SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2000

Commission File Number 1-12744

MARTIN MARIETTA MATERIALS, INC.

(Exact name of registrant as specified in its charter)

North Carolina	56-1848578
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
2710 Wycliff Road, Raleigh, NC	27607-3033
(Address of principal executive offices)	(Zip Code)
Registrant's telephone number, including area code	919-781-4550

Former name: None

Former name, former address and former fiscal year,

if changes since last report.

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

Yes [X] No [ ]

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

Exhibit Index is on Page 18

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended March 31, 2000

INDEX

Class	Outstanding as of April 30, 2000
Common Stock, $.01 par value	46,758,182

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

See accompanying notes to condensed consolidated financial statements.

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

	March 31, 2000	**December 31, 1999**

	(Dollars in Thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ —	$ 3,403
Accounts receivable, net	194,152	197,554
Inventories, net	186,924	172,865
Other current assets	30,765	29,543
Total Current Assets	411,841	403,365
Property, plant and equipment	1,686,660	1,653,208
Allowances for depreciation, depletion and amortization	(827,807)	(806,215)
Net property, plant and equipment	858,853	846,993
Cost in excess of net assets acquired	373,509	375,327
Other noncurrent assets	122,202	116,889
Total Assets	$1,766,405	$1,742,574
LIABILITIES AND SHAREHOLDERS' EQUITY		
Total Current Liabilities	$ 204,834	$ 182,696
Long-term debt and commercial paper	601,654	602,011
Other noncurrent liabilities	184,026	183,861
Total Liabilities	990,514	968,568
Shareholders' equity:		
Common stock, par value $.01 per share	467	467
Additional paid-in capital	354,676	354,046
Retained earnings	420,748	419,493
Total Shareholders' Equity	775,891	774,006
Total Liabilities and Shareholders' Equity	$1,766,405	$1,742,574

See accompanying notes to condensed consolidated financial statements.

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,	
	2000	**1999**
	(Dollars in Thousands, Except Per Share Data)	
Net sales	$ 276,131	$ 241,061
Cost of sales	231,773	201,319
Gross Profit	44,358	39,742
Selling, general and administrative expenses	23,592	22,746
Research and development	620	932
Earnings from Operations	20,146	16,064
Interest expense	(10,169)	(9,246)
Other income and (expenses), net	1,346	5,378
Earnings before Taxes on Income	11,323	12,196
Taxes on Income	3,993	4,256
Net Earnings	$ 7,330	$ 7,940
Net Earnings Per Common Share		
—Basic	$ 0.16	$ 0.17
—Diluted	$ 0.16	$ 0.17
Average Number of Common Shares Outstanding		
—Basic	46,725,456	46,635,302
—Diluted	46,885,058	46,901,716

See accompanying notes to condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	Three Months Ended March 31,	
	2000	1999
	(Dollars in Thousands)	
Net cash provided by operating activities	$ 26,741	$ 29,220
Investing activities:		
Additions to property, plant and equipment	(34,002)	(29,002)
Acquisitions, net	(14,218)	184
Other investing activities, net	2,205	730
Net cash used for investing activities	(46,015)	(28,088)
Financing activities:		
Net principal (repayments)/borrowings on long-term debt	(7,573)	(360)
Dividends paid	(6,075)	(6,063)
Loans payable	28,226	(1,000)
Issuance of common stock	631	692
Net cash provided by (used for) financing activities	15,209	(6,731)
Net decrease in cash and cash equivalents	(4,065)	(5,599)
Cash and cash equivalents, beginning of period	3,403	14,586
(Book overdraft) cash and cash equivalents, end of period	$ (662)	$ 8,987

1. The accompanying unaudited condensed consolidated financial statements of Martin Marietta Materials, Inc. (the “Corporation”) have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to the Quarterly Report on Form 10-Q and to Article 10 of Regulation S-X. The Corporation has continued to follow the accounting policies set forth in the audited consolidated financial statements and related notes thereto included in the Corporation’s Annual Report on Form 10-K for the year ended December 31, 1999, filed with the Securities and Exchange Commission on March 27, 2000. In the opinion of management, the interim financial information provided herein reflects all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of the results of operations for the interim periods. The results of operations for the three months ended March 31, 2000, are not necessarily indicative of the results to be expected for the full year.

2. Inventories

	March 31, 2000	December 31, 1999
	(Dollars in Thousands)	
Finished products	$157,954	$143,776
Product in process and raw materials	9,057	9,972
Supplies and expendable parts	26,913	25,862
	193,924	179,610
Less allowances	(7,000)	(6,745)
Total	$186,924	$172,865

3. Long-Term Debt

	March 31, 2000	December 31, 1999
	(Dollars in Thousands)	
6.9% Notes, due 2007	$124,957	$124,956
7% Debentures, due 2025	124,218	124,215
5.875% Notes, due 2008	199,079	199,059
Commercial paper, interest rates ranging from 5.96% to 6.33%	205,000	180,000
Acquisition notes, interest rates ranging from 5.60% to 10.00%	5,232	12,395
Other notes	4,372	1,108
	662,858	641,733
Less current maturities	(61,204)	(39,722)
Total	$601,654	$602,011

3. Long-Term Debt (continued)

No borrowings were outstanding under either of the Corporation’s revolving credit agreements at March 31, 2000. However, these agreements support commercial paper borrowings of $205 million outstanding at March 31, 2000, of which $150 million has been classified as long-term debt in the Corporation’s consolidated balance sheet based on management’s ability and intention to maintain this debt outstanding for at least one year. At May 1, 2000, $210 million was outstanding under the Corporation’s commercial borrowing obligations. See the “Liquidity and Capital Resources” discussion contained in the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on page 11 of this Form 10-Q.

The Corporation’s interest payments were approximately $7.6 million in 2000 and $6.4 million in 1999 for the three months ended March 31.

4. Income Taxes

The Corporation’s effective income tax rate for the first three months was 35.3% in 2000 and 34.9% in 1999. The effective rate for the first quarter of 2000 was slightly higher than the current federal corporate income tax rate of 35% due to the effect of several offsetting factors. The Corporation’s effective tax rate reflects the effect of state income taxes and the impact of differences in book and tax accounting arising from the net permanent benefits associated with the depletion allowances for mineral reserves, amortization of certain goodwill balances, foreign operating earnings, and earnings from nonconsolidated investments.

The Corporation’s income tax payments were approximately $2.3 million in 2000 and $3.9 million in 1999, for the three months ended March 31.

5. Contingencies

In the opinion of management and counsel, it is unlikely that the outcome of litigation and other proceedings, including those pertaining to environmental matters, relating to the Corporation and its subsidiaries, will have a material adverse effect on the results of the Corporation’s operations or its financial position.

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended March 31, 2000

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND

RESULTS OF OPERATIONS

First Quarter Ended March 31, 2000 and 1999

OVERVIEW Martin Marietta Materials, Inc., (the “Corporation”) operates in two principal business segments: aggregates products and magnesia-based products. The Corporation’s sales and earnings are predominately derived from its aggregates segment, which processes and sells granite, sandstone, limestone, and other aggregates products from a network of approximately 300 quarries and distribution facilities in more than 20 states in the southeastern, southwestern, midwestern and central regions of the United States and in the Bahama Islands and Canada. The division’s products are used primarily by commercial customers principally in domestic construction of highways and other infrastructure projects and for commercial and residential buildings. As a result of 1998 and 1999 acquisitions of asphalt production, ready mixed concrete operations and road construction companies, the Corporation vertically integrated in other construction materials businesses in Louisiana, Arkansas and Texas. The magnesia-based products segment produces refractory materials and dolomitic lime used in domestic and foreign basic steel production and produces chemicals products used in industrial, agricultural and environmental applications. The magnesia-based products segment derives a major portion of its sales and earnings from the products used in the steel industry.

RESULTS OF OPERATIONS Consolidated net sales for the quarter were $276.1 million, a 14% increase over 1999 first quarter sales of $241.0 million. Consolidated earnings from operations were $20.1 million in the first three months of 2000 compared with $16.1 million in the first three months of 1999. Consolidated net earnings for the quarter were $7.3 million, or $0.16 per diluted share, a decrease of $0.6 million from 1999 first quarter net earnings of $7.9 million, or $0.17 per diluted share.

Sales for the Aggregates division increased 17% to $243.7 million for the first quarter of 2000, compared with the year-earlier period. The division’s operating profits were $17.7 million for the period compared to the prior year’s first quarter earnings from operations of $15.6 million. The increase in sales resulted primarily from strong performance in both volume and pricing in the Corporation’s heritage aggregates operations. Operating margin from heritage operations increased almost 100 basis points during the quarter when compared to the prior year’s comparable quarter. During the quarter, the division was able to overcome the negative impact of record snowfall in North Carolina, as well as a significant increase in diesel fuel costs in excess of the comparable prior-year period.

The Aggregates division’s business is significantly impacted by seasonal changes and other weather-related conditions. Consequently, the Aggregates division’s production and shipment levels coincide with general construction activity levels, most of which occur in the division's markets typically during the spring, summer, and fall seasons. Management continues to believe the construction industry's overall aggregates annual consumption level and the Corporation's annual production and shipments, excluding acquisitions, will experience moderate overall growth for the full year 2000, compared with the prior year. Further, management continues to believe that average selling prices for heritage aggregates operations are expected to increase 3% to 4%, outpacing potential increases in production costs in 2000 for comparable heritage aggregates operations. During the quarter ended March 31, 2000, heritage aggregates shipments volume increased almost 2% and average selling prices increased 4.6%. However, because of the potentially significant impact of weather on the Corporation's operations, first quarter results are not necessarily indicative of expected performance for the year. Yet, for 2000, management currently believes that strong first-quarter performance will be followed by strong performance for the year; although there are no guarantees of such performance.

The Magnesia Specialties division had first quarter 2000 sales of $32.4 million, a slight increase of approximately 1% compared with the first three months of 1999. The division's first quarter earnings from operations increased to $2.4 million from $0.5 million in the first quarter of 1999, as business experienced a stronger operating environment as compared to the prior year. Magnesia Specialties division's increased sales and earnings in the first quarter resulted from improving steel industry performance, continued strong chemicals sales and a better balance between production and sales.

(Continued)

First Quarter Ended March 31, 2000 and 1999

The following table presents net sales, gross profit, selling, general and administrative expense, and earnings from operations data for the Corporation and each of its divisions for the three months ended March 31, 2000 and 1999. In each case, the data is stated as a percentage of net sales, of the Corporation or the relevant division, as the case may be:

6. Other Matters

In June 1998, the FASB issued the Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities* ("FAS 133"), which was required to be adopted in years beginning after June 15, 1999. The FASB amended FAS 133 and issued Statement of Financial Accounting Standards No. 137, *Accounting for Derivative Instruments and Hedging Activities — Deferral of the*

Effective Date of FASB Statement No. 133 ("FAS 137"), which was issued in June 1999. FAS 137 deferred the effective date of adoption of FAS 133 until all fiscal quarters of all fiscal years beginning after June 15, 2000. Because of the Corporation's minimal use of derivatives, if any, management does not anticipate that the adoption of FAS 133 will have a significant impact on net earnings or the financial position of the Corporation.

(Continued)

Other income and expenses, net, for the quarter ended March 31, was $1.3 million in income in 2000 compared with $5.4 million in 1999. In addition to several offsetting amounts, other income and expenses, net, are comprised generally of interest income, gains and losses associated with the disposition of certain assets, gains and losses related to certain amounts receivable, income from non-operating services, costs associated with the commercialization of certain new technologies, and net equity earnings from non-consolidated investments. Further, in 1999, other income and expenses, net, included a non-recurring settlement from an antitrust claim.

Interest expense was $10.2 million in the first quarter, compared to $9.2 million in the first quarter of 1999.

The Corporation's estimated effective income tax rate for the first three months was 35.3% in 2000 and 34.9% in 1999. See Note 4 of the Notes to Condensed Consolidated Financial Statements.

LIQUIDITY AND CAPITAL RESOURCES Net cash flow provided by operating activities during the first quarter of 2000 was $26.7 million compared with $29.2 million in the comparable period of 1999. The cash flow for both 2000 and 1999 was principally from earnings, before deducting depreciation, depletion and amortization, offset by working capital requirements. Depreciation, depletion and amortization was $33.1 million and $29.4 million for the three months ended March 31, 2000 and 1999, respectively. The seasonal nature of the construction aggregates business impacts quarterly net cash provided by operating activities when compared with the year. Full year 1999 net cash provided by operating activities was $223.7 million, compared with $29.2 million provided by operations in the first quarter of 1999.

First quarter capital expenditures, exclusive of acquisitions, were $34.0 million in 2000 and $29.0 million in 1999. Capital expenditures are expected to be approximately $220 million for

2000, exclusive of acquisitions. Comparable full year capital expenditures were $137.8 million in 1999. During the first quarter 2000, the Corporation spent $14.2 million in continuation of its expansion strategy.

The Corporation continues to rely upon internally generated funds and access to capital markets, including its two revolving credit agreements and a cash management facility, to meet its liquidity requirements, finance its operations, and fund its capital requirements. With respect to the Corporation’s ability to access the public market, currently, management has the authority to file a universal shelf registration statement with the Commission for up to $500 million in issuance of either debt or equity securities. It should be noted, however, that the Corporation has not determined the timing when, or the amount for which, it may file such shelf registration.

(Continued)

The Corporation’s ability to borrow or issue debt securities is dependent, among other things, upon prevailing economic, financial and market conditions.

Based on prior performance and current expectations, the Corporation’s management believes that cash flows from internally generated funds and its access to capital markets are expected to continue to be sufficient to provide the capital resources necessary to fund the operating needs of its existing businesses, cover debt service requirements, and allow for payment of dividends in 2000. The Corporation may be required to obtain additional levels of financing in order to fund certain strategic acquisitions if any such opportunities arise. Currently, the Corporation’s senior unsecured debt is rated “A” by Standard & Poor’s and “A3” by Moody’s. The Corporation’s commercial paper obligations are rated “A-1” by Standard & Poor’s, “P-2” by Moody’s and “F-1” by Fitch IBCA, Inc. While management believes its credit ratings will remain at an investment-grade level, no assurance can be given that these ratings will remain at the above-mentioned levels.

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND

RESULTS OF OPERATIONS

(Continued)

First Quarter Ended March 31, 2000 and 1999

ACCOUNTING CHANGES The accounting changes that currently impact the Corporation are included in Note 6 to the Condensed Consolidated Financial Statements.

OTHER MATTERS Investors are cautioned that statements in this Quarterly Report on Form 10-Q that relate to the future are, by their nature, uncertain and dependent upon numerous contingencies — including political, economic, regulatory, climatic, competitive, and technological — any of which could cause actual results and events to differ materially from those indicated in such forward-looking statements. Additional information regarding these and other risk factors and uncertainties may be found in the Corporation’s other filings, which are made from time, to time with the Securities and Exchange Commission.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

Reference is made to *Part I. Item 3. Legal Proceedings* of the Martin Marietta Materials, Inc. Annual Report on Form 10-K for the year ended December 31, 1999.

Item 4. Submission of Matters to a Vote of Security Holders.

(b) No matters were submitted to a vote of security holders during the first quarter of 1999.

Item 5. Other Information.

On March 23, 2000, the Corporation announced the resolution of a lawsuit brought by Vulcan Materials against Martin Marietta

Materials Southwest, Inc. (a wholly-owned subsidiary of Martin Marietta Materials, Inc. that is formerly known as Redland Stone Products Company), headquartered in San Antonio, Texas and other defendants. All parties have resolved the issues in the case, have entered into mutual releases and have agreed to dismiss all claims and counterclaims.

PART II — OTHER INFORMATION

(Continued)

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

	Three Months Ended March 31, (Dollars in Thousands) 2000		1999	
	Amount	% of Net Sales	Amount	% of Net Sales
Net sales:				
Aggregates	$243,727	100.0	$208,943	100.0
Magnesia Specialties	32,404	100.0	32,118	100.0
Total	276,131	100.0	241,061	100.0
Gross profit:				
Aggregates	37,255	15.3	34,335	16.4
Magnesia Specialties	7,103	21.9	5,407	16.8
Total	44,358	16.1	39,742	16.5
Selling, general & administrative expense:				
Aggregates	19,438	8.0	18,419	8.8
Magnesia Specialties	4,154	12.8	4,327	13.5
Total	23,592	8.5	22,746	9.4
Earnings from operations:				
Aggregates	17,734	7.3	15,598	7.5
Magnesia Specialties	2,412	7.4	466	1.5
Total	$ 20,146	7.3	$ 16,064	6.7

SIGNATURES

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

Exhibit No.	**Document**
11.01	Martin Marietta Materials, Inc. and Consolidated Subsidiaries Computation of Earnings per Share for the Quarter ended March 31, 2000 and 1999
27.01	Financial Data Schedule (for Securities and Exchange Commission use only)

Date: May 12, 2000

MARTIN MARIETTA MATERIALS, INC.

(Registrant)

By: /s/ JANICE K. HENRY

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended March 31, 2000

EXHIBIT INDEX

Janice K. Henry
Senior Vice President, Chief
Financial Officer and Treasurer

Exhibit 11.01

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

COMPUTATION OF EARNINGS PER SHARE

For the Three Months Ended March 31, 2000 and 1999

(Dollars in Thousands, Except Per Share Data)

Exhibit No.	Document	Page
11.01	Martin Marietta Materials, Inc. and Consolidated Subsidiaries Computation of Earnings per Share for the Quarter Ended March 31, 2000 and 1999	
27.01	Financial Data Schedule (for Securities and Exchange Commission use only)	

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONDENSED CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2000 AND THE RELATED CONDENSED CONSOLIDATED STATEMENT OF EARNINGS FOR THE THREE MONTHS ENDED MARCH 31, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2000.

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MAR-31-2000
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194,152
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775,424
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276,131
231,773
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(1,369)
23
10,169
11,323
3,993
7,330
0
0
0
7,330
0.16
0.16

	Three Months Ended March 31	
	2000	1999
Net earnings	$ 7,330	$ 7,940
Weighted Average Number of Common Shares Outstanding:		
Basic	46,725,456	46,635,302
Effect of dilutive securities	159,602	266,414
Diluted	46,885,058	46,901,716
Net Earnings per Common Share		
—Basic	$ 0.16	$ 0.17
—Diluted	$ 0.16	$ 0.17