UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2010

OR

o **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 (State or other jurisdiction of incorporation or organization)	**56-1848578** (I.R.S. Employer Identification No.)
2710 Wycliff Road, Raleigh, North Carolina (Address of principal executive offices)	**27607-3033** (Zip Code)

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

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

Title of each class	Name of each exchange on which registered
Common Stock (par value $.01 per share) (including rights attached thereto)	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☑ No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.

Yes o No ☑

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 o

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 o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not 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. ☑

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

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

Yes o No ☑

As of June 30, 2010, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was $2,155,496,273 based on the closing sale price as reported on the New York Stock Exchange.

Indicate the number of shares outstanding of each of the issuer's classes of common stock on the latest practicable date.

Class	Outstanding at February 24, 2011
Common Stock, $.01 par value per share	**45,496,606 shares**

DOCUMENTS INCORPORATED BY REFERENCE

Document	Parts Into Which Incorporated
Excerpts from Annual Report to Shareholders for the Fiscal Year Ended December 31, 2010 (Annual Report)	Parts I, II, and IV
Proxy Statement for the Annual Meeting of Shareholders to be held May 12, 2011 (Proxy Statement)	Part III

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PART I

ITEM 1. BUSINESS

General

Martin Marietta Materials, Inc. (the “Company”) is a leading producer of aggregates for the construction industry, including infrastructure, agricultural, nonresidential, and residential. The Company also has a Specialty Products segment that manufactures and markets magnesia-based chemical products used in industrial, agricultural, and environmental applications and dolomitic lime sold primarily to customers in the steel industry. In 2010, the Company’s Aggregates business accounted for 89% of the Company’s total net sales, and the Company’s Specialty Products segment accounted for 11% of the Company’s total net sales.

The Company was formed in 1993 as a North Carolina corporation to serve as successor to the operations of the materials group of the organization that is now Lockheed Martin Corporation. An initial public offering of a portion of the Company’s Common Stock was completed in 1994, followed by a tax-free exchange transaction in 1996 that resulted in 100% of the Company’s Common Stock being publicly traded.

Initially, the Company’s aggregates operations were predominantly in the Southeast, with additional operations in the Midwest. In 1995, the Company started its geographic expansion with the purchase of an aggregates business that included an extensive waterborne distribution system along the East and Gulf Coasts and the Mississippi River. Smaller acquisitions that year, including the acquisition of the Company’s granite operations on the Strait of Canso in Nova Scotia, complemented the Company’s new coastal distribution network.

Subsequent acquisitions in 1997 and 1998 expanded the Company’s Aggregates business in the middle of the country and added a leading producer of aggregates products in Texas, which provided the Company with access to an extensive rail network in Texas. These two transactions positioned the Company for numerous additional expansion acquisitions in Ohio, Indiana, and the southwestern regions of the United States, with the Company completing 29 smaller acquisitions between 1997 and 1999, which allowed the Company to enhance and expand its presence in the aggregates marketplace.

In 1998, the Company made an initial investment in an aggregates business that would later serve as the Company’s platform for further expansion in the southwestern and western United States. In 2001, the Company completed the purchase of all of the remaining interests of this business, which increased its ability to use rail as a mode of transportation.

Effective January 1, 2005, the Company formed a joint venture with Hunt Midwest Enterprises to operate substantially all of the aggregates facilities of both companies in Kansas City and surrounding areas. The parties contributed a total of 15 active quarry operations to the joint venture.

In 2008, the Company entered into a swap transaction with Vulcan Materials Company (“Vulcan”), pursuant to which it acquired six quarry locations in Georgia and Tennessee. The acquired

locations significantly expanded the Company's presence in Georgia and Tennessee, particularly south and west of Atlanta, Georgia. The Company also acquired a land parcel previously leased from Vulcan at the Company's Three Rivers Quarry near Paducah, Kentucky. In addition to a cash payment, as part of this swap, the Company divested to Vulcan its only California quarry located in Oroville, an idle facility north of San Antonio, Texas, and land in Henderson, North Carolina, formerly leased to Vulcan.

In 2009, the Company acquired three quarry locations plus the remaining 49% interest in an existing joint venture from CEMEX, Inc. The quarry operations are located in Nebraska, Wyoming, and Utah, while the 49% interest purchased relates to a quarry in Wyoming where the Company was the operating manager. The acquired locations enhanced the Company's existing long-haul distribution network and provided attractive product synergies.

In 2010, the Company acquired a deep-water port facility in Port Canaveral, Florida, which serves the greater Orlando market, the second-largest aggregates-consuming area in Florida. The Port Canaveral acquisition, the only developed deep-water aggregates import terminal located on Florida's central east coast, was complemented by the Company's organic investment in 2010 in a new aggregates import facility at Port Manatee, Florida.

Between 2001 and 2010, the Company disposed of or permanently shut down a number of underperforming operations, including aggregates, asphalt, ready mixed concrete, trucking, and road paving operations of its Aggregates business and the refractories business of its Specialty Products segment. In some of its divestitures, the Company concurrently entered into supply agreements to provide aggregates at market rates to certain of these divested businesses. The Company will continue to evaluate opportunities to divest underperforming assets during 2011 in an effort to redeploy capital for other opportunities.

Business Segment Information

The Company operates in four reportable business segments: the Mideast Group, Southeast Group, and West Group, collectively the Aggregates business, and the Specialty Products segment. The Specialty Products segment includes the magnesia-based chemicals and dolomitic lime businesses. Information concerning the Company's total revenues, net sales, gross profit, earnings from operations, assets employed, and certain additional information attributable to each reportable business segment for each year in the three-year period ended December 31, 2010 is included in "Note O: Business Segments" of the "Notes to Financial Statements" of the Company's 2010 consolidated financial statements (the "2010 Financial Statements"), which are included under Item 8 of this Form 10-K, and are part of the Company's 2010 Annual Report to Shareholders (the "2010 Annual Report"), which information is incorporated herein by reference.

Aggregates Business

The Aggregates business mines, processes and sells granite, limestone, sand, gravel, and other aggregate products for use in all sectors of the public infrastructure, nonresidential and residential construction industries, as well as agriculture, railroad ballast, chemical, and other uses. The Aggregates business also includes the operation of other construction materials businesses. These

businesses, located primarily in the West Group, were acquired through continued selective vertical integration by the Company, and include asphalt, ready mixed concrete, and road paving operations.

The Company is the second largest producer of aggregates for the construction industry in the United States. In 2010, the Company's Aggregates business shipped 130 million tons of aggregates primarily to customers in 30 states, Canada, the Bahamas, and the Caribbean Islands, generating net sales and earnings from operations of $1.4 billion and $166.6 million, respectively.

The Aggregates business markets its products primarily to the construction industry, with approximately 55% of its shipments made to contractors in connection with highway and other public infrastructure projects and the balance of its shipments made primarily to contractors in connection with nonresidential and residential construction projects. As a result of dependence upon the construction industry, the profitability of aggregates producers is sensitive to national, regional, and local economic conditions, and particularly to cyclical swings in construction spending, which is affected by fluctuations in interest rates, demographic and population shifts, and changes in the level of infrastructure spending funded by the public sector.

The 5.4% increase in 2010 in aggregates shipments over 2009 levels represented the Company's first year of volume growth since 2005. Prior to 2010, the ongoing economic recession had resulted in unprecedented declines in aggregates shipments, as evidenced by United States aggregates consumption declining by almost 40% from peak volumes in 2006. Aggregates shipments have also suffered as states continue to balance their construction spending with the uncertainty related to long-term federal highway funding and budget shortfalls caused by decreasing tax revenues..

The American Recovery and Reinvestment Act of 2009 ("ARRA"), the federal economic stimulus plan signed into law in February 2009, provided approximately $28.6 billion of additional funding for highways, roads, bridges and airports through 2012. However, the lack of shovel-ready projects has delayed the impact of ARRA on the aggregates industry. The Company expects approximately 30% of ARRA-related jobs in the Company's critical states will be completed in 2011. Any carryover in 2012, by law, must be completed that year. Based on its market position, the Company estimates that it has and will continue to supply approximately 6% to 8% of aggregates required for projects funded by ARRA.

The Company's Aggregates business covers a wide geographic area, with aggregates, asphalt products, and ready mixed concrete sold and shipped from a network of approximately 284 quarries, underground mines, distribution facilities, and plants to customers in 30 states, Canada, the Bahamas, and the Caribbean Islands. The Company's five largest revenue-generating states (Texas, North Carolina, Georgia, Iowa, and Louisiana) account for approximately 55% of total 2010 net sales for the Aggregates business by state of destination. The Company's Aggregates business is accordingly affected by the economies in these regions and has been adversely affected in part by recessions and weaknesses in these economies from time to time. The economic recession nationally and in these states has negatively impacted the Company's Aggregates business.

The Company's Aggregates business is also highly seasonal, due primarily to the effect of weather conditions on construction activity within its markets. The operations of the Aggregates business that are concentrated in the northern United States and Canada typically experience more

severe winter weather conditions than operations in the southeastern and southwestern regions of the United States. Excessive rainfall or severe drought, however, can jeopardize shipments, production, and profitability in all of the Company's markets. Due to these factors, the Company's second and third quarters are the strongest, with the first quarter generally reflecting the weakest results. Results in any quarter are not necessarily indicative of the Company's annual results. Similarly, the operations of the Aggregates business in the southeastern and Gulf Coast regions of the United States and the Bahamas are at risk for hurricane activity and have experienced weather-related losses in recent years.

Natural aggregates sources can be found in relatively homogeneous deposits in certain areas of the United States. As a general rule, truck shipments from an individual quarry are limited because the cost of transporting processed aggregates to customers is high in relation to the price of the product itself. As described below, the Company's distribution system mainly uses trucks, but also has access to a river barge and ocean vessel network where the per mile unit cost of transporting aggregates is much lower. In addition, acquisitions have enabled the Company to extend its customer base through increased access to rail transportation. Proximity of quarry facilities to customers or to long-haul transportation corridors is an important factor in competition for aggregates business.

A growing percentage of the Company's aggregates shipments are being moved by rail or water through a distribution yard network. In 1994, 93% of the Company's aggregates shipments were moved by truck, the rest by rail. In contrast, in 2010, the originating mode of transportation for the Company's aggregates shipments was 68% by truck, 21% by rail, and 11% by water. The majority of the rail and water movements occur in the Southeast Group and the West Group. The Company has an extensive network of aggregate quarries and distribution centers along the Mississippi River system throughout the central and southern United States and in the Bahamas and Canada, as well as distribution centers along the Gulf of Mexico and Atlantic coasts. In recent years the Company has brought additional capacity on line at its Bahamas and Nova Scotia locations to transport materials via oceangoing ships.

During the recent economic recession, the Company set a priority of preserving capital while maintaining safe, environmentally-sound operations. As the Company returns to a more normalized operating environment, management expects to focus a significant part of its capital growth spending program on expanding key Southeast and Southwest operations.

In addition, the Company's acquisitions and capital projects have expanded its ability to ship material by rail, as discussed in more detail below. The Company has added additional capacity in a number of locations that can now accommodate larger unit train movements. These expansion projects have enhanced the Company's long-haul distribution network. The Company's process improvement program has also improved operational effectiveness through plant automation, mobile fleet modernization, right-sizing, and other cost control improvements. Accordingly, the Company has enhanced its reach through its ability to provide cost-effective coverage of coastal markets on the east and gulf coasts, as well as geographic areas that can be accessed economically by the Company's expanded distribution system. This distribution network moves aggregates materials from domestic and offshore sources, via rail and water, to markets where aggregates supply is limited.

The water and rail distribution network initially resulted in the Company increasing its market share in certain areas. However, recent consolidation in the aggregates industry has made it more

competitive for the Company in various parts of the country. The Company believes that as shipment volumes recover, the Company will increase its market share in those areas.

As the Company continues to move more aggregates by rail and water, embedded freight costs have consequently reduced gross margins. This typically occurs where the Company transports aggregates from a production location to a distribution location by rail or water, and the customer pays a selling price that includes a freight component. Margins are negatively affected because the Company typically does not charge the customer a profit associated with the transportation component of the selling price of the materials. Moreover, the Company's expansion of its rail-based distribution network, coupled with the extensive use of rail service in the Southeast and West Groups, increase the Company's dependence on and exposure to railroad performance, including track congestion, crew availability, and power availability, and the ability to renegotiate favorable railroad shipping contracts. The waterborne distribution network, primarily located within the Southeast Group, also increases the Company's exposure to certain risks, including the ability to negotiate favorable shipping contracts, demurrage costs, fuel costs, barge or ship availability, and weather disruptions. The Company has entered into long-term agreements with shipping companies to provide ships to transport the Company's aggregates to various coastal ports.

The Company's long-term shipping contracts are generally take-or-pay contracts with minimum and maximum shipping requirements. If the Company fails to ship the annual minimum tonnages under the agreement, it must still pay the shipping company the contractually-stated minimum amount for that year. In 2010, the Company incurred a $1.4 million expense due to not shipping the minimum tonnages. Similar charges are possible in 2011 if shipment volumes do not increase.

From time to time the Company has experienced rail transportation shortages, particularly in the Southwest and Southeast. These shortages were caused by the downsizing in personnel and equipment by certain railroads during economic downturns. Further, in response to these issues, rail transportation providers focused on increasing the number of cars per unit train under transportation contracts and are generally requiring customers, through the freight rate structure, to accommodate larger unit train movements. A unit train is a freight train moving large tonnages of a single bulk product between two points without intermediate yarding and switching. Certain of the Company's sales yards have the system capabilities to meet the unit train requirements. Over the last few years, the Company has made capital improvements to a number of its sales yards in order to better accommodate unit train unloadings. Rail availability is seasonal and can impact aggregates shipments depending on competing movements.

The Company's management expects the multiple transportation modes that have been developed with various rail carriers and via barges and deepwater ships should provide the Company with the flexibility to effectively serve customers in the southeastern and southwestern regions of the United States.

The construction aggregates industry has been consolidating, and the Company has actively participated in the consolidation of the industry. When acquired, new locations sometimes do not satisfy the Company's internal safety, maintenance, and pit development standards, and may require additional resources before benefits of the acquisitions are fully realized. Management expects a

slowing in the industry consolidation trend as the number of suitable small to mid-sized acquisition targets in high-growth markets declines. During the recent period of fewer acquisition opportunities, the Company has focused on investing in internal expansion projects in high-growth markets. The Company's Board of Directors and management continue to review and monitor the Company's strategic long-term plans, which include assessing business combinations and arrangements with other companies engaged in similar businesses, increasing market share in the Company's core businesses, investing in internal expansion projects in high-growth markets, and pursuing new opportunities related to the Company's existing markets.

The Company became more vertically integrated with an acquisition in 1998 and subsequent acquisitions, particularly in the West Group, pursuant to which the Company acquired asphalt, ready mixed concrete, paving construction, trucking, and other businesses, which complement the Company's aggregates business. These vertically integrated operations accounted for approximately 7% of revenues of the Aggregates business in 2010. These operations have lower gross margins than aggregates products, and are affected by volatile factors, including fuel costs, operating efficiencies, and weather, to an even greater extent than the Company's aggregates operations. The road paving and trucking businesses were acquired as supplemental operations that were part of larger acquisitions. As such, they do not represent core businesses of the Company. The results of these operations are currently insignificant to the Company as a whole. Over the last few years the Company has disposed of some of these operations. The Company continues to review carefully the acquired vertically integrated operations to determine if they represent opportunities to divest underperforming assets in an effort to redeploy capital for other opportunities.

Environmental and zoning regulations have made it increasingly difficult for the aggregates industry to expand existing quarries and to develop new quarry operations. Although it cannot be predicted what policies will be adopted in the future by federal, state, and local governmental bodies regarding these matters, the Company anticipates that future restrictions will likely make zoning and permitting more difficult, thereby potentially enhancing the value of the Company's existing mineral reserves.

Management believes the Aggregates business' raw materials, or aggregates reserves, are sufficient to permit production at present operational levels for the foreseeable future. The Company does not anticipate any material difficulty in obtaining the raw materials that it uses for current production in its Aggregates business. The Company's aggregates reserves on the average exceed 60 years of production, based on normalized levels of production. However, certain locations may be subject to more limited reserves and may not be able to expand. Moreover, as noted above, environmental and zoning regulations will likely make it harder for the Company to expand its existing quarries or develop new quarry operations. The Company generally sells products in its Aggregates business upon receipt of orders or requests from customers. Accordingly, there is no significant order backlog. The Company generally maintains inventories of aggregate products in sufficient quantities to meet the requirements of customers.

Less than 2% of the revenues from the Aggregates business are from foreign jurisdictions, principally Canada and the Bahamas, with revenues from customers in foreign countries totaling $17.0 million, $19.8 million, and $24.8 million during 2010, 2009, and 2008, respectively.

Specialty Products Business

The Company manufactures and markets, through its Specialty Products business, magnesia-based chemical products for industrial, agricultural, and environmental applications, and dolomitic lime for use primarily in the steel industry. These chemical products have varying uses, including flame retardants, wastewater treatment, pulp and paper production, and other environmental applications. In 2010, 68% of Specialty Products' net sales were attributable to chemical products, 31% to lime, and 1% to stone. Overall net sales in the Specialty Products business increased in 2010 reflecting growth in both magnesia chemicals sales and dolomitic lime shipments to the steel industry.

Given the high fixed costs associated with operating this business, low capacity utilization negatively affects its results of operations. A significant portion of the costs related to the production of magnesia-based products and dolomitic lime is of a fixed or semi-fixed nature. In addition, the production of certain magnesia chemical products and lime products requires natural gas, coal, and petroleum coke to fuel kilns. Price fluctuations of these fuels affect the profitability of this business.

In 2010, approximately 80% of the lime produced was sold to third-party customers, while the remaining 20% was used internally as a raw material in making the business' chemical products. Dolomitic lime products sold to external customers are used primarily by the steel industry. Products used in the steel industry accounted for approximately 46% of the Specialty Products' net sales in 2010, attributable primarily to the sale of dolomitic lime products. Accordingly, a portion of the profitability of the Specialty Products business is dependent on steel production capacity utilization and the related marketplace. These trends are guided by the rate of consumer consumption, the flow of offshore imports, and other economic factors. In 2010, steelmaking rates in the United States improved 37% over 2009, driven by inventory restocking, improved automotive manufacturing, and a slowly improving general economy. However, production rates for steel were approximately 70% of domestic steelmaking capacity, making 2010, along with 2009, some of the lowest steel production rates in decades. The Company anticipates small to moderate growth in domestic steelmaking in 2011, with the growth attributable to continued gains in consumer confidence.

Management has shifted the strategic focus of the magnesia-based business to specialty chemicals that can be produced at volume levels that support efficient operations. Accordingly, that business is not as dependent on the steel industry as is the dolomitic lime portion of the Specialty Products business.

The principal raw materials used in the Specialty Products business are dolomitic limestone and alkali-rich brine. Management believes that its reserves of dolomitic limestone and brine are sufficient to permit production at the current operational levels for the foreseeable future.

After the brine is used in the production process, the Specialty Products business must dispose of the processed brine. In the past, the business did this by reinjecting the processed brine back into its underground brine reserve network around its facility in Manistee, Michigan. The business has also sold a portion of this processed brine to third parties. In 2003, Specialty Products entered into a long-term processed brine supply agreement with The Dow Chemical Company ("Dow") pursuant to which Dow purchases processed brine from Specialty Products, at market rates, for use in Dow's production of calcium chloride products. Specialty Products also entered into a venture with Dow to construct,

own, and operate a processed brine supply pipeline between the Specialty Products facility in Manistee, Michigan, and Dow's facility in Ludington, Michigan. Construction of the pipeline was completed in 2003, and Dow began purchasing processed brine from Specialty Products through the pipeline. In 2010, Dow sold the assets of Dow's facility in Ludington, Michigan to Occidental Chemical Corporation ("Occidental") and assigned to Occidental its interests in the long-term processed brine supply agreement and the pipeline venture with Specialty Products.

Specialty Products generally delivers its products upon receipt of orders or requests from customers. Accordingly, there is no significant order backlog. Inventory for products is generally maintained in sufficient quantities to meet rapid delivery requirements of customers.

Approximately 9% of the revenues of the Specialty Products business in 2010 were from foreign jurisdictions, principally Canada, Mexico, Europe, South America, and the Pacific Rim, so no single foreign country accounted for 10% or more of the revenues of the business. Revenues from customers in foreign countries totaled $17.1 million, $16.2 million, and $24.3 million, in 2010, 2009, and 2008, respectively. As a result of these foreign market sales, the financial results of the Specialty Products business could be affected by foreign currency exchange rates or weak economic conditions in the foreign markets. To mitigate the short-term effects of currency exchange rates, the Specialty Products business principally uses the U.S. dollar as the functional currency in foreign transactions.

Patents and Trademarks

As of February 25, 2011, the Company owns, has the right to use, or has pending applications for approximately 109 patents pending or granted by the United States and various countries and approximately 107 trademarks related to business. The Company believes that its rights under its existing patents, patent applications, and trademarks are of value to its operations, but no one patent or trademark or group of patents or trademarks is material to the conduct of the Company's business as a whole.

Customers

No material part of the business of any segment of the Company is dependent upon a single customer or upon a few customers, the loss of any one of which would have a material adverse effect on the segment. The Company's products are sold principally to commercial customers in private industry. Although large amounts of construction materials are used in public works projects, relatively insignificant sales are made directly to federal, state, county, or municipal governments, or agencies thereof.

Competition

Because of the impact of transportation costs on the aggregates industry, competition in the Aggregates business tends to be limited to producers in proximity to each of the Company's facilities. Although all of the Company's locations experience competition, the Company believes that it is generally a leading producer in the areas it serves. Competition is based primarily on quarry or distribution location and price, but quality of aggregates and level of customer service are also factors.

There are over 5,400 companies in the United States that produce construction aggregates. These include active crushed stone companies and active sand and gravel companies. The largest ten producers account for approximately 35% of the total market. The Company, in its Aggregates business, competes with a number of other large and small producers. The Company believes that its ability to transport materials by ocean vessels, river barges, and rail have enhanced the Company's ability to compete in the aggregates business. Some of the Company's competitors in the aggregates industry have greater financial resources than the Company.

The Company's Specialty Products business competes with various companies in different geographic and product areas principally on the basis of quality, price, technological advances, and technical support for its products. The Specialty Products business also competes for sales to customers located outside the United States, with revenues from foreign jurisdictions accounting for approximately 9% of revenues for the Specialty Products business in 2010, principally in Canada, Mexico, Europe, South America, and the Pacific Rim. Certain of the Company's competitors in the Specialty Products business have greater financial resources than the Company.

Research and Development

The Company conducts research and development activities principally for its magnesia-based chemicals business, at its plant in Manistee, Michigan. In general, the Company's research and development efforts in 2010 were directed to applied technological development for the use of its chemicals products. The Company spent approximately $0.2 million in 2010, $0.4 million in 2009, and $0.6 million in 2008 on research and development activities.

Environmental and Governmental Regulations

The Company's operations are subject to and affected by federal, state, and local laws and regulations relating to the environment, health and safety, and other regulatory matters. Certain of the Company's operations may from time to time involve the use of substances that are classified as toxic or hazardous substances within the meaning of these laws and regulations. Environmental operating permits are, or may be, required for certain of the Company's operations, and such permits are subject to modification, renewal, and revocation.

The Company records an accrual for environmental remediation liabilities in the period in which it is probable that a liability has been incurred and the amounts can be reasonably estimated. Such accruals are adjusted as further information develops or circumstances change. The accruals are not discounted to their present value or offset for potential insurance or other claims or potential gains from future alternative uses for a site.

The Company regularly monitors and reviews its operations, procedures, and policies for compliance with existing laws and regulations, changes in interpretations of existing laws and enforcement policies, new laws that are adopted, and new laws that the Company anticipates will be adopted that could affect its operations. The Company has a full time staff of environmental engineers and managers that perform these responsibilities. The direct costs of ongoing environmental compliance were approximately $9.1 million in 2010 and approximately $8.7 million in 2009 and are related to the Company's environmental staff, ongoing monitoring costs for various matters (including

those matters disclosed in this Annual Report on Form 10-K), and asset retirement costs. Capitalized costs related to environmental control facilities were approximately $3.0 million in 2010 and are expected to be approximately $3 million in 2011 and 2012. The Company's capital expenditures for environmental matters were not material to its results of operations or financial condition in 2010 and 2009. However, our expenditures for environmental matters generally have increased over time and are likely to increase in the future. Despite our compliance efforts, risk of environmental liability is inherent in the operation of the Company's businesses, as it is with other companies engaged in similar businesses, and there can be no assurance that environmental liabilities will not have a material adverse effect on the Company in the future.

Many of the requirements of the environmental laws are satisfied by procedures that the Company adopts as best business practices in the ordinary course of its operations. For example, plant equipment that is used to crush aggregates products may, as an ordinary course of operations, have an attached water spray bar that is used to clean the stone. The water spray bar also suffices as a dust control mechanism that complies with applicable environmental laws. The Company does not break out the portion of the cost, depreciation, and other financial information relating to the water spray bar that is only attributable to environmental purposes, as it would be derived from an arbitrary allocation methodology. The incremental portion of such operating costs that is attributable to environmental compliance rather than best operating practices is impractical to quantify. Accordingly, the Company expenses costs in that category when incurred as operating expenses.

The environmental accruals recorded by the Company are based on internal studies of the required remediation costs and estimates of potential costs that arise from time to time under federal, state, and/or local environmental protection laws. Many of these laws and the regulations promulgated under them are complex, and are subject to challenges and new interpretations by regulators and the courts from time to time. In addition, new laws are adopted from time to time. It is often difficult to accurately and fully quantify the costs to comply with new rules until it is determined the type of operations to which they will apply and the manner in which they will be implemented is more accurately defined. This process often takes years to finalize and changes significantly from the time the rules are proposed to the time they are final. The Company typically has several appropriate alternatives available to satisfy compliance requirements, which could range from nominal costs to some alternatives that may be satisfied in conjunction with equipment replacement or expansion that also benefits operating efficiencies or capacities and carry significantly higher costs.

Management believes that its current accrual for environmental costs is reasonable, although those amounts may increase or decrease depending on the impact of applicable rules as they are finalized from time to time and changes in facts and circumstances. The Company believes that any additional costs for ongoing environmental compliance would not have a material adverse effect on the Company's obligations or financial condition.

Future reclamation costs are estimated using statutory reclamation requirements and management's experience and knowledge in the industry, and are discounted to their present value using a credit-adjusted, risk-free rate of interest. The future reclamation costs are not offset by potential recoveries. For additional information regarding compliance with legal requirements, see "Note N: Commitments and Contingencies" of the "Notes to Financial Statements" of the 2010 Financial Statements and the 2010 Annual Report. The Company is generally required by state or

local laws or pursuant to the terms of an applicable lease to reclaim quarry sites after use. The Company performs activities on an ongoing basis that may reduce the ultimate reclamation obligation. These activities are performed as an integral part of the normal quarrying process. For example, the perimeter and interior walls of an open pit quarry are sloped and benched as they are developed to prevent erosion and provide stabilization. This sloping and benching meets dual objectives — safety regulations required by the Mine Safety and Health Administration for ongoing operations and final reclamation requirements. Therefore, these types of activities are included in normal operating costs and are not a part of the asset retirement obligation. Historically, the Company has not incurred substantial reclamation costs in connection with the closing of quarries. Reclaimed quarry sites owned by the Company are available for sale, typically for commercial development or use as reservoirs.

The Company believes that its operations and facilities, both owned or leased, are in substantial compliance with applicable laws and regulations and that any noncompliance is not likely to have a material adverse effect on the Company's operations or financial condition. See "Legal Proceedings" under Item 3 of this Form 10-K, "Note N: Commitments and Contingencies" of the "Notes to Financial Statements" of the 2010 Financial Statements included under Item 8 of this Form 10-K and the 2010 Annual Report, and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Environmental Regulation and Litigation" included under Item 7 of this Form 10-K and the 2010 Annual Report. However, future events, such as changes in or modified interpretations of existing laws and regulations or enforcement policies, or further investigation or evaluation of the potential health hazards of certain products or business activities, may give rise to additional compliance and other costs that could have a material adverse effect on the Company.

In general, quarry and mining facilities must comply with air quality, water quality, and noise regulations, zoning and special use permitting requirements, applicable mining regulations, and federal health and safety requirements. As new quarry and mining sites are located and acquired, the Company works closely with local authorities during the zoning and permitting processes to design new quarries and mines in such a way as to minimize disturbances. The Company frequently acquires large tracts of land so that quarry, mine, and production facilities can be situated substantial distances from surrounding property owners. Also, in certain markets the Company's ability to transport material by rail and ship allows it to locate its facilities further away from residential areas. The Company has established policies designed to minimize disturbances to surrounding property owners from its operations.

As is the case with other companies in the same industry, some of the Company's products contain varying amounts of crystalline silica, a common mineral also known as quartz. Excessive, prolonged inhalation of very small-sized particles of crystalline silica has been associated with lung diseases, including silicosis, and several scientific organizations and some states, such as California, have reported that crystalline silica can cause lung cancer. The Mine Safety and Health Administration and the Occupational Safety and Health Administration have established occupational thresholds for crystalline silica exposure as respirable dust. The Company monitors occupational exposures at its facilities and implements dust control procedures and/or makes available appropriate respiratory protective equipment to maintain the occupational exposures at or below the appropriate levels. The Company, through safety information sheets and other means, also communicates what it believes to be appropriate warnings and cautions its employees and customers about the risks associated with excessive, prolonged inhalation of mineral dust in general and crystalline silica in particular.

In the vicinity of and beneath the Specialty Products facility in Manistee, Michigan, there is an underground plume of material originating from adjacent property which formerly was used by Packaging Corporation of America ("PCA") as a part of its operations. The Company believes the plume consists of paper mill waste. On September 8, 1983, the PCA plume and property were listed on the National Priorities List ("NPL") under the authority of the Comprehensive Environmental Response, Compensation and Liability Act (the "Superfund" statute). The PCA plume is subject to a Record of Decision issued by the U.S. Environmental Protection Agency ("EPA") on May 2, 1994, pursuant to which PCA's successor, Pactiv Corporation ("Pactiv"), is required to conduct annual monitoring. The EPA has not required remediation of the groundwater contamination. On January 10, 2002, the Michigan Department of Environmental Quality ("MDEQ") issued Notice of Demand letters to the Company's wholly-owned subsidiary, Martin Marietta Magnesia Specialties ("Magnesia Specialties"), PCA and Pactiv indicating that it believes that Magnesia Specialties' chloride contamination is commingling with the PCA plume which originates upgradient from the Magnesia Specialties property. The MDEQ is concerned about possible effects of these plumes, and designated Magnesia Specialties, PCA and Pactiv as parties responsible for investigation and remediation under Michigan state law. The MDEQ held separate meetings with Magnesia Specialties, PCA, and Pactiv to discuss remediation and reimbursement for past investigation costs totaling approximately $700,000. Magnesia Specialties entered into an Administrative Order with the MDEQ to pay for a portion of MDEQ's past investigation costs and thereby limit its liability for past costs in the amount of $20,000. Michigan law provides that responsible parties are jointly and severally liable, and, therefore, Magnesia Specialties is potentially liable for the full cost of funding future investigative activities and any necessary remediation. Michigan law also provides a procedure whereby liability may be apportioned among responsible parties if it is capable of division. The Company believes that the liability most likely will be apportioned and that any such costs attributed to Magnesia Specialties' brine contamination will not have a material adverse effect on the Company's operations or its financial condition, but can give no assurance that the liability will be apportioned or that the compliance costs will not have a material adverse effect on the financial condition or results of the operations of the Specialty Products business.

The Company has been reviewing its operations with respect to climate change matters and its sources of greenhouse gas emissions. On December 7, 2009, the USEPA made an endangerment finding under the Clean Air Act that the current and projected concentrations of the six key greenhouse gases (sometimes referred to as "GHG" or GHGs") in the atmosphere threaten the public health and welfare of current and future generations. The six GHGs are carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride. As of 2010, facilities that emitted 25,000 metric tons or more per year of GHGs are required to annually report GHG generation to comply with the USEPA's Mandatory Greenhouse Gas Reporting Rule. On May 13, 2010, the USEPA issued a final rule to impose additional permitting requirements on existing GHG sources emitting greater than 25,000 metric tons per year of GHGs. Permitting requirements will be phased in over several years and apply to both new sources and modifications to existing facilities where GHGs increase and exceed certain specified thresholds. The regulated facilities will have to determine the best available control technology to control GHG emissions. In Congress, both the House and Senate had considered climate change legislation, including the "cap-and-trade" approach. Cap and trade is an environmental policy tool that delivers results with a mandatory cap on emissions while providing sources flexibility in how they comply by trading credits with other sources whose emissions are

below the cap. Another approach that had been proposed was a tax on emissions. However, the Company believes that climate change legislation is not a priority item in Congress in the near future and that the primary method that greenhouse gases will be regulated is through the USEPA using its rule-making authority. Various states where the Company has operations are also considering climate change initiatives, and the Company may be subject to state regulations in addition to any federal laws and rules that are passed.

The operations of the Company's Aggregates business are not major sources of GHG emissions. Most of the GHG emissions from aggregate operations are tailpipe emissions from mobile sources such as heavy construction and earth-moving equipment. The manufacturing operations of the Company's Specialty Products business in Woodville, Ohio releases carbon dioxide, methane and nitrous oxide during the production of lime. The Specialty Products operation in Manistee, Michigan releases carbon dioxide, methane, and nitrous oxides in the manufacture of magnesium oxide and hydroxide products. Both of these operations are filing annual reports of their GHG emissions in accordance with the USEPA's Mandatory Greenhouse Gas Reporting Rule. If and when Congress passes legislation on GHGs, the Woodville and Manistee operations will likely be subject to the new program. Also, the Company believes that the USEPA may impose additional regulatory restrictions on emissions of GHGs from its Woodville and Manistee operations. However, the Company anticipates that any increased operating costs or taxes relating to GHG emission limitations at the Woodville operation would be passed on to its customers. The magnesium oxide products produced at the Manistee operation compete against other products which emit a lower level of GHGs in their production. Therefore, the Manistee facility may have to absorb extra costs due to the regulation of GHG emissions in order to remain competitive in pricing in that market. The Company at this time cannot reasonably predict what the costs might be. The fastest growing part of the business is magnesium hydroxide, however, and the Company believes its market competition will be similarly regulated under the GHG legislation and regulations. The Manistee facility sells materials to distributors and customers in a number of countries in Asia, Europe and South America, and to Canada and Mexico. The Company is analyzing the obligations of our global customer base with regards to climate change treaties and accords.

Employees

As of January 31, 2011, the Company has approximately 4,471 employees, of which 3,284 are hourly employees and 1,187 are salaried employees. Included among these employees are 625 hourly employees represented by labor unions (14.0% of the Company's employees). Of such amount, 12.9% of the Company's Aggregates business's hourly employees are members of a labor union, while 100% of the Specialty Products segment's hourly employees are represented by labor unions. The Company's principal union contracts cover employees of the Specialty Products business at the Manistee, Michigan, magnesia-based chemicals plant and the Woodville, Ohio, lime plant. The Manistee collective bargaining agreement expires in August 2011. The Woodville collective bargaining agreement expires in June 2014. While the Company's management does not expect significant difficulties in renewing these labor contracts, there can be no assurance that a successor agreement will be reached at the Manistee location this year or at the Woodville location in 2014.

Available Information

The Company maintains an Internet address at www.martinmarietta.com. The Company makes available free of charge through its Internet web site its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports, if any, filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act. These reports and any amendments are accessed via the Company's web site through a link with the Electronic Data Gathering, Analysis, and Retrieval ("EDGAR") system maintained by the Securities and Exchange Commission (the "SEC") at www.sec.gov. Accordingly, the Company's referenced reports and any amendments are made available as soon as reasonably practicable after the Company electronically files such material with, or furnishes it to, the SEC, once EDGAR places such material in its database.

The Company has adopted a *Code of Ethics and Standards of Conduct* that applies to all of its directors, officers, and employees. The Company's code of ethics is available on the Company's web site at www.martinmarietta.com. The Company intends to disclose on its Internet web site any waivers of or amendments to its code of ethics as it applies to its directors and executive officers.

The Company has adopted a set of *Corporate Governance Guidelines* to address issues of fundamental importance relating to the corporate governance of the Company, including director qualifications and responsibilities, responsibilities of key board committees, director compensation, and similar issues. Each of the Audit Committee, the Management Development and Compensation Committee, and the Nominating and Corporate Governance Committee of the Board of Directors of the Company has adopted a written charter addressing various issues of importance relating to each committee, including the committee's purposes and responsibilities, an annual performance evaluation of each committee, and similar issues. These *Corporate Governance Guidelines*, and the charters of each of these committees, are available on the Company's web site at www.martinmarietta.com.

The Company's Chief Executive Officer and Chief Financial Officer are required to file with the SEC each quarter and each year certifications regarding the quality of the Company's public disclosure of its financial condition. The annual certifications are included as Exhibits to this Annual Report on Form 10-K. The Company's Chief Executive Officer is also required to certify to the New York Stock Exchange each year that he is not aware of any violation by the Company of the New York Stock Exchange corporate governance listing standards.

ITEM 1A. RISK FACTORS

An investment in our common stock or debt securities involves risks and uncertainties. You should consider the following factors carefully, in addition to the other information contained in this Form 10-K, before deciding to purchase or otherwise trade our securities.

This Form 10-K and other written reports and oral statements made from time to time by the Company contain statements which, to the extent they are not recitations of historical fact, constitute forward-looking statements within the meaning of federal securities law. Investors are cautioned that all forward-looking statements involve risks and uncertainties, and are based on assumptions that the Company believes in good faith are reasonable, but which may be materially different from actual

results. Investors can identify these statements by the fact that they do not relate only to historic or current facts. The words “may,” “will,” “could,” “should,” “anticipate,” “believe,” “estimate,” “expect,” “forecast,” “intend,” “outlook,” “plan,” “project,” “scheduled,” and similar expressions in connection with future events or future operating or financial performance are intended to identify forward-looking statements. Any or all of the Company’s forward-looking statements in this Form 10-K and in other publications may turn out to be wrong.

Statements and assumptions on future revenues, income and cash flows, performance, economic trends, the outcome of litigation, regulatory compliance, and environmental remediation cost estimates are examples of forward-looking statements. Numerous factors, including potentially the risk factors described in this section, could affect our forward-looking statements and actual performance.

Factors that the Company currently believes could cause its actual results to differ materially from those in the forward-looking statements include, but are not limited to, those set out below. In addition to the risk factors described below, we urge you to read our Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Our aggregates business is cyclical and depends on activity within the construction industry.

The current market environment has hurt the economy, and we have considered the impact on our business. The overall United States economy remains weak, with national debt at a record high. While we were encouraged by an increase in our aggregates shipments in 2010, the first year of volume growth since 2005, demand for our products, particularly in the nonresidential and residential construction markets, could fall if companies and consumers are unable to get credit for construction projects or if the economic slowdown causes delays or cancellations of capital projects. State and federal budget issues may continue to hurt the funding available for infrastructure spending. The lack of available credit has limited the ability of states to issue bonds to finance construction projects. Several of our top sales states have stopped bidding projects in their transportation departments.

We sell most of our aggregate products to the construction industry, so our results depend on the strength of the construction industry. Since our business depends on construction spending, which can be cyclical, our profits are sensitive to national, regional, and local economic conditions and the aggregates intensity of the underlying spending on aggregates. The overall economy has been hurt by mortgage security losses and the tightening credit markets. Construction spending is affected by economic conditions, changes in interest rates, demographic and population shifts, and changes in construction spending by federal, state, and local governments. If economic conditions change, a recession in the construction industry may occur and affect the demand for our aggregate products. The recent economic recession is an example, and our business has been hurt. Construction spending can also be disrupted by terrorist activity and armed conflicts.

While our aggregate operations cover a wide geographic area, our earnings depend on the strength of the local economies in which we operate because of the high cost to transport our products relative to their price. If economic conditions and construction spending decline significantly in one or more areas, particularly in our top five revenue-generating states of Texas, North Carolina, Georgia,

Iowa and Louisiana, our profitability will decrease. We experienced this situation with the recent economic recession.

The historic economic recession resulted in large declines in shipments of aggregate products in our industry. Our 5.4% increase in aggregates shipments in 2010 was our first year of volume growth since 2005. Prior to 2010, use of aggregate products in the United States had declined almost 40% from the highest volume in 2006. While historical spending on public infrastructure projects has been comparatively more stable as governmental appropriations and expenditures are typically less interest rate-sensitive than private sector spending, the current uncertainty created by the lack of a successor federal highway bill has negatively affected spending on public infrastructure projects. There has been a reduction in many states' investment in highway maintenance.

In February 2009, President Obama signed into law an economic stimulus plan, which was designed to stimulate the economy by providing over $29 billion in new funding for transportation infrastructure. However, the lack of shovel-ready projects and the substitution of stimulus funds for other projects has both delayed and limited the impact of this stimulus spending on the aggregates industry. Stimulus spending in four of the top seven states, based on sales, of our aggregates business, lag the national average. We expect approximately 30% of stimulus-related jobs in our critical states will be completed in 2011, with any carryover in 2012, the last year of the stimulus plan spending. We cannot be assured of the full impact of the stimulus plan.

Within the construction industry, we sell our aggregate products for use in both nonresidential construction and residential construction. Nonresidential and residential construction levels generally move with economic cycles; when the economy is strong, construction levels rise, and when the economy is weak, construction levels fall. The overall economy has been hurt by the changes in the financial services sector, including failures of several large financial institutions, historical merger and acquisition activity within that industry, and the resulting lack of credit availability.

We experienced an 8% increase in shipments to the nonresidential construction market in 2010, with growth driven by shipments to the energy sector to support natural gas drilling and exploration projects. However, other components of the nonresidential construction market remained weak in 2010 and were negatively affected by continued weakness in the residential construction market. The commercial part of nonresidential construction generally follows the residential construction market with a 12-to-18 month lag. We expect this component of the nonresidential construction market to experience modest volume recovery in 2011. Approximately 26% of our aggregates shipments in 2010 were to the nonresidential construction market.

Our shipments to the residential construction market increased 5% in 2010. While the Federal Reserve kept the federal funds rate at 0% throughout the year, overall weakness in the U.S. economy and reduced consumer lending by banks limited the impact of this low rate. The excess supply of developed lots also stifled new housing starts. Although we expect moderate improvement in the residential construction market in 2011, housing starts are not expected to achieve a normalized level, estimated at 1.5 million starts nationally, until 2013. Approximately 7% of our aggregates shipments in 2010 were to the residential construction market.

Shipments of chemical rock (comprised primarily of material used for agricultural lime and flue gas desulfurization) and ballast product sales (“ChemRock/Rail”) increased 5% in 2010, primarily due to increased railroad industry demand. Three of our top ten customers in 2010 were railroads. We expect our ChemRock/Rail shipments to be relatively flat in 2011 compared to 2010.

Our aggregates business is dependent on funding from a combination of federal, state and local sources.

Our aggregates products are used in public infrastructure projects, which include the construction, maintenance, and improvement of highways, bridges, schools, prisons, and similar projects. So our business is dependent on the level of federal, state, and local spending on these projects. We cannot be assured of the existence, amount, and timing of appropriations for spending on future projects.

The federal highway bill provides annual highway funding for public-sector construction projects. The most recent federal highway bill passed in 2005 provided funding of $286.4 billion for highway, transit, and highway safety programs, but ended September 30, 2009. While a multi-year successor federal highway bill has not been approved, Congress has extended the provisions of the current law under continuing resolutions through March 4, 2011. Given the record level of national debt and the resulting pressure on all government spending, we cannot be assured that Congress will pass a multi-year successor federal highway bill or will continue to extend the provisions of the most recent law at the same levels. Historically, states have been reluctant to commit to long-term projects while under continuing resolutions. In fact, obligations for federal highway funds are at a five-year low through the first half of the fiscal year ending June 30, 2011.

Federal highway bills provide spending authorizations that represent maximum amounts. Each year, an appropriation act is passed establishing the amount that can actually be used for particular programs. The annual funding level is generally tied to receipts of highway user taxes placed in the Highway Trust Fund. Once the annual appropriation is passed, funds are distributed to each state based on formulas (apportionments) or other procedures (allocations). Apportioned and allocated funds generally must be spent on specific programs as outlined in the federal legislation. The Highway Trust Fund has experienced shortfalls in recent years, due to high gas prices, fewer miles driven and improved automobile fuel efficiency. These shortfalls created a significant decline in federal highway funding levels. In response to the projected shortfalls, money has been transferred from the General Fund into the Highway Trust Fund over the past three years. Presently, the Congressional Budget Office projects that the highway account, one of the two components of the Highway Trust Fund, will be unable to meet its obligations in a timely manner sometime during 2012. We cannot be assured of the existence, timing or amount of federal highway funding levels in the future.

At the state level, each state funds its infrastructure spending from specially allocated amounts collected from various taxes, typically gasoline taxes and vehicle fees, along with voter-approved bond programs. Shortages in state tax revenues can reduce the amounts spent on state infrastructure projects, even below amounts awarded under legislative bills. Delays in state infrastructure spending can hurt our business. Nearly all states are now experiencing state-level funding pressures caused by lower tax revenues and an inability to finance approved projects. North Carolina and Texas are among

the states experiencing these pressures, and these states disproportionately affect our revenues and profits.

***Our aggregates business is seasonal and subject to the weather*.**

Since the construction aggregates business is conducted outdoors, erratic weather patterns, seasonal changes and other weather-related conditions affect our business. Adverse weather conditions, including hurricanes and tropical storms, cold weather, snow, and heavy or sustained rainfall, reduce construction activity, restrict the demand for our products, and impede our ability to efficiently transport material, particularly by barge. Adverse weather conditions also increase our costs and reduce our production output as a result of power loss, needed plant and equipment repairs, time required to remove water from flooded operations, and similar events. Severe drought conditions can restrict available water supplies, restrict production, and limit movement of barge traffic. The construction aggregates business production and shipment levels follow activity in the construction industry, which typically occur in the spring, summer and fall. Because of the weather's effect on the construction industry's activity, the aggregates business production and shipment levels vary by quarter. The second and third quarters are generally the most profitable and the first quarter is generally the least profitable.

Our aggregates business depends on the availability of aggregate reserves or deposits and our ability to mine them economically.

Our challenge is to find aggregate deposits that we can mine economically, with appropriate permits, near either growing markets or long-haul transportation corridors that economically serve growing markets. As communities have grown, they have taken up attractive quarrying locations and have imposed restrictions on mining. We try to meet this challenge by identifying and permitting sites prior to economic expansion, buying more land around our existing quarries to increase our mineral reserves, developing underground mines, and developing a distribution network that transports aggregates products by various transportation methods, including rail and water, that allows us to transport our products longer distances than would normally be considered economical, but we can give no assurances that we will be successful.

Our aggregates business is a capital-intensive business.

The property and machinery needed to produce our products are very expensive. Therefore, we require large amounts of cash to operate our businesses. We believe that our cash on hand, along with our projected internal cash flows and our available financing resources, will be enough to give us the cash we need to support our anticipated operating and capital needs. Our ability to generate sufficient cash flow depends on future performance, which will be subject to general economic conditions, industry cycles and financial, business, and other factors affecting our operations, many of which are beyond our control. If we are unable to generate sufficient cash to operate our business, we may be required, among other things, to further reduce or delay planned capital or operating expenditures.

Our businesses face many competitors.

Our businesses have many competitors, some of whom are bigger and have more resources than we do. Some of our competitors also operate on a worldwide basis. Our results are affected by the number of competitors in a market, the production capacity that a particular market can accommodate, the pricing practices of other competitors, and the entry of new competitors in a market. We also face competition for some of our products from alternative products. For example, our magnesia specialties business may compete with other chemical products that could be used instead of our magnesia-based products. As another example, our aggregates business may compete with recycled asphalt and concrete products that could be used instead of new products.

Our future growth may depend in part on acquiring other businesses in our industry.

We expect to continue to grow, in part, by buying other businesses. While the pace of acquisitions has slowed considerably over the last few years, we will continue to look for strategic businesses to acquire. In the past, we have made acquisitions to strengthen our existing locations, expand our operations, and enter new geographic markets. We will continue to make selective acquisitions, joint ventures, or other business arrangements we believe will help our company. However, the continued success of our acquisition program will depend on our ability to find and buy other attractive businesses at a reasonable price and our ability to integrate acquired businesses into our existing operations. We cannot assume there will continue to be attractive acquisition opportunities for sale at reasonable prices that we can successfully integrate into our operations.

We may decide to pay all or part of the purchase price of any future acquisition with shares of our common stock. We may also use our stock to make strategic investments in other companies to complement and expand our operations. If we use our common stock in this way, the ownership interests of our shareholders will be diluted and the price of our stock could fall. We operate our businesses with the objective of maximizing the long-term shareholder return.

We have acquired many companies since 1995. Some of these acquisitions were more easily integrated into our existing operations and have performed as well or better than we expected, while others have not. We have sold underperforming and other non-strategic assets, particularly lower margin businesses like our asphalt plants in Houston, Texas, and our road paving businesses in Shreveport, Louisiana, and Texarkana, Arkansas.

Short supplies and high costs of fuel and energy affect our businesses.

Our businesses require a continued supply of diesel fuel, natural gas, coal, petroleum coke and other energy. The financial results of these businesses have been affected by the short supply or high costs of these fuels and energy. While we can contract for some fuels and sources of energy, such as fixed-price supply contracts for coal and petroleum coke, significant increases in costs or reduced availability of these items have and may in the future reduce our financial results. Moreover, fluctuations in the supply and costs of these fuels and energy can make planning our businesses more difficult. For example, in 2008, increases in energy costs when compared with 2007 prices lowered net earnings for our businesses by $0.65 per diluted share. Conversely, in 2009, decreases in energy

costs compared with 2008 prices contributed $1.01 to our net earnings per diluted share. But in 2010, increases in energy costs compared with 2009 prices again lowered net earnings for our businesses by $0.34 per diluted share. We do not hedge our diesel fuel price risk, but instead focus on volume-related price reductions, fuel efficiency, consumption, and the natural hedge created by the ability to increase aggregates prices.

Changes in legal requirements and governmental policies concerning zoning, land use, the environment, and other areas of the law, and litigation relating to these matters, affect our businesses. Our operations expose us to the risk of material environmental liabilities.

Many federal, state, and local laws and regulations relating to zoning, land use, the environment, health, safety, and other regulatory matters govern our operations. We take great pride in our operations and try to remain in strict compliance at all times with all applicable laws and regulations. Despite our extensive compliance efforts, risk of liabilities, particularly environmental liabilities, is inherent in the operation of our businesses, as it is with our competitors. We cannot assume that these liabilities will not negatively affect us in the future.

We are also subject to future events, including changes in existing laws or regulations or enforcement policies, or further investigation or evaluation of the potential health hazards of some of our products or business activities, which may result in additional compliance and other costs. We could be forced to invest in preventive or remedial action, like pollution control facilities, which could be substantial.

Our operations are subject to manufacturing, operating, and handling risks associated with the products we produce and the products we use in our operations, including the related storage and transportation of raw materials, products, hazardous substances, and wastes. We are exposed to hazards including storage tank leaks, explosions, discharges or releases of hazardous substances, exposure to dust, and the operation of mobile equipment and manufacturing machinery.

These risks can subject us to potentially significant liabilities relating to personal injury or death, or property damage, and may result in civil or criminal penalties, which could hurt our productivity or profitability. For example, from time to time we investigate and remediate environmental contamination relating to our prior or current operations, as well as operations we have acquired from others, and in some cases we have been or could be named as a defendant in litigation brought by governmental agencies or private parties.

We are involved from time to time in litigation and claims arising from our operations. While we do not believe the outcome of pending or threatened litigation will have a material adverse effect on our operations or our financial condition, we cannot assume that an adverse outcome in a pending or future legal action would not negatively affect us.

Labor disputes could disrupt operations of our businesses.

Labor unions represent 12.9% of the hourly employees of our aggregates business and 100% of the hourly employees of our specialty products business. Our collective bargaining agreements for

employees of our magnesia specialties business at the Manistee, Michigan magnesia chemicals plant and the Woodville, Ohio lime plant expire in August 2011 and June 2014, respectively.

Disputes with our trade unions, or the inability to renew our labor agreements, could lead to strikes or other actions that could disrupt our businesses, raise costs, and reduce revenues and earnings from the affected locations. We believe we have good relations with all of our employees, including our unionized employees.

Delays or interruptions in shipping products of our businesses could affect our operations.

Transportation logistics play an important role in allowing us to supply products to our customers, whether by truck, rail, barge, or ship. Any significant delays, disruptions, or the non-availability of our transportation support system could negatively affect our operations. For example, in 2005 and partially in 2006, we experienced rail transportation shortages in Texas and parts of the southeastern region of the United States. In 2005 and 2006, following Hurricanes Katrina and Rita, we experienced significant barge transportation problems along the Mississippi River system.

Water levels can also affect our ability to transport our products. High water levels limit the number of barges we can transport and can require that we use additional horsepower to tow barges. Low water levels can reduce the amount of material we can transport in each barge.

The availability of rail cars and barges can also affect our ability to transport our products. Rail cars and barges can be used to transport many different types of products. If owners sell or lease rail cars and barges for use in other industries, we may not have enough rail cars and barges to transport our products.

We have long-term agreements with shipping companies to provide ships to transport our aggregate products from our Bahamas and Nova Scotia operations to various coastal ports. These contracts have varying expiration dates ranging from 2011 to 2017 and generally contain renewal options. Our inability to renew these agreements or enter into new ones with other shipping companies could affect our ability to transport our products.

Our earnings are affected by the application of accounting standards and our critical accounting policies, which involve subjective judgments and estimates by our management. Our estimates and assumptions could be wrong.

The accounting standards we use in preparing our financial statements are often complex and require that we make significant estimates and assumptions in interpreting and applying those standards. We make critical estimates and assumptions involving accounting matters including our goodwill impairment testing, our expenses and cash requirements for our pension plans, our estimated income taxes, how we allocate the purchase price of our acquisitions, and how we account for our property, plant and equipment, and inventory. These estimates and assumptions involve matters that are inherently uncertain and require our subjective and complex judgments. If we used different estimates and assumptions or used different ways to determine these estimates, our financial results could differ.

While we believe our estimates and assumptions are appropriate, we could be wrong. Accordingly, our financial results could be different, either higher or lower. We urge you to read about our critical accounting policies in our Management's Discussion and Analysis of Financial Condition and Results of Operations.

The adoption of new accounting standards may affect our financial results.

The accounting standards we apply in preparing our financial statements are reviewed by regulatory bodies and are changed from time to time. New or revised accounting standards could change our financial results either positively or negatively. For example, beginning in 2006, we were required under new accounting standards to expense the fair value of stock options we award our management and key employees as part of their compensation. This resulted in a reduction of our earnings and made comparisons between financial periods more difficult. Beginning in 2009, we were required under new accounting standards to determine whether instruments granted in stock-based payment transactions under our employee benefit plans were considered "participating securities" and included in determining our earnings per share. This resulted in a reduction of our previously-reported net earnings and decreased our previously-reported earnings per share amounts. We urge you to read about our accounting policies and changes in our accounting policies in Note A of our 2009 financial statements. The federal regulatory body overseeing our accounting standards is now implementing a convergence project, which would confirm the accounting in the United States for various topics to the requirements under international accounting standards. Proposed changes are being issued one topic at a time. We have not looked at how all of these topics might impact us. New or revised accounting standards could change our financial results either positively or negatively.

We depend on the recruitment and retention of qualified personnel, and our failure to attract and retain such personnel could affect our business.

Our success depends to a significant degree upon the continued services of our key personnel and executive officers. Our prospects depend upon our ability to attract and retain qualified personnel for our operations. Competition for personnel is intense, and we may not be successful in attracting or retaining qualified personnel, which could negatively affect our business.

Disruptions in the credit markets could affect our business.

The current credit environment has negatively affected the economy, and we have considered how it might affect our business. Demand for our products, particularly in the commercial and residential construction markets, could decline if companies and consumers are unable to finance construction projects or if the economic slowdown continues to cause delays or cancellations to capital projects. State and federal budget issues may continue to negatively affect the funding available for infrastructure spending without continued economic stimulus at the federal level.

A recessionary economy can also increase the likelihood we will not be able to collect on all of our accounts receivable with our customers. We are protected in part, however, by payment bonds posted by many of our customers or end-users. Nevertheless, we have experienced a delay in payment from some of our customers during this economic downturn. Historically our bad debt write-offs have

not been significant to our operating results, and, although the amount of our bad debt write-offs has increased, we believe our allowance for doubtful accounts is adequate.

During this economic downturn we have been forced to temporarily idle some of our facilities. In 2010, the Company's Aggregates business operated at a level significantly below capacity, which restricted the Company's ability to capitalize $52.4 million of costs that could have been inventoried under normal operating conditions. If demand does not improve, such temporary idling could become longer-term, impairing the value of some of the assets at those locations. The timing of increased demand will determine when these locations will be reopened. During the idling period, the plant and equipment will continue to be depreciated. If practicable, we will transfer the mobile equipment and use it elsewhere. Because we continue to have long-term access to the aggregate reserves, these sites are not considered impaired during temporary idlings. Nevertheless, there is a risk of long-term asset impairment at sites that are temporarily idled if the economic downturn does not improve in the near term.

The credit environment could impact the Company's ability to borrow money in the future. Additional financing or refinancing might not be available and, if available, may not be at economically favorable terms. Further, an increase in leverage could lead to deterioration in our credit ratings. A reduction in our credit ratings, regardless of the cause, could also limit our ability to obtain additional financing and/or increase our cost of obtaining financing. In 2010, we repaid with cash $217.6 million of our Floating Rate Senior Notes. We plan to renegotiate our short-term and accounts credit facility with our banks. We expect to close on a new, multi-year credit facility by the end of the first quarter of 2011. We expect the new credit facility will have the same financial covenants as our existing credit facility and will provide us the ability to refinance our $242 million of Notes that become due and payable in April 2011. While we anticipate this new credit facility will be in place by the end of the first quarter 2011, there is no guarantee we will be able to negotiate and put into place the credit facility as described. There is no guarantee we will be able to access the capital markets at financially economical interest rates, which could negatively affect our business.

We may be required to obtain financing in order to fund certain strategic acquisitions, if they arise, or to refinance our outstanding debt. Any large strategic acquisition would require that we issue both newly issued equity and debt securities in order to maintain our investment grade credit rating. We are also exposed to risks from tightening credit markets, through the interest payable on our outstanding debt and the interest cost on our commercial paper program, to the extent it is available to us. While management believes our credit ratings will remain at an investment-grade level, we cannot be assured these ratings will remain at those levels. While management believes the Company will continue to have credit available to it adequate to meet its needs, there can be no assurance of that.

Our specialty products business depends in part on the steel industry and the supply of reasonably priced fuels.

Our specialty products business sells some of its products to companies in the steel industry. While we have reduced this risk over the last few years, this business is still dependent, in part, on the strength of the highly-cyclical steel industry. The economic downturn has caused a significant decline in steel manufacturing. While steelmaking increased in 2010, it is still far below levels of the past. We anticipate this weakness to continue in 2011. The specialty products business also requires significant

amounts of natural gas, coal, and petroleum coke, and financial results are negatively affected by increases in fuel prices or shortages.

Our articles of incorporation, bylaws, and shareholder rights plan and North Carolina law may inhibit a change in control that you may favor.

Our restated articles of incorporation and restated bylaws, shareholder rights plan, and North Carolina law contain provisions that may delay, deter or inhibit a future acquisition of us not approved by our board of directors. This could occur even if our shareholders are offered an attractive value for their shares or if many or even a majority of our shareholders believe the takeover is in their best interest. These provisions are intended to encourage any person interested in acquiring us to negotiate with and obtain the approval of our board of directors in connection with the transaction. Provisions that could delay, deter, or inhibit a future acquisition include the following:

- a classified board of directors;
- the ability of the board of directors to establish the terms of, and issue, preferred stock without shareholder approval;
- the requirement that our shareholders may only remove directors for cause;
- the inability of shareholders to call special meetings of shareholders; and
- super majority shareholder approval requirements for business combination transactions with certain five percent shareholders.

In addition, we have in place a shareholder rights plan that will trigger a dilutive issuance of common stock upon acquisitions of our common stock by a third party above a threshold that are not approved by the board of directors. Additionally, the occurrence of certain change of control events could result in an event of default under certain of our existing or future debt instruments.

Changes in our effective tax rate may harm our results of operations.

A number of factors may increase our future effective tax rate, including:

- Governmental authorities increasing taxes to fund deficits;
- The jurisdictions in which earnings are taxed;
- The resolution of issues arising from tax audits with various tax authorities;
- Changes in the valuation of our deferred tax assets and liabilities;
- Adjustments to estimated taxes upon finalization of various tax returns;
- Changes in available tax credits;

- Changes in share-based compensation;
- Other changes in tax laws, and
- The interpretation of tax laws and/or administrative practices.

Any significant increase in our future effective tax rate could reduce net earnings for future periods.

* * * * * * * * * * * * * *

Investors are also cautioned that it is not possible to predict or identify all such factors. Consequently, the reader should not consider any such list to be a complete statement of all potential risks or uncertainties. Other factors besides those listed may also adversely affect the Company and may be material to the Company. The Company has listed all known material risks it considers relevant in evaluating the Company and its operations. The forward-looking statements in this document are intended to be subject to the safe harbor protection provided by Sections 27A and 21E. These forward-looking statements are made as of the date hereof based on management's current expectations, and the Company does not undertake an obligation to update such statements, whether as a result of new information, future events, or otherwise.

For a discussion identifying some important factors that could cause actual results to vary materially from those anticipated in the forward-looking statements, see the Company's Securities and Exchange Commission filings, including, but not limited to, the discussion under the heading "Risk Factors and Forward-Looking Statements" under Item 1A of this Form 10-K, the discussion of "Competition" under Item 1 on Form 10-K, "Management's Discussion and Analysis of Financial Condition and Results of Operations" under Item 7 of this Form 10-K and the 2010 Annual Report, and "Note A: Accounting Policies" and "Note N: Commitments and Contingencies" of the "Notes to Financial Statements" of the 2010 Financial Statements included under Item 8 of this Form 10-K and the 2010 Annual Report.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Aggregates Business

As of December 31, 2010, the Company processed or shipped aggregates from 269 quarries, underground mines, and distribution yards in 27 states and in Canada and the Bahamas, of which 99 are located on land owned by the Company free of major encumbrances, 59 are on land owned in part and leased in part, 107 are on leased land, and 4 are on facilities neither owned nor leased, where raw materials are removed under an agreement. The Company's aggregates reserves on the average exceed 50 years based on normalized levels of production, and 107 years at current production rates.

However, certain locations may be subject to more limited reserves and may not be able to expand. In addition, as of December 31, 2010, the Company processed and shipped ready mixed concrete and/or asphalt products from 15 properties in 3 states, of which 11 are located on land owned by the Company free of major encumbrances and 4 are on leased land.

The Company uses various drilling methods, depending on the type of aggregate, to estimate aggregates reserves that are economically mineable. The extent of drilling varies and depends on whether the location is a potential new site (greensite), an existing location, or a potential acquisition. More extensive drilling is performed for potential greensites and acquisitions, and in rare cases the Company may rely on existing geological data or results of prior drilling by third parties. Subsequent to drilling, selected core samples are tested for soundness, abrasion resistance, and other physical properties relevant to the aggregates industry. If the reserves meet the Company's standards and are economically mineable, then they are either leased or purchased.

The Company estimates proven and probable reserves based on the results of drilling. Proven reserves are reserves of deposits designated using closely spaced drill data, and based on that data the reserves are believed to be relatively homogenous. Proven reserves have a certainty of 85% to 90%. Probable reserves are reserves that are inferred utilizing fewer drill holes and/or assumptions about the economically mineable reserves based on local geology or drill results from adjacent properties. The degree of certainty for probable reserves is 70% to 75%. In determining the amount of reserves, the Company's policy is to not include calculations that exceed certain depths, so for deposits, such as granite, that typically continue to depths well below the ground, there may be additional deposits that are not included in the reserve calculations. The Company also deducts reserves not available due to property boundaries, set-backs, and plant configurations, as deemed appropriate when estimating reserves. For additional information on the Company's assessment of reserves, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Other Financial Information — Critical Accounting Policies and Estimates- Property, Plant and Equipment" under Item 7 of this Form 10-K and the 2010 Annual Report for discussion of reserves evaluation by the Company.

Set forth in the tables below are the Company's estimates of reserves of recoverable aggregates of suitable quality for economic extraction, shown on a state-by-state basis, and the Company's total annual production for the last 3 years, along with the Company's estimate of years of production available, shown on a segment-by-segment basis. The number of producing quarries shown on the table include underground mines. The Company's reserve estimates for the last 2 years are shown for comparison purposes on a state-by-state basis. The changes in reserve estimates at a particular state level from year to year reflect the tonnages of reserves on locations that have been opened or closed during the year, whether by acquisition, disposition, or otherwise; production and sales in the normal course of business; additional reserve estimates or refinements of the Company's existing reserve estimates; opening of additional reserves at existing locations; the depletion of reserves at existing locations; and other factors. The Company evaluates its reserve estimates primarily on a Company-wide, or segment-by-segment basis, and does not believe comparisons of changes in reserve estimates on a state-by-state basis from year to year are particularly meaningful.

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State	Number of Producing Quarries	Tonnage of Reserves for each general type of aggregate at 12/31/09 (Add 000)		Tonnage of Reserves for each general type of aggregate at 12/31/10 (Add 000)		Change in Tonnage from 2009 (Add 000)		Percentage of aggregate reserves located at an existing quarry, and reserves not located at an existing quarry.		Percentage of aggregate reserves on land that has not been zoned for quarrying.	Percent of reserves owned and percent leased	
	2010	Hard Rock	S & G	Hard Rock	S & G	Hard Rock	S & G	At Quarry	Not at Quarry		Owned	Leased
Alabama	5	82,630	10,163	104,161	12,087	21,531	1,924	100%	0%	0%	23%	77%
Arkansas	3	239,761	0	231,853	0	(7,908)	0	96%	4%	0%	58%	42%
Florida	2	119,902	0	211,627	0	91,725	0	100%	0%	0%	0%	100%
Georgia	13	1,241,080	0	1,249,337	0	8,257	0	92%	8%	0%	70%	30%
Illinois	2	750,405	0	676,733	0	(73,672)	0	59%	41%	0%	58%	42%
Indiana	10	478,497	38,010	474,514	35,650	(3,983)	(2,360)	100%	0%	15%	40%	60%
Iowa	23	656,618	54,390	621,136	53,976	(35,482)	(414)	99%	1%	1%	12%	88%
Kansas	6	120,739	0	112,162	0	(8,577)	0	100%	0%	0%	37%	63%
Kentucky	3	556,310	45,533	550,460	30,970	(5,850)	(14,563)	100%	0%	0%	0%	100%
Maryland	2	95,347	0	94,630	0	(717)	0	100%	0%	0%	100%	0%
Minnesota	2	447,144	0	442,524	0	(4,620)	0	77%	23%	0%	69%	31%
Mississippi	1	0	83,645	0	83,457	0	(188)	100%	0%	0%	100%	0%
Missouri	6	346,885	0	425,614	0	78,729	0	88%	12%	0%	17%	83%
Montana	0	50,000	0	50,000	0	0	0	100%	0%	0%	100%	0%
Nebraska	3	188,975	0	181,821	0	(7,154)	0	100%	0%	0%	50%	50%
Nevada	1	156,477	0	156,038	0	(439)	0	100%	0%	0%	84%	16%
North Carolina	38	3,374,396	0	3,414,099	0	39,703	0	82%	18%	3%	64%	36%
Ohio	15	181,509	194,399	180,646	191,301	(863)	(3,098)	100%	0%	3%	92%	8%
Oklahoma	8	728,065	37,688	742,625	37,169	14,560	(519)	100%	0%	0%	82%	18%
South Carolina	7	406,173	0	454,235	32,340	48,062	32,340	89%	11%	19%	13%	87%
Tennessee	1	37,273	0	36,741	0	(532)	0	100%	0%	0%	100%	0%
Texas	10	1,177,978	109,782	1,164,108	107,978	(13,870)	(1,804)	65%	35%	33%	10%	90%
Utah	1	15,649	0	15,250	0	(399)	0	100%	0%	0%	0%	100%
Virginia	4	383,152	0	379,557	0	(3,595)	0	86%	14%	1%	76%	24%
Washington	2	27,484	0	27,179	0	(305)	0	46%	54%	0%	72%	28%
West Virginia	1	59,161	0	58,825	0	(336)	0	31%	69%	0%	90%	10%
Wyoming	2	118,582	0	115,614	0	(2,968)	0	100%	0%	0%	0%	100%
U. S. Total	171	12,040,192	573,610	12,171,489	584,928	131,297	11,318	89%	11%	9%	52%	48%
						0	0					
Non-U. S.	2	845,108	0	815,111	0	(29,997)	0	100%	0%	0%	99%	1%
Grand Total	**173**	**12,885,300**	**573,610**	**12,986,600**	**584,928**	**101,300**	**11,318**					

Reportable Segment	Total Annual Production (in tons) (add 000) For year ended December 31			Number of years of production available at December 31, 2010
	2010	2009	2008	
Mideast Group	36,596	35,310	46,578	145.7
Southeast Group	29,295	31,095	39,574	128.7
West Group	60,646	56,837	69,439	74.0
Total Aggregates Business	**126,537**	**123,242**	**155,591**	**107.3**

Specialty Products Business

The Specialty Products business currently operates major manufacturing facilities in Manistee, Michigan, and Woodville, Ohio. Both of these facilities are owned.

Other Properties

The Company's principal corporate office, which it owns, is located in Raleigh, North Carolina. The Company owns and leases various administrative offices for its four reportable business segments.

The Company's principal properties, which are of varying ages and are of different construction types, are believed to be generally in good condition, are generally well maintained, and are generally suitable and adequate for the purposes for which they are used. During 2010, the principal properties were believed to be utilized at average productive capacities of approximately 50% and were capable of supporting a higher level of market demand. However, due to the current economic recession, the Company has adjusted its production schedules to meet reduced demand for its products. For example, the Company has reduced operating hours at a number of its facilities, closed some of its facilities, and temporarily idled some of its facilities. In 2010, the Company's Aggregates business operated at a level significantly below capacity, which restricted the Company's ability to capitalize $52.4 million of costs that could have been inventoried under normal operating conditions. If demand does not improve over the near term, such reductions and temporary idlings could continue. The Company expects, however, as the economy recovers, it will be able to resume production at its normalized levels and increase production again as demand for its products increases.

ITEM 3. LEGAL PROCEEDINGS

From time to time claims of various types are asserted against the Company arising out of its operations in the normal course of business, including claims relating to land use and permits, safety, health, and environmental matters (such as noise abatement, blasting, vibrations, air emissions, and water discharges). Such matters are subject to many uncertainties, and it is not possible to determine the probable outcome of, or the amount of liability, if any, from, these matters. In the opinion of

management of the Company (which opinion is based in part upon consideration of the opinion of counsel), it is unlikely that the outcome of these claims will have a material adverse effect on the Company's operations or its financial condition. However, there can be no assurance that an adverse outcome in any of such litigation would not have a material adverse effect on the Company or its operating segments.

The Company was not required to pay any penalties in 2009 for failure to disclose certain "reportable transactions" under Section 6707A of the Internal Revenue Code.

See also "Note N: Commitments and Contingencies" of the "Notes to Financial Statements" of the 2010 Financial Statements included under Item 8 of this Form 10-K and the 2010 Annual Report and "Management's Discussion and Analysis of Financial Condition and Results of Operations - Environmental Regulation and Litigation" under Item 7 of this Form 10-K and the 2010 Annual Report.

ITEM 4. [REMOVED AND RESERVED]

EXECUTIVE OFFICERS OF THE REGISTRANT

The following sets forth certain information regarding the executive officers of Martin Marietta Materials, Inc. as of February 25, 2011:

Name	*Age*	*Present Position*	*Year Assumed Present Position*	*Other Positions and Other Business Experience Within the Last Five Years*
C. Howard Nye	48	Chief Executive Officer;	2010	Chief Operating Officer (2006-2009)
		President;	2006	Executive Vice President, Hanson
		President of Aggregates Business	2010	Aggregates North America (2003-2006)*
		Chairman of Magnesia Specialties Business	2007	
Anne H. Lloyd	49	Executive Vice President;	2009	Senior Vice President (2005-2009);
		Treasurer;	2006	Chief Accounting Officer (1999-2006)
		Chief Financial Officer	2005	
Daniel G. Shephard	52	Executive Vice President;	2005	
		Chief Executive Officer of Magnesia Specialties Business	2005	
Bruce A. Vaio	50	President — Martin Marietta Materials West;	2006	President — Southwest Division (1998-2006)
		Executive Vice President	2005	
Roselyn R. Bar	52	Senior Vice President;	2005	
		General Counsel;	2001	
		Corporate Secretary	1997	

* Prior to his employment with the Company in 2006, Mr. Nye was Executive Vice President of Hanson Aggregates North America, a producer of construction aggregates, since 2003.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information, Holders, and Dividends

The Company's Common Stock, $.01 par value, is traded on the New York Stock Exchange ("NYSE") (Symbol: MLM). Information concerning stock prices and dividends paid is included under the caption "Quarterly Performance (Unaudited)" of the 2010 Annual Report, and that information is incorporated herein by reference. There were 760 holders of record of the Company's Common Stock as of February 25, 2011.

Recent Sales of Unregistered Securities

None.

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(1)	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs
October 1, 2010 — October 31, 2010	0	$—	0	5,041,871
November 1, 2010 — November 30, 2010	0	$—	0	5,041,871
December 1, 2010 — December 31, 2010	0	$—	0	5,041,871
Total	0	$—	0	5,041,871

(1) The Company'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. The Company announced in a press release dated February 22, 2006 that its Board of Directors had authorized the repurchase of an additional 5 million shares of common stock. The Company announced in a press release dated August 15, 2007 that its Board of Directors had authorized the repurchase of an additional 5 million shares of common stock.

ITEM 6. SELECTED FINANCIAL DATA

The information required in response to this Item 6 is included under the caption "Five Year Summary" of the 2010 Annual Report, and that information is incorporated herein by reference.

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

The information required in response to this Item 7 is included under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the 2010 Annual Report, and that information is incorporated herein by reference, except that the information contained under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations—Outlook 2011" in the 2010 Annual Report is not incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information required in response to this Item 7A is included under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations-Quantitative and Qualitative Disclosures About Market Risk" of the 2010 Annual Report, and that information is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required in response to this Item 8 is included under the caption "Consolidated Statements of Earnings," "Consolidated Balance Sheets," "Consolidated Statements of Cash Flows," "Consolidated Statements of Total Equity," "Notes to Financial Statements," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Quarterly Performance (Unaudited)" of the 2010 Annual Report, and that information is incorporated herein by reference.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

As of December 31, 2010, an evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of the Company's disclosure controls and procedures and the Company's internal control over financial reporting. Based on that evaluation, the Company's management, including the CEO and CFO, concluded that the

Company's disclosure controls and procedures were effective in ensuring that all material information required to be disclosed is made known to them in a timely manner as of December 31, 2010 and further concluded that the Company's internal control over financial reporting was effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with generally accepted accounting principles as of December 31, 2010. There were no changes in the Company's internal control over financial reporting during the most recently completed fiscal quarter that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

The foregoing evaluation of the Company's disclosure controls and procedures was based on the definition in Exchange Act Rule 13a-15(e), which requires that disclosure controls and procedures are effectively designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits with the Securities and Exchange Commission under the Exchange Act is recorded, processed, summarized, and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms, and is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

The Company's management, including the CEO and CFO, does not expect that the Company's control system will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

The Company's management has issued its annual report on the Company's internal control over financial reporting, which included management's assessment that the Company's internal control over financial reporting was effective at December 31, 2010. The Company's independent registered public accounting firm has issued an attestation report that the Company's internal control over financial reporting was effective at December 31, 2010. Management's report on the Company's internal controls and the attestation report of the Company's independent registered public accounting firm are included in the 2010 Financial Statements, included under Item 8 of this Form 10-K and the 2010 Annual Report. See also "Management's Discussion and Analysis of Financial Condition and Results of Operations — Internal Control and Accounting and Reporting Risk" under Item 7 of this Form 10-K and the 2010 Annual Report.

Included among the Exhibits to this Form 10-K are forms of “Certifications” of the Company’s CEO and CFO as required in accordance with Section 302 of the Sarbanes-Oxley Act of 2002 (the “Section 302 Certification”). The Section 302 Certifications refer to this evaluation of the Company’s disclosure policies and procedures and internal control over financial reporting. The information in this section should be read in conjunction with the Section 302 Certifications for a more complete understanding of the topics presented.

ITEM 9B. OTHER INFORMATION

On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) was enacted. Section 1503 of the Dodd-Frank Act requires companies that are “operators” (as such term is defined in the Federal Mine Safety and Health Act of 1977 (the Mine Act)) to disclose certain mine safety information in each periodic report to the Commission. This information is related to the enforcement of the Mine Act by the Mine Safety and Health Administration (MSHA). The disclosures required by Section 1503 are included on Exhibit 99.01 to this Form 10-K, which is incorporated herein in its entirety by reference.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information concerning directors of the Company, the Audit Committee of the Board of Directors, and the Audit Committee financial expert serving on the Audit Committee, all as required in response to this Item 10, is included under the captions “Corporate Governance Matters” and “Section 16(a) Beneficial Ownership Reporting Compliance” in the Company’s definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after the close of the Company’s fiscal year ended December 31, 2010 (the “2011 Proxy Statement”), and that information is hereby incorporated by reference in this Form 10-K. Information concerning executive officers of the Company required in response to this Item 10 is included in Part I, under the heading “Executive Officers of the Registrant,” of this Form 10-K. The information concerning the Company’s code of ethics required in response to this Item 10 is included in Part I, under the heading “Available Information,” of this Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

The information required in response to this Item 11 is included under the captions “Executive Compensation,” “Compensation Discussion and Analysis,” “Corporate Governance Matters,” “Management Development and Compensation Committee Report,” and “Compensation Committee Interlocks and Insider Participation” in the Company’s 2011 Proxy Statement, and that information is hereby incorporated by reference in this Form 10-K.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required in response to this Item 12 is included under the captions “General Information,” “Security Ownership of Certain Beneficial Owners and Management,” and “Securities Authorized for Issuance Under Equity Compensation Plans” in the Company’s 2011 Proxy Statement, and that information is hereby incorporated by reference in this Form 10-K.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required in response to this Item 13 is included under the captions “Compensation Committee Interlocks and Insider Participation in Compensation Decisions” and “Corporate Governance Matters” in the Company’s 2011 Proxy Statement, and that information is hereby incorporated by reference in this Form 10-K.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required in response to this Item 14 is included under the caption “Independent Auditors” in the Company’s 2011 Proxy Statement, and that information is hereby incorporated by reference in this Form 10-K.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) (1) List of financial statements filed as part of this Form 10-K.

The following consolidated financial statements of Martin Marietta Materials, Inc. and consolidated subsidiaries, included in the 2010 Annual Report and incorporated by reference under Item 8 of this Form 10-K:

Consolidated Statements of Earnings— for years ended December 31, 2010, 2009, and 2008

Consolidated Balance Sheets— at December 31, 2010 and 2009

Consolidated Statements of Cash Flows— for years ended December 31, 2010, 2009, and 2008

Consolidated Statements of Total Equity— Balance at December 31, 2010, 2009, and 2008

Notes to Financial Statements

(**2) List of financial statement schedules filed as part of this Form 10-K**

The following financial statement schedule of Martin Marietta Materials, Inc. and consolidated subsidiaries is included in Item 15(c) of this Form 10-K.

Schedule II — Valuation and Qualifying Accounts

All other schedules have been omitted because they are not applicable, not required, or the information has been otherwise supplied in the financial statements or notes to the financial statements.

The report of the Company's independent registered public accounting firm with respect to the above-referenced financial statements is included in the 2010 Annual Report, and that report is hereby incorporated by reference in this Form 10-K. The report on the financial statement schedule and the consent of the Company's independent registered public accounting firm are attached as Exhibit 23.01 to this Form 10-K.

(3) Exhibits

The list of Exhibits on the accompanying Index of Exhibits included in Item 15(b) of this Form 10-K is hereby incorporated by reference. Each management contract or compensatory plan or arrangement required to be filed as an exhibit is indicated by asterisks.

(b) Index of Exhibits

Exhibit No.	
3.01	—Restated Articles of Incorporation of the Company, as amended (incorporated by reference to Exhibits 3.1 and 3.2 to the Martin Marietta Materials, Inc. Current Report on Form 8-K, filed on October 25, 1996) (Commission File No. 1-12744)
3.02	—Articles of Amendment with Respect to the Junior Participating Class B Preferred Stock of the Company, dated as of October 19, 2006 (incorporated by reference to Exhibit 3.1 to the Martin Marietta Materials, Inc. Current Report on Form 8-K, filed on October 19, 2006) (Commission File No. 1-12744)
3.03	—Restated Bylaws of the Company (incorporated by reference to Exhibit 3.01 to the Martin Marietta Materials, Inc. Current Report on Form 8-K, filed on November 8, 2007) (Commission File No. 1-12744)
4.01	—Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.01 to the Martin Marietta Materials, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 2003) (Commission File No. 1-12744)
4.02	—Articles 2 and 8 of the Company's Restated Articles of Incorporation, as amended (incorporated by reference to Exhibit 4.02 to the Martin Marietta Materials, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 1996) (Commission File No. 1-12744)
4.03	—Article I of the Company's Restated Bylaws (incorporated by reference to Exhibit 3.01 to the Martin Marietta Materials, Inc. Current Report on Form 8-K, filed on November 8, 2007) (Commission File No. 1-12744)
4.04	—Indenture dated as of December 1, 1995 between Martin Marietta Materials, Inc. and First Union National Bank of North Carolina (incorporated by reference to Exhibit 4(a) to the Martin Marietta Materials, Inc. registration statement on Form S-3 (SEC Registration No. 33-99082))

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4.06	—Indenture dated as of December 7, 1998 between Martin Marietta Materials, Inc. and First Union National Bank (incorporated by reference to Exhibit 4.08 to the Martin Marietta Materials, Inc. registration statement on Form S-4 (SEC Registration No. 333-71793))
4.07	—Form of Martin Marietta Materials, Inc. 6.875% Note due April 1, 2011 (incorporated by reference to Exhibit 4.12 to the Martin Marietta Materials, Inc. registration statement on Form S-4 (SEC Registration No. 333-61454))
4.08	—Indenture dated as of April 30, 2007 between Martin Marietta Materials, Inc. and Branch Banking and Trust Company, Inc., as trustee (incorporated by reference to Exhibit 4.1 to the Martin Marietta Materials, Inc. Current Report on Form 8-K, filed on April 30, 2007 (Commission File No. 1-12744)
4.09	—Second Supplemental Indenture, dated as of April 30, 2007, between Martin Marietta Materials, Inc. and Branch Banking and Trust Company, Inc., as trustee, to that certain Indenture dated as of April 30, 2007 between Martin Marietta Materials, Inc. and Branch Banking and Trust Company, Inc., as trustee, pursuant to which were issued $250,000,000 aggregate principal amount of 6 $^{1}/_{4}$% Senior Notes due 2037 of Martin Marietta Materials, Inc. (incorporated by reference to Exhibit 4.3 to the Martin Marietta Materials, Inc. Current Report on Form 8-K, filed on April 30, 2007 (Commission File No. 1-12744)
4.10	—Third Supplemental Indenture, dated as of April 21, 2008, between Martin Marietta Materials, Inc. and Branch Banking and Trust Company, Inc., as trustee, to that certain Indenture dated as of April 30, 2007 between Martin Marietta Materials, Inc. and Branch Banking and Trust Company, Inc., as trustee, pursuant to which were issued $300,000,000 aggregate principal amount of 6.60% Senior Notes due 2018 of Martin Marietta Materials, Inc. (incorporated by reference to Exhibit 4.1 to the Martin Marietta Materials, Inc. Current Report on Form 8-K, filed on April 21, 2008 (Commission File No. 1-12744)
4.11	—Rights Agreement, dated as of September 27, 2006, by and between Martin Marietta Materials, Inc. and American Stock Transfer & Trust Company, as Rights Agent, which includes the Form of Articles of Amendment With Respect to the Junior Participating Class B Preferred Stock of Martin Marietta Materials, Inc., as Exhibit A, and the Form of Rights Certificate, as Exhibit B (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K, filed on September 28, 2006) (Commission File No. 1-12744)
4.12	—Form of Indenture for Senior Debt Securities (incorporated by reference to Exhibit 4.5 to the Martin Marietta Materials, Inc. registration statement on Form S-3) (SEC Registration No. 333-157731)
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10.14	—Martin Marietta Materials, Inc. Amended Omnibus Securities Award Plan (incorporated by reference to Exhibit 10.16 to the Martin Marietta Materials, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 2000) (Commission File No. 1-12744)**

10.15	—Martin Marietta Materials, Inc. Amended and Restated Supplemental Excess Retirement Plan (incorporated by reference to Exhibit 10.2 to the Martin Marietta Materials, Inc. Current Report on Form 8-K, filed on August 19, 2008) (Commission File No. 1-12744)**
10.16	—Form of Option Award Agreement under the Martin Marietta Materials, Inc. Amended and Restated Stock-Based Award Plan (incorporated by reference to Exhibit 10.11 to the Martin Marietta Materials, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 2008) (Commission File No. 1-12744)**
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10.18	—Form of Amendment to the Stock Unit Agreement under the Martin Marietta Materials, Inc. Amended and Restated Stock-Based Award Plan (incorporated by reference to Exhibit 10.13 to the Martin Marietta Materials, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 2008) (Commission File No. 1-12744)**
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*13.01	—Excerpts from Martin Marietta Materials, Inc. 2010 Annual Report to Shareholders, portions of which are incorporated by reference in this Form 10-K. Those portions of the 2010 Annual Report to Shareholders that are not incorporated by reference shall not be deemed to be "filed" as part of this report.
*21.01	—List of subsidiaries of Martin Marietta Materials, Inc.
*23.01	—Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm for Martin Marietta Materials, Inc. and consolidated subsidiaries
*24.01	—Powers of Attorney (included in this Form 10-K immediately following Signatures)
*31.01	—Certification dated February 25, 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 February 25, 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	—Certification dated February 25, 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	—Certification dated February 25, 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
*99.01	—Mine Safety Disclosure

Other material incorporated by reference:

Martin Marietta Materials, Inc.'s 2011 Proxy Statement filed pursuant to Regulation 14A, portions of which are incorporated by reference in this Form 10-K. Those portions of the 2011 Proxy Statement which are not incorporated by reference shall not be deemed to be "filed" as part of this report.

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* Filed herewith

** Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 14(c) of Form 10-K

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(c) Financial Statement Schedule

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS
MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

Col A	Col B	Col C		Col D	Col E
		Additions			
Description	Balance at beginning of period	(1) Charged to costs and expenses	(2) Charged to other accounts describe	Deductions describe	Balance at end of period
		(Amounts in Thousands)			
Year ended December 31, 2010					
Allowance for doubtful accounts	$ 4,622	$ —	$ —	$ 1,044(a)	$ 3,578
Allowance for uncollectible notes receivable	151	28	—	—	179
Inventory valuation allowance	82,674	4,370	—		87,044
Accumulated amortization of intangible assets	13,155	1,453	—	285(b)	14,323
Year ended December 31, 2009					
Allowance for doubtful accounts	$ 4,696	$ —	$ —	$ 74(a)	$ 4,622
Allowance for uncollectible notes receivable	—	151	—	—	151
Inventory valuation allowance	80,854(c)	1,820		—	82,674(c)
Accumulated amortization of intangible assets	12,644	1,711	—	1,200(b)	13,155
Year ended December 31, 2008					
Allowance for doubtful accounts	$ 3,661	$ 1,035	$ —	$ —	$ 4,696
Allowance for uncollectible notes receivable	—	—	—	—	—
Inventory valuation allowance	78,264(c)	2,590	—	—	80,854(c)
Accumulated amortization of intangible assets	18,816	1,886	—	8,058(b)	12,644

(a) To adjust allowance for change in estimates.

(b) Write off of fully amortized intangible assets.

(c) Reflects the gross up of certain finished products and the related inventory allowances.

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.

MARTIN MARIETTA MATERIALS, INC.

By: /s/ Roselyn R. Bar
Roselyn R. Bar
Senior Vice President, General Counsel and Corporate Secretary

Dated: February 25, 2011

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below appoints Roselyn R. Bar and M. Guy Brooks, III, jointly and severally, as his or her true and lawful attorney-in-fact, each with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact, jointly and severally, full power and authority to do and perform each in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact, jointly and severally, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

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

Signature	*Title*	*Date*
/s/ Stephen P. Zelnak, Jr. Stephen P. Zelnak, Jr.	Chairman of the Board	February 25, 2011
/s/ C. Howard Nye C. Howard Nye	President and Chief Executive Officer	February 25, 2011
/s/ Anne H. Lloyd Anne H. Lloyd	Executive Vice President, Chief Financial Officer and Treasurer	February 25, 2011
/s/ Dana F. Guzzo Dana F. Guzzo	Vice President, Controller and Chief Accounting Officer	February 25, 2011
/s/ Sue W. Cole Sue W. Cole	Director	February 25, 2011
/s/ David G. Maffucci David G. Maffucci	Director	February 25, 2011
/s/ William E. McDonald William E. McDonald	Director	February 25, 2011
/s/ Frank H. Menaker, Jr. Frank H. Menaker, Jr.	Director	February 25, 2011
/s/ Laree E. Perez Laree E. Perez	Director	February 25, 2011
/s/ Michael J. Quillen Michael J. Quillen	Director	February 25, 2011

Signature	*Title*	*Date*
/s/ Dennis L. Rediker Dennis L. Rediker	Director	February 25, 2011
/s/ Richard A. Vinroot Richard A. Vinroot	Director	February 25, 2011

EXHIBITS

Exhibit No.

3.01 —Restated Articles of Incorporation of the Company, as amended (incorporated by reference to Exhibits 3.1 and 3.2 to the Martin Marietta Materials, Inc. Current Report on Form 8-K, filed on October 25, 1996)(Commission File No.1-12744)

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EXHIBIT 12.01

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

For the Year Ended December 31, 2010

(add 000, except ratio)

EARNINGS:	
Earnings before income taxes	$ 126,044**
Loss from less than 50%-owned associated companies, net	2,173
Interest Expense*	68,456
Portion of rents representative of an interest factor	19,218
Adjusted Earnings and Fixed Charges	$ 215,891
FIXED CHARGES:	
Interest Expense*	$ 68,456
Capitalized Interest	2,129
Portion of rents representative of an interest factor	19,218
Total Fixed Charges	$ 89,803
Ratio of Earnings to Fixed Charges	2.40

* Interest Expense excluded $1,327 accrued for the interest component associated with uncertain tax positions.

** Note: Use Earnings from Continuing Operations less net earnings attributable to noncontrolling interests.

STATEMENT OF FINANCIAL RESPONSIBILITY AND REPORT OF MANAGEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Martin Marietta Materials, Inc., is responsible for the consolidated financial statements, the related financial information contained in this 2010 Annual Report and the establishment and maintenance of adequate internal control over financial reporting. The consolidated balance sheets for Martin Marietta Materials, Inc., at December 31, 2010 and 2009, and the related consolidated statements of earnings, total equity and cash flows for each of the three years in the period ended December 31, 2010, include amounts based on estimates and judgments and have been prepared in accordance with accounting principles generally accepted in the United States applied on a consistent basis.

A system of internal control over financial reporting is designed to provide reasonable assurance, in a cost-effective manner, that assets are safeguarded, transactions are executed and recorded in accordance with management's authorization, accountability for assets is maintained and financial statements are prepared and presented fairly in accordance with accounting principles generally accepted in the United States. Internal control systems over financial reporting have inherent limitations and may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The Corporation operates in an environment that establishes an appropriate system of internal control over financial reporting and ensures that the system is maintained, assessed and monitored on a periodic basis. This internal control system includes examinations by internal audit staff and oversight by the Audit Committee of the Board of Directors.

The Corporation's management recognizes its responsibility to foster a strong ethical climate. Management has issued written policy statements that document the Corporation's business code of ethics. The importance of ethical behavior is regularly communicated to all employees through the distribution of the *Code of Ethics and Standards of Conduct* booklet and through ongoing education and review programs designed to create a strong commitment to ethical business practices.

The Audit Committee of the Board of Directors, which consists of four independent, nonemployee directors, meets periodically and separately with management, the independent auditors and the internal auditors to review the activities of each. The Audit Committee meets standards established by the Securities and Exchange Commission and the New York Stock Exchange as they relate to the composition and practices of audit committees.

Management of Martin Marietta Materials, Inc., assessed the effectiveness of the Corporation's internal control over financial reporting as of December 31, 2010. In making this assessment, management used the criteria set forth in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on management's assessment under the framework in *Internal Control — Integrated Framework*, management concluded that the Corporation's internal control over financial reporting was effective as of December 31, 2010.

The consolidated financial statements and internal control over financial reporting have been audited by Ernst & Young LLP, an independent registered public accounting firm, whose reports appear on the following pages.

C. Howard Nye
President and Chief Executive Officer

Anne H. Lloyd
Executive Vice President,
Chief Financial Officer and Treasurer

February 25, 2011

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Martin Marietta Materials, Inc.

We have audited Martin Marietta Materials, Inc.'s internal control over financial reporting as of December 31, 2010, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Martin Marietta Materials, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Statement of Financial Responsibility and Report of Management on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Corporation's internal control over financial reporting based on our audit.

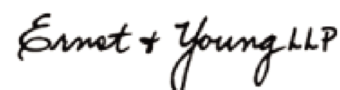
We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Martin Marietta Materials, Inc., maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Martin Marietta Materials, Inc., as of December 31, 2010 and 2009, and the related consolidated statements of earnings, total equity and cash flows for each of the three years in the period ended December 31, 2010, of Martin Marietta Materials, Inc., and our report dated February 25, 2011, expressed an unqualified opinion thereon.



Raleigh, North Carolina

February 25, 2011

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Martin Marietta Materials, Inc.

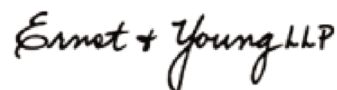
We have audited the accompanying consolidated balance sheets of Martin Marietta Materials, Inc., as of December 31, 2010 and 2009, and the related consolidated statements of earnings, total equity and cash flows for each of the three years in the period ended December 31, 2010. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 Martin Marietta Materials, Inc., at December 31, 2010 and 2009, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2010, in conformity with U.S. generally accepted accounting principles.

As discussed in Note A to the consolidated financial statements, in 2009, the Corporation changed its method of accounting for business combinations with the adoption of the guidance originally issued in Financial Accounting Standards Board (FASB) Statement No. 141(R), *Business Combinations* (codified in FASB Accounting Standards Codification Topic 805, *Business Combinations*).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Martin Marietta Materials, Inc.'s internal control over financial reporting as of December 31, 2010, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 25, 2011, expressed an unqualified opinion thereon.



Raleigh, North Carolina

February 25, 2011

CONSOLIDATED STATEMENTS OF EARNINGS *for years ended December 31*

(add 000, except per share)	2010	2009	2008
Net Sales	**$1,550,895**	$1,496,640	$1,859,697
Freight and delivery revenues	**231,962**	205,963	256,724
Total revenues	**1,782,857**	1,702,603	2,116,421
Cost of sales	**1,228,944**	1,158,907	1,389,182
Freight and delivery costs	**231,962**	205,963	256,724
Total cost of revenues	**1,460,906**	1,364,870	1,645,906
Gross Profit	**321,951**	337,733	470,515
Selling, general and administrative expenses	**133,230**	139,400	151,348
Research and development	**153**	373	596
Other operating (income) and expenses, net	**(7,786)**	10,383	(4,815)
Earnings from Operations	**196,354**	187,577	323,386
Interest expense	**68,456**	73,460	74,299
Other nonoperating expenses and (income), net	**202**	(1,145)	1,958
Earnings from continuing operations before taxes on income	**127,696**	115,262	247,129
Taxes on income	**29,217**	27,375	72,088
Earnings from Continuing Operations	**98,479**	87,887	175,041
Gain on discontinued operations, net of related tax expense of $126, $192 and $5,449, respectively	**185**	277	4,709
Consolidated net earnings	**98,664**	88,164	179,750
Less: Net earnings attributable to noncontrolling interests	**1,652**	2,705	3,494
Net Earnings Attributable to Martin Marietta Materials, Inc.	**$ 97,012**	$ 85,459	$ 176,256
Net Earnings Attributable to Martin Marietta Materials, Inc.			
Earnings from continuing operations	**$ 96,827**	$ 85,182	$ 171,547
Discontinued operations	**185**	277	4,709
	$ 97,012	$ 85,459	$ 176,256
Net Earnings Attributable to Martin Marietta Materials, Inc.			
Per Common Share (See Note A)			
— Basic from continuing operations available to common shareholders	**$ 2.11**	$ 1.91	$ 4.09
— Discontinued operations available to common shareholders	**—**	0.01	0.11
	$ 2.11	$ 1.92	$ 4.20
— Diluted from continuing operations available to common shareholders	**$ 2.10**	$ 1.90	$ 4.07
— Discontinued operations available to common shareholders	**—**	0.01	0.11
	$ 2.10	$ 1.91	$ 4.18
Weighted-Average Common Shares Outstanding			
— Basic	**45,485**	44,000	41,370
— Diluted	**45,659**	44,190	41,617

The notes on pages 13 to 36 are an integral part of these financial statements.

CONSOLIDATED BALANCE SHEETS *at December 31*

Assets (add 000)	**2010**	2009
Current Assets:		
Cash and cash equivalents	**$ 70,323**	$ 263,591
Accounts receivable, net	**183,361**	162,815
Inventories, net	**331,894**	332,569
Current deferred income tax benefits	**83,380**	60,303
Other current assets	**27,253**	37,582
Total Current Assets	**696,211**	856,860
Property, plant and equipment, net	**1,687,830**	1,692,905
Goodwill	**626,527**	624,224
Other intangibles, net	**17,548**	12,469
Other noncurrent assets	**46,627**	52,825
Total Assets	**$3,074,743**	$3,239,283

Liabilities and Equity (add 000, except parenthetical share data)		
Current Liabilities:		
Bank overdraft	**$ 2,123**	$ 1,737
Accounts payable	**60,333**	52,107
Accrued salaries, benefits and payroll taxes	**17,506**	15,222
Pension and postretirement benefits	**6,034**	18,823
Accrued insurance and other taxes	**23,535**	24,274
Current maturities of long-term debt and short-term facilities	**248,714**	226,119
Other current liabilities	**27,248**	35,271
Total Current Liabilities	**385,493**	373,553
Long-term debt	**782,045**	1,023,492
Pension, postretirement and postemployment benefits	**127,671**	160,354
Noncurrent deferred income taxes	**228,698**	195,946
Other noncurrent liabilities	**82,577**	79,527
Total Liabilities	**1,606,484**	1,832,872
Equity:		
Common stock ($0.01 par value; 100,000,000 shares authorized; 45,579,000 and 45,399,000 shares outstanding at December 31, 2010 and 2009, respectively)	**455**	453
Preferred stock ($0.01 par value; 10,000,000 shares authorized; no shares outstanding)	**—**	—
Additional paid-in capital	**396,485**	381,173
Accumulated other comprehensive loss	**(53,660)**	(75,084)
Retained earnings	**1,082,160**	1,058,698
Total Shareholders' Equity	**1,425,440**	1,365,240
Noncontrolling interests	**42,819**	41,171
Total Equity	**1,468,259**	1,406,411
Total Liabilities and Equity	**$3,074,743**	$3,239,283

The notes on pages 13 to 36 are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS *for years ended December 31*

(add 000)	**2010**	2009	2008
Cash Flows from Operating Activities:			
Consolidated net earnings	**$ 98,664**	$ 88,164	$ 179,750
Adjustments to reconcile consolidated net earnings to net cash provided by operating activities:			
Depreciation, depletion and amortization	**181,537**	179,391	171,129
Stock-based compensation expense	**14,675**	20,552	21,865
(Gains) Losses on divestitures and sales of assets	**(4,492)**	2,121	(25,565)
Deferred income taxes	**1,708**	8,685	23,848
Excess tax benefits from stock-based compensation transactions	**(1,291)**	(555)	(3,370)
Other items, net	**4,629**	(1,018)	(2,675)
Changes in operating assets and liabilities, net of effects of acquisitions and divestitures:			
Accounts receivable, net	**(20,546)**	48,521	34,242
Inventories, net	**1,241**	(12,525)	(25,182)
Accounts payable	**8,223**	(10,452)	(24,411)
Other assets and liabilities, net	**(14,540)**	(4,516)	(3,997)
Net Cash Provided by Operating Activities	**269,808**	318,368	345,634
Cash Flows from Investing Activities:			
Additions to property, plant and equipment	**(135,916)**	(139,230)	(258,246)
Acquisitions, net	**(43,299)**	(49,593)	(218,544)
Proceeds from divestitures and sales of assets	**5,033**	7,792	26,028
Loan to affiliate	**—**	(4,000)	—
Railcar construction advances	**(8,997)**	(8,743)	(7,286)
Repayments of railcar construction advances	**8,997**	8,743	7,286
Net Cash Used for Investing Activities	**(174,182)**	(185,031)	(450,762)
Cash Flows from Financing Activities:			
Borrowings of long-term debt	**200,000**	330,000	297,837
Repayments of long-term debt	**(419,680)**	(236,006)	(205,022)
(Repayments) Borrowings on short-term facilities, net	**—**	(200,000)	128,000
Debt issuance costs	**(80)**	(2,389)	(1,105)
Termination of interest rate swaps	**—**	—	(11,139)
Change in bank overdraft	**386**	(2,940)	(1,674)
Payments on capital lease obligations	**(308)**	(137)	(191)
Dividends paid	**(73,550)**	(71,178)	(62,511)
Distributions to owners of noncontrolling interests	**—**	(2,562)	(3,935)
Purchase of remaining 49% interest in existing joint venture	**—**	(17,060)	—
Repurchases of common stock	**—**	—	(24,017)
Issuances of common stock	**3,047**	294,177	3,271
Excess tax benefits from stock-based compensation transactions	**1,291**	555	3,370
Net Cash (Used for) Provided by Financing Activities	**(288,894)**	92,460	122,884
Net (Decrease) Increase in Cash and Cash Equivalents	**(193,268)**	225,797	17,756
Cash and Cash Equivalents, beginning of year	**263,591**	37,794	20,038
Cash and Cash Equivalents, end of year	**$ 70,323**	$ 263,591	$ 37,794
Supplemental Disclosures of Cash Flow Information:			
Cash paid for interest	**$ 68,135**	$ 72,027	$ 75,622
Cash paid for income taxes	**$ 19,661**	$ 17,087	$ 54,827

The notes on pages 13 to 36 are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF TOTAL EQUITY

(add 000, except per share data)	Shares of Common Stock	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Earnings/(Loss)	Retained Earnings	Total Shareholders' Equity	Non-controlling Interests	Total Equity
Balance at December 31, 2007	41,318	$412	$ 50,955	$ (37,032)	$ 931,656	$ 945,991	$45,997	$ 991,988
Consolidated net earnings	—	—	—	—	176,256	176,256	3,494	179,750
Adjustment for funded status of pension and postretirement benefit plans, net of tax benefit of $38,543	—	—	—	(58,912)	—	(58,912)	—	(58,912)
Foreign currency translation loss	—	—	—	(3,906)	—	(3,906)	—	(3,906)
Change in fair value of forward starting interest rate swap agreements, net of tax benefit of $1,305	—	—	—	(1,994)	—	(1,994)	—	(1,994)
Consolidated comprehensive earnings						111,444	3,494	114,938
Elimination of early measurement date for pension and postretirement benefits, net of tax expense of $111	—	—	—	172	(984)	(812)	—	(812)
Dividends declared ($1.49 per common share)	—	—	—	—	(62,511)	(62,511)	—	(62,511)
Issuances of common stock for stock award plans	144	2	5,725	—	—	5,727	—	5,727
Stock-based compensation expense	—	—	21,865	—	—	21,865	—	21,865
Distributions to owners of noncontrolling interests	—	—	—	—	—	—	(3,935)	(3,935)
Balance at December 31, 2008	41,462	414	78,545	(101,672)	1,044,417	1,021,704	45,556	1,067,260
Consolidated net earnings	—	—	—	—	85,459	85,459	2,705	88,164
Adjustment for funded status of pension and postretirement benefit plans, net of tax of $15,315	—	—	—	23,409	—	23,409	(2)	23,407
Foreign currency translation gain	—	—	—	2,673	—	2,673	—	2,673
Amortization of terminated value of forward starting interest rate swap agreements into interest expense, net of tax of $331	—	—	—	506	—	506	—	506
Consolidated comprehensive earnings						112,047	2,703	114,750
Dividends declared ($1.60 per common share)	—	—	—	—	(71,178)	(71,178)	—	(71,178)
Issuances of common stock	3,778	38	293,404			293,442		293,442
Issuances of common stock for stock award plans	159	1	(3,727)	—	—	(3,726)	—	(3,726)
Stock-based compensation expense	—	—	20,552	—	—	20,552	—	20,552
Purchase of remaining 49% interest in existing joint venture	—	—	(7,601)	—	—	(7,601)	(4,526)	(12,127)
Distributions to owners of noncontrolling interests	—	—	—	—	—	—	(2,562)	(2,562)
Balance at December 31, 2009	45,399	453	381,173	(75,084)	1,058,698	1,365,240	41,171	1,406,411
Consolidated net earnings	**—**	**—**	**—**	**—**	**97,012**	**97,012**	**1,652**	**98,664**
Adjustment for funded status of pension and postretirement benefit plans, net of tax of $9,100	**—**	**—**	**—**	**19,969**	**—**	**19,969**	**(4)**	**19,965**
Foreign currency translation gain	**—**	**—**	**—**	**912**	**—**	**912**	**—**	**912**
Amortization of terminated value of forward starting interest rate swap agreements into interest expense, net of tax of $355	**—**	**—**	**—**	**543**	**—**	**543**	**—**	**543**
Consolidated comprehensive earnings						**118,436**	**1,648**	**120,084**
Dividends declared ($1.60 per common share)	**—**	**—**	**—**	**—**	**(73,550)**	**(73,550)**	**—**	**(73,550)**
Issuances of common stock for stock award plans	**180**	**2**	**637**	**—**	**—**	**639**	**—**	**639**
Stock-based compensation expense	**—**	**—**	**14,675**	**—**	**—**	**14,675**	**—**	**14,675**
Balance at December 31, 2010	**45,579**	**$455**	**$396,485**	**$ (53,660)**	**$1,082,160**	**$1,425,440**	**$42,819**	**$1,468,259**

The notes on pages 13 to 36 are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

Note A: Accounting Policies

Organization. Martin Marietta Materials, Inc., (the "Corporation") is engaged principally in the construction aggregates business. The Corporation's aggregates products, which include crushed stone, sand and gravel, are used primarily for construction of highways and other infrastructure projects, and in the domestic nonresidential and residential construction industries. Aggregates products are also used in the railroad, environmental, utility and agricultural industries. These aggregates products, along with asphalt products, ready mixed concrete and road paving materials, are sold and shipped from a network of 284 quarries, distribution facilities and plants to customers in 30 states, Canada, the Bahamas and the Caribbean Islands. The Aggregates business contains the following reportable segments: Mideast Group, Southeast Group and West Group. The Mideast Group operates in Indiana, Maryland, North Carolina, Ohio, South Carolina, Virginia and West Virginia. The Southeast Group has operations in Alabama, Florida, Georgia, Illinois, Kentucky, Louisiana, Mississippi, Tennessee, Nova Scotia and the Bahamas. The West Group operates in Arkansas, Iowa, Kansas, Minnesota, Missouri, Nebraska, Nevada, Oklahoma, Texas, Utah, Washington and Wyoming. The following states accounted for approximately 55% of the Aggregates business' 2010 net sales: Texas, North Carolina, Georgia, Iowa and Louisiana.

In addition to the Aggregates business, the Corporation has a Specialty Products segment that produces magnesia-based chemicals products used in industrial, agricultural and environmental applications and dolomitic lime sold primarily to customers in the steel industry.

Use of Estimates. The preparation of the Corporation's consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make certain estimates and assumptions about future events. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amounts of revenues and expenses. Such estimates include the valuation of accounts receivable, inventories, goodwill, intangible assets, and other long-lived assets, and assumptions used in the calculation of income taxes, retirement and other postemployment benefits. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment. Management adjusts such estimates and assumptions when facts and circumstances dictate. Changes in credit, equity and energy markets and declines in construction activity have combined to increase the uncertainty inherent in certain of these estimates and assumptions. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in estimates, including those resulting from continuing changes in the economic environment, will be reflected in the financial statements in the period in which the change in estimate occurs.

Basis of Consolidation. The consolidated financial statements include the accounts of the Corporation and its wholly-owned and majority-owned subsidiaries. Partially-owned affiliates are either consolidated or accounted for at cost or as equity investments, depending on the level of ownership interest or the Corporation's ability to exercise control over the affiliates' operations. Intercompany balances and transactions have been eliminated in consolidation.

The Corporation is a minority member of a limited liability company whereby the majority member is paid a preferred annual return. The Corporation has the ability to redeem the majority member's interest. The Corporation consolidates the limited liability company in its consolidated financial statements.

Revenue Recognition. Revenues for product sales are recognized when risks associated with ownership have passed to unaffiliated customers. Typically, this occurs when finished products are shipped. Revenues derived from the road paving business are recognized using the percentage completion method. Total revenues include sales of materials and services provided to customers, net of discounts or allowances, if any, and include freight and delivery charges billed to customers.

Freight and Delivery Costs. Freight and delivery costs represent pass-through transportation costs incurred and paid to third-party carriers by the Corporation to deliver products to customers. These costs are then billed to the Corporation's customers.

Cash and Cash Equivalents. Cash equivalents are comprised of highly-liquid instruments with original maturities of three months or less from the date of purchase. The Corporation manages its cash and cash equivalents to ensure that short-term operating cash needs are met and that excess funds are managed efficiently. The Corporation subsidizes shortages in operating cash through short-term borrowing facilities. The Corporation typically invests excess funds in money market funds and Eurodollar time deposit accounts, which are exposed to bank solvency risk and are not FDIC insured. Funds not yet available in lockboxes generally exceed the $250,000 FDIC insurance limit. The Corporation's cash management policy prohibits cash and cash equivalents over $100,000,000 to be maintained at any one bank.

At December 31, 2010, cash and cash equivalents were $70,323,000, of which $63,222,000 was deposited in overnight bank time deposit accounts. At December 31, 2009, cash and cash equivalents were $263,591,000, of which $255,119,000 was deposited in overnight bank time deposit accounts. The remaining cash and cash equivalents represent deposits in transit to the Corporation's lockbox accounts and deposits held at local banks.

Customer Receivables. Customer receivables are stated at cost. The Corporation does not charge interest on customer accounts receivable. The Corporation records an allowance for doubtful accounts, which includes a general reserve based on historical write offs and a specific reserve for accounts greater than $50,000 deemed at risk. The Corporation writes off customer receivables as bad debt expense when it becomes apparent based upon customer facts and circumstances that such amounts will not be collected.

Inventories Valuation. Inventories are stated at the lower of cost or market. Cost for finished products and in process inventories is determined by the first-in, first-out method. The Corporation's inventory allowance for finished products limits the tons reported at standard to a twelve-month period, as measured by historical sales. The Corporation also establishes an allowance for expendable parts over five years old and supplies over one year old.

Post-production stripping costs, which represent costs of removing overburden and waste materials to access mineral deposits, are recorded as a component of inventory and recognized in cost of sales in the same period as the revenue from the sale of the inventory.

Properties and Depreciation. Property, plant and equipment are stated at cost. The estimated service lives for property, plant and equipment are as follows:

Class of Assets	Range of Service Lives
Buildings	4 to 50 years
Machinery & Equipment	2 to 35 years
Land Improvements	3 to 30 years

The Corporation begins capitalizing quarry development costs at a point when reserves are determined to be proven or probable, economically mineable and when demand supports investment in the market. Capitalization of these costs ceases when production commences. Quarry development costs are classified as land and improvements.

The Corporation reviews relevant facts and circumstances to determine whether to capitalize or expense pre-production stripping costs when additional pits are developed within an existing quarry. If the additional pit operates in a separate and distinct area of the quarry, these costs are capitalized as quarry development costs and depreciated over the life of the uncovered reserves. Additionally, a separate asset retirement obligation is created for additional pits when the liability is incurred. Once a pit enters the production phase, all post-production stripping costs are expensed as incurred as periodic inventory production costs.

Mineral reserves and mineral interests, when acquired in connection with a business combination, are valued using an income approach over the life of the proven and probable reserves.

Depreciation is computed over estimated service lives, principally by the straight-line method. Depletion of mineral deposits is calculated over proven and probable reserves by the units-of-production method on a quarry-by-quarry basis.

Property, plant and equipment are reviewed for impairment whenever facts and circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss is recognized if expected future undiscounted cash flows of the related asset are less than its carrying value.

Repair and Maintenance Costs. Repair and maintenance costs that do not substantially extend the life of the Corporation's plant and equipment are expensed as incurred.

Goodwill and Intangible Assets. Goodwill represents the excess purchase price paid for acquired businesses over the estimated fair value of identifiable assets and liabilities. The carrying value of goodwill is reviewed annually, as of October 1, for impairment. An interim review is performed between annual tests if facts or circumstances indicate potential impairment. If an impairment review indicates that the carrying value is impaired, a charge is recorded.

The Corporation's reporting units, which represent the level at which goodwill is tested for impairment, are based on its geographic regions. Goodwill is allocated to the reporting units based on the location of acquisitions and divestitures at the time of consummation.

Other intangibles represent amounts assigned principally to contractual agreements and are amortized ratably over periods based on related contractual terms. The carrying value of other intangibles is reviewed if facts and circumstances indicate potential impairment. If this review determines that the carrying value is impaired, a charge is recorded.

Derivatives. From time to time, the Corporation holds derivative instruments to manage the exposure of interest rate risk on its long-term debt. When held, the Corporation records derivative instruments at fair value on its consolidated balance sheet. At December 31, 2010 and 2009, the Corporation did not hold any derivative instruments.

Retirement Plans and Postretirement Benefits. The Corporation sponsors defined benefit retirement plans and also provides other postretirement benefits. The Corporation recognizes the funded status, defined as the difference between the fair value of plan assets and the benefit obligation, of its pension plans and other postretirement benefits as an asset or liability on the consolidated balance sheets, with a corresponding adjustment to accumulated other comprehensive earnings or loss, net of tax. Actuarial gains or losses that arise during the year are not recognized as net periodic benefit cost in the same year, but rather are recognized as a component of accumulated other comprehensive earnings or loss. Those amounts are amortized over the participants' average remaining service period and recognized as a component of net periodic benefit cost.

Stock-Based Compensation. The Corporation has stock-based compensation plans for employees and directors. The Corporation recognizes all forms of share-based payments to employees, including stock options, as compensation expense. The compensation expense is the fair value of the awards at the measurement date and is recognized over the requisite service period.

The Corporation uses the accelerated expense recognition method for stock options. The accelerated recognition method requires stock options that vest ratably to be divided into tranches. The expense for each tranche is allocated to its particular vesting period.

The Corporation expenses the fair value of restricted stock awards, incentive compensation awards and directors' fees paid in the form of common stock based on the closing price of the Corporation's common stock on the awards' respective grant dates.

The Corporation uses the lattice valuation model to determine the fair value of stock option awards. The lattice valuation model takes into account employees' exercise patterns based on changes in the Corporation's stock price and other variables. The period of time for which options are expected to be outstanding, or expected term of the option, is a derived output of the lattice valuation model. The Corporation considers the following factors when estimating the expected term of options: vesting period of the award, expected volatility of the underlying stock, employees' ages and external data. Other key assumptions used in determining the fair value of the stock options awarded in 2010, 2009 and 2008 were:

	2010	2009	2008
Risk-free interest rate	**2.97%**	3.31%	3.71%
Dividend yield	**1.80%**	1.70%	1.10%
Volatility factor	**37.30%**	36.90%	30.40%
Expected term	**7.2 years**	7.1 years	7.0 years

Based on these assumptions, the weighted-average fair value of each stock option granted was $33.95, $28.72 and $40.32 for 2010, 2009 and 2008, respectively.

The risk-free interest rate reflects the interest rate on zero-coupon U.S. government bonds available at the time each option was granted having a remaining life approximately equal to the option's expected life. The dividend yield represents the dividend rate expected to be paid over the option's expected life. The Corporation's volatility factor measures the amount by which its stock price is expected to fluctuate during the expected life of the option and

is based on historical stock price changes. Forfeitures are required to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The Corporation estimates forfeitures and will ultimately recognize compensation cost only for those stock-based awards that vest.

The Corporation recognizes income tax benefits received on dividends or dividend equivalents of unvested share-based payments as an increase to additional paid-in capital and includes them in the pool of excess tax benefits.

Environmental Matters. The Corporation records a liability for an asset retirement obligation at fair value in the period in which it is incurred. The asset retirement obligation is recorded at the acquisition date of a long-lived tangible asset if the fair value can be reasonably estimated. A corresponding amount is capitalized as part of the asset's carrying amount. The estimate of fair value is impacted by management's assumptions regarding the scope of the work required, inflation rates and quarry closure dates.

Further, the Corporation records an accrual for other environmental remediation liabilities in the period in which it is probable that a liability has been incurred and the appropriate amounts can be estimated reasonably. Such accruals are adjusted as further information develops or circumstances change. These costs are not discounted to their present value or offset for potential insurance or other claims or potential gains from future alternative uses for a site.

Income Taxes. Deferred income tax assets and liabilities on the consolidated balance sheets reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, net of valuation allowances.

Uncertain Tax Positions. The Corporation recognizes a tax benefit when it is more-likely-than-not, based on the technical merits, that the position would be sustained upon examination by a taxing authority. The amount to be recognized is measured as the largest amount of tax benefit that is greater than 50 percent likely of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information.

The Corporation records interest accrued in relation to unrecognized tax benefits as income tax expense. Penalties, if incurred, are recorded as operating expenses in the consolidated statement of earnings. At December 31, 2010, accrued interest of $327,000, net of tax benefits of $214,000, was recorded as a noncurrent liability on the Corporation's consolidated balance sheet. At December 31, 2009, accrued interest of $1,709,000, net of tax benefits of $1,118,000, was recorded as a noncurrent liability on the Corporation's consolidated balance sheet.

Sales Taxes. Sales taxes collected from customers are recorded as liabilities until remitted to taxing authorities and therefore are not reflected in the consolidated statements of earnings.

Research and Development Costs. Research and development costs are charged to operations as incurred.

Start-Up Costs. Noncapital start-up costs for new facilities and products are charged to operations as incurred.

Consolidated Comprehensive Earnings and Accumulated Other Comprehensive Loss. Consolidated comprehensive earnings for the Corporation consist of consolidated net earnings; 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 swap agreements into interest expense.

The components of accumulated other comprehensive loss, which is included in the Corporation's consolidated statements of total equity, consist of the following:

December 31 (add 000)	**2010**	2009	2008
Unrecognized actuarial losses, prior service costs and transition assets related to pension and postretirement benefits	**$(54,245)**	$(74,214)	$ (97,623)
Foreign currency translation gains	**5,929**	5,017	2,344
Unamortized value of terminated forward starting interest rate swap agreements	**(5,344)**	(5,887)	(6,393)
Accumulated other comprehensive loss	**$(53,660)**	$(75,084)	$(101,672)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The components of accumulated other comprehensive loss are net of cumulative noncurrent deferred tax assets as follows:

December 31 (add 000)	**2010**	2009	2008
Unrecognized actuarial losses, prior service costs and transition assets related to pension and postretirement benefits	**$39,501**	$48,601	$63,916
Unamortized value of terminated forward starting interest rate swap agreements	**3,497**	3,852	4,183
Cumulative noncurrent deferred tax assets	**$42,998**	$52,453	$68,099

Earnings Per Common Share. The Corporation computes earnings per share (EPS) pursuant to the two-class method. The two-class method determines earnings per share for each class of common stock and participating securities according to dividends or dividend equivalents and their respective participation rights in undistributed earnings. The Corporation pays nonforfeitable dividend equivalents during the vesting period on its restricted stock awards and incentive stock awards, which results in these being considered participating securities.

The numerator for basic and diluted earnings per common share is net earnings 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 per common share is the weighted-average number of common shares outstanding during the period. Diluted earnings 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.

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

years ended December 31 (add 000)	**2010**	2009	2008
Net earnings from continuing operations attributable to Martin Marietta Materials, Inc.	**$96,827**	$85,182	$171,547
Less: Distributed and undistributed earnings attributable to unvested awards	**(993)**	(1,048)	(2,394)
Basic and diluted net earnings available to common shareholders from continuing operations attributable to Martin Marietta Materials, Inc.	**95,834**	84,134	169,153
Basic and diluted net earnings available to common shareholders from discontinued operations	**185**	277	4,709
Basic and diluted net earnings available to common shareholders attributable to Martin Marietta Materials, Inc.	**$96,019**	$84,411	$173,862
Basic weighted-average common shares outstanding	**45,485**	44,000	41,370
Effect of dilutive employee and director awards	**174**	190	247
Diluted weighted-average common shares outstanding	**45,659**	44,190	41,617

Accounting Change. The Corporation accounts for all business combinations with acquisition dates on or after January 1, 2009 by recognizing the full fair value of all assets acquired, liabilities assumed and noncontrolling minority interests in acquisitions of less than a 100% controlling interest; expensing all acquisition-related transaction and restructuring costs; and recognizing contingent consideration obligations and contingent gains acquired and contingent losses assumed (see Note C).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note B: Goodwill and Intangible Assets

The following table shows the changes in goodwill, all of which relate to the Aggregates business, by reportable segment and in total:

years ended December 31 (add 000)	Mideast Group	Southeast Group	West Group	Total
			2010	
Balance at beginning of period	**$119,749**	**$105,870**	**$398,605**	**$624,224**
Acquisitions	**2,303**	**—**	**—**	**2,303**
Balance at end of period	**$122,052**	**$105,870**	**$398,605**	**$626,527**
			2009	
Balance at beginning of period	$118,249	$105,857	$398,191	$622,297
Acquisitions	—	—	414	414
Adjustments to purchase price allocations	1,500	13	—	1,513
Balance at end of period	$119,749	$105,870	$398,605	$624,224

Intangible assets subject to amortization consist of the following:

December 31 (add 000)	Gross Amount	Accumulated Amortization	Net Balance
		2010	
Noncompetition agreements	**$ 9,850**	**$ (7,485)**	**$2,365**
Customer relationships	**3,550**	**(1,347)**	**2,203**
Use rights and other	**9,105**	**(5,490)**	**3,615**
Total	**$22,505**	**$(14,322)**	**$8,183**
		2009	
Noncompetition agreements	$ 9,284	$ (6,911)	$2,373
Customer relationships	3,550	(841)	2,709
Use rights and other	10,025	(5,403)	4,622
Total	$22,859	$(13,155)	$9,704

Intangible assets deemed to have an indefinite life and not being amortized consist of the following:

December 31 (add 000)	Aggregates Business	Specialty Products	Total
		2010	
Use rights	**$ 6,800**	**$ —**	**$6,800**
Trade name	**—**	**2,565**	**2,565**
Total	**$ 6,800**	**$ 2,565**	**$9,365**
		2009	
Use rights	$ 200	$ —	$ 200
Trade name	—	2,565	2,565
Total	$ 200	$ 2,565	$2,765

During 2010, the Corporation acquired $7,166,000 of other intangibles for its Aggregates business, consisting of the following:

(add 000)	Amount	Weighted-average amortization period
Subject to amortization:		
Noncompetition agreements	$ 566	9.2 years
Not subject to amortization:		
Use rights	6,600	N/A
Total	$7,166	

During 2009, the Corporation acquired $290,000 of customer relationships for the Aggregates business, which are subject to amortization. The weighted-average amortization period for these agreements was 7.0 years.

Total amortization expense for intangible assets for the years ended December 31, 2010, 2009 and 2008 was $1,453,000, $1,711,000 and $1,886,000, respectively.

The estimated amortization expense for intangible assets for each of the next five years and thereafter is as follows:

(add 000)	
2011	$1,525
2012	1,448
2013	1,388
2014	1,383
2015	620
Thereafter	1,819
Total	$8,183

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note C: Business Combinations and Discontinued Operations

Business Combinations. The Corporation's consolidated statements of earnings include the operating results of an acquired business starting from the date of acquisition.

During 2010, the Corporation invested $43,299,000 in business combinations and allocated this amount to assets acquired and liabilities assumed. In February 2010, the Corporation acquired an aggregates distribution facility at Port Canaveral, Florida. In October 2010, the Corporation acquired a sand and gravel business near Charlotte, North Carolina.

In June 2009, the Corporation acquired three quarry locations plus the remaining 49% interest in an existing joint venture from CEMEX, Inc. for a purchase price of $65,000,000, which represented the fair value of the assets (cash) paid to CEMEX, Inc. Of the total purchase price, the Corporation allocated $48,000,000 to the three quarry locations and $17,000,000 to the remaining interest in the existing joint venture based on the locations' relative fair values. The $48,000,000 purchase price for the three acquired quarries has been classified as an investing activity in the Corporation's consolidated statement of cash flows for the year ended December 31, 2009. In addition, the operating results of the acquired quarries are reported through the Corporation's West Group in the financial statements.

The purchase of the remaining 49% interest in an existing joint venture represents an equity transaction. Accordingly, the assets and liabilities related to the noncontrolling interest continued to be valued at their basis at the transaction date; the noncontrolling interest of $4,526,000 was eliminated; additional paid-in capital was reduced by $7,601,000 for the excess of the cash paid, including transaction costs, over the noncontrolling interest at the acquisition date; and a deferred tax asset of $4,933,000 was recorded. The purchase price and the payment of transaction costs have been classified as a financing activity in the Corporation's consolidated statement of cash flows for the year ended December 31, 2009.

In April 2008, the Corporation entered into an asset exchange plus cash transaction with Vulcan Materials Company ("Vulcan"), pursuant to which it acquired six quarry locations in Georgia and Tennessee. The Corporation also acquired a land parcel previously leased from Vulcan at the Corporation's Three Rivers Quarry near Paducah, Kentucky. The operating results of the acquired quarries are reported through the Corporation's Southeast Group in the financial statements. In addition to a $192,000,000 cash payment and normal closing adjustments related to working capital, the Corporation divested to Vulcan its only California quarry located in Oroville, an idle facility north of San Antonio, Texas, and land in Henderson, North Carolina, formerly leased to Vulcan.

Divestitures and Permanent Closures. Divestitures and permanent closures of underperforming operations of the Aggregates business 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.

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

years ended December 31 (add 000)	**2010**	2009	2008
Net sales	**$ 236**	$ 1,769	$ 7,585
Pretax gain (loss) on operations	**$ 311**	$ 466	$ (438)
Pretax gain on disposals	**—**	3	10,596
Pretax gain	**311**	469	10,158
Income tax expense	**126**	192	5,449
Net earnings	**$ 185**	$ 277	$ 4,709

Note D: Accounts Receivable, Net

December 31 (add 000)	**2010**	2009
Customer receivables	**$184,857**	$164,975
Other current receivables	**2,082**	2,462
	186,939	167,437
Less allowances	**(3,578)**	(4,622)
Total	**$183,361**	$162,815

Note E: Inventories, Net

December 31 (add 000)	**2010**	2009
Finished products	**$358,138**	$351,393
Products in process and raw materials	**13,842**	16,296
Supplies and expendable parts	**46,958**	47,554
	418,938	415,243
Less allowances	**(87,044)**	(82,674)
Total	**$331,894**	$332,569

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Note F: Property, Plant and Equipment, Net

December 31 (add 000)	**2010**	2009
Land and improvements	**$ 594,866**	$ 554,932
Mineral reserves and interests	**351,543**	334,633
Buildings	**108,266**	105,926
Machinery and equipment	**2,420,759**	2,395,270
Construction in progress	**92,841**	75,217
	3,568,275	3,465,978
Less allowances for depreciation, depletion and amortization	**(1,880,445)**	(1,773,073)
Total	**$ 1,687,830**	$ 1,692,905

At December 31, 2010 and 2009, the net carrying value of mineral reserves and interests was $285,729,000 and $273,183,000, respectively.

Depreciation, depletion and amortization expense related to property, plant and equipment was $178,426,000, $176,050,000 and $167,977,000 for the years ended December 31, 2010, 2009 and 2008, respectively.

Interest cost of $2,129,000, $1,010,000 and $3,692,000 was capitalized during 2010, 2009 and 2008, respectively.

At December 31, 2010 and 2009, $73,883,000 and $75,372,000, respectively, of the Aggregate business's net fixed assets were located in foreign countries, namely the Bahamas and Canada.

Note G: Long-Term Debt

December 31 (add 000)	**2010**	2009
6.875% Notes, due 2011	**$ 242,129**	$ 242,092
6.6% Senior Notes, due 2018	**298,288**	298,111
7% Debentures, due 2025	**124,393**	124,371
6.25% Senior Notes, due 2037	**247,882**	247,851
Floating Rate Senior Notes, due 2010, interest rate of 0.43% at December 31, 2009	**—**	217,502
Term Loan, due 2012, interest rate of 3.29% at December 31, 2010 and 3.25% at December 31, 2009	**111,750**	111,750
Other notes	**6,317**	7,934
Total	**1,030,759**	1,249,611
Less current maturities	**(248,714)**	(226,119)
Long-term debt	**$ 782,045**	$1,023,492

In 2010, the Corporation repaid $217,590,000 of Floating Rate Senior Notes through the use of cash.

The Corporation's 6.6% Senior Notes due 2018 and 6.25% Senior Notes due 2037 (collectively, the "Senior Notes") are senior unsecured obligations of the Corporation, ranking equal in right of payment with the Corporation's existing and future unsubordinated indebtedness. Upon a change of control repurchase event and a below investment grade credit rating, the Corporation will be required to make an offer to repurchase all outstanding Senior Notes at a price in cash equal to 101% of the principal amount of the Senior Notes, plus any accrued and unpaid interest to, but not including, the purchase date.

All Notes, Debentures and Senior Notes are carried net of original issue discount, which is being amortized by the effective interest method over the life of the issue. Except for the Senior Notes, none are redeemable prior to their respective maturity dates. The principal amount, effective interest rate and maturity date for the Corporation's Notes, Debentures and Senior Notes are as follows:

	Principal Amount (add 000)	**Effective Interest Rate**	**Maturity Date**
6.875% Notes	$242,140	6.98%	April 1, 2011
6.6% Senior Notes	$300,000	6.81%	April 15, 2018
7% Debentures	$125,000	7.12%	December 1, 2025
6.25% Senior Notes	$250,000	6.45%	April 30, 2037

In April 2009, the Corporation entered into a $130,000,000 unsecured term loan (the "Term Loan") syndicated with a group of banks as follows:

Lender	**Commitment** (add 000)
SunTrust Bank	$ 35,000
Northern Trust Company	25,000
Branch Banking and Trust Company	25,000
Regions Bank	20,000
Bank of America, N.A.	15,000
Comerica Bank	10,000
Total	$ 130,000

The Term Loan bears interest, at the Corporation's option, at rates based upon LIBOR or a base rate, plus, for each rate, basis points related to a pricing grid. The base rate is defined as the highest of (i) the bank's prime lending rate, (ii) the Federal Funds rate plus 0.5% and (iii) LIBOR plus 1%. At December 31, 2010, the interest rate on the Term

Loan was based on 3-month LIBOR plus 300 basis points, or 3.29%. At December 31, 2010 and 2009, the outstanding balance on the Term Loan was $111,750,000. The Term Loan requires quarterly principal payments of $3,250,000 beginning September 20, 2011, with the remaining outstanding principal due in full on June 6, 2012.

The Corporation's $100,000,000 three-year secured accounts receivable credit facility (the "AR Credit Facility") with Wells Fargo Bank, N.A. ("Wells Fargo") provides for borrowings, on a revolving basis, of up to 90% of the Corporation's eligible accounts receivable less than 90 days old and bears interest at a rate equal to the one-month LIBOR plus 2.75%. Under the AR Credit Facility, which terminates on April 20, 2012, borrowings and settlements are made bi-weekly between the Corporation and Wells Fargo. Upon the terms and subject to the conditions in the AR Credit Facility, Wells Fargo may determine which receivables are eligible receivables, may determine the amount it will advance on such receivables, and may require the Corporation to repay advances made on receivables and thereby repay amounts outstanding under the AR Credit Facility. Wells Fargo also has the right to require the Corporation to repurchase receivables that remain outstanding 90 days past their invoice date. The Corporation continues to be responsible for the servicing and administration of the receivables purchased. The Corporation carries the receivables and any outstanding borrowings on its consolidated balance sheet. The Corporation had no outstanding borrowings under its AR Credit Facility at December 31, 2010 and 2009.

The Corporation's $325,000,000 five-year revolving credit agreement (the "Credit Agreement"), which expires on June 30, 2012, is syndicated with a group of domestic commercial banks as follows:

Lender	Commitment (add 000)
Wells Fargo Bank, N.A.	$ 112,450
JP Morgan Chase Bank, N.A.	61,100
Bank of America, N.A.	56,225
Branch Banking and Trust Company	56,225
Citibank, N.A.	29,000
Northern Trust Company	10,000
Total	$ 325,000

Borrowings under the Credit Agreement are unsecured and bear interest, at the Corporation's option, at rates based upon: (i) the Eurodollar rate (as defined on the basis of LIBOR) plus basis points related to a pricing grid; (ii) a bank base rate (as defined on the basis of a published prime rate or the Federal Funds Rate plus $^1/_2$ of 1%); or (iii) a competitively determined rate (as defined on the basis of a bidding process). The Credit Agreement contains restrictive covenants relating to the Corporation's debt-to-EBITDA ratio, requirements for limitations on encumbrances and provisions that relate to certain changes in control.

The Corporation's Credit Agreement, Term Loan and AR Credit Facility are subject to a leverage ratio covenant. The covenant requires the Corporation's ratio of consolidated debt to consolidated earnings before interest, taxes, depreciation, depletion and amortization (EBITDA), as defined, for the trailing twelve months (the "Ratio") to not exceed 3.50 to 1.00 as of the end of any fiscal quarter. The covenant requires the inclusion of debt guaranteed by the Corporation in the Ratio calculation. Furthermore, the covenant allows the Corporation to exclude debt incurred in connection with acquisitions from the Ratio 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 the ratio plus 0.25. Certain other nonrecurring noncash items, if they occur, can also be excluded from the Ratio. The Corporation was in compliance with the Ratio at December 31, 2010.

Available borrowings under the Credit Agreement are reduced by any outstanding letters of credit issued by the Corporation under the Credit Agreement. At December 31, 2010 and 2009, the Corporation had $1,963,000 and $1,650,000, respectively, of outstanding letters of credit issued under the Credit Agreement. The Corporation pays an annual loan commitment fee to the bank group. No borrowings were outstanding under the Credit Agreement at December 31, 2010 and 2009.

The Credit Agreement supports a $325,000,000 commercial paper program to the extent commercial paper is available to the Corporation. No borrowings were outstanding under the commercial paper program at December 31, 2010 or 2009.

The Corporation has a $10,000,000 short-term line of credit. No amounts were outstanding under this line of credit at December 31, 2010 or 2009.

The Corporation's long-term debt maturities for the five years following December 31, 2010, and thereafter are:

(add 000)	
2011	$ 248,714
2012	109,432
2013	1,181
2014	229
2015	207
Thereafter	670,996
Total	$1,030,759

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 years ended December 31, 2010 and 2009, the Corporation recognized $898,000 and $837,000, 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 $5,344,000, net of cumulative noncurrent deferred tax assets of $3,497,000, at December 31, 2010. The accumulated other comprehensive loss related to the Swap Agreements was $5,887,000, net of cumulative noncurrent deferred tax assets of $3,852,000, at December 31, 2009.

Note H: Financial Instruments

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

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, JP Morgan 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 (see Note A). 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 its carrying amount.

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

At December 31, 2010 and 2009, the estimated fair value of the Corporation's publicly registered long-term notes and debentures was approximately $933,637,000 and $1,125,384,000, respectively, compared with a carrying amount of $912,692,000 and $1,129,927,000, respectively, on the consolidated balance sheet. The fair values of this long-term debt were estimated based on quoted market prices. The estimated fair values of other borrowings of $118,067,000 and $119,684,000 at December 31, 2010 and 2009, respectively, approximate its carrying amounts.

The carrying values and fair values of the Corporation's financial instruments are as follows:

December 31 (add 000)	**2010** Carrying Value	Fair Value
Cash and cash equivalents	**$ 70,323**	**$ 70,323**
Accounts receivable, net	**$ 183,361**	**$ 183,361**
Notes receivable, net	**$ 10,866**	**$ 10,866**
Bank overdraft	**$ 2,123**	**$ 2,123**
Long-term debt	**$1,030,759**	**$1,051,704**

	2009 Carrying Value	Fair Value
Cash and cash equivalents	$ 263,591	$ 263,591
Accounts receivable, net	$ 162,815	$ 162,815
Notes receivable, net	$ 13,415	$ 13,415
Bank overdraft	$ 1,737	$ 1,737
Long-term debt	$1,249,611	$1,245,068

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note I: Income Taxes

Income tax expense reported in the Corporation's consolidated statements of earnings includes income taxes on earnings attributable to both controlling and noncontrolling interests. The components of the Corporation's tax expense (benefit) on income from continuing operations are as follows:

years ended December 31 (add 000)	**2010**	2009	2008
Federal income taxes:			
Current	**$ 9,146**	$17,029	$31,904
Deferred	**14,779**	5,150	34,829
Total federal income taxes	**23,925**	22,179	66,733
State income taxes:			
Current	**1,680**	3,897	3,641
Deferred	**3,429**	1,079	4,482
Total state income taxes	**5,109**	4,976	8,123
Foreign income taxes:			
Current	**(260)**	528	(2,915)
Deferred	**443**	(308)	147
Total foreign income taxes	**183**	220	(2,768)
Total taxes on income	**$29,217**	$27,375	$72,088

For the years ended December 31, 2010, 2009 and 2008, income tax benefits attributable to stock-based compensation transactions that were recorded to shareholders' equity amounted to $1,291,000, $555,000 and $3,370,000, respectively.

The Corporation's effective income tax rate on continuing operations varied from the statutory United States income tax rate because of the following permanent tax differences:

years ended December 31	**2010**	2009	2008
Statutory tax rate	**35.0%**	35.0%	35.0%
Increase (reduction) resulting from:			
Effect of statutory depletion	**(13.7)**	(13.8)	(7.6)
State income taxes	**2.6**	2.8	1.6
Other items	**(1.0)**	(0.2)	0.2
Effective income tax rate	**22.9%**	23.8%	29.2%

For income tax purposes, the statutory depletion deduction is calculated as a percentage of sales, subject to certain limitations. Due to these limitations, changes in sales volumes and earnings may not proportionately affect the Corporation's effective income tax rate on continuing operations.

On March 23, 2010, the Patient Protection and Affordable Care Act (PPACA) was signed into law. Among other things, the PPACA reduces the tax benefits available to an employer that receives the Medicare Part D subsidy. Employers that receive the Medicare Part D subsidy recognize the deferred tax effects of the reduced deductibility of the postretirement prescription drug coverage in continuing operations in the period of enactment. The effects of changes in tax law are recognized as discrete events in the period of enactment. Accordingly, the overall effective income tax rate for the year ended December 31, 2010 includes the effect to the Corporation of the PPACA.

The principal components of the Corporation's deferred tax assets and liabilities are as follows:

December 31 (add 000)	**Deferred Assets (Liabilities)**	
	2010	2009
Deferred tax assets related to:		
Employee benefits	**$ 44,517**	$ 56,840
Inventories	**59,612**	28,023
Valuation and other reserves	**8,636**	12,781
Net operating loss carryforwards	**6,970**	5,341
Gross deferred tax assets	**119,735**	102,985
Valuation allowance on deferred tax assets	**(7,119)**	(5,050)
Total net deferred tax assets	**112,616**	97,935
Deferred tax liabilities related to:		
Property, plant and equipment	**(235,674)**	(230,890)
Goodwill and other intangibles	**(61,318)**	(53,467)
Other items, net	**(3,940)**	(1,674)
Total deferred tax liabilities	**(300,932)**	(286,031)
Net deferred tax liability	**$(188,316)**	$(188,096)

Additionally, the Corporation had a net deferred tax asset of $42,998,000 and $52,453,000 for certain items recorded in accumulated other comprehensive loss at December 31, 2010 and 2009, respectively.

The Corporation's deferred tax assets and (liabilities) are recognized on the consolidated balance sheets as follows:

December 31 (add 000)	**2010**	2009
Current deferred income tax benefits	**$ 83,380**	$ 60,303
Noncurrent deferred income taxes	**(228,698)**	(195,946)
Net deferred income taxes	**$(145,318)**	$(135,643)

Deferred tax assets for employee benefits result from the timing differences of the deductions for pension and postretirement obligations and stock-based compensation transactions. For financial reporting purposes, such amounts are expensed based on authoritative accounting guidance. For income tax purposes, amounts related to pension and postretirement obligations are deductible as funded.

Deferred tax liabilities for property, plant and equipment result from accelerated depreciation methods being used for income tax purposes as compared with the straight-line method for financial reporting purposes.

Deferred tax liabilities related to goodwill and other intangibles reflect the cessation of goodwill amortization for financial reporting purposes, while amortization continues for income tax purposes.

Amounts related to stock-based compensation transactions are deductible for income tax purposes upon vesting or exercise of the underlying award.

The Corporation had net operating loss carryforwards and tax credit carryforwards of $130,702,000 and $123,261,000 at December 31, 2010 and 2009, respectively. These carryforwards have various expiration dates. At December 31, 2010 and 2009, respectively, the deferred tax assets associated with these carryforwards were $10,044,000 and $8,816,000, for which valuation allowances of $7,119,000 and $5,050,000, respectively, were recorded.

The Corporation provides deferred taxes, as required, on the undistributed net earnings of all non-U.S. subsidiaries for which the indefinite reversal criterion has not been met. The Corporation had a deferred tax liability of $52,000 and $100,000 at December 31, 2010 and 2009, respectively, related to its wholly-owned Bahamas subsidiary. The Corporation expects to reinvest permanently the earnings from its wholly-owned Canadian subsidiary and accordingly, has not provided deferred taxes on the subsidiary's undistributed net earnings.

The Corporation's unrecognized tax benefits are recorded in other current and other noncurrent liabilities, as appropriate, on the consolidated balance sheets. The following table summarizes the Corporation's unrecognized tax benefits, excluding interest and correlative effects:

years ended December 31 (add 000)	**2010**	2009	2008
Unrecognized tax benefits at beginning of year	**$ 16,722**	$15,482	$ 31,421
Gross increases – tax positions in prior years	**19,619**	2,072	21,661
Gross decreases – tax positions in prior years	**(3,258)**	(1,694)	(39,317)
Gross increases – tax positions in current year	**6,462**	6,312	9,165
Gross decreases – tax positions in current year	**(5,135)**	(5,393)	(5,693)
Settlements with taxing authorities	**(12,573)**	(57)	(1,755)
Lapse of statute of limitations	**(10,826)**	—	—
Unrecognized tax benefits at end of year	**$ 11,011**	$16,722	$ 15,482

At December 31, 2010 and 2009, unrecognized tax benefits of $4,892,000 and $9,709,000, respectively, net of federal tax benefits and related to interest accruals and permanent income tax differences, would have favorably affected the Corporation's effective income tax rate if recognized.

The Corporation's open tax years that are subject to federal examination are 2007 through 2010. The Corporation does not anticipate that its unrecognized tax benefits will significantly change during the twelve months ending December 31, 2011.

Unrecognized tax benefits are reversed as a discrete event if an examination of applicable tax returns is not begun by a federal or state tax authority within the statute of limitations or upon effective settlement with federal or state tax authorities. Management believes its accrual for unrecognized tax benefits is sufficient to cover any uncertain tax positions reviewed during any audit by taxing authorities. For the year ended December 31, 2010, $5,571,000, or $0.12 per diluted share, was reversed into income upon the effective settlement of issues related to the 2004 and 2005 tax years, the effective settlement of the Internal Revenue Service audit for the 2007 tax year and the expiration of the statute of limitations for federal examination of the 2006 tax year. For the year ended December 31, 2008, $3,368,000, or $0.08 per diluted share, was reversed into income upon the effective settlement of agreed upon issues from the Internal Revenue Service examination that covered the 2004 and 2005 tax years.

The American Jobs Creation Act of 2004 (the "Act") created a new tax deduction related to income from domestic (i.e., United States) production activities. This provision, when fully phased in, permits a deduction equal to 9 percent of a company's Qualified Production Activities Income ("QPAI") or its taxable income, whichever is lower. The deduction is further limited to the lower of 50% of the W-2 wages attributable to domestic production activities paid by the Corporation during the year. QPAI includes, among other things, income from domestic manufacture, production, growth or extraction of tangible personal property. The deduction was equal to 6 percent for 2008 and 2009 and reached the full 9 percent deduction in 2010. The production deduction benefit of the legislation reduced income tax expense and increased net earnings by $1,696,000, or $0.04 per diluted share, in 2010, $611,000, or $0.01 per diluted share, in 2009 and $2,766,000, or $0.07 per diluted share, in 2008.

Note J: Retirement Plans, Postretirement and Postemployment Benefits

The Corporation sponsors defined benefit retirement plans that cover substantially all employees. Additionally, the Corporation provides other postretirement benefits for certain employees, including medical benefits for retirees and their spouses, Medicare Part B reimbursement and retiree life insurance. The Corporation also provides certain benefits, such as workers' compensation and disability benefits, to former or inactive employees after employment but before retirement.

The measurement date for the Corporation's defined benefit plans, postretirement benefit plans and postemployment benefit plans is December 31.

Defined Benefit Retirement Plans. The assets of the Corporation's retirement plans are held in the Corporation's Master Retirement Trust and are invested in listed stocks, bonds and cash equivalents. Defined retirement benefits for salaried employees are based on each employee's years of service and average compensation for a specified period of time before retirement. Defined retirement benefits for hourly employees are generally stated amounts for specified periods of service.

The Corporation sponsors a Supplemental Excess Retirement Plan ("SERP") that generally provides for the payment of retirement benefits in excess of allowable Internal Revenue Code limits. The SERP generally provides for a lump-sum payment of vested benefits. When these benefits payments exceed the sum of the service and interest costs for the SERP during a year, the Corporation recognizes a pro-rata portion of the SERP's unrecognized actuarial loss as settlement expense.

The net periodic retirement benefit cost of defined benefit plans included the following components:

years ended December 31 (add 000)	**2010**	2009	2008
Components of net periodic benefit cost:			
Service cost	**$ 11,056**	$ 11,169	$ 11,482
Interest cost	**22,588**	22,282	21,623
Expected return on assets	**(21,041)**	(16,271)	(22,530)
Amortization of:			
Prior service cost	**583**	655	686
Actuarial loss	**9,986**	14,379	4,287
Transition asset	**(1)**	(1)	(1)
Settlement charge	**3,455**	—	2,850
Net periodic benefit cost	**$ 26,626**	$ 32,213	$ 18,397

The Corporation recognized the following amounts in comprehensive earnings:

years ended December 31 (add 000)	**2010**	2009	2008
Actuarial (gain) loss	**$(10,915)**	$(29,864)	$104,151
Amortization of:			
Prior service cost	**(583)**	(655)	(744)
Actuarial loss	**(9,986)**	(14,379)	(4,643)
Transition asset	**1**	1	1
Settlement charge	**(3,455)**	—	(2,850)
Total	**$(24,938)**	$(44,897)	$ 95,915

Accumulated other comprehensive loss included the following amounts that have not yet been recognized in net periodic benefit cost:

December 31	**2010**		2009	
(add 000)	**Gross**	**Net of tax**	Gross	Net of tax
Prior service cost	**$ 3,089**	**$ 1,868**	$ 3,674	$ 2,222
Actuarial loss	**98,359**	**59,458**	122,715	74,182
Transition asset	**(11)**	**(7)**	(14)	(8)
Total	**$101,437**	**$61,319**	$126,375	$76,396

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The prior service cost, actuarial loss and transition asset expected to be recognized in net periodic benefit cost during 2011 are $7,465,000 (net of a deferred tax asset of $2,952,000), $534,000 (net of a deferred tax asset of $211,000) and $1,000, respectively, and are included in accumulated other comprehensive loss at December 31, 2010.

The defined benefit plans' change in projected benefit obligation, change in plan assets, funded status and amounts recognized on the Corporation's consolidated balance sheets are as follows:

years ended December 31 (add 000)	**2010**	2009
Change in projected benefit obligation:		
Net projected benefit obligation at beginning of year	**$392,737**	$370,930
Service cost	**11,056**	11,169
Interest cost	**22,588**	22,282
Actuarial loss	**2,017**	2,031
Gross benefits paid	**(29,760)**	(13,675)
Net projected benefit obligation at end of year	**$398,638**	$392,737

years ended December 31 (add 000)	**2010**	2009
Change in plan assets:		
Fair value of plan assets at beginning of year	**$266,846**	$207,789
Actual return on plan assets, net	**33,973**	48,169
Employer contributions	**40,629**	24,563
Gross benefits paid	**(29,760)**	(13,675)
Fair value of plan assets at end of year	**$311,688**	$266,846

December 31 (add 000)	**2010**	2009
Funded status of the plan at end of year	**$(86,950)**	$(125,891)
Accrued benefit cost	**$(86,950)**	$(125,891)

December 31 (add 000)	**2010**	2009
Amounts recognized on consolidated balance sheets consist of:		
Current liability	**$ (1,934)**	$ (15,623)
Noncurrent liability	**(85,016)**	(110,268)
Net amount recognized at end of year	**$(86,950)**	$(125,891)

The accumulated benefit obligation for all defined benefit pension plans was $366,701,000 and $357,565,000 at December 31, 2010 and 2009, respectively.

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets were $397,985,000, $366,234,000 and $311,061,000, respectively, at December 31, 2010 and $392,147,000, $357,159,000 and $266,265,000, respectively, at December 31, 2009.

Weighted-average assumptions used to determine benefit obligations as of December 31 are:

	2010	2009
Discount rate	**5.84%**	5.90%
Rate of increase in future compensation levels	**5.00%**	5.00%

Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31 are:

	2010	2009	2008
Discount rate	**5.90%**	6.11%	6.09%
Rate of increase in future compensation levels	**5.00%**	5.00%	5.00%
Expected long-term rate of return on assets	**7.75%**	7.75%	8.00%

The Corporation's expected long-term rate of return on assets is based on a building-block approach, whereby the components are weighted based on the allocation of pension plan assets.

At December 31, 2010 and 2009, the Corporation used the RP 2000 Mortality Table to estimate the remaining lives of participants in the pension plans.

The target allocation for 2010 and the actual pension plan asset allocation by asset class are as follows:

	Percentage of Plan Assets		
		December 31	
Asset Class	**2010 Target Allocation**	**2010**	2009
Equity securities	53%	**54%**	57%
Debt securities	42%	**41%**	43%
Hedge funds	5%	**4%**	—
Cash	—	**1%**	—
Total	100%	**100%**	100%

The Corporation's investment strategy is for approximately 75% of the equity securities to be invested in mid-sized to large capitalization funds with the remaining to be invested in small capitalization, emerging markets and international funds. Debt securities, or fixed income investments, are

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

invested in funds with the objective of exceeding the return of the Barclays Capital Aggregate Bond Index. The Corporation expects to allocate an additional 5% of its fixed income investment portfolio to alternative investments in 2011.

The fair values of pension plan assets by asset class and fair value hierarchy level are as follows:

December 31 (add 000)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
		2010		
Equity securities:				
Mid-sized to large cap	**$ —**	**$121,596**	**$ —**	**$121,596**
International and emerging growth funds	**—**	**47,285**	**—**	**47,285**
Debt securities:				
Core fixed income	**—**	**113,355**	**—**	**113,355**
High-yield bonds	**—**	**15,322**	**—**	**15,322**
Hedge funds	**—**	**—**	**13,453**	**13,453**
Cash	**677**	**—**	**—**	**677**
Total	**$677**	**$297,558**	**$13,453**	**$311,688**
		2009		
Equity securities:				
Mid-sized to large cap	$ —	$108,099	$ —	$108,099
International and emerging growth funds	—	45,165	—	45,165
Debt securities:				
Core fixed income	—	100,167	—	100,167
High-yield bonds	—	13,201	—	13,201
Cash	214	—	—	214
Total	$214	$266,632	$ —	$266,846

The change in the fair value of pension plan assets valued using significant unobservable inputs (Level 3) is as follows:

year ended December 31 (add 000)	**2010**
Balance at January 1	**$ —**
Purchases	**13,000**
Unrealized gain	**453**
Balance at December 31	**$13,453**

In 2010 and 2009, the Corporation made pension contributions and SERP payments of $40,629,000 and $24,563,000, respectively. The Corporation currently estimates that it will contribute $34,500,000 to its pension and SERP plans in 2011.

The expected benefit payments to be paid from plan assets for each of the next five years and the five-year period thereafter are as follows:

(add 000)	
2011	$ 18,180
2012	$ 19,576
2013	$ 21,085
2014	$ 22,634
2015	$ 24,366
Years 2016 - 2020	$143,943

Postretirement Benefits. The net periodic postretirement benefit cost of postretirement plans included the following components:

years ended December 31 (add 000)	**2010**	2009	2008
Components of net periodic benefit cost:			
Service cost	**$ 548**	$ 558	$ 582
Interest cost	**2,754**	2,919	2,773
Amortization of:			
Prior service credit	**(1,740)**	(1,489)	(1,490)
Actuarial loss (gain)	**13**	—	(70)
Total net periodic benefit cost	**$ 1,575**	$ 1,988	$ 1,795

The Corporation recognized the following amounts in comprehensive earnings:

years ended December 31 (add 000)	**2010**	2009	2008
Actuarial (gain) loss	**$ (4,133)**	$ 4,699	$ (435)
Prior service credit	**(1,722)**	—	—
Amortization of:			
Prior service credit	**1,740**	1,489	1,614
Actuarial (loss) gain	**(13)**	—	75
Total	**$ (4,128)**	$ 6,188	$ 1,254

Accumulated other comprehensive loss included the following amounts that have not yet been recognized in net periodic benefit cost:

December 31 (add 000)	2010 Gross	2010 Net of tax	2009 Gross	2009 Net of tax
Prior service credit	**$ (8,196)**	**$ (4,954)**	$ (8,214)	$ (4,964)
Actuarial loss	**589**	**356**	4,735	2,863
Total	**$ (7,607)**	**$ (4,598)**	$ (3,479)	$ (2,101)

The actuarial gain expected to be recognized in net periodic benefit cost during 2011 is $1,740,000 (net of a deferred tax liability of $688,000) and is included in accumulated other comprehensive loss at December 31, 2010.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The postretirement health care plans' change in benefit obligation, change in plan assets, funded status and amounts recognized on the Corporation's consolidated balance sheets are as follows:

years ended December 31 (add 000)	**2010**	2009
Change in benefit obligation:		
Net benefit obligation at beginning of year	**$ 51,906**	$ 47,074
Service cost	**548**	558
Interest cost	**2,754**	2,919
Participants' contributions	**1,919**	1,508
Actuarial (gain) loss	**(4,133)**	4,699
Plan amendments	**(1,722)**	—
Gross benefits paid	**(6,523)**	(5,302)
Federal subsidy on benefits paid	**461**	450
Net benefit obligation at end of year	**$ 45,210**	$ 51,906

years ended December 31 (add 000)	**2010**	2009
Change in plan assets:		
Fair value of plan assets at beginning of year	**$ —**	$ —
Employer contributions	**4,143**	3,344
Participants' contributions	**1,919**	1,508
Gross benefits paid	**(6,523)**	(5,302)
Federal subsidy on benefits paid	**461**	450
Fair value of plan assets at end of year	**$ —**	$ —

years ended December 31 (add 000)	**2010**	2009
Funded status of the plan at end of year	**$ (45,210)**	$ (51,906)
Accrued benefit cost	**$ (45,210)**	$ (51,906)

December 31 (add 000)	**2010**	2009
Amounts recognized on consolidated balance sheets consist of:		
Current liability	**$ (4,100)**	$ (3,200)
Noncurrent liability	**(41,110)**	(48,706)
Net amount recognized at end of year	**$ (45,210)**	$ (51,906)

In accordance with the Medicare Prescription Drug, Improvement and Modernization Act of 2003, the Corporation receives a subsidy from the federal government as the Corporation sponsors prescription drug benefits to retirees that are "actuarially equivalent" to the Medicare benefit. The Corporation's postretirement health care plans' benefit obligation reflects the effect of the federal subsidy.

Weighted-average assumptions used to determine the postretirement benefit obligations as of December 31 are:

	2010	2009
Discount rate	**5.57%**	5.60%

Weighted-average assumptions used to determine net postretirement benefit cost for the years ended December 31 are:

	2010	2009	2008
Discount rate	**5.60%**	6.03%	5.96%

At December 31, 2010 and 2009, the Corporation used the RP 2000 Mortality Table to estimate the remaining lives of participants in the postretirement plans.

Assumed health care cost trend rates at December 31 are:

	2010	2009
Health care cost trend rate assumed for next year	**8.0%**	8.0%
Rate to which the cost trend rate gradually declines	**5.0%**	5.0%
Year the rate reaches the ultimate rate	**2017**	2016

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one percentage-point change in assumed health care cost trend rates would have the following effects:

	One Percentage Point	
(add 000)	Increase	(Decrease)
Total service and interest cost components	$ 87	$ (75)
Postretirement benefit obligation	$ 1,650	$ (1,427)

The Corporation's estimate of its contributions to its postretirement health care plans in 2011 is $4,100,000.

The expected gross benefit payments and expected federal subsidy to be received for each of the next five years and the five-year period thereafter are as follows:

(add 000)	Gross Benefit Payments	Expected Federal Subsidy
2011	$ 4,100	$ 586
2012	$ 4,383	$ 657
2013	$ 4,645	$ 738

2014	$ 4,857	$ 820
2015	$ 4,984	$ 912
Years 2016 - 2020	$24,577	$6,278

Defined Contribution Plans. The Corporation maintains two defined contribution plans that cover substantially all employees. These plans, qualified under Section 401(a) of the Internal Revenue Code, are retirement savings and investment plans for the Corporation's salaried and hourly employees. Under certain provisions of these plans, the Corporation, at established rates, matches employees' eligible contributions. The Corporation's matching obligations were $5,074,000 in 2010, $5,012,000 in 2009 and $5,553,000 in 2008.

Postemployment Benefits. The Corporation has accrued postemployment benefits of $1,545,000 and $1,380,000 at December 31, 2010 and 2009, respectively.

Note K: Stock-Based Compensation

The shareholders approved, on May 23, 2006, the Martin Marietta Materials, Inc. Stock-Based Award Plan, as amended from time to time (along with the Amended Omnibus Securities Award Plan, originally approved in 1994, the "Plans"). The Corporation has been authorized by the Board of Directors to repurchase shares of the Corporation's common stock for issuance under the Plans.

Under the Plans, the Corporation grants options to employees to purchase its common stock at a price equal to the closing market value at the date of grant. The Corporation granted 50,058 employee stock options during 2010. Options granted in years subsequent to 2004 become exercisable in four annual installments beginning one year after date of grant and expire eight years from such date. Options granted prior to January 1, 2005 become exercisable in three equal annual installments beginning one year after date of grant and expire ten years from such date.

Prior to 2009, nonemployee directors received 3,000 non-qualified stock options annually. These options have an exercise price equal to the market value at the date of grant, vest immediately and expire ten years from the grant date.

The following table includes summary information for stock options as of December 31, 2010:

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (years)
Outstanding at January 1, 2010	1,178,622	$84.99	
Granted	50,058	$95.27	
Exercised	(83,842)	$43.36	
Terminated	(1,553)	$88.34	
Outstanding at December 31, 2010	1,143,285	$88.49	4.4
Exercisable at December 31, 2010	846,633	$83.20	3.9

The weighted-average grant-date exercise price of options granted during 2010, 2009 and 2008 was $95.27, $79.79 and $117.77, respectively. The aggregate intrinsic values of options exercised during the years ended December 31, 2010, 2009 and 2008 were $3,978,000, $889,000 and $5,524,000, respectively, and were based on the closing prices of the Corporation's common stock on the dates of exercise. The aggregate intrinsic values for options outstanding and exercisable at December 31, 2010 were $4,289,000 and $7,653,000, respectively, and were based on the closing price of the Corporation's common stock at December 31, 2010, which was $92.24.

Additionally, an incentive stock plan has been adopted under the Plans whereby certain participants may elect to use up to 50% of their annual incentive compensation to acquire units representing shares of the Corporation's common stock at a 20% discount to the market value on the date of the incentive compensation award. Certain executive officers are required to participate in the incentive stock plan at certain minimum levels. Participants earn the right to receive unrestricted shares of common stock in an amount equal to their respective units generally at the end of a 34-month period of additional employment from the date of award or at retirement beginning at age 62. All rights of ownership of the common stock convey to the participants upon the issuance of their respective shares at the end of the ownership-vesting period, with the exception of dividend equivalents that are paid on the units during the vesting period.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The Corporation grants restricted stock awards under the Plans to a group of executive officers and key personnel and, beginning in 2009, nonemployee directors. Certain restricted stock awards are based on specific common stock performance criteria over a specified period of time. In addition, certain awards are granted to individuals to encourage retention and motivate key employees. These awards generally vest if the employee is continuously employed over a specified period of time and require no payment from the employee. Awards granted to nonemployee directors vest immediately.

The following table summarizes information for incentive stock awards and restricted stock awards as of December 31, 2010:

	Incentive Stock		Restricted Stock	
	Number of Awards	Weighted-Average Grant-Date Fair Value	Number of Awards	Weighted-Average Grant-Date Fair Value
January 1, 2010	39,271	$ 99.89	451,272	$104.07
Awarded	12,757	$ 79.78	54,679	$ 91.33
Distributed	(23,319)	$114.28	(112,583)	$ 86.41
Forfeited	(17)	$123.28	(3,148)	$118.07
December 31, 2010	28,692	$ 79.24	390,220	$107.27

The weighted-average grant-date fair value of incentive compensation awards granted during 2010, 2009 and 2008 was $79.78, $81.75 and $123.28, respectively. The weighted-average grant-date fair value of restricted stock awards granted during 2010, 2009 and 2008 was $91.33, $80.29 and $118.82, respectively.

The aggregate intrinsic values for incentive compensation awards and restricted stock awards at December 31, 2010 were $828,000 and $35,994,000, respectively, and were based on the closing price of the Corporation's common stock at December 31, 2010, which was $92.24. The aggregate intrinsic values of incentive compensation awards distributed during the years ended December 31, 2010, 2009 and 2008 were $0, $0 and $147,000, respectively. The aggregate intrinsic values of restricted stock awards distributed during the years ended December 31, 2010, 2009 and 2008 were $10,031,000, $14,888,000 and $7,138,000, respectively. The aggregate intrinsic values for distributed awards were based on the closing prices of the Corporation's common stock on the dates of distribution.

At December 31, 2010, there are approximately 627,000 awards available for grant under the Plans.

In 1996, the Corporation adopted the Shareholder Value Achievement Plan to award shares of the Corporation's common stock to key senior employees based on certain common stock performance criteria over a long-term period. Under the terms of this plan, 250,000 shares of common stock were reserved for issuance. Through December 31, 2010, 42,025 shares have been issued under this plan. No awards have been granted under this plan after 2000.

Also, the Corporation adopted and the shareholders approved the Common Stock Purchase Plan for Directors in 1996, which provides nonemployee directors the election to receive all or a portion of their total fees in the form of the Corporation's common stock. Under the terms of this plan, 300,000 shares of common stock were reserved for issuance. Currently, directors are required to defer at least 50% of their retainer in the form of the Corporation's common stock at a 20% discount to market value. Directors elected to defer portions of their fees representing 17,804, 18,072 and 5,790 shares of the Corporation's common stock under this plan during 2010, 2009 and 2008, respectively.

The following table summarizes stock-based compensation expense for the years ended December 31, 2010, 2009 and 2008, unrecognized compensation cost for nonvested awards at December 31, 2010 and the weighted-average period over which unrecognized compensation cost is expected to be recognized:

(add 000, except year data)	Stock Options	Restricted Stock Awards	Incentive Compensation Awards	Directors' Awards	Total
Stock-based compensation expense recognized for years ended December 31:					
2010	**$3,406**	**$10,368**	**$261**	**$640**	**$14,675**
2009	$5,828	$13,722	$406	$596	$20,552
2008	$7,830	$12,982	$439	$614	$21,865
Unrecognized compensation cost at December 31, 2010:					
	$2,760	$10,098	$208	$269	$13,335
Weighted-average period over which unrecognized compensation cost to be recognized:					
	1.7 years	2.0 years	1.5 years	—	

For the years ended December 31, 2010, 2009 and 2008, the Corporation recognized a tax benefit related to stock-based compensation expense of $5,804,000, $8,128,000 and $8,648,000, respectively.

The following presents expected stock-based compensation expense in future periods for outstanding awards as of December 31, 2010:

(add 000)	
2011	$ 8,013
2012	3,720
2013	1,308
2014	294
Total	$ 13,335

Stock-based compensation expense is included in selling, general and administrative expenses in the Corporation’s consolidated statements of earnings.

Note L: Leases

Total lease expense for operating leases was $47,830,000, $51,738,000 and $65,097,000 for the years ended December 31, 2010, 2009 and 2008, respectively. The Corporation’s operating leases generally contain renewal and/or purchase options with varying terms. The Corporation has royalty agreements that generally require royalty payments based on tons produced or total sales dollars and also contain minimum payments. Total royalties, principally for leased properties, were $37,474,000, $34,563,000 and $42,065,000 for the years ended December 31, 2010, 2009 and 2008, respectively.

Future minimum lease and mineral and other royalty commitments for all noncancelable agreements as of December 31, 2010 are as follows:

(add 000)	
2011	$ 79,378
2012	57,920
2013	52,702
2014	44,698
2015	40,857
Thereafter	117,100
Total	$ 392,655

Of the total future minimum commitments, $154,076,000 relates to the Corporation’s contracts of affreightment.

Note M: Shareholders’ Equity

The authorized capital structure of the Corporation includes 100,000,000 shares of common stock, with a par value of $0.01 a share. At December 31, 2010, approximately 2,560,000 common shares were reserved for issuance under stock-based plans. At December 31, 2010 and 2009, there were 775 and 843, respectively, shareholders of record.

Pursuant to authority granted by its Board of Directors, the Corporation can repurchase common stock through open purchases. The Corporation did not repurchase any shares of common stock during the years ended December 31, 2010, 2009 or 2008. However, $24,017,000 in cash was used during January 2008 to settle common stock repurchases made as of December 31, 2007. At December 31, 2010, 5,041,900 shares of common stock were remaining under the Corporation’s repurchase authorization.

On March 5, 2009, the Corporation entered into a distribution agreement with J.P. Morgan Securities Inc. (“J.P. Morgan”). Under the distribution agreement, the Corporation could offer and sell up to 5,000,000 shares of its common stock having an aggregate offering price of up to $300,000,000 from time to time through J.P. Morgan, as distribution agent. The Corporation sold 3,051,365 shares of its common stock at an average price of $77.90 per share, resulting in gross proceeds to the Corporation of $237,701,000. The aggregate net proceeds from such sales were $232,543,000 after deducting related expenses, including $4,800,000 in gross sales commissions paid to J.P. Morgan. The Corporation terminated the distribution agreement with J.P. Morgan on November 16, 2009.

On November 18, 2009, the Corporation entered into a distribution agreement with Wells Fargo Securities Inc. (“Wells Fargo Securities”). Under the distribution agreement, the Corporation could offer and sell up to 1,948,635 shares of its common stock having an aggregate offering price of up to $62,298,000 from time to time through Wells Fargo Securities, as distribution agent. The Corporation sold 726,200 shares of its common stock at an average price of $85.78 per share, resulting in gross proceeds to the Corporation of $62,297,000. The aggregate net proceeds from such sales were $60,899,000 after deducting related expenses, including $1,246,000 in gross sales commissions paid to Wells Fargo Securities. The distribution agreement expired by its own terms on December 31, 2009.

In addition to common stock, the Corporation’s capital structure includes 10,000,000 shares of preferred stock with a par value of $0.01 a share. 100,000 shares of Class

A Preferred Stock were reserved for issuance under the Corporation's 1996 Rights Agreement that expired by its own terms on October 21, 2006. Upon its expiration, the Board of Directors adopted a new Rights Agreement (the "Rights Agreement") and reserved 200,000 shares of Junior Participating Class B Preferred Stock for issuance. In accordance with the Rights Agreement, the Corporation issued a dividend of one right for each share of the Corporation's common stock outstanding as of October 21, 2006, and one right continues to attach to each share of common stock issued thereafter. The rights will become exercisable if any person or group acquires beneficial ownership of 15 percent or more of the Corporation's common stock. Once exercisable and upon a person or group acquiring 15 percent or more of the Corporation's common stock, each right (other than rights owned by such person or group) entitles its holder to purchase, for an exercise price of $315 per share, a number of shares of the Corporation's common stock (or in certain circumstances, cash, property or other securities of the Corporation) having a market value of twice the exercise price, and under certain conditions, common stock of an acquiring company having a market value of twice the exercise price. If any person or group acquires beneficial ownership of 15 percent or more of the Corporation's common stock, the Corporation may, at its option, exchange the outstanding rights (other than rights owned by such acquiring person or group) for shares of the Corporation's common stock or Corporation equity securities deemed to have the same value as one share of common stock or a combination thereof, at an exchange ratio of one share of common stock per right. The rights are subject to adjustment if certain events occur, and they will initially expire on October 21, 2016, if not terminated sooner. The Corporation's Rights Agreement provides that the Corporation's Board of Directors may, at its option, redeem all of the outstanding rights at a redemption price of $0.001 per right.

Note N: Commitments and Contingencies

Legal and Administrative Proceedings. 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 (see Note A), 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.

During the year ended December 31, 2010, the Corporation settled legal proceedings relating to its Greenwood, Missouri, operation for approximately $7,000,000 in cash. In connection with the settlement, the Corporation reversed the excess of the legal reserve established as of December 31, 2009, thereby increasing 2010 net earnings by $2,751,000, or $0.06 per diluted share (see Note O).

Asset Retirement Obligations. The Corporation incurs reclamation costs as part of its aggregates mining process. The estimated future reclamation obligations have been discounted to their present value and are being accreted to their projected future obligations via charges to operating expenses. Additionally, the fixed assets recorded concurrently with the liabilities are being depreciated over the period until reclamation activities are expected to occur. Total accretion and depreciation expenses for 2010, 2009 and 2008 were $3,689,000, $4,019,000 and $4,520,000, respectively, and are included in other operating income and expenses, net, in the consolidated statements of earnings.

Projected estimated reclamation obligations should include a market risk premium which represents the amount an external party would charge for bearing the uncertainty of guaranteeing a fixed price today for performance in the future. However, due to the average remaining quarry life exceeding 60 years at normalized production rates and the nature of quarry reclamation work, the Corporation believes that it is impractical for external parties to agree to a fixed price today. Therefore, a market risk premium has not been included in the estimated reclamation obligation.

The following shows the changes in the asset retirement obligations:

years ended December 31 (add 000)	**2010**	2009
Balance at January 1	**$ 38,779**	$ 39,440
Accretion expense	**2,464**	2,349
Liabilities incurred	**495**	1,249
Liabilities settled	**(392)**	(1,272)
Revisions in estimated cash flows	**(267)**	(2,987)
Balance at December 31	**$ 41,079**	$ 38,779

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Other Environmental Matters. The Corporation's operations are subject to and affected by federal, state and local laws and regulations relating to the environment, health and safety and other regulatory matters. Certain of the Corporation's operations may, from time to time, involve the use of substances that are classified as toxic or hazardous within the meaning of these laws and regulations. Environmental operating permits are, or may be, required for certain of the Corporation's operations, and such permits are subject to modification, renewal and revocation. The Corporation regularly monitors and reviews its operations, procedures and policies for compliance with these laws and regulations. Despite these compliance efforts, risk of environmental remediation liability is inherent in the operation of the Corporation's businesses, as it is with other companies engaged in similar businesses. The Corporation has no material provisions for environmental remediation liabilities and does not believe such liabilities will have a material adverse effect on the Corporation in the future.

Insurance Reserves. The Corporation has insurance coverage for workers' compensation, automobile liability, marine liability and general liability claims with deductibles ranging from $250,000 to $3,000,000. The Corporation is also selfinsured for health claims. At December 31, 2010 and 2009, reserves of $24,666,000 and $23,725,000, respectively, were recorded for all such insurance claims. During 2010, the Corporation increased its accrual for casualty claims by $1,500,000 based on changes in the estimated ultimate cost of claims for prior policy years. This change in estimate decreased 2010 net earnings by $907,000, or $0.02 per diluted share. During 2009, the Corporation decreased its accrual for casualty claims by $2,167,000 based on changes in the estimated ultimate cost of claims for prior policy years. This change in estimate increased 2009 net earnings by $1,310,000, or $0.03 per diluted share.

Letters of Credit. In the normal course of business, the Corporation provides certain third parties with standby letter of credit agreements guaranteeing its payment for certain insurance claims, utilities and property improvements. At December 31, 2010, the Corporation was contingently liable for $10,863,000 in letters of credit, of which $1,963,000 were issued under the Corporation's Credit Agreement. Certain of these underlying obligations are accrued on the Corporation's balance sheet.

Surety Bonds. In the normal course of business, at December 31, 2010, the Corporation was contingently liable for $118,459,000 in surety bonds required by certain states and municipalities and their related agencies. The bonds are principally for certain insurance claims, construction contracts, reclamation obligations and mining permits guaranteeing the Corporation's own performance. Certain of these underlying obligations, including those for asset retirement requirements and insurance claims, are accrued on the Corporation's balance sheet. Three of these bonds total $45,682,000, or 39% of all outstanding surety bonds. The Corporation has indemnified the underwriting insurance company, Safeco Corporation, a subsidiary of Liberty Mutual Group, against any exposure under the surety bonds. In the Corporation's past experience, no material claims have been made against these financial instruments.

Guarantee of Affiliate. On July 14, 2010, the Corporation entered into a reimbursement and indemnification agreement with Fifth Third Bank ("Fifth Third"), pursuant to which Fifth Third issued a letter of credit for the repayment of amounts borrowed by an affiliate under a $20,000,000 two-year revolving line of credit provided by Fifth Third and the Corporation agreed to reimburse Fifth Third for any amounts funded under the letter of credit. Additionally, on July 13, 2010, the Corporation provided Bank of America, N.A. with a guarantee of $12,400,000 of payment obligations of the Corporation's affiliate under certain equipment lease agreements. The affiliate has agreed to reimburse and indemnify the Corporation for any payments and expenses the Corporation may incur from either the reimbursement and indemnification agreement or the guarantee agreement. The Corporation holds a subordinate lien of the affiliate's assets as collateral for potential payments under the reimbursement and indemnification agreement. As of December 31, 2010, no payments have been made under the gaurantee arrangements.

Purchase Commitments. The Corporation had purchase commitments for property, plant and equipment of $24,434,000 as of December 31, 2010. The Corporation also had other purchase obligations related to energy and service contracts of $17,821,000 as of December 31, 2010.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The Corporation's contractual purchase commitments as of December 31, 2010 are as follows:

(add 000)	
2011	$41,492
2012	763
Total	$42,255

Employees. The Corporation had approximately 4,500 employees at December 31, 2010. Approximately 14% of the Corporation's employees are represented by a labor union. All such employees are hourly employees. One of the Corporation's labor union contracts expires in August 2011.

Note O: Business Segments

The Corporation currently 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 produces magnesia-based chemicals products and dolomitic lime. These segments are consistent with the Corporation's current management reporting structure. The accounting policies used for segment reporting are the same as those described in Note A.

The Corporation's evaluation of performance and allocation of resources are based primarily on earnings from operations. Earnings from operations are net sales less cost of sales, selling, general and administrative expenses, and research and development expenses; include other operating income and expenses; and exclude interest expense, other nonoperating income and expenses, net, and income taxes. Corporate earnings from operations primarily include depreciation on capitalized interest, expenses for corporate administrative functions, unallocated corporate expenses and other nonrecurring and/or non-operational adjustments excluded from the Corporation's evaluation of business segment performance and resource allocation. All debt and related interest expense is held at Corporate.

Assets employed by segment include assets directly identified with those operations. Corporate assets consist primarily of cash and cash equivalents, property, plant and equipment for corporate operations and other assets not directly identifiable with a reportable business segment.

The following tables display selected financial data for the Corporation's reportable business segments:

Selected Financial Data by Business Segment
years ended December 31
(add 000)

Total revenues	**2010**	2009	2008
Mideast Group	**$ 485,423**	$ 467,012	$ 618,562
Southeast Group	**413,054**	424,105	548,867
West Group	**691,200**	651,575	762,159
Total Aggregates Business	**1,589,677**	1,542,692	1,929,588
Specialty Products	**193,180**	159,911	186,833
Total	**$1,782,857**	$1,702,603	$2,116,421
Net sales			
Mideast Group	**$ 450,048**	$ 438,469	$ 578,366
Southeast Group	**329,345**	350,123	447,890
West Group	**595,156**	564,329	666,252
Total Aggregates Business	**1,374,549**	1,352,921	1,692,508
Specialty Products	**176,346**	143,719	167,189
Total	**$1,550,895**	$1,496,640	$1,859,697
Gross profit			
Mideast Group	**$ 133,129**	$ 138,978	$ 219,588
Southeast Group	**22,584**	45,635	76,842
West Group	**108,847**	111,166	136,413
Total Aggregates Business	**264,560**	295,779	432,843
Specialty Products	**61,685**	45,584	41,831
Corporate	**(4,294)**	(3,630)	(4,159)
Total	**$ 321,951**	$ 337,733	$ 470,515
Selling, general and administrative expenses			
Mideast Group	**$ 41,710**	$ 44,200	$ 45,109
Southeast Group	**25,720**	26,915	26,069
West Group	**42,862**	41,983	44,479
Total Aggregates Business	**110,292**	113,098	115,657
Specialty Products	**11,046**	9,446	9,989
Corporate	**11,892**	16,856	25,702
Total	**$ 133,230**	$ 139,400	$ 151,348
Earnings (Loss) from operations			
Mideast Group	**$ 93,899**	$ 95,083	$ 187,165
Southeast Group	**(3,164)**	20,498	48,086
West Group	**75,827**	61,440	95,799
Total Aggregates Business	**166,562**	177,021	331,050
Specialty Products	**50,578**	35,734	28,136
Corporate	**(20,786)**	(25,178)	(35,800)

Total	**$ 196,354**	$ 187,577	$ 323,386

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

years ended December 31
(add 000)

Assets employed	2010	2009	2008
Mideast Group	**$ 800,888**	$ 803,438	$ 831,139
Southeast Group	**802,139**	783,343	801,776
West Group	**1,098,367**	1,081,565	1,060,206
Total Aggregates Business	**2,701,394**	2,668,346	2,693,121
Specialty Products	**102,103**	102,405	103,949
Corporate	**271,246**	468,532	235,432
Total	**$3,074,743**	$3,239,283	$3,032,502

Depreciation, depletion and amortization	2010	2009	2008
Mideast Group	**$ 54,943**	$ 56,138	$ 55,173
Southeast Group	**52,203**	48,954	41,196
West Group	**56,705**	55,176	52,913
Total Aggregates Business	**163,851**	160,268	149,282
Specialty Products	**8,385**	7,518	8,052
Corporate	**9,301**	11,605	13,795
Total	**$ 181,537**	$ 179,391	$ 171,129

Total property additions	2010	2009	2008
Mideast Group	**$ 50,869**	$ 39,761	$ 107,217
Southeast Group	**54,138**	37,355	262,104
West Group	**58,819**	92,156	63,750
Total Aggregates Business	**163,826**	169,272	433,071
Specialty Products	**6,431**	10,766	11,814
Corporate	**1,823**	5,450	8,642
Total	**$ 172,080**	$ 185,488	$ 453,527

Property additions through acquisitions	2010	2009	2008
Mideast Group	**$ 12,912**	$ —	$ 12,021
Southeast Group	**20,902**	—	169,630
West Group	**—**	46,133	—
Total Aggregates Business	**33,814**	46,133	181,651
Specialty Products	**—**	—	2,000
Corporate	**—**	—	—
Total	**$ 33,814**	$ 46,133	$ 183,651

Property additions for the Mideast Group in 2010, 2009 and 2008 also include $1,900,000, $125,000 and $11,630,000, respectively, of land acquired through non-cash transactions. Property additions for the Southeast Group in 2010 include $450,000 of land acquired through noncash transactions.

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. Total revenues and net sales by product line are as follows:

years ended December 31
(add 000)

Total revenues	2010	2009	2008
Aggregates	**$1,480,485**	$1,426,362	$1,808,726
Asphalt	**51,662**	59,861	54,036
Ready Mixed Concrete	**25,067**	26,311	36,981
Road Paving	**17,775**	13,483	14,184
Other	**14,688**	16,675	15,661
Total Aggregates Business	**1,589,677**	1,542,692	1,929,588
Magnesia-Based Chemicals	**132,890**	109,685	131,464
Dolomitic Lime	**60,137**	48,571	51,406
Other	**153**	1,655	3,963
Specialty Products	**193,180**	159,911	186,833
Total	**$1,782,857**	$1,702,603	$2,116,421

years ended December 31
(add 000)

Net sales	2010	2009	2008
Aggregates	**$1,289,083**	$1,262,894	$1,594,512
Asphalt	**38,524**	45,164	46,340
Ready Mixed Concrete	**25,031**	26,265	36,937
Road Paving	**17,775**	13,483	14,184
Other	**4,136**	5,115	535
Total Aggregates Business	**1,374,549**	1,352,921	1,692,508
Magnesia-Based Chemicals	**120,475**	98,643	116,128
Dolomitic Lime	**55,719**	43,421	47,098
Other	**152**	1,655	3,963
Specialty Products	**176,346**	143,719	167,189

Total	**$1,550,895**	$1,496,640	$1,859,697

Domestic and foreign total revenues are as follows:

years ended December 31 (add 000)	**2010**	2009	2008
Domestic	**$1,748,766**	$1,666,606	$2,067,331
Foreign	**34,091**	35,997	49,090
Total	**$1,782,857**	$1,702,603	$2,116,421

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note P: Supplemental Cash Flow Information

The components of the change in other assets and liabilities, net, are as follows:

years ended December 31 (add 000)	**2010**	2009	2008
Other current and noncurrent assets	**$ 3,245**	$ (8,194)	$ (2,963)
Accrued salaries, benefits and payroll taxes	**(1,415)**	(9,137)	(3,292)
Accrued insurance and other taxes	**(739)**	855	(1,704)
Accrued income taxes	**10,890**	2,414	14,341
Accrued pension, postretirement and postemployment benefits	**(22,257)**	6,339	306
Other current and noncurrent liabilities	**(4,264)**	3,207	(10,685)
Change in other assets and liabilities	**$(14,540)**	$ (4,516)	$ (3,997)

Noncash investing and financing activities are as follows:

years ended December 31 (add 000)	**2010**	2009	2008
Noncash investing and financing activities:			
Acquisition of land through property exchange	**$ 1,900**	$ —	$ —
Issuance of notes payable for acquisition of land	**$ 450**	$ 125	$ 11,500
Note receivable issued in connection with divestiture and sale of assets	**$ —**	$ 1,675	$ 300
Acquisition of land through settlement of notes receivable	**$ —**	$ —	$ 130

Note Q: Other Operating Income and Expenses, Net

In January 2010, the Missouri Supreme Court declined to accept the appeal on a matter pending between the Corporation and the City of Greenwood, Missouri. The Corporation recorded an $11,900,000 legal reserve for the West Group as of December 31, 2009. This noncash charge, which was included in other operating income and expenses, net, in the consolidated statement of earnings for the year ended December 31, 2009, decreased net earnings for 2009 by $8,000,000, or $0.18 per diluted share.

In June 2010, the Corporation settled legal proceedings relating to its Greenwood, Missouri, operation for approximately $7,000,000 in cash. In connection with the settlement, the Corporation reversed the excess of the legal reserve established as of December 31, 2009, thereby increasing net earnings for 2010 by $2,751,000, or $0.06 per diluted share.

During the fourth quarter of 2008, the Corporation terminated certain employees as part of a reduction in workforce designed to control its cost structure. Based on the terms of the severance arrangements, the Corporation accrued $5,400,000 of severance and other termination benefits at the communication date, which was included in other operating income and expenses, net, in the consolidated statement of earnings for the year ended December 31, 2008. During the years ended December 31, 2010 and 2009, the Corporation paid $849,000 and $3,243,000, respectively, in accordance with the terms of the severance agreements. No further payments are required under the terms of the severance agreements subsequent to December 31, 2010.

During 2008, the Corporation wrote off $1,678,000 of machinery and equipment and $1,632,000 of prepaid royalties related to its structural composites product line of the Specialty Products segment as the assets had no future use to the Corporation. The total write off, which was included in other operating income and expenses, net, in the consolidated statement of earnings for the year ended December 31, 2008, decreased net earnings for 2008 by $2,001,000, or $0.05 per diluted share.

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

INTRODUCTORY OVERVIEW

Martin Marietta Materials, Inc., (the "Corporation") is the nation's second largest producer of construction aggregates. The Aggregates business includes the following reportable segments, operating locations and primary product lines:

AGGREGATES BUSINESS			
Reportable Segments	**Mideast Group**	**Southeast Group**	**West Group**
Operating Locations	Indiana, Maryland, North Carolina, Ohio, South Carolina, Virginia and West Virginia	Alabama, Florida, Georgia, Illinois, Kentucky, Louisiana, Mississippi, Tennessee, Nova Scotia and the Bahamas	Arkansas, Iowa, Kansas, Minnesota, Missouri, Nebraska, Nevada, Oklahoma, Texas, Utah, Washington and Wyoming
Primary Product Lines	Aggregates (stone, sand and gravel)	Aggregates (stone, sand and gravel)	Aggregates (stone, sand and gravel), asphalt, ready mixed concrete and road paving
Primary Types of Aggregates Locations	Quarries and Distribution Yards	Quarries and Distribution Yards	Quarries and Distribution Yards
Primary Modes of Transportation for Aggregates Product Line	Truck and Rail	Truck, Water and Rail	Truck and Rail

The Corporation's Specialty Products segment produces magnesia-based chemicals products used in industrial, agricultural and environmental applications and dolomitic lime used in the steel industry.

The overall areas of focus for the Corporation include the following:

- Maximize long-term shareholder return by pursuing sound growth and earnings objectives;
- Conduct business in compliance with applicable laws, rules, regulations and the highest ethical standards;
- Provide a safe and healthy workplace for the Corporation's employees; and
- Reflect all aspects of good citizenship by being responsible neighbors.

Notable items regarding the Corporation's 2010 operating results, cash flows and operations include:

Operating Results:

- Earnings per diluted share of $2.10
- Return on shareholders' equity of 7.0% in 2010
- Heritage aggregates product line volume increase of 5.3% and pricing decrease of 3.4%
- Record financial results by the Specialty Products segment, which provided earnings from operations of $50.6 million
- Energy expense increased $25.5 million, which reduced earnings per diluted share by $0.34
- Effective management of controllable costs as evidenced by selling, general and administrative expenses decreasing $6.2 million in 2010 compared with 2009, despite absorbing $3.5 million of costs related to the payment of certain retirement benefits

Cash Flows:

- Ratio of consolidated debt-to-consolidated EBITDA, as defined in the Corporation's $325 million credit agreement (the "Credit Agreement"), as amended, of 2.73 times for the trailing twelve months ended December 31, 2010, in compliance with the limit of 3.50 times
- Repayment of $217.6 million of Floating Rate Senior Notes through use of cash
- Cash dividends of $73.6 million, representing $1.60 per common share
- Capital expenditures of $135.9 million focused on preserving capital while maintaining safe, environmentally-sound operations, along with a continuing investment in land with long-term mineral reserves to serve high-growth markets; investment includes new aggregates import facility at the Corporation's Port Manatee distribution yard on Florida's west coast
- Investment of $43.3 million for acquisitions

Operations:

- Record employee safety performance as measured by lost-time incidence rates
- Successful integration of the acquisitions of (i) an aggregates distribution facility in Port Canaveral, Florida that serves the greater Orlando market and (ii) a sand and gravel business in South Carolina that serves the Charlotte, North Carolina region as well as certain South Carolina markets
- Continued maximization of transportation and materials options created by the Corporation's long-haul distribution network

In 2011, the operating plan is targeted to track consistently with the prior year as the Corporation continues to manage the business through this trough period of the construction cycle. Risks that are typical for the aggregates industry and the Corporation specifically become more pronounced during a protracted recession. In 2011, management intends to emphasize, among other things, the following financial and operational initiatives:

Financial:

- Preserving cash, maintaining liquidity and keeping the Corporation's financial position strong
- Increasing the Corporation's incremental operating margin toward its targeted goal of an average of 60% over the course of a recovery in the business cycle
- Maximizing return on invested capital consistent with the successful long-term operation of the Corporation's business
- Returning cash to shareholders through sustainable dividends

Operational:

- Continuing to focus on the Corporation's safety performance
- Maintaining a focus on cost containment and operational efficiencies
- Investing in value-added growth initiatives and successfully integrating them with the Corporation's heritage operations
- Using best practices and information technology to drive improved cost performance
- Effectively serving high-growth markets, particularly in the Southeast and Southwest
- Continuing to build a competitive advantage from the Corporation's long-haul distribution network
- Continuing the strong performance and operating results of the Specialty Products segment

Management considers each of the following factors in evaluating the Corporation's financial condition and operating results.

Aggregates Economic Considerations

The construction aggregates industry is a mature and cyclical business dependent on activity within the construction marketplace. In 2010, the Corporation's aggregates shipments increased 5.4% over 2009 levels, which marked the first year of volume growth in five years. Prior to 2010, the recent economic recession had resulted in unprecedented reductions in aggregates shipments, as evidenced by United States aggregates consumption declining by almost 40% from peak volumes in 2006. Aggregates shipments have also been negatively affected as states continue to balance their construction spending against uncertainty related to long-term federal highway funding and budget shortfalls caused by decreasing tax revenues.

The principal end-users in the aggregates industry are in public infrastructure (e.g., highways, bridges, schools and prisons); nonresidential construction (e.g., manufacturing and distribution facilities; energy projects, including natural gas drilling; office buildings; large retailers and wholesalers; and malls); and residential construction (housing and subdivisions). Aggregates products are also used in the railroad, environmental, utility and agricultural industries. Ballast is an aggregates product used to line trackbeds of railroads and, increasingly, concrete rail ties are being used as a substitute for wooden ties. High-calcium limestone is used as a supplement in animal feed, as a soil acidity neutralizer and agricultural growth enhancer, and also as a filler in glass, plastic, paint, rubber, adhesives, grease and paper. Chemical-grade high-calcium limestone is used as a desulfurization material in utility plants. Limestone can also be used to absorb moisture and dry up areas around building foundations. Stone is used as a stabilizing material to control erosion at ocean beaches, inlets, rivers and streams.

As discussed further under the section *Aggregates Industry and Corporation Trends* on pages 48 through 50, end-user markets respond to changing economic conditions in different ways. Public infrastructure construction is ordinarily more stable than nonresidential and residential construction due to funding from federal, state and local governments, with approximately half from the federal government and the other half from state and local governments. The Safe, Accountable, Flexible and Efficient Transportation Equity Act — A Legacy for Users ("SAFETEA-LU") was the federal highway legislation that provided funding of $286.4 billion over the six-year period ended September 30, 2009. While a multi-year successor federal highway bill has not been approved, the provisions of SAFETEA-LU have been extended under continuing resolutions through March 4, 2011. The lack of a long-term federal highway bill, the overall weakness in the United States economy and the lower-than-expected impact of the American Recovery and Reinvestment Act of 2009 ("ARRA" or "Stimulus") have negatively affected infrastructure spending. However, the Corporation's shipments to the infrastructure construction market increased 4% in 2010, which supports management's view that the transportation component of state budgets in the Corporation's core states enjoys a greater relative stability that will continue to be beneficial in 2011. Overall, the infrastructure construction market accounted for approximately 55% of the Corporation's 2010 aggregates shipments.

While Stimulus provided approximately $30 billion of additional funding for highways, bridges and airports to be spent through 2012, the lack of shovel-ready projects and the substitution of Stimulus funds for other projects has both delayed and limited its impact on the aggregates industry. Stimulus spending in four of the Aggregates business' top seven sales-generating states lags the national average. Further, management is disappointed that other components of Stimulus, including federal spending for rail transportation, public transit and the Army Corps of Engineers, have not provided the expected increase in construction activity. Management estimates that approximately 30% of Stimulus funds for highways, bridges and airports will be spent in 2011 in the Corporation's critical states.

Nonresidential and residential construction levels are interest rate-sensitive and typically move in a direct correlation with economic cycles. The Corporation's shipments to the nonresidential construction market, which accounted for approximately 26% of the Corporation's 2010 aggregates shipments, increased 8% in 2010. The growth was driven by shipments to the energy sector to support natural gas drilling and exploration projects at the Haynesville, Barnett and Eagle Ford Shale deposits in East Texas, South Texas, Southwest Arkansas and Northeast Louisiana. Other components of the nonresidential construction market remained weak in 2010 and were negatively affected by continued weakness in the residential construction market. Specifically, the commercial component of nonresidential construction generally follows the residential construction market with a 12-to-18-month lag. Management anticipates this component of the nonresidential end-use market to experience modest volume recovery in 2011.

The Corporation's shipments to the residential construction market increased 5% in 2010. While the Federal Reserve kept the federal funds rate at zero percent throughout the year, overall weakness in the U.S. economy and reduced consumer lending by banks limited the impact of the low rate. Additionally, the excess supply of developed lots stifled new housing starts. The residential construction market accounted for approximately 7% of the Corporation's aggregates shipments in 2010. Looking ahead, management expects modest improvement in the residential construction market in 2011. However, housing starts are not expected to achieve a normalized annual level, estimated at 1.5 million starts nationally, until 2013.

Shipments of chemical rock (comprised primarily of material used for agricultural lime and flue gas desulfurization) and ballast product sales (collectively, referred to as "ChemRock/ Rail") increased 5% in 2010, primarily due to increased railroad industry demand. Three of the Corporation's top ten customers in 2010 were railroads. Management expects the Corporation's ChemRock/Rail shipments to be relatively flat in 2011 compared with 2010.

In 2010, the Corporation shipped 130.0 million tons of aggregates to customers in 30 states, Canada, the Bahamas and the Caribbean Islands from 269 quarries and distribution yards. While the Corporation's aggregates

operations cover a wide geographic area, financial results depend on the strength of the applicable local economies because of the high cost of transportation relative to the price of the product. The Aggregates business' top five sales-generating states — Texas, North Carolina, Georgia, Iowa and Louisiana — accounted for approximately 55% of its 2010 net sales by state of destination, while the top ten sales-generating states accounted for approximately 75% of its 2010 net sales. Management closely monitors economic conditions and public infrastructure spending in the market areas in the states where the Corporation's operations are located. Further, supply and demand conditions in these states affect their respective profitability.

Aggregates Industry Considerations

Since the construction aggregates business is conducted outdoors, erratic weather patterns, seasonal changes, precipitation and other weather-related conditions, such as snowstorms, droughts or hurricanes, significantly affect production schedules, shipments and profitability of the aggregates industry. The financial results for the first quarter are generally significantly lower than the financial results of the other quarters due to winter weather.

ESTIMATED POPULATION MOVEMENT

Top 10 Revenue-Generating States of Aggregates Business	Population Rank in 2000	Rank in Estimated Change in Population From 2000 to 2030	Estimated Rank in Population in 2030
Texas	2	4	2
North Carolina	11	7	7
Georgia	10	8	8
Iowa	30	48	34
Louisiana	22	41	26
South Carolina	26	19	23
Florida	4	3	3
Indiana	14	31	18
Arkansas	33	21	32
Nebraska	38	42	38

Source: United States Census Bureau

While natural aggregates sources typically occur in relatively homogeneous deposits in certain areas of the United States, a significant challenge facing aggregates producers is locating suitable deposits that can be economically mined at locations that qualify for regulatory permits and are in close proximity to growing markets (or in close proximity to long-haul transportation corridors that economically serve growing markets). This objective is becoming more challenging as residential expansion and other real estate development encroach on attractive quarrying locations, often triggering enhanced regulatory constraints or otherwise making these locations impractical for mining. The Corporation's management continues to meet this challenge through strategic planning to identify site locations in advance of economic expansion; land acquisition around existing quarry sites to increase mineral reserve capacity and lengthen quarry life or add a site buffer; underground mine development; and enhancing a competitive advantage with its long-haul distribution network. This long-haul network moves aggregates materials from domestic and offshore sources, via rail and water, to markets where aggregates supply is limited. The movement of aggregates materials through long-haul networks introduces risks to operating results as discussed more fully under the sections *Analysis of Gross Margin* and *Transportation Exposure* on pages 47 and 48 and pages 58 through 60, respectively.

During the late 1990's and through the early 2000's, the aggregates industry experienced significant consolidation, and the Corporation actively participated in that industry consolidation. During this period, large, often public, companies acquired small-to-medium-sized businesses, primarily private

companies. Thereafter, this consolidation trend slowed as the number of suitable small-to-midsized acquisition targets in high-growth markets declined. In the mid 2000's at the apex of the most recent business cycle, large public companies acquired other large public companies and paid peak multiples of peak EBITDA (earnings before interest expense, income tax expense, and depreciation and amortization expense), often stretching their financial capacity beyond investment-grade limits. The Corporation was not an active acquirer during this period, as management deemed the values of potential acquisitions to be significantly below the sellers' expectations. Management anticipates the number of acquisition opportunities, including larger private, family-owned businesses, to increase as a result of the protracted recession. The Corporation will pursue acquisitions that fit its strategic objectives.

Aggregates Financial Considerations

The production of construction-related aggregates requires a significant capital investment resulting in high fixed and semi-fixed costs, as discussed more fully under the section *Cost Structure* on pages 56 through 58. Further, operating results and financial performance are sensitive to shipment volume and sales price changes.

In 2010, the average selling price for the heritage aggregates product line decreased 3.4%. The decline is primarily attributable to changes in mix — both product and geographic — as well as competitive pressures. In addition, higher-priced projects bid in more stable economic periods are nearing completion and being replaced by projects bid during a more challenging time.

The production of construction-related aggregates also requires the use of diesel fuel. Therefore, fluctuations in diesel fuel pricing directly affect operating results. During 2010, energy costs increased $25.5 million compared with 2009; higher diesel fuel cost was the primary component. The Corporation does not hedge its diesel fuel price risk, but instead focuses on volume-related price reductions, fuel efficiency, consumption and the natural hedge typically created by the ability to increase aggregates prices.

Management evaluates financial performance in a variety of ways. In particular, gross margin excluding freight and delivery revenues is a significant measure of financial performance reviewed by management on a site-by-site basis. Management also reviews changes in average selling prices, costs per ton produced, tons produced per paid man hour and return on invested capital, along with other key financial and nonfinancial data. Changes in average selling prices demonstrate economic and competitive conditions, while changes in costs per ton produced and tons produced per paid man hour are indicative of operating efficiency and economic conditions.

Other Business Considerations

The Corporation, through its Specialty Products segment, also produces dolomitic lime and magnesia-based chemicals. Net sales for the segment increased 23% in 2010, reflecting the strength of the steel industry and strong demand in the chemicals product line. The dolomitic lime business, 31% of Specialty Products' 2010 net sales, is dependent on the highly-cyclical steel industry and operating results are affected by changes in that industry. The chemical products business focuses on higher-margin specialty chemicals that can be produced at volumes that support efficient operations.

A significant portion of costs related to the production of dolomitic lime and magnesia chemical products is of a fixed or semi-fixed nature. The production of dolomitic lime and certain magnesia chemical products also requires the use of natural gas, coal and petroleum coke. Therefore, fluctuations in their pricing directly affect operating results. The Corporation has entered into fixed- price supply contracts for coal and natural gas to help mitigate this risk.

Cash Flow Considerations

The Corporation's cash flows are generated primarily from operations. Operating cash flows generally fund working capital needs, capital expenditures, dividends, share repurchases and smaller acquisitions. During 2010, the Corporation repaid $218 million of Floating Rate Senior Notes using cash. The Corporation also invested $136 million in capital expenditures, invested $43 million in acquisitions, paid $74 million in dividends and made contributions of $41 million to its pension plans.

Cash on hand, $70 million at December 31, 2010, along with the Corporation's projected internal cash flows and its available financing resources, including access to debt and equity markets, are expected to continue to be sufficient to provide the capital resources necessary to support anticipated operating needs, cover debt service requirements, satisfy noncancelable agreements, meet capital expenditures and discretionary investment needs, fund certain acquisition opportunities that may arise, and allow for payment of dividends. At December 31, 2010, the Corporation had unused borrowing capacity of $323 million under the Credit Agreement and $100 million under the Corporation's Accounts Receivable Credit Facility (the "AR Credit Facility"), subject to complying with a leverage covenant based on its debt-to-EBITDA ratio. Of the $423 million of unused borrowing capacity, $212 million, or 50%, has been committed from Wells Fargo Bank, N.A., ("Wells Fargo").

The Corporation is in the process of renegotiating its short-term credit facilities. Management expects to close on a new, multi-year credit facility during the quarter ending March 31, 2011 that would replace the Credit Agreement and the Corporation's unsecured term loan (the "Term Loan"), which has $112 million outstanding at December 31, 2010. The new credit facility is expected to have the same financial covenant as the current short-term credit facilities and also provide adequate liquidity to refinance the $242 million maturity of Notes in April 2011. The Corporation also expects to renegotiate or replace the $100 million AR Credit Facility during the first quarter of 2011.

The Corporation's ability to borrow funds or issue securities is dependent upon, among other things, prevailing economic, financial and market conditions. The current credit environment has limited the Corporation's ability to issue borrowings under its commercial paper program. As of December 31, 2010, the Corporation had principal indebtedness of $1.03 billion and future minimum lease and mineral and other royalty commitments for all noncancelable agreements of $393 million. The Corporation's ability to generate sufficient cash flow depends on future performance, which will be subject to general economic conditions, industry cycles and financial, business and other factors affecting its consolidated operations, many of which are beyond the Corporation's control. If the Corporation is unable to generate sufficient cash flow from operations in the future to satisfy its financial obligations, it may be required, among other things to seek additional financing in the debt or equity markets; to refinance or restructure all or a portion of its indebtedness; to further reduce or delay planned capital or operating expenditures; and/or to suspend or reduce the amount of the cash dividend to shareholders.

An increase in leverage could lead to deterioration in the Corporation's credit ratings. A reduction in its credit ratings, regardless of the cause, could also limit the Corporation's ability to obtain additional financing and/or increase its cost of obtaining financing.

FINANCIAL OVERVIEW

Highlights of 2010 Financial Performance

- *Earnings per diluted share of $2.10 compared with 2009 earnings of $1.91 per diluted share*
- *Net sales of $1.551 billion, a 3.6% increase compared with net sales of $1.497 billion in 2009*
- *Heritage aggregates product line volume increase of 5.3% and pricing decrease of 3.4%*

Results of Operations

The discussion and analysis that follows reflect management's assessment of the financial condition and results of operations of the Corporation and should be read in conjunction with the audited consolidated financial statements on pages 6 through 36. As discussed in more detail herein, the Corporation's operating results are highly dependent upon activity within the construction marketplace, economic cycles within the public and private business sectors and seasonal and other weather-related conditions. Accordingly, the financial results for a particular year, or year-to-year comparisons of reported results, may not be indicative of future operating results. The Corporation's Aggregates business generated 89% of net sales and the majority of operating earnings during 2010. The following comparative analysis and discussion should be read within that context. Further, sensitivity analysis and certain other data are provided to enhance the reader's understanding of Management's Discussion and Analysis of Financial Condition and Results of Operations and are not intended to be indicative of management's judgment of materiality.

The Corporation's consolidated operating results and operating results as a percentage of net sales are as follows:

years ended December 31 (add 000, except for % of net sales)	**2010**	**% of Net Sales**	2009	% of Net Sales	2008	% of Net Sales
Net sales	**$1,550,895**	**100.0%**	**$1,496,640**	**100.0%**	**$1,859,697**	**100.0%**
Freight and delivery revenues	231,962		205,963		256,724	
Total revenues	1,782,857		1,702,603		2,116,421	
Cost of sales	1,228,944	79.2	1,158,907	77.4	1,389,182	74.7
Freight and delivery costs	231,962		205,963		256,724	
Total cost of revenues	1,460,906		1,364,870		1,645,906	
Gross profit	**321,951**	**20.8**	**337,733**	**22.6**	**470,515**	**25.3**
Selling, general and administrative expenses	133,230	8.6	139,400	9.3	151,348	8.1
Research and development	153	0.0	373	0.0	596	0.0
Other operating (income) and expenses, net	(7,786)	(0.5)	10,383	0.8	(4,815)	(0.2)
Earnings from operations	**196,354**	**12.7**	**187,577**	**12.5**	**323,386**	**17.4**
Interest expense	68,456	4.4	73,460	4.9	74,299	4.0
Other nonoperating expenses and (income), net	202	0.1	(1,145)	(0.1)	1,958	0.1
Earnings from continuing operations before taxes on income	127,696	8.2	115,262	7.7	247,129	13.3
Taxes on income	29,217	1.9	27,375	1.8	72,088	3.9
Earnings from continuing operations	**98,479**	**6.3**	**87,887**	**5.9**	**175,041**	**9.4**
Gain on discontinued operations, net of taxes	185	0.1	277	0.0	4,709	0.3
Consolidated net earnings	98,664	6.4	88,164	5.9	179,750	9.7
Less: Net earnings attributable to noncontrolling interests	1,652	0.1	2,705	0.2	3,494	0.2
Net Earnings Attributable to Martin Marietta Materials, Inc.	**$ 97,012**	**6.3**	**$ 85,459**	**5.7**	**$ 176,256**	**9.5**

The comparative analysis in this Management's Discussion and Analysis of Financial Condition and Results of Operations is based on net sales and cost of sales. However, 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 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 years ended December 31 in accordance with GAAP and reconciliations of the ratios as percentages of total revenues to percentages of net sales.

Gross Margin in Accordance with GAAP

(add 000, except for margin %)	**2010**	2009	2008
Gross profit	**$ 321,951**	$ 337,733	$ 470,515
Total revenues	**$1,782,857**	$1,702,603	$2,116,421
Gross margin	**18.1%**	19.8%	22.2%

Gross Margin Excluding Freight and Delivery Revenues

(add 000, except for margin %)	**2010**	2009	2008
Gross profit	**$ 321,951**	$ 337,733	$ 470,515
Total revenues	**$1,782,857**	$1,702,603	$2,116,421
Less: Freight and delivery revenues	**(231,962)**	(205,963)	(256,724)
Net sales	**$1,550,895**	$1,496,640	$1,859,697
Gross margin excluding freight and delivery revenues	**20.8%**	22.6%	25.3%

Operating Margin in Accordance with GAAP

(add 000, except for margin %)	**2010**	2009	2008
Earnings from operations	**$ 196,354**	$ 187,577	$ 323,386
Total revenues	**$1,782,857**	$1,702,603	$2,116,421
Operating margin	**11.0%**	11.0%	15.3%

Operating Margin Excluding Freight and Delivery Revenues

(add 000, except for margin %)	**2010**	2009	2008
Earnings from operations	**$ 196,354**	$ 187,577	$ 323,386
Total revenues	**$1,782,857**	$1,702,603	$2,116,421
Less: Freight and delivery revenues	**(231,962)**	(205,963)	(256,724)
Net sales	**$1,550,895**	$1,496,640	$1,859,697
Operating margin excluding freight and delivery revenues	**12.7%**	12.5%	17.4%

Net Sales

Net sales by reportable segment are as follows:

years ended December 31 (add 000)	**2010**	2009	2008
Mideast Group	**$ 450,048**	$ 438,469	$ 578,366
Southeast Group	**329,345**	350,123	447,890
West Group	**595,156**	564,329	666,252
Total Aggregates Business	**1,374,549**	1,352,921	1,692,508
Specialty Products	**176,346**	143,719	167,189
Total	**$1,550,895**	$1,496,640	$1,859,697

Aggregates. Heritage and total aggregates product line average selling price increases (decreases) are as follows:

years ended December 31	**2010**	2009	2008
Mideast Group	**(5.3%)**	3.8%	10.8%
Southeast Group	**(2.0%)**	(1.0%)	7.7%
West Group	**(1.9%)**	3.8%	4.2%
Heritage Aggregates Operations	**(3.4%)**	1.9%	6.6%
Aggregates Business	**(3.4%)**	2.1%	6.9%

Heritage aggregates operations exclude acquisitions that were not included in prior-year operations for a full year and divestitures.

The average annual aggregates product line price increase for the ten and twenty years ended December 31, 2010 was 4.6% and 3.6%, respectively. The decline in average selling price in 2010 reflects changes in product and geographic mix, which resulted in more lower-priced products being sold. In addition, higher-priced projects having been bid in more stable economic periods are nearing completion and being replaced by projects bid during a period of significant competitive pressures. 2009 aggregates pricing reflects the impact of reduced demand. (see section *Aggregates Industry and Corporation Trends* on pages 48 through 50).

The decline in the average selling price for the Southeast Group in 2009 was related to the decline in shipments and increased competitive pressures, particularly in Florida and markets served by the Mississippi River system. In 2008, the average selling price increase in the West Group was lower when compared with the other reportable segments primarily due to product mix, which reflects a higher percentage of lower-priced products being sold.

Aggregates product line shipments of 130.0 million tons in 2010 increased 5.4% compared with 123.4 million tons shipped in 2009. The increase is primarily due to increases in state transportation spending and increased shipments to the energy sector. Aggregates product line shipments of 123.4 million tons in 2009 decreased 22.6% compared with 159.4 million tons shipped in 2008. The decline in 2009 reflects the recessionary construction markets which resulted in a 40% decline in aggregates shipments from the Corporation's peak period, the twelve months ended March 31, 2006. The following presents heritage and total

aggregates product line shipments for each reportable segment for the Aggregates business:

years ended December 31 Tons (add 000)	**2010**	2009	2008
Heritage Aggregates Product Line:			
Mideast Group	**40,257**	37,265	51,035
Southeast Group	**29,289**	30,417	39,087
West Group	**60,380**	55,674	68,627
Heritage Aggregates Operations	**129,926**	123,356	158,749
Acquisitions	**33**	—	—
Divestitures[1]	**48**	45	606
Aggregates Business	**130,007**	123,401	159,355

1 *Divestitures represent tons related to divested operations up to the date of divestiture.*

Heritage and total aggregates product line volume variance by reportable segment is as follows:

years ended December 31	**2010**	2009	2008
Mideast Group	**8.0%**	(27.0%)	(23.3%)
Southeast Group	**(3.7%)**	(22.2%)	(8.6%)
West Group	**8.5%**	(18.9%)	(2.5%)
Heritage Aggregates Operations	**5.3%**	(22.3%)	(11.6%)
Total Aggregates Business	**5.4%**	(22.6%)	(12.6%)

The decline in the shipments for the Southeast Group in 2010 was primarily due to delays in key heavy industrial projects in the nonresidential market.

Specialty Products. Specialty Products 2010 net sales of $176.3 million increased 22.7% over 2009 net sales of $143.7 million. The increase is due to the strength of the steel industry and strong demand in the chemicals product line. 2009 net sales decreased 14.0% compared with 2008 net sales of $167.2 million. The decrease in 2009 was due to slowing magnesia chemicals sales and reduced dolomitic lime shipments to the steel industry.

Freight and Delivery Revenues and Costs

Freight and delivery revenues and costs represent pass-through transportation costs incurred when the Corporation arranges for a third-party carrier to deliver aggregates products to customers (see section *Transportation Exposure* on pages 58 through 60). These third-party freight costs are then billed to the customer. The 12.6% increase in these revenues and costs in 2010 compared with 2009 reflects an increase in aggregates shipments and higher fuel costs. The reduction in these revenues and costs in 2009 compared with 2008 reflects the reduction in aggregates shipments.

Cost of Sales

Cost of sales increased 6.0% in 2010 as compared with 2009. The increase was due to a 3.6% increase in net sales and higher energy costs, which increased $25.5 million. These increases were offset by efficiency gains as measured by the 3.0% improvement in tons produced per working man hour for the aggregates product line. Cost of sales decreased 16.6% in 2009 as compared with 2008, primarily related to lower energy costs, with the reduction in diesel fuel cost being the most significant component; lower embedded freight costs on aggregates materials transported via rail and water, consistent with the reduction in shipments from distribution yards (see section *Transportation Exposure* on pages 58 through 60); and lower personnel costs due to headcount reductions.

As a result of inventory control measures, production at heritage locations declined 21.4% in 2009 when compared with 2008. This negatively affected the Corporation's operating leverage due to the high fixed and semi-fixed costs associated with aggregates production and led to certain normally inventoriable costs being recognized as period expenses during 2009.

Gross Profit

The Corporation defines gross margin excluding freight and delivery revenues as gross profit divided by net sales. The Corporation's gross margin excluding freight and delivery revenues decreased 180 basis points in 2010 due to higher energy costs and the reduction in average selling price for the aggregates product line. Gross margin decreased 270 basis points in 2009 due to the 22.6% decline in aggregates shipments, which was partially offset by lower energy costs.

The following presents a rollforward of the Corporation's gross profit from 2009 to 2010 and from 2008 to 2009:

years ended December 31 (add 000)	**2010**	2009
Consolidated Gross Profit, prior year	**$337,733**	$ 470,515
Aggregates Business:		
Volume strength (weakness)	**66,045**	(385,074)
Pricing (weakness) strength	**(44,417)**	45,486
Cost (increases) decreases, net	**(52,847)**	202,524
Decrease in Aggregates Business Gross Profit	**(31,219)**	(137,064)
Specialty Products	**16,101**	3,753
Corporate	**(664)**	529
Decrease in Consolidated Gross Profit	**(15,782)**	(132,782)
Consolidated Gross Profit, current year	**$321,951**	$ 337,733

The following presents gross margin excluding freight and delivery revenues by reportable segment for the Aggregates business:

years ended December 31	**2010**	2009	2008
Mideast Group	**29.6%**	31.7%	38.0%
Southeast Group	**6.9%**	13.0%	17.2%
West Group	**18.3%**	19.7%	20.5%
Total Aggregates Business	**19.2%**	21.9%	25.6%

Gross margin excluding freight and delivery revenues for the Southeast Group reflects the 3.7% decline in aggregates product line shipments in 2010 and the 1.0% decline in average selling price at its heritage operations in 2009. Additionally, the Southeast Group's operations include the water distribution network, which produces lower gross margins due to embedded freight (see sections *Analysis of Gross Margin* on pages 47 and 48 and *Transportation Exposure* on pages 58 through 60).

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased $6.2 million in 2010, despite absorbing $3.5 million for settlement charges for the payment of vested benefits under the SERP (Supplemental Excess Retirement Plan). In 2009, there was an $11.9 million reduction compared with 2008, despite absorbing a $6.4 million increase in pension costs. The reductions in 2010 and 2009 were due to lower overall personnel costs and management's continued focus on cost control. 2008 expenses included $2.8 million for settlement charges related to the SERP.

Other Operating Income and Expenses, Net

Among other items, other operating income and expenses, net, include gains and losses on the sale of assets; gains and losses related to certain amounts receivable; rental, royalty and services income; and the accretion expense, depreciation expense, and gains and losses related to asset retirement obligations. The 2010 amount includes the settlement and reversal of part of an $11.9 million legal reserve that was established in 2009 for the West Group and a $4.5 million gain on the sale of assets, partially offset by a $2.7 million charge for bad debts. Additionally, the 2009 amount reflects $2.2 million of transaction costs related to acquisitions; prior to 2009, such costs were capitalized if the acquisition was consummated. The 2009 amount also includes a $3.0 million charge for a property loss and the loss on the sales of assets, and a $3.3 million charge for bad debts. The 2008 amount included a $14.4 million gain on the sale of assets offset by a $3.3 million charge for asset write offs related to the structural composites product line, a nonrecurring $3.6 million charge for professional fees paid to advisors related to strategic initiatives, a $5.4 million charge for termination benefits related to a reduction in the Corporation's workforce, a $2.5 million charge for bad debts and a $1.6 million charge related to a property loss.

Earnings from Operations

The Corporation defines operating margin excluding freight and delivery revenues as earnings from operations divided by net sales and it represents a measure of operating profitability. The 2010 increase of 20 basis points compared with 2009 reflects the record operating results for the Specialty Products segment, lower selling, general and administrative expenses and the gain on a legal settlement, partially offset by the lower gross margin excluding freight and delivery revenues for the Aggregates business, primarily due to higher energy costs. The 2009 decrease of 490 basis points compared with 2008 reflects the lower gross margin excluding freight and delivery revenues and the $11.9 million legal reserve accrued in 2009. Additionally, selling, general and administrative expenses as a percentage of net sales were higher in 2009 due to the 19.5% decline in net sales.

Interest Expense

Interest expense decreased $5.0 million in 2010 primarily due to lower outstanding borrowings. Interest expense decreased $0.8 million in 2009 primarily due to lower interest rates on variable rate debt.

Other Nonoperating Income and Expenses, Net

Other nonoperating income and expenses, net, are comprised generally of interest income, foreign currency transaction gains and losses, and net equity earnings from nonconsolidated investments. The expense in 2010 compared with income in 2009 was due to lower gains on foreign currency transactions. The increase of $3.1 million in 2009 compared with 2008 was due to higher gains on foreign currency transactions.

Income Taxes

Variances in the estimated effective income tax rates, when compared with the federal corporate tax rate of 35%, are due primarily to the impact of book and tax accounting differences arising from the net permanent benefits associated with the depletion allowances for mineral reserves, the effect of state income taxes, the domestic production deduction, and the tax effect of nondeductibility of goodwill related to asset sales. The permanent benefits associated with the depletion deduction for mineral reserves is the significant driver of the effective income tax rate. Due to the limitations imposed on percentage depletion, decreases in sales volumes and pretax earnings do not decrease the depletion deduction proportionately.

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 tax rate.

The Corporation's estimated effective income tax rates are as follows:

years ended December 31	**2010**	2009	2008
Continuing operations	**22.9%**	23.8%	29.2%
Discontinued operations	**40.5%**	40.9%	53.6%
Overall	**22.9%**	23.8%	30.1%

Discontinued Operations

Divestitures and closures included in discontinued operations reflect operations within the Aggregates business that were sold or permanently shut down. The results of all divested operations through the dates of disposal and any gains or losses on disposals are included in discontinued operations in the consolidated statements of earnings. The discontinued operations included the following net sales, pretax gain or loss on operations, pretax gain on disposals, income tax expense and the overall net earnings:

years ended December 31 (add 000)	**2010**	2009	2008
Net sales	**$ 236**	$ 1,769	$ 7,585
Pretax gain (loss) on operations	**$ 311**	$ 466	$ (438)
Pretax gain on disposals	**—**	3	10,596
Pretax gain	**311**	469	10,158
Income tax expense	**126**	192	5,449
Net earnings	**$ 185**	$ 277	$ 4,709

Net Earnings Attributable to Martin Marietta Materials, Inc. and Earnings Per Diluted Share

2010 net earnings attributable to Martin Marietta Materials, Inc., were $97.0 million, or $2.10 per diluted share, an increase of 13.5% compared with $85.5 million, or $1.91 per diluted share, in 2009.

2009 net earnings attributable to Martin Marietta Materials, Inc., were $85.5 million, or $1.91 per diluted share, a decrease of 51.5% compared with $176.3 million, or $4.18 per diluted share, in 2008.

Analysis of Gross Margin

- *2010 Aggregates business gross margin excluding freight and delivery revenues reflects a 390-basis-point negative impact of embedded freight*

The Aggregates business gross margin excluding freight and delivery revenues for continuing operations for the years ended December 31 is as follows:

2010	**19.2%**
2009	21.9%
2008	25.6%

The development of water and rail distribution yards continues to be a key component of the Corporation's strategic growth plan. Most of this activity is in coastal areas located in the Southeast and West Groups, areas which generally lack an indigenous supply of aggregates but exhibit above-average growth characteristics driven by long-term population trends. Transportation freight costs from the production site to the distribution yards are embedded in the delivered price of aggregates products and reflected in the pricing structure at the distribution yards. Sales from rail and water distribution yards generally yield lower gross margins as compared with sales directly from quarry operations. Nonetheless, management expects that the distribution network currently in place will provide the Corporation solid growth opportunities, and gross margin should continue to improve, subject to the economic environment and other of the Corporation's risk factors (see *Aggregates Industry and Corporation Risks* on pages 50 through 64). In 2010, approximately 15 million tons of aggregates were sold from distribution yards, and results from these

distribution operations reduced the Aggregates business gross margin excluding freight and delivery revenues by approximately 390 basis points. In 2009 and 2008, the impact of embedded freight lowered the Aggregates business gross margin excluding freight and delivery revenues by 330 and 430 basis points, respectively.

Asphalt, ready mixed concrete and road paving operations (hereafter referred to as "vertically-integrated operations") have also negatively affected gross margin, particularly in the West Group. Gross margins excluding freight and delivery revenues associated with vertically-integrated operations, which represented 7% of the Aggregates business' 2010 total revenues, are lower as compared with aggregates operations. Gross margins excluding freight and delivery revenues for the Aggregates business' asphalt and ready mixed concrete product lines, which are located in the West Group, typically range from 10% to 12% as compared with the Aggregates business' overall gross margin excluding freight and delivery revenues, which generally ranges from 25% to 30%. The road paving business, which is also located in the West Group and was acquired as supplemental operations that were part of larger acquisitions, does not represent a strategic business of the Corporation and yields profits that are insignificant to the Corporation as a whole. In 2010, the mix of vertically-integrated operations lowered the Aggregates business' gross margin excluding freight and delivery revenues by approximately 40 basis points. The Aggregates business' gross margin excluding freight and delivery revenues will continue to be adversely affected by the lower gross margins for vertically-integrated operations and for the water and rail distribution network as a result of management's strategic growth plan.

The Aggregates business' operating leverage is substantial given its significant amount of fixed costs. The lean cost structure, coupled with volume recovery and pricing increases, provides a significant opportunity to increase margins in the future. Management estimates that, subject to certain factors, $0.60 of additional earnings from operations can be earned with each incremental $1 of sales over the course of a recovery in the business cycle.

BUSINESS ENVIRONMENT

The sections on *Business Environment* on pages 48 through 65, and the disclosures therein, provide a synopsis of the business environment trends and risks facing the Corporation. However, no single trend or risk stands alone. The relationship between trends and risks is dynamic, and the current economic climate exacerbates this relationship. This discussion should be read in this context.

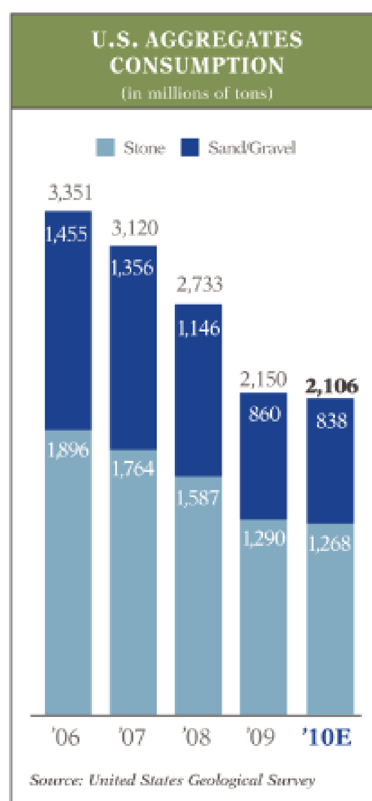
Aggregates Industry and Corporation Trends

- *Spending statistics, from 2009 to 2010, according to U.S. Census Bureau:*
  - *Public-works construction spending decreased 2.7%*
  - *Private nonresidential construction market spending decreased 23.3%*
  - *Private residential construction market spending decreased 1.7%*
- *According to the U.S. Geological Survey, aggregates consumption in the United States decreased approximately 2% in 2010 compared with 2009*

The Corporation's principal business, the Aggregates business, serves customers in construction aggregates-related markets. This business is strongly affected by activity within the construction marketplace, which is cyclical in nature. Consequently, the Corporation's profitability is sensitive to national, regional and local economic conditions and especially to cyclical swings in construction spending. The cyclical swings in construction spending are in turn affected by fluctuations in interest rates, access to capital markets, levels of public sector infrastructure funding, and demographic, geographic and population shifts. In 2010, total aggregates consumption in the United States of 2.1 billion tons decreased approximately 2% compared with 2009, as reported by the U. S. Geological Survey. Per the U.S. Census Bureau, total construction spending decreased 10.3%, which implies a higher level of aggregates-intensive construction spending in 2010.

The Aggregates business sells its products principally to contractors in connection with highway and other public infrastructure projects as well as nonresidential and residential development. While construction spending in the public and private market sectors is affected by economic

cycles, the historic level of spending on public infrastructure projects has been comparatively more stable as governmental appropriations and expenditures are typically less interest rate-sensitive than private-sector spending. However, the current uncertainty created by the lack of a successor federal highway bill has negatively affected spending on public infrastructure projects (see section *Federal and State Highway Appropriations* on pages 54 through 56). By way of example, while the total value of United States construction spending decreased 10.3% in 2010 compared with 2009, overall public-works spending decreased only 2.7% in 2010 and spending on highways, streets and bridges increased to $83 billion in 2010 from the $82 billion spent in 2009. The American Road and Transportation Builders Association ("ARTBA") estimates that the value of highway, street and bridge construction will decrease by 4% in 2011. Management believes public-works projects accounted for more than 50% of the total annual aggregates consumption in the United States during 2010; this has consistently been the case since 1990. Approximately 55% of the Corporation's 2010 aggregates shipments were in the public sector; thus, the Aggregates business benefits from this level of public-works construction projects. Accordingly, management believes exposure to fluctuations in nonresidential and residential, or private sector, construction spending is lessened by the business' mix of public sector-related shipments.



According to the U.S. Census Bureau, private nonresidential construction market spending decreased 23.3% in 2010 as compared with 2009. Approximately 26% of the Corporation's 2010 aggregates shipments was related to the nonresidential construction market. Historically, approximately half of the Corporation's nonresidential construction shipments have been used for office and retail projects, while the remainder has been used for heavy industrial and capacity-related projects.

The Corporation's exposure to residential construction is typically split evenly between aggregates used in the construction of subdivisions (including roads, sidewalks, and storm and sewage drainage) and aggregates used in home construction. Therefore, the timing of new subdivision starts is a leading indicator of new home starts and equally affects residential volumes. Private residential construction market spending decreased 1.7% in 2010 from 2009, according to the U.S. Census Bureau. However, 2010 and 2009 represented periods of extremely low levels of private, residential construction spending, reflecting the significant number of home foreclosures, a high inventory of developed lots and the overall weak economy.

MARKETS
AGGREGATES PRODUCT LINE
(Estimated percentage of shipments)

	2006	2007	2008	2009	**2010**	**5-Year Average**
Infrastructure	46%	48%	50%	55%	**55%**	**51%**
Nonresidential	27%	30%	31%	25%	**26%**	**28%**
Residential	17%	12%	9%	7%	**7%**	**10%**
ChemRock/Rail	10%	10%	10%	13%	**12%**	**11%**

Source: Corporation data

Vertically-integrated operations generally follow construction industry trends and accounted for 7% of the Aggregates business' 2010 total revenues.

The gross margin on shipments transported by rail and water is lower as a result of the impact of embedded freight. However, as demand increases in supply-constrained areas, additional pricing opportunities, along

with improved distribution costs, may improve profitability and gross margin on transported material. Further, the long-haul transportation network can diversify market risk for locations that engage in long-haul transportation of their aggregates products. Many locations serve both a local market and transport products via rail and/or water to be sold in other markets. The risk of a downturn in one market may be somewhat mitigated by other markets served by the location.

Pricing on construction projects is generally based on terms committing to the availability of specified products at a specified price during a specified period. While residential and nonresidential construction jobs usually are completed within a year, infrastructure contracts can require several years to complete. Therefore, changes in prices can have a lag time before taking effect while the Corporation sells aggregates products under existing price agreements. Pricing escalators included in multi-year infrastructure contracts somewhat mitigate this effect. However, during periods of sharp or rapid increases in production costs, multi-year infrastructure contract pricing may provide only nominal pricing growth.

In 2010, the average selling price for the heritage aggregates product line decreased 3.4%, primarily due to changes in geographic and product mix and competitive pressures. Geographic mix affects pricing comparisons as several of the Corporation's markets with the largest recovery in shipment volumes had average selling prices below the Corporation's average. Additionally, the Corporation's product mix was weighted more toward one of its lower-priced products — base stone — which is used extensively in both new construction and the energy sector. Finally, competitive forces remain a challenge, particularly in markets that enjoyed strong residential and nonresidential construction activity during the previous economic cycle. These markets now often have an excess supply of contractors who have tended to bid aggressively on Stimulus-related infrastructure projects. This has resulted in pricing on Stimulus projects being approximately 10% lower than the Corporation's average and is expected to continue to negatively affect pricing into 2011. However, management expects pricing pressure to ease as its end-markets continue to either recover or reach levels of sustained stability. Opportunities to increase pricing will return one product and one region at a time. While management believes pricing increases in 2011 will be below the Corporation's 20-year annual average, 3.6%, pricing beyond 2011 is expected to be higher than this long-term historic average and correlate, after consideration of a 6-to-12-month lag factor, with changes in demand. Pricing is determined locally and is affected by supply and demand characteristics of the local market.

The Aggregates business is subject to potential losses on customer accounts receivable in response to economic cycles. While a recessionary economy increases those risks, both lien rights and payment bonds help mitigate the risk of uncollectible receivables. However, the recessionary economy has delayed payments from certain of the Corporation's customers. Historically, the Corporation's bad debt write offs have not been significant to its operating results, and, although the amount of bad debt write offs has increased, management considers the allowance for doubtful accounts adequate as of December 31, 2010.

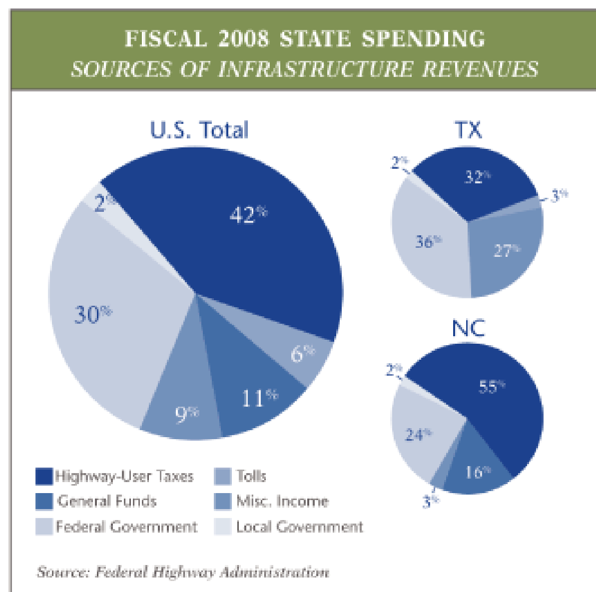
Management expects the overall long-term trend of consolidation of the aggregates industry to continue. The Corporation's Board of Directors and management continue to review and monitor strategic long-term plans. These plans include assessing business combinations and arrangements with other companies engaged in similar or complementary businesses, increasing market share in the Corporation's strategic businesses and pursuing new opportunities that are related to markets that the Corporation views as attractive.

Aggregates Industry and Corporation Risks

General Economic Conditions

The overall United States economy remains weak with national debt at a record high and credit remaining tight. Additionally, unemployment, with a national average of 9.4%, remains at a level significantly higher than the historical average. More significantly, unemployment in the construction industry exceeded 20% at December 31, 2010 according to the Bureau of Labor Statistics. Further, despite the Federal Reserve keeping the federal funds rate at zero percent and the homebuyer tax credits offered to both first-time homeowners and repeat buyers, the housing market remained dismal in 2010.

Public-sector construction projects are funded through a combination of federal, state and local sources (see section *Federal and State Highway Appropriations* on pages 54 through 56). The level of state public-works spending is varied across the nation and dependent upon individual state economies. In addition to federal appropriations, each state funds its infrastructure spending from specifically allocated amounts collected from various user taxes, typically gasoline taxes and vehicle fees. Based on the national averages, user taxes represented the largest component of highway revenues in fiscal year 2008. The use of general funds as a percentage of each state's highway revenues varies, with a national average of 11% in fiscal year 2008. Therefore, spending cuts in state budgets will typically only affect a small percentage of a state's highway spending. However, as states experience declining tax revenues and grapple with long-term resolutions for budget deficits, funding for infrastructure projects will continue to be pressured. As a result, amounts put in place or spent may be below amounts authorized under legislative acts. Subject to voter approval, state and local governments may supplement infrastructure spending through bond issues and local option taxes. In the 2010 elections, voters in various states, including Texas and Virginia, approved eight out of thirteen proposals that increase funding for road, bridge and transit infrastructure investment.

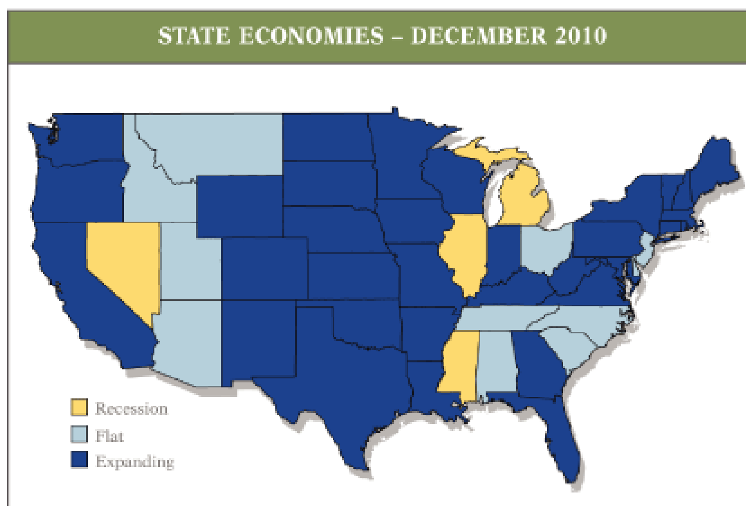


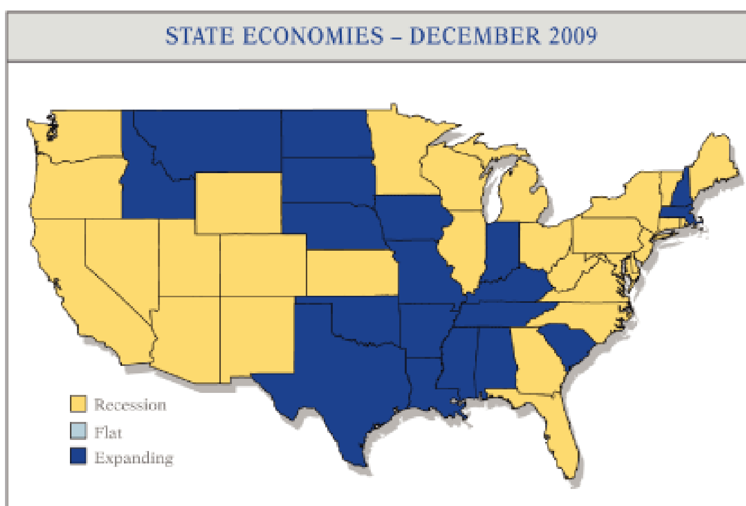
The impact of any economic improvement will vary by local market. Profitability of the Aggregates business by state may not be proportional to net sales by state because certain of the Corporation's intrastate markets are more profitable than others. Further, while the Corporation's aggregates operations cover a wide geographic area, financial results depend on the strength of local economies, which may differ from the economic conditions of the state or region. This is particularly relevant given the high cost of transportation as it relates to the price of the product. The impact of local economic conditions is felt less by large fixed plant operations that serve multiple end-use markets through the Corporation's long-haul distribution network.

As of December 2010, as reported by Moody's *Economy.com Inc.*, most state economies are recovering and beginning to expand. For comparison, as of December 2009, some state economies had begun to expand; however, most were recessionary.

The Aggregates business' top five sales-generating states, namely Texas, North Carolina, Georgia, Iowa and Louisiana, together accounted for approximately 55% of its 2010 net sales by state of destination. The top ten sales-generating states, which also include South Carolina, Florida, Indiana, Arkansas and Nebraska, together accounted for approximately 75% of the Aggregates business' 2010 net sales by state of destination.

In Texas, all funding for highway spending is from dedicated sources as opposed to the use of any general funds. For 2011, the infrastructure market outlook reflects a projected increase in state Department of Transportation spending. Additionally, the state initiated the Bond 77 program, which will make $500 million available to eligible homebuyers and is expected to provide support to the state's housing market. San Antonio's economy is showing steady improvement and, in 2011, will benefit from an influx of military jobs from the base realignment and closure ("BRAC") process. While state Department of Transportation spending in San Antonio is expected to increase in 2011 compared with 2010, it will be well below the 2006 and 2007 levels experienced prior to the economic recession. The City of San Antonio plans to spend $112 million on transportation infrastructure in fiscal year 2011, which is relatively



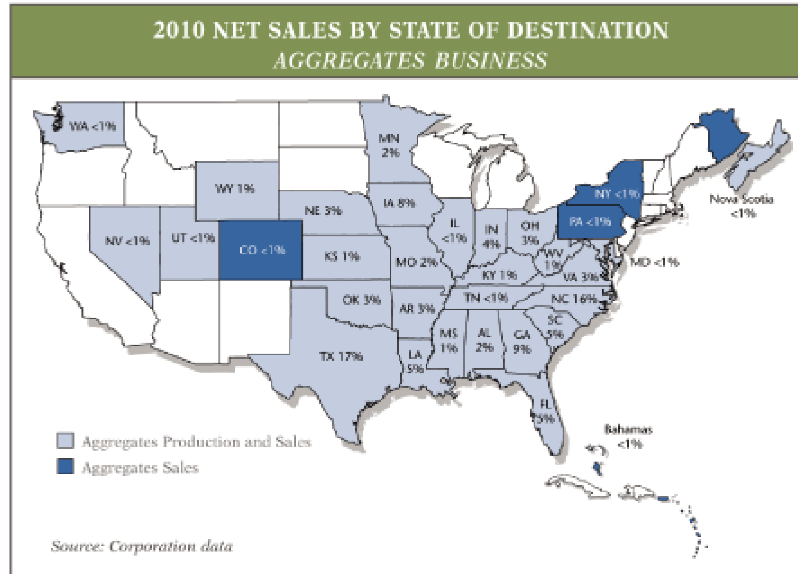


Source: Moody's Economy.com Inc.

flat when compared with 2010. The residential construction market in San Antonio experienced moderate growth in 2010 and, according to Metrostudy, growth of 9% is expected in 2011. The Dallas/Fort Worth infrastructure construction market, led by state Department of Transportation and North Texas Tollway Authority ("NTTA") construction, is expected to remain strong in 2011. Funding for state Department of Transportation projects is coming from nontraditional sources, including a $3.2 billion payment from the NTTA for State Highway 121, private funding through comprehensive development agreements, ARRA funding and bond sales. The Dallas nonresidential construction market remains weak. The Houston economy appears to be improving and will benefit from rising energy prices. State Department of Transportation spending in Houston is expected to decline due to reduced ARRA spending. However, Houston is expected to experience improvement in the residential and nonresidential construction markets in 2011. The construction markets in South Texas have been positively affected by shipments to the energy sector, particularly to the Eagle Ford Shale oil and natural gas fields, but have been negatively affected by the decline in the construction of wind farms.

The North Carolina economy has started to recover as evidenced by the decline in the unemployment rate, which was 9.8% at December 31, 2010 compared with 11.2% at the end of 2009. In 2009, the North Carolina Turnpike Authority sold $624 million of bonds and obtained a loan for $387 million from the federal Department of Transportation to finance the state's first modern toll road. This project, which began construction in 2010, represents the first significant step related to the budget provision passed by the legislature that provides funding for the construction of four toll road projects for a total of $3.2 billion. The Corporation has been awarded contracts for one of the roads. Another project is expected to be awarded later in 2011, and the Corporation has quarries that are positioned for bidding this job. The state's infrastructure construction market will be challenged in 2011 based on reduced lettings and the completion of a majority of Stimulus projects in 2010. Overall, the state awarded approximately $1.4 billion of projects in 2010 and $1.0 billion is projected for 2011. The Corporation's statewide aggregates shipments in the nonresidential construction market were down approximately 7% from 2009 levels, which reflects the excess supply of available office, retail and warehouse space. Management believes the residential construction market bottomed out in 2009. However,

the lack of significant growth in 2010 reflects the oversupply of unsold homes, significant foreclosures, a tight credit market and high unemployment. The state's recessionary residential construction market has negatively affected nonresidential and infrastructure projects that typically accompany residential growth. Historically, the Corporation's North Carolina operations have been above average in rate of pricing growth and profitability due to its quarry locations in growing market areas and their related transportation advantage.



The Georgia economy is in a recessionary state and has projected state revenue shortfalls in 2011 and 2012. Further, the unemployment rate of 10.2% at December 31, 2010 exceeds the national average. The Atlanta market remains the largest business hub in the southeastern United States, but has been negatively affected by the high degree of speculative residential and commercial construction and bank failures. However, in 2010, Gulfstream Aerospace Corporation announced that it will expand its Savannah facilities through a $500 million, seven-year plan to meet future demand for business-jet aircraft and support services. Further, strong port activity and the completion of a KIA automobile assembly plant should be beneficial to the state's economy. The infrastructure construction market has declined, and motor fuel tax revenues, which are dedicated to the state highway fund, are expected to decline 6% in fiscal year 2011 per the state Department of Transportation. The nonresidential construction market has experienced declines and reflects high office vacancy rates. The residential construction market remains weak with single family housing permits down more than 80% from 2005 levels.

The Iowa economy remains stable and the state's unemployment rate, 6.3% at December 31, 2010, remains one of the lowest in the country. The state economy is highly dependent on agriculture and related manufacturing industries and financial services companies. The state's farm economy has been bolstered by soaring prices for agricultural commodities, including corn and soybeans. Cattle and hog prices are also at record levels. Iowa continues to be the largest corn and pork-producing state in the nation. While Iowa is the second largest wind energy-producing state, behind only Texas, funding challenges associated with the credit crisis, lower natural gas prices and the lack of effective large scale transmission lines to move power have delayed the construction of additional wind farms. The infrastructure construction market remained strong in 2010 despite the lack of significant Stimulus projects, which were primarily completed in 2009. While several significant projects, including the Midwest Connector, will support spending in 2011, the infrastructure construction market is expected to decline slightly compared with 2010. Approximately half of the state's highway revenues were from highway-user taxes in fiscal year 2008, while the use of general funds represented approximately 3% of total highway revenues. The residential and nonresidential construction markets are currently weak and are expected to remain flat in 2011 compared with 2010.

Louisiana's unemployment, 8.0% at December 31, 2010, is below the national average, as the Hurricane Katrina rebuild and increased extraction of natural gas have partially mitigated the effects of the economic downturn and

the temporary deep-sea drilling moratorium. Further, the capital city of Baton Rouge recently experienced moderate job growth in the construction sector. However, the state has been slow in spending the $433 million of highway funds provided by ARRA; as of December 31, 2010, only 47% of such funds had been spent even though over 95% of the funds were obligated. The nonresidential construction market has benefitted from activity in portions of the energy sector, including the Haynesville Shale natural gas field. The residential construction market remains strong, as the state experienced its third consecutive year of net population growth from migration.

Federal and State Highway Appropriations

- *Continuing resolution through March 4, 2011 for federal highway bill that expired September 30, 2009*
- *ARRA includes $28.6 billion for highways, bridges and airports*

The federal highway bill provides annual highway funding for public-sector construction projects. SAFETEA-LU was a six-year $286.4 billion law that expired on September 30, 2009 and included approximately $228 billion for highway programs, $52 billion for transit programs and $6 billion for highway safety programs. SAFETEA-LU also increased the minimum rate of return to 92.0 percent for donor states, meaning those states pay more in gasoline taxes than they receive from the Highway Trust Fund. Although a successor bill was not passed when SAFETEA-LU expired, its provisions have been extended under continuing budget resolutions through March 4, 2011. However, historically, states have been reluctant to commit to long-term projects while operating under continuing resolutions. In fact, obligations for federal highway funds are at a five-year low through the first half of the fiscal year ending June 30, 2011. The Corporation believes funding from either an extended federal highway bill or continuing resolutions, coupled with Stimulus projects, will maintain spending at constant levels in 2011.

The Corporation believes another Congressional continuing resolution of SAFETEA-LU for 2011 is likely. However, the Corporation also believes that it is possible for some form of reauthorized infrastructure legislation to be passed during 2011. In September 2010, President Obama proposed a six-year plan to rebuild infrastructure with a $50 billion investment in the initial year. The impetus for passing any new legislation would be primarily twofold: (i) its effectiveness at creating new jobs, a major focus of the Obama administration; and (ii) the current state of infrastructure disrepair from years of underinvestment.

Federal highway bills provide spending authorizations that represent maximum amounts. Each year, an appropriation act is passed establishing the amount that can actually be used for particular programs. The annual funding level is generally tied to receipts of highway user taxes placed in the Highway Trust Fund. Once the annual appropriation is passed, funds are distributed to each state based on formulas (apportionments) or other procedures (allocations). Apportioned and allocated funds generally must be spent on specific programs as outlined in the federal legislation. The Highway Trust Fund has experienced shortfalls in recent years, due to high gas prices which resulted in fewer miles driven and improved automobile fuel efficiency. These shortfalls created a significant decline in federal highway funding levels. In response to the projected shortfalls, $19.5 billion was transferred from the General Fund into the Highway Trust Fund in 2010 as part of the Hiring Incentives to Restore Employment ("HIRE") Act. Further, $7 billion and $8 billion were transferred from the General Fund into the Highway Trust Fund in 2009 and 2008, respectively. Presently, the Congressional Budget Office projects that, depending on the cash flows to the Highway Trust Fund, the highway account, one of the two components of the Highway Trust Fund, will be unable to meet its obligations in a timely manner sometime during 2012. However, ARTBA believes that the Highway Trust Fund can maintain current levels of investment through fiscal year 2012.

In February 2009, President Obama signed into law ARRA, an economic stimulus plan designed to resuscitate the economy. ARRA includes $28.6 billion for highways, bridges and airports. However, the lack of shovel-ready projects has delayed the impact of ARRA on the aggregates industry. Management expects approximately 30% of Stimulus-related jobs in the Corporation's critical states will be completed in 2011. Any carryover in 2012, by law, must be completed that year. Based on its market positions, the Corporation estimates that it has and will continue to supply approximately 6% to 8% of aggregates required for projects funded by ARRA.

A significant number of roads, highways and bridges were built following the establishment of the Interstate Highway System in 1956 and are now aging. According to The Road Information Program ("TRIP"), a national transportation research group, vehicle travel on United States highways increased 39 percent from 1990 to 2008, while new road mileage increased only 4 percent over the same period. TRIP also reports that 32 percent of the nation's major roads are in poor or mediocre condition and 25 percent of the nation's bridges are structurally deficient or functionally obsolete. Furthermore, a 2009 report issued by the American Society of Civil Engineers (the "Society") rated all fifteen infrastructure categories as being in poor or mediocre condition. The Society believes that the aging infrastructure and the poor condition of roads in the United States is costing approximately $145 billion per year in repairs, operating costs and time spent in traffic. According to the American Association of State Highway Transportation Officials ("AASHTO"), construction costs are expected to increase 70 percent from 1993 to 2015. Considering these statistics, the follow-on bill to SAFETEA-LU will be key to funding continued infrastructure spending. Many stakeholder groups have united to engage Congress regarding the importance of the successor federal highway bill. There is general agreement in Congress regarding the need for repair and improvement of the nation's existing roadways with a focus on increasing efficiency, mitigating congestion and improving safety. However, the debate revolves around how to finance needed improvements. The Highway Trust Fund is primarily funded through a federal tax of $0.184 per gallon on gasoline, unchanged since 1993, and a federal tax on other fuels. There is some consideration in Congress for increasing the federal gasoline tax, as recommended by the National Surface Transportation Policy and Revenue Commission, as a source of increased revenues for the Highway Trust Fund and as a disincentive to increased fuel consumption as part of a national energy independency policy. In December 2010, the National Commission on Fiscal Responsibility and Reform recommended a 15-cent per gallon increase in the gas tax, which would be dedicated to transportation funding. Regardless of the potential for increased federal gasoline taxes, new revenue streams need to be identified to replace gasoline taxes over the next decade as energy efficiency trends are expected to continue.

Most federal funds are available for four years. Once the federal government approves a state project, funds are committed and considered spent regardless of when the cash is actually spent by the state and reimbursed by the federal government. Funds are generally spent by the state over a period of years, with approximately 27% in the year of funding authorization, 41% in the succeeding year and 16% in the third year. The remaining 16% is spent in the fourth year and beyond, according to the Federal Highway Administration.

Federal highway laws require Congress to annually appropriate highway funding levels, which continue to be subject to balanced budget and other proposals that may impact the funding available for the Highway Trust Fund. However, investments in transportation improvements generally create new jobs, which is a priority of many of the government's economic plans. According to the Federal Highway Administration, every $1 billion in federal highway investment creates approximately 28,000 jobs. However, the number of jobs created is dependent on the nature and the aggregates intensity of the projects. Approximately half of the Aggregates business' net sales to the infrastructure market come from federal funding authorizations, including matching funds from the states.

With the exception of ARRA, states are required to match funds at a predetermined rate to receive federal funds for highways. Matching levels vary depending on the type of project. If a state is unable to match its allocated federal funds, funding is forfeited. Any forfeitures are reallocated to states providing the appropriate matching funds. While states rarely forfeit federal highway funds, the possibility of forfeiture has increased as states struggle to balance budgets in the face of declining tax revenues.

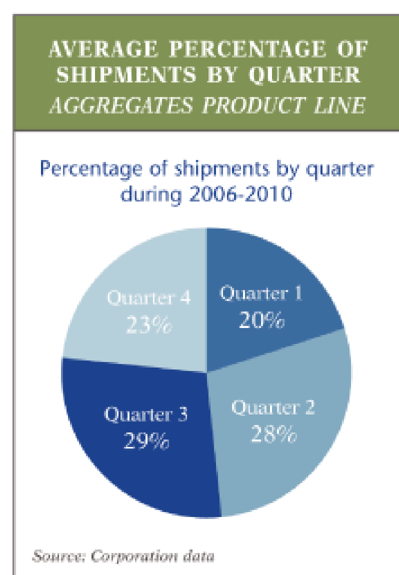
Given that most states are required to balance their budgets, reductions in revenues generally require a reduction in states' expenditures. However, the impact of state revenue reductions on highway spending will vary depending on whether the spending comes from dedicated revenue sources, such as highway user fees, or whether portions are funded with general funds. Further, while state highway construction programs are primarily financed from highway user fees, significant increases in federal infrastructure funding typically require state governments to increase highway user fees to match federal spending. Management

believes that innovative financing at the state level will grow at a faster rate than federal funding. In fact, ARTBA's *2010 Ballot Initiative Report* revealed that voters in various states approved eight state and local measures that, once enacted, would provide $376 million in additional transportation funding. Among them are a $120 million bond issue in Virginia and a $90 million transportation improvement package in Texas. State spending on infrastructure generally leads to increased growth opportunity for the Corporation. The degree to which the Corporation could be affected by a reduction or slowdown in infrastructure spending varies by state. The state economies of the Aggregates business' five largest revenue-generating states may disproportionately affect performance.

Funding for airport improvements throughout the United States was provided by the Vision 100-Century of Aviation Reauthorization Act which expired September 30, 2007. While a successor bill has not yet been passed, funding for aviation programs has been extended through March 31, 2011.

Geographic Exposure and Seasonality

Erratic weather patterns, seasonal changes and other weather-related conditions significantly affect the aggregates industry. Aggregates production and shipment levels coincide with general construction activity, 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. However, excessive rainfall, and conversely excessive drought, can also jeopardize production, shipments and profitability in all markets served by the Corporation.

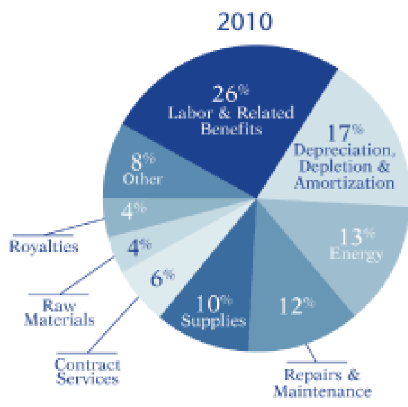


The Corporation's operations in the southeastern and Gulf Coast regions of the United States and the Bahamas are at risk for hurricane activity.

Cost Structure

- *Top 8 cost categories represent 92% of the Aggregates business' direct production costs*
- *Underabsorption of fixed costs due to operating well below capacity*
- *Certain inventory costs not capitalizable due to operating below capacity*
- *Higher prices for diesel fuel negatively affected the Aggregates business' cost of sales by $15.2 million*
- *Health and welfare costs increased 2% to 3% per year over past ten years compared with national average of 6% to 7%; cost increase expected to approximate 7% in 2011*
- *Pension expense decreased from $32.2 million in 2009 to $26.6 million, inclusive of $3.5 million of settlement expense, in 2010*

Direct production costs for the Aggregates business are components of cost of sales that are incurred at the quarries, distribution yards, and asphalt and ready mixed concrete plants. These costs exclude freight expenses to transport materials from a producing quarry to a distribution yard, inventory change and production overhead. Inventory


DIRECT PRODUCTION COSTS
BY CATEGORY
AGGREGATES BUSINESS
2010
26% Labor & Related Benefits
17% Depreciation, Depletion & Amortization
13% Energy
12% Repairs & Maintenance
10% Supplies
6% Contract Services
4% Raw Materials
4% Royalties
8% Other
Source: Corporation data

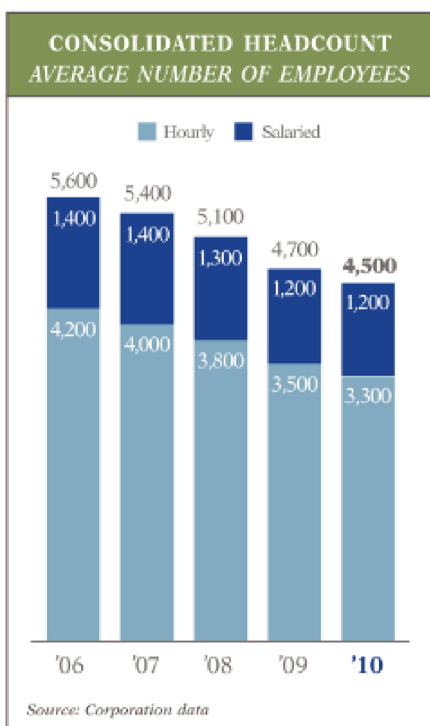
change is the difference between the prior year's ending inventory and the current year's ending inventory. In periods in which inventory decreases, inventory change will increase cost of sales. Conversely, in periods in which inventory increases, inventory change will reduce cost of sales.

Generally, the top eight categories of direct production costs for the Aggregates business are (1) labor and related benefits; (2) depreciation, depletion and amortization; (3) energy; (4) repairs and maintenance; (5) supplies; (6) contract services; (7) raw materials; and (8) royalties. In 2010, these categories represented approximately 92% of the Aggregates business' total direct production costs.

Fixed costs are expenses that do not vary based on production or sales volume. Management estimates that, under normal operating capacity, 40% to 60% of the Aggregates business' cost of sales are of a fixed or semi-fixed nature. Due to high fixed costs associated with aggregates production, the Corporation's operating leverage can be substantial. Variable costs are expenses that fluctuate with the level of production volume. Production is the key driver in determining the levels of variable costs, as it affects the number of hourly employees and related labor hours. Further, diesel, supplies, repairs and freight costs also increase in connection with higher production volumes.

Generally, when the Corporation invests capital to replace facilities and equipment, increased capacity and productivity, along with reduced repair costs, can offset increased depreciation costs. However, when aggregates demand weakens, the increased productivity and related efficiencies may not be fully realized, resulting in underabsorption of fixed costs, including depreciation. Further, the Aggregates business has operated at a level significantly below capacity, which restricted the Corporation's ability to capitalize $52.4 million and $48.8 million of costs at December 31, 2010 and 2009, respectively, that could have been inventoried under normal operating conditions.

The average price per gallon of diesel fuel in 2010 was higher compared with 2009 and negatively affected the Aggregates business' cost of sales by $15.2 million. Changes in energy costs also affect the prices that the Corporation pays for supplies, including explosives and tires. Further, the Corporation's contracts of affreightment for shipping aggregates on its rail and waterborne distribution network typically include provisions for escalations or reductions in the amounts paid by the Corporation if the price of fuel moves beyond a contractual range. The Corporation also consumes diesel fuel, coal, petroleum coke and natural gas in the Specialty Products manufacturing process. In 2010, increased costs for these energy products, due to increased production levels, negatively affected the Specialty Products' cost of sales by $4.3 million. The Corporation has fixed price agreements for the supply of coal and a portion of its natural gas needs in 2011.



Wage inflation and increases in labor costs may be somewhat mitigated by enhanced productivity in an expanding economy. Further, workforce reductions resulting from plant automation, mobile fleet right-sizing and the economic downturn have helped the Corporation control rising labor costs. The Corporation has been reviewing its operations during the recessionary construction economy and, where practical, has temporarily idled certain of its quarries. The Corporation is able to serve these markets with other open quarries that are in close proximity. Further, in certain markets, management has created production "super crews" that work at various locations within a district. For example, within a market, a crew may work three days per week at one quarry and the other

two workdays at another quarry within that market. This has allowed the Corporation to reduce headcount, as the number of full-time employees has been reduced or eliminated at locations that are not operating at full capacity.

Rising health care costs have affected total labor costs in recent years and are expected to continue to increase. The Corporation has experienced health care cost increases averaging 2% to 3% per year over the past ten years, whereas the national average was 6% to 7%. However, the impacts of the Patient Protection and Affordable Care Act, including the elimination of lifetime maximum benefits and offering of coverage to adult children up to age 26, and general health care cost increases are expected to result in a higher rate of increase in the Corporation’s health care costs in 2011. For the year, health and welfare costs are expected to increase approximately 7% in 2011. Contributions to its pension plan and a better-than-assumed return on pension assets in 2010 is expected to reduce the Corporation’s pension expense in 2011. (see section *Critical Accounting Policies and Estimates — Pension Expense — Selection of Assumptions* on pages 68 and 69) .

Historically, the impact of inflation on the Corporation’s businesses has been less significant due to moderate inflation rates, coupled with the Corporation’s ability to increase its selling prices in a normal economic environment.

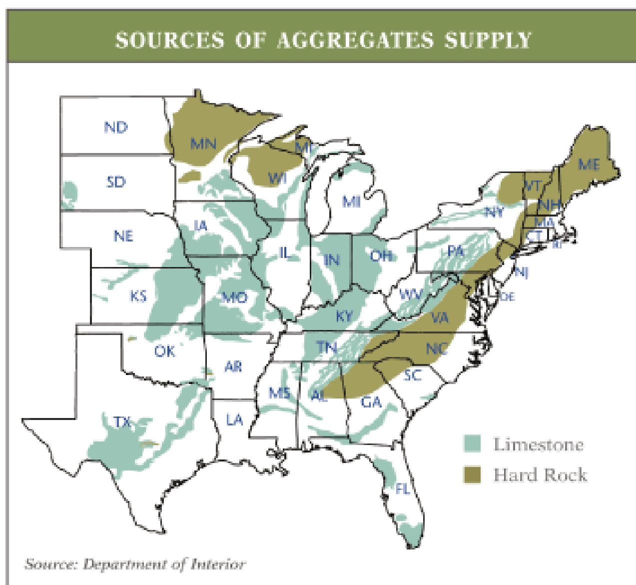
Consolidated selling, general and administrative costs decreased $6.2 million in 2010 compared with 2009. The reduction reflects management’s continued focus on cost control.

Shortfalls in federal, state and local revenues may result in increases in income taxes and other taxes. The federal government may also increase taxes in response to the federal deficit.

Transportation Exposure

The U.S. Department of the Interior’s geological map of the United States shows the possible sources of indigenous surface rock and illustrates its limited supply in the coastal areas of the United States from Virginia to Texas.

With population migration into the southeastern and southwestern United States, local crushed stone supplies must be supplemented, or in most cases wholly supplied, from inland and offshore quarries. The Corporation’s strategic focus includes expanding inland and offshore capacity and acquiring distribution yards and port locations to offload transported material. In 1994, the Corporation had 7 distribution yards. Today, with 65 distribution yards, a growing percentage of the Corporation’s aggregates shipments are being moved by rail or water through this network. In recent years, the Corporation brought additional capacity online at its Bahamas and Nova Scotia locations to transport materials via oceangoing ships. Further, in 2010, the Corporation acquired a deep-water port operation in Port Canaveral, Florida that serves the greater Orlando market, the second-largest aggregates-consuming area in Florida. The Corporation is currently focusing a portion of its capital spending program on key distribution yards in the southeastern United States.



Source: Department of Interior

As the Corporation continues to move a higher percentage of aggregates by rail and water, embedded freight costs have reduced profit margins when compared with aggregates moved by truck. The freight costs for aggregates products often equal or exceed the selling price of the underlying aggregates products. The Corporation administers freight costs principally in three ways:

Option 1:

The customer supplies transportation.

Option 2:

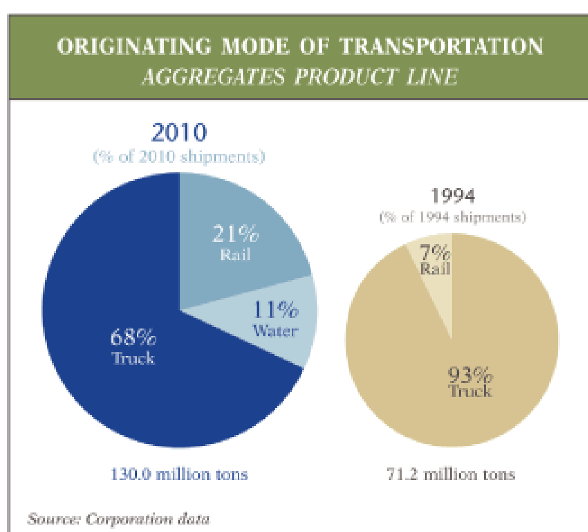
The Corporation directly ships aggregates products from a production location to a customer by arranging for a third party carrier to deliver aggregates and then charging the freight costs to the customer. These freight and delivery revenues and costs are separately presented in the statements of earnings. Such revenues and costs for the Aggregates business were $215.1 million, $189.8 million and $237.1 million in 2010, 2009 and 2008, respectively.

Option 3:

The Corporation transports aggregates, either by rail or water, from a production location to a distribution yard at which the selling price includes the associated internal freight cost. These freight costs are included in the Aggregates business' cost of sales and were $122.9 million, $129.5 million and $182.8 million for 2010, 2009 and 2008, respectively. Transportation costs from the distribution yard to the customer are accounted for as described above in options 1 or 2, as applicable.

For analytical purposes, the Corporation eliminates the effect of freight on margins with the second option. When the third option is used, margins as a percentage of net sales are negatively affected because the customer does not typically pay the Corporation a profit associated with the transportation component of the selling price. For example, a truck customer in a local market picks up aggregates at the quarry and pays $6.50 per ton. Assuming a $1.50 gross profit per ton, the Corporation would recognize a 23% gross margin. However, if a customer purchased a ton of aggregates that was transported to a distribution yard by the Corporation via rail or water, the selling price may be $12.50 per ton, assuming a $6.00 cost of freight. With the same $1.50 gross profit per ton and no profit associated with the transportation component, the gross margin would be reduced to 12% as a result of the embedded freight cost.

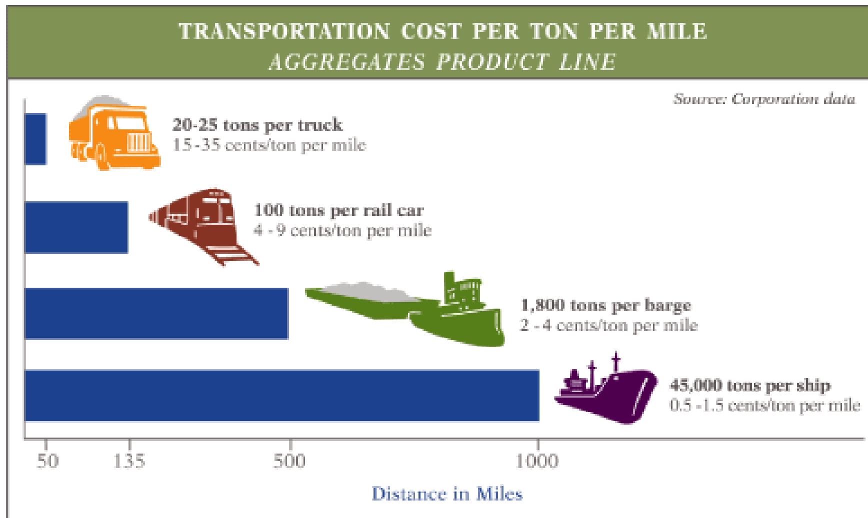
In 1994, 93% of the Corporation's aggregates shipments were moved by truck and the remainder by rail. In contrast, the originating mode of transportation for the Corporation's aggregates shipments in 2010 was 68% by truck, 21% by rail and 11% by water (see section *Analysis of Gross Margin* on pages 47 and 48).



The Corporation's increased dependence on rail shipments has made it more vulnerable to railroad performance issues, including track congestion, crew and power availability, and the ability to renegotiate favorable railroad shipping contracts. Further, in response to these issues, rail transportation providers have focused on increasing the number of cars per unit train under transportation contracts and are generally requiring customers, through the freight rate structure, to accommodate larger unit train movements. A unit train is a freight train moving large tonnages of a single bulk product between two points without intermediate yarding and switching. Rail availability is seasonal and can impact aggregates shipments depending on other competing movements.

Generally, the Corporation does not buy railcars, barges or ships, but instead supports its long-haul distribution network with leases and contracts of affreightment. However, the limited availability of water and rail transportation providers, coupled with limited distribution sites, can adversely affect lease rates for such services.

The waterborne distribution network increases the Corporation's exposure to certain risks, including, among other items, the ability to negotiate favorable shipping contracts, demurrage costs, fuel costs, barge or ship availability and weather disruptions. The Corporation's average shipping distances from its Bahamas and Nova Scotia locations are 600 miles and 1,200 miles, respectively. Due



to the majority of the shipments going to Florida, the weighted-average shipping distances are approximately 30 percent less than these averages. The Corporation has long-term agreements providing dedicated shipping capacity from its Bahamas and Nova Scotia operations to its coastal ports. The contracts of affreightment are take-or-pay contracts with minimum and maximum shipping requirements. If the Corporation fails to ship the annual minimum tonnages under the agreement, it must still pay the shipping company the contractually-stated minimum amount for that year. In 2010, the Corporation incurred an expense of $1.4 million due to not shipping minimum tonnages. Similar charges are possible in 2011 if shipment volumes do not increase. These contracts of affreightment have varying expiration dates ranging from 2011 to 2017 and generally contain renewal options. However, there can be no assurance that such contracts can be renewed upon expiration.

Water levels can also affect the Corporation's ability to transport materials. High river water levels can cause a reduction in the number of barges that could be included in a tow and also require additional horsepower to provide necessary towing services. Conversely, dry weather can cause low river water levels and result in reduced tonnage that could be shipped on a barge. Consequently, the per-ton cost of transporting materials can be higher than normal.

Management expects the multiple transportation modes that have been developed with various rail carriers and via deepwater ships and barges will provide the Corporation with the flexibility to effectively serve customers in the Southwest and Southeast coastal markets.

Internal Expansion and Integration of Acquisitions

The Corporation's capital expansion, acquisition and greensite programs are designed to take advantage of construction market growth through investment in both permanent and portable facilities at the Corporation's quarrying operations. However, given the current recessionary economic environment, the Corporation has set a priority of preserving capital while maintaining safe, environmentally-sound operations. Capital spending in excess of depreciation expense in previous years has allowed the Corporation to reduce capital spending during the trough period of the construction cycle without compromising the Corporation's commitment to safety. The Corporation has continued to opportunistically acquire land with long-term mineral reserves to expand its aggregates reserve base through the cyclical trough. As the Corporation returns to a more normalized operating environment, management expects to focus its capital spending program on expanding key Southeast and Southwest operations. In addition to capital projects for the Aggregates business, beginning in 2011, the Corporation is planning to invest $50 million in a new kiln at its Specialty Products location in Woodville, Ohio. This project is expected to be completed in 2012.

In 2010, the Corporation successfully closed and fully integrated two acquisitions: (i) a sand and gravel business near Charlotte, North Carolina; and (ii) an aggregates distribution facility at Port Canaveral, Florida. The acquisition of Loamy Sand near Charlotte enhances the Corporation's ability to serve that important region with a wider array

of aggregates products. The Port Canaveral operation, the only developed deep-water aggregates import distribution yard located on Florida's central east coast, allows the Corporation to ship material into the greater Orlando market, Florida's second-largest aggregates consumption area. The Port Canaveral acquisition was further complemented by the Corporation's organic investment in a new aggregates import facility at Port Manatee.

In addition to expanding its reserve base, the Corporation has also acquired contiguous property around existing quarry locations. This property can serve as buffer property or additional mineral reserve capacity, assuming the underlying geology supports economical aggregates mining. In either instance, the acquisition of additional property around an existing quarry allows the expansion of the quarry footprint and extension of quarry life. Some locations having limited reserves may be unable to expand.

A long-term capital focus for the Corporation, primarily in the midwestern United States due to the nature of their indigenous aggregates supply, is underground limestone aggregates mines, which provide a neighbor-friendly alternative to surface quarries. The Corporation operates 16 active underground mines, and thereby is the largest operator of underground aggregates mines in the United States. Production costs are generally higher at underground mines than for surface quarries since the depth of the aggregates deposits and the access to the reserves result in higher development, explosives and depreciation costs. However, these locations often possess transportation advantages that can lead to value-added higher average selling prices than more distant surface quarries.

On average, the Corporation's aggregates reserves exceed 60 years based on normalized production levels and 107 years at current production rates.

Environmental Regulation and Litigation

The expansion and growth of the aggregates industry is subject to increasing challenges from environmental and political advocates hoping to control the pace and direction of future development. Certain environmental groups have published lists of targeted municipal areas, including areas within the Corporation's marketplace, for environmental and suburban growth control. The effect of these initiatives on the Corporation's growth is typically localized. Further challenges are expected as these initiatives gain momentum across the United States. Rail and other transportation alternatives are being heralded by these special-interest groups as solutions to mitigate road traffic congestion and overcrowding.

The Clean Air Act, originally passed in 1963 and periodically updated by amendments, is the United States' national air pollution control program that granted the Environmental Protection Agency ("EPA") authority to set limits on the level of various air pollutants. To be in compliance with national ambient air quality standards ("NAAQS"), a defined geographic area must be below established limits for six pollutants. Environmental groups have been successful in lawsuits against the federal and certain state departments of transportation, delaying highway construction in municipal areas not in compliance with the Clean Air Act. The EPA designates geographic areas as nonattainment areas when the level of air pollutants exceeds the national standard. Nonattainment areas receive deadlines to reduce air pollutants by instituting various control strategies. They otherwise face fines or control by the EPA. Included as nonattainment areas are several major metropolitan areas in the Corporation's markets, such as Houston/Galveston, Texas; Dallas/Fort Worth, Texas; Greensboro/Winston-Salem/High Point, North Carolina; Charlotte/Gastonia, North Carolina; Hickory/Morganton/Lenoir, North Carolina; Atlanta, Georgia; Macon, Georgia; Baton Rouge, Louisiana; Rock Hill, South Carolina; and Indianapolis, Indiana. Federal transportation funding has been directly tied to compliance with the Clean Air Act.

The Corporation's operations are subject to and affected by federal, state and local laws and regulations relating to the environment, health and safety and other regulatory matters. Certain of the Corporation's operations may occasionally use substances classified as toxic or hazardous. The Corporation regularly monitors and reviews its operations, procedures and policies for compliance with these laws and regulations. Despite these compliance efforts, risk of environmental liability is inherent in the operation of the Corporation's businesses, as it is with other companies engaged in similar businesses.

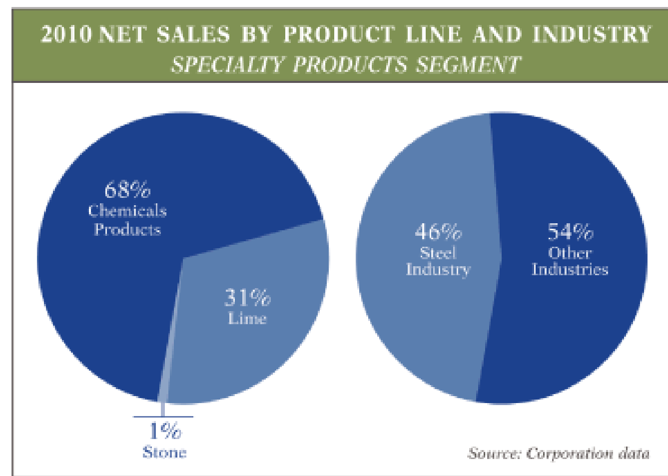
Environmental operating permits are, or may be, required for certain of the Corporation's operations; such permits are subject to modification, renewal and revocation. New permits, which are generally required for opening new sites or for expansion at existing operations, can take several years to obtain. In the area of land use, rezoning and special purpose permits are increasingly difficult to obtain. Once a permit is issued, the location is required to generally operate in accordance with the approved site plan.

Large emitters (facilities that emit 25,000 metric tons or more per year) of greenhouse gases ("GHG") must report GHG generation to comply with the EPA's Mandatory Greenhouse Gases Reporting Rule. The Corporation's Specialty Products facilities in Woodville, Ohio and Manistee, Michigan emit certain of the GHG, including carbon dioxide, methane and nitrous oxide, and are filing annual reports in accordance with the rule. If and when Congress passes legislation on GHG, these operations will likely be subject to the new program. The Corporation believes that the EPA may impose additional regulatory impacts on emissions of GHG. However, the Corporation also anticipates that any increased operating costs or taxes related to GHG emission limitations would be passed on to its customers.

The Corporation is engaged in certain legal and administrative proceedings incidental to its normal business activities. In 2010, the Corporation settled legal proceedings relating to its Greenwood, Missouri, operation for approximately $7 million in cash. In connection with the settlement, the Corporation reversed the excess of the established legal reserve, thereby increasing net earnings by $2.8 million, or $0.06 per diluted share (see Notes A and N to the audited consolidated financial statements on pages 13 through 17 and pages 32 through 34, respectively).

Specialty Products Segment

Through its Specialty Products segment, the Corporation manufactures and markets magnesia-based chemicals products for industrial, agricultural and environmental applications and dolomitic lime for use primarily in the steel industry. In 2010, 68% of Specialty Products' net sales were attributable to chemicals products, 31% were attributable to lime, and 1% were attributable to stone. Net sales increased in 2010 reflecting growth in both magnesia chemicals sales and dolomitic lime shipments to the steel industry.



In 2010, approximately 80% of the lime produced was sold to third-party customers, while the remaining 20% was used internally as a raw material for the business' manufacturing of chemicals products. Dolomitic lime products sold to external customers are primarily used by the steel industry, and overall, approximately 46% of Specialty Products' 2010 net sales related to products used in the steel industry. Accordingly, a portion of the segment's revenues and profits is affected by production and inventory trends within the steel industry. These trends are guided by the rate of consumer consumption, the flow of offshore imports and other economic factors. In 2010, steelmaking rates in the United States improved 37% over 2009, driven by inventory restocking, improved automotive manufacturing and a slowly improving general economy. However, production rates for steel were approximately 70% of domestic steelmaking capacity, making 2010, along with 2009, some of the lowest steel

production rates in decades. Management anticipates small to moderate growth in domestic steelmaking during 2011, with the growth attributable to continued gains in consumer confidence.

Approximately 9% of Specialty Products' 2010 revenues came from foreign jurisdictions, including Canada, Mexico, Europe, South America and the Pacific Rim. As a result of foreign market sales, financial results could be affected by foreign currency exchange rates or weak economic conditions in the foreign markets. To mitigate the short-term effect of currency exchange rates, the U.S. dollar is used as the functional currency in foreign transactions.

Given the high fixed costs, low capacity utilization negatively affects the segment's results of operations. Further, the production of certain magnesia chemical products and lime products requires natural gas, coal and petroleum coke to fuel kilns. Price fluctuations of these fuels affect the segment's profitability.

Specialty Products' entire hourly workforce belongs to a labor union. Union contracts cover employees at the Manistee, Michigan magnesia-based chemicals plant and the Woodville, Ohio lime plant. The Manistee labor contract expires in August 2011. Management does not expect significant difficulties in renewing this labor contract. A new labor contract for Woodville was ratified in 2010 and will expire in June 2014.

Current Market Environment and Related Risks

The current market environment has negatively affected the economy and management has considered the potential impact to the Corporation's business. Demand for aggregates products, particularly in the nonresidential and residential construction markets, could decline if financing for construction projects is unavailable or if the economic slowdown causes further delays or cancellations of capital projects. Federal and state budget issues, and the lack of a multi-year federal highway bill, may continue to negatively affect the funding available for infrastructure spending. Currently, several of the Corporation's top sales states are experiencing a lack of projects being bid by departments of transportation.

While a recessionary economy can increase collectibility risks related to receivables, lien rights and payment bonds posted by some of the Corporation's customers can help mitigate the risk of uncollectible accounts. However, the Corporation has experienced a delay in payments from certain of its customers during the economic downturn. Further, the significant decline in pension asset values in 2008 resulted in increased required cash contributions to the plans in 2009 and 2010.

There is a risk of long-lived asset impairment at temporarily-idled locations if the recessionary construction market continues for an extended period. The timing of increased demand will determine when these locations are reopened. During the time that locations are temporarily idled, the plant and equipment continue to be depreciated. When appropriate, mobile equipment is transferred to and used at an open location. As the Corporation continues to have long-term access to the supply of aggregates reserves and useful lives of equipment are extended, the locations are not considered to be impaired while temporarily idled.

Increases in the Corporation's estimated effective income tax rate may negatively affect the Corporation's results of operations. A number of factors could increase the estimated effective income tax rate, including government authorities increasing taxes to fund deficits; the jurisdictions in which earnings are taxed; the resolution of issues arising from tax audits with various tax authorities; changes in the valuation of deferred tax assets and deferred tax liabilities; adjustments to estimated taxes based upon the filing of the consolidated federal and individual state income tax returns; changes in available tax credits; changes in stock-based compensation; other changes in tax laws; and the interpretation of tax laws and/or administrative practices.

Internal Control and Accounting and Reporting Risk

The Corporation's independent registered public accounting firm issued an unqualified opinion on the effectiveness of the Corporation's internal controls as of December 31, 2010. A system of internal control over financial reporting is designed to provide reasonable assurance, in a cost-effective manner, on the reliability of a company's financial reporting and the process for preparing and fairly presenting

financial statements in accordance with generally accepted accounting principles. Further, a system of internal control over financial reporting, by its nature, should be dynamic and responsive to the changing risks of the underlying business. Changes in the system of internal control over financial reporting could increase the risk of occurrence of a significant deficiency or material weakness.

Accounting rulemaking, which may come in the form of updates to the Accounting Standards Codification or speeches by various rulemaking bodies, has become increasingly complex and generally requires significant estimates and assumptions in its interpretation and application. Further, accounting principles generally accepted in the United States continue to be reviewed, updated and subject to change by various rule-making bodies, including the Financial Accounting Standards Board (the "FASB") and the Securities and Exchange Commission (see *Accounting Change* section of Note A to the audited consolidated financial statements on page 17 and section *Critical Accounting Policies and Estimates* on pages 66 through 75). Currently, the FASB is implementing a project intended to converge accounting standards under United States generally accepted accounting principles and international accounting standards into a single set of accounting standards. Proposed changes are being issued one topic at a time. The Corporation has not evaluated the potential impact for all of the topics. The impact of the potential changes could be material to the Corporation's financial statements.

For additional discussion on risks, see the section "Risk Factors" in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2010.

Outlook 2011

While a variety of factors make it difficult to form a complete perspective for 2011, there are a range of considerations informing management's thinking at this time. A noteworthy consideration will be the rate at which states spend available Stimulus funds for infrastructure projects in the Corporation's key markets. At present, the Corporation operates under a Congressional continuing resolution that extended SAFETEA-LU through March 4, 2011. While Congressional Democrats and Republicans broadly agree that investing in infrastructure is a key governmental priority, management believes another Congressional continuing resolution of SAFETEA-LU is likely for 2011. However, reauthorized infrastructure legislation at the federal and state levels could be accelerated as Congress, the President and local authorities focus on infrastructure as an efficient means of jobs creation and investment in the foundational backbone of America's economic growth.

Management's outlook for aggregates shipments is generally consistent with McGraw-Hill Construction's published view. Management expects that state spending on infrastructure should remain steady and 30% of ARRA infrastructure funds are expected to be spent in 2011. That said, uncertainty in long-term federal funding could negatively affect infrastructure spending. Taking a conservative posture, management's outlook is based upon the expectation that the infrastructure end-use market will be flat to slightly down; management also anticipates a modest 2011 volume recovery in the commercial component of the Corporation's nonresidential end-use market. However, natural gas prices and the timing of lease commitments for oil and natural gas companies will be significant in the continuation of certain energy sector activity in 2011. 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 compared with the double-digit growth rate in 2010. Overall, management expects nonresidential end-use shipments to increase in the mid single-digit range in 2011 and the rate of improvement in the residential end-use market to grow, while ChemRock/Rail shipments are expected to be stable in 2011. Cumulatively, management expects flat to a 3% improvement in overall aggregates volume in 2011.

Volume increases in specific markets in 2010 are likely to lead to price increases. While these increases may not be uniform throughout the Corporation's portfolio, management expects that 2011 aggregates pricing will range from flat to a 2% increase.

Aggregates production cost per ton in 2011 is expected to range from flat to a slight decrease compared with 2010. Management expects the Specialty Products segment to 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 lower than 2010, which reflects the expected refinancing of $242 million of the Corporation's 6.875% Senior Notes and the renegotiation of its outstanding credit facilities during the first quarter. The Corporation's estimated effective tax rate is expected to be 28%. Capital expenditures are forecast at $175 million for 2011, which includes nearly $75 million for selective high-quality growth projects.

Risks to Outlook

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 strength of 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: (i) both price and volume and include a continued widespread decline in aggregates pricing; (ii) 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; (iii) a decline in nonresidential construction; (iv) a slow-down in the residential construction recovery; or (v) 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 extend to the transportation budgets in a greater degree than in the past, construction spending could be negatively affected. North Carolina and Texas are among the states experiencing these general pressures, and these states disproportionately affect revenue and profitability.

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 and indirectly through 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. Management's estimated outlook does not include significant increases in diesel costs during 2011.

The availability of transportation in the Corporation's long-haul network, particularly the availability of barges on the Mississippi River system and the availability of 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 volume decline 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 FINANCIAL INFORMATION

Critical Accounting Policies and Estimates

The Corporation's audited consolidated financial statements include certain critical estimates regarding the effect of matters that are inherently uncertain. These estimates require management's subjective and complex judgments. Amounts reported in the Corporation's consolidated financial statements could differ materially if management had used different assumptions in making these estimates, resulting in actual results differing from those estimates. Methodologies used and assumptions selected by management in making these estimates, as well as the related disclosures, have been reviewed by and discussed with the Corporation's Audit Committee. Management's determination of the critical nature of accounting estimates and judgments may change from time to time depending on facts and circumstances that management cannot currently predict.

Impairment Review of Goodwill

Goodwill is required to be tested at least annually for impairment. The impairment evaluation of goodwill is a critical accounting estimate because goodwill represents 20% of the Corporation's total assets at December 31, 2010, the evaluation requires the selection of assumptions that are inherently volatile and an impairment charge could be material to the Corporation's financial condition and its results of operations.

There is no goodwill associated with the Specialty Products segment. For the Aggregates business, management determined the reporting units, which represent the level at which goodwill is tested for impairment, were as follows:

- *Carolina*, which includes North Carolina and South Carolina;
- *Mideast*, which includes Indiana, Maryland, Ohio, Virginia and West Virginia;
- *South Central*, which includes Alabama, Illinois, Kentucky, Louisiana, Mississippi, North Georgia, Tennessee and quarry operations and distribution yards along the Mississippi River system and Gulf Coast;
- *Southeast*, which includes Florida, South Georgia and off-shore quarry operations in the Bahamas and Nova Scotia;
- *West*, which includes Arkansas, Iowa, Kansas, Minnesota, Missouri, Nebraska, Nevada, Oklahoma, Texas, Utah, Washington and Wyoming.

The Corporation identified its reporting units as its operating segments or one level below its operating segments, referred to as components, if certain criteria were met. These criteria include the component having discrete financial information available and the information being regularly reviewed by the Corporation's Chief Operating Decision Maker. Components within an operating segment can be combined into a reporting unit if they have similar economic characteristics. Disclosures for certain of the aforementioned reporting units are consolidated for financial reporting purposes as they meet the aggregation criteria. Any impact on reporting units resulting from organizational changes made by management is reflected in the succeeding evaluation. The reporting units in 2010 were consistent with the 2009 evaluation.

Goodwill is allocated to each of the reporting units based on the location of acquisitions and divestitures at the time of consummation. Goodwill is tested for impairment by comparing the reporting unit's fair value to its carrying value, which represents step 1 of a two-step approach. If the fair value of a reporting unit exceeds its carrying value, no further calculation is necessary. A reporting unit with a carrying value in excess of its fair value constitutes a step 1 failure and leads to a step 2 evaluation to determine the goodwill write off. If a step 1 failure occurs, the excess of the carrying value over the fair value does not equal the amount of the goodwill write off. Step 2 requires the calculation of the implied fair value of goodwill by allocating the fair value of the reporting unit to its tangible and intangible assets, other than goodwill, similar to the purchase price allocation performed for an acquisition of a business. The remaining unallocated fair value represents the implied fair value of the goodwill. If the implied fair value of goodwill exceeds its carrying amount, there is no impairment. If the carrying value of goodwill exceeds its implied fair value, an impairment charge is recorded for the difference. When performing step 2 and allocating a reporting unit's fair value, assets having a higher fair value as compared to book value increase any possible write off of impaired goodwill.

The fair value of a reporting unit can be carried forward if it meets three criteria. First, the most recent evaluation resulted in a reporting unit's fair value exceeding its carrying value by a substantial amount. Second, the assets and liabilities that make up the reporting unit have not

changed significantly since the most recent fair value determination. Finally, the likelihood that a current fair value determination would be less than the current carrying amount of the reporting unit is remote.

In 2010, the impairment evaluation was performed as of October 1, which represents the ongoing annual evaluation date. The fair values of all reporting units were recalculated using a 15-year discounted cash flow model. Key assumptions included management's estimates of future profitability, capital requirements, a discount rate ranging from 9.5% to 10.5%, depending on the reporting unit, and a 3.5% terminal growth rate. The total fair value of the reporting units and the Specialty Products segment was compared to the Corporation's market capitalization plus a control premium. The market capitalization was based on the Corporation's average closing stock price for the ten trading days nearest to the evaluation date. The reasonableness of the control premium was assessed based on other transactions in the aggregates industry. The fair values for each reporting unit exceeded their respective carrying values.

The term of the discounted cash flow model is a significant factor in determining the fair value of the reporting units. A 15-year term was selected based on management's judgment supported by quantitative factors, including the Corporation's strong financial position, long history of earnings growth and the remaining life of underlying mineral reserves, estimated at over 60 years based on normalized production levels. Additional consideration was given to qualitative factors, including the Corporation's industry leadership position and the lack of obsolescence risks related to the Aggregates business.

Price, cost and volume changes, profitability of acquired operations, efficiency improvements, the discount rate and the terminal growth rate are significant assumptions in performing the impairment test. These assumptions are interdependent and have a significant impact on the results of the test.

Future profitability and capital requirements are, by their nature, estimates. The profitability estimates utilized in the evaluation were consistent with the five-year operating plan prepared by management and reviewed by the Board of Directors. The succeeding ten years of profitability were estimated using assumptions for price, cost and volume changes. Future price, cost and volume assumptions were based on current forecasts and market conditions. Capital requirements were estimated based on expected recapitalization needs of the reporting units.

A discount rate is calculated for each reporting unit and represents each reporting unit's weighted average cost of capital. The calculation of the discount rate includes the following components, which are primarily based on published sources: equity risk premium, historical beta, risk-free interest rate, small-stock premium, company-specific premium, and borrowing rate.

The terminal growth rate was selected based on the projected annual increase in Gross Domestic Product.

The West reporting unit is significant to the evaluation as $399 million of the Corporation's goodwill at December 31, 2010 is attributable to this reporting unit. For the 2010 evaluation, the excess of fair value over carrying value for this reporting unit was $1.1 billion.

The South Central reporting unit has $78 million of goodwill. The fair value of this reporting unit exceeded the carrying value by 12% in 2010. The fair value of this reporting unit was valued using a discount rate of 10.5%. For sensitivity purposes, a 100-basis-point increase in the discount rate would result in this reporting unit failing the Step 1 analysis.

Management believes that all assumptions used were reasonable based on historical operating results and expected future trends. However, if future operating results are unfavorable as compared with forecasts, the results of future goodwill impairment evaluations could be negatively affected. Additionally, the total estimated fair value is impacted by the Corporation's market capitalization. Therefore, a decrease in the Corporation's stock price could result in lower fair values of the respective reporting units. Further, mineral reserves, which represent the underlying assets producing the reporting units' cash flows, are depleting assets by their nature. The reporting units' future cash flows will be updated as required based on expected future cash flow trends. Management does not expect significant changes to the valuation model for the 2011 evaluation. The potential write off of goodwill from future evaluations represents a risk to the Corporation.

Pension Expense-Selection of Assumptions

The Corporation sponsors noncontributory defined benefit retirement plans that cover substantially all employees and a Supplemental Excess Retirement Plan ("SERP") for certain retirees (see Note J to the audited consolidated financial statements on pages 25 through 29). Annual pension expense (inclusive of SERP expense) consists of several components:

- *Service Cost,* which represents the present value of benefits attributed to services rendered in the current year, measured by expected future salary levels.
- *Interest Cost*, which represents the accretion cost on the liability that has been discounted to its present value.
- *Expected Return on Assets*, which represents the expected investment return on pension fund assets.
- *Amortization of Prior Service Cost and Actuarial Gains and Losses,* which represents components that are recognized over time rather than immediately. Prior service cost represents credit given to employees for years of service prior to plan inception. Actuarial gains and losses arise from changes in assumptions regarding future events or when actual returns on assets differ from expected returns. At December 31, 2010, the unrecognized actuarial loss and unrecognized prior service cost were $98.4 million and $3.1 million, respectively. Pension accounting rules currently allow companies to amortize the portion of the unrecognized actuarial loss that represents more than 10 percent of the greater of the projected benefit obligation or pension plan assets, using the average remaining service life for the amortization period. Therefore, the $98.4 million unrecognized actuarial loss consists of approximately $58.5 million that is currently subject to amortization in 2011 and $39.9 million that is not subject to amortization in 2011. Assuming the December 31, 2010 projected benefit obligation and an average remaining service life of 7.8 years, approximately $7.5 million of amortization of the actuarial loss will be a component of 2011 annual pension expense.

These components are calculated annually to determine the pension expense that is reflected in the Corporation's results of operations.

Management believes the selection of assumptions related to the annual pension expense is a critical accounting estimate due to the high degree of volatility in the expense dependent on selected assumptions. The key assumptions are as follows:

- The *discount rate* is the rate used to present value the pension obligation and represents the current rate at which the pension obligations could be effectively settled.
- The *rate of increase in future compensation levels* is used to project the pay-related pension benefit formula and should estimate actual future compensation levels.
- The *expected long-term rate of return on pension fund assets* is used to estimate future asset returns and should reflect the average rate of long-term earnings on assets already invested.
- The *mortality table* represents published statistics on the expected lives of people.

Management's selection of the discount rate is based on an analysis that estimates the current rate of return for high-quality, fixed-income investments with maturities matching the payment of pension benefits that could be purchased to settle the obligations. The Corporation selected a hypothetical portfolio of Moody's Aa bonds with maturities that mirror the benefit obligations to determine the discount rate. Of the four key assumptions, the discount rate is generally the most volatile and sensitive estimate. Accordingly, a change in this assumption would have the most significant impact on the annual pension expense.

Management's selection of the rate of increase in future compensation levels is generally based on the Corporation's historical salary increases, including cost of living adjustments and merit and promotion increases, giving consideration to any known future trends. A higher rate of increase will result in a higher pension expense. Due to management delaying salary increases in response to the current economic environment, the actual rate of increase in compensation levels in 2010 was lower than the assumed long-term rate of increase of 5.0%.

In 2010, the Corporation invested approximately 5% of its pension assets in alternative investment vehicles chosen, in part, to help mitigate the volatility of plan asset returns.

Management's selection of the expected long-term rate of return on pension fund assets is based on a building-block approach, whereby the components are weighted based on the allocation of pension plan assets. Given that these returns are long-term, there are generally not significant fluctuations in the expected rate of return from year to year. Management selected an expected return on assets assumption of 7.75% at December 31, 2010, which is consistent with the rate selected at December 31, 2009. The following table presents the expected return on pension fund assets as compared with the actual return on pension assets for 2010, 2009 and 2008:

(in thousands)	Expected Return on Pension Assets	Actual Return on Pension Assets
2010[1]	**$21,041**	**$ 33,973**
2009[2]	$16,271	$ 48,169
2008[3]	$22,530	$(78,462)

1 *Return on assets is for the period January 1, 2010 to December 31, 2010.*

2 *Return on assets is for the period January 1, 2009 to December 31, 2009.*

3 *Return on assets is for the period December 1, 2007 to December 31, 2008.*

The difference between expected return on pension assets and the actual return on pension assets is not immediately recognized in the statement of earnings. Rather, pension accounting rules require the difference to be included in actuarial gains and losses, which are amortized into annual pension expense.

The Corporation used the RP 2000 Mortality Table to estimate the remaining lives of the participants in the pension plans. The RP 2000 Mortality Table includes separate tables for blue-collar employees and white-collar employees. The Corporation used the blue-collar table for its hourly workforce and the white-collar table for its salaried employees.

Assumptions are selected on December 31 to be used in the calculation of the succeeding year's expense. For the 2010 pension expense, the assumptions selected at December 31, 2009 were as follows:

Discount rate	5.90%
Rate of increase in future compensation levels	5.00%
Expected long-term rate of return on assets	7.75%
Average remaining service period for participants	8.0years
RP 2000 Mortality Table	

Using these assumptions, the 2010 pension expense was $26.6 million, including settlement expense of $3.5 million. A change in the assumptions would have had the following impact on the 2010 expense:

- A change of 25 basis points in the discount rate would have changed 2010 expense by approximately $1.6 million.
- A change of 25 basis points in the expected long-term rate of return on assets would have changed the 2010 expense by approximately $0.7 million.

For the 2011 pension expense, the assumptions selected were as follows:

Discount rate	5.84%
Rate of increase in future compensation levels	5.00%
Expected long-term rate of return on assets	7.75%
Average remaining service period for participants	7.8years
RP 2000 Mortality Table	

Using these assumptions, the 2011 pension expense is expected to be approximately $19.5 million based on current demographics and structure of the plans. Changes in the underlying assumptions would have the following estimated impact on the 2011 expected expense:

- A change of 25 basis points in the discount rate would change the 2011 expected expense by approximately $1.8 million.
- A change of 25 basis points in the expected long-term rate of return on assets would change the 2011 expected expense by approximately $0.8 million.

The Corporation made pension plan contributions of $68.7 million in the five-year period ended December 31, 2010. Despite these contributions, the Corporation's pension plans are underfunded (projected benefit obligation exceeds the fair value of plan assets) by $87.0 million at December 31, 2010. The Corporation expects to make pension plan contributions of $34.5 million in 2011.

Estimated Effective Income Tax Rate

The Corporation uses the liability method to determine its provision for income taxes. Accordingly, the annual provision for income taxes reflects estimates of the current liability for income taxes, estimates of the tax effect of financial reporting versus tax basis differences using statutory income tax rates and management's judgment with respect to any valuation allowances on deferred tax assets. The result is management's estimate of the annual effective tax rate (the "ETR").

Income for tax purposes is determined through the application of the rules and regulations under the United States Internal Revenue Code and the statutes of various foreign, state and local tax jurisdictions in which the Corporation conducts business. Changes in the statutory tax rates and/or tax laws in these jurisdictions can have a material effect on the ETR. The effect of these changes, if any, is recognized when the change is effective. The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (the "Act") allows 100-percent expensing for qualified property acquired and placed in service after September 8, 2010 and prior to January 1, 2012. The Act should reduce cash paid for taxes in 2011, but will increase 2011 income tax expense due to its effect on the depletion and production deductions.

As prescribed by these tax regulations, as well as generally accepted accounting principles, the manner in which revenues and expenses are recognized for financial reporting and income tax purposes is not always the same. Therefore, these differences between the Corporation's pretax income for financial reporting purposes and the amount of taxable income for income tax purposes are treated as either temporary or permanent, depending on their nature.

Temporary differences reflect revenues or expenses that are recognized in financial reporting in one period and taxable income in a different period. An example of a temporary difference is the use of the straight-line method of depreciation of machinery and equipment for financial reporting purposes and the use of an accelerated method for income tax purposes. Temporary differences result from differences between the financial reporting basis and tax basis of assets or liabilities and give rise to deferred tax assets or liabilities (i.e., future tax deductions or future taxable income). Therefore, when temporary differences occur, they are offset by a corresponding change in a deferred tax account. As such, total income tax expense as reported in the Corporation's consolidated statements of earnings is not changed by temporary differences.

The Corporation has deferred tax liabilities, primarily for property, plant and equipment and goodwill. The deferred tax liabilities attributable to property, plant and equipment relate to accelerated depreciation and depletion methods used for income tax purposes as compared with the straight-line and units of production methods used for financial reporting purposes. These temporary differences will reverse over the remaining useful lives of the related assets. The deferred tax liabilities attributable to goodwill arise as a result of amortizing goodwill for income tax purposes but not for financial reporting purposes. This temporary difference reverses when goodwill is written off for financial reporting purposes, either through divestitures or an impairment charge. The timing of such events cannot be estimated.

The Corporation has deferred tax assets, primarily for unvested stock-based compensation awards, employee pension and postretirement benefits, valuation reserves, inventories and net operating loss carryforwards. The deferred tax assets attributable to unvested stock-based compensation awards relate to differences in the timing of deductibility for financial reporting purposes versus income tax purposes. For financial reporting purposes, the fair value of the awards is deducted ratably over the requisite service period. For income tax purposes, no deduction is allowed until the award is vested or no longer subject to substantial risk of forfeiture. The deferred tax assets attributable to employee pension and postretirement benefits relate to deductions as plans are funded for income tax purposes as compared with deductions for financial reporting purposes that are based on accounting standards. The reversal of these differences depends on the timing of the Corporation's contributions to the related benefit plans as compared to the annual expense for financial reporting purposes. The deferred tax assets attributable to valuation reserves and inventories relate to the deduction of estimated cost reserves and various period expenses for

financial reporting purposes that are deductible in a later period for income tax purposes. The reversal of these differences depends on facts and circumstances, including the timing of deduction for income tax purposes for reserves previously established and the establishment of additional reserves for financial reporting purposes. At December 31, 2010, the Corporation had net operating loss carryforwards and tax credit carryforwards of $130.7 million with varying expiration dates and related deferred tax assets of $10.0 million. The deferred tax assets have a reserve of $7.1 million which was established based on the uncertainty of generating future taxable income in the jurisdictions during the limited period that the net operating loss carryforwards and tax credit carryforwards can be utilized under state statutes.

The Corporation's estimated ETR reflects adjustments to financial reporting income for permanent differences. Permanent differences reflect revenues or expenses that are recognized in determining either financial reporting income or taxable income, but not both. Permanent differences either increase or decrease income tax expense with no offset in deferred tax liabilities. An example of a material permanent difference that affects the Corporation's estimated ETR is tax depletion in excess of basis for mineral reserves. For income tax purposes, the depletion deduction is calculated as a percentage of sales, subject to certain limitations. Due to the limitations imposed on percentage depletion, changes in sales volumes and earnings may not proportionately affect the permanent depletion deduction included in the ETR. As a result, the Corporation may continue to claim tax depletion deductions exceeding the cost basis of the mineral reserves, whereas the depletion expense for financial reporting purposes ceases once the value of the mineral reserves is fully amortized. The continuing depletion for tax purposes is treated as a permanent difference. Another example of a permanent difference is goodwill established for financial reporting purposes from an acquisition of another company's stock. This goodwill has no basis for income tax purposes. If the goodwill is subsequently written off as a result of divestitures or impairment losses, the financial reporting deduction is treated as a permanent difference.

Tax depletion in excess of book basis for mineral reserves is the single largest recurring permanent deduction for the Corporation in calculating taxable income. Therefore, a significant amount of the financial reporting risk related to the estimated ETR is based on this estimate. Estimates of the percentage depletion allowance are based on other accounting estimates such as profitability by tax unit, which compound the risk related to the estimated ETR. Further, the percentage depletion allowance may not increase or decrease proportionately to a change in pretax earnings. In 2010, tax depletion in excess of book basis positively affected the estimated effective income tax rate by 1,370 basis points.

To calculate the estimated ETR for any year, management uses actual information where practical. Certain permanent and temporary differences, including deductions for percentage depletion allowances, are estimated at the time the provision for income taxes is calculated. After estimating amounts that management considers reasonable under the circumstances, a provision for income taxes is recorded.

Each quarter, management updates the estimated ETR for the current year based on events that occur during the quarter. For example, changes to forecasts of annual sales and related earnings, purchases and sales of business units and product mix subject to different percentage depletion rates are reflected in the quarterly estimate of the annual ETR. Some events may be treated as discrete events and the tax impact is fully recorded in the quarter in which the discrete event occurs. For example, the estimated ETR for the third quarter reflects the filing of the prior year federal and state income tax returns that adjust prior estimates of permanent and temporary differences and the evaluation of the deferred tax balances and the related valuation allowances. Historically, the Corporation's adjustment of prior estimates of permanent and temporary differences has not been material to its results of operations or total tax expense.

For 2010, an overall estimated ETR of 22.9% was used to calculate the provision for income taxes, a portion of which was allocated to discontinued operations. The estimated ETR is sensitive given that changes in the rate can have a significant impact on annual earnings. A change of 100 basis points in the estimated ETR would affect 2010 income tax expense by $1.3 million.

All income tax filings are subject to examination by federal, state and local regulatory agencies, generally within three years of the filing date. The Corporation recognizes a tax benefit when it is more-likely-than-not, based on the technical merits, that a tax position would be sustained upon examination by a taxing authority. The Corporation has established reserves of $11.0 million for uncertain tax positions at December 31, 2010. The Corporation analyzes the reserves quarterly and, if necessary, adjusts based on changes in underlying facts and circumstances. The Corporation does not expect unrecognized tax benefits to significantly change during 2011. The Corporation's open tax years that are subject to federal examination are 2007 to 2010. Further, certain state and foreign tax jurisdictions have open tax years from 2004 to 2010.

Acquisitions — Purchase Price Allocation

The Corporation's Board of Directors and management regularly review strategic long-term plans, including potential investments in value-added acquisitions of related or similar businesses, which would increase the Corporation's market share and/or are related to existing markets of the Corporation. When an acquisition is completed, the Corporation's consolidated statement of earnings includes the operating results of the acquired business starting from the date of acquisition, which is the date that control is obtained. The purchase price is determined based on the fair value of assets given to and liabilities assumed from the seller as of the date of acquisition. The Corporation allocates the purchase price to the fair values of the tangible and intangible assets acquired and liabilities assumed as valued at the date of acquisition. Goodwill is recorded for the excess of the purchase price over the net of the fair value of the identifiable assets acquired and liabilities assumed as of the acquisition date. The purchase price allocation is a critical accounting policy because the estimation of fair values of acquired assets and assumed liabilities is judgmental and requires various assumptions. Further, the amounts and useful lives assigned to depreciable and amortizable assets versus amounts assigned to goodwill, which is not amortized, can significantly affect the results of operations in the period of and in periods subsequent to a business combination.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction, and, therefore, represents an exit price. A fair value measurement assumes the highest and best use of the asset by market participants, considering the use of the asset that is physically possible, legally permissible, and financially feasible at the measurement date. The Corporation assigns the highest level of fair value available to assets acquired and liabilities assumed based on the following options:

- Level 1 — Quoted prices in active markets for identical assets and liabilities
- Level 2 — Observable inputs, other than quoted prices, for similar assets or liabilities in active markets
- Level 3 — Unobservable inputs are used to value the asset or liability. This includes the use of valuation models.

Level 2 fair values are typically used to value acquired inventories, machinery and equipment, and land. Additionally, Level 2 fair values are typically used to value assumed contracts that are not at market rates and assumed liabilities for asset retirement obligations, environmental remediation and compliance obligations, and contingencies.

Level 3 fair values are used to value acquired mineral reserves, mineral interests, and separately-identifiable intangible assets. The fair values of mineral reserves and mineral interests are determined using an excess earnings approach, which requires management to estimate future cash flows, net of capital investments in the specific operation and contributory asset charges. The estimate of future cash flows is based on available historical information and on future expectations and assumptions deemed reasonable by management, but is inherently uncertain. Key assumptions in estimating future cash flows include sales price, shipment volumes and costs. The present value of the projected net cash flows represents the fair value assigned to mineral reserves and mineral interests. The discount rate is a significant assumption used in the valuation model. The rate is selected based on the required rate of return that a hypothetical market participant would require if purchasing the acquired business combination, with an adjustment for the risk of the assets generating the projected cash flows.

The Corporation values separately-identifiable acquired intangible assets which may include, but are not limited to, noncompetition agreements, customer relationships and permits. The fair value of noncompetition agreements is generally based on the probability that a seller would compete with the Corporation in the absence of an agreement and an estimation of the earnings that would be in jeopardy due to the hypothetical competition. The fair values of customer relationships and permits are generally determined using a cost approach based on the estimated amount to purchase or replace the asset. Amortization periods are based on either the contractual rights or the expected useful life of the asset, if not contractually specified.

There is a measurement period after the acquisition date during which the Corporation may adjust the amounts recognized for a business combination. Any such adjustments are based on the Corporation obtaining additional information that existed at the acquisition date regarding the assets acquired or the liabilities assumed. Measurement period adjustments are generally recorded as increases or decreases to the goodwill recognized in the transaction. These adjustments are applied retroactively to the date of acquisition and reported retrospectively. The measurement period ends once the Corporation has obtained all necessary information that existed as of the acquisition date, but does not extend beyond one year from the date of acquisition. Any adjustments to assets acquired or liabilities assumed beyond the measurement period are recorded in earnings.

During 2010, the Corporation invested $43.3 million in business combinations and allocated this amount to assets acquired and liabilities assumed.

Property, Plant and Equipment

Property, plant and equipment represent 55% of total assets at December 31, 2010 and accordingly, accounting for these assets represents a critical accounting policy. Useful lives of the assets can vary depending on factors, including production levels, geographic location, portability and maintenance practices. Additionally, climate and inclement weather can reduce the useful life of an asset. Historically, the Corporation has not recognized significant losses on the disposal or retirement of fixed assets.

The Corporation evaluates aggregates reserves in several ways, depending on the geology at a particular location and whether the location is a potential new site (greensite), an acquisition or an existing operation. Greensites require a more extensive drilling program before any significant investment is made in terms of time, site development or efforts to obtain appropriate zoning and permitting (see section *Environmental Regulation and Litigation* on pages 61 and 62). The depth of overburden and the quality and quantity of the aggregates reserves are significant factors in determining whether to pursue opening the site. Further, the estimated average selling price for products in a market is also a significant factor in concluding that reserves are economically mineable. If the Corporation's analysis based on these factors is satisfactory, the total aggregates reserves available are calculated and a determination is made whether to open the location. Reserve evaluation at existing locations is typically performed to evaluate purchasing adjoining properties and, for quality control, calculating overburden volumes and mine planning. Reserve evaluation of acquisitions may require a higher degree of sampling to locate any problem areas that may exist and to verify the total reserves.

Well-ordered subsurface sampling of the underlying deposit is basic to determining reserves at any location. This subsurface sampling usually involves one or more types of drilling, determined by the nature of the material to be sampled and the particular objective of the sampling. The Corporation's objectives are to ensure that the underlying deposit meets aggregates specifications and the total reserves on site are sufficient for mining and economically recoverable. Locations underlain with hard rock deposits, such as granite and limestone, are drilled using the diamond core method, which provides the most useful and accurate samples of the deposit. Selected core samples are tested for soundness, abrasion resistance and other physical properties relevant to the aggregates industry. The number and depth of the holes are determined by the size of the site and the complexity of the site-specific geology. Geological factors that may affect the number and depth of holes include faults, folds, chemical irregularities, clay pockets, thickness of formations and weathering. A typical spacing of core holes on the area to be tested is one hole for every four acres, but wider spacing may be justified if the deposit is homogeneous.

Despite previous drilling and sampling, once accessed, the quality of reserves within a deposit can vary. Construction contracts, for the infrastructure market in particular, include specifications related to the aggregates material. If a flaw in the deposit is discovered, the aggregates material may not meet the required specifications. This can have an adverse effect on the Corporation's ability to serve certain customers or on the Corporation's profitability. In addition, other issues can arise that limit the Corporation's ability to access reserves in a particular quarry, including geological occurrences, blasting practices and zoning issues.

Locations underlain with sand and gravel are typically drilled using the auger method, whereby a 6-inch corkscrew brings up material from below the ground which is then sampled. Deposits in these locations are typically limited in thickness, and the quality and sand-to-gravel ratio of the deposit can vary both horizontally and vertically. Hole spacing at these locations is approximately one hole for every acre to ensure a representative sampling.

The geologist conducting the reserve evaluation makes the decision as to the number of holes and the spacing in accordance with standards and procedures established by the Corporation. Further, the anticipated heterogeneity of the deposit, based on U.S. geological maps, also dictates the number of holes used.

The generally accepted reserve categories for the aggregates industry and the designations the Corporation uses for reserve categories are summarized as follows:

> ***Proven Reserves*** — These reserves are designated using closely spaced drill data as described above and a determination by a professional geologist that the deposit is relatively homogeneous based on the drilling results and exploration data provided in U.S. geologic maps, the U.S. Department of Agriculture soil maps, aerial photographs and/or electromagnetic, seismic or other surveys conducted by independent geotechnical engineering firms. The proven reserves that are recorded reflect reductions incurred as a result of quarrying that result from leaving ramps, safety benches, pillars (underground), and the fines (small particles) that will be generated during processing. Proven reserves are further reduced by reserves that are under the plant and stockpile areas, as well as setbacks from neighboring property lines. The Corporation typically assumes a loss factor of 25%. However, the assumed loss factor at coastal operations is approximately 50% due to the nature of the material. The assumed loss factor for underground operations is 35% due to pillars.
>
> ***Probable Reserves*** — These reserves are inferred utilizing fewer drill holes and/or assumptions about the economically recoverable reserves based on local geology or drill results from adjacent properties.

The Corporation's proven and probable reserves reflect reasonable economic and operating constraints as to maximum depth of overburden and stone excavation, and also include reserves at the Corporation's inactive and undeveloped sites, including some sites where permitting and zoning applications will not be filed until warranted by expected future growth. The Corporation has historically been successful in obtaining and maintaining appropriate zoning and permitting (see section *Environmental Regulation and Litigation* on pages 61 and 62).

Mineral reserves and mineral interests, when acquired in connection with a business combination, are valued using an excess earnings approach for the life of the proven and probable reserves.

The Corporation uses proven and probable reserves as the denominator in its units-of-production calculation to record depletion expense for its mineral reserves and mineral interests. During 2010, depletion expense was $4.3 million.

The Corporation begins capitalizing quarry development costs at a point when reserves are determined to be proven or probable, economically mineable and when demand supports investment in the market. Capitalization of these costs ceases when production commences. Quarry development costs are classified as land improvements.

There is diversity within the mining industry regarding the accounting treatment used to record pre-production stripping costs. At existing quarries, new pits may be developed to access additional reserves. Some companies

within the industry expense pre-production stripping costs associated with new pits within a quarry. In making its determination as to the appropriateness of capitalizing or expensing pre-production stripping costs, management reviews the facts and circumstances of each situation when additional pits are developed within an existing quarry. If the additional pit operates in a separate and distinct area of a quarry, the costs are capitalized as quarry development costs and depreciated over the life of the uncovered reserves. Further, a separate asset retirement obligation is created for additional pits when the liability is incurred. Once a pit enters the production phase, all post-production stripping costs are expensed as incurred as periodic inventory production costs.

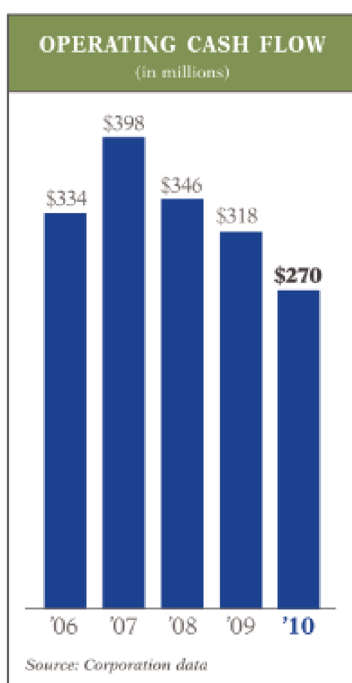
Inventory Standards

The Corporation values its finished goods inventories under the first-in, first-out methodology using standard costs. For quarries, the standards are developed using production costs for a twelve-month period, in addition to complying with the principle of lower of cost or market, and adjusting, if necessary, for normal capacity levels and abnormal costs. In addition to production costs, the standards for distribution yards include a freight component for the cost of transporting the inventory from a quarry to the distribution yard and materials handling costs. Preoperating start-up costs are expensed as incurred and are not capitalized as part of inventory costs.

Standard costs are updated on a quarterly basis to match finished goods inventory values with changes in production costs and production volumes. In periods in which production costs, in particular energy costs, and/or production volumes have changed significantly from the prior period, the revision of standards can have a significant impact on the Corporation's operating results (see section *Cost Structure* on pages 56 through 58).

Liquidity and Cash Flows

Operating Activities



The primary source of the Corporation's liquidity during the past three years has been cash generated from its operating activities. Cash provided by operations was $269.8 million in 2010, compared with $318.4 million in 2009 and $345.6 million in 2008. These cash flows were derived, substantially, from consolidated net earnings before deducting certain noncash charges for depreciation, depletion and amortization of its properties and intangible assets. Depreciation, depletion and amortization are as follows:

years ended December 31 (add 000)	**2010**	2009	2008
Depreciation	**$174,142**	$172,026	$163,334
Depletion	**4,283**	4,024	4,644
Amortization	**3,112**	3,341	3,151
Total	**$181,537**	$179,391	$171,129

The $48.6 million decrease in cash provided by operating activities in 2010 compared with 2009 is primarily due to a $20.5 million increase in accounts receivables in 2010 due to higher sales. This compares to the $48.5 million reduction in accounts receivable in 2009, and an increase in cash provided by operating activities, when sales declined.

The $27.3 million decrease in cash provided by operating activities in 2009 compared with 2008 is due to lower consolidated net earnings before depreciation, depletion and amortization expense and gains and losses on divestitures and sales of assets. This was partially offset by a larger reduction in receivables due to lower sales, a slower buildup of inventories due to inventory control measures and lower cash taxes due to lower earnings.

Investing Activities

Net cash used for investing activities was $174.2 million in 2010, $185.0 million in 2009 and $450.8 million in 2008.

Cash used for investing activities was $10.8 million lower in 2010 compared with 2009, primarily due to a reduction in capital spending and lower amounts paid for acquisitions.

Cash used for investing activities was $265.7 million lower in 2009 compared with 2008. The decrease was primarily related to a planned reduction in spending for property, plant and equipment, which declined by $119.0 million. Additionally, amounts paid for acquisitions were $169.0 million less in 2009. The 2009 amount included $48.0 million paid for the acquisition of three quarries from CEMEX, Inc. The 2008 amount included $199.4 million related to an exchange transaction with Vulcan Materials Company.

Capital spending by reportable segment, excluding acquisitions, was as follows:

(add 000)	**2010**	2009	2008
Mideast Group	**$ 36,057**	$ 39,636	$ 83,566
Southeast Group	**32,786**	37,355	92,474
West Group	**58,819**	46,023	63,750
Total Aggregates Business	**127,662**	123,014	239,790
Specialty Products	**6,431**	10,766	9,814
Corporate	**1,823**	5,450	8,642
Total	**$135,916**	$139,230	$258,246

Spending for property, plant and equipment is expected to approximate $175 million in 2011, including the Hunt Martin Materials joint venture but exclusive of acquisitions.

Proceeds from divestitures and sales of assets include the cash from the sales of surplus land and equipment and the divestitures of several Aggregates operations. These proceeds provided pretax cash of $5.0 million, $7.8 million and $26.0 million in 2010, 2009 and 2008, respectively.

Financing Activities

The Corporation used $288.9 million of cash for financing activities during 2010. A total of $92.5 million and $122.9 million was provided by financing activities in 2009 and 2008, respectively.

In 2010, the Corporation made net repayments of long-term debt of $219.7 million, including the repayment of $217.6 million of Floating Rate Senior Notes through the use of available cash. In 2009, the Corporation made net repayments of long-term debt of $106.0 million, which primarily reflects the repayment of $200.0 million on the Credit Agreement partially offset by borrowings under the Term Loan. In 2008, the Corporation had net borrowings of long-term debt of $220.8 million, excluding debt issuance costs, primarily related to the issuance of $300.0 million of Senior Notes and $200.0 million of borrowings under the Credit Agreement offset by the repayment of $200.0 million of Notes and $72.0 million of commercial paper borrowings.

In 2010, the Board of Directors approved total cash dividends on the Corporation's common stock of $1.60 per share. Total cash dividends were $73.6 million in 2010, $71.2 million in 2009 and $62.5 million in 2008.

Cash provided by issuances of common stock, which represents the exercises of stock options and, for 2009, offerings of common stock, was $3.0 million, $294.2 million and $3.3 million in 2010, 2009 and 2008, respectively. During 2009, the Corporation offered and sold 3.8 million shares of common stock.

Excess tax benefits from stock-based compensation transactions were $1.3 million in 2010, $0.6 million in 2009 and $3.4 million in 2008.

In 2009, the Corporation purchased the remaining noncontrolling interest in a joint venture for $17.1 million.

Capital Structure and Resources

Long-term debt, including current maturities, decreased to $1.031 billion at the end of 2010 from $1.250 billion at the end of 2009. The Corporation's debt at December 31, 2010 was principally in the form of publicly-issued long-term notes and debentures and $111.8 million of borrowings under the Term Loan.

The Credit Agreement, AR Credit Facility and Term Loan are subject to a leverage ratio covenant. The Corporation's ratio of consolidated debt to consolidated earnings before interest expense, tax expense, and depreciation, depletion and amortization expense ("EBITDA"), as defined, for the trailing twelve months (the "Ratio") may not exceed 3.50 to 1.00 as of the end of any fiscal quarter. The calculation may exclude debt incurred in connection with an acquisition for a period of 180 days provided that the Ratio does not exceed the limit by 0.25 and so long as the Corporation maintains specified ratings on its long-term unsecured debt.

The Ratio is calculated as total long-term 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 noncash items, if they occur, can affect the calculation of consolidated EBITDA. At December 31, 2010, the Corporation's ratio of consolidated debt to consolidated EBITDA, as defined, for the trailing twelve month EBITDA was 2.73 times and was calculated as follows (dollars in thousands):

	Twelve-Month Period January 1, 2010 to December 31, 2010
Earnings from continuing operations	$ 96,827
Add back:	
Interest expense	68,456
Income tax expense	29,181
Depreciation, depletion and amortization expense	176,631
Stock-based compensation expense	14,675
Deduct:	
Interest income	(1,092)
Consolidated EBITDA, as defined	$ 384,678
Consolidated debt, including debt guaranteed by the Corporation, at December 31, 2010	$ 1,048,956
Consolidated debt-to-consolidated EBITDA, as defined, at December 31, 2010 for trailing twelve-month EBITDA	2.73 x

In the event of a default on the leverage ratio, the lenders can terminate the Credit Agreement, the AR Credit Facility and the Term Loan and declare any outstanding balance as immediately due. The expected renegotiation of the Corporation's short-term credit facilities and refinancing of the $242 million of Notes due in April 2011 will increase the amount of the Corporation's outstanding debt that bears interest at a variable rate. Based on the current LIBOR rate, management expects total interest expense in 2011 to be lower compared with 2010.

Total equity increased to $1.468 billion at December 31, 2010 from $1.406 billion at December 31, 2009. At December 31, 2010, the Corporation had an accumulated other comprehensive loss of $53.7 million, resulting from unrecognized actuarial losses and prior service costs related to pension and postretirement benefits, foreign currency translation gains and the unrecognized loss on terminated forward starting swap agreements. Total equity at December 31, 2010 includes $42.8 million of noncontrolling interests. At December 31, 2010, 5.0 million shares of common stock were remaining under the Corporation's repurchase authorization. The Corporation may repurchase shares of its common stock in the open market or through private transactions at such prices and upon such terms as the Chief Executive Officer deems appropriate.

At December 31, 2010, the Corporation had $70.3 million in cash and short-term investments that are considered cash equivalents. The Corporation manages its cash and cash equivalents to ensure that short-term operating cash needs are met and that excess funds are managed efficiently. The Corporation subsidizes shortages in operating cash through short-term borrowings. The Corporation typically invests excess funds in money market funds or Eurodollar time deposit accounts, which are exposed to bank solvency risk and are FDIC insured up to $250,000. Funds not yet available in lockboxes generally exceed the $250,000 FDIC insurance limit. The Corporation's cash management policy prohibits cash and cash equivalents over $100 million to be maintained at any one bank.

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. As of December 31, 2010, the Corporation had $323 million of unused borrowing capacity under the Credit Agreement and $100 million of unused borrowing capacity under the AR Credit Facility, subject to complying with the related leverage covenant. Of the $423 million of unused borrowing capacity, $212 million, or 50%, has been committed from Wells Fargo. Management does not expect any material change in this commitment prior to the expiration of the facilities. The Credit Agreement expires on June 30, 2012 and the AR Credit Facility terminates on April 20, 2012. Borrowings under the Credit Agreement are unsecured and may be used for general corporate purposes, including to support the Corporation's commercial paper program. The Corporation's ability to borrow or issue securities is dependent upon, among other things, prevailing economic, financial and market conditions (see section *Current Market Environment and Related Risks* on page 63).

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. Furthermore, the Corporation is exposed to risk from tight credit markets, through the interest cost related to its variable rate debt, which includes borrowings under its short-term credit facilities. The Corporation's credit ratings are investment-grade level and did not change in 2010. 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 and Off Balance Sheet Obligations

At December 31, 2010, the Corporation's recorded benefit obligation related to postretirement benefits totaled $45.2 million. These benefits will be paid from the Corporation's assets. The obligation, if any, for retiree medical payments is subject to the terms of the plan.

The Corporation has other retirement benefits related to the qualified pension plan and the SERP. At December 31, 2010, the qualified pension plan is unfunded by $74.0 million. Inclusive of required amounts, the Corporation estimates that it will make contributions of $34.5 million in 2011. Any contributions beyond 2011 are currently undeterminable and will depend on the investment return on the related pension assets. At December 31, 2010, the Corporation had a total obligation of $13.0 million related to the SERP.

As of December 31, 2010, the Corporation had $11.0 million of reserves for uncertain tax positions. Such accruals may become payable if the tax positions are not sustained upon examination by a taxing authority.

In connection with normal, ongoing operations, the Corporation enters into market-rate leases for property, plant and equipment and royalty commitments principally associated with leased land. Additionally, the Corporation enters into equipment rentals to meet shorter-term, nonrecurring and intermittent needs. For operating leases and royalty agreements, amounts due are expensed in the period incurred. Management anticipates that, in the ordinary course of business, the Corporation will enter into royalty agreements for land and mineral reserves during 2011.

The Corporation is a minority member of a limited liability company whereby the majority member is paid preferred returns.

The Corporation has purchase commitments for property, plant and equipment of $24.4 million as of December 31, 2010. The Corporation also has other purchase obligations related to energy and service contracts which totaled $17.8 million as of December 31, 2010.

The Corporation's contractual commitments as of December 31, 2010 are as follows:

(add 000)	Total	< 1 yr.	1-3 yrs.	3-5 yrs.	> 5 yrs.
ON BALANCE SHEET:					
Long-term debt	$1,030,759	$248,714	$110,613	$ 436	$ 670,996
Postretirement benefits	45,210	4,100	9,028	9,841	22,241
Qualified pension plan contributions	34,500	34,500	—	—	—
SERP	13,031	1,934	2,020	90	8,987
Uncertain tax positions	11,011	—	11,011	—	—
Other commitments	884	64	128	128	564
OFF BALANCE SHEET:					
Interest on noncallable publicly-traded long-term debt	702,136	52,499	88,350	88,350	472,937
Operating leases	320,185	70,236	93,633	71,650	84,666
Royalty agreements	72,470	9,142	16,989	13,905	32,434
Purchase commitments — capital	24,434	24,434	—	—	—
Preferred payments to LLC majority member	1,002	1,002	—	—	—
Other commitments — energy and services	17,821	17,058	763	—	—
Total	$2,273,443	$463,683	$332,535	$184,400	$1,292,825

Notes A, G, I, J, L and N to the audited consolidated financial statements on pages 13 through 17; 20 through 22; 23 through 25; 25 through 29; 31; and 32 through 34, respectively, contain additional information regarding these commitments and should be read in conjunction with the above table.

Contingent Liabilities and Commitments

On July 14, 2010, the Corporation entered into a reimbursement and indemnification agreement with Fifth Third Bank ("Fifth Third"), pursuant to which Fifth Third issued a letter of credit for the repayment of amounts borrowed by an affiliate under a $20.0 million two-year revolving line of credit provided by Fifth Third and the Corporation agreed to reimburse Fifth Third for any amounts funded under the letter of credit. Additionally, on July 13, 2010, the Corporation provided Bank of America, N.A. with a guarantee of $12.4 million of payment obligations of the Corporation's affiliate under certain equipment lease agreements. The affiliate has agreed to reimburse and indemnify the Corporation for any payments and expenses the Corporation may incur from either the reimbursement and indemnification agreement or the guarantee agreement. The Corporation holds a subordinate lien of the affiliate's assets as collateral for potential payments under the reimbursement and indemnification agreement. As of December 31, 2010, no payments have been made under the guarantee arrangements.

The Corporation has entered into standby letter of credit agreements relating to certain insurance claims, utilities and property improvements. At December 31, 2010, the Corporation had contingent liabilities guaranteeing its own performance under these outstanding letters of credit of $10.9 million. Certain of these underlying obligations are accrued on the Corporation's balance sheet.

In the normal course of business at December 31, 2010, the Corporation was contingently liable for $118.5 million in surety bonds underwritten by Safeco Corporation, a subsidiary of Liberty Mutual Group, that guarantee its own performance and are required by certain states and municipalities and their related agencies. Certain of the bonds guarantee performance of obligations, including asset retirement requirements, are accrued on the Corporation's balance sheet. The bonds are principally for certain insurance claims, construction contracts, reclamation obligations and mining permits. Three of these bonds total $45.7 million, or 39% of all outstanding surety bonds. The Corporation has indemnified the underwriting insurance company against any exposure under the surety bonds. In the Corporation's past experience, no material claims have been made against these financial instruments.

Quantitative and Qualitative Disclosures about Market Risk

As discussed earlier, 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 (see section *Business Environment* on pages 48 through 65).

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, 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 2010. 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 facility borrowings; 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 $325.0 million Credit Agreement which supports its commercial paper program. The Corporation also has a $100.0 million AR Credit Facility and the $130.0 million Term Loan. 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 borrowings of $111.8 million, which is the outstanding balance at December 31, 2010, would increase interest expense by $1.1 million on an annual basis. Wells Fargo has collective commitments of $212.5 million under the Corporation's short-term borrowing facilities.

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 section *Critical Accounting Policies and Estimates* on pages 66 through 75.

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 prices in 2011 as compared with 2010, assuming constant volumes, would impact 2011 pretax earnings by approximately $15.6 million.

Aggregate Risk for Interest Rates and Energy Sector Inflation

The pension expense for 2010 was calculated based on assumptions selected at December 31, 2009. Therefore, interest rate risk in 2010 was limited to the potential effect related to borrowings under variable-rate facilities. The effect of a hypothetical 1% increase in interest rates on $111.8 million of variable-rate borrowings would be an increase of $1.1 million in interest expense in 2011. Additionally, a 10% change in energy costs would impact annual pretax earnings by approximately $15.6 million.

Forward-Looking Statements — Safe Harbor Provisions

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 press release 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 historical or current facts. They may use words such as "anticipate," "expect," "should be," "believe," and other words 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.

Factors that the Corporation currently believes could cause actual results to differ materially from the forward-looking statements in this press release include, but are not limited to, the performance of the United States economy; wide-spread 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 Georgia, Texas, 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 component of the nonresidential construction market, notably office and retail space, and a decline in residential construction; 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 and other costs to comply with tightening regulations as well as higher volumes of rail and water shipments; 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/or volumes decline worse than expected; 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.

For a discussion identifying some important factors that could cause actual results to vary materially from those anticipated in the forward-looking statements, see the Corporation's Securities and Exchange Commission filings including, but not limited to, the discussion of "Competition" in the Corporation's Annual Report on Form 10-K, "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 37 through 81 of the 2010 Annual Report and "Note A: Accounting Policies" and "Note N: Commitments and Contingencies" of the "Notes to Financial Statements" on pages 13 through 17 and 32 through 34, respectively, of the audited consolidated financial statements included in the 2010 Annual Report.

QUARTERLY PERFORMANCE
(unaudited)

(add 000, except per share and stock prices)

	Total Revenues[1]		Net Sales[1]		Gross Profit[1]		Consolidated Net Earnings (Loss)[1]		Net Earnings (Loss) Attributable to Martin Marietta Materials, Inc.	
Quarter	**2010**	2009	**2010**	2009	**2010**	2009	**2010**[3,4,5]	2009[6]	**2010**[3,4,5]	2009[6]
First	**$ 340,944**	$ 374,561	**$ 295,561**	$ 329,842	**$ 19,613**	$ 48,535	**$ (24,748)**	$ (6,374)	**$ (24,180)**	$ (5,764)
Second	**504,630**	465,385	**442,784**	410,689	**117,698**	111,717	**54,948**	40,585	**54,399**	38,862
Third	**509,303**	487,967	**443,709**	428,271	**113,795**	117,748	**53,256**	56,868	**51,990**	55,514
Fourth	**427,980**	374,690	**368,841**	327,838	**70,845**	59,733	**15,208**	(2,915)	**14,803**	(3,153)
Totals	**$1,782,857**	$1,702,603	**$1,550,895**	$1,496,640	**$321,951**	$337,733	**$ 98,664**	$88,164	**$ 97,012**	$85,459

	Per Common Share									
							Stock Prices			
	Basic Earnings (Loss)[2]		Diluted Earnings (Loss)[2]		Dividends Paid		High	Low	High	Low
Quarter	**2010**[3,4,5]	2009[6]	**2010**[3,4,5]	2009[6]	**2010**	2009	**2010**		2009	
First	**$ (0.54)**	$ (0.14)	**$ (0.54)**	$ (0.14)	**$0.40**	$0.40	**$ 93.43**	**$74.00**	$105.49	$67.25
Second	**1.18**	0.86	**1.18**	0.86	**0.40**	0.40	**$100.33**	**$83.53**	$ 96.70	$75.72
Third	**1.13**	1.23	**1.13**	1.23	**0.40**	0.40	**$ 88.89**	**$71.50**	$103.44	$73.78
Fourth	**0.32**	(0.07)	**0.32**	(0.07)	**0.40**	0.40	**$ 95.00**	**$76.94**	$ 96.87	$77.36
Totals	**$ 2.11**	$ 1.92	**$ 2.10**	$ 1.91	**$1.60**	$1.60				

1 Amounts may not equal amounts previously reported in the Corporation's Forms 10-Q, as amounts have been recast to reflect discontinued operations.

2 The sum of per-share earnings by quarter may not equal earnings per share for the year due to changes in average share calculations. This is in accordance with prescribed reporting requirements.

3 Consolidated net earnings, net earnings attributable to Martin Marietta Materials, Inc. and basic and diluted earnings per common share in the second quarter of 2010 were increased by $2.8 million, or $0.06 per basic and diluted share, for the reversal of the excess West Group legal reserve upon settlement of legal proceedings.

4 Consolidated net earnings, net earnings attributable to Martin Marietta Materials, Inc. and basic and diluted earnings per common share in the third quarter of 2010 included the reversal of $5.6 million, or $0.12 per basic and diluted share, in tax reserves for the effective settlement of issues related to the 2004 and 2005 tax years, the effective settlement of the Internal Revenue Service audit for the 2007 tax year and the expiration of the statute of limitations for federal examination of the 2006 tax year.

5 Consolidated net earnings, net earnings attributable to Martin Marietta Materials, Inc. and basic and diluted earnings per common share in the fourth quarter of 2010 were decreased by $0.9 million, or $0.02 per basic and diluted share, for the increase in insurance reserves in the ordinary course of business.

6 Consolidated net earnings, net earnings attributable to Martin Marietta Materials, Inc. and basic and diluted earnings per common share in the fourth quarter of 2009 were increased by $1.3 million, or $0.03 per basic and diluted share, for the decrease in insurance reserves in the ordinary course of business, and decreased by $8.0 million, or $0.18 per basic and diluted share, for the West Group legal reserve.

At February 16, 2011, there were 760 shareholders of record.

The following presents total revenues, net sales, net earnings (loss) and earnings per diluted share attributable to discontinued operations:

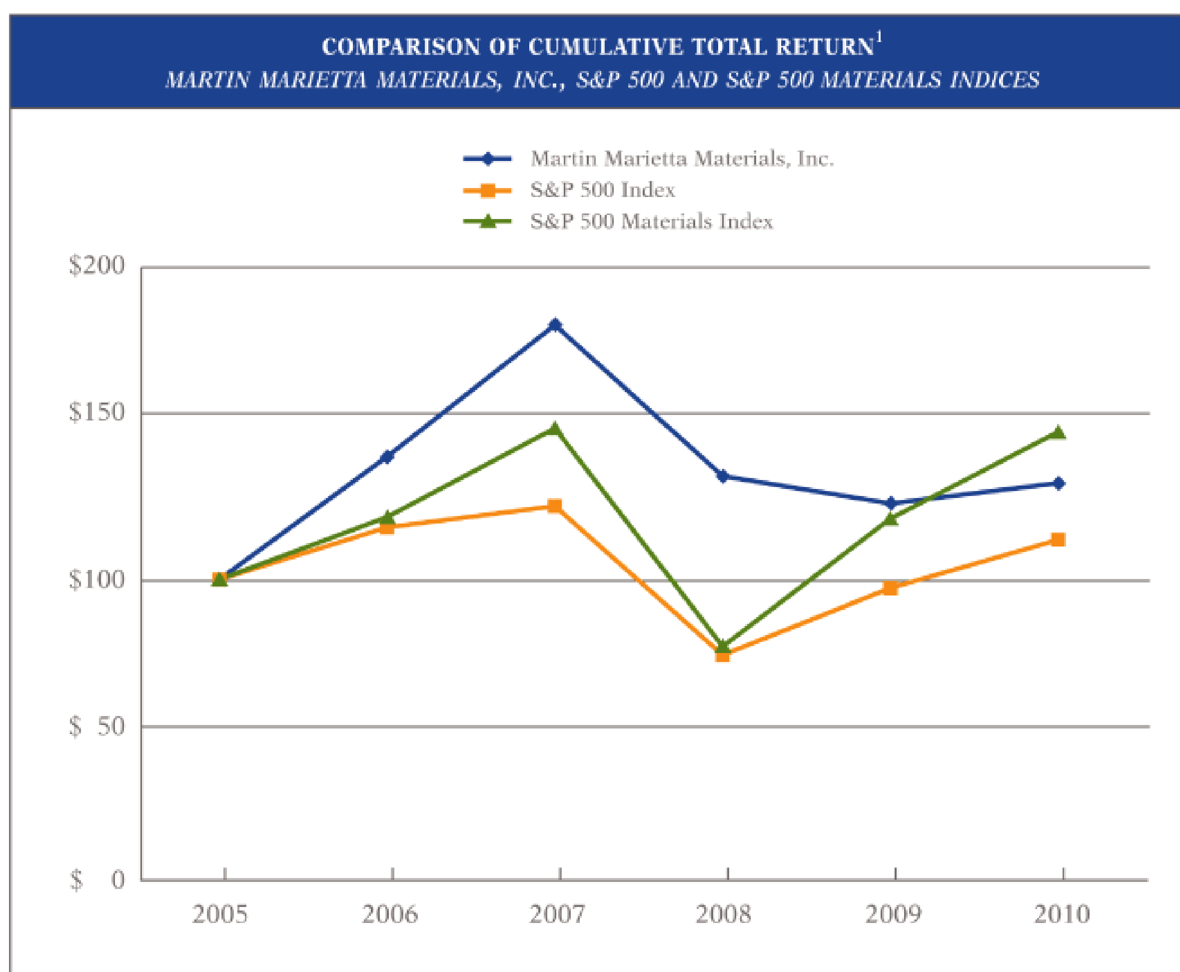
(add 000, except per share)	Total Revenues[1]		Net Sales[1]		Net Earnings (Loss)[1]		Earnings per Diluted Share[1,2]	
Quarter	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
First	**$ 17**	$ 540	**$ 17**	$ 540	**$ 111**	$ 43	**$ —**	$ —
Second	**41**	671	**41**	671	**2**	414	**—**	0.01
Third	**45**	409	**45**	408	**—**	(9)	**—**	—
Fourth	**133**	150	**133**	150	**72**	(171)	**—**	—
Totals	**$ 236**	$ 1,770	**$ 236**	$ 1,769	**$ 185**	$ 277	**$ —**	$ 0.01

FIVE YEAR SELECTED FINANCIAL DATA
(add 000, except per share)

	2010	2009	2008	2007	2006
Consolidated Operating Results					
Net sales	**$1,550,895**	$1,496,640	$1,859,697	$1,950,396	$1,911,164
Freight and delivery revenues	**231,962**	205,963	256,724	238,852	259,277
Total revenues	**1,782,857**	1,702,603	2,116,421	2,189,248	2,170,441
Cost of sales, other costs and expenses	**1,362,327**	1,298,680	1,541,126	1,538,246	1,535,934
Freight and delivery costs	**231,962**	205,963	256,724	238,852	259,277
Cost of operations	**1,594,289**	1,504,643	1,797,850	1,777,098	1,795,211
Other operating (income) and expenses, net	**(7,786)**	10,383	(4,815)	(18,077)	(12,640)
Earnings from Operations	**196,354**	187,577	323,386	430,227	387,870
Interest expense	**68,456**	73,460	74,299	60,893	40,359
Other nonoperating expenses and (income), net	**202**	(1,145)	1,958	(7,291)	(4,980)
Earnings from continuing operations before taxes on income	**127,696**	115,262	247,129	376,625	352,491
Taxes on income	**29,217**	27,375	72,088	115,360	107,298
Earnings from Continuing Operations	**98,479**	87,887	175,041	261,265	245,193
Discontinued operations, net of taxes	**185**	277	4,709	2,074	1,987
Consolidated net earnings	**98,664**	88,164	179,750	263,339	247,180
Less: Net earnings attributable to noncontrolling interests	**1,652**	2,705	3,494	590	1,758
Net Earnings Attributable to Martin Marietta Materials, Inc.	**$ 97,012**	$ 85,459	$ 176,256	$ 262,749	$ 245,422
Basic Earnings Attributable to Martin Marietta Materials, Inc. Per Common Share (see Note A):					
Earnings from continuing operations available to common shareholders	**$ 2.11**	$ 1.91	$ 4.09	$ 6.04	$ 5.31
Discontinued operations available to common shareholders	**—**	0.01	0.11	0.05	0.04
Basic Earnings Per Common Share	**$ 2.11**	$ 1.92	$ 4.20	$ 6.09	$ 5.35
Diluted Earnings Attributable to Martin Marietta Materials, Inc. Per Common Share (See Note A):					
Earnings from continuing operations available to common shareholders	**$ 2.10**	$ 1.90	$ 4.07	$ 5.98	$ 5.23
Discontinued operations available to common shareholders	**—**	0.01	0.11	0.05	0.04
Diluted Earnings Per Common Share	**$ 2.10**	$ 1.91	$ 4.18	$ 6.03	$ 5.27
Cash Dividends Per Common Share	**$ 1.60**	$ 1.60	$ 1.49	$ 1.24	$ 1.01
Condensed Consolidated Balance Sheet Data					
Current deferred income tax benefits	**$ 83,380**	$ 60,303	$ 57,967	$ 44,285	$ 25,317
Current assets — other	**612,831**	796,557	607,064	581,725	567,037
Property, plant and equipment, net	**1,687,830**	1,692,905	1,690,529	1,433,553	1,295,491
Goodwill	**626,527**	624,224	622,297	574,667	570,538
Other intangibles, net	**17,548**	12,469	13,890	9,426	10,948
Other noncurrent assets	**46,627**	52,825	40,755	40,149	37,090
Total Assets	**$3,074,743**	$3,239,283	$3,032,502	$2,683,805	$2,506,421
Current liabilities — other	**$ 136,779**	$ 147,434	$ 146,109	$ 230,480	$ 189,116
Current maturities of long-term debt and short-term facilities	**248,714**	226,119	202,530	276,136	125,956
Long-term debt	**782,045**	1,023,492	1,152,414	848,186	579,308
Pension, postretirement and postemployment benefits, noncurrent	**127,671**	160,354	207,830	103,518	106,413
Noncurrent deferred income taxes	**228,698**	195,946	174,308	160,902	159,094
Other noncurrent liabilities	**82,577**	79,527	82,051	72,595	45,104
Shareholders' equity	**1,425,440**	1,365,240	1,021,704	945,991	1,253,972
Noncontrolling interests	**42,819**	41,171	45,556	45,997	47,458
Total Liabilities and Equity	**$3,074,743**	$3,239,283	$3,032,502	$2,683,805	$2,506,421

COMMON STOCK PERFORMANCE GRAPH

The following graph compares the performance of the Corporation's common stock to that of the Standard and Poor's ("S&P") 500 Index and the S&P 500 Materials Index.



Cumulative Total Return[1]

	12/31/05	12/31/06	12/31/07	12/31/08	12/31/09	12/31/10
Martin Marietta Materials, Inc.	**$ 100.00**	**$ 136.76**	**$ 176.15**	**$ 130.94**	**$ 122.75**	**$ 128.84**
S&P 500 Index	**$ 100.00**	**$ 115.61**	**$ 121.95**	**$ 77.38**	**$ 97.44**	**$ 111.89**
S&P 500 Materials Index	**$ 100.00**	**$ 118.69**	**$ 145.25**	**$ 79.96**	**$ 118.22**	**$ 144.17**

1 Assumes that the investment in the Corporation's common stock and each index was $100, with quarterly reinvestment of dividends.

EXHIBIT 21.01

SUBSIDIARIES OF MARTIN MARIETTA MATERIALS, INC.
AS OF FEBRUARY 25, 2011

Name of Subsidiary	Percent Owned
Alamo Gulf Coast Railroad Company, a Texas corporation	99.5%[1]
Alamo North Texas Railroad Company, a Texas corporation	99.5%[2]
American Aggregates Corporation, a Delaware corporation	100%
American Materials Technologies, LLC, a Tennessee limited liability company	100%[3]
American Stone Company, a North Carolina corporation	50%[4]
Bahama Rock Limited, a Bahamas corporation	100%
Fredonia Valley Railroad, Inc., a Delaware corporation	100%
FRI Ready Mix of Tennessee, LLC, a Florida limited liability company	100%[5]
Granite Canyon Quarry, a Wyoming joint venture	100%
Harding Street Corporation, a Delaware corporation	100%
Hunt Martin Materials, LLC, a Delaware limited liability company	50%[6]
J.W. Jones Materials, LLC, a Delaware limited liability company	99%[7]
Martin Bauerly Materials, LLC, a Delaware limited liability company	67%[8]
Martin Marietta Composites, Inc., a Delaware corporation	100%
Martin Marietta Employee Relief Foundation, a Delaware Not for Profit corporation	100%

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[1] Alamo Gulf Coast Railroad Company is owned by Martin Marietta Materials Southwest, Inc. (99.5%) and certain individuals (0.5%).

[2] Alamo North Texas Railroad Company is owned by Martin Marietta Materials Southwest, Inc. (99.5%) and certain individuals (0.5%).

[3] American Materials Technologies, LLC is a wholly owned subsidiary of Meridian Aggregates Company, a Limited Partnership.

[4] Martin Marietta Materials, Inc. owns a 50% interest in American Stone Company.

[5] FRI Ready Mix of Tennessee, LLC is a wholly owned subsidiary of American Materials Technologies, LLC.

[6] Hunt Martin Materials, LLC is owned 45% by Martin Marietta Materials, Inc. and 5% by Martin Marietta Materials of Missouri, Inc., a wholly owned subsidiary of Martin Marietta Materials, Inc.

[7] Martin Marietta Materials, Inc. owns a 99% interest in J.W. Jones Materials, LLC.

[8] Martin Bauerly Materials, LLC is owned 67% by Martin Marietta Materials, Inc. and 33% by Bauerly Brothers, Inc.

Name of Subsidiary	Percent Owned
Martin Marietta Magnesia Specialties, LLC, a Delaware limited liability company	100%
Martin Marietta Materials Canada Limited, a Nova Scotia, Canada corporation	100%
Martin Marietta Materials of Alabama, LLC, a Delaware limited liability company	100%[9]
Martin Marietta Materials of Florida, LLC, a Delaware limited liability company	100%
Martin Marietta Materials of Louisiana, Inc., a Delaware corporation	100%
Martin Marietta Materials of Missouri, Inc., a Delaware corporation	100%
Martin Marietta Materials Real Estate Investments, Inc., a Delaware corporation	100%
Martin Marietta Materials Southwest, Inc., a Texas corporation	100%
Material Producers, Inc., an Oklahoma corporation	100%[10]
Meridian Aggregates Company, a Limited Partnership, a Delaware limited partnership	100%[11]
Meridian Aggregates Company Northwest, LLC, a Delaware limited liability company	100%[12]
Meridian Aggregates Company Southwest, LLC, a Delaware limited liability	100%[13]
Meridian Aggregates Investments, LLC, a Delaware limited liability company	100%[14]
Meridian Granite Company, a Delaware corporation	100%[15]
Mid South-Weaver Joint Venture, a North Carolina joint venture	50%[16]

9 Martin Marietta Materials of Alabama, LLC is a wholly owned subsidiary of American Aggregates Corporation.

10 Material Producers, Inc. is a wholly owned subsidiary of Martin Marietta Materials Southwest, Inc.

11 Meridian Aggregates Company, a Limited Partnership is owned 98% by Meridian Aggregates Investments, LLC. The remaining 2% is owned by Martin Marietta Materials, Inc.

12 Martin Marietta Materials, Inc. is the sole member of Meridian Aggregates Company Northwest, LLC.

13 Martin Marietta Materials Southwest, Inc. is the sole member of Meridian Aggregates Company Southwest, LLC.

14 Meridian Aggregates Investments, LLC is owned 99% by Martin Marietta Materials, Inc. and 1% by Martin Marietta Materials Real Estate Investments, Inc.

15 Meridian Granite Company is a wholly owned subsidiary of Meridian Aggregates Company, a Limited Partnership.

Name of Subsidiary	Percent Owned
Mid-State Construction & Materials, Inc., an Arkansas corporation	100%
MTD Pipeline LLC, a Delaware limited liability company	50%[17]
Powderly Transportation, Inc., a Delaware corporation	100%[18]
R&S Sand & Gravel, LLC, a Delaware limited liability company	100%[19]
Rocky Ridge, Inc., a Nevada corporation	100%
Sha-Neva, LLC, a Nevada limited liability company	100%
Theodore Holding, LLC, a Delaware limited liability company	60.7%[20]
Valley Stone LLC, a Virginia limited liability company	50%[21]

16 Mid South-Weaver Joint Venture is owned 50% by Martin Marietta Materials, Inc.

17 Martin Marietta Magnesia Specialties, LLC, a wholly owned subsidiary of Martin Marietta Materials, Inc., owns a 50% interest in MTD Pipeline LLC.

18 Powderly Transportation, Inc. is a wholly owned subsidiary of Meridian Aggregates Company, a Limited Partnership.

19 Martin Marietta Materials, Inc. is the manager of and owns a 90% interest in R&S Sand & Gravel, LLC. The other 10% is owned by Harding Street Corporation, a wholly owned subsidiary of Martin Marietta Materials, Inc.

20 Martin Marietta Materials, Inc. is the manager of and owns a 60.7% interest in Theodore Holding, LLC.

21 Martin Marietta Materials, Inc. is the manager of and owns a 50% interest in Valley Stone LLC.

EXHIBIT 23.01

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Martin Marietta Materials, Inc. of our reports dated February 25, 2011, with respect to the consolidated financial statements of Martin Marietta Materials, Inc., and the effectiveness of internal control over financial reporting of Martin Marietta Materials, Inc., included in the 2010 Annual Report to Shareholders of Martin Marietta Materials, Inc.

Our audits also included the financial statement schedule of Martin Marietta Materials, Inc. listed in Item 15(a). This schedule is the responsibility of Martin Marietta Materials, Inc.'s management. Our responsibility is to express an opinion based on our audits. In our opinion, as to which the date is February 25, 2011, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-8 No. 333-115918) pertaining to the Amended and Restated Martin Marietta Materials, Inc. Common Stock Purchase Plan for Directors, Martin Marietta Materials, Inc. Performance Sharing Plan and the Martin Marietta Materials, Inc. Savings and Investment Plan for Hourly Employees,

(2) Registration Statement (Form S-8 No. 333-85608) pertaining to the Martin Marietta Materials, Inc. Common Stock Purchase Plan for Directors,

(3) Registration Statement (Form S-8 No. 33-83516) pertaining to the Martin Marietta Materials, Inc. Omnibus Securities Award Plan, as amended,

(4) Registration Statement (Form S-8 No. 333-15429) pertaining to the Martin Marietta Materials, Inc. Common Stock Purchase Plan for Directors, Martin Marietta Materials, Inc. Performance Sharing Plan and the Martin Marietta Materials, Inc. Savings and Investment Plan for Hourly Employees,

(5) Registration Statement (Form S-8 No. 333-79039) pertaining to the Martin Marietta Materials, Inc. Stock-Based Award Plan, as amended, and

(6) Registration Statement (Form S-3 No. 333-157731) and related Prospectuses pertaining to Equity Securities of Martin Marietta Materials, Inc.

of our reports dated February 25, 2011, with respect to the consolidated financial statements of Martin Marietta Materials, Inc. and the effectiveness of internal control over financial reporting of Martin Marietta Materials, Inc., incorporated herein by reference, and our report included in the preceding paragraph with respect to the financial statement schedule of Martin Marietta Materials, Inc. included in this Annual Report (Form 10-K) of Martin Marietta Materials, Inc. for the year ended December 31, 2010.

/s/ Ernst & Young LLP

Raleigh, North Carolina
February 25, 2011

**CERTIFICATION PURSUANT TO SECURITIES AND EXCHANGE ACT OF 1934
RULE 13a-14 AS ADOPTED PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

CERTIFICATIONS

I, C. Howard Nye, certify that:

1. I have reviewed this Form 10-K of Martin Marietta Materials, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the

effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2011

By: /s/ C. Howard Nye
C. Howard Nye
President and Chief Executive Officer

EXHIBIT 31.02

**CERTIFICATION PURSUANT TO SECURITIES AND EXCHANGE ACT OF 1934
RULE 13a-14 AS ADOPTED PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

CERTIFICATIONS

I, Anne H. Lloyd, certify that:

1. I have reviewed this Form 10-K of Martin Marietta Materials, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the

effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2011

By: /s/ Anne H. Lloyd
Anne H. Lloyd
Chief Financial Officer

EXHIBIT 32.01

**WRITTEN STATEMENT PURSUANT TO 18 U.S.C. 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

In connection with the 2010 Annual Report on Form 10-K (the "Report") of Martin Marietta Materials, Inc. (the "Registrant"), as filed with the Securities and Exchange Commission, I, C. Howard Nye, the Chief Executive Officer of the Registrant, certify that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ C, Howard Nye
C. Howard Nye
Chief Executive Officer

Date: February 25, 2011

A signed original of this written statement required by Section 906 has been provided to Martin Marietta Materials, Inc. and will be retained by Martin Marietta Materials, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

**WRITTEN STATEMENT PURSUANT TO 18 U.S.C. 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

In connection with the 2010 Annual Report on Form 10-K (the “Report”) of Martin Marietta Materials, Inc. (the “Registrant”), as filed with the Securities and Exchange Commission, I, Anne H. Lloyd, the Chief Financial Officer of the Registrant, certify that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Anne Lloyd
Anne H. Lloyd
Chief Financial Officer

Date: February 25, 2011

A signed original of this written statement required by Section 906 has been provided to Martin Marietta Materials, Inc. and will be retained by Martin Marietta Materials, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

MINE SAFETY DISCLOSURE

The operation of the Company's U.S. aggregate 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 Company'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. Whenever MSHA issues a citation or order, it also generally proposes a civil penalty, or fine, related to the alleged violation. Citations or orders can be contested and appealed, and as part of that process, are often reduced in severity and amount, and are sometimes dismissed.

Under the recently-enacted Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act), the Company 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 (the "SEC"). 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 and type of operations (underground or surface), (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.

We believe the following mine safety disclosure meet the requirements of Section 1503(a) of the Dodd-Frank Act. However, as of the date of this report, the SEC has not issued final rules and regulations under these provisions; therefore, it is possible that any final rules adopted by the SEC will require disclosures to be presented in a different form. Certain information is provided in response to proposed rules of the SEC issued under these provisions, but we cannot be assured of what the final rules might be in this regard. The disclosures reflect U.S. mining operations only, as the requirements of the Dodd-Frank Act do not apply to our quarries and mines operated outside the United States.

The Company presents the following items regarding certain mining safety and health matters for both the three months ended December 31, 2010 (Appendix 1) and for the year ended December 31, 2010 (Appendix 2):

- 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 Company received a citation from MSHA (hereinafter, "Section 104 S&S Citations"). If MSHA determines that a violation of a mandatory health or safety standard is reasonably likely to result in a reasonably serious injury or illness under the unique circumstance contributed to by the violation, MSHA will

classify the violation as a "significant and substantial" violation (commonly referred to as a "S&S" violation). MSHA inspectors will classify each citation or order written as a "S&S" violation or not.

- Total number of orders issued under section 104(b) of the Mine Act (hereinafter, "Section 104(b) Orders"). These orders are issued for situations in which MSHA determines a previous violation covered by a Section 104(a) citation has not been totally abated within the prescribed time period, so a further order is needed to require the mine operator to immediately withdraw all persons (except certain authorized persons) from the affected area of a quarry or mine.
- 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, "Section 104(d) Unwarrantable Failure Citations/Orders"). These violations are similar to those described above, but the standard is that the violation could significantly and substantially contribute to the cause and effect of a safety or health hazard, but the conditions do not cause imminent danger, and the MSHA inspector finds that the violation is caused by an unwarranted failure of the operator to comply with the health and safety standards.
- Total number of flagrant violations under section 110(b)(2) of the Mine Act (hereinafter, "Section 110(b) Flagrant Violations"). These violations are penalty violations issued if MSHA determines that violations are "flagrant", for which civil penalties may be assessed. A "flagrant" violation means a reckless or repeated failure to make reasonable efforts to eliminate a known violation of a mandatory health or safety standard that substantially and proximately caused, or reasonably could have been expected to cause, death or serious bodily injury.
- Total number of imminent danger orders issued under section 107(a) of the Mine Act (hereinafter, "Section 107(a) Imminent Danger Orders"). These orders are issued for situations in which MSHA determines an imminent danger exists in the quarry or mine and results in orders of immediate withdrawal of all persons (except certain authorized persons) from the area of the quarry or mine affected by its condition until the imminent danger and the underlying conditions causing the imminent danger no longer exist.
- Total dollar value of proposed assessments from MSHA under the Mine Act. These are the amounts of proposed assessments issued by MSHA with each citation or order for the time period covered by the reports. Penalties are assessed by MSHA according to a formula that considers a number of factors, including the mine operator's history, size, negligence, gravity of the violation, good faith in trying to correct the violation promptly, and the effect of the penalty on the operator's ability to continue in business.

The attached Appendices list the total dollar value of proposed assessments from MSHA under the Mine Act for the three months ended December 31, 2010 and for the year ended December 31, 2010. Some of these assessments were paid by the Company during the year in question or have been paid since year end. Other of these assessments have been contested by the Company in accordance with its rights and procedures. Some of the assessments may have been reduced in severity or amount, or even dismissed. The total dollar value of all assessments from MSHA under the Mine Act remaining outstanding as of December 31, 2010 was approximately $0.4 million.

During the year ended December 31, 2010, the Company experienced only one fatality at any of its aggregate quarries or mines, which occurred on October 10, 2010, when an employee of an electrical contractor, not an employee of the Company, was killed while performing maintenance work on an electrical circuit breaker located at the Company's Snyder Mine in Synder, Oklahoma, when an arch flash occurred resulting in an electrical explosion.

For the three months ended December 31, 2010 and the year ended December 31, 2010, none of the Company's aggregate quarries or mines received written notice from MSHA of (i) 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 (ii) the potential to have such a pattern. If MSHA determines that a mine has a "pattern" of these types of violations, or the potential to have such a pattern, MSHA is required to notify the mine operator of the existence of such a thing.

The Federal Mine Safety and Health Review Commission (the "Commission") is an independent adjudicative agency that provides administrative trial and appellate review of legal disputes arising under the Mine Act. The cases may involve, among other questions, challenges by operators to citations, orders and penalties they have received from MSHA, or complaints of discrimination by miners under Section 105 of the Mine Act. As of December 31, 2010, the Corporation had a total of 43 matters pending before the Commission. This includes legal actions that were initiated prior to the year ended December 31, 2010 and which do not necessarily relate to the citations, orders or proposed assessments issued by MSHA during such year.

APPENDIX 1
For the Three Months Ended December 31, 2010*
(dollar amounts are in actual dollars)

Location	Total No. of §104 S&S Citations	Total No. of §104(b) Orders	Total No. of §104(d) Unwarrantable Failure Citations/Orders	Total No. of §110(b) Flagrant Violations	Total No. of §107(a) Imminent Danger Orders	Total $ Value of Proposed Assessments
(45) North Indianapolis SURFACE	2	0	0	0	0	**$ 0**
Ames Mine	3	0	0	0	0	**0**
Augusta Quarry-GA	1	0	0	0	0	**0**
Bedrock Plant	2	0	0	0	0	**978**
Berkeley Quarry	0	0	0	0	0	**698**
Black Rock Quarry	0	0	0	0	0	**100**
Blake Quarry	1	0	0	0	0	**0**
Camak Quarry	1	0	0	0	0	**1,080**
Cayce Quarry	0	0	0	0	0	**450**
Clarks Quarry	1	0	0	0	1	**1,842**
Colfax Sand and Gravel	0	0	0	0	0	**200**
Durham Mine	3	0	0	0	0	**0**
Fort Dodge Mine	8	1	4	0	0	**2,093**
Fountain Quarry	1	0	0	0	0	**0**
Fredonia Quarry	1	0	0	0	0	**350**
Hickory Quarry	0	0	0	0	0	**138**
Iowa Grading 26810	0	0	0	0	0	**100**
Jones Mill Quarry	0	0	0	0	0	**100**
Kannapolis	0	0	0	0	0	**224**
Linn County Sand	1	0	0	0	0	**162**
Marshalltown Sand	3	0	0	0	0	**1,099**
Milford	1	0	0	0	0	**0**
Noblesville Sand and Gravel	0	0	0	0	0	**100**
North Indianapolis	1	0	0	0	0	**0**
Ohio Recycle	0	0	0	0	0	**200**

Location	Total No. of §104 S&S Citations	Total No. of §104(b) Orders	Total No. of §104(d) Unwarrantable Failure Citations/Orders	Total No. of §110(b) Flagrant Violations	Total No. of §107(a) Imminent Danger Orders	Total $ Value of Proposed Assessments
Pomona Quarry	1	0	0	0	0	**0**
Rock Hill	1	0	0	0	0	**0**
Ross Gravel	0	0	0	0	0	**100**
R-S Sand and Gravel	0	0	0	0	0	**200**
Salisbury Shop	0	0	0	0	0	**300**
Saylorville Sand	0	0	0	0	0	**200**
Snyder	1	0	0	0	0	**5,250**
Spanish Springs Quarry	2	0	0	0	1	**0**
Stamper Mine	1	0	0	0	0	**0**
Thomasville Quarry	2	0	0	0	0	**507**
Troy Gravel	1	0	0	0	0	**262**
Weeping Water Mine	2	1	0	0	0	**0**
Woodleaf Quarry	1	0	0	0	0	**833**
Woodville	2	0	0	0	0	**0**
Total*	**44**	**2**	**4**	**0**	**2**	**$ 17,566**

* The foregoing table presents information for quarries and mines for which an entry in the table is required. During the three-months ended December 31, 2010, the Company operated 149 other quarries and mines that did not have any matter required to be reported in the foregoing table.

APPENDIX 2
For the Year Ended December 31, 2010*
(dollar amounts are in actual dollars)

Location	Total No. of §104 S&S Citations	Total No. of §104(b) Orders	Total No. of §104(d) Unwarrantable Failure Citations/Orders	Total No. of §1.0(b) Flagrant Violations	Total No. of §107(a) Imminent Danger Orders	Total $ Value of Proposed MSHA Assessments
(45) North Indianapolis SURFACE	3	0	0	0	0	**$ 1,087**
Alabaster Quarry	1	0	0	0	0	**685**
Alden Portable Sand	1	0	0	0	0	**1,148**
Alden Portable Plant 1	0	0	0	0	0	**200**
Alden Portable Plant 2	0	0	0	0	0	**200**
Alden Portable Wash	1	0	0	0	0	**499**
Alden Quarry	1	0	0	0	0	**1,006**
Alden Shop	1	0	0	0	0	**550**
American Stone Quarry	1	0	0	0	0	**276**
Ames Mine	24	1	1	0	0	**55,318**
Anderson Creek	2	0	0	0	0	**1,405**
Apple Grove	1	0	0	0	0	**934**
Appling Quarry	1	0	0	0	0	**290**
Arrowood	3	0	0	0	0	**3,670**
Asheboro Quarry	1	0	0	0	0	**376**
Auburn, Al Quarry	1	0	0	0	0	**1,242**
Auburn, GA Quarry	1	0	0	0	0	**476**
Augusta Quarry-GA	5	0	0	0	1	**4,250**
Augusta Quarry-KS	1	0	0	0	0	**580**
Bakers	0	0	0	0	0	**100**
Beckman Quarry	1	0	0	0	0	**892**
Bedrock Plant	2	0	0	0	0	**1,312**
Benson Quarry	1	0	0	0	1	**1,996**
Berkeley Quarry	0	0	0	0	0	**898**

Location	Total No. of §104 S&S Citations	Total No. of §104(b) Orders	Total No. of §104(d) Unwarrantable Failure Citations/Orders	Total No. of §1.0(b) Flagrant Violations	Total No. of §107(a) Imminent Danger Orders	Total $ Value of Proposed MSHA Assessments
Bessemer City	0	0	0	0	0	**100**
Black Ankle Quarry	0	0	0	0	0	**200**
Black Rock Quarry	0	0	0	0	0	**100**
Black Spur Quarry	3	0	0	0	0	**14,535**
Blake Quarry	1	0	0	0	0	**334**
Bonds	1	0	0	0	1	**5,211**
Boonsboro	0	0	0	0	0	**100**
Burlington Quarry	1	0	0	0	0	**493**
Burning Springs	5	0	2	0	0	**47,014**
Caldwell Quarry	1	0	0	0	0	**424**
Camak Quarry	6	0	0	0	0	**12,406**
Carmel Sand and Gravel	0	0	0	0	0	**100**
Cayce Quarry	1	0	0	0	0	**550**
Cedar Rapids Quarry	1	0	0	0	0	**127**
Central Rock Quarry	2	0	0	0	0	**485**
Charlotte	2	0	0	0	0	**5,765**
Chattanooga Quarry	0	0	0	0	0	**308**
Chesterfield Quarry	0	0	0	0	0	**100**
Chico	0	0	0	0	0	**100**
Clarks Quarry	1	0	0	0	1	**1,842**
Clinton County	0	0	0	0	0	**200**
Cloverdale	0	0	0	0	0	**1,025**
Colfax Sand and Gravel	0	0	0	0	0	**300**
Cook Road	1	0	0	0	0	**363**
Cumberland Quarry	0	0	0	0	0	**100**
Davis	2	0	0	0	0	**852**
Denver	0	0	0	0	0	**227**
Des Moines Portable	0	0	0	0	0	**538**
Dubois Quarry	0	0	0	0	0	**300**
Durham Mine	8	0	0	0	0	**7,337**
Earlham Quarry	1	0	0	0	0	**585**
East Alamance	0	0	0	0	0	**117**
E-Town Sand and Gravel	2	0	1	0	0	**1,072**
Fairborn Gravel	3	0	0	0	0	**979**

Location	Total No. of §104 S&S Citations	Total No. of §104(b) Orders	Total No. of §104(d) Unwarrantable Failure Citations/Orders	Total No. of §1.0(b) Flagrant Violations	Total No. of §107(a) Imminent Danger Orders	Total $ Value of Proposed MSHA Assessments
Fairfield	2	0	0	0	0	**1,283**
Ferguson Quarry	1	0	0	0	0	**2,461**
Forsyth Quarry	0	0	0	0	0	**100**
Fort Calhoun	7	0	0	0	0	**7,488**
Fort Dodge Mine	16	1	4	0	0	**7,737**
Fountain Quarry	4	0	0	0	0	**1,260**
Franklin Gravel	1	0	0	0	0	**481**
Franklin Quarry	0	0	0	0	0	**100**
Fredonia Quarry	3	0	0	0	0	**1,634**
Garner Quarry	2	0	0	0	0	**1,546**
Garwood	0	0	0	0	0	**200**
Georgetown ll	0	0	0	0	0	**300**
Granite Canyon Quarry	4	0	3	0	0	**9,093**
Greenwood	7	0	2	0	0	**14,094**
Guernsey	1	0	0	0	0	**1,459**
Hatton Quarry	0	0	0	0	0	**100**
Hickory Quarry	2	0	0	0	0	**3,460**
Hicone Quarry	0	0	0	0	0	**100**
Hugo	0	0	0	0	0	**100**
Idabel	1	0	0	0	0	**585**
Iowa Grading	0	0	0	0	0	**317**
Iowa Grading 26810	0	0	0	0	0	**200**
Jamestown Quarry	0	0	0	0	0	**100**
Jefferson Quarry	3	0	0	0	0	**870**
Jones Mill Quarry	1	0	0	0	0	**1,045**
Junction City Quarry	0	0	0	0	0	**200**
Kannapolis	4	0	0	0	0	**3,160**
Kaskaskia Mine	0	0	0	0	0	**2,244**
Kentucky Ave Mine	1	0	0	0	0	**963**
Kings Mountain	3	0	0	0	0	**2,561**
Kokomo Sand	1	0	0	0	0	**100**
Kokomo Stone	0	0	0	0	0	**100**
Lemon Springs Quarry	2	0	0	0	0	**3,859**
Linn County Sand	1	0	0	0	0	**162**

Location	Total No. of §104 S&S Citations	Total No. of §104(b) Orders	Total No. of §104(d) Unwarrantable Failure Citations/Orders	Total No. of §1.0(b) Flagrant Violations	Total No. of §107(a) Imminent Danger Orders	Total $ Value of Proposed MSHA Assessments
Malcom Mine	3	0	0	0	0	**4,198**
Mallard Creek	1	0	0	0	0	**444**
Marshalltown Sand	3	0	0	0	0	**1,199**
Matthews	0	0	0	0	0	**454**
Maylene Quarry	0	0	0	0	0	**238**
Milford	1	0	0	0	0	**0**
Mill Creek	1	0	0	0	0	**1,332**
Moore Quarry	0	0	0	0	0	**250**
New Braunfels Quarry	0	0	0	0	0	**350**
Noblesville Sand and Gravel	0	0	0	0	0	**100**
Noblesville Stone	0	0	0	0	0	**538**
North Columbia Quarry	0	0	0	0	0	**376**
North Indianapolis	3	0	0	0	0	**607**
North Marion Quarry	0	0	0	0	0	**100**
North Troy	1	0	0	0	0	**1,034**
Ohio Recycle	1	0	0	0	0	**549**
O’Neal	0	0	0	0	0	**100**
Onslow Quarry	0	0	0	0	0	**100**
Ottawa Quarry	0	0	0	0	0	**738**
Parkville Mine	2	0	0	0	0	**4,173**
Paulding Quarry	0	0	0	0	0	**117**
Pederson Quarry	0	0	0	0	0	**200**
Perry Quarry	0	0	0	0	0	**100**
Perryville Quarry	0	0	0	0	0	**200**
Pinesburg	1	0	0	0	0	**866**
Pomona Quarry	5	0	0	0	0	**3,767**
Portable Crushing	0	0	0	0	0	**381**
Poteet (Sand Plant)	1	0	0	0	0	**276**
Raccoon River Sand	1	0	0	0	0	**243**
Raleigh Durham Quarry	0	0	0	0	0	**300**
Randolph Deep Mine	9	2	0	0	1	**12,032**
Red Hill	1	0	0	0	0	**634**
Red Oak Quarry	1	0	0	0	0	**307**
Reidsville Quarry	0	0	0	0	0	**200**

Location	Total No. of §104 S&S Citations	Total No. of §104(b) Orders	Total No. of §104(d) Unwarrantable Failure Citations/Orders	Total No. of §1.0(b) Flagrant Violations	Total No. of §107(a) Imminent Danger Orders	Total $ Value of Proposed MSHA Assessments
Rock Hill	7	0	0	0	0	**6,540**
Rocky Point Quarry	0	0	0	0	0	**538**
Rosiclare Quarry	1	0	0	0	0	**327**
Ross Gravel	0	0	0	0	0	**100**
R-S Sand and Gravel	0	0	0	0	0	**300**
Ruby Quarry	1	0	0	0	1	**975**
Salisbury Shop	0	0	0	0	0	**876**
San Pedro Quarry	0	0	0	0	0	**200**
Sawyer	0	0	0	0	0	**350**
Saylorville Sand	0	0	0	0	0	**200**
Shorter Sand and Gravel	0	0	0	0	0	**100**
Six Mile Quarry	1	0	0	0	0	**276**
Snyder	2	0	0	0	0	**6,695**
Spanish Springs Quarry	3	0	0	0	1	**4,101**
St Cloud Quarry	0	0	0	0	0	**250**
Stamper Mine	1	0	0	0	0	**1,112**
Statesville Quarry	0	0	0	0	0	**227**
Sully Mine	3	1	0	0	0	**5,125**
Sunflower	3	0	1	0	0	**1,318**
Thomasville Quarry	2	0	0	0	0	**507**
Three Rivers Quarry	8	0	0	0	0	**3,554**
Troy Gravel	2	0	0	0	0	**532**
Tyrone Quarry	1	0	0	0	0	**625**
Vance Quarry	4	0	1	0	0	**17,217**
Warrenton Quarry	4	0	0	0	0	**2,635**
Weeping Water Mine	11	2	1	0	0	**23,821**
Woodleaf Quarry	4	0	0	0	0	**3,716**
Woodville	6	0	0	0	0	**6,404**
Total*	**261**	**7**	**16**	**0**	**7**	**$ 378,265**

* The foregoing table presents information for quarries and mines for which an entry in the table is required. During the year ended December 31, 2010, the Company operated 34 other quarries and mines that did not have any matter required to be reported in the foregoing table.