PARTICIPANTS

Corporate Participants

C. Howard Nye – President, Chief Executive Officer & Director
Anne H. Lloyd – Executive Vice President, Chief Financial Officer and Treasurer

Other Participants

Arnie Ursaner – Analyst, CJS Securities, Inc.
L. Todd Vencil – Analyst, Sterne, Agee & Leach, Inc.
Jack F. Kasprzak – Analyst, BB&T Capital Markets
Jerry D. Revich – Analyst, Goldman Sachs & Co.
Trey Grooms – Analyst, Stephens, Inc.
Rodny Nacier – Analyst, KeyBanc Capital Markets
Keith Brian Hughes – Analyst, SunTrust Robinson Humphrey
Kathryn I. Thompson – Analyst, Thompson Research Group LLC
Adam Rudiger – Analyst, Wells Fargo Securities LLC
Scott J. Levine – Analyst, JPMorgan Securities LLC
Garik Shmois – Analyst, Longbow Research LLC
Ted Grace – Analyst, Susquehanna Financial Group LLP
Robert Wetenhall – Analyst, RBC Capital Markets Equity Research
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Mike F. Betts – Analyst, Jefferies International Ltd.
J. Keith Johnson – Analyst, Morgan Keegan & Co., Inc.

MANAGEMENT DISCUSSION SECTION

Good day ladies and gentlemen and welcome to the Martin Marietta Materials fourth quarter 2011 and full year 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 follow at that time. [Operator instructions]

As a reminder, this conference is being recorded. I would now like to turn the call over to your host, Ward Nye, President and CEO. Please go ahead.

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

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

We're pleased to share our full year and fourth quarter 2011 results. Please be advised that this discussion may include forward-looking statements in connection with future events or future operating or financial performance. Forward-looking statements in this discussion are subject to a number of risks and uncertainties which could cause actual results to differ materially from such statements. Except to the extent required by applicable law, Martin Marietta undertakes no obligation publicly to update or revise any forward-looking statements whether as a result of new information, future developments or otherwise.

Martin Marietta refers you to the legal disclaimers contained in our press release relating to our fourth quarter results, and to Martin Marietta's other filings with the SEC which can be found on the SEC's website.

Our fourth quarter earnings exceeded market expectations and the prior year as we continued to execute against our clearly articulated strategic objectives. Adjusted earnings per diluted share for the quarter were $0.52 excluding business development costs not factored into analysts' expectations or approximately $0.14 greater than the market consensus and 58% greater than the prior year quarter's adjusted earnings per share. Inclusive of the $0.20 per diluted share charge for these expenses, our earnings per diluted share were $0.32.

Our fourth quarter results reflect a 6% increase in the average selling price for our heritage aggregates product line. This increase caps a year where we saw steady pricing growth in each quarter and confirms our previously stated view that pricing momentum is sustainable.

Moreover, these 2011 pricing trends validate one of our fundamental beliefs that despite depression-like shipment declines over the past five years; our aggregates product line has and continues to retain its ability to realize the inherent value of the in-place mineral reserves.

Of note, we achieved fourth quarter pricing increases in each of our reportable groups led by an almost 8% increase in our West Group. This performance reflects double-digit increases in our South Texas markets driven by increasing demand for material needed in drilling and related projects in the Eagle Ford shale.

There is also an element of long-haul mix in this price increase. As you may recall, we developed a new rail-located sales yard in South Texas principally designed to meet Eagle Ford demand.

The average selling price from that sales yard reflects transportation costs. However, even excluding shipments from the new sales yard, this market still reported a double-digit price increase. Our aggregates product line pricing continues to vary by market. Nevertheless, with few exceptions, nearly every market reported growth in the fourth quarter.

Looking ahead, we anticipate our average selling price to be affected by our recent asset exchange with Lafarge North America. In that transaction, we acquired operations in Denver, Colorado, a truck-served market with typical sales transactions completed at producing quarries. This contrasts with the Mississippi River facilities we divested, which primarily represented a long-haul distribution market.

Accordingly, these River operations had sales prices reflecting the varying costs of transportation from a producing location to a more distant sales yard. Overall, we're forecasting pricing trends to remain steady in 2012 with the increase in our heritage aggregates product line ranging from 2% to 4%. Pricing will continue to vary by market and increases will not be uniform throughout our business.

Our operating performance continues to benefit from our Specialty Products segment, which completed a stellar year that exceeded our expectations. This business generated new fourth quarter records for both net sales and earnings. Net sales at $51.5 million represents a 16% increase over the prior year quarter, reflecting growth in both the dolomitic lime and chemicals product lines. These increased sales along with effective cost management resulted in a 600 basis point improvement in this business' gross margin over the prior year quarter despite higher energy costs.

Earnings from operations for the quarter were $16.3 million in 2011, a 55% increase over the prior year quarter. Cost control remains an area of focus as evidenced by our fourth quarter results and recent restructuring activities. Our SG&A expenses for the quarter declined $4 million, excluding a

$1.6 million charge for non-recurring termination costs. These organizational changes should provide approximately $3 million of annual cost savings beginning this year.

Including the non-recurring termination costs, our SG&A expenses, as a percent of net sales, was 8.5%. As we always have, we continue to evaluate SG&A expenses in order to further enhance our industry-leading performance in this area.

Fourth quarter direct production costs in our heritage aggregates product line increased 1%, even after absorbing an 11% increase in non-controllable energy costs. As a reminder, diesel fuel remains the single largest component of our energy expenses and the price of diesel fuel increased 27% in the fourth quarter compared with prior year quarter and 39% when comparing the full year 2011 with 2010.

Lower personnel and depreciation expenses helped offset the escalation in energy costs. Overall, our cost of sales increased 9.5% reflecting higher raw material expenses as well as the higher energy prices mentioned earlier.

During the quarter, we incurred $15.1 million of business development expenses which include costs for completed transactions and the costs associated with our proposal to combine Martin Marietta with Vulcan Materials Company.

As mentioned earlier, we completed an asset exchange with Lafarge North America in December. As part of the transaction, we exchanged Mississippi River locations operating in a market that did not provide the best opportunity for us to achieve our desired long-term rate of return on assets.

The exchange of these assets does not signal a change in strategy related for our long-haul distribution network. We remain fully committed to this unparalleled network of rail and water served operations.

Still, this exchange transaction did offer us the unique opportunity to gain a platform position in the attractive Denver, Colorado market; including both aggregates and complementary downstream businesses. The opportunity to acquire a leading position in Denver is attractive considering its higher than average population growth and per capita income, as well as its ability to attract both national and multinational businesses.

Further, the Colorado Department of Transportation's recent authorization to initiate more than $2 billion of improvements to Northern Colorado transportation network should provide numerous opportunities for our newly acquired operations. We also acquired a ready-mix concrete company in Denver to complement the operations acquired from Lafarge, further enhancing our market position.

In summary, these transactions promote a clearly stated long-term objective; to have a leading position in markets with attractive growth and other key demographics, which in turn enhances shareholder value. We're pleased to welcome our new Rocky Mountain Division employees to the Martin Marietta family and I'd also like to take this opportunity to thank our former River operation employees for years of dedicated service. And I know they will be great assets to Lafarge.

The other component of business development costs relates to our proposal to combine Martin Marietta with Vulcan. On December 12th, we initiated an offer to issue one half of a Martin Marietta share of common stock for each outstanding share of Vulcan's common stock. We continue to believe the combination of our company with Vulcan provides a compelling opportunity to enhance value for shareholders of both companies. We remain committed to making this transaction a reality.

Our heritage aggregates shipments declined 1.2% for the quarter. Similar to aggregates pricing, volume variances differed significantly by market. Our Mideast Group reported a 6.6% increase in heritage aggregate shipments. This growth was particularly strong in the West Virginia and Indiana markets, which benefited from strong energy shipments and the RebuildIndy program respectively.

Consistent with our expectations, the Mideast Group reported incremental operating margin, excluding freight and delivery revenues, of 60% after adjusting for the volatile rise in energy costs. Volume growth in the Mideast Group contrasted the 6.4% heritage volume decline in the Southeast Group driven by continued weakness in the North Georgia and Alabama markets.

There was a 2% decline in our heritage infrastructure end-use market versus the prior year quarter, as the extension of Federal Highway funding through March 31, 2012 has not provided the security of long-term federal funding. However, infrastructure volumes declines vary by segment and largely correlate to the strength of state budgets and the availability of alternative funding mechanisms.

Of note, transportation spending in Texas remains strong, partly due to the funding from the North Texas Tollway Authority. We continue to believe that underlying demand exists for infrastructure projects. Once long-term federal funding is resolved, growth in this end-use market should quickly follow in the many markets in which we operate.

Our heritage non-residential end-use market increased slightly from the prior year quarter. This growth was supported by our South Texas market, where non-residential volume nearly doubled due to energy sector shipments to the Eagle Ford shale. Our heritage residential end-use shipments increased 2% over the prior year quarter. And finally our heritage ChemRock and rail end-use market declined 4%, which given the significant amount of agricultural lime shipments in the prior year quarter, made for a challenging comparison.

Our focus on cash generation allowed us to end the year with a strong cash position. Operating cash flow of $259 million and our available sources of liquidity provided the resources to invest $155 million for organic growth capital projects as well as $92 million for three acquisitions during the year.

We also maintained our dividend rate of $1.60 per common share for the year. Prudent use of cash allowed us to maintain balance sheet strength and financial flexibility.

At December 31, 2011, our consolidated debt to consolidated EBITDA was 3.25 times, in compliance with the limits under our debt covenants. A variety of factors beyond our direct control continue to make it challenging to forecast future performance. Nonetheless, we are encouraged by the fact that the President continues to advocate rebuilding America's infrastructure. We're also pleased this past Friday when the House Transportation and Infrastructure Committee passed a five-year surface transportation reauthorization bill, known as the American Energy and Infrastructure Jobs Act of 2012. This much-needed legislation would provide average annual funding at a level consistent with current funding.

However, we believe the [ph] Bill is proposed for four provisions (13:39) would result in more dollars being available for highway spending. While we're hopeful that the Senate will act quickly to approve a multi-year bill, I would remind you that the conferencing process between the House and the Senate is critical to a final bill. In our view, if this process is not successfully completed before the expiration date of the Highway Program's current continuing resolution. It's likely that any future action on a final bill will be delayed beyond the Presidential election.

One last note, should the conferencing process be successful and we do have a final bill before the expiration of the current continuing resolution, we would not expect the impact to be significant until 2013.

Our expectations for aggregates full year volume guidance is consistent with the McGraw-Hill forecast. The previously mentioned uncertainty in the timing of long-term federal funding and the waning impact of stimulus shipments are expected to lead to a slight decline in heritage infrastructure volume. We expect double digit growth in our heritage non-residential shipments driven by increased demand from the energy sector. Heritage residential shipments are expected to increase at a higher rate compared with 2011.

Finally, we expect our heritage ChemRock and rail volume to be consistent with 2011. Overall, we expect heritage aggregates volume to increase from 3% to 4%. As I previously mentioned we expect overall heritage aggregates product line pricing to increase from 2% to 4%. Our heritage aggregates direct production cost per ton is expected to decline slightly as the increased production generates operating efficiencies. These expectations do not factor in significant increases in energy prices.

Our SG&A expenses exclusive of the incremental expense at our new Denver operations are expected to decline slightly with benefits from our restructuring activities offsetting higher pension costs.

We expect the net effect of our recently acquired Denver operations and divested River operations to be neutral to our EBITDA in 2012. We expect improvement in SG&A expenses related to the Denver operations as we integrate them into our disciplined cost structure.

Earnings from our Specialty Products segment are expected to remain consistent with the record level established in 2011. We also expect interest expense to remain flat this year. Our effective tax rate is expected to approximate 26% and our capital expenditures are forecast at $155 million. This estimate includes the remaining $35 million related to the new kiln at the Woodville, Ohio operation of our Specialty Products business.

We note that our expectations for 2012 assumes Martin Marietta on a standalone basis and does not give effect to the potential impact of the proposed combination of Martin Marietta and Vulcan Materials Company.

This is a very exciting time for Martin Marietta. We remained focused on operating our business with a disciplined approach and delivering results enhancing long-term shareholder value.

Thank you for your interest in Martin Marietta materials.

If the operator will now give the required instructions, we'd be happy to address any questions.

QUESTION AND ANSWER SECTION

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

<Q – Arnie Ursaner – CJS Securities, Inc.>: Hi, good afternoon, Ward, good afternoon, Anne. My question relates to the 6% pricing improvement that you had in Q4. Love to understand the factors behind this since it was higher than you've had, did it include the run-off of maybe some earlier lower priced highway work? And then perhaps you could expand on the sustainability in the upcoming year within the context of your 2% to 4% expectation that you highlighted?

<A – C. Nye – Martin Marietta Materials, Inc.>: Sure Arnie, thank you. Arnie what we saw during the quarter is pricing moving very favorably really across our business, where we saw volumes moving in a positive direction, some of which we saw in South Texas relative to the Eagle Ford shale type demand, pricing actually moved even better. Some of that was mix, actually very little of it.

Part of what I was taken by is even in markets where we saw volume going down, and North Texas being a good example. We actually saw volumes down in North Texas and pricing going up. So as I come back and try to assess that Arnie, I think what that means is what we've said in the past is broadly correct. And that is we didn't need volume to necessarily go up. We needed volume to stay relatively flat and stabilize and with stable volumes you start to see the ability to recognize the in-place reserves. And I think that's entirely what we're seeing.

<Q – Arnie Ursaner – CJS Securities, Inc.>: Okay. My follow-up question also relates to the margins in the West Group, which were noticeably weak given the revenue – positive revenue trend you had in some of the pricing trends. Can you highlight some of the specific factors that may have impacted the West Group and how we should think about that in the upcoming year?

<A – C. Nye – Martin Marietta Materials, Inc.>: Sure. I think a couple of things Arnie. Number one; if you look at volume for the West Group overall it was down 1.4% for the year. So we continued to see volume going down. I think that's one of the issues that we just recognize across the enterprise and that is you're really working a lot of fixed costs against a very low volume.

I think, even more of moment relative to the West is really what's happening with energy. If you look year-on-year, there were $19 million, and I want to say $19.2 million of energy costs that were in there. Around $9.2 million of that tied directly to the cost of liquids. Keep in mind that's one of the few places that we actually had have hot mix in our heritage snapshot.

If you go back and you pull that $19.2 million out, what you will see is on a normalized basis we were probably looking at incremental margins around 80%.

So, I think if you really pull energy out of it, it looks much more like what you would ordinarily expect. The other thing that I would remind you is we did have more long-haul in the West this year. We added the new sales yard at Millett, and we're also looking at a new yard in Kansas City. So, I think between long-haul and energy that addresses most of the issues in the West.

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

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

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

<Q – L. Vencil – Sterne, Agee & Leach, Inc.>: Hi. Good afternoon.

<A – C. Nye – Martin Marietta Materials, Inc.>: Hi, Todd.

<Q – L. Vencil – Sterne, Agee & Leach, Inc.>: Ward, given the Lafarge swap it certainly seems like there is more of a disconnect now than there previously has been between your heritage market and your consolidated total that we're trying to sort out for this year. Can you help us bridge that or understand how your guidance on volumes for 3% to 4% heritage growth translates to how we should think about the total company as it stands now?

<A – C. Nye – Martin Marietta Materials, Inc.>: Here is what I would suggest to you. I think we're going to put something out on our website when we're done today that will give you a sense of how heritage really looks going forward. I think that should help you considerably in your modeling, Todd.

At the same time, what I would suggest is coming back and looking at the acquisition activity. Here is directionally what I would offer to you. Assume that on the stone side, there is going to be about 8 million tons of stone that's added from the acquisitions that we did last year. Now, keep in mind the acquisitions were in the Western United States, so if you're putting 8 million tons in, assume the type of pricing that you've come to see in the West.

The other thing I would encourage you do is go back and put in around 800,000 cubic yards of ready mix and around 1.5 million tons of hot-mix. So, I think if you adjust your models to take into account what we're going to recast for use heritage. And then you put that degree of stone in plus that degree of ready-mix and asphalt that should get you where you need to be, Todd.

<Q – L. Vencil – Sterne, Agee & Leach, Inc.>: That's perfect. And then same sort of concept, thinking about the price last year in the River district, how much of a – given that that was mostly long-haul I would assume that that raised the average price in that region. How much of that – and do you have a way for us to understand how much that's for boosted the price in that region if it did?

<A – C. Nye – Martin Marietta Materials, Inc.>: What I would say to do is look at that broadly along the corporate averages up and down that River, Todd, I think that's probably your safest way to look at. But I think again, if you do it that way what you'll see is it will have a downward optical view on pricing, simply because pricing in the West tends to be lower.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: And Todd, what we will do is re-cast the last five years obviously with the River movement and discontinued ops history, essentially gets re-cast at the same time. And we will put out that on the website. Also some volume and pricing trends that show you those differential.

<Q – L. Vencil – Sterne, Agee & Leach, Inc.>: That will be great. Thanks for that, Anne. In the residential end market, can you tell us what that was? For the full year 2011 was it up year-on-year?

<A – C. Nye – Martin Marietta Materials, Inc.>: The res market for us full year, what we're seeing this year, going into the year, Todd, to give you a sense of 2012 first; is we're seeing that up 10% to 14% year on year. I think as we looked at res for the full year it was slightly up but I want to say it was in the mid-single digits. So we're clearly seeing more activity as we move into 2012.

<Q – L. Vencil – Sterne, Agee & Leach, Inc.>: Got it. On the Woodville expansion, you mentioned the $35 million of I guess final spending there. Is that generally on pace with the comments you've made before?

<A – C. Nye – Martin Marietta Materials, Inc.>: Yes, it is. In fact, from everything we can tell that project is entirely moving along the way that we would expect it to from an on-time, on-cost and otherwise.

<Q – L. Vencil – Sterne, Agee & Leach, Inc.>: Then final question. On the Vulcan deal, part of your stated desire has been to get the Vulcan Board to come back to the table. I think the last update we had from you I think was on January 10 that that had not happened yet. Can you; is there any update on that that you could give us?

<A – C. Nye – Martin Marietta Materials, Inc.>: Well, as you know, I think this is the third time I've spoken publicly since we announced our transaction or proposed transaction on December 12. And on December 12, I put a call into Birmingham and sent a fax to Birmingham and sent an email to Birmingham. And, obviously we would very much like to engage in a dialogue. As we sit here today, we're still looking for that dialogue.

<Q – L. Vencil – Sterne, Agee & Leach, Inc.>: Okay. Thanks a lot.

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

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

<Q – Jack Kasprzak – BB&T Capital Markets>: Thanks, good afternoon.

<A – C. Nye – Martin Marietta Materials, Inc.>: Hi, Jack.

<Q – Jack Kasprzak – BB&T Capital Markets>: Could you guys tell us your ready-mix yards and your hot-mix tons for 2011 full-year?

<A – C. Nye – Martin Marietta Materials, Inc.>: If you're looking at hot mix for us for the full year Jack, what I would tell you is you're probably looking that around 1.4 million tons of hot mix and ready-mix property around 0.5 million cubic yards.

<Q – Jack Kasprzak – BB&T Capital Markets>: Okay. And with regard to housing which we're obviously coming off a low base and there's some things that look better as we sit here today with regard to some activity starts and permits I guess multi-family. But are you guys seeing home builders start new subdivisions which obviously also uses lot of aggregate in terms of site development, or are we still putting houses on existing lots?

<A – C. Nye – Martin Marietta Materials, Inc.>: Jack, I think the answer is yes. I think we are still putting housing on existing lots, but we are now seeing some new subdivision work. Now granted it's not a lot, but it is some activity now. And over the last couple of years there's really been no activity in that. And you nailed it, and that is when you start seeing activity where it's a new subdivision, we will truly be a leading indicator, when that starts taking off. I'm not saying it's taking off, but I'm saying there is activity, Jack.

<Q – Jack Kasprzak – BB&T Capital Markets>: Ward, do you think if we got a highway bill and you've said that even if it happened by the end of March probably it wouldn't affect your business till 2013. And I appreciate the lag there. But the market was down last year I think ARP is forecasting another down year this year which is probably a good place to be without a highway bill I would say. But is getting a highway bill at a flat rate of funding strangely enough, enough to boost the market above where it's been, slightly down?

<A – C. Nye – Martin Marietta Materials, Inc.>: I think, if you had a highway bill that was out there and multi-year I think the answer is yes it probably would, Jack. Because in our view what's happening right now is states are simply unwilling to commit to multi-year projects and they're not

willing to go forward under that basis. So, I think even we had something that was flat and obviously we would much rather see a higher bill number, I think that's still helpful.

Now frankly even coming back and looking at what the House has proposed to address that for a second. When you really look at what that bill has done to get rid of old or redundant programs or what it's doing to give states unlimited authority to toll new interstate highways, and basically putting a faster delivery time out there; I clearly do believe that a new bill we'd start to add the volume.

Now granted, even when we go back and take a look at the way stimulus worked, I think you can look at the stimulus program and use that, as a bit of a guide on what's going to happen when we end up with a new highway bill. And as you recall when stimulus came out you only saw around 21% of it go in 2009. Now, not surprisingly 2010 was a pretty big year when 43% of it went. And again in 2011, 22% feeling a lot like 2009 as did a lot of things in this industry this year. And then 14% next year. So, not a bad blueprint to use in the back of your mind as you think about a new highway bill.

<Q – Jack Kasprzak – BB&T Capital Markets>: Okay, great. Thanks a lot.

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

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

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

<A – C. Nye – Martin Marietta Materials, Inc.>: Hello Jerry.

<Q – Jerry Revich – Goldman Sachs & Co.>: Ward, the Specialty Products business, can you talk about the timing of the kiln startup? Will you get any production contribution this year?

<A – C. Nye – Martin Marietta Materials, Inc.>: No, I wish we were. But what we're anticipating is having that done really at year-end Jerry. So, we will look to have incremental tonnage as we go into 2013 and that's going to be let's call it 275,000 tons.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: Jerry we've indicated that it's probably around $22 million to $25 million of sales that would step up in 2013.

<Q – Jerry Revich – Goldman Sachs & Co.>: Perfect. And, in terms of your outlook and for flat Specialty Products earnings next year despite very favorable natural gas price, any sort of headwinds that we still should be thinking about? Or are you leaving yourselves somewhere in case natural gas prices come back or steel gets softer?

<A – C. Nye – Martin Marietta Materials, Inc.>: I'm sorry, when steel is running at 75% like it did this year, it works really well. Keep in mind nat gas doesn't matter a lot to that business. Nat gas is probably 27%, electricity is run 27% and coal is run 26%-27%. So, you really got a covey of energy items that can affect that business. Nat gas being down helps a lot, but steel running anywhere north of 70% is really the single biggest driver right now.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: And that is the issue Jerry. Our forward view on natural gas is that particularly in the United States it's going to be pretty stable. So it's going to be steel utilization. And we're assuming that utilization runs about like it did this year which is where you see the profitability because the business essentially is at capacity.

<A – C. Nye – Martin Marietta Materials, Inc.>: Nice problem.

<Q – Jerry Revich – Goldman Sachs & Co.>: Yeah and can you talk about the CapEx versus volume guidance? Stripping out of those Specialty Products capacity expansion it looks like you're actually cutting core CapEx by call it 13% or so percent versus some pretty nice volume growth. Is there a difference in capital intensity between the asset swap or any other factors that are driving that spread?

<A – C. Nye – Martin Marietta Materials, Inc.>: Not particularly. If you go back and look at what I would tell you is in growth projects this year there is probably somewhere around $63 million to $65 million. We usually have around $25 million in land that's usually a good solid placeholder.

And if you come back and really break it down on mobile, plant and other, it's probably around $67 million. And again, that's clearly a rate below DD&A. Now, that it's running around $174 million a year.

But, Jerry, I think we can continue to do that when we're running at these types of volumes. And keep in mind, if you look at our CapEx profile and compare it to most in the sector, we were investing in ourselves when others were trying to buy businesses at peak EBITDAs and peak multiples. So, we feel like pulling back CapEx the way that we have right now is A, responsible, but, B, we believe we can do it and importantly do it safely.

<Q – Jerry Revich – Goldman Sachs & Co.>: And can you quantify the SG&A opportunity you see in Denver; perhaps tell us where the current facilities are operating at and over what time period do you think you get them down to levels that you see across your business?

<A – C. Nye – Martin Marietta Materials, Inc.>: You know what, the operations are up and down the front range and that's clearly a business now that we had under our belts for about a month and half. So, we're going to need a little bit more time with that Jerry before I give you any more specifics on it.

<Q – Jerry Revich – Goldman Sachs & Co.>: Okay, thank you.

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

Operator: Our next question comes from Trey Grooms from Stephens, Inc. Your line is open.

<Q – Trey Grooms – Stephens, Inc.>: Good afternoon.

<A – C. Nye – Martin Marietta Materials, Inc.>: Hi, Trey.

<Q – Trey Grooms – Stephens, Inc.>: First of all, on the pricing guidance of 2% to 4%. So coming off the 6% and some of the other things – in the quarter and some of the other things you've talked about. Do you anticipate the year looking at 2012, do you anticipate the year to be more front-end loaded, as it relates to pricing or more even or how do we think about that given the strength you're coming off 4Q?

<A – C. Nye – Martin Marietta Materials, Inc.>: You know what, I wouldn't necessarily think of it as front-end loaded. I think as we do watch some of stimulus projects come out, that clearly does help that. But at the same time, I don't see that – I see it really being fairly uniform Trey throughout the year. That's how I would approach it.

<Q – Trey Grooms – Stephens, Inc.>: Okay. Secondly, and on the business development expenses in the quarter, can you give us f your expectation for additional expenses as we go into first quarter and beyond?

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: Obviously, we'd expect to incur some expenses. The magnitude of that will depend on how long we continue the process. So, we will have to tell you that when the quarter ends.

<A – C. Nye – Martin Marietta Materials, Inc.>: Trey, a couple of things, just to keep in mind, we do have a trial that's coming up at the end of February and in early March, and as you look at the charges, that went in there for last year, some of that were very discrete fees that were paid specifically to the bankers and now their fees going forward are more success driven. But that said, we're not going to start a process that we're not prepared to finish. We don't think spending that type of money is the best use of our money or the best use of Vulcan's money. And obviously, we very much want to sit down in a room and have a meaningful dialogue, but I think right now it's hard to come back and really put a nail in what those costs will be.

<Q – Trey Grooms – Stephens, Inc.>: Okay. I understand that. Okay. And then last one again is for Anne, on the gain on the discontinued operations in the quarter, can you give us some color on what all that consisted of please?

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: The biggest issues there – you had a write-off of your assets. And from the River business, and you got new assets from Lafarge. And then you wrote off about $10 million, about $10 million in net goodwill that you had to recognize that there and it ended up being about a $10 million gain on that sale.

<Q – Trey Grooms – Stephens, Inc.>: Okay. $10 million pre-tax gain. Okay. Thank you, very much.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: [indiscernible] (35:10)

<A – C. Nye – Martin Marietta Materials, Inc.>: Yes. So you are seeing a tax affected number on the face of the financial segments.

<Q – Trey Grooms – Stephens, Inc.>: Right, got you. Thank you.

Operator: Our next question comes from the Rodny Nacier from KeyBanc Capital Markets. Your line is open.

<Q – Rodny Nacier – KeyBanc Capital Markets>: Hi, Ward and Anne.

<A – C. Nye – Martin Marietta Materials, Inc.>: Hi, Rodny.

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

<Q – Rodny Nacier – KeyBanc Capital Markets>: Thanks for the update on federal transportation spending. You had mentioned a hypothetical long-term bill passed in the first half of 2012 would benefit 2013 results. Should we generally anticipate a nine-month lag between a finalized bill and the trickle down to aggregate demand?

<A – C. Nye – Martin Marietta Materials, Inc.>: Rodny, that's probably not a bad way to think about it. Obviously you can certainly have some seasonality that could be built into that naturally anyway. But I wouldn't dissuade you from looking at it in that way.

<Q – Rodny Nacier – KeyBanc Capital Markets>: Okay. And with the likely mix shift from asphalt to more concrete intensive projects, can you provide me with the estimate of aggregate demand for $1 billion of repaving activity versus $1 billion for road widening and extending?

<A – C. Nye – Martin Marietta Materials, Inc.>: If you're building new roads, Rodny, it's around 32,000 tons per lane mile when you're building a brand new road.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: That's regardless really of...

<A – C. Nye – Martin Marietta Materials, Inc.>: That's from the ground up. Obviously, aggregate – it's more aggregate intensive in asphalt that in concrete. You're looking at something in the mid 90s versus in the mid 80s relative to concrete. I'm not sure you would see a remarkable shift more to concrete as opposed to asphalt under any circumstance. Clearly right now when you have more repaving, you'll will obviously more asphalt right now. But at the same time, there are differences in costs as well and state DOTs are pretty sensitive to that. So, I am not sure we would see remarkable shift, but I hope that helped refine your question a little bit.

<Q – Rodny Nacier – KeyBanc Capital Markets>: Yeah. You're talking about the shift and your demand or the shift in road extending activities versus repaving?

<A – C. Nye – Martin Marietta Materials, Inc.>: I'm not sure that it would change our demand outlook very much at all Rodny...

<Q – Rodny Nacier – KeyBanc Capital Markets>: Okay.

<A – C. Nye – Martin Marietta Materials, Inc.>: And that's what I'm focused on right now.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: You would have perhaps a better cash flow impact if you had new construction. It might not change demand, it might change the nature of the demand because you're going to from base products to clean stone a little bit more in that road construction as opposed to just clean stone in the asphalt resurfacing.

<A – C. Nye – Martin Marietta Materials, Inc.>: The primary thing to do Rodny is to come back and address inventories in a very productive way and it would let us run our plants in a more wide open fashion right now, which is not where we've been for quite a while.

<Q – Rodny Nacier – KeyBanc Capital Markets>: Understood. And with the asset swap, can you remind me how many tons were gained in Denver and how many tons were divested along the Mississippi?

<A – C. Nye – Martin Marietta Materials, Inc.>: Well, as I've said I think if you go and take a look at what the aggregate tonnage acquired in the last part of the year would be going into the New Year. It's going to be around 8 million tons. I think what you'll see going out of River is probably going to be somewhere close to 7 million, 7.5 million.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: Yeah Rodny you'll see that on page 14 of the disclosures in the press release you'll see the divested tonnage. We break those out for you.

<Q – Rodny Nacier – KeyBanc Capital Markets>: Okay. Thank you, guys.

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

Operator: Our next question comes from Keith Hughes from SunTrust. Your line is open.

<Q – Keith Hughes – SunTrust Robinson Humphrey>: In the text under guidance for next year, you talked about the energy business. I assume that's the South Texas business you referred to earlier in the call?

<A – C. Nye – Martin Marietta Materials, Inc.>: South Texas is clearly a big piece of it. If you look what the energy business and in that term right now Keith, what shale meant to us in 2011. We had around 4.2 million tons of material that went to shale all by itself. And to give you a sense of what we saw in South Texas if we went back and looked at the Eagle Ford in 2010, it was somewhere just shy of 0.5 million tons. This past year somewhere just over 1 million tons. And as we look at what we feel like it's going to be going to be into 2012, that deposit all by itself, we think is going to be around 1.7 million tons.

But we also see activity in the Barnett and the Haynesville, some in the Marcellus, some even up into the Bakken. So, when we talk about energy, shale is big piece of that. The other piece of it that we believe we'll see more of as we go into 2012 than we saw in 2011 will be in wind farms as well. Keep in mind we've got a nice presence obviously in Texas and Iowa, and those are awfully big on the wind farm producing side as well.

<Q – Keith Hughes – SunTrust Robinson Humphrey>: So if we add it all up, what is energy as we end the year as a percentage of your tonnage, your total tonnage?

<A – C. Nye – Martin Marietta Materials, Inc.>: You know what, if we looked at that, if we said that the shale was around 4.8 million tons and we came back and said maybe the balance of it might be another couple million tons or more right now Keith. You can go back and do your math on that but you probably wouldn't be far off with that.

<Q – Keith Hughes – SunTrust Robinson Humphrey>: Okay, thank you.

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

Operator: Our next question comes from Kathryn Thompson from Thompson Research. Your line is open.

<Q – Kathryn Thompson – Thompson Research Group LLC>: Hi, thanks for taking my question today. I really just wanted – I know there are limited questions we can ask about the potential transaction. But that said, what steps can you discuss from an operational standpoint? Can you take, to pave the way for a potential combination with Martin and Vulcan? But in other words, are you doing anything differently now that you can discuss?

<A – C. Nye – Martin Marietta Materials, Inc.>: The primary thing that we're doing with our business Kathryn is, we operated with safety first and cost right behind that. And we're focused on absolutely, positively running as efficiently as we can. Because we have a business that we're very proud of. And a business that you come through year as we did in 2011 watching volumes down and watching energy up and still putting up numbers that I think we are very proud of and that I believe our shareholders are proud of. Our primary focus is making sure that we do that and we do it even better in 2012. And we are obviously of the view we can do even better than that with a broader footprint. But our primary operating focus right now is keeping our eye on Martin Marietta.

<Q – Kathryn Thompson – Thompson Research Group LLC>: Okay. Keeping in mind we've gotten some feedback from the basic building materials and building product companies that they benefited from milder weather in the fourth quarter, particularly in December and to some extent in November and that has carried into the New Year. To what extent did volumes help out at all in Q4? And what are the potential benefits that you're seeing going into the New Year?

<A – C. Nye – Martin Marietta Materials, Inc.>: Part of what it did, is it did let us put some inventories in the ground in some parts of the country that we needed to in the fourth quarter, where often times you wouldn't be able to. If you looked at volume trends through the fourth quarter, volume was actually down in October, down and November and actually up in December.

So that very much ties with what you saw Kathryn. It also tended to be relatively dry in some parts of the country as well, that was helpful.

I think one of the big deltas that we saw in Q4 this year as compared to Q4 last year, we still had a good ag lime season, but ag lime volumes this year were still around 17% lighter than they were last year. I think one thing that people shouldn't fooled by, when you have this nice warm weather in parts of the country don't be of the view that there is a lot of DOT work that's going on. Keep in mind if you go to standard states, North Carolina is a great example. When you get to mid-November, the standard specifications here basically say you have a time extension on any contracts you have with DOT through March 15 next year.

So, what you have is the usual remarkable demobilization of construction equipment on jobs. So, even if you've got a week or 10 days of very nice weather, contractors typically will not bring their people back from lay-off. They will not remobilize their equipment, they won't put them on the job, because it's just not a very efficient way to run. So I think there might be one or two-offs, Kathryn that this warmer weather will help. But in large part, those are anomalies, not the rule right now.

<Q – Kathryn Thompson – Thompson Research Group LLC>: Now on the res and non-res sides of construction, I know you've made some comments earlier about residential kind of with the single family. But what is a greater driver right now of your residential – multi-family or the traditional single family housing? And then what also if you can give some color in terms of your assessment of what inning we are in terms of this multi-family buildout.

<A – C. Nye – Martin Marietta Materials, Inc.>: Right now, what I would tell is that there is more multi-family activity than there is single-family activity. Although there are areas that we are seeing increasing single-family activity. With respect to – that's a great question on where we are in the game. I just we're, we just finished the Super Bowl, so we will talk in baseball terms. Yeah, Kathryn I would tell you, we're probably somewhere in the middle of the game right now on that. I think, clearly housing still has some tough times ahead of it. Until people can sell homes or get financing, they're not going to build new home. And I would say we're probably looking at a five-year period of time, to really see that turn in some respect. And if that's where it sits, you're going to see more multi-family activity, during that snapshot than you will on the single family activity side.

<Q – Kathryn Thompson – Thompson Research Group LLC>: Great. And on your CapEx, you made some commentary on contribution from mobile equipment – as we kind of continue bouncing along the bottom are you taking any different approaches on either how you utilize equipment or how you think about sourcing equipment? For instance going [ph] month to month rental (45:18) versus outright purchase? Or any different strategy today than you would have taken say five to six years ago with management of mobile equipment?

<A – C. Nye – Martin Marietta Materials, Inc.>: This is the primary thing that's different on mobile equipment is: a) you're not putting as much hours on all of it. And the beautiful thing is Kathryn, it is mobile. So, you do have the ability to move it from operations that may not be as busy to other operations that have the need. So, simply making your mobile equipment mobile and feeling free to move it between districts, between divisions, or otherwise is an important piece of it. I don't think the lease analysis or the purchase analysis has per se changed. I just think the need has changed.

<Q – Kathryn Thompson – Thompson Research Group LLC>: Okay. And finally Anne, just a quick clarification on SG&A. I assume that you mean flat year-over-year on a percentage basis, the percentage of sales or did you mean on a dollars?

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: I mean on a dollar basis for the heritage business.

<Q – Kathryn Thompson – Thompson Research Group LLC>: For the heritage business.

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

<Q – Kathryn Thompson – Thompson Research Group LLC>: Okay great, thank you.

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

Operator: Our next question comes from Adam Rudiger from Wells Fargo. Your line is open.

<Q – Adam Rudiger – Wells Fargo Securities LLC>: Thank you. I was curious in your Southeast region given the River divestitures, would the impact there be – any change to the operating margin or would it just be a lower dollar contribution to the overall company margin?

<A – C. Nye – Martin Marietta Materials, Inc.>: You know what, you won't see that much of a difference in the Southeast; in large part because the volume there has just been in many respects got it. If you really think about what that Southeast is for us right now, it's North Georgia where I think in many respects we were searching for bottom throughout the year. I hope we've found on it on volume. Alabama has been a very difficult market as well. Oddly enough, the one market that we saw actually very steady margin improvement on volumes throughout the year was actually Florida. And we actually saw increased pricing in Florida throughout the year, but the balance of the markets in the Southeast are just to the point that probably fixed costs are around 90% of what you've got there right now, Keith. I mean, Adam I'm sorry.

<Q – Adam Rudiger – Wells Fargo Securities LLC>: And my second question goes back to a little bit of earlier dialogue about on the highway bill, pretend we got, you waved your magic wand and we got a $15 billion, six-year bill. How much do you think that that would impact, how much of that would trickle down to you on an annual basis?

<A – C. Nye – Martin Marietta Materials, Inc.>: Boy, that's a nice thing to sit back and...

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: It's been a while since we've had that kind of [indiscernible] (47:54)

<A – C. Nye – Martin Marietta Materials, Inc.>: If you go back.

<Q – Adam Rudiger – Wells Fargo Securities LLC>: Pick a number – pick a different number if you think a better one is more appropriate?

<A – C. Nye – Martin Marietta Materials, Inc.>: But I mean, if you go to a fully robust bill, and you assume there is good solid transportation activity. What I would do is take you back to a 2006 timeframe, where you had good infrastructure activity, you had good commercial activity, not great, but good. You had really red hot housing activity and pretty steady ChemRock and rail activity. I think if you more normalize that you probably in the 185, 190ish volumes based on what would have been a heritage snapshot here in our rearview mirror. I think that's probably not a bad way to look at it.

<Q – Adam Rudiger – Wells Fargo Securities LLC>: Thank you.

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

Operator: Our next question comes from Scott Levine from JPMorgan. Your line is open.

<Q – Scott Levine – JPMorgan Securities LLC>: Hi, good afternoon.

<A – C. Nye – Martin Marietta Materials, Inc.>: Hi, Scott.

<Q – Scott Levine – JPMorgan Securities LLC>: Asking the residential breakdown question differently, I think you said that your multi-family activity was higher than what you're seeing in single family today. But if we think about normal times, what does that split tend to look at over a very, very long period of times to get a sense of how below trend we are on the single family side right now?

<A – C. Nye – Martin Marietta Materials, Inc.>: Ordinarily you would see a much bigger component in single family than multi, particularly in Southeast and Southwest. I mean, right now if you take a look at the types of numbers that are out there, when you're almost seeing something based on the pure history that we've seen something that's maybe three times on multi-family to res right now. I think that's almost an inverse.

<Q – Scott Levine – JPMorgan Securities LLC>: Got it. And then not to beat the highway bill to death here.

<A – C. Nye – Martin Marietta Materials, Inc.>: Oh, go ahead.
<Q – Scott Levine – JPMorgan Securities LLC>: But – so, it sounds like you really think if we don't get one by the time the current extension expires, don't bank on it. Is there a realistic possibility maybe we get extended once in your view to the – one to the summer holidays to buy a little bit more time before throwing in the towel on this. Or if we don't see anything by the end of March, should we just not expect anything or are you not expecting anything at that point for the rest of the year?

<A – C. Nye – Martin Marietta Materials, Inc.>: Well, I'll tell you Scott. Others may disagree with me on this, I guess my sense is that if we don't have it by the time the first CR expiries. Presidential politics are just so powerful for the rest of the year, I think, in perhaps any other year than this maybe you could see what you're describing. But I think if the House and the Senate can't get it all together here over the next call it 45-ish days, realistically we are probably looking at the CR through the year.

And as a practical matter, that's where we thought we would be. I mean, if you go back and listen to these calls for the last couple of years, we've been pretty consistent saying that we thought we will probably not see a new multi-year highway bill until after the election. I hope I'm wrong, but I think that's probably where we are.

<Q – Scott Levine – JPMorgan Securities LLC>: Got it. Maybe one follow up on that. From the point at which we got the initial proposal out of the House, which I think was down 30% plus. Are you encouraged by what you've seen out of the Hill? And has it surprised you pleasantly or would that be overstating things?

<A – C. Nye – Martin Marietta Materials, Inc.>: No. I don't think that's overstating things. I think that's fair and actually I think the different coalitions who have looked at transportation spending have really been good advocates for it have a lot to do with that. I mean if you look at the dialogue, that's coming out right now, there is good dialogue coming out of the White House, there is far better dialogue coming out of the House. And the Senate's been very consistent, if you look at the way the Senate is – it came out of Committee with a bipartisan 18 to 0 vote.

So, we like the type of dialogue, we like the fact that we're not hearing any of that 30% cut language anymore. So, I think as we look at where we sit and what we're likely to get; would we like higher numbers, – sure we would. Are we at least pleased that it looks like, it's staying flat, we are – and are we particularly pleased with the reform provisions that we see out of the House? We are. So, I don't think your notion of feeling better about it is misplaced at all. I would agree with you.

<Q – Scott Levine – JPMorgan Securities LLC>: Understood. Thanks Ward.

<A – C. Nye – Martin Marietta Materials, Inc.>: Thank you. See you Scott.

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

<Q – Garik Shmois – Longbow Research LLC>: Hi, thank you. I just have a clarification question on your pricing guidance. Ward, you stated in your prepared remarks that you expected pricing to be steady in 2012 if I heard you correctly. Just wanted to reconcile that with the 2% or 4% guidance. Does the steady commentary reflect the pricing mix as a result of the asset swaps you engaged in last quarter?

<A – C. Nye – Martin Marietta Materials, Inc.>: I think what we are more saying to that – we finished this year with the pricing up 2.7%. So when we were saying steady we meant we should continue to see that same level of trajectory. So perhaps I needed to refine my words little bit more and I'm sorry about that Garik, but, that's what I meant to say.

<Q – Garik Shmois – Longbow Research LLC>: Okay. No, thanks for clarifying that. And just switching gears to non-res, you talked about your expected growth in some of the energy markets. Can you talk about what you are seeing on the lighter side of the equation, office and retail if you're expecting any volume pickup in those areas this year?

<A – C. Nye – Martin Marietta Materials, Inc.>: You know what, Garik? We are expecting some pick up in those areas this year. We started seeing some pick up in that last year. And again it's not tremendous uptick. And I think as we've discussed before, that's usually going to follow residential with something that feels like a 9 to 18 month lag. So in some of those places where we are starting to see some residential activity I think we'll see some of the office and retail more of what we've seen so far, is people coming in and finishing office and retail projects that were started several years ago and then they walked away from it and put it on ice.

<Q – Garik Shmois – Longbow Research LLC>: Okay and then a question just on the West Group the volume performance in the quarter. Was the year-over-year drop largely related to the decline that you mentioned in ChemRock in 4Q?

<A – C. Nye – Martin Marietta Materials, Inc.>: Yeah, it was. We saw the ChemRock and rail piece, as I think I've said down. Ag lime down 17% and we saw some of the rail business down as well.

<Q – Garik Shmois – Longbow Research LLC>: So, if you pulled that out would you have gotten positive volumes in the Western Group?

<A – C. Nye – Martin Marietta Materials, Inc.>: Yeah. I think you would have seen something positive or certainly considerably much better, yes.

<Q – Garik Shmois – Longbow Research LLC>: Okay and then just lastly to the degree you can answer this, can you provide an update with respect to the DOJ's 2nd request and perhaps when we may expect a ruling from them?

<A – C. Nye – Martin Marietta Materials, Inc.>: I probably can't give you anything on their timing. What I can tell you is we did file Hart-Scott obviously the week that we initiated our offer. We have worked as we typically do with DOJ. Our practice has been to work very openly, very collaboratively with them. And we feel like working in that type of a process leads to a quicker more thoughtful conclusion. And that's exactly where we are. We haven't been surprised by anything, and we continue to feel very good about the process.

<Q – Garik Shmois – Longbow Research LLC>: Okay. Thank you very much.

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

Operator: Our next question comes from Ted Grace from Susquehanna. Your line is open.

<Q – Ted Grace – Susquehanna Financial Group LLP>: Hi, guys, how are you doing?

<A – C. Nye – Martin Marietta Materials, Inc.>: All right Ted. How are you?

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

<Q – Ted Grace – Susquehanna Financial Group LLP>: Great. Quick question. Anne, you've been kind enough to bridge the cost of sales if you will for the aggregate business for us in prior quarters. And so, I was wondering if we could do that for the fourth quarter. And really where we're going with this is trying to bridge on a reported basis revenue up $21 million. And as we think about, we think your recurring profit's down about $5.5 million when you back out one times, which is a 26% decremental. I know that Ward had highlighted $19 million of higher energy costs, but I'm just wondering if you could help us reconcile if pricing was a $16 million tail wind or something thereabout, how you get through the pricing, volume, labor, energy, et cetera.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: If you look at the fourth quarter on a consolidated basis, gross profit, you're right pricing was up about $17 million. Volume and energy cost you about $3.5 million each, and the other big driver was your inventory change that cost you about $7 million, $7.8 million.

<Q – Ted Grace – Susquehanna Financial Group LLP>: Okay.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: That was on the gross profit line.

<Q – Ted Grace – Susquehanna Financial Group LLP>: Okay, to gross.

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

<Q – Ted Grace – Susquehanna Financial Group LLP>: Okay. And then, can we do with the same thing for the Specialty Products business because the 82% incrementals were very impressive. You couldn't tell if Ward might have mentioned before that energy was not a benefit. I guess, the kind of interpreted the press release to say it was a help. But I think if you could just help us bridge – what happened in the fourth quarter in Specialty Products that would be great too.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: I don't have that bridge, we typically don't provide that level of detail. Energy, natural gas was not, was neither – it was essentially neutral in the quarter. The biggest energy issue at Mag or at Specialty Products is the pet coke that they have to use. So there's pet coke and coal there. But demand was up, pricing was up, but typically we have not provided that level of detail on a bridge, Ted.

<Q – Ted Grace – Susquehanna Financial Group LLP>: Okay. Could you give us an order of magnitude of what pricing did for Specialty Products or is that not something you want to disclose?

<A – C. Nye – Martin Marietta Materials, Inc.>: Ted that is something that we don't want to disclose at this time.

<Q – Ted Grace – Susquehanna Financial Group LLP>: Okay. The last thing I just wanted to ask you on capacity utilization at Specialty Products, is it fair to assume we're essentially at capacity at this point?

<A – C. Nye – Martin Marietta Materials, Inc.>: Yeah, Ted that's a very fair assumption.

<Q – Ted Grace – Susquehanna Financial Group LLP>: Okay. So, just trying to reconcile flat profit for next year. I'm assuming you've got a meaningful degree of pricing power. It would appear if you look at natural gas curves, it's not going to be a headwind for you. Just trying to understand how we should think about flat profit guidance for that segment given those dynamics. And is it one of those things where we should anticipate a shift in revenue for some reason, or if you could just elaborate there it would be great?

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: It's all about back to steel utilization Ted. I mean we are assuming steel utilization for 2012 is the same as it was in 2011, which is what current indications are. If that number, if utilization is higher you can expect higher profitability, if it's lower you can expect lower profitability against that 2011 benchmark.

<A – C. Nye – Martin Marietta Materials, Inc.>: So, again keep in mind Ted, watch it the way that goes around 70%. If it goes above 70%, it does really well, but if it's below that or near it, it's tougher.

<Q – Ted Grace – Susquehanna Financial Group LLP>: Is there any pricing assumptions, positive pricing assumption built in to that guidance of flat kind of pre-tax contribution?

<A – C. Nye – Martin Marietta Materials, Inc.>: We've assumed our normal price increases in that segment. But, again we don't some back and address on a percentage basis what that is.

<Q – Ted Grace – Susquehanna Financial Group LLP>: Got it. Okay. Got it. Thanks a lot guys, best of luck for this quarter.

<A – C. Nye – Martin Marietta Materials, Inc.>: Thanks, Ted.

Operator: Our next question comes from Bob Wetenhall from RBC. Your line is open.

<Q – Robert Wetenhall – RBC Capital Markets Equity Research>: Hi. Thanks for the terrific color. You've done a great job of managing SG&A – I was just curious, how much of an opportunity is there moving forward, Specialty it sounds like you might be growing your revenue base, can you keep that at the 125 range or is there any chance that you have additional cost saving opportunities?

<A – C. Nye – Martin Marietta Materials, Inc.>: We're always going to look for additional cost saving opportunities. So we'll leave it that. So we continue to look at it . I do think we manage SG&A, better than most in the sector. And we are obviously, be very proud of it. But at the same time, it is 25% your cost of goods sold is on the personnel line. And that's always going to be something, in a very volume challenged time, that we are going to be sensitive to. Again I'm proud of the fact that and our team should be proud of fact that in this type of an atmosphere, they can put up these types of numbers and in large part it's great to have 6% pricing in the quarter, I won't deny that. But if you don't have your cost profile in place, none of the rest of it matters.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: And Bob, we do have some pension headwind in 2012 that we're going to have to overcome. Obviously asset returns were not very good for 2011. So that pension increase for 2012 is about $9 million, and about a third of that I believe goes through SG&A.

<Q – Robert Wetenhall – RBC Capital Markets Equity Research>: That's really helpful color. On the diesel costs, are you guys hedging diesel, and what are diesel prices since the start of the year on average?

<A – C. Nye – Martin Marietta Materials, Inc.>: No, we don't hedge diesel. What I can give you a sense of when we finished the fourth quarter, diesel was around $2.95 a gallon; that was up 27% from the prior year quarter when it was at $2.32. For the full year and this number is are very similar to fourth quarter, it's $2.96 per gallon versus prior year of $2.13 per gallon. So there's your 40% delta year-on-year. If you're looking for what I meant for the quarter is about $0.05 per share diluted, for the full year $0.23. And if you're looking for total usage in Q4 it was just shy of 7 million gallons and for the full year just shy of 30 million gallons.

<Q – Robert Wetenhall – RBC Capital Markets Equity Research>: That's fine.

<A – C. Nye – Martin Marietta Materials, Inc.>: That's probably more than you ever wanted to know about diesel.

<Q – Robert Wetenhall – RBC Capital Markets Equity Research>: No, that's great. That's exactly what I was trying to figure out. And just in terms of your offer to combine with VMC, I was trying to get to understand better, how to think about the proxy process. Because one thing VMC has been saying is that even if you were able to get your nominees on the Board, you would have five out of 12 on VMC's Board of Directors. So, does that mean if you did get that then you would wait around till the following year when you can get the full Board on your side? Am I thinking about that correctly?

<A – C. Nye – Martin Marietta Materials, Inc.>: I think if you're looking at a pure process, I think you're thinking about it correctly. And I think one of the things that we said in one of the last calls is we're not looking to start something, we're not prepared to finish. Again the process, that you outlined is not the process that we want to do I mean what we want to do is, we want to sit down with them and we want to negotiate with this current management team, with that current Board and find a way to bring these companies together in a very productive way that brings immediate shareholder value. But to your question from a process perspective if that doesn't occur then I don't disagree with you, I think you hit it.

<Q – Robert Wetenhall – RBC Capital Markets Equity Research>: And you're prepared then to wait the extra year is what we you are saying.

<A – C. Nye – Martin Marietta Materials, Inc.>: We're prepared to do what we need to do.

<Q – Robert Wetenhall – RBC Capital Markets Equity Research>: Thanks very much, nice quarter.

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

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

<Q – Brent Thielman – D. A. Davidson & Co.>: Yeah, hi, Ward; hi, Anne. Just a quick question on the Southeast group. Ward you mentioned for this ongoing weakness in North Georgia and the Alabama markets and obviously diesel is having kind of broad impact. But would you say those areas are principally what's keeping you from getting to profitability in that group or is there a little more to it?

<A – C. Nye – Martin Marietta Materials, Inc.>: I would say that is very much it. If you look at housing in Atlanta in particular, it is just – frankly, it's almost non-existent as is commercial work there. Georgia DOT has been through this own political machinations here over the last several years as well. It looks like a lot that's going to get itself worked out with this new Ballot Initiative that's going to be out there in July, as we go into this year. But, clearly the underlying economies in North Georgia, Alabama, and to a degree but not as much in South Georgia have been the primary drivers, no doubt about it.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: And Brent, we're at a point at some of those locations where you're either open or you're closed. And so if you're open, you're running at probably above 80% to 85% fixed costs. It's just a tough climate.

<Q – Brent Thielman – D. A. Davidson & Co.>: Okay, great. Well, thanks for all the color on the call.

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

Operator: Our next question comes from Mike Betts from Jefferies. Your line is open.

<Q – Mike Betts – Jefferies International Ltd.>: Yes, good afternoon. Just one question – I guess in two parts from me if I could. [ph] A 1% increase in (1:04:38) direct production cost, 9.5% in cost of goods sold. Anne, you went through all details I think three months ago, but two part question here if I could. Maybe Anne first. Of the $305 million in Q4, how much of that do you find is direct production cost?

And the second part to the question, maybe Ward, as we go into 2012, you talked about a small decline in direct production costs. But what do you think you need to close that gap? Is it lower asphalt and diesel prices? I mean, obviously I'm talking if volumes were roughly the same and you're talking about a 3% to 4% increase. But is the major difference there caused by energy or am I missing something there? Thank you.

<A – C. Nye – Martin Marietta Materials, Inc.>: No, you're not missing anything there from and Anne will come back and address the first part of it. But from where we sit to answer your question directly. One, it's certainly a volume issue, so that's your number one driver. And then, two, coming back and having some degree of stability or normalcy relative to the energy component of it, Mike.

<Q – Mike Betts – Jefferies International Ltd.>: Okay, thank you. And Anne?

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: I'm looking right now.

<Q – Mike Betts – Jefferies International Ltd.>: Well maybe I just add one more to Ward then. You've expanded the asphalt Ward, does that make that situation more of a concern? I mean, is there a significant impact of that on the asphalt side?

<A – C. Nye – Martin Marietta Materials, Inc.>: You know what, I think, what that's going to do – with asphalt typically it's either going to be made or otherwise depending on how the liquid is moving. I think, what's going to end up happening this next year is you'll go into the year recognizing that you've got a much more stable situation with liquid. Keep in mind, even when I address that $19.2 million delta in the West Group that we talked about on energy, fully $9 million plus of that was simply relative to liquid.

So, as you go back, you have indexing in the contracts and you have the ability to capture that as you move into the New Year. And I don't see that being as volatile in 2012 as it was in 2011, simply because the energy spike and the liquid spike was so remarkable during the course of the year.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: And Mike, the total cost of goods sold for the quarter about two-thirds of that are direct.

<Q – Mike Betts – Jefferies International Ltd.>: Perfect. Thank you both.

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

<A – C. Nye – Martin Marietta Materials, Inc.>: Take care, Mike.

Operator: Our next question comes from Keith Johnson from Morgan Keegan. Your line is open.

<Q – J. Johnson – Morgan Keegan & Co., Inc.>: Good afternoon.

<A – C. Nye – Martin Marietta Materials, Inc.>: Hi Keith.

<Q – J. Johnson – Morgan Keegan & Co., Inc.>: I've got a couple of quick questions. I guess first off on the guidance for interest, I think you guys said flat in 2012 versus 2011. It looked like interest costs have sort of dropped down into this $13 million range after the first quarter this year. Are you expecting maybe a little from the kickup a little bit in 2012?

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: We had a little pick up in debt because of the cash payments that we've made for our acquisitions we did in the fourth quarter. And obviously we've got perhaps a little bit of carry costs to fund the cost of [ph] projects, yes. (1:07:36)

<Q – J. Johnson – Morgan Keegan & Co., Inc.>: Okay and then if we look at the fourth quarter taxes it was of course dropped off little bit. Was that all swap related and what happened in the fourth quarter on the income tax line?

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: Fourth quarter taxes are very strange. Discontinued ops happened, but the really the biggest driver for the fourth quarter was in continuing ops. And that had to do with the fact that your business development expenses were not deductable.

<Q – J. Johnson – Morgan Keegan & Co., Inc.>: Okay. And that will just play out quarter-to-quarter.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: That should play out with the resolution of our business development activity.

<Q – J. Johnson – Morgan Keegan & Co., Inc.>: Okay, but otherwise just run it at a 26% annualized rate in 2012.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: That's otherwise, without those three other unusual events, yes.

<Q – J. Johnson – Morgan Keegan & Co., Inc.>: Okay, I apologize if I missed it earlier – for 2011 could you tell me what the infrastructure heritage volume and then the non-res heritage volumes, what they were relative to 2010?

<A – C. Nye – Martin Marietta Materials, Inc.>: If we looked at infrastructure for the quarter was down 1.7%, non-res was up slightly, ChemRock/Rail was off around 4.5% and res was up around 2.5%. If you looked at it for a full year, infrastructure down around a little bit more than 5%, non-res off around 3.5%, ChemRock/Rail off around 1.7% and res up around 3.7%.

<Q – J. Johnson – Morgan Keegan & Co., Inc.>: And then, I guess a final question. You'd mentioned something about the seasonality sort of shifting with this asset swap because a portion of your business is now more to the West. Is that – should we just think about that particularly on the West segment, as we kind of the model out the fourth quarter, first quarter is kind of going forward with more of a presence in the Denver operation?

<A – C. Nye – Martin Marietta Materials, Inc.>: Absolutely, you should. I mean – it's going to be – it is the winter operation. Anne introduced some of our friends to the notion of wintering the count,

and that's the, in the large part, that's what you're doing with the Denver operation in Colorado. You are wintering that. And to give you a sense of it – you simply look at it from a head count perspective. We from the operations that went out to the operations that we bought in, our net head count is up around 463 people. And again if you buy into the notion that the most expensive cost that you have is the personnel component of it, you're entirely right to come back and look at that with very much a winter focus here during the balance of Q1.

<Q – J. Johnson – Morgan Keegan & Co., Inc.>: Okay. And my follow-up question. Was that any portion of that fourth-quarter drop-off in the West in the gross margin line just because the swap happened and then, would that factor into it sequentially?

<A – C. Nye – Martin Marietta Materials, Inc.>: No. No. I mean, to the extent of that was there. It would be just a little bit of noise, and nothing of moment.

<Q – J. Johnson – Morgan Keegan & Co., Inc.>: Okay. All right, great. Thanks a lot.

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

Operator: I'm showing no further questions at this time. I will now turn the call back over to Ward Nye for brief closing remarks.

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

Again, thanks for joining our fourth-quarter and full-year earnings call and for your interest in Martin Marietta. 2011 was a notable year from a lot of perspectives. We think the stage is set for a very exciting 2012. We look forward to discussing our first quarter 2012 results in May, and updating you as appropriate on our strategic initiatives. Take care. Thank you very much.

Operator: Ladies and gentlemen, that does conclude today's conference. You may all disconnect and have a wonderful day.