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PARTICIPANTS

Corporate Participants

C. Howard Nye – President, Chief Executive Officer & Director, Martin Marietta Materials, Inc.
Anne H. Lloyd – CFO, Executive VP & Head-Investor Relations, Martin Marietta Materials, Inc.

Other Participants

Arnie Ursaner – Analyst, CJS Securities, Inc.
Todd Vencil – Analyst, Sterne, Agee & Leach, Inc.
Garik S. Shmois – Analyst, Longbow Research LLC
Kathryn I. Thompson – Analyst, Thompson Research Group LLC
Jack F. Kasprzak – Analyst, BB&T Capital Markets
Chris D. Olin – Analyst, Cleveland Research Co. LLC
Jerry D. Revich – Analyst, Goldman Sachs & Co.
Trey H. Grooms – Analyst, Stephens, Inc.
Ted Grace – Analyst, Susquehanna Financial Group LLLP
Brent E. Thielman – Analyst, D. A. Davidson & Co.
Sam D. Dubinsky – Analyst, Wells Fargo Securities LLC

MANAGEMENT DISCUSSION SECTION

Operator: Good day, ladies and gentlemen, and welcome to the Martin Marietta Materials First Quarter 2014 Financial Results Conference Call. At this time, all participants are in a listen-only mode. Later, we'll conduct a question-and-answer session and instructions will be given at that time. [Operator Instructions] As a reminder, this conference call is being recorded.

I'll now introduce your host for today's conference, Ward Nye, President and CEO. You may begin.

C. Howard Nye, President, Chief Executive Officer & Director

Good afternoon, and thank you for joining Martin Marietta Materials quarterly earnings call. With me today is Anne Lloyd, our Executive Vice President and Chief Financial Officer.

As we announced in our earnings release this morning, first quarter 2014 results reflect both sales growth and improved profitability. Aggregates product line shipments increased 8% for the quarter, with notable growth in Texas and Colorado. Importantly, despite the impact of unusually adverse winter weather, shipments for each month increased over the respective prior-year month led by a 13% growth in March. Higher net sales, coupled with diligent cost management resulted in a 400-basis-point improvement in the aggregates business gross margin.

In addition to our quarterly results, we're excited about our proposed business combination with Texas Industries. This transaction will enhance our position in Texas and provide an opportunity to serve the expanding California cement market. Most importantly, we believe the combination will create long-term value for shareholders of both Martin Marietta and TXI.

As part of the combination process, we're continuing discussions with Department of Justice toward resolving our Hart-Scott-Rodino antitrust improvement act filing, or HSR. Although we're not yet in a position to publicly respond to any specific possible resolution, we believe any HSR issues will not

be material. Accordingly, our views today regarding this aspect remain unchanged from January. We expect the combination will proceed on the original timetable, likely to close this summer.

Before elaborating further on our first quarter results, let me remind you that today's discussion may include forward-looking statements, as defined by securities laws in connection with future events or future operating or financial performance. Such statements are subject to risks and uncertainties, which could cause actual results to differ materially. Except as legally required, we undertake no obligation publicly to update or revise any forward-looking statements, whether resulting from new information, future developments, or otherwise.

We refer you to the legal disclaimers contained in our first quarter earnings release and our other filings with the Securities and Exchange Commission, which are available on both our own and the SEC websites. Also, any margin references in our discussion are based on net sales and exclude freight and delivery revenues. These and other non-GAAP measures are also explained in our SEC filings and on our website.

Now for more on the quarter. Private construction continued to be strong across all of our geographies with each private end-use market achieving double-digit aggregate product line volume growth. The non-residential end-use market represented 34% of our quarterly shipments, and increased 13% over the prior year quarter.

Growth was notable in the energy sector and specifically at the Eagle Ford shale in South Texas, where shipments, consisting primarily of base stone products increased over the prior year quarter.

Private residential construction put in place during the first two months of the year increased more than 15% over the comparable prior year period according to the U.S. Census Bureau. Consistent with this trend, volumes to the residential market, which accounted for 15% of our quarterly shipments, increased 16% over the prior-year quarter. As residential strengthened, many of our western markets continues to both endure and grow. We're particularly pleased to see emerging residential strength in important southeast areas, among them Atlanta and Charlotte.

For example, in 2013, the 22-county Atlanta region experienced nearly 14,000 housing starts, up 67% year-over-year and new home closings were up 39%. In fact, a metro study report is forecasting Atlanta housing starts to increase by another 25% in 2014.

In Charlotte, homebuilders are projecting new starts to be up nearly 12%. This trend is supported by a recent Urban Land Institute and PricewaterhouseCoopers report projecting the Charlotte metro area to be the 16th fastest growing housing market in the United States in 2014.

Wrapping up the private sector. Shipments to the ChemRock and Rail end-use market represented 12% of quarterly volumes and increased 14% due to higher ballast and agricultural lime shipments. The remaining 39% of our aggregates product line business went to the infrastructure end-use market. Despite the impact of winter weather, public sector shipments were positively affected by state funding initiatives and were flat compared with the prior-year quarter.

We noted growth in the West Group, particularly in Texas and Colorado where robust state funding programs, along with public-private partnership initiatives and the promise of long-awaited [ph] fifty (05:46) awards provide additional funding sources for transportation investment.

As previously noted, we expect state initiatives to play a more critical role in future public sector activity. That said, the infrastructure market continues to be unsettled by the lack of certainties surrounding long term federal highway funding. To that end, we continue to monitor congressional deliberations regarding the Federal Transportation funding beyond the Moving Ahead For Progress in the 21st Century Act, or MAP-21, which is scheduled to expire on September 30.

Additionally, a revenue infusion is needed to maintain an uninterrupted flow of reimbursements from the highway trust fund now expected to encounter a funding deficit before the end of the fiscal year. Over the previous five years, Congress has used general fund transfers to bridge this shortfall. Amid this circumstance, several states including Colorado, Georgia, and Iowa have stated their intentions to take a cautious approach on committing to major projects until federal funding is stabilized.

As a practical matter, since most state fiscal years start on July 1, it is possible minings will be weighted towards later into various states fiscal years. On a positive note in that regard, both the house transportation and senate environmental and public works committees have announced their support for a new highway built at existing funding levels plus adjustments for inflation. Further, both President Obama and House Ways and Means Chairman Dave Camp included highway trust fund remedies in their respective tax reform initiatives.

Due to a combination of geography and product mix, our aggregates product line experienced a 1.3% average selling price decline versus the prior year quarter. Notably, base stone and sand and gravel shipments particularly in the West Group represented an expanded share of our quarterly sales. We view this as evidence of early stage construction activity and an attractive precursor to more follow on clean stone demand still to come in a host of our markets. If our aggregates product line had the same geographic and product mix as the first quarter of 2013, the average selling price would have increased approximately 1%.

Aggregates production decreased 2.4% as efficient workdays were either hampered or lost due to extreme weather conditions including snow, ice and freezing temperatures. For example our Greensboro district was shut down 10 days during the quarter due to such weather constraints. As expected, the decline in production led to an increase in production cost per ton. We estimate that as a result of unusually adverse weather conditions, aggregate direct production costs were impacted by $5 million.

Our vertically integrated product lines each reported growth in sales and gross profit. The ready-mix concrete product line achieved a 45% increase in net sales reflecting volume and pricing growth. The asphalt line reported increased shipments, which led to a 9% increase in net sales. The road pavement business nearly doubled its net sales primarily due to increased activity in Colorado.

The specialty products business continued to make a significant contribution to our consolidated results. For the quarter, net sales for this business were $57.4 million, an increase of $2 million, which was driven by both growth, driven by growth in the chemical and chemicals product line. The business reported a gross margin of nearly 33% which was negatively affected by increased usage of natural gas and the impact of a colder than expected winter on natural gas pricing.

Consistent with our outlook for the year, selling, general and administrative expenses decreased $3.4 million or 190 basis points as a percentage of net sales compared with the prior-year quarter. The reduction is due to the absence of costs related to the information systems upgrade completed late last year. Additionally, pension expense declined from the prior-year.

Our adjusted consolidated loss from operations was $6.4 million, compared with a loss from operations of $23.3 million in the prior-year quarter, an improvement of over 70%. That said, we of course incurred business development expenses related to pending combination of TXI. For the quarter, these costs totaled $9.5 million. Inclusive of these costs, our consolidated loss from operations was $15.9 million.

Our loss per diluted share was $0.47. Excluding business development expenses, our adjusted loss per diluted share was $0.35 compared with a loss per diluted share of $0.61 for the prior-year quarter.

For the quarter, we generated operating cash flow of $7 million, which reflects the impact of higher net sales from working capital. We prudently invested $37 million in capital projects and maintained our quarterly dividend rate of $0.40 per common share. At March 31, our ratio of consolidated debt to consolidated EBITDA was 2.74 times, in compliance with the limits under our debt covenant.

Looking ahead to the full year 2014, we continue to see positive trends in our business end markets, especially private sector employment and general construction activity.

Non-residential construction is expected to reflect growth in both the heavy industrial and commercial sectors. Shale development and related follow-on public and private construction activities are anticipated to remain strong. Furthermore, the commercial building sector should benefit from improved market fundamentals, including higher occupancies and rents, strengthened property values, and increased real estate lending. Based on these factors, we anticipate non-residential end-use shipments to increase in the mid- to high-single digits.

Residential construction should continue to grow in our primary markets, driven by near historically low mortgage rates and rising employment. For the first time since 2007, total annual housing starts are expected to exceed 1 million units. We believe these trends will lead to double-digit volume growth in residential end-use shipments.

For the public sector, authorized highway funding from MAP-21 will increase slightly compared with 2013. Furthermore, as previously mentioned, state initiatives to finance infrastructure projects are expected to grow and continue to play a more enhanced role in public sector activity. Based on these trends and expectations, we anticipate aggregate shipments to the infrastructure end-use market will increase slightly.

Finally, our ChemRock/Rail end-use market is expected to have low-single-digit growth compared with 2013. Cumulatively, we look for aggregates product line shipments to increase 4% to 5% compared with 2013. The most significant risk to our aggregates volume guidance will be congressional actions and timing surrounding the expiration of MAP-21 in September along with uncertainty of our funding with the Highway Trust Fund.

We also expect the aggregates product line pricing to increase 3% to 5% over 2013, although this increase will not be uniform across the company. Aggregates product line direct-production costs per ton are expected to decrease slightly compared with 2013.

Our vertically integrated businesses should generate between $385 million and $405 million of net sales and $40 million to $45 million of gross product (sic) [profit] (14:25). Net sales for the Specialty Products segment should range from $225 million to $235 million, generating $85 million to $90 million of gross profit. Steel utilization and natural gas prices remain two key drivers for this business.

SG&A expenses as a percentage of net sales are expected to decline compared with 2013, driven in part by nearly $8 million of non-recurring costs incurred in 2013 primarily related to the information systems upgrade, as well as lower pension costs in 2014. Interest expense should remain consistent with 2013. Our estimated effective income tax rate is 29% excluding discrete events. Capital expenditures are forecast to be $155 million.

To conclude, we are encouraged by numerous macroeconomic indicators of increased construction activity for 2014. We believe the private sector will continue with strong growth, which coupled with increased state level funding of key projects should stimulate public sector activity.

We also remain enthusiastic about the pending combination with TXI. We believe our expanded platform for growth and increased levels of construction activity are a powerful combination that will enhance long-term shareholder value.

Thanks very much for your interest in Martin Marietta. If the operator will now give the required instructions, we will turn our attention to addressing your questions.

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QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] Our first question comes from Arnie Ursaner of CJS Securities. Your line is open.

<Q – Arnie Ursaner – CJS Securities, Inc.>: Good afternoon. I think the first one, Ward, is congratulations on your new role within the company. Well deserved. Could you expand a little bit, you talked about geographic issues impacting pricing and mix. Could you expand a little bit on both of those since pricing early in the year does tend to have a fairly important impact for the overall company for the year?

<A – Ward Nye – Martin Marietta Materials, Inc.>: Sure, Arnie. And Arnie, thanks for your comments. I really do appreciate that. Here's the way I think about volume and pricing in Q1. Look, we had strong volume increases in Rocky Mountain and we saw strong volume increases in the Southwest. So, it really those are two of our lowest priced areas. So, if we think about that in varying degrees of context, in the Southwest, we saw base sales go up by almost a million tons, but we saw clean stone stay relative static from a volume perspective. Now, what I'll tell you is the base stone pricing went up as did the clean stone pricing. But still that's a million more tons of base, which is obviously a lower priced product in a lower priced market.

Similarly, if we look in the Rocky Mountain division, up and down the Front Range in Denver. Again, if we're looking at base and fill material in that market, they're up about 2x over where they were last year in the first quarter. So again, you're looking at a lower priced market and lower priced products going. I actually think that's a good sign, Arnie, because what it's telling us for the first time in a long time we're seeing new construction. And part of what I tried to spell out in the prepared remarks is that's simply going to be a driving force for more mature construction that's coming behind it.

And in fact, we're seeing some of that in the pricing that we're seeing in concrete stone and asphalt stone. If we look at pricing for the quarter for concrete stone that was up 2.9% for the quarter and pricing for asphalt stone was up 3.7%. So as we come back and revisit where we are relative to pricing, to us it is truly a geographic and a product mix issue. Our confidence around the pricing story continues to be very high. And I think what we're seeing in Texas on a continuing basis and what we're seeing in Colorado are very, very good signs.

<Q – Arnie Ursaner – CJS Securities, Inc.>: Were there any markets you didn't actually have some price increase in the materials that you were selling?

<A – Ward Nye – Martin Marietta Materials, Inc.>: When we're going to same product, same quarry, this is not a marketplace in which we are seeing pricing retreat. We are looking at pricing, we're watching it go nicely up. There are a number of markets that we didn't put price increases in until April 1. And as you recall that's really when much of the construction season starting in earnest anyway. But I think that answers your question. Did I hit what you needed, Arnie?

<Q – Arnie Ursaner – CJS Securities, Inc.>: Absolutely. Very thorough. My other broad question which I'm sure is on the mind of virtually everyone on the call is you have the potential for a transformational acquisition with Texas Industries and yet we're having some issues with the DOJ. Is there a way you can perhaps expand on some of the issues you're dealing with and how this might get resolved?

<A – Ward Nye – Martin Marietta Materials, Inc.>: Sure. And I'm happy to do that. Actually, we are precisely where we thought we would be with DOJ right now. I mean, you're right, there is a second request. The second request is really quite narrow. We feel like the issues that are involved in the second request, and we're working with the DOJ staff right now, are very much in line with

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what we had anticipated. We think this is a circumstance that's likely to be resolved in a matter of weeks because, as you'll see, we're not changing our ideas around when the closing will occur.

The other thing I'll tell you is there's comfort around it. If we look at the scope of the second request, what that tells us is the view that we've long held that there should not be any quarries put up for sale in Texas is very much consistent with what we thought it would be. So, from a timing perspective, Arnie, I think we're exactly where we thought we would be. From looking at the markets and anticipating what the likely result is, I think, again, we're exactly where we thought we would be and the conversations and dialogue with DOJ staff continues to move along in what we feel like is very constructive, very progressive way.

<Q – Arnie Ursaner – CJS Securities, Inc.>: Thank you very much.

<A – Ward Nye – Martin Marietta Materials, Inc.>: Thank you, Arnie.

Operator: Thank you. Our next question comes from Todd Vencil of Sterne, Agee. Your line is open.

<Q – Todd Vencil – Sterne, Agee & Leach, Inc.>: Thanks very much, Ward and Anne. Just to kind of expand on the last set of questions. Can you talk about the range of the price increases that have gone in so far this year and the timing?

<A – Ward Nye – Martin Marietta Materials, Inc.>: Todd, they will vary. Some will have gone in on January 1. Some probably would have gone in on around April 1. If I'm looking at the data that we have right now, in some markets, I'm seeing price up as much on a percentage basis as 14% in some areas. Obviously, there's going to be other areas that will not have that degree of price increase. I don't really want to go market by market for obviously competitive reasons and give you a sense of that. But again, if we're looking same on same, the price increases are very much where we thought they would be, Todd.

<Q – Todd Vencil – Sterne, Agee & Leach, Inc.>: That's good. With regard to your aggregates margin, nice looking performance in the quarter, which is interesting, given that price was down or the average price was down, and you mentioned in the release that production was also down. So, can you talk about how you're able to pull that off with the margins?

<A – Ward Nye – Martin Marietta Materials, Inc.>: Number one, I would say we had awfully good cost control. And I think that's a real kudo to our team. Here's the way that I'd like to think of it for the quarter, Todd, and I think this is a story that we haven't been able to say for a long time. If you come back and take a look at the quarter and you put $9.5 million of extraordinary costs to the TXI transaction and if you want to come back and basically say that our gross profit was hit by another $5 million simply due to what we dealt with extraordinary weather. And the biggest component of that was felt principally in Midwest division right now or Mid America. At the end of the day, that's another $5 million.

You come back and take that $9.5 million, on the extraordinaries with TXI and the $5 million that we fell like we were hit because of the extraordinary weather, basically, we're looking at a breakeven Q1. And I think that's pretty impressive because when you go back and take a look at it, that's 24.6 million tons of sales. Back in Q1 of 2012, we had 24.9 million tons of sales and on a normalized basis, then probably around a $0.47 per diluted share loss normalized. And if we're looking at something that feels awfully like breakeven, when you pull out these extraordinaries, I think what that tells us is the cost structure continues to be in the right place. The team is focused on the right things. And what we believe we can do relative to pricing continues to be very consistent.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: Todd, I think you could almost summarize if I say, when the sun was shining, we were shipping. And that's just not very common in the first quarter.

<A – Ward Nye – Martin Marietta Materials, Inc.>: And then the odd thing, Todd, was that was true across the enterprise. I think what a lot of people would have assumed is in a market like Denver, that can be really profoundly affected by winter weather. To Anne's point, when the sun was shining in Denver, life was working pretty well there. So, when we suddenly pause and come back and take a look at what was happening with respect to ready mix in that market, ready mix in Denver all by itself was up 35%. And asphalt remarkably up even more than that on a percentage basis in a remarkably weather-impacted world. So it tells us the momentum we saw in 2013 does continue into 2014 right now.

<Q – Todd Vencil – Sterne, Agee & Leach, Inc.>: And this is probably obvious that that's a function of underlying demand and backlog do you think at your customers?

<A – Ward Nye – Martin Marietta Materials, Inc.>: That's what we believe. Again, we think the momentum that we saw in Q4 last year again that we thought was very attractive, we think, continues into Q1 and throughout the year.

<Q – Todd Vencil – Sterne, Agee & Leach, Inc.>: And just sticking with Colorado for a second, do you have a sense for how much of the business there is rebuilding for the floods and the FEMA money versus how much is highway money and how sustainable each of those things is?

<A – Ward Nye – Martin Marietta Materials, Inc.>: What I think one of the big things that's odd about Denver right now, a lot of the flood and other Colorado [ph] DOT (25:20) money has actually been a little bit slow coming out. I think we saw some of that come out quickly in Q4 simply because they had to. But I think they're looking at so much potential work there it's coming out slowly. What that tells me is this: the private sector and, again, that's back to the commentary that we had, continues to not only be good but continues to get better in that market.

And from where we sit, that's an attractive place to be because private sector work is actually more profitable work for us. So, again, if we recognize there's going to be more public work coming behind that, it just continues to make us feel better about that market.

<Q – Todd Vencil – Sterne, Agee & Leach, Inc.>: Thanks for that. Final question for me, specialty products business. So given that you had an impact on the margin in nat gas in the quarter, or given that you didn't change your guidance for the year, can I assume that you're anticipating that that impact wanes or has already begun to wane? And can you talk about the sensitivity of the gas prices there?

<A – Ward Nye – Martin Marietta Materials, Inc.>: It has begun to wane. I mean, steel continues to run at about 76% of capacity right now. Nat gas is back in that $5 range, which is really where we had kind of planned. Keep in mind, what we saw during Q1 was nat gas up year-over-year, with a spike of 58%, and usage up about 6.5% because we had some lime constraints really because of that extraordinary weather which made us operate our kilns in a fashion that is not optimal for running our business. So we think where we're sitting right now for the balance of the year, and frankly, with what we see as backlogs in the business, we have a lot of conviction around where that business will wrap up.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: And, Todd that increased [ph] usage and cost (27:13), our price was about $1.8 million impact on the cost structure of specialty products business, which really essentially, if you would normalize for that, the margins would have been essentially flat with last year.

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<Q – Todd Vencil – Sterne, Agee & Leach, Inc.>: Got it. Thank you so much.

<A – Ward Nye – Martin Marietta Materials, Inc.>: Thank you, Todd.

Operator: Thank you. Our next question comes from Garik Shmois of Longbow Research. Your line is open.

<Q – Garik Shmois – Longbow Research LLC>: Thanks. First question is just on pricing in the West Group. You called out mix as a pretty sizeable headwind. I'm just wondering if you have line of sight as to how long mix could be a headwind this year? Are we looking at another quarter, another two quarters, or is this going to be potentially a longer run headwind until the initial base stone shipments wear off?

<A – Ward Nye – Martin Marietta Materials, Inc.>: Well, Garik, I think it could go for a while. And frankly, I hope that it does in many respects. Because if we look at the way, let's talk about Houston for a second. Houston typically is a market that's running at around 85% clean stone. And Houston is considerably below that right now on both sand and gravel and base material. But again, part of what's going on in Houston is they need base stone because they need to come back for new construction and there's been such a little demolition in that market.

Remember, that's one of the few markets in the United States where often times recycled or fresh concrete can be used as a base product. So, again, what we're seeing are some shortages on product like that. We're continuing to see new construction. And the fact there's been more new construction that we see, while it may get an optical headwind on pricing, at the end of the day, Garik, that's all it is. Because even as I'm looking at these base price sales in the Southwest and in Denver, the prices are up year-over-year and the clean stone prices will be up year-over-year.

And specifically, coming back to Texas, as you recall, that was the market where last year we did see a number of midyear price increases. And I think you should expect us to come back and look for that again this year as well.

<Q – Garik Shmois – Longbow Research LLC>: Okay. No, that makes sense. I guess it's a good problem to have at this point in the cycle. But I guess just my follow-up there in the context of your pricing guidance being unchanged. Just wondering if you could expand a little bit on how you're thinking about it? I kind of appreciate that there's market volatility and it's not going to be uniform over the course of the year. But if you can help us maybe bridge the gap between the reported price in the first quarter and what needs to happen for you to hit your guidance for this year?

<A – Ward Nye – Martin Marietta Materials, Inc.>: I think in large part we just need to see volume return to mid-America and Southeast. Keep in mind, if we're looking at the first quarter, volume in the West was basically up a considerable percentage point. And at the same time, we're watching volumes down in Mid-America and Southeast. Particularly, as Mid-America comes back, that geographic shift all by itself, Garik, I think comes back and probably fills that hole that you're wondering about.

<Q – Garik Shmois – Longbow Research LLC>: Okay. Makes sense. And I guess my last question is on the volume guidance as well. Really good volumes in the quarter, but your full-year guidance implied some deceleration in growth. I'm just wondering what you're thinking about with respect to volumes over the balance of the year. Is it a measure of caution with respect to the highway bill uncertainty? Or is there something else going on there?

<A – Ward Nye – Martin Marietta Materials, Inc.>: Well, Garik, you nailed it. And that's exactly where we were a couple of years ago and you'll remember that as well when we were in a re-authorization year and suddenly it seemed like some wind came out of it. Frankly, it's hard to sit here right now and see that wind is going to come out of it like it did then. At the same time, it's not

our first rodeo with this. So, I think to your point, coming back and just remembering what history has been and approaching it in a reasoned manner is what we're looking to do.

As a practical matter, I think we will likely have some degree of resolution on what the rest of this year looks like on the highway bill relative to funding probably before congress leaves for the August recess. And if that's what we have, then when we come back at half year and report our half year results, then we can come back and revisit where we are on volume guidance.

<Q – Garik Shmois – Longbow Research LLC>: That makes sense. Thanks so much.

<A – Ward Nye – Martin Marietta Materials, Inc.>: Thank you.

Operator: Thank you. Our next question comes from Kathryn Thompson of Thompson Research Group. Your line is open.

<Q – Kathryn Thompson – Thompson Research Group LLC>: Thanks for taking my questions today. The first is on volume progression. And the feedback that you had with March being up low teens was very much in line with what we had heard in the market. But in terms of, can you maybe dig a little bit more into regional and end-market differences? You're steadily moving your mix shift away from infrastructure being a bigger percentage of your sales and res and non-res is going to be a bigger percentage. Obviously, you've seen growth there, but if you could maybe compare and contrast, like I said, on the end-market and regional differences, on which we're seeing as we go into Q2 and how is that different than what you saw a year or two years ago?

<A – Ward Nye – Martin Marietta Materials, Inc.>: Kathryn, that's a good question, a fair one. Let's think of it this, let's start in Colorado and work our way through the business. Here's a good way to think about what we're seeing in Colorado. I think we're continuing to see good residential activity there. We're seeing good commercial activity there. To give you a sense of it, last year at this time, we had four paving crews in place in Colorado. This year we had 16 paving crews in place in Colorado. So, again, what I would tell you is we're watching every component of that economy hit pretty well.

As we come a little bit farther south and take a look at the Midwest, again, that's never going to be a big driver on the res side, although res around Des Moines and Omaha is actually, for those markets, look pretty good. Again, what we're seeing is particularly good commercial activity there. We continue to see add-ons at data warehouses for Google, Microsoft and others in that marketplace.

And again, what I would tell you on infrastructure there, it continues to be very, very steady. If we come a little bit farther south and take a look at what's going on in DFW and in parts of Texas. In DFW we're looking at Interstate Highway 35 West with considerable tonnage. We're looking at State Highway 183, considerable tonnage. We're looking at [ph] price homes (33:55) up 60% year-over-year and DFW now probably to a $25,000 per annum start right there.

If we go down to Houston, we talked about the fact that that's usually a market that you see 85% of the market in clean stone. Base is now considerably up. We're seeing good toll road work there. We're seeing, based on the Harris County toll way authority putting in a $900 million job in Q3. Res was up 8% in that market.

When we come back and look at San Antonio, res was up 14% in that market and home inventories are down to four months only. So again, we're seeing great activity there. And then suddenly, you hit South Texas, and you've got $5 billion worth of petrochemical or related work. And now for the first time, we're seeing people come back and really look hard at the energy sector road repair work that needs to be done there. So that's a good walkthrough of what we're seeing west and how some of that's moved.

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When we come east, what we have at last are markets that are important that are getting considerably better. I think part of what you heard us speak to some degree of specificity is what we're seeing in particular in markets like Charlotte. We're seeing much better employment numbers driving housing and commercial. The I-77 HOT Lanes, light rail there and apartments are far better than they would have been a year ago. We also continue to see very robust work at Charlotte Douglas Airport.

But Kathryn, this is important in North Carolina because the area that had been the sickest for us in many respects had been around the Triad, at least for the high point Winston-Salem. We're seeing good infrastructure work there in particular the western loop which is $100 million job is in that market. We're seeing the eastern loop coming behind that, 68 connector and seeing strong subdivision work there.

So again, an important market for us that's starting to get its legs more slowly than others but still getting its legs. And then when we come back and take a look at what's going on in Atlanta and we call that out specifically relative to housing and commercial, that's the market that's feeling considerably better than it did a year ago. Not so much in fairness on infrastructure although some it is better. Of course the northwest corridor job went there and that job all by itself is almost as big as the rest of Georgia DOT budget would be.

But again, that's a market that saw the private sector just go off the edge and the private sector in Atlanta has come back very, very nicely. And then as we wrap up and head really more toward mid-America in Indianapolis and Ohio, Indy for us has been a very good steady market. And what we like about it is non-res is getting much healthier there. And we're looking at Indianapolis as the fifth hottest warehousing area and district in the United States.

So when you're adding that commercial component on top of what's been a very steady infrastructure, that's a bit of a change. We're also seeing housing get considerably better in Northern Indianapolis up toward Carmel. And then when we come back and take a look at Ohio, res has gotten much better, there's your delta there. Permits were up 19% in Cincinnati and vacant lots are down 17%. But we also have good infrastructure work on I-70 and I-275.

And part of what I really come back at the end of the day and say works well is ready-mix pricing up in that market as much as 6%. So, when we're seeing that type of activity, I think when you're seeing ready-mix pricing move in an upward trajectory, that's usually a very good sign for every sector of the market. I apologize for the length of response on that, KT, but I thought going market by market probably made some sense.

<Q – Kathryn Thompson – Thompson Research Group LLC>: Yeah, no, that helps. That helps. And I guess this is really a two-part question. One more directly to pricing, the other somewhat relates to pricing. If you're able, could you parse out on a rough percentage basis how much of pricing in the quarter was impacted by geography versus product mix? And then, finally, if you were to look at your markets today versus five years ago, how consolidated are your top markets today versus five years ago?

<A – Ward Nye – Martin Marietta Materials, Inc.>: But I'll let you do the math on the latter part of the question. What I'll say with respect to the geographic and the product mix, I mean, both of those issues, again, were an optical issue going into the quarter. And I try to get some very specific numbers around what we saw particularly in Texas and Colorado. Look, if it was same-on-same, Kathryn, it would have been up 1% or more. I think that's still the best way to think of it.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: Yeah, Kathryn, this is Anne. I think it was about 2% was geography, about 1.3%, 1.5% was product, and that average fee of just right around 1%, the impact of it.

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<A – Ward Nye – Martin Marietta Materials, Inc.>: And in fact, 1.8% was geographic and 1.3% was product.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: Right.

<Q – Kathryn Thompson – Thompson Research Group LLC>: That's helpful. And the second part of the question which was I don't know if you caught, I had my phone cut out, but if you look at your overall markets from Martin Marietta today what percentage are fully consolidated? When I say fully consolidated, you have three or four players that account for 80%-plus market share. What is your consolidation today versus the prior peak?

<A – Ward Nye – Martin Marietta Materials, Inc.>: Kathryn, I think clearly the industry has seen conservative consolidations since the prior period. I think that's a safe observation. I think the other thing that I would ask you to look at and I think it's better for you to look at for me going on. It's what equal relevant geographic market because whether you're moving products by truck, by rail, by boat, by barge, or otherwise, can impact that pretty considerably as kind of the various entry and they're going to vary considerably across markets as well. So, I'm going to artfully dodge your question on that at the end of the day.

<Q – Kathryn Thompson – Thompson Research Group LLC>: Not a problem. Thank you so much.

<A – Ward Nye – Martin Marietta Materials, Inc.>: Thank you, Kathryn.

Operator: Thank you. Our next question comes from Jack Kasprzak of BB&T. Your line is open.

<Q – Jack Kasprzak – BB&T Capital Markets>: Thanks. Good afternoon, Ward and Anne.

<A – Ward Nye – Martin Marietta Materials, Inc.>: Hello, Jack.

<Q – Jack Kasprzak – BB&T Capital Markets>: Back to pricing for a second going back a couple years, two or three years, there were issues with inventory imbalances in some markets. I'm just wondering where we stand today and whether any issues over inventory imbalances are having a material effect on your pricing outlook for the full year?

<A – Ward Nye – Martin Marietta Materials, Inc.>: The short answer on that is no. They're not having a material impact on pricing for the full year. As you recall, we basically had about 60 million tons that were out there. We pulled that down a little bit quarter-over-quarter. Where we were out of balance was on base products. So, the fact is, as we see base work go with greater bidder in almost every market that we're in. That goes a long way toward curing the imbalance. But, no, we do not see that a surprising issue, Jack.

<Q – Jack Kasprzak – BB&T Capital Markets>: Okay. Second question is in the risk section of the press release, you talk about fiscal issues and risk of transportation, budgets and spending. And it mentions North Carolina which, of course, is a very important state to you guys. Is there something specific going on there that you see that's changed in the last three or six months with regard to the outlook in North Carolina for transportation spending?

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: Hi, Jack. This is Anne. There is not. I mean, that really, that is a pretty standard issue. As you know, North Carolina disproportionately affects profitability.

<Q – Jack Kasprzak – BB&T Capital Markets>: Right.

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<A – Anne Lloyd – Martin Marietta Materials, Inc.>: And so, we make sure that we highlight that.

<Q – Jack Kasprzak – BB&T Capital Markets>: Okay.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: In fact, to our whole commentary of as the Southeastern corner of United States begins to recover, then you get a disproportionate impact on profits.

<Q – Jack Kasprzak – BB&T Capital Markets>: Okay. Thanks. And another comment about some markets in the West being now in growth mode when you kind of look at the cycle from bigger picture perspective and Texas has been and still is a great market, and I guess you're calling out some improvements in Colorado. Is that where the change is coming in terms of more markets being in growth mode?

<A – Ward Nye – Martin Marietta Materials, Inc.>: I think that's entirely what we're seeing there. I mean, part of what we anticipate in Colorado, for example, Jack, is we're looking to put a mid-year price increase in ready mix in Denver of $6 a cubic yard. That's already been said to the marketplace. So, again, if you're looking at that type of a mid-year price increase on ready mix in a market like Denver, I think that gives you a pretty good sense of what that growth looks like.

And based on a Colorado budget, based on what their ramp program is doing and based on what the flood relief dollars will look like in that market, we anticipate that market being pretty strong not for a matter of months, but rather for a matter of years.

<Q – Jack Kasprzak – BB&T Capital Markets>: Okay. That's great. Thanks very much.

<A – Ward Nye – Martin Marietta Materials, Inc.>: Thank you, Jack.

Operator: Thank you. Our next question comes from Chris Olin of Cleveland Research. Your line is open.

<Q – Chris Olin – Cleveland Research Co. LLC>: Good afternoon.

<A – Ward Nye – Martin Marietta Materials, Inc.>: Hi, Chris.

<Q – Chris Olin – Cleveland Research Co. LLC>: I just wanted to talk a little bit, two big-picture questions. The first is the TIFIA spending contribution. I guess I'm just wondering how you're thinking about that going forward and how your assets may be positioned. Are you winning some of these projects that are getting released?

<A – Ward Nye – Martin Marietta Materials, Inc.>: Look, I think we look at it the same way we talked about it for a while, and that is we think it's going to make a profound difference. We have been disappointed, as I'm sure you have been, too, at the pace with which it's come out. Given the pacing, at least relative to 2014, we put our plan together as if there would be no TIFIA activity in our plan. So to the extent TIFIA really starts hitting it hard this year, frankly, it'll hit it harder next year, it'd simply be an upside.

I mean, here's what we know. Look, all the awards are likely to be done, well, they have to be done before the expiration of the highway bill. The total applications right now exceed $51 billion. If we look at the states in which we participate, ongoing applications right now are $18.5 billion. If we look at places that it's been approved, northwest corridor in Atlanta, downtown bridges in Kentucky, and the Grand Parkway in Texas, my guess is you're going to see TIFIA dollars going to the HOT lanes on I-77 in Charlotte. You're likely to see TIFIA dollars going to the Ultimate I-4 in Florida that's just been let.

And again, these are states in which our infrastructure presence tends to be pretty profound. So, again, if you're seeing Texas come back with $35 billion with the TIFIA applications; North Carolina over $1 billion; and Florida with several billion. With the footprint that we have in those states and our ability to supply, particularly in those granite markets, good quality DOT stone, we feel like it will make a nice difference for us.

Then again, we feel like we're disproportionally located in areas that will benefit from that. I think whether it's TIFIA or whether it's residential or whether it's non-res, this is the year, and I think next year will too, where where you are matters disproportionately. And I think our where is in our favor.

<Q – Chris Olin – Cleveland Research Co. LLC>: Okay, that is helpful. And then, secondly, I know it's somewhat early, but looking at the potential impact of the investment in port to pass, seaport expansion related to the Panama Canal. And how do you think about that? Do you think you're positioned well? Are you seeing anything?

<A – Ward Nye – Martin Marietta Materials, Inc.>: I do think we're positioned well because, remember, a lot of stone in those markets will end up coming in by rail to different areas, and we're the largest movers. So if you think about the markets that can be impacted, this can be going from South Texas across the Gulf and in to Florida. And we're of course, the largest mover of stone by rail on the Burlington, Northern Santa Fe, the Union Pacific and the Kansas City Southern, number one on CSX, number two on NS. So our ability to move stone in those markets and what we feel like are importantly strategically placed sales yards is very attractive. And of course, we're also coming out of Bahamas by boat and Nova Scotia by boat. So our ability to hit it by water and by land is very impressive and we like where we are there too.

<Q – Chris Olin – Cleveland Research Co. LLC>: Okay.

Operator: Thank you. Our next question comes from Jerry Revich of Goldman Sachs. Your line is open.

<Q – Jerry Revich – Goldman Sachs & Co.>: Hi, good afternoon.

<A – Ward Nye – Martin Marietta Materials, Inc.>: Hi, Jerry.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: Hi, Jerry.

<Q – Jerry Revich – Goldman Sachs & Co.>: I'm wondering if you could talk about the range of areas where you're putting in an April 1 price increase? If you could just quantify as what portion of your served markets and how is that different this year versus last year? It sounds like you may have gotten more Jan 1 than April 1 increases last year, which maybe is driving the variance this quarter. Is that right or can you just frame that for us?

<A – Ward Nye – Martin Marietta Materials, Inc.>: Well, I think the variance for the quarter is really it's geography and it's product, Jerry. I think that was really more of a story than anything else. And candidly, I don't think the April to January delta was really that much different this year than last year because it tends to be oddly enough in more of the cold weather states anyway. So at the end of the day, I'm not sure really going into April puts you behind in any meaningful way. So I continue to believe the pricing story this quarter is just what we've outlined it. It's a mix issue on both sides of the mix debate.

<Q – Jerry Revich – Goldman Sachs & Co.>: Okay. And you've outlined pickup in the Southeast would be pretty positive from a mix standpoint. Can you just talk about the lead times that you see in your business by each of your three reported geographies? Are you seeing that manifest itself in the backlog? Do you have more visibility in that market than the two other reported regions?

<A – Ward Nye – Martin Marietta Materials, Inc.>: Yeah, I think we're clearly having more visibility into a res market because there is a res market now. And we're having more visibility into a non-res market. I think both of those and now I'm not necessarily talking about reporting units. I'm just talking broadly geographically. I think both of those are much clearer and better for us now in the Southeastern United States and by that I mean Virginia, all the way through the Carolinas and in to Georgia and Alabama, but that's been for a while.

We also are not seeing anything that feels like it's taking a step backward in any of those states relative to infrastructure either, and I think that's an important piece of it.

So as we're looking at what's going on in those states in our business, really, across the board, it feels considerably better. I think part of what I've been particularly moved by as we come back and take a look at Florida, which was such a tough state for everybody through the downturn.

I mean, right now, Florida is number four in the United States on pure growth that it's seeing. And Governor Rick Scott has just announced an $8.8 billion DOT budget for fiscal year 2015, and they've also just finished awarding the Ultimate I-4 bid in Seminole County to the Skanska, Granite and Lane team. That's a $2.3 billion project that they'll get a notice to proceed on later this summer. I mean, that's the type of visibility that we're seeing on res, non-res, and these large infrastructure projects in that part of the world that we haven't seen for a while, Jerry.

<Q – Jerry Revich – Goldman Sachs & Co.>: And you mentioned you're shipping. Any data that you could in the first quarter and you still had really excellent year-over-year volume performance? I'm wondering if the momentum is continuing to a similar extent in 2Q. Could you see double-digit volume growth in 2Q in this business based on what you're seeing today?

<A – Ward Nye – Martin Marietta Materials, Inc.>: I would tell you all about Q2 when we come back at half-year. But again, we talked about momentum building from Q4 into Q1. So I think the primary swing factor is going to be what either it does happen or doesn't happen in Washington, D.C. If Washington doesn't get in the way, I think it could be pretty impressive.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: And just a reminder, we have the second quarter 2013 volumes were down almost 2%, and they picked up pretty strong in April but then deteriorated very quickly in May and June because of the rain we have last year. So, the comps in the second quarter...

<A – Ward Nye – Martin Marietta Materials, Inc.>: [indiscernible] (51:16)

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: ... assuming we have a normal spring as opposed to a rainy, rainy spring are pretty helpful.

<Q – Jerry Revich – Goldman Sachs & Co.>: Thank you very much.

<A – Ward Nye – Martin Marietta Materials, Inc.>: Thanks, Jerry.

Operator: Thank you. Our next question comes from Trey Grooms from Stephens. Your line is open.

<Q – Trey Grooms – Stephens, Inc.>: Hey. Thanks. And good afternoon. Real quick Ward, I think you were saying that you expect a geographic shift as we go throughout the year, which you mentioned will help bridge that gap on overall pricing. And then also Anne, you touched on southeast markets, North Carolina having disproportionate impact of profit. With your outlook for kind of a geographic mix shift here kind of as we look in the next three quarters, how should we be thinking about the impact to incremental margins in that scenario?

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<A – Ward Nye – Martin Marietta Materials, Inc.>: Clearly, it's going to be very kind to incremental margins in that scenario. The fact is if we go back and take a look at what incremental margins are really just for the aggregates product line, if we go back and really normalize for that $5 million of extra expense that we felt like we had because of the extraordinary weather. And the odd thing is even with a pretty challenged volume quarter, what I would tell you is we comfortably outperformed the target that we have out there for incremental margin. So, we feel pretty good about it and again, that's just normalizing the $5 million, Trey.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: And as what we've said, incremental margins, we think, are in the 60% on average which means that those markets in that southeastern quadrant of the U.S. likely have incrementals in excess of that.

<Q – Trey Grooms – Stephens, Inc.>: Right. That's encouraging. Lastly, res strength that you're seeing, Ward. It's kind of what we've seen from the builders and starts and orders have been lackluster the last few months at least and it sounds like you're seeing a little bit of a different story here. Is that more of what you're seeing more of the infrastructure side of res? Like the streets and the sidewalks within the new neighborhood? Or more of the leading indicator to starts type work or is this just your typical slabs, driveways that sort of thing?

<A – Ward Nye – Martin Marietta Materials, Inc.>: Trey, I think it's better across the entire spectrum and we are seeing more subdivisions. So are lots being built out? Yes, and we saw some of that last year. Are we now seeing more subdivisions? I think the answer to that is yes too. Here is where I think the difference is on housing, we're back to that notion we discussed before and I think where you are.

So if look at Denver, the housing is good in Denver it's going to stay good in Denver. Housing is really attractive in DFW, it's attractive in San Antonio, it's attractive in Houston, it's recovering in Atlanta, it's nice in Charlotte, it's recovering in Raleigh. That's the march that we have. I think if we had a much more Midwest, northeast-based business, we would probably have a very different story. So I think on the story on housing and frankly on non-res, I think that southeast, southwest predominant footprint right now is our friend, I think that's the delta in the story.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: Trey, I think if you listen closely to mortgage lenders and homebuilders, they will echo a very similar [indiscernible] (54:55) that it really is a very regional market right now. Fortunately, we are in those regions that are seeing the improvement.

<Q – Trey Grooms – Stephens, Inc.>: I have one last one if I could slip it in. Ward, on your mention earlier of a lot base rock in the mix, you said that seems to be a good indicator of new work starting. But what is the typical lag between seeing the increase in base rock, like we did in 1Q, the lag before it starts to shift to the work that is behind it as you said, that would likely be [ph] higher ASP (55:34) rock.

<A – Ward Nye – Martin Marietta Materials, Inc.>: I think it's going to vary by what the end use is. If it's going to an infrastructure job, it's a big new job, it's going to be longer than it's going to be if it's going to a non-res job. So again, if you come back and take a look at how nicely non-res moved, those projects tend to be of shorter duration. You'll see the base rock go down. You'll see the clean stone come back on top of it, all very much typically within a construction season or maybe within a quarter or two. So I think the fact that you're seeing non-res move actually in a very, very positive fashion is more helpful towards compressing the time constraint that you're talking about.

<Q – Trey Grooms – Stephens, Inc.>: That's very helpful. Thank you, guys.

<A – Ward Nye – Martin Marietta Materials, Inc.>: Sure, Trey.

Operator: Thank you. Our next question comes from the Ted Grace of Susquehanna. Your line is open.

<Q – Ted Grace – Susquehanna Financial Group LLLP>: I was hoping to ask you a question on the Western region. Volume is up 21%, 22%. And Ward, that was really helpful, the laundry list of items you kind of walked through. But few of those numbers struck as being even at 20%. So is that an apples to apples number? Is that organic growth? Are there a couple one-time projects? I know you talked about strength in Texas and Colorado in energy, but just trying to square up 21.5% growth.

<A – Ward Nye – Martin Marietta Materials, Inc.>: Ted, it's all apples to apples. And there's nothing particularly special in there, other that I think really watching nice South Texas, good San Antonio, good Houston, much improved DFW. And then coming back to just a much better business year-over-year in Colorado. I think Colorado is really the sleeper because the notion I think that a lot of people had is it's winter, it's snowing and not much is going to happen there, and we actually saw very attractive activity there. I mean, we're seeing ready-mix numbers nicely up year-over-year. We're seeing asphalt numbers nicely up year-over-year and aggregates as well. So, I think it's pretty much across the spectrum in that market.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: Ted, I think we're seeing backlogs there 3 and 4 times above this time prior year.

<Q – Ted Grace – Susquehanna Financial Group LLLP>: It's up 3x or 4x in South Texas?

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: Generally in that group. Not specific regions but in that group.

<Q – Ted Grace – Susquehanna Financial Group LLLP>: Okay, I got it. And then you mentioned that one of the keys to hitting the pricing target will be an improvement in Mid-America. Could you just talk about which states in particular you need to see that kind of improvement to kind of realize the mix we're looking for?

<A – Ward Nye – Martin Marietta Materials, Inc.>: Look, I think if we see what we believe we're going to see in North Carolina with Charlotte having the type of recovery it's having, with the type of infrastructure work that we're seeing in Greensboro. With the improving economy that we're seeing in Raleigh East. Clearly, North Carolina is going to be a disproportionate driver in that marketplace and again what we're seeing in North Carolina right now, it feels pretty good to us.

<Q – Ted Grace – Susquehanna Financial Group LLLP>: Okay. That's great. The last thing I was hoping to ask is, Anne, you're always kind enough to give us kind of EBITDA bridge to walk through the headwinds and tailwinds. I know you mentioned weather is being a $5 million headwind. Could we just walk through that bridge? And I'll jump back in queue there.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: Absolutely. For the aggregates product line. So that's excluding the vertical businesses, volume contributed and rounding these numbers, volume contributed $17 million. Pricing took away $1 million. Cost increases took away $8 million, but $5 million of that was weather. Our vertical businesses improved close to $4.5 million. Specialty products was down about $1 million, mostly natural gas and weather-related. And then the corporate loan is about $1.5 million. That's your bridge.

<Q – Ted Grace – Susquehanna Financial Group LLLP>: Okay. And then just so I understand, how do you calculate the $5 million weather? Just how do you come up with that proxy?

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: We actually look at the production cost increase that occurred just basically market by market, working with our teams there locally. And

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principally, what was happening is normally during a cold winter, you don't do a lot of production. We had some markets where, regardless of whether they wanted to do production or not, they needed to be able to be ready for the backlog and to meet the shipment demand. So your cost of doing business and operating in that extremely cold weather increased. So that was part of it. We also looked at projects that were deferred into the second quarter and looked at that impact on both the profitability and cost structure. So we just did a market-by-market build.

<Q – Ted Grace – Susquehanna Financial Group LLLP>: Okay. And then the last thing is just production volumes, were production volumes up year-on-year or sequentially?

<A – Ward Nye – Martin Marietta Materials, Inc.>: They were actually down year-over-year. They are down about 2.4%, so production is 23.8 million tons versus 24.4 million.

<Q – Ted Grace – Susquehanna Financial Group LLLP>: Okay. That's great. Guys, thanks a lot. Best of luck this quarter.

<A – Ward Nye – Martin Marietta Materials, Inc.>: Thank you.

Operator: Thank you. Our next question comes from Brent Thielman of D. A. Davidson. Your line is open.

<Q – Brent Thielman – D. A. Davidson & Co.>: Hi. Good afternoon.

<A – Ward Nye – Martin Marietta Materials, Inc.>: Brent.

<Q – Brent Thielman – D. A. Davidson & Co.>: Ward, your comments about some of the states taking a more cautious approach toward kind of project commitments on the public sector side. It wasn't clear to me. Have you seen the impact of that in some of those markets in terms of release of new work? Or is this kind of a more of an expectation in the coming months?

<A – Ward Nye – Martin Marietta Materials, Inc.>: We have not seen it. It's something that they have said that they may be thinking about in the coming months. And here's the odd component of it. For example, one of the states that has said it is Colorado. If we go back to some of the comments that I shared with you, we're seeing so much private work in Colorado right now. Number one, we're not sure if they're going to have slowdown. If they did have slowdown, I don't think it affects us in that state in any meaningful way.

So, I think from the perspective of having caution out there, it's important for us to articulate to you that DOTs have said that. At the same time, when we come back and look at different marketplaces, the private side is so strong right now, I'm not sure what it's going to be particularly moving in a negative way for us in the states that are more impactful.

<Q – Brent Thielman – D. A. Davidson & Co.>: Okay. And then this might be a little more difficult to answer at this stage, but I'll ask anyway. Any view on the kind of proposed Lafarge combination? And in particular, what could be implications to MLM down the road within any of these markets you guys compete in?

<A – Ward Nye – Martin Marietta Materials, Inc.>: I'll probably just take a pass on that. But what I'll say is, clearly, I think there will be some overlap in some discrete markets in the United States. They're probably more concerned in other markets around the world including Canada. So, we'll see what comes out of that. But at the same time, we're a company that's always looking to responsively grow its footprint. And you know what our style is. So if there's opportunity there, we would certainly like to be a part of it.

<Q – Brent Thielman – D. A. Davidson & Co.>: That's great. Thanks and good luck.

<A – Ward Nye – Martin Marietta Materials, Inc.>: Thanks, Brent.

Operator: Thank you. Our final question comes from Sam Dubinsky of Wells Fargo. Your line is open.

<Q – Sam Dubinsky – Wells Fargo Securities LLC>: Great. Thanks for taking my question. Just a couple of housekeeping ones. Shipments went up 8% in Q1. We saw a 13% increase in March. How much of that 13% increase do you think is pent up demand from weather improvement versus organic growth? And maybe can you comment on how April is shaping out?

<A – Ward Nye – Martin Marietta Materials, Inc.>: I think what, we'll tell you more about April later in the year. Look, I think if you can really look at it, weather I think clearly had an impact in certain parts of the country where it was just bitterly cold. I mean to put a finer point on it, they had a frost in parts in Midwest that went down deeper than 3 feet, if you can even imagine that. So work and really at Omaha or at Des Moines was going to be very difficult to get. Work in Texas because weather permitted, it worked pretty well and work in Colorado when it was clear worked pretty well. So I do think again back to the word that we used before there was momentum coming out of Q4 and I think January and February just really were what they were, but again...

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: Sam, we actually saw a volume growth each month during the quarter. It accelerated as we got to March. But that is not uncommon.

<A – Ward Nye – Martin Marietta Materials, Inc.>: So if you look at it, January was up actually 2%. February was up for us 8% and March was up 13.4%. So to Anne's point, it was slow steady build and not really that big of a surprise.

<Q – Sam Dubinsky – Wells Fargo Securities LLC>: Okay, great. And just my last question, I know you talked about I think 60% incremental margins. But if we're to sort of extrapolate this year's growth and volumes and let's say we get somewhere halfway between now and sort of the last peak cycle, where do you think cost per ton is? Do you think it will be comparable? Or is there any escalators over the past several years in the cost side?

<A – Ward Nye – Martin Marietta Materials, Inc.>: With cost per ton, if we have that kind of volume recovery is actually going to be pretty attractive because we're not going to add a lot of head count to it. And remember, that's going to be 25% of your cost of goods sold. So if you go back to that notion of recovering half the volume that we've lost, and keep in mind, if we did that, that's 40 million tons of stone. But if we pick up 40 million tons of stone on the cost profile that we have today, the cost per ton is going to be going nicely down and what I would tell you under that kind of volume recovery, I think the average selling price is going to be a great story again, too.

<Q – Sam Dubinsky – Wells Fargo Securities LLC>: Okay. Great. Thank you very much.

<A – Ward Nye – Martin Marietta Materials, Inc.>: All right, Sam. Thank you.

Operator: Thank you. That concludes the Q&A session. I'd like to turn the call back over to Ward Nye for any further remarks.

C. Howard Nye, President, Chief Executive Officer & Director

Thanks again for joining our first quarter earnings call and for your interest in Martin Marietta. We're committed to executing our strategic initiatives in increasing long-term shareholder value for all of our shareholders. We look forward to discussing our second quarter results with you in July. Have a nice day.

Operator: Ladies and gentlemen, thank you for participating in today's conference. This concludes today's program. You may all disconnect. Everyone, have a great day.

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