SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)
[**X**] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [No Fee Required]

For the fiscal year ended **December 31, 2000**

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [No Fee Required]

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)

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

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 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 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 the Form 10-K or any amendment to this Form 10-K. [**X**]

The aggregate market value of voting stock (based on the closing price on the New York Stock Exchange on March 16, 2001 as published in the Wall Street Journal) held by non-affiliates of the Company was $1,538,580,718. Shares of Common Stock held by each executive officer and director and by each person who owns 5% or more of the outstanding Common Stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The number of shares outstanding of each of the Registrant's classes of common stock on March 16, 2001 as follows:

Common Stock (par value $.01 per share) 47,302,457 shares

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Martin Marietta Materials, Inc. 2001 Proxy Statement are incorporated by reference into Part III.

Portions of the Martin Marietta Materials, Inc. 2000 Annual Report to Shareholders are incorporated by reference into Parts I, II and IV.

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PART I

ITEM 1. BUSINESS

General

Martin Marietta Materials, Inc. (the "Company") is the United States' second largest producer of aggregates for the construction industry, including highways, infrastructure, commercial and residential. The Company also manufactured and marketed in 2000 magnesia-based products, including heat-resistant refractory products for the steel industry, chemicals products for industrial, agricultural and environmental uses, and dolomitic lime. In 2000, the Company's aggregates business accounted for 90% of the Company's total revenues and the Company's magnesia-based products segment accounted for 10% of the Company's total revenues.

The Company was formed in November 1993 as a North Carolina corporation to be the successor to substantially all of the assets and liabilities of the materials group of Martin Marietta Corporation and its subsidiaries. An initial public offering of a portion of the common stock of the Company (the "Common Stock") was completed in February 1994 whereby 8,797,500 shares of Common Stock (representing approximately 19% of the shares outstanding) were sold at an initial public offering price of $23 per share. Lockheed Martin Corporation, which was formed as the result of a business combination between Martin Marietta Corporation and Lockheed Corporation in March 1995, owned approximately 81% of the Common Stock directly and through its wholly-owned subsidiary, Martin Marietta Investments Inc., until October 1996.

In October 1996, the outstanding Common Stock of Martin Marietta Materials that was held by Lockheed Martin Corporation became available to the public market when Lockheed Martin disposed of its 81% ownership interest. This transaction was completed by means of a tax-free exchange offer pursuant to which Lockheed Martin stockholders were given the opportunity to exchange shares of Lockheed Martin common stock for shares of the Company's Common Stock, which resulted in 100% of the outstanding shares of Common Stock being publicly traded.

On May 28, 1997, the Company purchased all of the outstanding common stock of American Aggregates Corporation ("American Aggregates") along with certain other assets from American Aggregates' former parent, CSR America, Inc., for an acquisition price of approximately $242 million in cash plus certain assumed liabilities (the "American Aggregates Acquisition"). The American Aggregates Acquisition included the Ohio and Indiana operations of American Aggregates with 29 production facilities and increased the Company's annual production capacity by more than 25.0 million tons — in addition to adding over 1.0 billion tons of mineral reserves, of which approximately 700.0 million were zoned for production, and 11,000 acres of property. American Aggregates is a leading supplier of aggregates products in Indianapolis, Cincinnati, Dayton and Columbus.

On December 4, 1998, the Company acquired the common stock of Redland Stone Products Company ("Redland Stone") from an affiliate of Lafarge SA for $272 million in cash plus normal balance sheet liabilities and approximately $8 million estimated for certain other assumed liabilities and transaction costs. The Company did not assume any long-term debt of Redland Stone. Redland Stone is a leading producer of aggregates and asphaltic concrete in the state of Texas and has mineral reserves which exceed 1.0 billion tons. Redland Stone expanded the Aggregates division's business by

adding operating facilities in the southwest United States, expanding the Company's presence in the asphalt production business and adding significant long-term mineral reserve capacity.

As of October 31, 1998, the Company purchased an indirect initial 14% interest in the business of Meridian Aggregates Company ("Meridian"). The transaction provided a mechanism for the Company to purchase the remaining interest in Meridian at a predetermined formula price within five years, and the Meridian investors to require the Company to purchase their interests beginning December 31, 2000, or earlier in the event of the death of an investor. The Meridian investors exercised their option in September 2000, and the Company expects to consummate the transaction whereby it will purchase all of the remaining interests in Meridian early in the second quarter 2001 for approximately $235 million, including the initial investment of $42 million, the retirement of debt, the forgiveness of related party obligations and amounts estimated for certain other assumed liabilities and transaction costs, plus the assumption of normal balance sheet liabilities. In 2000, Meridian operated 25 aggregates production facilities and seven rail-served distribution yards in 11 states in the southwestern and western United States and sold approximately 23.0 million tons of aggregates to customers in 14 states, including 6 states in which the Company has not previously conducted any business. The Meridian transaction will add more than 1.6 billion tons of aggregates reserves, expand the Company's presence in the southwest and western states and increase its ability to use rail as a mode of transportation.

On February 23, 2001, the Company, through its wholly owned subsidiary, Martin Marietta Magnesia Specialties Inc., entered into an agreement with a subsidiary of Minerals Technologies, Inc. to sell certain assets related to its refractories business. In an accompanying manufacturing agreement, Magnesia Specialties agreed to supply the subsidiary of Minerals Technologies with certain refractories products principally from the Company's

Manistee, Michigan plant for up to two years following the sale. The sale of Magnesia Specialties' refractories products will lessen the Magnesia Specialties division's dependence on the steel industry. Excluding refractories products, Magnesia Specialties' sales to the steel industry would account for 43% of the division's 2000 net sales, as compared to 68% including refractories. The agreement contemplates closing during the second quarter 2001. The Company continues to explore additional opportunities regarding the remaining Magnesia Specialties business, including possible divestiture of all or part of the chemicals business, with a goal of creating additional value for the Company. In this regard, the Company has determined that the Woodville, Ohio operation will be transferred to the MidAmerica Division of the Aggregates division. The Woodville, Ohio operation produces and sells dolomitic lime to the steel industry and produces and sells more than 1.0 million tons per year of aggregates to construction businesses. There can be no assurance that management will pursue additional opportunities regarding the remaining Magnesia Specialties business, if any, or that they will result in additional value.

The Company announced in February 1997 that it had entered into agreements giving the Company rights to commercialize certain proprietary technologies related to the Company's business. One of the agreements gives the Company the opportunity to pursue the use of certain composites technology for products where corrosion resistance and high strength-to-weight ratios are important factors, such as bridge decks, marine applications and other structures. The Company continued its research and development activities during 2000 in this new product area, and began manufacturing and marketing certain of the products. This technology, if fully developed by the Company, would complement and expand the Company's business. In addition, the Company continued in 2000 to

explore the viability of certain technology related to remineralization of soil and microbial products for enhanced plant growth. The Company had limited revenue and no profits from these growth enhancement technologies in 2000. Also, in 1999 and 2000 the Company made investments in a start-up company, Industrial Microwave Systems, that has proprietary technology for use in applications related to industrial heating and drying, food processing and aseptic packaging. There can be no assurance that any of the technologies will become profitable.

Business Segment Information

The Company in 2000 operated in two reportable business segments. These segments are aggregates products and magnesia-based chemicals, refractories and dolomitic lime products. Information concerning the Company's net sales, operating profit, assets employed and certain additional information attributable to each reportable industry segment for each year in the three-year period ended December 31, 2000 is included in "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 33 through 35 of the Company's 2000 Annual Report to Shareholders (the "2000 Annual Report"), which information is incorporated herein by reference.

Aggregates

The Company's aggregates segment processes and sells granite, limestone, sand and gravel and other aggregates products for use in all sectors of the public infrastructure, commercial and residential construction industries. The Company is the United States' second largest producer of aggregates. In 2000, the Company shipped approximately 164.9 million tons of aggregates primarily to customers in 27 southeastern, southwestern, midwestern and central states, in addition to Canada and the Bahamas, generating net sales and earnings from operations of $1.2 billion and $194.2 million, respectively.

The Aggregates division markets its products primarily to the construction industry, with approximately 46% 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 commercial 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, and demographic and population shifts and to changes in the level of infrastructure spending funded by the public sector. The Company's aggregates business is concentrated principally in the southeast, southwest, midwest and central states. Aggregates products are sold and shipped from a network of approximately 300 quarries and distribution facilities in more than 20 states, as well as the Bahamas and Canada, although the Company's five largest shipment states account for approximately 60% of total sales. The Company's business is accordingly affected by the economies in these regions.

The Company's aggregates business is also highly seasonal, due primarily to the effect of weather conditions on construction activity within its markets. As a result of the American Aggregates Acquisition and several other smaller acquisitions in the north central region of the United States, more of the Company's aggregates operations have exposure to weather-related risk during the winter months. The division's operations that are concentrated principally in the north central region of the Midwest generally experience more severe winter weather conditions than the division's operations in the Southeast and Southwest. Due to these factors, the Company's second and third quarters are

generally the strongest, with the first quarter generally reflecting the weakest results, which are not necessarily indicative of the Company's annual results.

Aggregates can be found in abundant quantities throughout the United States, and there are many producers nationwide. However, as a general rule, shipments from an individual quarry are limited because the cost of transporting processed aggregates to customers is high in relation to the value of the product itself. As a result, proximity of quarry facilities to customers is the most important factor in competition for aggregates business and helps explain the highly fragmented nature of the aggregates industry. As described below, the Company's distribution system mainly uses trucks, but also has access to a lower-cost river barge and ocean vessel network. In addition, the Redland Stone transaction, the proposed Meridian transaction and other recent acquisitions have enabled the Company to extend its reach through increased access to rail transportation.

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, while the balance of 7% was moved by rail. In contrast, the Company's aggregates shipments were moved 80% by truck, 10% by rail, and 10% by water in 2000. The Company has an extensive network of aggregates quarries and distribution centers along the Ohio and Mississippi River systems from western Pennsylvania throughout the central and southern United States and the Bahamas, as well as distribution centers along the Gulf of Mexico and Atlantic coasts. The Gulf and Atlantic coastal areas are being supplied primarily from the Bahamas location, two large quarries on the Ohio River system and a Canadian quarry on the Strait of Canso in Nova Scotia. In addition, the Company's recent acquisitions, especially Redland Stone and the proposed acquisition of Meridian, have expanded its ability to ship by rail. Accordingly, in addition to increasing the Company's geographic presence through acquisitions, the Company has also enhanced its reach through its ability to provide cost-effective coverage of certain coastal markets on the east coast and reaching as far as Texas, and to ship products in and to Canada, the Caribbean and parts of South America, as well as to additional geographic areas which can be accessed economically by its expanded distribution system. The Meridian operations will further expand the Company's markets and ability to ship by rail. Meridian operates 25 aggregates production locations and seven rail-served distribution yards which serve Texas, Oklahoma, Arkansas, Mississippi, Tennessee, Louisiana, Minnesota, Kansas, Nebraska, Wyoming, Colorado, Montana, Washington, and California. The acquisition strengthens the Company's position in the southwest and central United States and will provide entry into markets in the west.

Historically, the Company has focused on the production of aggregates and has not integrated vertically in a substantial manner into other construction materials businesses. In recent transactions, however, the Company has acquired asphaltic concrete, ready mixed concrete, paving construction and other businesses which establish vertical integration that complement its aggregates business. These products and services are not a significant component of the Company's aggregates operations.

Environmental and zoning regulations have made it increasingly difficult for the construction 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 division's raw materials, or mineral 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 production in its aggregates segment.

The Company generally delivers products in its aggregates segment upon receipt of orders or requests from customers. Accordingly, there is no significant backlog information. Inventory of aggregates is generally maintained in sufficient quantities to meet rapid delivery requirements of customers.

Magnesia Specialties

The Company in 2000 also manufactured and marketed dolomitic lime and magnesia-based products, including heat-resistant refractory products for the steel industry and magnesia-based chemicals products for industrial, agricultural and environmental uses, including wastewater treatment, sulfur dioxide scrubbing and acid neutralization. The Company's Magnesia Specialties division generated net sales in 2000 of $130.4 million and earnings from operations of $8.2 million. Approximately 44% of these sales are associated with the refractories business which is proposed to be sold to a subsidiary of Minerals Technologies in the second quarter 2001. Magnesia Specialties' refractory and dolomitic lime products are sold primarily to the steel industry. Accordingly, the division's profitability depends on the production of steel and the related marketplace, and a significant portion of the division's product pricing structure has historically been affected by current economic conditions within the steel industry. The proposed sale of Magnesia Specialties' refractories business will lessen the Magnesia Specialties division's dependence on the steel industry over time.

In 2000, the division's refractories and dolomitic lime product areas continued to be negatively impacted by global steel industry conditions. The division's steel-related product areas' performance followed the steel industry's performance. As a result, Magnesia Specialties experienced improved operating earnings during the first-six months of 2000 compared with the prior-year period. However, the slowdown experienced in the steel industry during the second half of 2000 and higher-than-expected costs for natural gas, which is used to fuel some of the division's kilns in the manufacture of its products, negatively affected earnings from operations for the full year 2000. Competitive pricing pressures continued throughout 2000. Consolidation among manufacturers of refractory brick removed a significant periclase customer from the market during the year. The division's chemicals products continued to diversify in chemicals used as flame retardants, in wastewater treatment and to reduce stack pollution, and is not as dependent on the steel industry as is the refractories business.

The principal raw materials used in the Company's Magnesia Specialties division's products are dolomitic lime, brine and imported magnesia. Management believes that its reserves of dolomitic limestone to produce dolomitic lime and its reserves of brine are sufficient to permit production at the required operational levels for the foreseeable future, which levels are expected to be lower over time than present operational levels as a result of the proposed sale of the refractories business. The supply of natural and synthetic magnesia is abundant worldwide. In 2000, the Company purchased some of its magnesia requirements from various sources located in China. While the Company does not expect an interruption in the supply of magnesia from these sources, various factors associated with economic and political uncertainty in China could result in future supply interruptions.

If such an interruption were to occur, the Company believes it could obtain alternate supplies worldwide, although there could be no assurance that the Company could do so at current prices. Alternatively, the Company believes it could adjust its mix of products and/or increase production capacity at its Manistee, Michigan plant.

The Company generally delivers its Magnesia Specialties division's products upon receipt of orders or requests from customers. Accordingly, there is no significant backlog information. Inventory for the Magnesia Specialties division's products is generally maintained in sufficient quantities to meet rapid delivery requirements of customers. The Company has provided extended payment terms to certain international customers.

Patents and Trademarks

As of March 16, 2001, the Company owns, has the right to use, or has pending applications for approximately 100 patents pending or granted by the United States and various countries and approximately 103 trademarks related to its Magnesia Specialties business and its developing technologies and services business. The Company expects to transfer 19 and 35 of those patents and trademarks, respectively, to a subsidiary of Minerals Technologies in connection with the proposed sale of the refractories 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 either 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 business, competition tends to be limited to producers in proximity to the Company's individual production 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 location and price, but quality of aggregates and level of customer service are also factors.

The Company is the second largest producer of aggregates in the United States based on tons shipped. There are over 4,000 companies in the United States that produce aggregates. The largest five producers account for approximately 27% of the total market. The Company competes with a number of other large and small producers. The Company believes that its ability to transport materials by ocean vessels and river barges and its increased access to rail transportation as a result of the Redland Stone, Meridian and other transactions, has enhanced the Company's ability to compete in

certain extended areas. Certain of the Company's competitors in the aggregates industry have greater financial resources than the Company.

The Magnesia Specialties division of the Company competes with various companies in different geographic and product areas. The division competes principally on the basis of quality, price and technical support for its products. The Magnesia Specialties division also competes for sales to customers located outside the United States with sales to such customers accounting for approximately $20.4 million in net sales in 2000 (representing approximately 16% of net sales of the Magnesia Specialties segment) principally in Canada, Mexico, the United Kingdom, Germany and Korea. Approximately half of these sales are associated with the refractories business which is proposed to be sold to a subsidiary of Minerals Technologies in the second quarter 2001. The Magnesia Specialties division's sales to foreign customers were $21.0 million in 1999 and $20.5 million in 1998.

Research and Development

The Company conducts research and development activities for its Magnesia Specialties segment at its laboratory located near Baltimore, Maryland and at various locations for the new proprietary technologies. The Company expects to discontinue conducting these activities at its Baltimore, Maryland laboratory after the proposed sale of the refractories business to a subsidiary of Minerals Technologies. In general, the Company's research and development efforts in 2000 were directed to applied technological development for the use of its refractories and chemicals products and for its proprietary technologies, including composite materials, a laser-measuring device and microwave technology. The Company spent approximately $2.3 million in 2000, $2.8 million in 1999 and $3.1 million in 1998 on research and development activities.

Environmental 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 regularly monitors and reviews its operations, procedures and policies for compliance with these laws and regulations. Despite these compliance efforts, risk of environmental liability is inherent in the operation of the Company's businesses, as it is with other companies engaged in similar businesses, and there can be no assurance that environmental liabilities will not have a material adverse effect on the Company in the future. In accordance with the Company's accounting policy for environmental costs, amounts are not accrued and included in the Company's financial statements until it is probable that a liability has been incurred and such amounts can be estimated reasonably. The environmental accruals are estimated based on internal studies of the required remediation costs and generally not discounted to their present value or offset for potential insurance or other claims. Costs incurred by the Company in connection with environmental matters in the preceding two fiscal years were not material to the Company's operations or financial condition.

The Company believes that its operations and facilities, both owned or leased, are in substantial compliance with applicable laws and regulations and that any noncompliance is not likely to have a material adverse effect on the Company's operations or financial condition. See "Legal Proceedings" on pages 13-14 of this Form 10-K and "Note L: Commitments and Contingencies" of the "Notes to Financial Statements" on pages 22 and 23 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 38 of the 2000 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 sites must comply with noise, water discharge and air quality regulations, zoning and special use permitting requirements, applicable mining regulations and federal health and safety requirements. As new quarry sites are located and acquired, the Company works closely with local authorities during the zoning and permitting processes to design new quarries in such a way as to minimize disturbances. The Company frequently acquires large tracts of land so that quarry and production facilities can be situated substantial distances from surrounding property owners. The Company maintains a centralized blasting function for its quarry operations, and has established policies designed to minimize disturbances to surrounding property owners.

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 generally reclaims its quarries on an ongoing basis, reclaiming mined-out areas of the quarry while continuing operations at other areas of the site. Historically, the Company has not incurred extraordinary or substantial 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.

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. Excessive, prolonged inhalation of very small-sized particles of crystalline silica has been associated with nonmalignant lung disease. The carcinogenic potential of crystalline silica was evaluated by the International Agency for Research on Cancer and later by the U.S. National Toxicology Program. In 1987, the agency found limited evidence of carcinogenicity in humans but sufficient evidence of carcinogenicity in animals. The National Toxicology Program concluded in 1991 that crystalline silica is "reasonably anticipated to be a carcinogen." In October 1996, the International Agency for Research on Cancer issued another report stating that "inhaled crystalline silica in the form of quartz or cristobalite from occupational sources is carcinogenic to humans." The Mine Safety and Health Administration has included the development of a crystalline silica standard as one of its long-term goals. The Company, through safety information sheets and other means, communicates what it believes to be appropriate warnings and cautions to employees and customers about the risks associated with excessive, prolonged inhalation of mineral dust in general and crystalline silica in particular.

The EPA in November 1996 proposed certain changes to the regulations relating to the standard for particulate matter in connection with air quality, which were recently placed into law as the National Ambient Air Quality Standards. The new law places an ambient air limit on the emission of fine particles (smaller than 2.5 microns) that typically result from industrial, motor vehicle and power generation fuel combustion, in addition to the coarse particles previously regulated. As adopted,

the regulations impact many industries, including the aggregates industry. The National Stone Association ("NSA") has joined a lawsuit with many other industries challenging the standard and the lack of scientific data available supporting the limits and the ability of industry to monitor the pollutant. In May 1999, the United States Court of Appeals for the District of Columbia overturned the EPA's PM2.5 and ozone national ambient air quality standards. The EPA appealed the Court of Appeals' decision to the United States Supreme Court, which decided on February 27, 2001 that the EPA has the authority to issue air quality standards and remanded the case for reexamination the standards proposed by the EPA. The Company will not be able to determine the applicability of any new rules or the costs associates with any required standards until an emission standard is adopted. The Company believes that any such costs would not have a material adverse effect on the Company's operations or its financial condition.

As a result of the processing of dolomitic limestone at the Magnesia Specialties division's Woodville, Ohio, facility, lime kiln dust ("LKD") is produced as a by-product. The Company historically placed the LKD in the quarry as part of reclamation required under its mining permit. The Ohio Environmental Protection Agency ("OEPA") promulgated regulations that apply to the disposal of LKD and regulate it as a solid waste. The regulations require the Company to change its disposal method and institute additional controls. In order to comply with the regulations, the Company executed an administrative order with the OEPA on November 24, 1997 requiring the Company to submit a permit application for a landfill by May 1998, which was duly submitted. The OEPA has not made a decision on the application. The Company, along with the National Lime Association and other lime producers in Ohio, has been working with the OEPA to develop a consensus approach to determine if changes to the current scope of the regulations are appropriate and whether a landfill permit is needed for the disposal. A draft bill was introduced to the State of Ohio Senate in August 2000 proposing that LKD be regulated under the mining laws and excluded as a solid waste thus eliminating the requirement for a landfill permit. Depending upon the result of the proposed legislation and whether the facility will require a landfill permit, the Company may be required to incur certain compliance costs. The Company believes that any such costs would not have a material adverse effect on the Company's operations or its financial condition but can give no assurance that the compliance costs will not have a material adverse effect on the financial condition or results of the Magnesia Specialties segment's operations.

The Clean Air Act Amendments of 1990 require the EPA to develop regulations for a broad spectrum of industrial sectors that emit hazardous air pollutants, including lime manufacturing. The new standards to be established would require plants to install feasible control equipment for certain hazardous air pollutants, thereby significantly reducing air emissions. The Company is actively participating with other lime manufacturers in working with the EPA to define test protocols, better define the scope of the standards, determine the existence and feasibility of various technologies, and develop realistic emission limitations and continuous emissions monitoring/reporting requirements for the lime industry. The EPA has conducted testing at lime manufacturing facilities located in Alabama, Texas and Ohio, including the Company's Woodville facility, the results of which were discussed with the EPA in 1999 to determine whether the facilities should be subject to these regulations. The EPA received comments on its proposed technology-based standards for the industry in November 2000; the EPA has not published any final response or standards to date. The Company will not be able to determine the applicability of the new regulations or the cost associated with any required standards until the emission standards are adopted. The Company believes that any costs associated with the upgrade and/or replacement of equipment required to comply with the new regulations would not have a material adverse effect on the Company's operations or its financial condition but can give no assurance that the compliance costs will not have a material adverse effect on the financial condition or results of the Magnesia Specialties segment's operations.

In February 1998, the Georgia Department of Natural Resources ("GDNR") determined that both the Company and the Georgia Department of Transportation ("GDOT") are responsible parties for investigation and remediation at the Company's Camak Quarry in Thomson, Georgia, due to the discovery of trichloroethene ("TCE") above its naturally occurring background concentration in a drinking water well on site. The Company provided the GDNR with information indicating that the source of the release was either from an asphalt plant that was on the site in the early 1970's or from a maintenance shop that was operated on the property in the 1940's and 1950's before the Company purchased the property. The Company was designated a responsible party by virtue of its ownership of the property. The Company entered into a Consent Order with GDNR to conduct an environmental assessment of the site and file a report of the findings. The Company and GDOT signed an agreement to share evenly the costs of the assessment work. The assessment report was completed and filed. Based upon the results of the assessment report, GDOT withdrew from the cost sharing agreement and has indicated it will not share in any future remediation costs. Georgia law provides that responsible parties are jointly and severally liable and, therefore, the Company is potentially liable for the full cost of funding the investigation and any necessary remediation. If the Company is required to fund the entire cost of such remediation, the statutory framework provides that the Company may pursue rights of contribution from the other responsible parties. Management believes any costs incurred by the Company associated with the site will not have a material adverse effect on the Company's operations or its financial condition.

In December 1998, the GDNR determined that the Company, the GDOT and two other parties which operated an asphalt plant are responsible parties for investigation and remediation at the Company's Ruby Quarry in Macon, Georgia. The Company was designated by virtue of its ownership of the property. GDOT was designated because it caused a release of TCE above its naturally occurring background concentration in the groundwater at the site. The two other parties were designated because both entities operated the asphalt plant at the site. The groundwater contamination was discovered when the Company's tenant vacated the premises and environmental testing was conducted. The Company and GDOT signed an agreement to share the costs of the assessment work. The report of the assessment work was filed with the GDNR. GDOT entered into a Consent Order with GDNR agreeing to conduct additional testing and any necessary remediation at the site. The Company has not signed a Consent Order, and GDNR may issue an Administrative Order against the Company and other responsible parties to require all parties to participate with GDOT to undertake additional testing and any necessary remediation. If the Company is required to fund the cost of remediation, the Company will pursue its right of contribution from the responsible parties. Management believes any costs incurred by the Company associated with the site will not have a material adverse effect on the Company's operations or its financial condition.

Employees

As of March 16, 2001, the Company has approximately 6,000 employees. Approximately 4,500 are hourly employees and approximately 1,500 are salaried employees. Included among these employees are approximately 1,100 hourly employees represented by labor unions. Approximately 19% of the Company's Aggregates division's hourly employees are members of a labor union, while 96% of the Magnesia Specialties division's hourly employees are represented by labor unions. The Company's principal union contracts cover employees at the Manistee, Michigan, magnesia-based products plant and the Woodville, Ohio, lime plant. The current Manistee labor union contract was ratified in August 1999 and expires in 2003. The Woodville labor union contract was extended in June

2000 and expires in June 2001. The renewals of the Woodville labor union contract in 1996 and 2000 were renegotiated without any disruption to normal operations although there can be no assurance that a successor agreement will be reached or that a work stoppage will not occur. The Company considers its relations with its employees to be good.

ITEM 2. PROPERTIES

Aggregates

As of March 16, 2001, the Company processed or shipped aggregates from 289 quarries and distribution yards in 24 states in the southeast, southwest, midwest and central United States and in Canada and the Bahamas, of which 82 are located on land owned by the Company free of major encumbrances, 58 are on land owned in part and leased in part, 137 are on leased land, and 12 are on facilities neither owned nor leased, where raw materials are removed under an agreement. In addition, the Company processed and shipped ready mixed concrete and/or asphalt products from 25 properties in 4 states in the southern United States, of which 11 are located on land owned by the Company free of major encumbrances, 2 are on land owned in part and leased in part and 12 are on leased land.

Magnesia Specialties

The Magnesia Specialties division currently operates major manufacturing facilities in Manistee, Michigan, and Woodville, Ohio, and smaller processing plants in River Rouge, Michigan; Bridgeport, Connecticut; Baton Rouge, Louisiana; Lenoir City, Tennessee; and Pittsburgh, Pennsylvania. All of these facilities are owned, except Pittsburgh and Lenoir City, which are leased. The sale of the refractories business to a subsidiary of Minerals Technologies contemplates that the processing plants in River Rouge and Baton Rouge would be transferred to the subsidiary of Minerals Technologies. In addition, the Company has entered into several third-party toll-manufacturing agreements pursuant to which it processes various chemical and refractory products, some of which will be transferred to the subsidiary of Minerals Technologies in connection with the proposed sale of the refractories business.

Other Properties

The Company’s corporate headquarters, which it owns, is located in Raleigh, North Carolina. The Company owns and leases various administrative offices and research and development laboratories for its Aggregates division and its Magnesia Specialties division.

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 well maintained, and are generally suitable and adequate for the purposes for which they are used. The principal properties are believed to be utilized at average productive capacities of approximately 80% and are capable of supporting a higher level of market demand.

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, 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.

See also “Note L: Commitments and Contingencies” of the “Notes to Financial Statements” on pages 22 and 23 of the 2000 Annual Report and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on page 38 of the 2000 Annual Report.

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

No matters were submitted to a vote of security holders during the fourth quarter of 2000.

FORWARD-LOOKING STATEMENTS — SAFE HARBOR PROVISIONS

This Annual Report on Form 10-K and other written reports and oral statements made from time to time by the Company contain statements which constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Investors are cautioned that all forward-looking statements involve risks and uncertainties, including those arising out of economic, climatic, political, regulatory, competitive and other factors, including inaccurate assumptions. 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. 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 Corporation’s Securities and Exchange Commission filings, including but not limited to, the discussion of “Competition” on pages 8 and 9 of this Annual Report on Form 10-K, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 24 through 39 of the 2000 Annual Report and “Note A: Accounting Policies” and “Note L: Commitments and Contingencies” of the “Notes to Financial Statements” on pages 13 through 15 and 22 and 23, respectively, of the Audited Consolidated Financial Statements included in the 2000 Annual Report.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following sets forth certain information regarding the executive officers of Martin Marietta Materials, Inc. as of March 16, 2001:

Name	Age	Present Position at March 16, 2001	Year Assumed Present Position	Other Positions and Other Business Experience Within the Last Five Years
Stephen P. Zelnak, Jr.	56	Chairman of the Board of Directors;	1997	Vice Chairman of the Board of Directors (1996-1997)
		President and Chief Executive Officer;	1993	
		President of Aggregates Division	1993	
Philip J. Sipling	53	Executive Vice President;	1997	Senior Vice President (1993-1997);
		Chairman of Magnesia Specialties Division;	1997	President, Magnesia Specialties Division (1993-1997)
		Executive Vice President of Aggregates Division	1993	
Janice K. Henry	49	Senior Vice President;	1998	Vice President (1994-1998)
		Chief Financial Officer	1994	Treasurer (1996-2000)
Donald M. Moe	56	Senior Vice President;	2001	Vice President (1999 – 2001)
		Senior Vice President of Aggregates Division;	1999	Vice President — General Manager, Martin Marietta Aggregates
		President-Carolina Division	1996	Eastern Carolina Region (1993 — 1996)
Jonathan T. Stewart	52	Senior Vice President, Human Resources	2001	Vice President, Human Resources (1993 – 2001)
Bruce A. Deerson	49	Vice President and General Counsel	1993	Corporate Secretary (1993 – 1997)
Donald J. Easterlin, III	59	Vice President, Business Development	1994	
Daniel G. Shephard	42	Vice President and Treasurer;	2000	Assistant Treasurer (1996-1999)
		President of Magnesia Specialties Division	1999	

PART II

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

There were approximately 1,400 holders of record of Martin Marietta Materials, Inc. Common Stock, $.01 par value, as of March 16, 2001. The Company's Common Stock is traded on the New York Stock Exchange (Symbol: MLM). Information concerning stock prices and dividends paid is included under the caption "Quarterly Performance (Unaudited)" on page 40 of the 2000 Annual Report, and that information is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

The information required in response to this Item 6 is included under the caption "Five Year Summary" on page 41 of the 2000 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" on pages 24 through 39 of the 2000 Annual Report, and that information is incorporated herein by reference, except that the information contained in the 18th and 19th paragraphs of "Management's Discussion and Analysis of Financial Condition and Results of Operations — Business Environment" on page 31 of the 2000 Annual Report is not incorporated herein by reference.

ITEM 7A. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

The Company does not hold or issue derivative financial instruments for trading purposes. The Company, from time to time, uses on a limited basis derivative financial instruments to manage its exposure to fluctuations in interest rates and foreign exchange rates. In such case, the aggregate value of derivative financial instruments held or issued by the Company is not material to the Company nor is the market risk posed. The Company did not use any derivative financial instruments in 2000. For additional discussion of the Company's market risk see "Management's Discussion and Analysis of Financial Condition and Results of Operations, Capital Structure and Resources" on pages 36 through 38 of the 2000 Annual Report and "Note A: Accounting Policies — Accounting Changes" of the Notes to Consolidated Financial Statements on page 15 of the Audited Consolidated Financial Statements included in the 2000 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 Statement of Earnings," "Consolidated Balance Sheet," "Consolidated Statement of Cash Flows," "Consolidated Statement of Shareholders' Equity," "Notes to Financial Statements," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Quarterly

Performance (Unaudited)" on pages 9 through 40 of the 2000 Annual Report, and that information is incorporated herein by reference.

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

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information concerning directors required in response to this Item 10 is included under the captions “Election of Directors” and “Compliance With Section 16(a) of the Exchange Act” 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, 2000 (the “2001 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 on page 16 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” and “Compensation Committee Interlocks and Insider Participation in Compensation Decisions” in the Company’s 2001 Proxy Statement, and that information, except for the information required by Items 402(k) and (l) of Regulation S-K, is hereby incorporated by reference in this Form 10-K.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required in response to this Item 12 is included under the captions “Voting Securities and Record Date” and “Beneficial Ownership of Shares” in the Company’s 2001 Proxy Statement, and that information is hereby incorporated by reference in this Form 10-K.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required in response to this Item 13 is included under the captions “Compensation Committee Interlocks and Insider Participation in Compensation Decisions,” and “Certain Related Transactions” in the Company’s 2001 Proxy Statement, and that information is hereby incorporated by reference in this Form 10-K.

PART IV

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

(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 2000 Annual Report, are incorporated by reference into Item 8 on page 17 of this Form 10-K. Page numbers refer to the 2000 Annual Report:

	Page
Consolidated Balance Sheet— December 31, 2000 and 1999	10
Consolidated Statement of Earnings— Years ended December 31, 2000, 1999 and 1998	9
Consolidated Statement of Shareholders’ Equity— Years ended December 31, 2000, 1999 and 1998	12
Consolidated Statement of Cash Flows— Years ended December 31, 2000, 1999 and 1998	11
Notes to Financial Statements—	13 through 23

(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 14(d). The page number refers to this Form 10-K.

Schedule II — Valuation and Qualifying Accounts	25

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 auditors with respect to the above-referenced financial statements appears on page 8 of the 2000 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 auditors appear on page 35 of this Form 10-K.

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(3) Exhibits

The list of Exhibits on the accompanying Index of Exhibits on pages 22 through 24 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) **Reports on Form 8-K**

None.

(c) **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)
3.02	—Restated Bylaws of the Company, as amended (incorporated by reference to Exhibit 3.3 to the Martin Marietta Materials, Inc. Current Report on Form 8-K, filed on October 25, 1996)
4.01	—Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.01 to the Martin Marietta Materials, Inc. registration statement on Form S-1 (SEC Registration No. 33-72648))
4.02	—Articles 2 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)
4.03	—Article I of the Company’s Restated Bylaws, as amended (incorporated by reference to Exhibit 4.03 to the Martin Marietta Materials, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 1996)
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))
4.05	—Form of Martin Marietta Materials, Inc. 7% Debenture due 2025 (incorporated by reference to Exhibit 4(a)(i) to the Martin Marietta Materials, Inc. registration statement on Form S-3 (SEC Registration No. 33-99082))
4.06	—Form of Martin Marietta Materials, Inc. 6.9% Notes due 2007 (incorporated by reference to Exhibit 4(a)(i) to the Martin Marietta Materials, Inc. registration statement on Form S-3 (SEC Registration No. 33-99082))
4.08	—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))
4.09	—Form of Martin Marietta Materials, Inc. 5.875% Note due December 1, 2008 (incorporated by reference to Exhibit 4.09 to the Martin Marietta Materials, Inc. registration statement on Form S-4 (SEC Registration No. 333-71793))
10.01	—Rights Agreement, dated as of October 21, 1996, between the Company and First Union National Bank of North Carolina, as Rights Agent, which includes the Form of Articles of Amendment With Respect to the Junior Participating Class A Preferred Stock of Martin Marietta Materials, Inc., as Exhibit A, the Form of Rights Certificate, as Exhibit B, and the Summary of Rights to Purchase Preferred Stock, as Exhibit C (incorporated by reference to Exhibit 1 to the Martin Marietta Materials, Inc. registration statement on Form 8-A, filed with the Securities and Exchange Commission on October 21, 1996)
10.02	—Revolving Credit Agreement dated as of January 29, 1997 among Martin Marietta Materials, Inc. and Morgan Guaranty Trust Company of New York, as agent bank (incorporated by reference to Exhibit 10.06 to the Martin Marietta Materials, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 1996)

Exhibit No.	
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10.04	—Amendment No. 2 to Credit Agreement dated as of December 3, 1998 among Martin Marietta Materials, Inc. and Morgan Guaranty Trust Company of New York, as agent bank (incorporated by reference to Exhibit 99.5 to the Martin Marietta Materials, Inc. Current Form on 8-K filed with the Securities and Exchange Commission on December 18, 1998)
10.05	— Amendment No. 3 to Credit Agreement dated as of August 9, 2000 among Martin Marietta Materials, Inc. and Morgan Guaranty Trust Company of New York, as agent bank (incorporated by reference to Exhibit 10.03 to the Martin Marietta Materials, Inc. Form 10-Q for the quarter ended June 30, 2000)
10.06	—Martin Marietta Materials, Inc. Amended and Restated Shareholder Value Achievement Plan (incorporated by reference to Exhibit 10.07 to the Martin Marietta Materials, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 1999)**
10.07	—Form of Martin Marietta Materials, Inc. Amended and Restated Employment Protection Agreement (incorporated by reference to exhibit 10.08 to the Martin Marietta Materials, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 1999)**
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10.11	—Amendment No. 1 to the Martin Marietta Materials, Inc. Incentive Stock Plan (incorporated by reference to Exhibit 10.01 to the Martin Marietta Materials, Inc. Form 10-Q for the quarter ended September 30, 1997)**
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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

Exhibit No.

*10.14	—Amendment No. 4 to the Martin Marietta Materials, Inc. Incentive Stock Plan**
*10.15	—Martin Marietta Materials, Inc. Amended and Restated Stock-Based Award Plan**
*10.16	—Martin Marietta Materials, Inc. Amended and Restated Omnibus Securities Award Plan**
10.17	—Martin Marietta Materials, Inc. Supplemental Excess Retirement Plan (incorporated by reference to Exhibit 10.16 of the Martin Marietta Materials, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 1999)**
10.18	—Amended and Restated Revolving Credit Agreement dated as of August 9, 2000 among Martin Marietta Materials, Inc. and Morgan Guaranty Trust Company of New York, as agent bank (incorporated by reference to Exhibit 10.02 to the Martin Marietta Materials, Inc. Form 10-Q for the quarter ended June 30, 2000)
*12.01	—Computation of ratio of earnings to fixed charges for the year ended December 31, 2000
*13.01	—Martin Marietta Materials, Inc. 2000 Annual Report to Shareholders, portions of which are incorporated by reference in this Form 10-K. Those portions of the 2000 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 Auditors for Martin Marietta Materials, Inc. and consolidated subsidiaries
*24.01	—Powers of Attorney (included in this Form 10-K at page 26)

Other material incorporated by reference:

Martin Marietta Materials, Inc.'s 2001 Proxy Statement filed pursuant to Regulation 14A, portions of which are incorporated by reference in this Form 10-K. Those portions of the 2001 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

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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, 2000					
Allowance for doubtful accounts	$ 4,707	$ 432	—	—	$ 5,139
Inventory valuation allowance	6,745	—	—	$ 973(a)	5,772
Amortization of intangible assets	58,354	22,612	—	5,820(b)	75,146
Year ended December 31, 1999					
Allowance for doubtful accounts	$ 4,430	$ 312	—	$ 35(a)	$ 4,707
Inventory valuation allowance	8,449	360	—	2,064(a)	6,745
Amortization of intangible assets	42,511	20,290	—	3,342(b) 673(c) 432(d)	58,354
Year ended December 31, 1998					
Allowance for doubtful accounts	$ 4,789	$ 35	$ 500(c)	$ 894(a)	$ 4,430
Inventory valuation allowance	7,171	1,278	—	—	8,449
Amortization of intangible assets	29,464	12,163	1,866(c)	338(b) 644(e)	42,511

(a) To adjust allowance for change in estimates.
(b) Fully-amortized intangible assets written off.
(c) Purchase accounting adjustments.
(d) Sale of assets.
(e) Revaluation adjustments.

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/ Bruce A. Deerson

Bruce A. Deerson
Vice President and General Counsel

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below appoints Bruce A. Deerson and Roselyn R. Bar, jointly and severally, as his true and lawful attorney-in-fact, each with full power of substitution and resubstitution, for him and in his 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 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.

Dated: March 22, 2001

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, President and Chief Executive Officer	March 22, 2001
/s/ Janice K. Henry Janice K. Henry	Senior Vice President and Chief Financial Officer	March 22, 2001
/s/ Anne H. Lloyd Anne H. Lloyd	Chief Accounting Officer	March 22, 2001
/s/ Richard G. Adamson Richard G. Adamson	Director	March 22, 2001
/s/ Marcus C. Bennett Marcus C. Bennett	Director	March 22, 2001
/s/ Bobby F. Leonard Bobby F. Leonard	Director	March 22, 2001
/s/ William E. McDonald William E. McDonald	Director	March 22, 2001
/s/ Frank H. Menaker, Jr. Frank H. Menaker, Jr.	Director	March 22, 2001
/s/ James M. Reed James M. Reed	Director	March 22, 2001
/s/ William B. Sansom William B. Sansom	Director	March 22, 2001
/s/ Richard A. Vinroot Richard A. Vinroot	Director	March 22, 2001

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10.18	—Amended and Restated Revolving Credit Agreement dated as of August 9, 2000 among Martin Marietta Materials, Inc. and Morgan Guaranty Trust Company of New York, as agent bank (incorporated by reference to Exhibit 10.02 to the Martin Marietta Materials, Inc. Form 10-Q for the quarter ended June 30, 2000)
*12.01	—Computation of ratio of earnings to fixed charges for the year ended December 31, 2000
*13.01	—Martin Marietta Materials, Inc. 2000 Annual Report to Shareholders, portions of which are incorporated by reference in this Form 10-K. Those portions of the 2000 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 Auditors for Martin Marietta Materials, Inc. and consolidated subsidiaries
*24.01	—Powers of Attorney (included in this Form 10-K at page 26)

Other material incorporated by reference:

Martin Marietta Materials, Inc.’s 2001 Proxy Statement filed pursuant to Regulation 14A, portions of which are incorporated by reference in this Form 10-K. Those portions of the 2001 Proxy Statement which are not incorporated by reference shall not be deemed to be “filed” as part of this report.

* 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

AMENDMENT NO. 4 TO
INCENTIVE STOCK PLAN

This Amendment No. 4 to the Martin Marietta Materials, Inc. Incentive Stock Plan, as previously amended (the "Plan") hereby makes the following amendments, effective as of November 9, 2000.

A new Section 6.08 of the Plan is added as follows:

"Section 6.08 Stock Deferral.

(A) A Participant may irrevocably elect, in accordance with the procedure set forth in paragraph (B) below, the following:

(1) Whether to defer the distribution of Common Shares after vesting until the date his Employment terminates; and

(2) If the election referred to in the preceding paragraph (1) is made, whether to receive payment of the deferred Common Shares in the form of a single lump sum payment or substantially equal annual installments for a period not to exceed ten (10) years.

(B) A Participant's election pursuant to this Section 6.08 must be in writing and irrevocably filed with the Corporate Secretary at least five (5) months prior to the date the Common Shares would have been distributed. In the event a Participant fails to make an election under paragraph (A) above, he will automatically receive the distribution of Common Shares in accordance with Sections 6.01, 6.02, 6.03 and 6.04. In the event a Participant elects to defer the distribution of Common Shares under paragraph (A)(1) above but fails to make an election under paragraph (A)(2) above, he will automatically receive the distribution of Common Shares in the form of a single lump sum upon termination of employment.

(C) The Corporation shall continue to make cash payments equal to dividends in accordance with Section 5.02 to each Participant who chooses to defer the distribution of Common Stock pursuant to this Section 6.08. A Participant will not have any voting rights with respect to the Common Shares that are deferred until the deferral period ends and the certificates are distributed."

All other terms and provisions of the Plan remain in full force and effect.

MARTIN MARIETTA MATERIALS, INC.
AMENDED AND RESTATED
STOCK-BASED AWARD PLAN

ADOPTED: MAY 8, 1998

AS AMENDED MAY 1998

AND AUGUST 2000

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS
COVERING SECURITIES THAT HAVE BEEN REGISTERED
UNDER THE SECURITIES ACT OF 1933

SECTION 1. ESTABLISHMENT AND PURPOSE

The Martin Marietta Materials, Inc. Amended and Restated Stock-Based Award Plan (the "Plan") was adopted by the shareholders of the Corporation in a manner that complies with Section 162(m) at the shareholders meeting held on May 8, 1998, and subsequently amended and restated by the Board of Directors at its meeting on May 8, 1998 and again on August 17, 2000.

The purpose of this Plan is to benefit the Corporation's shareholders by encouraging high levels of performance by individuals who are key to the success of the Corporation and to enable the Corporation to attract, motivate, and retain talented and experienced individuals essential to its continued success. This is to be accomplished by providing such employees and directors an opportunity to obtain or increase their proprietary interest in the Corporation's performance and by providing such employees and directors with additional incentives to remain with the Corporation.

SECTION 2. DEFINITIONS

The following terms, as used herein, shall have the meaning specified:

"Affiliate" of a person means any entity directly or indirectly controlling, controlled by or under direct or indirect common control with such person.

"Award" means an award granted pursuant to Section 4 hereof.

"Award Agreement" means an agreement described in Section 7 hereof entered into between the Corporation and a Participant, setting forth the terms and conditions applicable to the Award granted to the Participant.

"Board of Directors" means the Board of Directors of the Corporation as it may be comprised from time to time.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Committee" means a committee composed of members of, and designated by, the Board of Directors and consisting solely of persons who are both (i) "non-employee directors" within the meaning of Rule 16b-3, and (ii) "outside directors" within the meaning of Section 162(m), as Rule 16b-3 and Section 162(m) may be amended from time to time, which committee shall at all times comprise at least the minimum number of such persons necessary to comply with both Rule 16b-3 and Section 162.

"Corporation" means Martin Marietta Materials, Inc.

"Covered Employee" means a covered employee within the meaning of Section 162(m) or the Treasury Regulations promulgated thereunder.

"Eligible Director" means each director of the Corporation who is not an employee of the Corporation or any Subsidiary.

"Employee" means officers and other key employees of the Corporation.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.

"Fair Market Value" means the closing price of the relevant security as reported on the composite tape of New York Stock Exchange issues (or such other reporting system as shall be selected by the Committee) on the relevant date, or if no sale of the security is reported for such date, the next following day for which there is a reported sale. The Committee shall determine the Fair Market Value of any security that is not publicly traded, using such criteria as it shall determine, in its sole direction, to be appropriate for such valuation.

"Incumbent Board" means a member of the board of Directors of the Corporation who is not an Acquiring Person, or an affiliate (as defined in Rule 12b-2 of the Exchange Act) or an associate (as defined in Rule 12b-2 of the Exchange Act) of an Acquiring Person, or a representative or nominee of an Acquiring Person.

"Insider" means any person who is subject to Section 16 of the Exchange Act.

"Participant" means an Employee or Eligible Director who has been granted and holds an unexercised or unpaid Award pursuant to this Plan.

"Rule 16b-3" means Rule 16b-3 promulgated by the Securities and Exchange Commission under Section 16 or any successor rule or regulation as amended from time to time.

"Section 16" means Section 16 of the Exchange Act or any successor statute and the rules promulgated thereunder by the Securities and Exchange Commission, as they may be amended from time to time.

"Section 162(m)" means Section 162(m) of the Code or any successor statute and the Treasury Regulations promulgated thereunder, as they may be amended from time to time.

"Section 422" means Section 422 of the Code or any successor statute and the Treasury Regulations promulgated thereunder, as they may be amended from time to time.

"Stock" means shares of Common Stock of the Corporation, par value $.01 per share.

"Subsidiary" means any entity directly or indirectly controlled by the Corporation.

SECTION 3. ELIGIBILITY

Awards may be granted (a) to exempt salaried Employees of the Corporation or any Subsidiary who are designated from time to time by the Committee or (b) to Eligible Directors.

No individual who beneficially owns Stock possessing five percent (5%) or more of the combined voting power of all classes of stock of the Corporation shall be eligible to participate in the Plan.

SECTION 4. AWARDS

The Committee may grant any of the following types of Awards, either singly, in tandem or in combination with other Awards, as the Committee may in its sole discretion determine:

(a) Non-Qualified Stock Options. A Non-Qualified Stock Option is a right to purchase a specified number of shares of Stock during such specified time as the Committee may determine at a price not less than 100% of the Fair Market Value of the Stock on the date the option is granted.

(i) The purchase price of the Stock subject to the option may be paid in cash. At the discretion of the Committee, the purchase price may also be paid by the tender of Stock, or through a combination of Stock and cash, or through such other means as the Committee determines are consistent with the Plan's purpose and applicable law. No fractional shares of Stock will be issued or accepted.

(ii) Without limiting the foregoing, to the extent permitted by law (including relevant state law), the Committee may agree to accept, as full or partial payment of the purchase price of Stock issued upon exercise of options, (A) a promissory note of the optionee evidencing the optionee's obligation to make future cash payments to the Corporation, or (B) any other form of payment deemed acceptable to the Committee. Promissory notes referred to in clause (A) above shall be payable as determined by the Committee (but in no event later than five years after the date thereof), shall be secured by a pledge of shares of Stock purchased, and shall bear interest at a rate established by the Committee.

(b) Incentive Stock Options. An Incentive Stock Option is an Award in the form of an option to purchase Stock that complies with the requirements of Code Section 422 or any successor section.

(i) To the extent that the aggregate Fair Market Value (determined at the time of the grant of the Award) of the shares subject to Incentive Stock Options which are exercisable by one person for the first time during a particular calendar year exceeds $100,000, such excess shall be treated as Non-Qualified Stock Options. For purposes of the preceding sentence, the term

"Incentive Stock Option" shall mean an option to purchase Stock that is granted pursuant to this Section 4(b) or pursuant to any other plan of the Corporation, which option is intended to comply with Section 422 of the Code.

(ii) No Incentive Stock Option may be granted under this Plan after the tenth anniversary of the date this Plan is adopted or the date this Plan is approved by the shareholders, whichever is earlier, or be exercisable more than ten years after the date the Award is made.

(iii) The exercise price of any Incentive Stock Option shall be no less than Fair Market Value of the Stock subject to the option on the date the Award is made.

(iv) The Committee may provide that the option price under an Incentive Stock Option may be paid by one or more of the methods available for paying the option price of a Non-Qualified Stock Option.

(c) Restricted Stock. Restricted Stock is Stock of the Corporation that is issued to a Participant and is subject to restrictions on transfer and/or such other restrictions or incidents of ownership as the Committee may determine.

(d) Other Stock-Based Incentive Awards. The Committee may from time to time grant Awards under this Plan that provide the Participant with the right to purchase Stock of the Corporation or provide incentive Awards that are valued by reference to the Fair Market Value of Stock of the Corporation (including, but not limited to phantom securities or dividend equivalents). Such Awards shall be in a form determined by the Committee (and may include terms contingent upon a change of control of the Corporation), provided that such Awards shall not be inconsistent with the terms and purposes of the Plan.

SECTION 5. SHARES OF STOCK AND OTHER STOCK-BASED AWARDS AVAILABLE UNDER PLAN

(a) Subject to the adjustment provisions of Section 10 hereof, (i) the aggregate number of shares with respect to which Awards payable in securities may be granted under the Plan shall be no more than 5,000,000; (ii) the aggregate number of shares with respect to which Awards subject to Restricted Stock under the Plan shall be no more than 1,000,000; and (iii) the aggregate number of shares with respect to which Non-Qualified Stock Options or Incentive Stock Options may be granted to any individual Participant shall be no more than 500,000 in any one year. Awards that are canceled or repriced shall be counted against the 500,000 share per year limit to the extent required by Section 162(m) of the Code.

(b) Any unexercised or undistributed portion of any terminated or forfeited Award (other than an Award terminated or forfeited by reason of the exercise of any Award granted in tandem therewith) shall be available for further Awards in addition to those available under Section 5(a) hereof.

(c) For the purposes of computing the aggregate number of shares with respect to which awards payable in securities may be granted under the Plan, the following rules shall apply:

(i) except as provided in (v) of this Section, each option shall be deemed to be the equivalent of the maximum number of shares that may be issued upon exercise of the particular option;

(ii) except as provided in (v) of this Section, each other stock-based Award shall be deemed to be equal to the number of shares to which it relates;

(iii) except as provided in (v) of this Section, where the number of shares available under the Award is variable on the date it is granted, the number of shares shall be deemed to be the maximum number of shares that could be received under that particular Award.

(iv) where one or more types of Awards (both of which are payable in Stock or another security) are granted in tandem with each other, such that the exercise of one type of Award with respect to a number of shares cancels an equal number of shares of the other, each joint Award shall be deemed to be the equivalent of the number of shares under the other; and

(v) each share awarded or deemed to be awarded under the preceding subsections shall be treated as shares of Stock, even if the Award is for a security other than Stock.

Additional rules for determining the aggregate number of shares with respect to which awards payable in securities may be granted under the Plan may be made by the Committee, as it deems necessary or appropriate.

(d) No Stock may be issued pursuant to an Award under the Plan except to the extent that, prior to such issuance, the Corporation shall have acquired shares from its shareholders sufficient to fulfill the requirements of the Plan with respect to such issuance.

SECTION 6. DIRECTORS' OPTIONS

(a) Annual Options. Each Eligible Director shall be granted a Non-Qualified Stock Option to acquire 1,500 shares of Stock annually at the same meeting that options are normally granted to employees of the Corporation, or in such other amount or at such other time as may be determined by the Board of Directors.

(b) Terms and Conditions. Any Award granted under this Section 6 shall be subject to the following terms and conditions:

(i) The exercise price of any Non-Qualified Stock Option granted under Section 6 shall be 100% of the Fair Market Value of the Stock on the date the Award is made.

(ii) Unless otherwise provided by this Plan, a Non-Qualified Stock Option granted under Section 6 shall become exercisable as provided in the Award Agrement.

SECTION 7. AWARD AGREEMENTS

Each Award under this Plan shall be evidenced by an Award Agreement setting forth the number of shares of Stock, or units subject to the Award and such other terms and conditions applicable to the Award as determined by the Committee.

(a) Award Agreements shall include the following terms:

(i) Termination of Employment or Service as Director: A provision describing the treatment of an Award in the event of the retirement, disability, death or other termination of a Participant's employment with the Corporation or Subsidiary or service as a Director, including but not limited to terms relating to the vesting, time for exercise, forfeiture or cancellation of an Award in such circumstances.

(ii) Rights as Shareholder: A provision that a Participant shall have no rights as a shareholder with respect to any securities covered by an Award until the date the Participant becomes the holder of record. Except as provided in Section 10 hereof, no adjustment shall be made for dividends or other rights, unless the Award Agreement specifically requires such adjustment, in which case, grants of dividend equivalents or similar rights shall not be considered to be a grant of any other shareholder right.

(iii) Withholding: A provision requiring the withholding of applicable taxes required by law from all amounts paid in satisfaction of an Award. In the case of an Award paid in cash, the withholding obligation shall be satisfied by withholding the applicable amount and paying the net amount in cash to the Participant. In the case of Awards paid in shares of Stock or other securities of the Corporation, a Participant may satisfy the withholding obligation by paying the amount of any taxes in cash or, with the approval of the Committee, shares of Stock may be deducted from the payment to satisfy the obligation in full or in part. The number of shares to be deducted shall be determined by reference to the Fair Market Value of such shares on the date the Award is exercised.

(iv) Execution: A provision stating that no Award is enforceable until the Award Agreement or a receipt has been signed by the Participant and the Chairman or the Chief Executive Officer of the Corporation (or his delegate). By executing the Award Agreement or receipt, a Participant shall be deemed to have accepted and consented to any action taken under the Plan by the Committee, the Board of Directors or their delegates.

(v) Exercise and Payment: The permitted methods of exercising and paying the exercise price with respect to the Award.

(b) Award Agreements may include the following terms:

(i) Replacement, Substitution and Reloading: Any provisions (A) permitting the surrender of outstanding Awards or securities held by the Participant in order to exercise or realize rights under other Awards, or in exchange for the grant of new Awards under similar or different terms (including the grant of reload options), or, (B) requiring holders of Awards to surrender outstanding Awards as a condition precedent to the grant of new Awards under the Plan.

(ii) Other Terms: Such other terms as are necessary and appropriate to effect an Award to the Participant including but not limited to the term of the Award, vesting provisions, any requirements for continued employment with the Corporation or any Subsidiary, any other restrictions or conditions (including performance requirements) on the Award and the method by which restrictions or conditions lapse, the effect on the Award of a change in control, the price and the amount or value of Awards.

SECTION 8. AMENDMENT AND TERMINATION

The Board of Directors may at any time amend, suspend or discontinue the Plan. The Committee may at any time alter or amend any or all Award Agreements under the Plan to the extent permitted by law. However, no such action may, without approval of the shareholders of the Corporation, be effective if shareholder approval would be required to keep the Plan and the Awards made thereunder in compliance with Sections 162(m) and 422.

SECTION 9. ADMINISTRATION

(a) The Plan and all Awards granted pursuant thereto shall be administered by the Committee. The members of the Committee shall be designated by the Board of Directors. A majority of the members of the Committee shall constitute a quorum. The vote of a majority of a quorum shall constitute action by the Committee.

(b) The Committee shall periodically determine the Participants in the Plan, except with respect to Eligible Directors, and the nature, amount, pricing, timing, and other terms of Awards to be made to such individuals.

(c) The Committee shall have the power to interpret and administer the Plan. All questions of interpretation with respect to the Plan, the terms of any Award Agreements and, except with respect to Eligible Directors, the number of shares of

Stock, or units granted, shall be determined by the Committee and its determination shall be final and conclusive upon all parties in interest. In the event of any conflict between an Award Agreement and this Plan, the terms of this Plan shall govern.

(d) It is the intent of the Corporation that this Plan and Awards hereunder satisfy and be interpreted in a manner, that, in the case of Participants who are or may be Insiders, satisfies the applicable requirements of Rule 16b-3, so that such persons will be entitled to the benefits of Rule 16b-3 or other exemptive rules under Section 16 and will not be subjected to avoidable liability thereunder. If any provision of this Plan or of any Award would otherwise frustrate or conflict with the intent expressed in this Section 9(d), that provision to the extent possible shall be interpreted and deemed amended so as to avoid such conflict. To the extent of any remaining irreconcilable conflict with such intent, the provision shall be deemed void as applicable to Insiders to the extent permitted by law and deemed advisable by the Committee.

(e) It is the intent of the Corporation that this Plan and Awards hereunder satisfy and be interpreted in a manner, that, in the case of Participants who are or may be Covered Employees, satisfies the applicable requirements of Section 162(m), so that the Corporation will be entitled, to the extent possible, to deduct compensation paid under the Plan and otherwise to such Covered Employees and will not be subjected to avoidable loss of deductions thereunder. If any provision of this Plan or of any Award would otherwise frustrate or conflict with the intent expressed in this Section 9(e), that provision to the extent possible shall be interpreted and deemed amended so as to avoid such conflict. To the extent of any remaining irreconcilable conflict with such intent, the provision shall be deemed void as applicable to Covered Employees to the extent permitted by law and deemed advisable by the Committee.

(f) The Committee may delegate to the officers or employees of the Corporation the authority to execute and deliver such instruments and documents, to do all such acts and things, and to take all such other steps deemed necessary, advisable or convenient for the effective administration of the Plan in accordance with its terms and purpose, except that the Committee may not delegate any discretionary authority with respect to substantive decisions or functions regarding the Plan or Awards thereunder as these relate to Insiders or Covered Employees, including but not limited to decisions regarding the timing, eligibility, pricing, amount or other material term of such Awards.

SECTION 10. ADJUSTMENT PROVISIONS

(a) In the event of any change in the outstanding shares of Stock by reason of a stock dividend or split, recapitalization, merger or consolidation, reorganization, combination or exchange of shares or other similar corporate change, the number of shares of Stock (or other securities) then remaining subject to this Plan, and the maximum number of shares that may be issued to anyone pursuant to this Plan, including those that are then covered by outstanding Awards, shall (i) in the event of an increase in the number of outstanding shares, be proportionately increased and the price for each share then covered by an outstanding Award shall be proportionately reduced, and (ii) in the event of a reduction in the number of outstanding shares, be proportionately reduced and the price for each share then covered by an outstanding Award, shall be proportionately increased.

(b) The Committee shall make any further adjustments as it deems necessary to ensure equitable treatment of any holder of an Award as the result of any transaction affecting the securities subject to the Plan not described in (a), or as is required or authorized under the terms of any applicable Award Agreement.

SECTION 11. CHANGE IN CONTROL

(a) Subject to Sections 5, 8 and 10, in the event of a change in control of the Corporation, in addition to any action required or authorized by the terms of any Award Agreement, all time periods for purposes of vesting in, or realizing gain from, any and all outstanding Awards made pursuant to this Plan will automatically accelerate.

(b) For the purposes of this Section, a "Change in Control" shall mean on or after the effective date of the Plan,

(i) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (an "Acquiring Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 40% or more of either (A) the fully diluted shares of Stock, as reflected on the Corporation's financial statements (the "Outstanding Corporation Common Stock"), or (B) the combined voting power of the then outstanding voting securities of the Corporation entitled to vote generally in the election of directors (the "Outstanding Corporation Voting Securities"); provided, however, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change of Control: (1) any acquisition by the Corporation or any "affiliate" of the Corporation, within the meaning of 17 C.F.R.ss. 230.405 (an "Affiliate"), (2) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any Affiliate of the Corporation, or (3) any acquisition by any entity pursuant to a transaction which complies with clauses (A), (B) and (C) of subsection (iii) of this definition; or

(ii) Individuals who constitute the Incumbent Board cease for any reason to constitute at least a majority of the Board; or

(iii) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Corporation (a "Business Combination"), in each case, unless, following such Business

Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Corporation Common Stock and Outstanding Corporation Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Corporation or all or substantially all of the Corporation's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Corporation Common Stock and Outstanding Corporation Voting Securities, as the case may be, (B) no Person (excluding any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any Affiliate of the Corporation, or such corporation resulting from such Business Combination or any Affiliate of such corporation) beneficially owns, directly or indirectly, 40% or more of, respectively, the fully diluted shares of common stock of the corporation resulting from such Business Combination, as reflected on such corporation's financial statements, or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) Approval by the shareholders of the Corporation of a complete liquidation or dissolution of the Corporation.

SECTION 12. UNFUNDED PLAN

The Plan shall be unfunded. Neither the Corporation nor the Board of Directors shall be required to segregate any assets that may at any time be represented by Awards made pursuant to the Plan. Neither the Corporation, the Committee, nor the Board of Directors shall be deemed to be a trustee of any amounts to be paid under the Plan.

SECTION 13. LIMITS OF LIABILITY

(a) Any liability of the Corporation to any Participant with respect to an Award shall be based solely upon contractual obligations created by the Plan and the Award Agreement.

(b) Neither the Corporation nor any member of the Board of Directors or of the Committee, nor any other person participating in any determination of any question under the Plan, or in the interpretation, administration or application of the Plan,

MARTIN MARIETTA MATERIALS, INC.
AMENDED OMNIBUS SECURITIES AWARD PLAN

ADOPTED: FEBRUARY 1994
AS AMENDED AND RESTATED MAY 1998 AND
AMENDED AUGUST 2000

SECTION 1. ESTABLISHMENT AND PURPOSE

The Martin Marietta Materials, Inc. Amended Omnibus Securities Award Plan (the "Plan") is an amendment and restatement of the Martin Marietta Materials, Inc. Omnibus Securities Award Plan (the "1994 Plan"), which effectiveness is subject to the adoption of the Plan by the shareholders of the Corporation in a manner that complies with Section 162(m).

The purpose of this Plan is to benefit the Corporation's shareholders by encouraging high levels of performance by individuals who are key to the success of the Corporation and to enable the Corporation to attract, motivate, and retain talented and experienced individuals essential to its continued success. This is to be accomplished by providing such employees an opportunity to obtain or increase their proprietary interest in the Corporation's performance and by providing such employees with additional incentives to remain with the Corporation.

SECTION 2. DEFINITIONS

The following terms, as used herein, shall have the meaning specified:

"Affiliate" of a person means any entity directly or indirectly controlling, controlled by or under direct or indirect common control with such person.

"Award" means an award granted pursuant to Section 4 hereof.

"Award Agreement" means an agreement described in Section 6 hereof entered into between the Corporation and a Participant, setting forth the terms and conditions applicable to the Award granted to the Participant.

"Board of Directors" means the Board of Directors of the Corporation as it may be comprised from time to time.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Committee" means a committee composed of members of, and designated by, the Board of Directors and consisting solely of persons who are both (i) "non-employee directors" within the meaning of Rule 16b-3, and (ii) "outside directors" within the meaning of Section 162(m), as Rule 16b-3 and Section 162(m) may be amended from time to time, which committee shall at all times comprise at least the minimum number of such persons necessary to comply with both Rule 16b-3 and Section 162.

"Corporation" means Martin Marietta Materials, Inc.

"Covered Employee" means a covered employee within the meaning of Section 162(m) or the Treasury Regulations promulgated thereunder.

"Employee" means officers and other key employees of the Corporation but excludes directors who are not also officers or employees of the Corporation.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.

"Fair Market Value" means the closing price of the relevant security as reported on the composite tape of New York Stock Exchange issues (or such other reporting system as shall be selected by the Committee) on the relevant date, or if no sale of the security is reported for such date, the next following day for which there is a reported sale. The Committee shall determine the Fair Market Value of any security that is not publicly traded, using such criteria as it shall determine, in its sole direction, to be appropriate for such valuation.

"Incumbent Board" means a member of the board of Directors of the Corporation who is not an Acquiring Person, or an affiliate (as defined in Rule 12b-2 of the Exchange Act) or an associate (as defined in Rule 12b-2 of the Exchange Act) of an Acquiring Person, or a representative or nominee of an Acquiring Person.

"Insider" means any person who is subject to Section 16 of the Exchange Act.

"Participant" means an Employee who has been granted and holds an unexercised or unpaid Award pursuant to this Plan.

"Rule 16b-3" means Rule 16b-3 promulgated by the Securities and Exchange Commission under Section 16 or any successor rule or regulation as amended from time to time.

"Section 16" means Section 16 of the Exchange Act or any successor statute and the rules promulgated thereunder by the Securities and Exchange Commission, as they may be amended from time to time.

"Section 162(m)" means Section 162(m) of the Code or any successor statute and the Treasury Regulations promulgated thereunder, as they may be amended from time to time.

"Stock" means shares of Common Stock of the Corporation, par value $.01 per share.

"Subsidiary" means any entity directly or indirectly controlled by the Corporation.

SECTION 3. ELIGIBILITY

Awards may be granted only to exempt salaried Employees of the Corporation or any Subsidiary who are designated from time to time by the Committee.

No individual who beneficially owns Stock possessing five percent (5%) or more of the combined voting power of all classes of stock of the Corporation shall be eligible to participate in the Plan.

SECTION 4. AWARDS

The Committee may grant any of the following types of Awards, either singly, in tandem or in combination with other Awards, as the Committee may in its sole discretion determine:

(a) Non-qualified Stock Options. A Non-qualified Stock Option is a right to purchase a specified number of shares of Stock during such specified time as the Committee may determine at a price not less than 100% of the Fair Market Value of the Stock on the date the option is granted.

(i) The purchase price of the Stock subject to the option may be paid in cash. At the discretion of the Committee, the purchase price may also be paid by the tender of Stock, or through a combination of Stock and cash, or through such other means as the Committee determines are consistent with the Plan's purpose and applicable law. No fractional shares of Stock will be issued or accepted.

(ii) Without limiting the foregoing, to the extent permitted by law (including relevant state law), the Committee may agree to accept, as full or partial payment of the purchase price of Stock issued upon exercise of options, (A) a promissory note of the optionee evidencing the optionee's obligation to make future cash payments to the Corporation, or (B) any other form of payment deemed acceptable to the Committee. Promissory notes referred to in clause (A) above shall be payable as determined by the Committee (but in no event later than five years after the date thereof), shall be secured by a pledge of shares of Stock purchased, and shall bear interest at a rate established by the Committee.

(b) Incentive Stock Options. An Incentive Stock Option is an Award in the form of an option to purchase Stock that complies with the requirements of Code Section 422 or any successor section.

(i) To the extent that the aggregate Fair Market Value (determined at the time of the grant of the Award) of the shares subject to Incentive Stock Options which are exercisable by one person for the first time during a particular calendar year exceeds $100,000, such excess shall be treated as Non-qualified Stock Options. For purposes of the preceding sentence, the term "Incentive Stock Option" shall mean an option to purchase Stock that is granted pursuant to this Section 4(b) or pursuant to any other plan of the Corporation, which option is intended to comply with Section 422(b) of the Code.

(ii) No Incentive Stock Option may be granted under this Plan after the tenth anniversary of the date this Plan is adopted, or the date this Plan is approved by the shareholders, whichever is earlier, or be exercisable more than ten years after the date the Award is made.

(iii) The exercise price of any Incentive Stock Option shall be no less than Fair Market Value of the Stock subject to the option on the date the Award is made.

(iv) The Committee may provide that the option price under an Incentive Stock Option may be paid by one or more of the methods available for paying the option price of a Non-qualified Stock Option.

(c) Stock Appreciation Rights. A Stock Appreciation Right ("SAR") is a right to receive, upon exercise of the right, but without payment by the Participant, an amount payable in cash. The amount payable with respect to each right shall be equal in value to a percent of the excess, if any, of the Fair Market Value of a share of Stock on the exercise date over the Fair Market Value of a share of Stock on the date the Award was made (or, in the case of a right granted with respect to a previously granted Award, the Fair Market Value of the shares that are the subject of the previously granted Award on the date such previous Award was granted). The applicable percent shall be established by the Committee.

(d) Restricted Stock. Restricted Stock is Stock of the Corporation that is issued to a Participant and is subject to restrictions on transfer and/or such other restrictions or incidents of ownership as the Committee may determine.

(e) Other Stock-based Incentive Awards. The Committee may from time to time grant Awards under this Plan that provide the Participant with the right to purchase Stock of the Corporation or provide incentive Awards that are valued by reference to the Fair Market Value of Stock of the Corporation (including, but not limited to phantom securities or dividend equivalents). Such Awards shall be in a form determined by the Committee (and may include terms contingent upon a change of control of the Corporation), provided that such Awards shall not be inconsistent with the terms and purposes of the Plan.

SECTION 5. SHARES OF STOCK AND OTHER STOCK-BASED AWARDS AVAILABLE UNDER PLAN

(a) Subject to the adjustment provisions of Section 9 hereof, the aggregate number of shares with respect to which Awards payable in securities may be granted under the Plan shall be no more than 2,000,000 and the aggregate number of shares with respect to which Non-qualified Stock Options, Incentive Stock Options or SARs may be granted to any individual Participant shall be no more than 200,000 in any one year. Awards that are cancelled or repriced shall be counted against the 200,000 share per year limit to the extent required by Section 162(m) of the Code.

(b) Any unexercised or undistributed portion of any terminated or forfeited Award (other than an Award terminated or forfeited by reason of the exercise of any Award granted in tandem therewith) shall be available for further Awards in addition to those available under Section 5(a) hereof.

(c) For the purposes of computing the aggregate number of shares with respect to which awards payable in securities may be granted under the Plan, the following rules shall apply:

(i) except as provided in (v) of this Section, each option shall be deemed to be the equivalent of the maximum number of shares that may be issued upon exercise of the particular option;

(ii) except as provided in (v) of this Section, each other stock-based Award shall be deemed to be equal to the number of shares to which it relates;

(iii) except as provided in (v) of this Section, where the number of shares available under the Award is variable on the date it is granted, the number of shares shall be deemed to be the maximum number of shares that could be received under that particular Award.

(iv) where one or more types of Awards (both of which are payable in Stock or another security) are granted in tandem with each other, such that the exercise of one type of Award with respect to a number of shares cancels an equal number of shares of the other, each joint Award shall be deemed to be the equivalent of the number of shares under the other; and

(v) each share awarded or deemed to be awarded under the preceding subsections shall be treated as shares of Stock, even if the Award is for a security other than Stock.

Additional rules for determining the aggregate number of shares with respect to which awards payable in securities may be granted under the Plan may be made by the Committee, as it deems necessary or appropriate.

(d) No Stock may be issued pursuant to an Award under the Plan except to the extent that, prior to such issuance, the Corporation shall have acquired shares from its shareholders sufficient to fulfill the requirements of the Plan with respect to such issuance.

SECTION 6. AWARD AGREEMENTS

Each Award under this Plan shall be evidenced by an Award Agreement setting forth the number of shares of Stock, SARs, or units subject to the Award and such other terms and conditions applicable to the Award as determined by the Committee.

(a) Award Agreements shall include the following terms:

(i) Non-assignability: A provision that no Award shall be assignable or transferable except by will or by the laws of descent and distribution and that during the lifetime of a Participant, the Award shall be exercised only by such Participant or by his or her guardian or legal representative.

(ii) Termination of Employment: A provision describing the treatment of an Award in the event of the retirement, disability, death or other termination of a Participant's employment with the Corporation or Subsidiary, including but not limited to terms relating to the vesting, time for exercise, forfeiture or cancellation of an Award in such circumstances.

(iii) Rights as Shareholder: A provision that a Participant shall have no rights as a shareholder with respect to any securities covered by an Award until the date the Participant becomes the holder of record. Except as provided in Section 9 hereof, no adjustment shall be made for dividends or other rights, unless the Award Agreement specifically requires such adjustment, in which case, grants of dividend equivalents or similar rights shall not be considered to be a grant of any other shareholder right.

(iv) Withholding: A provision requiring the withholding of applicable taxes required by law from all amounts paid in satisfaction of an Award. In the case of an Award paid in cash, the withholding obligation shall be satisfied by withholding the applicable amount and paying the net amount in cash to the Participant. In the case of Awards paid in shares of Stock or other securities of the Corporation, a Participant may satisfy the withholding obligation by paying the amount of any taxes in cash or, with the approval of the Committee, shares of Stock or other securities may be deducted from the payment to satisfy the obligation in full or in part. The number of shares to be deducted shall be determined by reference to the Fair Market Value of such shares on the date the Award is exercised.

(v) Execution: A provision stating that no Award is enforceable until the Award Agreement or a receipt has been signed by the Participant and the Chairman or the Chief Executive Officer of the Corporation (or his delegate). By executing the Award Agreement or receipt, a Participant shall be deemed to have accepted and consented to any action taken under the Plan by the Committee, the Board of Directors or their delegates.

(vi) Holding Period: In the case of an Award to an Insider, (A) of an equity security, a provision stating (or the effect of which is to require) that such security must be held for at least six months (or such longer period as the Committee in its discretion specifies) from the date of acquisition; or (B) of a derivative security with a fixed exercise price within the meaning of Section 16, a provision stating (or the effect of which is to require) that at least six months (or such longer period as the Committee in its discretion specifies) must elapse from the date of acquisition of the derivative security to the date of disposition of the derivative security (other than upon exercise or conversion) or its underlying equity security; or (C) of a derivative security without a fixed exercise price within the meaning of Section 16, a provision stating (or the effect of which is to require) that at least six months (or such longer period as the Committee in its discretion specifies) must elapse from the date upon which such price is fixed to the date of disposition of the derivative security (other than by exercise or conversion) or its underlying equity security; provided, however, that this clause (vi) shall not apply to any Award granted on or after August 15, 1996.

(vii) Exercise and Payment: The permitted methods of exercising and paying the exercise price with respect to the Award.

(b) Award Agreements may include the following terms:

(i) Replacement, Substitution and Reloading: Any provisions (A) permitting the surrender of outstanding Awards or securities held by the Participant in order to exercise or realize rights under other Awards, or in exchange for the grant of new Awards under similar or different terms (including the grant of reload options), or, (B) requiring holders of Awards to surrender outstanding Awards as a condition precedent to the grant of new Awards under the Plan.

(ii) Other Terms: Such other terms as are necessary and appropriate to effect an Award to the Participant including but not limited to the term of the Award, vesting provisions, any requirements for continued employment with the Corporation or any Subsidiary, any other restrictions or conditions (including performance requirements) on the Award and the method by which restrictions or conditions lapse, the effect on the Award of a change in control, the price and the amount or value of Awards.

SECTION 7. AMENDMENT AND TERMINATION

The Board of Directors may at any time amend, suspend or discontinue the Plan. The Committee may at any time alter or amend any or all Award Agreements under the Plan to the extent permitted by law. However, no such action may, without approval of the shareholders of the Corporation, be effective if shareholder approval would be required to keep the Plan and the Awards made thereunder in compliance with Rule 16b-3 and Section 162(m).

SECTION 8. ADMINISTRATION

(a) The Plan and all Awards granted pursuant thereto shall be administered by the Committee. The members of the Committee shall be designated by the Board of Directors. A majority of the members of the Committee shall constitute a quorum. The vote of a majority of a quorum shall constitute action by the Committee.

(b) The Committee shall periodically determine the Participants in the Plan and the nature, amount, pricing, timing, and other terms of Awards to be made to such individuals.

(c) The Committee shall have the power to interpret and administer the Plan. All questions of interpretation with respect to the Plan, the number of shares of Stock, SARs, or units granted, and the terms of any Award Agreements shall be determined by the Committee and its determination shall be final and conclusive upon all parties in interest. In the event of any conflict between an Award Agreement and this Plan, the terms of this Plan shall govern.

(d) It is the intent of the Corporation that this Plan and Awards hereunder satisfy and be interpreted in a manner, that, in the case of Participants who are or may be Insiders, satisfies the applicable requirements of Rule 16b-3, so that such persons will be entitled to the benefits of Rule 16b-3 or other exemptive rules under Section 16 and will not be subjected to avoidable liability thereunder. If any provision of this Plan or of any Award would otherwise frustrate or conflict with the intent expressed in this Section 8(d), that provision to the extent possible shall be interpreted and deemed amended so as to avoid such conflict. To the extent of any remaining irreconcilable conflict with such intent, the provision shall be deemed void as applicable to Insiders to the extent permitted by law and deemed advisable by the Committee.

(e) It is the intent of the Corporation that this Plan and Awards hereunder satisfy and be interpreted in a manner, that, in the case of Participants who are or may be Covered Employees, satisfies the applicable requirements of Section 162(m), so that the Corporation will be entitled, to the extent possible, to deduct compensation paid under the Plan and otherwise to such Covered Employees and will not be subjected to avoidable loss of deductions thereunder. If any provision of this Plan or of any Award would otherwise frustrate or conflict with the intent expressed in this Section

8(e), that provision to the extent possible shall be interpreted and deemed amended so as to avoid such conflict. To the extent of any remaining irreconcilable conflict with such intent, the provision shall be deemed void as applicable to Covered Employees to the extent permitted by law and deemed advisable by the Committee.

(f) The Committee may delegate to the officers or employees of the Corporation the authority to execute and deliver such instruments and documents, to do all such acts and things, and to take all such other steps deemed necessary, advisable or convenient for the effective administration of the Plan in accordance with its terms and purpose, except that the Committee may not delegate any discretionary authority with respect to substantive decisions or functions regarding the Plan or Awards thereunder as these relate to Insiders or Covered Employees, including but not limited to decisions regarding the timing, eligibility, pricing, amount or other material term of such Awards.

SECTION 9. ADJUSTMENT PROVISIONS

(a) In the event of any change in the outstanding shares of Stock by reason of a stock dividend or split, recapitalization, merger or consolidation, reorganization, combination or exchange of shares or other similar corporate change, the number of shares of Stock (or other securities) then remaining subject to this Plan, and the maximum number of shares that may be issued to anyone pursuant to this Plan, including those that are then covered by outstanding Awards, shall (i) in the event of an increase in the number of outstanding shares, be proportionately increased and the price for each share then covered by an outstanding Award shall be proportionately reduced, and (ii) in the event of a reduction in the number of outstanding shares, be proportionately reduced and the price for each share then covered by an outstanding Award, shall be proportionately increased.

(b) The Committee shall make any further adjustments as it deems necessary to ensure equitable treatment of any holder of an Award as the result of any transaction affecting the securities subject to the Plan not described in (a), or as is required or authorized under the terms of any applicable Award Agreement.

SECTION 10. CHANGE IN CONTROL

(a) Subject to Sections 5, 7 and 9, in the event of a change in control of the Corporation, in addition to any action required or authorized by the terms of any Award Agreement, all time periods for purposes of vesting in, or realizing gain from, any and all outstanding Awards made pursuant to this Plan will automatically accelerate.

(b) For the purposes of this Section, a "Change in Control" shall mean on or after the effective date of the Plan,

(i) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (an "Acquiring Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 40% or more of either (A) the fully diluted shares of Stock, as reflected on the Corporation's financial statements (the "Outstanding Corporation Common Stock"), or (B) the combined voting power of the then outstanding voting securities of the Corporation entitled to vote generally in the election of directors (the "Outstanding Corporation Voting Securities"); provided, however, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change of Control: (1) any acquisition by the Corporation or any "affiliate" of the Corporation, within the meaning of 17 C.F.R.ss. 230.405 (an "Affiliate"), (2) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any Affiliate of the Corporation, or (3) any acquisition by any entity pursuant to a transaction which complies with clauses (A), (B) and (C) of subsection (iii) of this definition; or

(ii) Individuals who constitute the Incumbent Board cease for any reason to constitute at least a majority of the Board; or

(iii) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Corporation (a "Business Combination"), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Corporation Common Stock and Outstanding Corporation Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Corporation or all or substantially all of the Corporation's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Corporation Common Stock and Outstanding Corporation Voting Securities, as the case may be, (B) no Person (excluding any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any Affiliate of the Corporation, or such corporation resulting from such Business Combination or any Affiliate of such corporation) beneficially owns, directly or indirectly, 40% or more of, respectively, the fully diluted shares of common stock of the corporation resulting from such Business Combination, as reflected on such corporation's financial statements, or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) Approval by the shareholders of the Corporation of a complete liquidation or dissolution of the Corporation.

SECTION 11. UNFUNDED PLAN

The Plan shall be unfunded. Neither the Corporation nor the Board of Directors shall be required to segregate any assets that may at any time be represented by Awards made pursuant to the Plan. Neither the Corporation, the Committee, nor the Board of Directors shall be deemed to be a trustee of any amounts to be paid under the Plan.

SECTION 12. LIMITS OF LIABILITY

(a) Any liability of the Corporation to any Participant with respect to an Award shall be based solely upon contractual obligations created by the Plan and the Award Agreement.

(b) Neither the Corporation nor any member of the Board of Directors or of the Committee, nor any other person participating in any determination of any question under the Plan, or in the interpretation, administration or application of the Plan, shall have any liability to any party for any action taken or not taken, in good faith under the Plan.

SECTION 13. RIGHTS OF EMPLOYEES

(a) Status as an eligible Employee shall not be construed as a commitment that any Award will be made under this Plan to such eligible Employee or to eligible Employees generally.

(b) Nothing contained in this Plan (or in any other documents related to this Plan or to any Award) shall confer upon any Employee or Participant any right to continue in the employ or other service of the Corporation or constitute any contract or limit in any way the right of the Corporation to change such person's compensation or other benefits or to terminate the employment of such person with or without cause.

SECTION 14. DURATION

The Plan shall remain in effect until all Awards under the Plan have been exercised or terminated under the terms of the Plan and applicable Award Agreement, provided that Awards under the Plan may only be granted until December 31, 2003.

SECTION 15. GOVERNING LAW

The Plan shall be governed by the laws of the State of North Carolina.

EXHIBIT 12.01

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

FOR THE YEAR ENDED DECEMBER 31, 2000
(AMOUNTS IN THOUSANDS)

EARNINGS:	
Earnings before income taxes	$ 168,821
Earnings of less than 50%-owned associated companies, net	(419)
Interest expense	41,895
Portion of rents representative of an interest factor	2,968
ADJUSTED EARNINGS AND FIXED CHARGES	$ 213,265
FIXED CHARGES:	
Interest expense	$ 41,895
Capitalized interest	2,107
Portion of rents representative of an interest factor	2,968
TOTAL FIXED CHARGES	$ 46,970
RATIO OF EARNINGS TO FIXED CHARGES	4.54

EXHIBIT 13.1(i)

REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

BOARD OF DIRECTORS AND SHAREHOLDERS - MARTIN MARIETTA MATERIALS, INC.

We have audited the accompanying consolidated balance sheet of Martin Marietta Materials, Inc., and subsidiaries at December 31, 2000 and 1999, and the related consolidated statements of earnings, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2000. 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 auditing standards generally accepted in the 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 mis-statement. 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., and subsidiaries at December 31, 2000 and 1999, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

/S/ ERNST & YOUNG LLP

Raleigh, North Carolina
January 22, 2001,
except for Note M, as to which the date is February 23, 2001

STATEMENT OF FINANCIAL RESPONSIBILITY

SHAREHOLDERS - MARTIN MARIETTA MATERIALS, INC.

The management of Martin Marietta Materials, Inc., is responsible for the consolidated financial statements and all related financial information contained in this report. The financial statements, which include amounts based on estimates and judgments, have been prepared in accordance with accounting principles generally accepted in the United States applied on a consistent basis.

The Corporation maintains a system of internal accounting controls designed and intended to provide reasonable assurance that assets are safeguarded, that transactions are executed and recorded in accordance with management's authorization, and that accountability for assets is maintained. An environment that establishes an appropriate level of control-consciousness is maintained and monitored and includes examinations by an internal audit staff and by the independent auditors in connection with their annual audit.

The Corporation's management recognizes its responsibility to foster a strong ethical climate. Management has issued written policy statements which 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 outside directors, meets periodically and when appropriate, separately with the independent auditors, management and the internal auditors to review the activities of each. The Audit Committee complies with standards established by the Securities and Exchange Commission as they relate to the composition and practices of audit committees.

The consolidated financial statements have been audited by Ernst & Young LLP, independent auditors, whose report appears on this page.

/S/ JANICE K. HENRY

Janice K. Henry
Senior Vice President and Chief Financial Officer

CONSOLIDATED STATEMENT OF EARNINGS

for years ended December 31

(add 000, except per share)	2000	1999	1998
NET SALES	$1,333,000	$1,258,827	$1,057,691
Freight and delivery revenues	184,517	175,292	143,805
Total revenues	1,517,517	1,434,119	1,201,496
Cost of sales	1,029,429	948,128	776,043
Freight and delivery costs	184,517	175,292	143,805
Total cost of revenues	1,213,946	1,123,420	919,848
GROSS PROFIT	303,571	310,699	281,648
Selling, general and administrative expenses	98,768	92,621	82,041
Research and development	2,326	2,789	3,053
EARNINGS FROM OPERATIONS	202,477	215,289	196,554
Interest expense on debt	41,895	39,411	23,759
Other income and (expenses), net	8,239	18,435	1,347
Earnings before taxes on income	168,821	194,313	174,142
Taxes on income	56,794	68,532	58,529
NET EARNINGS	$ 112,027	$ 125,781	$ 115,613
NET EARNINGS PER COMMON SHARE			
- Basic	$ 2.40	$ 2.70	$ 2.49
- Diluted	$ 2.39	$ 2.68	$ 2.48
AVERAGE NUMBER OF COMMON SHARES OUTSTANDING			
- Basic	46,753	46,668	46,454
- Diluted	46,948	46,947	46,708
CASH DIVIDENDS PER COMMON SHARE	$ 0.54	$ 0.52	$ 0.50

The notes on pages 13 to 23 are an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

at December 31

ASSETS (add 000)	2000	1999
CURRENT ASSETS:		
Cash and cash equivalents	$ --	$ 3,403
Receivables, net	180,915	197,554
Inventories	207,534	172,865
Current deferred income tax benefits	16,750	21,899
Other current assets	19,802	7,644
TOTAL CURRENT ASSETS	425,001	403,365
Property, plant and equipment, net	914,072	846,993
Goodwill, net	374,994	375,327
Other intangibles, net	34,462	31,497
Other noncurrent assets	92,910	85,392
TOTAL ASSETS	$1,841,439	$1,742,574

LIABILITIES AND SHAREHOLDERS' EQUITY (add 000)		
CURRENT LIABILITIES:		
Book overdraft	$ 4,778	$ --
Accounts payable	59,029	55,872
Accrued salaries, benefits and payroll taxes	27,021	24,887
Accrued insurance and other taxes	23,967	26,705
Income taxes	2,498	4,293
Current maturities of long-term debt and commercial paper	45,155	39,722
Other current liabilities	26,665	31,217
TOTAL CURRENT LIABILITIES	189,113	182,696
Long-term debt and commercial paper	601,580	602,011
Pension, postretirement and postemployment benefits	84,950	85,839
Noncurrent deferred income taxes	86,563	81,857
Other noncurrent liabilities	15,947	16,165
TOTAL LIABILITIES	978,153	968,568
Shareholders' Equity:		
Common stock, $0.01 par value; 100,000,000 shares authorized	468	467
Additional paid-in capital	356,546	354,046
Retained earnings	506,272	419,493
TOTAL SHAREHOLDERS' EQUITY	863,286	774,006
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$1,841,439	$1,742,574

The notes on pages 13 to 23 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for years ended December 31

(add 000)	2000	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net earnings	$ 112,027	$ 125,781	$ 115,613
Adjustments to reconcile net earnings to cash provided by operating activities:			
Depreciation, depletion and amortization	136,373	124,754	98,765
Other items, net	(2,331)	(6,257)	(4,573)
Changes in operating assets and liabilities:			
Deferred income taxes	9,457	(1,345)	(3,457)
Net changes in receivables, inventories and payables	(13,093)	(31,513)	(9,661)
Other assets and liabilities, net	(29,553)	12,256	25,886
NET CASH PROVIDED BY OPERATING ACTIVITIES	212,880	223,676	222,573
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to property, plant and equipment	(170,805)	(137,820)	(123,926)
Acquisitions, net	(39,327)	(77,080)	(347,882)
Other investing activities, net	8,326	339	(34,014)
NET CASH USED FOR INVESTING ACTIVITIES	(201,806)	(214,561)	(505,822)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayments of long-term debt	(9,369)	(618)	(1,704)
Increase in long-term debt	805	280	198,994
Commercial paper and line of credit, net	12,518	15,000	105,000
Debt issue costs	--	--	(1,745)
Dividends paid	(25,248)	(24,276)	(23,233)
Issuances of common stock	2,039	2,022	1,862
Repurchases of common stock	--	(12,706)	--
NET CASH (USED FOR) PROVIDED BY FINANCING ACTIVITIES	(19,255)	(20,298)	279,174
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,181)	(11,183)	(4,075)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,403	14,586	18,661
(BOOK OVERDRAFT) CASH AND CASH EQUIVALENTS, END OF YEAR	$ (4,778)	$ 3,403	$ 14,586

The notes on pages 13 to 23 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(add 000)	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL SHAREHOLDERS' EQUITY
BALANCE AT DECEMBER 31, 1997	$ 462	$ 335,766	$ 225,608	$ 561,836
Net earnings	--	--	115,613	115,613
Dividends declared ($0.50 a share)	--	--	(23,233)	(23,233)
Net stock transactions	4	13,479	--	13,483
BALANCE AT DECEMBER 31, 1998	466	349,245	317,988	667,699
Net earnings	--	--	125,781	125,781
Dividends declared ($0.52 a share)	--	--	(24,276)	(24,276)
Net stock transactions	4	17,504	--	17,508
Repurchases of common stock	(3)	(12,703)	--	(12,706)
BALANCE AT DECEMBER 31, 1999	467	354,046	419,493	774,006
Net earnings	--	--	112,027	112,027
Dividends declared ($0.54 a share)	--	--	(25,248)	(25,248)
Net stock transactions	1	2,500	--	2,501
BALANCE AT DECEMBER 31, 2000	$ 468	$ 356,546	$ 506,272	$ 863,286

The notes on pages 13 to 23 are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE A: ACCOUNTING POLICIES

ORGANIZATION. Martin Marietta Materials, Inc. ("Martin Marietta Materials" or the "Corporation") is engaged principally in the construction aggregates business. Aggregates products are used primarily for construction of highways and other infrastructure projects in the United States, and in the domestic commercial and residential construction industries. The Corporation's aggregates products are sold and shipped from a network of approximately 300 quarries and distribution facilities to customers in 27 states, Canada and the Bahamas. North Carolina, Texas, Ohio, Georgia and Iowa account for approximately 60% of total net sales. In addition, the Corporation produces magnesia-based chemicals, refractories and dolomitic lime products used in a wide variety of industrial, environmental and agricultural applications with a majority of its products used by customers in the worldwide steel industry.

BASIS OF CONSOLIDATION AND USE OF ESTIMATES. The consolidated financial statements include the accounts of the Corporation and its wholly owned and majority-owned subsidiaries. Partially owned affiliates are 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 affiliate's operations. In particular, the Corporation's 14% investment in Meridian Aggregates Company ("Meridian") is recorded at cost (See Note M).

All significant intercompany balances and transactions have been eliminated in consolidation. The preparation of the Corporation's financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions. Such judgments affect the reported amounts in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Certain amounts for the prior years have been reclassified to conform to the 2000 presentation. Such reclassification had no impact on previously reported net earnings or financial position.

REVENUE RECOGNITION. Substantially all revenues are recognized when finished products are shipped to unaffiliated customers or services have been rendered. Total revenues generally include sales of materials to customers, net of discounts, if any, and include freight and delivery charges billed to customers (see Note A: Accounting Policies -- Accounting Changes).

CASH AND CASH EQUIVALENTS. Cash and cash equivalents are net of outstanding checks that are funded daily as presented for payment. Cash equivalents are comprised generally of highly liquid instruments with original maturities of three months or less from the date of purchase.

At December 31, 2000, the book cash balance amounted to a net overdraft of $4,778,000 which is attributable to the float of the Corporation's outstanding checks.

INVENTORIES VALUATION. Inventories are stated at the lower of cost or market. Costs are determined principally by the first-in, first-out ("FIFO") method.

PROPERTIES AND DEPRECIATION. Property, plant and equipment are stated at cost. Depreciation is computed over estimated service lives, principally by the straight-line method. The estimated service life for buildings ranges from 8 to 30 years; from 1 to 20 years for machinery and equipment; and from 5 to 15 years for land improvements. Depletion of mineral deposits is calculated over estimated recoverable quantities, principally by the units-of-production method. Depreciation and depletion expense was $113,221,000, $103,928,000, and $86,602,000 for the years ended December 31, 2000, 1999 and 1998, respectively.

REPAIR AND MAINTENANCE COSTS. Repair and maintenance costs that do not substantially extend the life of the Corporation's machinery and equipment are expensed as incurred.

INTANGIBLE ASSETS. Goodwill represents the excess purchase price paid for acquired businesses over the estimated fair value of identifiable assets and liabilities. Goodwill is amortized ratably over appropriate periods ranging from 10 to 30 years. At December 31, 2000 and 1999, the amounts for accumulated amortization of goodwill were approximately $52,071,000 and $36,104,000, respectively. Other intangibles represent amounts assigned principally to noncompete agreements and are amortized ratably over periods based on related contractual terms, generally 2 to 20 years. At December 31, 2000 and 1999, the amounts for accumulated amortization of other intangibles were approximately $23,075,000 and $22,250,000, respectively. Amortization expense for goodwill and other intangibles was $22,612,000,

$20,290,000 and $12,163,000 for the years ended December 31, 2000, 1999 and 1998, respectively.

The carrying value of goodwill and other intangibles is reviewed, if the facts and circumstances indicate potential impairment. If this review indicates that the carrying value of goodwill and other intangibles is not recoverable, as determined based on estimated cash flows of the business acquired over the remaining amortization period, goodwill and other intangibles are reduced by the estimated shortfall of discounted cash flows.

STOCK-BASED COMPENSATION. In 1996, the Corporation adopted the Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation ("FAS 123"). In accordance with FAS 123, the Corporation has elected to follow Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations in accounting for certain of its employee stock-based compensation plans.

ENVIRONMENTAL MATTERS. The Corporation records an accrual for environmental remediation liabilities in the period in which it is probable that a liability has been incurred and the appropriate amount can be estimated reasonably. Such accruals are adjusted as further information develops or circumstances change. Costs of future expenditures for environmental remediation obligations are generally not discounted to their present value.

Certain reclamation and other environmental-related costs are treated as normal ongoing operating expenses and expensed generally in the period in which they are incurred.

INCOME TAXES. Deferred income tax assets and liabilities on the consolidated balance sheet 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.

RELATED PARTY TRANSACTIONS. The Corporation entered into certain agreements with Meridian which require the Corporation to provide certain advisory and consulting services at agreed-upon rates. In 1999, the Corporation provided funds to finance certain Meridian expansion projects at market rates of interest. The Corporation recorded an investment in Meridian, including receivables and a convertible note, of $56,058,000 and $53,511,000 at December 31, 2000 and 1999, respectively, and Meridian-related income of $3,717,000 during 2000 and $3,395,000 during 1999. Further, Meridian provided 475,000 tons of aggregates products to certain operations of the Corporation in 2000 at market rates (see Note M).

RESEARCH AND DEVELOPMENT AND SIMILAR COSTS. Research and development and similar costs are charged to operations as incurred. Preoperating costs and noncapital-related start-up costs for new facilities and products are generally charged to operations as incurred.

SEGMENT INFORMATION. Information concerning business segment data is included in Management's Discussion and Analysis of Financial Condition and Results of Operations on pages 33 through 35.

EARNINGS PER COMMON SHARE. Basic earnings per common share are based on the weighted-average number of common shares outstanding during the year. Diluted earnings per common share are computed assuming that the weighted-average number of common shares is increased by the conversion of fixed awards (employee stock options and incentive stock awards) and nonvested stock awards to be issued to employees and nonemployee members of the Corporation's Board of Directors under certain stock-based compensation arrangements. 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. In each year presented, the income available to common shareholders (the "numerator") is the same for both basic and diluted per-share computations. The following table sets forth a reconciliation of the denominators for the basic and diluted earnings per share computations for each of the years ended December 31:

(ADD 000)	2000	1999	1998
BASIC EARNINGS PER COMMON SHARE:			
Weighted-average number of shares	46,753	46,668	46,454
EFFECT OF DILUTIVE SECURITIES:			
Employee fixed awards	156	238	235
Employee and Director nonvested stock	39	41	19
DILUTED EARNINGS PER COMMON SHARE:			
Weighted-average number of shares and assumed conversions	46,948	46,947	46,708

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ACCOUNTING CHANGES. Effective July 1, 2000, the Corporation adopted Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities ("FAS 133"), as amended by Statement of Financial Accounting Standards No. 137, Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133, and Statement of Financial Accounting Standards No. 138, Accounting for Certain Derivative Instruments and Certain Hedging Activities an Amendment of FASB Statement No. 133 ("FAS 138"). The adoption of FAS 133 and FAS 138 did not have an impact on net earnings or the financial position of the Corporation, because the Corporation does not currently have any hedging activities, derivative instruments or material contracts that are subject to these accounting standards.

Staff Accounting Bulletin No. 101, Revenue Recognition in Financial Statements ("SAB 101"), was adopted for the quarter ended December 31, 2000. The Corporation recognizes substantially all revenues, when finished products are shipped to customers or services have been rendered. Therefore, the adoption of SAB 101 did not have an effect on the Corporation's reported total revenues, net earnings or financial position.

The Corporation adopted Emerging Issues Task Force Issue No. 00-10, Accounting for Shipping and Handling Fees and Costs ("EITF 00-10"), beginning with the fourth quarter 2000 reporting. EITF 00-10 requires that amounts billed to customers related to shipping and handling be classified as revenue and that the related costs be included in expenses. Generally, the Corporation's customers accept the aggregates products that they purchase at the quarry location using their own transportation. However, in certain circumstances, the Corporation will arrange for transportation of the purchased aggregates products to the customer for a delivered price. The customer is billed at the delivered price, which includes the price of the aggregates products and the cost of freight and delivery charges.

The Corporation previously offset the revenues related to freight and delivery charges against the freight and delivery costs billed from the transportation provider. Freight and delivery costs for the years ended December 31, 2000, 1999 and 1998, were $184.5 million, $175.3 million and $143.8 million, respectively. The Corporation included freight and delivery charges in total revenues and the related cost of freight and delivery in total cost of revenues beginning with the reporting of the operating results for the quarter and year ended December 31, 2000. Gross profit did not change from amounts that would have been reported prior to the adoption of EITF 00-10. Prior annual and quarterly periods were reclassified upon adoption (see Note A: Accounting Policies -- Revenue Recognition).

The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities ("FAS 140"). FAS 140 is effective for transfers and servicing of financial assets and extinguishments of liabilities occurring after March 31, 2001, and should be applied prospectively. Certain disclosures for securitized financial assets are required for December 31, 2000, annual reporting. The adoption of FAS 140 is not expected to have any impact on net earnings or the financial position of the Corporation. No additional disclosures were required at December 31, 2000.

NOTE B: RECEIVABLES

DECEMBER 31 (ADD 000)	2000	1999
Customer receivables	$ 181,326	$ 193,380
Other current receivables	4,728	8,881
	186,054	202,261
Less allowances	(5,139)	(4,707)
Total	$ 180,915	$ 197,554

NOTE C: INVENTORIES

DECEMBER 31 (ADD 000)	2000	1999
Finished products	$ 177,066	$ 143,776
Products in process and raw materials	9,548	9,972
Supplies and expendable parts	26,692	25,862
	213,306	179,610
Less allowances	(5,772)	(6,745)
Total	$ 207,534	$ 172,865

NOTE D: PROPERTY, PLANT AND EQUIPMENT, NET

DECEMBER 31 (ADD 000)	2000	1999
Land and improvements	$ 193,205	$ 182,670
Mineral deposits	161,560	156,870
Buildings	72,687	69,273
Machinery and equipment	1,279,605	1,170,592
Construction in progress	106,544	73,803
	1,813,601	1,653,208
Less allowances for depreciation and depletion	(899,529)	(806,215)
Total	$ 914,072	$ 846,993

NOTE E: LONG-TERM DEBT

DECEMBER 31 (ADD 000)	2000	1999
5.875% Notes, due 2008	$ 199,141	$ 199,059
6.9% Notes, due 2007	124,961	124,956
7% Debentures, due 2025	124,226	124,215
Commercial Paper and Line of Credit, interest rates ranging from 5.50% to 7.61%	192,518	180,000
Acquisition notes, interest rates ranging from 5.50% to 10.0%	4,930	12,395
Other notes	959	1,108
Total	646,735	641,733
Less current maturities	(45,155)	(39,722)
Long-term debt	$ 601,580	$ 602,011

The 5.875% Notes were offered and sold by the Corporation, through a private placement, in December 1998, at 99.5% of their principal amount of $200,000,000. The Corporation exchanged the Notes for publicly registered notes with substantially identical terms. The effective interest rate on these securities is 6.03%. The Notes are not redeemable prior to their maturity on December 1, 2008.

During August 1997, the Corporation offered and sold the 6.9% Notes at 99.7% of their principal amount of $125,000,000. The entire amount of these long-term fixed rate debt securities was registered under the Corporation's shelf registration statement on file with the Securities and Exchange Commission. The effective interest rate on these securities is 6.91%. The Notes are not redeemable prior to their maturity on August 15, 2007.

The 7% Debentures were sold at 99.3% of their principal amount of $125,000,000 in December 1995. The entire amount of these long-term fixed rate debt securities was registered under the Corporation's shelf registration statement on file with the Securities and Exchange Commission. The effective interest rate on these securities is 7.05%. The Debentures are not redeemable prior to their maturity on December 1, 2025.

These Notes and Debentures are carried net of original issue discount, which is being amortized by the effective interest method over the life of the issue.

The Corporation entered into revolving credit agreements, syndicated with a group of domestic and foreign commercial banks, which provide for borrowings of up to $150,000,000 for general corporate purposes through January 2002 and $300,000,000 for general corporate purposes through August 2001 (collectively the "Agreements"). Borrowings under these credit agreements are unsecured and bear interest, at the Corporation's option, at rates based upon: (i) the Eurodollar rate (as defined on the basis of a 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). These Agreements contain restrictive covenants relating to leverage, requirements for limitations on encumbrances and provisions that relate to certain changes in control.

No borrowings were outstanding under the revolving credit agreements at December 31, 2000. However, the Agreements support a commercial paper program of $450,000,000 of which borrowings of $190,000,000 and $180,000,000 were outstanding at December 31, 2000 and 1999, respectively. Of these amounts, $150,000,000 at December 31, 2000 and 1999, was classified as long-term debt on the Corporation's consolidated balance sheet based on management's ability and intention to maintain this debt outstanding for at least one year. The remaining $40,000,000 at December 31, 2000, and $30,000,000 at December 31, 1999, were classified as current liabilities.

At December 31, 2000, the Corporation had $2,518,000 outstanding under a $10,000,000 line of credit. The effective interest rate was 7.32% on outstanding line of credit balances at December 31, 2000.

Total interest paid was $42,661,000, $37,108,000 and $23,677,000 for the years ended December 31, 2000, 1999 and 1998, respectively.

Excluding commercial paper and line of credit, the Corporation's long-term debt maturities for the five years following December 31, 2000 are:

(ADD 000)	
2001	$ 2,492

2002	840
2003	219
2004	152
2005	150
Thereafter	450,364
Total	$ 454,217

Amounts reflected in acquisitions, net, in the consolidated statement of cash flows include assumed or incurred indebtedness of $950,000, $9,208,000 and $3,373,000 for the years ended December 31, 2000, 1999 and 1998, respectively. In addition, the amounts reflected in acquisitions, net, for 1999 and 1998 exclude the effect of the issuance of approximately 311,100 and 280,100 shares, respectively, of the Corporation's common stock.

NOTE F: FINANCIAL INSTRUMENTS

In addition to its publicly registered long-term notes and debentures, the Corporation's financial instruments also include temporary cash investments, customer accounts and notes receivable, commercial paper, line of credit and other borrowings.

Temporary investments are placed with creditworthy financial institutions, primarily in Euro-time deposits. The Corporation's cash equivalents generally have maturities of less than three months. Due to the short maturity of these investments, they are carried on the consolidated balance sheet at cost, which approximates market value.

Customer receivables are due from a large number of customers who are dispersed across wide geographic and economic regions. However, customer receivables are more heavily concentrated in the Corporation's five largest states (see Note A: Accounting Policies -- Organization). At December 31, 2000 and 1999, the Corporation had no significant concentrations of credit risk. The estimated fair values of customer receivables approximate their carrying amounts.

The estimated fair values of the Corporation's publicly registered long-term notes and debentures at December 31, 2000, was approximately $414,098,000 compared with a carrying amount of $448,328,000 on the consolidated balance sheet. The fair values of this long-term debt were estimated based on quoted market prices for those instruments publicly traded. The estimated fair value of commercial paper, line of credit and other borrowings approximate their carrying amounts.

NOTE G: INCOME TAXES

The components of the Corporation's tax expense (benefit) on income are as follows:

YEARS ENDED DECEMBER 31 (ADD 000)	2000	1999	1998
Federal income taxes:			
Current	$44,302	$ 61,349	$ 52,663
Deferred	2,656	(4,081)	(4,486)
Total federal income taxes	46,958	57,268	48,177
State income taxes:			
Current	9,409	12,128	11,360
Deferred	427	(864)	(1,008)
Total state income taxes	9,836	11,264	10,352
Total provision	$56,794	$ 68,532	$ 58,529

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

YEARS ENDED DECEMBER 31	2000	1999	1998
Statutory tax rate	35.0%	35.0%	35.0%
Increase (reduction) resulting from:			
Effect of statutory depletion	(7.7)	(6.4)	(6.6)
State income taxes	3.8	3.8	3.9
Goodwill amortization	2.7	2.1	1.0
Other items	(0.2)	0.8	0.3
Effective tax rate	33.6%	35.3%	33.6%

The principal components of the Corporation's deferred tax assets and liabilities at December 31 are as follows:

(ADD 000)	DEFERRED ASSETS (LIABILITIES) 2000	1999
Property, plant and equipment	$(116,748)	$(89,898)
Goodwill and other intangibles	4,759	4,289
Employee benefits	31,233	21,395
Financial reserves	10,192	7,549
Other items, net	751	(3,293)
Total	$ (69,813)	$(59,958)

Deferred income taxes on the consolidated balance sheet 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. The Corporation does not believe a valuation allowance is required at December 31, 2000 or 1999.

The Corporation's total income tax payments were $59,915,000, $71,644,000 and $59,466,000, respectively, during the years ended December 31, 2000, 1999 and 1998.

NOTE H: RETIREMENT PLANS, POSTRETIREMENT AND POSTEMPLOYMENT BENEFITS

DEFINED BENEFIT PLANS. The Corporation sponsors a number of noncontributory defined benefit retirement plans, covering substantially all employees. The assets of the Corporation's retirement plans are held in the Corporation's Master Retirement Trust and are invested principally in commingled funds. The underlying investments are invested in listed stocks and bonds and cash equivalents. Defined benefit plans for salaried employees provide benefits based on each employee's years of service and average compensation for a specified period of time before retirement. Defined retirement plans for hourly employees generally provide benefits of 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 also provides for a lump sum payment of vested benefits provided by the SERP unless the participant chooses to receive the benefits in the same manner that benefits are paid under the Corporation's defined benefit retirement plans.

The Corporation's defined benefit retirement plans comply with two principal standards: the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), which, in conjunction with the Internal Revenue Code, determines legal minimum and maximum deductible funding requirements, and Statement of Financial Accounting Standards No. 87, Employers Accounting for Pensions ("FAS 87"), and Statement of Financial Accounting Standards No. 132, Employers Disclosures About Pensions and Other Postretirement Benefits, which establish rules for financial accounting and reporting. When any funded plan exceeds the full-funding limits of ERISA, no contribution is made to that plan. FAS 87 specifies that certain key actuarial assumptions be adjusted annually to reflect current, rather than long-term, trends in the economy.

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

YEARS ENDED DECEMBER 31 (ADD 000)	2000	1999	1998
Components of net periodic benefit cost:			
Service cost	$ 6,764	$ 7,578	$ 5,965
Interest cost	10,973	10,071	9,231
Expected return on assets	(14,886)	(12,946)	(11,454)
Amortization of:			
Prior service cost	571	531	512
Actuarial gain	(3,005)	(485)	(464)
Transition asset	(357)	(357)	(331)
Net periodic benefit cost	$ 60	$ 4,392	$ 3,459

Weighted-average assumptions used as of December 31 are as follows:

	2000	1999	1998
Discount rate	7.50%	8.00%	6.75%
Rate of increase in future compensation levels	5.00%	5.00%	5.00%
Expected long-term rate of return on assets	9.00%	9.00%	9.00%

The following tables set forth the defined benefit plans' change in benefit obligation, change in plan assets, funded status and amounts recognized in the Corporations' consolidated balance sheets as of:

YEARS ENDED DECEMBER 31 (ADD 000)	2000	1999
Change in benefit obligation:		
Net benefit obligation at beginning of year	$ 130,669	$ 144,109
Service cost	6,764	7,578
Interest cost	10,973	10,071
Actuarial loss/(gain)	11,697	(26,718)

Plan amendments	611	--
Acquisitions/divestitures	--	1,216
Gross benefits paid	(6,699)	(5,587)
Net benefit obligation at end of year	$ 154,015	$ 130,669

YEARS ENDED DECEMBER 31 (ADD 000)	2000	1999
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 168,943	$ 147,187
Actual return on plan assets, net	(2,372)	27,291
Employer contributions	730	52
Gross benefits paid	(6,699)	(5,587)
Fair value of plan assets at end of year	$ 160,602	$ 168,943

DECEMBER 31 (ADD 000)	2000	1999
Funded status of the plan at end of year	$ 6,587	$ 38,274
Unrecognized net actuarial gain	(31,043)	(63,003)
Unrecognized prior service cost	4,170	4,130
Unrecognized net transition asset	(391)	(748)
Accrued benefit cost	$ (20,677)	$ (21,347)

DECEMBER 31 (ADD 000)	2000	1999
Amounts recognized in the consolidated balance sheet consist of:		
Prepaid benefit cost	$ 134	$ 118
Accrued benefit cost	(20,811)	(21,465)
Net amount recognized at end of year	$ (20,677)	$ (21,347)

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for retirement plans with accumulated benefit obligations in excess of plan assets were $5,272,000, $3,350,000 and $0, respectively, as of December 31, 2000 and $3,900,000, $2,478,000 and $0, respectively, as of December 31, 1999.

POSTRETIREMENT BENEFITS. The Corporation provides other postretirement benefits including medical benefits for retirees and their spouses (and Medicare Part B reimbursement for certain retirees) and retiree life insurance. The net periodic postretirement benefit cost of postretirement plans included the following components:

YEARS ENDED DECEMBER 31 (ADD 000)	2000	1999	1998
Components of net periodic benefit cost:			
Service cost	$ 1,144	$ 2,738	$ 1,732
Interest cost	3,886	3,782	4,034
Expected return on assets	--	(35)	(121)
Amortization of:			
Prior service cost	(394)	(35)	25
Actuarial gain	(482)	(419)	(85)
Net periodic benefit cost	$ 4,154	$ 6,031	$ 5,585

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

YEARS ENDED DECEMBER 31 (ADD 000)	2000	1999
Change in benefit obligation:		
Net benefit obligation at beginning of year	$ 46,435	$ 62,381
Service cost	1,144	2,738
Interest cost	3,886	3,782
Participants' contribution	249	31
Plan amendments	--	(6,410)
Actuarial loss/(gain)	7,315	(13,208)
Gross benefit paid	(3,750)	(2,879)
Net benefit obligation at end of year	$ 55,279	$ 46,435

YEARS ENDED DECEMBER 31 (ADD 000)	2000	1999
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 0	$ 578
Actual return on plan assets, net	--	15
Employer contributions	3,501	--
Participants' contributions	249	31
Gross benefits paid	(3,750)	(624)
Fair value of plan assets at end of year	$ 0	$ 0

DECEMBER 31 (ADD 000)	2000	1999
Funded status of the plan at end of year	$ (55,279)	$ (46,435)
Unrecognized net actuarial gain	(2,672)	(10,469)
Unrecognized prior service cost	(5,524)	(5,918)
Accrued benefit cost	$ (63,475)	$ (62,822)

DECEMBER 31 (ADD 000)	2000	1999
Amounts recognized in the consolidated balance sheet consist of:		
Accrued benefit cost	$ (63,475)	$ (62,822)
Net amount recognized at end of year	$ (63,475)	$ (62,822)

Weighted-average assumptions used as of December 31 are as follows:

	2000	1999	1998
Discount rate	7.50%	8.00%	6.75%
Expected long-term rate of return on assets	N/A	9.00%	9.00%

The assumed trend rate for health care inflation used in measuring the net periodic benefit cost and benefit obligation is 8% for 2000, declining to 4.5% in 2005 and remaining at that level thereafter. The assumed health care trend rate has a significant impact on the amounts reported. A one-percentage point change in the assumed health care trend rate would have the following effects at December 31, 2000:

	ONE PERCENTAGE POINT	
(ADD 000)	INCREASE	(DECREASE)
Total service and interest cost components	$ 553	$ (472)
Postretirement benefit obligation	$ 5,608	$ (4,926)

In November 1999, the Corporation amended its postretirement medical benefits to, among other things, realign the maximum annual medical benefits available to retirees, modify the retiree premium schedules and limit future retiree participation.

DEFINED CONTRIBUTION PLANS. The Corporation maintains two defined contribution plans, which cover substantially all employees. These plans, intended to be qualified under Section 401(a) of the Internal Revenue Code, are retirement savings and investment plans for the Corporation's salaried and hourly employees. In addition, the employees of the former Redland Stone Products Company ("Redland Stone") participate in a separate defined contribution plan established prior to the Corporation's acquisition of Redland Stone. The Corporation will continue to support this plan in the near-term. Under certain provisions of these plans, the Corporation, at established rates, matches employees' eligible contributions. The Corporation's matching obligations were $3,695,000 in 2000, $3,144,000 in 1999 and $2,381,000 in 1998.

POSTEMPLOYMENT BENEFITS. The Corporation provides certain benefits to former or inactive employees after employment but before retirement, such as workers' compensation and disability benefits. The Corporation has accrued postemployment benefits of $1,577,000 and $1,734,000 at December 31, 2000 and 1999, respectively.

NOTE I: STOCK OPTIONS AND AWARD PLANS

In 1994, the shareholders of the Corporation approved the Amended Omnibus Securities Award Plan (the "Amended Omnibus Plan") that provided authorization for the Corporation to repurchase 2,000,000 shares of the Corporation's Common Stock for issuance under the Amended Omnibus Plan. On May 8, 1998, the repurchase authorization was decreased to approximately 1,007,000 shares, which represented the aggregate number of shares that were subject to grants made through May 8, 1998. The shareholders approved, on May 8, 1998, the Martin Marietta Materials, Inc. Stock-Based Award Plan (the "Plan"), as amended from time to time (collectively the "Plans," along with the "Amended Omnibus Plan"). In connection with the Plan, the Corporation was authorized to repurchase up to 5,000,000 shares of the Corporation's Common Stock for issuance under the Plan.

Under the Plans, the Corporation grants options to employees to purchase its common stock at a price equal to the market value at the date of grant. These options become exercisable in three equal annual installments beginning one year after date of grant and expire ten years from such date. The Plans allow the Corporation to provide for financing of purchases, subject to certain conditions, by interest-bearing notes payable to the Corporation. However, the Corporation has provided no such financing.

Additionally, an incentive stock plan has been adopted under the Plans whereby certain participants elect to use up to 50% of their annual incentive compensation to acquire 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. Stock unit awards, representing 38,222 shares for 2000, 32,648 shares for 1999 and 22,905 shares for 1998, of the Corporation's common stock, were awarded under the incentive stock plan. Such awards are granted in the subsequent year. Under the awards outstanding, participants earn the right to acquire their respective shares at the discounted value generally at the end of a three-year period of additional employment from the date of award or at retirement. 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.

The Plans provide that each nonemployee director receives 1,500 non-qualified stock options annually. The Corporation grants the nonemployee directors options to purchase its common stock at a price equal to the market value at the date of grant. These options are exercisable immediately and expire ten years from such date.

A summary of the Corporation's stock-based plans' activity and related information follows:

	NUMBER OF SHARES		
	AVAILABLE FOR GRANT	AWARDS OUTSTANDING	WEIGHTED-AVERAGE EXERCISE PRICE
December 31, 1997	1,004,148	985,822	$25.84
Additions	5,000,000	--	--
Authorization decrease	(993,000)	--	--
Granted	(360,779)	360,779	$46.31
Exercised	--	(165,612)	$21.09
Terminated	7,166	(7,166)	$30.17
December 31, 1998	4,657,535	1,173,823	$32.78
Granted	(433,155)	433,155	$48.20
Exercised	--	(124,938)	$22.53
Terminated	7,912	(7,912)	$37.56
December 31, 1999	4,232,292	1,474,128	$38.15
Granted	(507,898)	507,898	$45.50
Exercised	--	(74,202)	$28.04
Terminated	17,931	(17,931)	$45.98
December 31, 2000	3,742,325	1,889,893	$40.44

Approximately 997,000, 712,000 and 519,000 outstanding awards were exercisable at December 31, 2000, 1999 and 1998, respectively. Exercise prices for awards outstanding as of December 31, 2000, ranged from $20.00 to $63.44. The weighted-average remaining contractual life of those awards is 7.4 years. The weighted-average exercise price of outstanding exercisable awards at December 31, 2000, is $35.06.

The following table summarizes information for awards outstanding and exercisable at December 31, 2000:

AWARDS OUTSTANDING

RANGE OF PRICES	NUMBER OF SHARES	WEIGHTED-AVERAGE REMAINING LIFE	WEIGHTED-AVERAGE EXERCISE PRICE
$20.00-$24.25	385,421	4.8	$22.35
$35.50-$48.75	1,480,472	8.0	$44.88
$51.50-$63.44	24,000	8.8	$57.47

AWARDS EXERCISABLE

RANGE OF PRICES	NUMBER OF SHARES	WEIGHTED-AVERAGE REMAINING LIFE	WEIGHTED-AVERAGE EXERCISE PRICE
$20.00-$24.25	385,421	4.8	$ 22.35
$35.50-$48.75	599,839	7.4	$ 42.67
$51.50-$63.44	12,000	8.3	$ 63.44

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 are reserved for grant. Stock units potentially representing 50,804, 16,791 and 24,324 shares of the Corporation's common stock were granted under this plan in 2000, 1999 and 1998, respectively. The Corporation issued 16,023 shares of common stock to key senior employees in January 2001 representing net stock unit awards granted for 1998.

Also, the Corporation adopted the Amended and Restated Common Stock Purchase Plan for Directors, 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, 50,000 shares of common stock are reserved for issuance. Currently, Directors are required to defer at least 30% of the retainer portion of their fees in the form of common stock. Directors elected to defer portions of their fees representing 4,699, 3,551 and 6,328 shares of the Corporation's common stock under this plan during 2000, 1999 and 1998, respectively.

Pro forma information regarding net income and earnings per share is required by FAS 123, which also requires that the information be determined as if the Corporation had accounted for its employee stock options and other stock-based awards and grants subsequent to December 31, 1994, under the fair value method prescribed by FAS 123. The fair value for these stock-based plans was estimated as of the date of grant using a Black-Scholes valuation model with the following weighted-average assumptions as of December 31:

	2000	1999	1998
Risk-free interest rate	6.10%	6.20%	5.40%
Dividend yield	1.20%	1.40%	1.80%
Volatility factor	34.10%	27.70%	17.90%
Expected life	7 years	7 years	7 years

The Black-Scholes valuation model was developed for use in estimating the fair value of traded awards which have no vesting restrictions and are fully transferable. In addition, valuation models require the input of highly subjective assumptions, including the expected stock price volatility factor. Because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its stock-based plans.

For purposes of pro forma disclosure, the estimated fair value of the stock-based plans is amortized, hypothetically, over the vesting period of the related grant or award. The Corporation's pro forma information for the years ended December 31 is as follows:

(ADD 000, EXCEPT PER SHARE)	2000	1999	1998
Basic earnings per common share:			
Net earnings	$ 108,082	$ 122,791	$ 113,658
Earnings per share	$ 2.31	$ 2.63	$ 2.45
Diluted earnings per common share:			
Net earnings	$ 108,082	$ 122,791	$ 113,343
Earnings per share	$ 2.30	$ 2.62	$ 2.43

NOTE J: LEASES

Total rent expense for all operating leases was $31,109,000, $26,761,000 and $23,460,000 for the years ended December 31, 2000, 1999 and 1998, respectively. The Corporation's operating leases generally contain renewal and/or purchase options with varying terms. Total mineral royalties for all leased properties were $22,460,000, $23,482,000 and $19,988,000 for the years ended December 31, 2000, 1999 and 1998, respectively. Future minimum rental and royalty commitments for all noncancelable operating leases and royalty agreements as of December 31, 2000, are as follows:

(ADD 000)	
2001	$ 8,952
2002	6,989
2003	5,667
2004	4,373
2005	3,579
Thereafter	40,855
Total	$ 70,415

NOTE K: SHAREHOLDERS' EQUITY

The authorized capital structure of Martin Marietta Materials, Inc., includes 10,000,000 shares of preferred stock with par value of $0.01 a share, none of which is issued currently; however, 100,000 shares of Class A Preferred Stock have been reserved in connection with the Corporation's Shareholders' Rights Plan. In addition, the capital structure includes 100,000,000 shares of common stock, with a par value of $0.01 a share. As of December 31, 2000 and 1999, there were approximately 46,783,000 and 46,715,000 shares, respectively, of the Corporation's common stock issued and outstanding. Approximately 8,307,000 common shares have been reserved for issuance under benefit and stock-based incentive plans.

In 1999, the Corporation repurchased 322,300 shares of its common stock at public market prices at various purchase dates. The repurchase of shares was authorized under the Corporation's stock-based award plans' authorizations (see Note I). There were no shares repurchased in 2000 or 1998. Further, during 1999 and 1998 the Corporation issued 311,100 and 280,100, respectively, restricted shares of common stock for acquisitions.

Under the North Carolina Business Corporation Act, shares of common stock reacquired by a corporation constitute unissued shares. For financial reporting purposes, reacquired shares are recorded as reductions to issued common stock and to additional paid-in capital.

NOTE L: COMMITMENTS AND CONTINGENCIES

The Corporation is engaged in certain legal and administrative proceedings incidental to its normal business activities. While it is not possible to determine the ultimate outcome of those actions at this time, in the opinion of management and counsel, it is unlikely that the outcome of such litigation and other proceedings, including those pertaining to environmental matters will have a material adverse effect on the results of the Corporation's operations or on its financial position (see Note A: Accounting Policies -- Environmental Matters and Management's Discussion and Analysis of Financial Condition and Results of

Operations on page 38).

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 liability is inherent in the operation of the Corporation'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 Corporation in the future.

The Corporation currently has no material provisions for estimated costs in connection with expected remediation costs or other environmental-related expenditures, because it is impossible to quantify the impact of all actions regarding environmental matters, particularly the extent and cost of future remediation and other compliance efforts. However, in the opinion of management, it is unlikely that any additional liability the Corporation may incur for known environmental issues or compliance with present environmental-protection laws would have a material adverse effect on the Corporation's consolidated financial position or on its results of operations (see Note A: Accounting Policies -- Environmental Matters and Management's Discussion and Analysis of Financial Condition and Results of Operations on page 38).

LETTERS OF CREDIT. The Corporation has entered into stand-by letter of credit agreements relating to workers' compensation and auto and general liability self insurance. At December 31, 2000, the Corporation had contingent liabilities under these outstanding letters of credit of approximately $8.4 million.

NOTE M: PURCHASE OF MERIDIAN AND SALE OF MAGNESIA SPECIALTIES' REFRACTORIES BUSINESS

The Corporation expects to complete the purchase of the remaining interest of Meridian under the purchase option terms of the original October 1998, investment agreement, early in the second quarter 2001. The estimated purchase consideration will consist of $235 million, including the original October 1998, investment of $42 million, the retirement of debt, the forgiveness of related party obligations, and amounts estimated for certain other assumed liabilities and transaction costs; plus the assumption of normal balance sheet liabilities. The purchase consideration is subject to adjustment based on actual results and certain other events. This acquisition will be accounted for under the purchase method of accounting and the operating results of Meridian will be included with those of the Corporation from the acquisition date forward.

On February 23, 2001, Martin Marietta Magnesia Specialties Inc. entered into an agreement with a subsidiary of Minerals Technologies Inc. to sell certain assets related to its refractories business. In addition, the Corporation's Magnesia Specialties division will supply the subsidiary of Minerals Technologies with certain refractories products for up to two years after the sale. The Corporation expects to recognize a gain on the sale of assets. However, the gain will be largely reduced by a write-down of certain retained refractories assets, including assets at the division's Manistee, Michigan, operating facility, as the facility is repositioned to focus on production of chemicals products. The agreement contemplates a closing to occur in the second quarter 2001.

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

Martin Marietta Materials, Inc. ("Martin Marietta Materials" or the "Corporation"), is the nation's second largest producer of construction aggregates and a leading producer of magnesia-based chemicals, refractories and dolomitic lime products, used in a wide variety of industries. The discussion and analysis that follows reflect management's assessment of the financial condition and results of operations of Martin Marietta Materials and should be read in conjunction with the audited consolidated financial statements on pages 9 through 23.

BUSINESS COMBINATIONS AND SALE OF MAGNESIA SPECIALTIES' REFRACTORIES BUSINESS

The Corporation expects to complete the purchase of the remaining interest of Meridian Aggregates Company ("Meridian") under the purchase option terms of the original October 1998, investment agreement early in the second quarter 2001. The estimated purchase consideration will consist of $235 million, including the original October 1998, investment of $42 million, the retirement of debt, the forgiveness of related party obligations, and amounts estimated for certain other assumed liabilities and transaction costs; plus the assumption of normal balance sheet liabilities. The estimated purchase consideration is subject to certain other adjustments. This acquisition will be accounted for under the purchase method of accounting and the operating results of Meridian will be included with those of the Corporation from the acquisition date forward. Additional information regarding this acquisition, and the related financing, is contained in Note M to the audited consolidated financial statements on page 23, under "Business Environment" on pages 27 through 33 and "Liquidity and Cash Flows" and "Capital Structure and Resources" on pages 35 through 38.

While management believes that the consolidation of the aggregates and other construction materials industries is continuing, acquisition asking prices during 2000 escalated, at times, to what management considered to be an unreasonable level. Therefore, the Corporation focused more on internal growth and capacity expansion during 2000, when compared with the acquisition activity of recent years. In 2000, the Corporation completed five acquisitions, for a combined $39.3 million in cash and certain other consideration. The Corporation also entered into a long-term operating agreement with Chemical Lime Company whereby Martin Marietta Materials will process aggregates materials and provide certain operating services. These transactions strategically expanded the Corporation's aggregates and other businesses in Texas, North Carolina, Tennessee and Ohio. The acquisitions in 2000 were accounted for under the purchase method of accounting, and the operating results of the businesses acquired were included with those of the Corporation from the acquisition dates forward. In addition, the Corporation invested an additional $1.4 million in Industrial Microwave Systems. The "Liquidity and Cash Flows" discussion, which follows, includes the impact of these transactions on financing and investing activities.

Aggregates Division Capacity
(in millions of tons)

1996	120.0
1997	165.8
1998	197.6
1999	208.7
2000	241.8

Note: 2000 includes 25 million tons from the Meridian acquisition.

During 2000, the Corporation finalized the purchase price allocation of the ten transactions completed in 1999. The post-closing adjustments relating to working capital and other fair value adjustments were finalized without a significant impact on the preliminary purchase price allocation.

Goodwill represents the excess of the purchase price paid for acquired businesses over the estimated fair value of identifiable assets and liabilities. The carrying value of goodwill is reviewed if the facts and circumstances indicate potential impairment. If this review indicates that the carrying value of goodwill will not be recoverable, based on estimated cash flows of the business acquired over the remaining amortization period, goodwill will be reduced by the estimated shortfall of discounted cash flows. Goodwill is as follows at December 31:

	Goodwill (in millions)	% of Total Assets	% of Shareholders' Equity
2000	$375.0	20.4%	43.4%
1999	$375.3	21.5%	48.5%

On February 23, 2001, the Corporation entered into an agreement with a wholly owned subsidiary of Minerals Technologies Inc. to sell certain assets related to its refractories business. In an accompanying manufacturing agreement, Magnesia Specialties agreed to supply the subsidiary of Minerals Technologies with certain refractories products for up to two years after the sale. During 2000, the refractories business contributed $57.3 million to net sales.

Management expects to recognize a gain on the sale, however, the gain will be largely offset by a write-down of certain assets of the refractories business, including assets at the Manistee, Michigan, operating facility, as the facility is repositioned to focus on production of chemicals products. The decline in net sales will be somewhat mitigated during the operative period of the manufacturing agreement. Further Magnesia Specialties' earnings from operations will decline, due to the elimination of the refractories business earnings contribution and the division's inability to proportionately eliminate fixed costs associated with shared production facilities and overhead costs. The agreement contemplates a closing to occur in the second quarter 2001.

The sale of Magnesia Specialties' refractories business will lessen the Magnesia Specialties division's dependence on the steel industry over time. In fact, excluding the refractories business, Magnesia Specialties' sales to the steel industry would account for 43% of the division's 2000 net sales, as compared to 68%, including refractories.

As a result of the Corporation's study of various alternatives related to Magnesia Specialties, the Corporation has determined that the Woodville, Ohio, operation will be transferred to the MidAmerica Division of the Aggregates division. The Woodville, Ohio, operation produces and sells dolomitic lime to the steel industry and produces and sells more than 1.0 million tons per year of aggregates to construction businesses.

The Corporation continues to evaluate strategic options, including possible divestiture of the remaining Magnesia Specialties' chemicals business, with a goal of creating additional value for the Corporation. However, there can be no assurance that management will pursue these opportunities, if any. Additional information regarding this transaction is contained in Note M to the audited consolidated financial statements on page 23 and in the "Business Environment" discussion that follows.

RESULTS OF OPERATIONS

The Corporation's Aggregates division's business is characterized by a high level of dependence on construction-sector spending and Magnesia Specialties' product lines, particularly refractories and dolomitic lime products, are used principally within the steel industry. Therefore, the Corporation's operating results are highly dependent upon activity within the construction and steel-related marketplaces, both of which are subject to interest rate fluctuations and economic cycles within the public and private business sectors. Factors, such as seasonal and other weather-related conditions, also affect the Aggregates division's production schedules and levels of profitability. Accordingly, the financial results for a particular year, or year-to-year comparisons of reported results, may not be indicative of future operating results. Further, the Corporation's sales and earnings are predominantly derived from its Aggregates division. The following comparative analysis and discussion should be read in that context.

As discussed in "New Accounting Standards" on pages 38 and 39, the Corporation adopted Emerging Issues Task Force Issue No. 00-10, Accounting for Shipping and Handling Fees and Costs, beginning with the fourth quarter 2000. As a result, total revenues include sales of materials to customers, net of allowances, plus freight and delivery costs billed to customers. The reconciliation of total revenues and total cost of revenues to amounts previously reported is as follows:

YEARS ENDED DECEMBER 31, (IN MILLIONS)	2000	1999	1998
Net sales	$ 1,333.0	$ 1,258.8	$ 1,057.7
Freight and delivery revenues	184.5	175.3	143.8
Total revenues	1,517.5	1,434.1	1,201.5
Cost of sales	1,029.4	948.1	776.1
Freight and delivery costs	184.5	175.3	143.8
Total cost of revenues	1,213.9	1,123.4	919.9
Gross profit	$ 303.6	$ 310.7	$ 281.6

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, which exclude freight and delivery revenues and costs, and is consistent with the basis by which management reviews the Corporation's operating results.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

The Corporation's 2000 net earnings of $112.0 million, or $2.39 per diluted share, reflect a decrease of 11%, compared with 1999 net earnings of $125.8 million, or $2.68 per diluted share. The 1999 net earnings were 9% higher than 1998 net earnings of $115.6 million, or $2.48 per diluted share. The Corporation's consolidated net sales of $1.333 billion in 2000 reflect an increase of $74.2 million, or 6%, over 1999 net sales of $1.259 billion. The 1998 consolidated net sales were $1.058 billion. Consolidated earnings from operations were $202.5 million in 2000 and $215.3 million in 1999, reflecting a decrease of $12.8 million, or 6%, in 2000 and an increase of $18.7 million, or 10%, in 1999, both over the prior year. The Corporation's 1998 operating earnings were $196.6 million.

In 2000, the Corporation's results reflected the impact of sharp increases in energy-related costs, a slowdown in demand for construction-related spending and weather-related events. The Corporation's Aggregates division's energy-related costs include diesel fuel, liquid asphalt, natural gas and barge freight costs. Diesel fuel is used primarily to operate mobile equipment in quarry production, liquid asphalt and natural gas are used in the production of asphalt and the barge freight related to waterborne transportation includes fuel escalators that adjust barge freight rates, generally on a quarterly basis. Unanticipated escalation in energy-related costs in the Aggregates business, based on comparable operating levels at heritage locations, reduced the Corporation's 2000 net earnings by $24.5 million when compared to the prior year. Historically, selling prices are increased annually and do not include escalators for increases in specific underlying costs.

Diesel Fuel
(average price per gallon)

1996	$ 0.78
1997	$ 0.72
1998	$ 0.56
1999	$ 0.65
2000	$ 0.98

Source: National average price per gallon of diesel fuel for industrial consumers from the February 2001, Petroleum Marketing Monthly issued by the Energy Information Administration. The 2000 average price per gallon of diesel fuel reflects the average of actual diesel fuel prices through November 2000.

Construction-related demand was affected by unexpected delays in the ramp-up of the Transportation Equity Act for the 21st Century ("TEA-21") spending and the increasingly slowing economy. The extended lag between the appropriation of federal highway funds and actual highway construction, contributed to total value of construction work on highways and bridges declining in 2000, when compared to 1999. The decline in commercial and residential construction demand experienced during 2000 was spurred, in part, by the high interest rate environment, which caused a slowdown in the economy. This slowdown most significantly affected the Corporation's operations in the midwestern and central areas of the United States.

Unusual weather patterns continued to negatively affect the Corporation's revenues and earnings. North Carolina, the Corporation's largest revenue and production state, experienced a record snowfall in the first quarter 2000, and prolonged wet weather continued to affect operations in the state throughout the spring and parts of the summer and fall. Operations in Texas experienced uncharacteristically wet weather during the last half of the year and, along with operations in the mid-western, central and southeastern regions of the United States, were negatively affected by an early, severe winter.

The combination of declining construction demand and adverse weather conditions reduced the Corporation's aggregates shipments below the prior year's.

SHIPMENTS (THOUSANDS OF TONS)	2000	1999
Heritage Aggregates Operations	156,386	162,995
Acquisitions	8,529	2,214
Aggregates Division	164,915	165,209

While volume declined in 2000, average selling prices continued to increase for both heritage aggregates operations (which exclude acquisitions that have not been included in prior-year operations for a full year) and the Aggregates division as a whole. Heritage aggregates operations' average selling prices increased 3.7%, and average selling prices for the Aggregates division, which includes all acquisitions from the date of acquisition, increased 3.6% during 2000.

The Corporation's Magnesia Specialties division contributed $8.2 million to

operating earnings, a $1.0 million increase when compared to 1999.
Higher-than-expected costs for

natural gas, which is used to operate certain of the division's kilns, negatively affected earnings from operations by $3.3 million in 2000, when compared to 1999. Despite the weak economic performance of the steel industry and higher natural gas costs, the division made a solid contribution to 2000's operating results, primarily based upon the strength of its first-half 2000 performance.

The Corporation's operating margin of 15.2% in 2000 declined from 17.1% in 1999, primarily as a result of energy-related costs and lower volumes at heritage aggregates operations. Lower margin asphalt, ready mixed and paving operations associated with certain acquisitions, also contributed to the operating margin reduction. Improving margins at Magnesia Specialties in 2000 slightly offset the decline.

Other income and expenses, net, for the year ended December 31, 2000, was $8.2 million in income, compared to income of $18.4 million and $1.3 million in 1999 and 1998, respectively. In addition to other offsetting amounts, other income and expenses, net, is comprised generally of interest income, gains and losses associated with the disposition of certain assets, gains and losses related to certain receivables, costs associated with the commercialization of certain new technologies and net equity earnings from non-consolidated investments. In 2000, other income includes a nonrecurring insurance settlement related to Hurricane Floyd. Other income in 1999 included nonrecurring settlements from antitrust claims and a higher-than-normal level of planned property sales, both principally relating to the Aggregates division.

Interest expense for the year ended December 31, 2000, was $41.9 million. This reflects an increase of $2.5 million, or 6%, in 2000 over 1999. Interest expense was $39.4 million in 1999, an increase of $15.7 million, or 66%, over 1998 interest expense of $23.8 million. The increased interest expense in 2000 results primarily from the impact of increased balances of outstanding debt throughout the year and increased interest rates on the Corporation's variable rate commercial paper program. The interest expense increase from 1999, as compared to 1998, resulted primarily from the full-year impact of borrowings to finance the acquisition of Redland Stone Products Company ("Redland Stone").

The Corporation's effective income tax rate for 2000 was 33.6%, compared with 35.3% in 1999 and 33.6% in 1998. The variance in the effective income tax rates for these years, when compared to the federal corporate tax rate of 35%, is due to the effects of several factors. The Corporation's effective tax rates for these years include state income taxes and reflect the effects of differences in financial and tax accounting, arising from the net permanent benefit associated with the depletion allowances for mineral reserves, nondeductible amortization of certain goodwill balances, foreign operating earnings and earnings from nonconsolidated investments.

The Corporation's debt-to-capitalization ratio decreased from 45% at December 31, 1999, to 43% at December 31, 2000, with total debt, including commercial paper obligations, increasing from $641.7 million to $646.7 million and shareholders' equity increasing from $774.0 million to $863.3 million. During 2000, the Corporation paid common stock dividends of $25.2 million, or $0.54 per common share. Additional information regarding the Corporation's debt and capital structure is contained in Note E to the audited consolidated financial statements on pages 16 and 17 and under "Liquidity and Cash Flows" and "Capital Structure and Resources" on pages 35 through 38.

BUSINESS ENVIRONMENT

The Corporation's principal lines of business include Martin Marietta Aggregates, which primarily serves commercial customers in the construction aggregates-related markets, and Martin Marietta Magnesia Specialties, which manufactures and markets magnesia-based products and dolomitic lime, principally for use in the steel industry. These businesses are strongly affected by activity within the construction and steel-related marketplaces, respectively, both of which represent industries that are cyclical in nature.

The Aggregates division markets its products primarily to the construction industry, with 46% of its aggregates 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 commercial and residential construction projects. Accordingly, the Corporation's profitability is sensitive to national, as well as regional and local, economic conditions and particularly to cyclical swings in construction spending. The cyclical swings in construction spending are affected by fluctuations in interest rates, changes in the levels of infrastructure funding by the public sector, and demographic and population shifts. Further, the Corporation's asphalt, ready mixed and road paving operations generally follow trends in the construction industry.

2000 Aggregate Division Markets

46% Infrastructure
30% Commercial
18% Residential
6% Chemical, Railroad Ballast & Other

While construction spending in the public and private market sectors is affected by changes in economic cycles, there has been a tendency for the level of spending for infrastructure projects in the public-sector portion of this market to be more stable than spending for projects in the private sector. Governmental appropriations and expenditures are less interest-rate sensitive than private-sector spending, and generally improved levels of funding have enabled highway and other infrastructure projects to register improvement over the past few years. However, in 2000, the total value of construction work on highways and bridges was less than 1999. The Corporation believes public-works projects consumed more than 50% of the total annual aggregates consumption in the United States during 2000, which has consistently been the case for each year since 1990. Additionally, since public sector-related shipments account for 46% of the Corporation's 2000 aggregates shipments, the Aggregates division also enjoys the benefit of the high level of public-works construction projects. Accordingly, the Corporation's management believes the Corporation's exposure to fluctuations in commercial and residential, or private sector, construction spending is lessened somewhat by the division's broad mix of public sector-related shipments.

Public-sector construction projects are funded through a combination of federal, state and local sources, with TEA-21 providing the principal source of federal funding. Congress passed TEA-21 legislation on June 9, 1998. TEA-21 provides federal transportation funding authorization of $218 billion ($168 billion for highway construction and $50 billion for other programs) over a six-year period ending in 2003. TEA-21 increases funding by approximately 40% over the prior federal funding level and increases funding for highway construction alone by an average of 44%.

In a change from previous legislation, TEA-21 provides a minimum funding guarantee firewall for the Highway Account of the Highway Trust Fund and minimum percentage of funding guarantees for each state. TEA-21 requires that 100% of the federal gasoline tax revenues collected be directed into the Highway Trust Fund, as a minimum funding guarantee. Further, TEA-21 includes a highway funding distribution formula that guarantees that each state will receive a minimum percentage of highway funding, equal to 90.5% of the state's share of total gasoline tax contributions. Many states in the South are expected to experience an increase in funding in excess of the 44% national average, as a result of the revised highway funding distribution formula. Highway construction spending is expected to increase further as state departments of transportation match, as required, the federal funds received under TEA-21.

The federal transportation appropriation bill for fiscal 2001 fully funded the guaranteed highway funding level authorized under TEA-21 of $27.7 billion. Further, the fiscal 2001 transportation appropriations bill includes an additional $3.1 billion for guaranteed highway funding under the revenue aligned budget authority ("RABA") provisions of TEA-21. The additional $3.1 billion of guaranteed funding results from the adjustment of TEA-21 Federal-Aid Highways authorizations as gasoline tax receipt projections were amended to reflect actual receipts. The fiscal 2001 federal transportation appropriations bill also included $1.4 billion for demonstration projects, other specific projects and compensation for emergency repairs to highways damaged by natural disasters. Annual highway funds, under all TEA-21 programs, are available to be obligated by state departments of transportation during the year of appropriation. Once obligated, TEA-21 funds are available until expended. Unobligated highway funds are carried over into the following year.

Federal Funding for Highways (in billions)

Fiscal year 1998	$21.4
Fiscal year 1999	$26.8
Fiscal year 2000	$28.8
Fiscal year 2001	$32.2
Fiscal year 2002	$34.3
Fiscal year 2003	$28.7

Note: Fiscal year 2000, 2001 and 2002 include RABA funding of $1.5 billion, $3.1 billion and $6.0 billion, respectively. Fiscal year 2001 includes $1.4 billion for special projects.

Source: American Road and Transportation Builders Association. This chart depicts estimated funding under TEA-21, as originally passed in 1998, compared to actual funding authorization through fiscal 2001. Fiscal 2002 RABA is estimated; no RABA estimates are available for fiscal 2003.

Funding for federal transportation appropriations is subject to balanced budget and other proposals that may affect the additional funding available for the Highway Fund. Congress must also annually appropriate highway funding levels, and there is no assurance that Congress will continue to follow the TEA-21 legislated minimum funding guarantee firewall or the highway funding distribution formula.

In December 2000, the American Road and Transportation Builders Association ("ARTBA") released its 2001 highway construction forecast, including an overview of highway construction in 2000. ARTBA's research indicated that the total value of construction work on highways and bridges in 2000 was running behind the pace of 1999. The research further cites a number of reasons for the decline, many of which the Corporation has noted as contributing to the lag between the appropriation of highway funds and the actual commencement of construction. The reasons for the extended lag in highway construction cited in the ARTBA research include the following: insufficient backlog of projects ready for construction when federal highway funding unexpectedly increased; increased environmental reviews and permitting requirements and related litigation; inadequate staffing at some state departments of transportation, coupled with a reluctance to outsource preliminary engineering to the private sector; a shortfall of matching funds or a reduction of state funding for highway programs, in some states; and a growing diversion of federal highway funds, by certain states, to Federal Transit Administration projects under the mass transit provisions of TEA-21.

ARTBA forecasts a 7% to 10% growth in the highway construction market in 2001, supported by the full funding of the 2001 federal highway obligation authority under TEA-21 and, as indicated earlier, additional funding under RABA and other appropriations. The ARTBA research cautions that these funding increases will not immediately translate into increased highway growth, due to the lag between funding and construction. However, the 2001 forecast is further supported by the fact that the pace of state obligation of federal highway funds increased 6.5% for fiscal year 2000, when compared to 1999. ARTBA also indicates that state spending for preliminary engineering and right-of-way acquisitions, necessary steps before highway projects can move to construction, increased, suggesting that states have been getting more projects ready for construction.

The Aviation Investment and Reform Act for the 21st Century ("AIR-21") provides funding for airport improvements throughout the United States. Congress approved $3.2 billion for the Aviation Improvement Program under AIR-21 for fiscal year 2001, which represents a 64% increase over fiscal year 2000 funding of $1.95 billion. Management does not expect that the funding increases will have an impact on aggregates demand until 2002 or 2003, due to the lag between funding, design and engineering, and actual construction.

The Corporation's capital expansion program is focused on taking advantage of TEA-21; state and local spending, including a recently approved $3.1 billion public college and university education construction bond in North Carolina; and other infrastructure growth, through investment in both permanent and portable quarrying operations. However, there is no guarantee that the Corporation will fully benefit from the expected increase in public-works construction projects.

The aggregates industry expansion and growth is subject to increasing challenges from environmental and political advocates who want to control the pace of future development and preserve open space. Rail and other transportation alternatives are being supported by these groups as solutions to mitigate 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") the authority to set limits on the level of various air pollutants. Recently, environmental groups have been successful in lawsuits against federal and certain state departments of transportation, asserting that highway construction should be delayed until the municipal area is in compliance with the Clean Air Act. The EPA lists several major metropolitan areas in the Corporation's markets, including Atlanta, Georgia, and Houston/Galveston and Dallas/Forth Worth, Texas, as non-attainment areas with deadlines to reduce air pollutants or face fines or control by the EPA. Other 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, and further challenges are expected as these initiatives gain momentum across the United States.

The general economy continued its record-setting pace of expansion early in 2000, with productivity growth, high levels of technology spending and investment in technology-related stocks. Against this backdrop, the Federal Reserve believed that consumer demand was increasing at a rate in excess of productivity-driven gains in supply and, when coupled with a tightening labor supply, could trigger increases in inflation that would undermine the economy's growth. In response, the Federal Reserve Open Market Committee increased the federal funds rate three times through the first five months of 2000, on the heels of three prior rate hikes, beginning in June 1999. However, as the second half of 2000 progressed, the United States' economy began to slow, as a year of rising interest rates softened housing activity and consumer spending declined. Further, the mid-year reduction in the value of technology-related stocks and rising energy prices contributed to economic slowdown. As cost pressures build, led by energy prices, consumer demand moderates and credit conditions tighten, some economists now predict that the 2001 economy is on track for its weakest growth rate performance since 1991. In recognition of the changing economic climate, the Federal Reserve lowered the federal funds rate by 100 basis points in January 2001, and many economists expect more rate reductions in the near term. The current federal funds rate reduction is anticipated to have an impact on the level of construction spending. However, as discussed previously, public-works construction spending is principally driven by the level of gasoline tax revenues and the appropriation guidelines under TEA-21. As such, the volatility of public-works construction spending to interest rate changes is somewhat mitigated.

The Aggregates division's operations are concentrated in the southeastern, southwestern, midwestern and central regions of the nation, therefore, the division's -- and, consequently, the Corporation's -- operating performance and financial results depend on the strength of these specific regional economies. In recent years, economic growth in the United States, particularly in the Southeast and Southwest, has been generally strong. However, if federal appropriation levels are reduced, if a reduction occurs in state and local spending, or if the specific regional economies decline, the Aggregates division could be adversely affected. The Aggregates division's top five revenue-generating states, namely North Carolina, Texas, Ohio, Georgia and Iowa, accounted for approximately 60% of 2000 net sales.

A growing percentage of the Corporation's aggregates shipments are being moved by rail or water through a distribution yard network. In 1994, 93% of the Corporation's aggregates shipments were moved by truck, while the balance was moved by rail. In contrast, the Corporation's aggregates shipments moved 80% by truck, 10% by rail and 10% by water in 2000. Further, the acquisition of Meridian and its rail-based distribution network, coupled with the extensive use of rail service in the Southwest Division, increases the Corporation's dependence on and exposure to railroad performance, including track congestion, crew availability and power failures, and the ability to renegotiate favorable railroad shipping contracts.

2000 Transport Mode (% of 2000 shipments of 164.9 million tons)	1994 Transport Mode (% of 1994 shipments of 71.2 million tons)
80% Truck	93% Truck
10% Rail	7% Rail
10% Water	

Seasonal changes and other weather-related conditions can also significantly affect the aggregates industry. Consequently, the Aggregates division's production and shipment levels coincide with general construction activity levels, most of which occur in the division's markets in the spring, summer and fall. The division's operations that are concentrated principally in the north central region of the Midwest generally experience more severe winter weather conditions than the division's operations in the Southeast and Southwest. North Carolina, the Corporation's largest revenue generating state at 20% of 2000 net sales, is at risk for Atlantic Ocean hurricane activity and has experienced hurricane-related losses in recent years.

Currently, management believes the construction industry's overall consumption levels, and the Corporation's heritage shipments, will remain at constant levels or increase by up to 2% in 2001. This rate of heritage growth is built on an expected 5% to 9% growth in infrastructure-related aggregates volume, comparable to the ARTBA forecast. However, within the construction industry, management believes the anticipated increases in public-works construction will be offset by decreases in the residential and commercial construction markets, as a result of a slowing economy. The continued impact of the factors cited in the ARTBA forecast could negatively affect anticipated infrastructure aggregates volume growth. Due to the high level of fixed costs associated with aggregates production, the Corporation's operating leverage can be substantial. Therefore, a slowdown in shipments and the resultant reduction in production would impact earnings. Currently, the Corporation's overall aggregates production and shipments volumes are expected to grow by approximately 12% to 15%, including heritage growth, the purchase of Meridian and several smaller acquisitions, and capacity expansion programs that are currently in process. Coupled with anticipated price increases of 3% to 4% in 2001, net sales are expected to increase 15% to 19%. Based on current economic forecasts, which predict negligible to modest growth in gross national product, and moderating energy costs, net earnings are expected to increase at a rate of 10% to 15%, after interest costs and goodwill amortization on new acquisitions, and excluding any impact on operating earnings related to the sale of Magnesia Specialties' refractories business. The Meridian acquisition is expected to be neutral to slightly accretive to earnings, while the smaller acquisitions could have a slightly dilutive to neutral effect on 2001 earnings. Management cannot guarantee that the Corporation will achieve these expectations for 2001.

Over the next five years, management expects that the Aggregates division's business and financial results will continue to grow, as a result of increased infrastructure construction spending generated by TEA-21, coupled with moderate growth in residential and commercial construction. Further, the Aggregates division will generally follow national, regional and local general economic, construction and industry trends.

The Corporation's management believes the overall long-term trend for the construction aggregates industry continues to be one of consolidation. The Corporation's Board of Directors and management continue to review and monitor the Corporation's strategic long-term plans. These plans include assessing business combinations and arrangements with other companies engaged in similar businesses, building market share in the Corporation's core businesses and pursuing new technological opportunities that are related to the Corporation's existing markets.

During 2000, the Corporation expanded its market opportunities by consummating five transactions for the acquisition of aggregates and other operations, entering into a long-term aggregates operating agreement and either opened, or began the process of opening, three new quarry locations.

The Corporation's aggregates reserves, including its Meridian acquisition, exceed 50 years of production, based on current levels of activity.

Through its Magnesia Specialties division, the Corporation also manufactures and markets magnesia-based products, including heat-resistant refractories products for the steel industry and magnesia-based chemicals products for industrial, agricultural and environmental uses, including wastewater treatment and acid neutralization. Magnesia Specialties' products used within the steel industry, particularly refractories products and dolomitic lime, accounted for approximately 68% of the division's net sales for 2000. Accordingly, the division's profitability is dependent on the production of steel and the related marketplace, and a significant portion of the division's product pricing structure is affected by current economic trends within the steel industry. Further, due to the high level of fixed costs associated with production, the division's operating leverage can be substantial.

The United States' steel demand remained strong through the first six months of 2000, although the level of foreign steel imports remained high. However, as the steel industry moved into late summer, steel demand generally slowed, matching the demand for durable goods in the economy, and steel inventory levels grew. As the year progressed, the dramatic increases in energy-related costs, particularly natural gas, coupled with a slowdown in demand and continued high levels of steel imports, led to rapidly deteriorating performance in the steel industry. As a result, the viability of certain steel producers is questionable and steel producer bankruptcies have increased in recent months.

The performance of the Magnesia Specialties division's steel-related products followed the steel industry's performance in 2000. As a result, Magnesia Specialties' improved operating earnings during the first-six months of 2000, compared with the prior-year period, were largely offset by performance in the second half of the year. While, for the full year, refractories and dolomitic lime products experienced increased volumes, refractories pricing declined. Further consolidation among manufacturers of refractory brick removed a significant periclase customer from the market during the year. The division's chemicals products, excluding fuel additive shipments to utilities, had solid sales in 2000, as a result of continued diversification in chemicals used as flame retardants, in wastewater treatment and in reducing stack pollution. However, competitive pricing pressures continued throughout 2000. As discussed in "Results of Operations," higher-than-expected costs for natural gas negatively affected earnings from operations in 2000, when compared to 1999. Overall, sales for the division declined in 2000, while operating earnings showed improvement, in spite of the rising cost of natural gas.

Raw Steel Production for 2000
(thousands of net tons)

January	2,189.20	July	2,175.00
February	2,270.50	August	2,089.25
March	2,293.25	September	2,080.20
April	2,335.20	October	1,996.25
May	2,331.75	November	1,924.25
June	2,237.00	December	1,756.40

Source: American Iron and Steel Institute

The division's performance will continue to be directly tied to the steel industry, and without both short- and long-term relief in natural gas costs, and with the absence of federal restrictions on foreign steel imports, the prospects for long-term improvement are weak. Management is minimizing production to keep inventory levels low until natural gas pricing returns to more economically feasible levels. The continued pressure on natural gas prices could raise production costs above the prevailing competitive market price for certain products. The Magnesia Specialties division has further exposure, if the financial condition of the steel industry continues to deteriorate. Management expects sales and earnings from operations of the Magnesia Specialties division to decline in 2001, dependent in part on natural gas prices and conditions in the steel industry and resulting from the anticipated sale of the refractories business.

Approximately 16% of the Magnesia Specialties division's products are sold in foreign jurisdictions, with no single country accounting for 10% or more of the division's sales. While the division's products are manufactured and sold principally in the United States, the division also markets its products in Canada, Mexico, Europe (principally England and Germany) and the Pacific Rim (primarily Korea). As a result of these foreign market sales, the division's financial results could be affected by factors such as changes in foreign currency exchange rates or weak economic conditions in the foreign markets in which the division distributes its products. To mitigate the short-term effects of changes in currency exchange rates on the division's operations, the division principally uses the U.S. dollar as the functional currency in foreign transactions.

The union contract for the division's employees at its Woodville, Ohio, operating facility was extended in June 2000 and expires in June 2001.

The Corporation continued research and development activities during 2000 in several technological product areas. Composite materials have been used for bridge deck installation and replacement, and research is continuing on a variety of other construction-related uses. Management believes that additional funds for innovative technologies in roadways, from the TEA-21 program, offer opportunities to put new bridge decks in service and to focus more attention on the long-life and low-maintenance costs expected from the composite materials. The Corporation also made an additional investment in a start-up company in 2000, Industrial Microwave Systems ("IMS"). IMS has proprietary technology for use in industrial heating and drying applications, as well as food processing and aseptic packaging.

As expected, the Corporation had limited revenue in 2000 from ECO-MIN(R) fertilizer, a patented soil remineralization product, and SC27(TM) soil inoculant, a microbial soil enhancer, both used to enhance plant growth. Further, as expected, these technologies did not generate profits in 2000.

The Corporation will continue to pursue opportunities that provide proprietary technology in high growth-rate markets that it understands, that require limited research and development with minimal capital investment relative to revenue and profit generation potential, and that have the potential to provide above-average returns while minimizing risk. There can be no assurance that these technologies can achieve profitability.

Generally, the impact of inflation on the Corporation's businesses has become less significant with the benefit of continued moderate inflation rates. However, energy-related inflation affects, among other things, the costs of operating mobile equipment used in quarry operations, waterborne transportation of aggregates materials, asphalt production and fuel for kiln operations. In fact, as previously discussed, energy-related inflation had a significantly negative affect on 2000 operations, when compared to 1999 operations. Wage inflation, triggered by low unemployment and the resulting increase in labor costs, is somewhat mitigated by increases in productivity. Generally, when the Corporation incurs higher capital costs to replace productive facilities and equipment, increased capacity and productivity, and various other offsetting factors, counterbalance increased depreciation costs.

The Corporation is replacing its existing information systems with an enterprise-wide information solution through J.D. Edwards World Solutions Company. The capital requirements for this project are expected to be $24 million, with $16 million expected to be expended in 2001. Management expects to complete the system design and implementation phase of several significant processes during 2001, including the implementation of the general ledger and financial reporting package. However, the full system implementation will take a period of two to three years. The Corporation believes it has deployed sufficient manpower and capital to successfully complete the project.

DISCUSSION OF BUSINESS SEGMENTS

The Corporation conducts its operations through two reportable business segments: Aggregates and Magnesia Specialties. The Aggregates division is the second largest producer of construction aggregates in the United States. The Corporation's sales and earnings are predominantly derived from its aggregates segment, which processes and sells granite, limestone, sand and gravel and other aggregates products for use primarily by commercial customers. The division's products are used principally in domestic construction of highways and other infrastructure projects and for commercial and residential buildings. The Aggregates division also includes the operations of its other construction materials businesses. These businesses, acquired through continued selective vertical integration by the Corporation, include primarily asphalt, ready mixed concrete and road paving operations. The Corporation's Magnesia Specialties division produces refractories materials and dolomitic lime used in basic steel production and chemicals products used in industrial, agricultural and environmental applications. The magnesia-based products segment generally derives a major portion of its sales and earnings from the products used in the steel industry.

The Corporation's evaluation of performance and allocation of resources is based primarily on earnings from operations. Earnings from operations is total revenues less cost of revenues; selling, general and administrative expenses; and research and development, and excludes interest expense and other income (expense). The accounting policies of the reportable segments are the same as those described in Note A to the audited consolidated financial statements on pages 13 through 15. Assets employed by segment include assets directly identified with those operations. Corporate headquarters' assets consist primarily of cash and cash equivalents, and property, plant and equipment for corporate operations. All debt, and the related interest expense, is held at corporate headquarters. Property additions include property, plant and equipment that has been purchased through acquisitions in the amount of $15,325,000 in 2000, $44,747,000 in 1999 and $154,445,000 in 1998.

The following tables display selected financial data for the Corporation's reportable business segments for each of the three years in the period ended December 31, 2000.

SELECTED FINANCIAL DATA BY BUSINESS SEGMENT

years ended December 31
(in thousands)

NET SALES	2000	1999	1998
Aggregates	$1,202,581	$1,125,636	$ 920,767
Magnesia Specialties	130,419	133,191	136,924
Total	$1,333,000	$1,258,827	$1,057,691
GROSS PROFIT			
Aggregates	$ 276,640	$ 283,998	$ 249,516
Magnesia Specialties	26,931	26,701	32,132
Total	$ 303,571	$ 310,699	$ 281,648
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES			
Aggregates	$ 82,088	$ 75,568	$ 64,106
Magnesia Specialties	16,680	17,053	17,935
Total	$ 98,768	$ 92,621	$ 82,041
EARNINGS FROM OPERATIONS			
Aggregates	$ 194,232	$ 208,011	$ 184,648
Magnesia Specialties	8,245	7,278	11,906
Total	$ 202,477	$ 215,289	$ 196,554

ASSETS EMPLOYED	2000	1999	1998
Aggregates	$1,703,752	$1,598,948	$1,423,031
Magnesia Specialties	99,913	105,362	117,549
Corporate headquarters	37,774	38,264	48,009
Total	$1,841,439	$1,742,574	$1,588,589
DEPRECIATION, DEPLETION AND AMORTIZATION			
Aggregates	$ 125,697	$ 114,457	$ 89,487
Magnesia Specialties	8,532	8,468	8,738
Corporate headquarters	2,144	1,829	540
Total	$ 136,373	$ 124,754	$ 98,765
PROPERTY ADDITIONS			
Aggregates	$ 174,797	$ 177,318	$ 260,112
Magnesia Specialties	6,817	3,942	6,874
Corporate headquarters	4,516	1,307	11,385

Total	$ 186,130	$ 182,567	$ 278,371

AGGREGATES. The Aggregates division's net sales increased 7% to $1.203 billion for the year ended December 31, 2000, compared with the prior year's net sales. This increase in net sales reflects a 0.3 million ton decrease in total aggregates tons shipped during 2000 to 164.9 million tons, offset by increases in volumes in asphalt and other construction-related operations and prices. The decrease in total aggregates tons shipped during 2000 is discussed in "Results of Operations." The division's heritage aggregates operations, which exclude acquired operations that have not been included in prior-year operations for a full year, experienced pricing improvements during 2000 of approximately 3.7% in average net selling price, while the division's overall aggregates average net selling price increased 3.6%, when compared with the prior year's prices. As in 1999, the pricing structure in acquired operations reflects lower overall average net selling prices, principally because of differences in product groups, production costs, demand and competitive conditions, when compared with product sales from the Corporation's heritage aggregates operations.

The division's operating earnings for the full year 2000 decreased 7% to $194.2 million from the prior year's earnings from operations of $208.0 million. As discussed previously in "Results of Operations," the division's operating earnings for the year decreased, principally as a result of higher-than-expected energy-related costs, a slowdown of construction activity and weather-related events.

For the year ended December 31, 1999, the Aggregates division had net sales of $1.126 billion, which were $204.9 million, or 22% higher than the 1998 net sales of $920.8 million. This improvement reflects a 15.7 million-ton increase in total aggregates tons shipped during 1999 to 165.2 million-tons and an increase of approximately 3.6% in the division's aggregates average net selling price, when compared with the prior year's. Earnings from operations in the year were $208.0 million, an increase of 13% over the division's operating earnings for 1998. The division's increased operating profits during 1999 were principally a result of the acquisition of Redland Stone, which was somewhat offset by the impact of weather-related events and weakening agricultural and commercial construction demand. Operating results in 1998 reflected record volume, 5.1% price increases at heritage aggregates locations and growth from acquisitions.

MAGNESIA SPECIALTIES. For the year ended December 31, 2000, the Magnesia Specialties division had net sales of $130.4 million, a decrease of $2.8 million, or 2%, from 1999 net sales of $133.2 million. The division's earnings from operations for 2000 of $8.2 million increased $1.0 million, or 13%, when compared to 1999 earnings from operations. As discussed earlier, the division's improvement during 2000 was the result of stronger performance in the steel industry in the first half of 2000. This improvement was significantly offset by higher-than-expected natural gas prices and deteriorating performance in the steel industry during the second half of 2000. Balanced production and shipment levels in 2000, along with effective cost controls, also provided a favorable year-over-year comparison between 2000 and 1999.

Magnesia Specialties division's 1999 net sales of $133.2 million were 3% below the prior year's. The division's operating earnings for 1999 of $7.3 million were 39% below the 1998 operating earnings. The division's results continued to reflect the poor performance of the steel industry through decreased demand and the resultant adjustment in the division's production levels. The Magnesia Specialties division's 1998 net sales of $136.9 million were 2% below the prior year's, and operating earnings for 1998 of $11.9 million were 14% below 1997 operating earnings.

LIQUIDITY AND CASH FLOWS

A primary source of the Corporation's liquidity during the past three years has been cash generated from its operating activities. Cash provided by its operations was $212.9 million in 2000, as compared to $223.7 million in 1999 and $222.6 million in 1998. These cash flows were derived, substantially, from net earnings before deduction of certain noncash charges for depreciation, depletion and amortization of its properties and intangible assets. Depreciation, depletion and amortization were as follows:

YEARS ENDED DECEMBER 31 (IN THOUSANDS)	2000	1999	1998
Depreciation	$108,540	$ 98,559	$ 82,268
Depletion	4,681	5,369	4,334
Amortization	23,152	20,826	12,163
Total	$136,373	$124,754	$ 98,765

CONSOLIDATED OPERATING CASH FLOW
(IN MILLIONS)

1996	$134.9
1997	$195.6
1998	$222.6
1999	$223.7
2000	$212.9

Working capital increases for 2000, included in the above-referenced cash provided by operations, were due primarily to increases in the value of the Aggregates division's inventories because of increases in inventory quantity, valuation and changes in mix; offset by a reduction in receivables, primarily as a result of reduced shipping levels in the fourth quarter. The 1999 working capital increases were due primarily to increases in Aggregates division's inventories, as a result of expected increases in demand in 2000, and an increase in receivables balances, primarily associated with the increased level of sales. The 1998 working capital increases included an increase in the Magnesia Specialties division's inventories as a result of strong production in 1998, coupled with reduced demand in certain product areas, and a decrease in overall trade accounts payable balances, partially offset by a decrease in receivables resulting from accelerated cash collections. Other assets and liabilities, net, include changes to both current and noncurrent balance sheet accounts. In addition to other offsetting amounts, other assets and liabilities, net, changed in 2000, principally due to a reduction in the accrual of certain postre-

tirement benefits and the payment of certain obligations accrued in the previous year. In 1999, other assets and liabilities, net, changed principally due to the decline in the rate of increase in certain self insurance reserves, as compared to a significant increase in 1998, as a result of higher-than-average claims.

Net cash used for investing activities was $201.8 million in 2000, a decrease of $12.8 million from $214.6 million reported in 1999. Of that amount, the Corporation used $39.3 million for the purchase of five Aggregates division-related acquisitions, compared with $77.1 million in 1999 for the purchase of ten Aggregates division-related acquisitions and $347.9 million in 1998 that financed the acquisition of Redland Stone and nine other acquisitions. Additions to property, plant and equipment, excluding acquisitions, of $170.8 million were 24% higher in 2000, compared with 1999. Comparable full-year capital expenditures were $137.8 million in 1999 and $123.9 million in 1998. The Corporation's acquisition and capital expenditures reflect planned strategic growth and capital spending activities that are consistent with management's strategy for investment and expansion within the consolidating aggregates industry. For the years 1999 and 2000, the Corporation's management had planned a more significant increase in property, plant and equipment additions. However, as anticipated net sales growth in the heritage operations was affected by weather-related conditions and softening construction demand, management scaled back capacity expansion to better match the timing of market expansion. Other investing activities included, among other items, proceeds from the sale of surplus land and equipment; in 2000, the Corporation's additional investment in IMS; in 1999, the Corporation's initial 19% investment in IMS and loans to Meridian; and in 1998, the Corporation's initial investment in Meridian.

Approximately $19.3 million of cash was used for financing activities during 2000, compared with $20.3 million in 1999. In 1998, $279.2 million of cash was provided by financing activities. The Corporation incurred $4.0 million of net indebtedness in 2000, excluding $1.0 million reflected in acquisitions, net. Net indebtedness of $14.7 million was incurred in 1999, excluding $9.2 million reflected in acquisitions, net. During 1998, the Corporation incurred $302.3 million of net indebtedness, principally in connection with the consummation of the Redland Stone acquisition. In 2000, the Board of Directors approved total cash dividends on the Corporation's common stock of $0.54 a share. Regular quarterly dividends were authorized and paid by the Corporation at a rate of $0.13 a share for the first and second quarters and at a rate of $0.14 a share for the third and fourth quarters. During 2000, the Corporation issued stock under its stock-based award plans, providing $2.0 million in cash. Comparable cash provided by issuance of common stock was $2.0 million and $1.9 million in 1999 and 1998, respectively. Further, during 1999 and 1998, the Corporation issued approximately 311,100 and 280,100 restricted shares of common stock, respectively, for acquisitions. The Corporation used cash of $12.7 million during 1999 to finance the repurchase of 322,300 shares of its common stock, at public market prices, at various purchase dates. The repurchase of shares was authorized under the Corporation's 6 million-share authorization from the Board of Directors for the Stock-Based Award Plan and the Amended Omnibus Securities Award Plan. There were no shares repurchased in 2000 or 1998.

The Corporation anticipates incurring additional indebtedness in connection with the Meridian acquisition. The funds for the consummation of the Meridian acquisition are expected to be initially provided through borrowings under the Corporation's United States' commercial paper program. The Corporation expects to subsequently repay a portion of its commercial paper borrowings with the proceeds from the planned issuance of publicly registered debt.

CAPITAL STRUCTURE AND RESOURCES

Long-term debt, including current maturities of long-term debt and commercial paper, increased to $646.7 million at the end of 2000, from $641.7 million at the end of 1999. Total debt represented approximately 43% of total capitalization at December 31, 2000, compared with 45% at December 31, 1999. The Corporation's debt at December 31, 2000, was principally in the form of publicly issued long-term, fixed-rate notes and debentures and United States' commercial paper (see Note E to the audited consolidated financial statements on pages 16 and 17). Shareholders' equity grew to $863.3 million at December 31, 2000, from $774.0 million at December 31, 1999.

The Corporation has $450 million in revolving credit facilities, syndicated through a group of commercial domestic and foreign banks, which support a United States' commercial paper program of a comparable amount. The credit facilities consist of a five-year, unsecured revolving credit agreement in the amount of $150 million (the "Long-Term Credit Agreement"), which expires in January 2002, and a 364-day unsecured revolving credit agreement in the amount of $300 million (the "Short-Term Credit Agreement"), which expires in August 2001 (see Note E to audited consolidated financial statements on pages 16 and 17). The Corporation amended its revolving credit agreements, in connection with extending the term of its Short-Term Credit Agreement, to modify certain restrictive covenants relating to leverage. The Corporation's management believes it will be able to extend its Short-Term Credit Agreement for an additional 364-day period beyond August 2001 and extend its Long-Term Credit Agreement for an additional five-year term beyond January 2002.

No borrowings were outstanding under either of the revolving credit agreements at December 31, 2000. However, the Long- and Short-Term Credit Agreements support commercial paper borrowings of $190 million outstanding at December 31, 2000, of which $150 million has been classified as long-term debt on the Corporation's consolidated balance sheet, based on management's ability and intention to maintain this debt outstanding for at least one year. The remaining outstanding commercial paper of $40 million has been classified as current on the Corporation's consolidated balance sheet.

At December 31, 2000, the Corporation had $2.5 million outstanding under a $10 million, variable-rate line of credit. The effective interest rate on the outstanding balance at December 31, 2000, was 7.32%.

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 "Business Environment" on pages 27 through 33). Aside from these inherent risks, the Corporation's earnings are affected also by changes in short-term interest rates, as a result of its outstanding commercial paper obligations and temporary cash investments, including overnight investments in Eurodollars. However, management believes that the Corporation's exposure to short-term interest rate market risk is not material.

Long-term interest rates influence assumptions used to develop the costs for the Corporation's employee retirement and postretirement benefit plans. The Corporation's retirement and postretirement benefit expense in 2000 was reduced as a result of the increased discount rate for the retirement and postretirement benefit plans, favorable 1999 investment returns on employee retirement plan assets and certain changes to the postretirement benefit plan. The Corporation's management anticipates an increase in retirement and postretirement benefit expense in 2001, as a result of the decrease in the discount rate and lower investment returns experienced in 2000, as compared to 1999. There is no assurance that retirement and postretirement benefit expense will continue at current levels, due to the underlying volatility of interest rates and investment returns (see Note H to the audited consolidated financial statements on pages 18 through 20).

Certain agreements expose the Corporation to foreign currency fluctuations. However, management believes this exposure is not material to the Corporation.

The Corporation has entered into standby letter of credit agreements relating to workers' compensation and auto and general liability self insurance. On December 31, 2000, the Corporation had contingent liabilities under these outstanding letters of credit of approximately $8.4 million.

The 5.875% Notes, due December 1, 2008, with an effective rate of 6.03%, were issued in December 1998, in the aggregate principal amount of $200 million, through private placement in connection with the acquisition of Redland Stone. The 5.875% Notes were subsequently registered with the Securities and Exchange Commission (the "Commission") in February 1999. The initial purchasers in the private placement offering exchanged their outstanding notes for registered notes with substantially identical terms.

Currently, the Board of Directors has granted management 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. However, management has not determined the timing when, or the amount for which, it may file such shelf registration.

Martin Marietta Materials' internal cash flows and availability of financing resources, including its access to capital markets, both debt and equity, and its revolving credit agreements, are expected to continue to be sufficient to provide the capital resources necessary to support anticipated operating needs, to cover debt service requirements, to fund capital expenditures and discretionary investments and to allow for payment of dividends for the foreseeable future. The Corporation's ability to borrow or issue securities is dependent upon, among other things, prevailing economic, financial and market conditions.

The Corporation's senior unsecured debt has been rated "A-" by Standard & Poor's and "A3" by Moody's. The Corporation's $450 million commercial paper program is rated "A-2" by Standard & Poor's, "P-2" by Moody's and "F-2" by Fitch IBCA, Duff & Phelps. The Corporation's senior unsecured debt was downgraded from "A" to "A-" by Standard and Poor's and its commercial paper program was lowered from "A-1" to "A-2" by Standard and Poor's and from "F-1" to "F-2" by Fitch, as a result of the additional debt required to finance the acquisition of Meridian. 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.

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 liability is inherent in the operation of the Corporation'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 Corporation in the future.

The Corporation records appropriate financial statement accruals for environmental matters in the period in which liability is established and the appropriate amount can be estimated reasonably. Among the variables that management must assess in evaluating costs associated with environmental issues are the evolving environmental regulatory standards. The nature of these matters makes it difficult to estimate the amount of any costs that may be necessary for future remedial measures. The Corporation currently has no material provisions for estimated costs in connection with expected remediation or other environmental-related expenditures because it is impossible to quantify the impact of all actions regarding environmental matters, particularly the extent and cost of future remediation and other compliance efforts. However, in the opinion of management, it is unlikely that any additional liability the Corporation may incur for known environmental issues or compliance with present environmental-protection laws would have a material adverse effect on the Corporation's consolidated financial position or on its results of operations (see Note L to the audited consolidated financial statements on pages 22 and 23).

NEW ACCOUNTING STANDARDS

Effective July 1, 2000, the Corporation adopted Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities ("FAS 133"), as amended by Statement of Financial Accounting Standards No. 137, Accounting for Derivative Instruments and Hedging Activities - - Deferral of the Effective Date of FASB Statement No. 133, and Statement of Financial Accounting Standards No. 138, Accounting for Certain Derivative Instruments and Certain Hedging Activities an Amendment of FASB Statement No. 133 ("FAS 138"). The adoption of FAS 133 and FAS 138 did not have an impact on net earnings or the financial position of the Corporation because the Corporation does not currently have any hedging activities, derivative instruments or material contracts that are subject to these accounting standards.

The Corporation adopted Staff Accounting Bulletin No. 101, Revenue Recognition in Financial Statements ("SAB 101"), for the quarter ended December 31, 2000. The Corporation recognizes substantially all revenues, net of discounts, if any, when finished products are shipped to customers or services have been rendered. Therefore, the adoption of SAB 101 had no effect on the Corporation's reported total revenues, net earnings or financial position.

The Corporation adopted Emerging Issues Task Force Issue No. 00-10, Accounting for Shipping and Handling Fees and Costs ("EITF 00-10"), beginning with the fourth quarter 2000 reporting. EITF 00-10 requires that amounts billed to customers related to shipping and handling be classified as revenue and that the related costs be included in costs. Generally, the Corporation's customers accept the aggregates products that they purchase at the quarry location using their own transportation. However, in certain circumstances, the Corporation arranges for transportation of the purchased aggregates products to the customer for a delivered price. The customer is billed at the delivered price, which includes the price of the aggregates products and the cost of freight and delivery charges.

Freight and delivery costs for the years ended December 31, 2000, 1999 and 1998, were $184.5 million, $175.3 million and $143.9 million respectively. The Corporation included freight and delivery charges in total revenues and the related cost of freight and delivery in total cost of revenues beginning with the reporting of the operating results for the quarter and year ended December 31, 2000. Gross profit did not change from amounts reported prior to the adoption of EITF 00-10; however, gross profit margins have decreased, as a result of an increase in total revenues. Prior annual and quarterly periods have been reclassified.

The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities ("FAS 140"). FAS 140 is effective for transfers and servicing of financial assets and extinguishments of liabilities occurring after March 31, 2001, and should be applied prospectively. Certain disclosures for securitized financial assets were required for the December 31, 2000, annual reporting. The adoption of FAS 140 did not have any impact on net earnings or the financial position of the Corporation.

CAUTIONARY STATEMENTS

This Annual Report contains statements that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Investors are cautioned that all forward-looking statements involve risks and uncertainties, including those arising out of economic, climatic, political, regulatory, competitive and other factors, including inaccurate assumptions. 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. 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 Corporation 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 Corporation's filings with the Securities and Exchange Commission including, but not limited to, the discussion of "Competition" in the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2000 (Form 10-K); "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 24 through 39 of this Annual Report; and "Note A: Accounting Policies" on pages 13 through 15 and "Note L: Commitments and Contingencies" on pages 22 and 23 of the Notes to Financial Statements of the Audited Consolidated Financial Statements included in this Annual Report, incorporated by reference into the Form 10-K.

QUARTERLY PERFORMANCE
UNAUDITED

(ADD 000, EXCEPT PER SHARE)	NET SALES(1)		GROSS PROFIT		NET EARNINGS		BASIC EARNING PER COMMON SHARE(2)	
QUARTER	2000	1999	2000	1999	2000	1999	2000	1999
First	$ 276,131	$ 241,061	$ 44,358	$ 39,742	$ 7,330	$ 7,940	$0.16	$0.17
Second	362,474	328,865	96,832	90,227	42,122	41,273	0.90	0.88
Third	380,305	353,792	95,426	99,661	42,051	43,951	0.90	0.94
Fourth	314,090	335,109	66,955	81,069	20,524	32,617	0.44	0.70
Totals	$1,333,000	$1,258,827	$303,571	$310,699	$112,027	$125,781	$2.40	$2.70

	DILUTED EARNINGS PER COMMON SHARE(2)		PER COMMON SHARE: DIVIDENDS PAID		STOCK PRICES: HIGH	LOW	HIGH	LOW
QUARTER	2000	1999	2000	1999	2000		1999	
First	$0.16	$0.17	$0.13	$0.13	$49.38	$35.50	$61	$49 3/16
Second	0.90	0.88	0.13	0.13	$54.25	$40.45	$68 1/8	$54 7/8
Third	0.90	0.94	0.14	0.13	$46.94	$35.24	$60 3/8	$35 1/4
Fourth	0.44	0.70	0.14	0.13	$44.10	$32.25	$42 5/8	$35 3/8
Totals	$2.39	$2.68	$0.54	$0.52				

(1) Net sales exclude freight and delivery revenues; such revenues are included in total revenues in accordance with EITF 00-10, Accounting for Shipping and Handling Fees and Costs on the Consolidated Statement of Earnings on page 9.

(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.

FIVE YEAR SUMMARY

(ADD 000, EXCEPT PER SHARE)	2000	1999	1998	1997	1996
CONSOLIDATED OPERATING RESULTS					
Net sales	$1,333,000	$1,258,827	$1,057,691	$ 900,863	$ 721,947
Freight and delivery revenues	184,517	175,292	143,805	128,326	102,974
Total revenues	1,517,517	1,434,119	1,201,496	1,029,189	824,921
Cost of sales, other costs and expenses	1,130,523	1,043,538	861,137	738,093	601,271
Freight and delivery costs	184,517	175,292	143,805	128,326	102,974
Cost of operations	1,315,040	1,218,830	1,004,942	866,419	704,245
EARNINGS FROM OPERATIONS	202,477	215,289	196,554	162,770	120,676
Interest expense on debt	41,895	39,411	23,759	16,899	10,121
Other income and (expenses), net	8,239	18,435	1,347	5,341	8,398
Earnings before taxes on income	168,821	194,313	174,142	151,212	118,953
Taxes on income	56,794	68,532	58,529	52,683	40,325
NET EARNINGS	$ 112,027	$ 125,781	$ 115,613	$ 98,529	$ 78,628
BASIC EARNINGS PER COMMON SHARE	$ 2.40	$ 2.70	$ 2.49	$ 2.14	$ 1.71
DILUTED EARNINGS PER COMMON SHARE	$ 2.39	$ 2.68	$ 2.48	$ 2.13	$ 1.71
CASH DIVIDENDS PER COMMON SHARE	$ 0.54	$ 0.52	$ 0.50	$ 0.48	$ 0.46
CONDENSED CONSOLIDATED BALANCE SHEET DATA					
Current deferred income tax benefits	$ 16,750	$ 21,899	$ 18,978	$ 16,873	$ 15,547
Current assets - other	408,251	381,466	350,410	305,139	255,619
Property, plant and equipment, net	914,072	846,993	777,528	591,420	408,820
Goodwill, net	374,994	375,327	348,026	148,481	39,952
Other intangibles, net	34,462	31,497	27,952	26,415	23,216
Other noncurrent assets	92,910	85,392	65,695	17,385	25,764
TOTAL	$1,841,439	$1,742,574	$1,588,589	$1,105,713	$ 768,918
Current liabilities - other	$ 143,958	$ 142,974	$ 136,576	$ 106,804	$ 86,871
Current maturities of long-term debt and commercial paper	45,155	39,722	15,657	1,431	1,273
Long-term debt and commercial paper	601,580	602,011	602,113	310,675	125,890
Pension and postretirement benefits	84,950	85,839	76,209	63,070	52,646
Noncurrent deferred income taxes	86,563	81,857	75,623	50,008	13,592
Other noncurrent liabilities	15,947	16,165	14,712	11,889	7,669
Shareholders' equity	863,286	774,006	667,699	561,836	480,977
TOTAL	$1,841,439	$1,742,574	$1,588,589	$1,105,713	$ 768,918

EXHIBIT 21.01

SUBSIDIARIES OF MARTIN MARIETTA MATERIALS, INC.
As of March 16, 2001

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 Stone Company, a North Carolina corporation	50%(3)
B&B Materials and Hauling, Inc., a Texas corporation	100%(4)
Bahama Rock Limited, a Bahamas corporation	100%
Bayou Mining, Inc., a Louisiana corporation	100%
Caldwell/Mellott, Inc., a North Carolina corporation	100%
Central Rock Company, a North Carolina corporation	100%
Eastside Development Limited Partnership, a Texas limited partnership	99%(5)
Fredonia Valley Railroad, Inc., a Delaware corporation	100%
Harding Street Corporation, a Delaware corporation	100%
Martin Marietta Aggregates of Iowa, Inc., an Iowa corporation	100%
Martin Marietta Aggregates of Southern Iowa, Inc., an Iowa corporation	100%
Martin Marietta Composites, Inc., a Delaware corporation	100%
Martin Marietta Exports, Inc., a Barbados corporation	100%

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(1} Alamo Gulf Coast Railroad Company is owned by Martin Marietta Materials Southwest, Ltd. (99.5%) and certain individuals (0.5%).

(2) Alamo North Texas Railroad Company is owned by Martin Marietta Materials Southwest, Ltd. (99.5%) and certain individuals (0.5%).

(3) Central Rock Company, a wholly-owned subsidiary of the Company, owns a 50% interest in American Stone Company.

(4) B&B Materials and Hauling, Inc. is a wholly-owned subsidiary of Martin Marietta Materials Southwest, Ltd.

(5) Eastside Development Limited Partnership is owned by Martin Marietta Materials Southwest, Ltd. (99%) and Redland Development Company (1%), a wholly-owned subsidiary of Martin Marietta Materials Southwest, Ltd.

Martin Marietta Magnesia Specialties Inc., a Delaware corporation	100%
Martin Marietta Materials Canada Limited, a Nova Scotia, Canada corporation	100%
Martin Marietta Materials of Louisiana, Inc., a Delaware corporation	100%
Martin Marietta Materials de Mexico, S.A. de C.V., a Mexican corporation	100%(6)
Martin Marietta Materials of Missouri, Inc., a Delaware corporation	100%
Martin Marietta Materials Southwest, Ltd., a Texas limited partnership	100%(7)
Martin Marietta Materials of Tennessee, Inc., a Delaware corporation	100%
Martin Marietta Technologies Corp., a Delaware corporation	100%
Menefee Crushed Stone Company, a Tennessee corporation	100%(8)
Meridian Aggregates Company, LP, a Delaware limited partnership	98%(9)
Meridian Aggregates Investments, LLC, a Delaware limited liability company	28.23%
Mid-State Construction & Materials, Inc., an Arkansas corporation	100%(10)
Midway Holding Company, LLC, a Delaware limited liability company	14.5%(11)
OK Sand & Gravel, LLC, a Delaware limited liability company	99%(12)
R&S Sand & Gravel, LLC, a Delaware limited liability company	99%(13)
Redland Development Company, a Texas corporation	100%(14)
Redland Park Development Limited Partnership, a Texas limited partnership	100%(15)

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(6) Martin Marietta Materials de Mexico, S.A. de C.V. is owned by Martin Marietta Magnesia Specialties Inc. (99%) and Martin Marietta Materials, Inc. (1%).

(7) Martin Marietta Materials Southwest, Ltd. is owned 2% by Southwest I, LLC and 98% by Southwest II, LLC.

(8) Menefee Crushed Stone Company is a wholly-owned subsidiary of Martin Marietta Materials of Tennessee.

(9) Meridian Aggregates Company, LP is owned 98% by Meridian Aggregates Investments, LLC. The remaining 2% is owned by members of management of Meridian Aggregates Company, LP.

(10) Mid-State Construction & Materials, Inc. is a wholly-owned subsidiary of Martin Marietta Materials of Arkansas, Inc.

(11) Midway Holding Company, LLC is owned 14.5% directly by Martin Marietta Materials and 28.23% indirectly through Meridian Aggregates Investments, LLC.

(12) Martin Marietta Materials, Inc. is the manager of and owns a 99% interest in OK Sand & Gravel, LLC.

(13) Martin Marietta Materials, Inc. is the manager of and owns a 99% interest in R&S Sand & Gravel, LLC.

(14) Redland Development Company is a wholly-owned subsidiary of Martin Marietta Materials Southwest, Ltd.

(15) Redland Park Development Limited Partnership is owned 100% by Martin Marietta Materials Southwest, Ltd. directly and through its subsidiaries.

Redland Stone Development Company, a Texas corporation	100%(16)
Southwest I, LLC, a Delaware limited liability company	100%
Southwest II, LLC, a Delaware limited liability company	100%
Superior Stone Company, a North Carolina corporation	100%
Theodore Holding, LLC, a Delaware limited liability company	60.7%(17)

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16 Redland Stone Development Company is a wholly-owned subsidiary of Martin Marietta Materials Southwest, Ltd.

17 Superior Stone Company, a wholly-owned subsidiary of the Company, is the manager of and owns a 60.7% interest in Theodore Holding, LLC.

EXHIBIT 23.01

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Martin Marietta Materials, Inc., of our report dated January 22, 2001, except for Note M, as to which the date is February 23, 2001, included in the 2000 Annual Report to Shareholders of Martin Marietta Materials, Inc. and subsidiaries.

Our audit also included the financial statement schedule of Martin Marietta Materials, Inc. and subsidiaries listed in Item 14(a). This schedule is the responsibility of the Corporation's management. Our responsibility is to express an opinion based on our audits. In our opinion, 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 Registration Statement (Form S-8 No. 33-83516) pertaining to the Martin Marietta Materials, Inc. Omnibus Securities Award Plan, as amended; in the 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; in the Registration Statement (Form S-8 No. 333-79039) pertaining to the Martin Marietta Materials, Inc. Stock-Based Award Plan, as amended; and in the Registration Statement (Form S-8 No. 333-37886) pertaining to the Martin Marietta Materials, Inc. Southwest Division 401(k) Plan, of our report dated January 22, 2001, except Note M, as to which the date is February 23, 2001, with respect to the consolidated financial statements incorporated herein by reference, and our report included in the preceding paragraph with respect to the financial statement schedule included in this Annual Report (Form 10-K) of Martin Marietta Materials, Inc., for the year ended December 31, 2000.

ERNST & YOUNG LLP

Raleigh, North Carolina
March 21, 2001