charlotte					100
Chattanooga					100
Des Moines	1				645
Doswell					784
Durham	3				4,943
Earlham					427
Fairborn Gravel					100
Fairfield					
Fort Calhoun	1				7,511
Fort Dodge	1				
Georgetown II	1				
Granite Canyon	3				650
Guernsey					100
Kentucky Ave	1				263
Lemon Springs	4			2	
Malcom	1				
Maylene					554
Milford	1				
Mill Creek	1				
New Braunfels	2		1		
North Indianapolis	3				
Ottawa					807
Pacific					873
Parkville	1				227

Paulding		217
Pederson	3	
Phillipsburg		100

Table of Contents

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q
For the Quarter Ended March 31, 2011
PART II-OTHER INFORMATION
(Continued)

Location *	Mine Act Section 104 Significant and Substantial Citations	Mine Act Section 104(b) Orders	Mine Act Section 104(d) Unwarrantable Failure Citations/Orders	Mine Act Section 107(a) Imminent Danger Orders	Total Dollar Value of Proposed MSHA Assessments
Portable Crushing	1				685
Poteet Sand					100
Randolph Deep	1				307
Stamper	1				416
Sully	1				
Three Rivers	2				3,186
Warrenton					138
Weeping Water	7	1			17,586
Wilson	1				499
Total	52	1	2	3	\$ 63,877

* *Only locations that have received violations, citations, orders and/or proposed assessments issued under the Mine Act have been included in this table.*

For the three months ended March 31, 2011, none of the Corporation's aggregates quarries or mines received written notice from MSHA of (i) a flagrant violation under section 110(b)(2) of the Mine Act; (ii) a pattern of violations of mandatory health or safety standards that are of such nature as could have significantly and substantially contributed to the cause and effect of other mine health or safety hazards under section 104(e) of the Mine Act; or (iii) the potential to have such a pattern. During the three months ended March 31, 2011, the Corporation experienced no fatalities at any of its aggregates quarries or mines.

As of March 31, 2011, the Corporation has a total of 55 matters pending before the Federal Mine Safety and Health Review Commission. This includes legal actions that were initiated prior to the three months ended March 31, 2011 and which do not necessarily relate to the citations, orders or proposed assessments issued by MSHA during such three-month period.

Table of Contents

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q
For the Quarter Ended March 31, 2011
PART II-OTHER INFORMATION
(Continued)

Item 6. Exhibits.

Exhibit No.	Document
31.01	Certification dated May 3, 2011 of Chief Executive Officer pursuant to Securities and Exchange Act of 1934 rule 13a-14 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.02	Certification dated May 3, 2011 of Chief Financial Officer pursuant to Securities and Exchange Act of 1934 rule 13a-14 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.01	Written Statement dated May 3, 2011 of Chief Executive Officer required by 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.02	Written Statement dated May 3, 2011 of Chief Financial Officer required by 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase

Table of Contents

SIGNATURES

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

MARTIN MARIETTA MATERIALS, INC.
(Registrant)

Date: May 3, 2011

By: /s/ Anne H. Lloyd
Anne H. Lloyd
Executive Vice President and
Chief Financial Officer

Page 41 of 42

Table of Contents

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q
For the Quarter Ended March 31, 2011
EXHIBIT INDEX

Exhibit No.	Document
31.01	Certification dated May 3, 2011 of Chief Executive Officer pursuant to Securities and Exchange Act of 1934 rule 13a-14 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.02	Certification dated May 3, 2011 of Chief Financial Officer pursuant to Securities and Exchange Act of 1934 rule 13a-14 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.01	Written Statement dated May 3, 2011 of Chief Executive Officer required by 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.02	Written Statement dated May 3, 2011 of Chief Financial Officer required by 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase