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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.
Kathryn I. Thompson – Analyst, Thompson Research Group LLC
Trey H. Grooms – Analyst, Stephens, Inc.
Jerry D. Revich – Analyst, Goldman Sachs & Co.
Keith B. Hughes – Analyst, SunTrust Robinson Humphrey
Ted Grace – Analyst, Susquehanna Financial Group LLP
Jack F. Kasprzak – Analyst, BB&T Capital Markets
Garik Shmois – Analyst, Longbow Research LLC
Mike F. Betts – Analyst, Jefferies International Ltd.
Joey Matthews – Analyst, Wells Fargo Advisors LLC

MANAGEMENT DISCUSSION SECTION

Operator: Good day, ladies and gentlemen, and welcome to the Martin Marietta Materials, Inc., Q4 2012 and Full Year Financial Results Conference Call. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session and instructions will be given at that time. [Operator instructions] As a reminder, today's conference call is being recorded.

I'd now like to turn the conference over to your host, Mr. 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 Materials' quarterly earnings call. With me today is Anne Lloyd, our Executive Vice President and Chief Financial Officer. We're pleased to report both our fourth quarter and full year 2012 results. Additionally, we'll provide observations into our expectations for 2013.

As an initial reminder, this 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 press release relating to our fourth quarter and full year 2012 results and to our other filings with the Securities and Exchange Commission, which are available on the SEC's website

Any margin references in our discussion are based on net sales, excluding freight and delivery revenues. These and other non-GAAP measures are also explained in our SEC filings.

Finally, the corporation's 2012 consolidated operating results should be evaluated mindful of our December 2011 asset exchange transaction which provided us with an entry into the markets in and around Denver, Colorado. Where appropriate, we've provided analysis to highlight this impact.

We were pleased to finish 2012 the same way we started, with growth in both heritage aggregates product line shipments and average selling price compared with the prior year quarter. Our quarterly heritage volume growth of 5% was attributable to improvement in infrastructure, non-residential, and residential construction activity, with notable strength in the latter two. We also received another strong contribution from the Specialty Products business which is operating at capacity and generated $15.8 million of operating earnings.

On a consolidated basis, aggregates volume growth and the performance of the Specialty Products business were the significant drivers of quarterly earnings of $0.46 per diluted share. Earnings per diluted share included a $0.04 per share impact from restructuring initiatives completed during the quarter. The non-residential and residential end-use markets each achieved 13% growth in heritage aggregates product line shipments, compared with the prior-year quarter.

The non-residential market, our second largest end-use, comprised 31% of quarterly shipments and had volume growth in both the energy and commercial construction sectors. The majority of energy sector shipments generates from our West Group which continued to benefit from ongoing oil and natural gas activity at the Eagle Ford Shale deposit in South Texas.

Growth in commercial construction, namely office and retail, was evident in our Southeast and West Groups during the quarter. We believe commercial construction is beginning to benefit from six consecutive quarters of residential growth. Generally, expansion in the commercial component of non-residential construction usually lags 12 to 18 months behind the residential construction market. The residential construction market itself is rebounding with a level of growth not seen since 2005.

December's seasonally adjusted annual housing starts of 954,000, up 34% over prior year, provide an encouraging sign for 2013 prospects. While the pace of residential recovery varies by market, strength was notable in our West Group, particularly in Texas and Colorado. The infrastructure end-use market increased nearly 2% during the quarter, representing around 49% of our quarterly heritage aggregates product line shipments. Importantly, infrastructure's contribution to our total shipment volume is moving more in line with historical averages, another indicator of an improving overall construction market.

As expected, we see tangible signs the infrastructure market is poised to benefit from various federal and state-sponsored initiatives including the Moving Ahead for Progress in the 21st Century Act, or MAP-21. For example, federal highway obligations, a leading indicator of highway construction activity, increased 91% in the quarter ended December 31, when compared with the corresponding period of the prior year. While this rate of obligation improvement will no doubt moderate, it nonetheless represents the highest level of obligations since fiscal 2010. This suggests increased highway award activity as the spring 2013 construction season begins.

We also continue to monitor applications for funding provided by the Transportation Infrastructure Finance and Innovation Act, or TIFIA. Several of our key states, including Texas, North Carolina, Georgia and Virginia, have applied for TIFIA funds to support key infrastructure initiatives. Through January 4th, the U.S. Department of Transportation received applications for 27 projects with a cumulative value of more than $38 billion. Over one-third of the dollar value of these projects is in Martin Marietta served markets. While TIFIA-related construction projects could begin as early as the second half of this year, we believe the more meaningful impact will begin in 2014.

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We continue to be encouraged by various state initiatives designed to increase funding for infrastructure projects. As discussed in a February 6th Wall Street Journal article, governors and legislators across the country are increasingly coming to grips with the reality that their infrastructure problems have been compounded by decades of underfunding and delaying construction and renovation of roads, bridges, and other essential infrastructure such as utilities. Against that backdrop, the state of Colorado recently passed the Responsible Acceleration of Maintenance and Partnerships, or RAMP, program, potentially increasing infrastructure funding $1.5 billion over the next five years.

Virginia's governor proposed transportation funding overhaul that could have provided an estimated $3 billion for highways, rail and transit systems in the next five years. The plan was approved by the Virginia House of Delegates but effectively tabled by the Senate, sending the governor back to the drawing board for creative solutions to the state's transportation challenges.

However, in news since our earnings release, this morning the Virginia State Senate Finance Committee passed an amended version of the transportation funding bill. If enacted, the Senate's proposal could generate an estimated $4.5 billion over the next five years. Like Virginia, governors across the United States are looking for answers to meet local transportation needs.

Not surprisingly though, the states with such initiatives in place are outpacing the nation in highway contract awards. For example, we're very encouraged by a significant increase in Texas lettings, nearly $9 billion, more than double prior year. Conversely, some states including South Carolina are experiencing budget constraints, negatively affecting infrastructure commitments. The State of Indiana has also seen a decline in contract awards, reflecting the waning impact of the state's multiyear Major Moves initiative.

To complete the discussion of our end-use markets, heritage aggregates product line shipments to the ChemRock and Rail end-use was down 3% compared with the strong prior-year quarter. Consistent with trends noted earlier in 2012, declines in both coal traffic on the railroads and track maintenance resulted in lower ballast shipments. This reduction was partially offset by increased agricultural lime shipments in our Midwest Division, triggered by an unseasonably warm and dry weather during the quarter.

We achieved heritage aggregates product line shipment growth in each of our reportable groups. However, the rate of improvement varied geographically. Led by energy sector and residential growth in Texas, the West Group reported an 8.7% increase in heritage aggregate volumes over the prior-year quarter. The Southeast Group had a 1.7% increase, with notable infrastructure growth in Florida being partially offset by a reduction of shipments at our offshore operations.

Finally, our Mideast Group generated a 1.2% increase in heritage shipments. Strength seen in the Charlotte, North Carolina, market was largely offset by reductions in Virginia and West Virginia. Overall, we achieved a 1% increase in heritage aggregates product line average selling price, led by a 2.9% improvement in the Southeast Group. Pricing growth reflects both increases implemented during the year and the effects of product mix.

Inclusive of acquisitions, our overall average selling price declined slightly, reflecting the impact of our Denver-based business. As a reminder, Aggregates product line pricing at our Colorado operations is lower than our heritage business due to market maturity, product mix, and the vertically integrated nature of the market.

In response to higher demand, we increased heritage aggregates product line production by 6%. Despite an increase of $0.11 or 4% in the average paid per gallon of diesel fuel, our operations personnel maintained their focus on cost control and leveraged higher volumes to reduce heritage aggregates product line production costs per ton by 2%. Notably, this reduction reflects the 13% increase in productive efficiency as measured by tons produced per working man hour. We believe

these trends demonstrate the potential for future cost synergies as shipment volumes continue to recover.

The Specialty Products business generated quarterly net sales of $50.6 million, inclusive of $3 million generated by the new kiln at the Woodville, Ohio, facility which became operational on November 1st. Effective cost management led to an operating margin of 31% for the quarter. For the full year, this business established new records with net sales of $202.2 million, gross profit of $77.2 million, and earnings from operations of $68.5 million. Gross margin continues to reflect the increased impact of vertically integrated businesses that is our ready mix concrete, hot mixed asphalt, and related road paving businesses in Arkansas, Colorado and Texas.

For the quarter, consolidated gross margin was 16.7%. Excluding the impact of vertical integration, consolidated gross margin would have been 19.4%, a 270 basis point increase over the reported metric. As a percentage of net sales, our selling, general and administrative or SG&A expenses improved 20 basis points to 8.3%. On an absolute basis, the $6.3 million SG&A increase reflects the threefold impact of a $3.3 million restructuring charge, $1.8 million of costs related to our planned information systems upgrade expected to be complete later this year, and overhead at our Colorado operations.

As previously mentioned, organizational changes completed during the quarter to streamline our management structure in 2013 should reduce ongoing annual SG&A expenses by more than $3 million. Consolidated earnings from operations for the quarter were $40.1 million, compared with $20.7 million in the prior-year quarter. Recall that 2011 quarterly earnings reflected $15 million of business development expenses. We continue to generate significant cash flow. And, for the year, cash provided by operating activities was $223 million. This sum includes a $38 million cash outlay for business development expenses and $23 million to fund working capital requirements at our Colorado operations.

During the year, we made prudent capital investments of $151 million, reduced our outstanding debt by $12 million, contributed $33 million to our pension plans, and maintained our dividend rate of $1.60 per common share. At yearend 2012, our ratio of consolidated debt to consolidated EBITDA was 3.21 times, compliant with the limits under our debt covenant.

Our 2012 performance along with the positive trends we're seeing in our end-use markets suggest that our current momentum will continue in 2013. We expect more new construction activity in 2013 driven by MAP-21, TIFIA, and other state-sponsored programs. As a result, we expect shipments to the infrastructure end-use market to increase in the mid-single digits. The Architecture Billings Index, or ABI, a leading economic indicator of non-residential construction spending, reflects the strongest growth in billings at architecture firms since the end of 2007.

Accordingly, we anticipate non-residential end-use market growth in the high-single digits. Further, recovery in the residential end-use market is expected to continue. And we anticipate double-digit growth in these shipments. Finally, we expect our ChemRock and Rail shipments to remain flat with 2012 levels. Cumulatively, we anticipate heritage aggregates product line shipments to increase 4% to 6%.

As a reminder, we experienced unusually moderate weather in the first five months of 2012, allowing an earlier than normal start to the construction season in many of our markets. If we experience more typical winter weather in 2013, our quarterly pattern of aggregate shipments and earnings may differ compared with 2012. In particular, 2013 first quarter results would be compared with a strong quarter in 2012.

We currently expect heritage aggregates product line pricing will increase 2% to 4%. A variety of factors beyond our direct control may continue to exert pressure on our volumes, and our forecasted pricing increase is not expected to be uniform across the company. We expect our

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vertically integrated businesses to generate between $350 million and $375 million of net sales and $20 million to $22 million of gross profit. Increased production should generate operational efficiencies and lead to a modest reduction in aggregates product line direct production costs per ton compared with 2012.

Net sales for the specialty product segment should range from $220 million to $230 million, generating $81 million to $85 million of gross profit. Steel utilization and natural gas prices are two key drivers for the segment. SG&A expenses as a percentage of net sales are expected to decline slightly. Interest expense is expected to remain relatively flat compared with 2012. Our estimated effective income tax rate is 26% excluding discrete events. Capital expenditures are forecast to be $155 million.

To conclude, our team delivered solid performance during a year of erratic economic behavior, and we are pleased with our 2012 results. Further, we look forward to building on current economic trends and external construction activity indicators, pointing to increased activity in 2013. With our well-placed assets, disciplined cost structure, and our team's track record of performance through the worst cyclical downturns in our industry's history, I believe we are well positioned to capitalize on these opportunities and enhance long-term shareholder value.

Thanks very much for your interest in Martin Marietta Materials. The operator will now give the required instructions. We'll turn our attention to address your questions.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Our first question comes from Arnie Ursaner of CJS Securities. Please go ahead.

<Q – Arnie Ursaner – CJS Securities, Inc.>: Hi. Good afternoon, Ward. Good afternoon, Anne. My question relates to the West segment of your business which had very strong growth, 8.7% growth. Can you give us a better sense of the spread between Texas and Colorado and then I have some follow-up questions related to Texas?

<A – Ward Nye – Martin Marietta Materials, Inc.>: Sure, Arnie, happy to do that. The primary growth would have been in the Texas Group, primarily in the Southwest Group. If we take a look at really what's driving much of that, Arnie, construction in San Antonio was up remarkably; construction employment was up there 7% year-over-year. In 2012, they sold nearly 20,000 homes there; that was up 10% year-over-year. Eagle Ford volume all by itself for the quarter was up 33%. So, these are the types of drivers that are really pushing that that market pretty hard. We still anticipate even in 2013 to have around $28 billion of money flowing into the Eagle Ford, so we feel like the Eagle Ford was obviously very good in 2012. We think it'll continue to be good in 2013. I can give you similar numbers also for Houston and DFW but those are really the primary drivers that we're seeing, Arnie.

Now, at the same time, what we're seeing in Colorado is actually a very attractive story as well and keep in mind you've got a Colorado DoT that has a budget around $600 million and coming in with the RAMP program which is $1.5 billion over the next five years, you're basically adding 50% to the Colorado DoT budget as we go into 2013. So what we're seeing in Texas relative to homebuilding, what we're seeing in Texas relative to non-res, particularly in energy, and what we're seeing there in infrastructure is good. And what we're seeing in Colorado with respect to infrastructure from RAMP and what we're seeing go on with respect to homebuilding is also very attractive.

<Q – Arnie Ursaner – CJS Securities, Inc.>: Okay, thank you; that's a great rundown. My second question relates to a slide that you had at our conference that I think is pretty interesting, particularly as we look out over the next two years and expect volume growth. In that chart, you showed the four, five-year impact of volume in excess of $500 million on your EBITDA and it's pretty interesting thinking of that number on a base of $329 million which is where we ended the last year. As we continue to ramp up volume over the next few years, given the structural changes in your business, how should we think about the EBITDA potential of your business in the next two years as volume improves? Obviously, you won't get all $80 million funds back in two years, but how should we think about the incremental margin on the volume we are likely to get?

<A – Ward Nye – Martin Marietta Materials, Inc.>: I think you can think about it several ways. Number one, we've talked about incremental margins and said what we thought it would be over the next 40 million tons and we think that's going to be very, very powerful. That's simply getting back to your point, Arnie, about half of the volume that we've lost. Here are some of the takeaways to think about. Our head count is considerably lower today than it was at our peak profitability. Our efficiency as measured by tons produced per working man hour is higher today than it was at peak profitability. And, our average selling price is around $2.51 a ton, higher today than it was at peak profitability. So, what that tells us is if we come back with any degree of volume that you're talking about, it will be remarkably powerful to this business. The other thing that I would tell you is where that volume comes back is going to matter a lot. I mean, clearly, what we've seen this year is a very healthy, at least on a relative basis, Western United States and, believe me, we'll take every bit of that. But, the fact is we really need the Eastern U.S. to get healthy as well because that's a higher margin business for us. Again, we celebrate what's going on in the West. But, when volume comes back, Arnie, it's going to be powerful. When volume comes back in the East, it's going to be particularly powerful.

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<A – Anne Lloyd – Martin Marietta Materials, Inc.>: And I would add to that, Arnie, that it's – you can take that to, say, North Carolina. If you look at our top five states, Texas, North Carolina, Iowa, North Carolina needs to come back more healthily.

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

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

Operator: Our next question comes from Kathryn Thompson of Thompson Research Group. Please go ahead.

<Q – Kathryn Thompson – Thompson Research Group LLC>: Hi, thanks for taking my question today. On the West, pricing is up 1.3% and know that Denver pricing is on average lower versus your other core markets, what would have pricing been excluding Denver and how are you doing in that market in terms of some of your efforts to push up pricing?

<A – Ward Nye – Martin Marietta Materials, Inc.>: Pricing again, total rolled up pricing ex-Denver was actually up 1%. When you bring Denver in, it takes the total picture down. So, that does give you a sense, Kathryn, of how much lower pricing is in Denver, relatively speaking. To answer your question on that, though, we are looking at price increases across all product lines in Denver, keep in mind, you've got a couple of issues in Denver relative to aggregates. Number one, it tends to be more of a sand and gravel market as opposed to a crushed stone market, although, we do have a crushed stone presence there as well.

So, we're looking to raise price on, both, sand and gravel as well as the crushed stone. But Denver is one of the few markets, as you recall, that we also have a vertically integrated footprint there and we're also going out with price increases on ready mix concrete and hot mix as well. Again, we've gone into Denver and what we feel like is a leadership position and we feel like that leadership position means coming to that market and demonstrating discipline around what we're going to do relative to production and also looking to add some value to the product as well.

<Q – Kathryn Thompson – Thompson Research Group LLC>: Okay, that's helpful. And you also touched on seeing strength in the West market with energy and we know about what's going on in Texas, but you also talked a little bit about the Colorado. Could you clarify, are you – how much of this is driven by Bakken versus Niobrara or is it really too early for those two shale plays to see any type of volumes in the Colorado market?

<A – Ward Nye – Martin Marietta Materials, Inc.>: What we will see increasing volumes in that Colorado market, I'll tell you when we look at what shale volumes were for this year, they were pretty close to 6 million tons and the biggest single slug of that was clearly coming out of the Eagle Ford. If I look at what was going on year-over-year, we clearly saw more activity in Niobrara in 2012 than they would have seen in 2011, and we anticipate more activity in Niobrara in 2013 versus 2012. We see shipments in the Barnett relatively even year-over-year going into 2013. And we feel like the Eagle Ford again is going to continue to be a very healthy place.

Keep in mind, there were notions that Eagle Ford were actually going to back off a little bit in 2012 and they didn't. I think a lot of people feel like it may back off a little bit in 2013. I am not sure that we're ready to say that with $38 billion of infrastructure, and otherwise going into that. If we look year-over-year as well, even what we're going to see in the Mississippian, which is a new formation, relatively speaking, will be more year-over-year. The only place I am seeing a little bit of a pullback is probably going to be in the Haynesville deposit, which again is moving from a gas deposit to more of a wet deposit as you go from Arkansas, Louisiana down to South Texas.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: And, Kathryn, while we move some material into the Bakken early in the – early in our entry into this energy sector, we really aren't getting much material in there. We're really concentrating on those other formations.

<Q – Kathryn Thompson – Thompson Research Group LLC>: Okay, that's helpful. Thank you. And my final question is really focused more on gross margins and I will hop back in the queue. How should we think about gross margins particularly in the quarter in light of – you had some nice volume increases, some pricing increase, how should we – that you saw some year-over-year declines. Could you help us walk through how we should think about quarter and how we should think about modeling going forward? Thank you.

<A – Ward Nye – Martin Marietta Materials, Inc.>: Kathryn, I think the primary way that you're going to have to think about that is we do simply have a larger vertically integrated component for our business than we've had historically. So, if you want to look back at heritage on hot mix, heritage we used to have around 1.5 million tons of hot mix. With Denver this year, we added an additional 1.7 million tons of hot mix. Traditionally, heritage, we would have had around 550,000 cubic yards of ready mix. With Denver, we added in excess of 900,000 cubic yards. So as you look at that, it does change the mix of the business pretty considerably. Obviously if you take the vertically integrated component out, we indicated that's your 270 basis point difference between 16.7% on the margin and the 19.4%.

The other thing that I would mention to you and it goes back to the comment that Anne made a little while ago, if we look at the quarter for this year, we sold around 7 million tons of stone in the Southwest Division. In same quarter last year, it was around 5.8 million tons of stone in the Southwest Division. So, again, while we welcome and celebrate the tonnage in the West, that tonnage is not going to have the margin that you're seeing in the East. So, I would suggest to you there's a geographic mix issue relative to that. I would suggest to you that the vertically integrated component is a bit different.

And the other thing that I would say to you is, is you need to take a look at what the product mix itself was as well. As we look at the product mix, there are number of different products that I see pretty healthy tonnage movement in. We sold more sand in this quarter than we did last year. We sold more fill material this quarter than we did prior year. So, I think what we've discussed before, the vertically integrated component, the geographic mix and the product mix are the issues that principally drove the difference in the gross margin.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: Kathryn, if you look at that 270 basis points impact on the fourth quarter margin that Ward laid out, that range throughout the course of the year to be an impact of about 190 points at the low to a high of about 420 points.

<Q – Kathryn Thompson – Thompson Research Group LLC>: Okay.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: So, it's – the median really was about 270. But it'll ebb and flow obviously with the peak impacts seen in the higher production quarters of the second and third.

<Q – Kathryn Thompson – Thompson Research Group LLC>: Perfect. That's very helpful. Thank you.

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

Operator: Our next question comes from Trey Grooms of Stephens. Please go ahead.

<Q – Trey Grooms – Stephens, Inc.>: Hey, good afternoon, Ward and Anne.

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

<Q – Trey Grooms – Stephens, Inc.>: Just kind of follow on to the previous question on the vertical integration kind of the impact there. So, you said, Anne, that the average was about 270 basis points impact for the year, when you kind of look at – you'd mentioned you're in the leadership position there, you've got price increases announced, I would assume or have them planned for this year in ready mix, which looks like is the biggest kind of negative impact to you guys coming out of that vertical integration. How do we think about that 270 basis point on a full year basis as we look into 2013? Is that – should we expect that to improve with some of these things going on or about the same, how do we think about that?

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: Yeah, Trey, I think you definitely will see improvement in that degradation and again that was 270 points as a median for the year. It did fluctuate during the course of the year, but particularly as we see ready mix pricing begin to take hold more strongly in all of our markets, I think you'll begin to see that margin compression go away.

<Q – Trey Grooms – Stephens, Inc.>: And so, on a run rate, are we looking at maybe the margin compression going away by the end of 2013 or would it take a little longer? What your thoughts there on timing?

<A – Ward Nye – Martin Marietta Materials, Inc.>: You know what, Trey, a lot of that's going to be driven by what happens, for example, with midyear price increases this year. Keep in mind, you only recover around 25% of those even when you put them in, in a year. But I think measuring to see how much the price increases that we go out with at the beginning of the year stick matters. And I think seeing what happens with midyear is going to matter. I think depending on that, you could see that compression pretty considerably by year-end.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: Yeah. And just as a reminder, Trey, I mean we're talking about our entire ready mix – excuse me – our entire vertical business, which includes Colorado, Texas and Arkansas, so you're going to look at the interplay in all of those markets.

<Q – Trey Grooms – Stephens, Inc.>: Right. Got you. Okay, thanks. And then on product mix, Ward, you touched on that. Do you guys kind of – given your outlook for infrastructure and that sort of thing, I know you guys have touched on this in the past that with that you would anticipate selling more base rock that – when that starts to improve – when that end-market starts to improve, so are you kind of thinking that – that this year, 2013, you could see a mix shift – a product mix shift towards more base rock? And if so, kind of what the impact of that could be?

<A – Ward Nye – Martin Marietta Materials, Inc.>: I think we certainly could. I think we've tried to capture some of that impact and what we put out there for you right now, Trey. So hopefully we've given that a little bit of forecast going forward. And candidly, I hope we do, I mean if we see more base stone going out the door what that means is we're seeing more new projects. And we're certainly seeing more planning on new projects right now. So that would be something that we would be delighted to talk with you about during the course of the year, but we believe we've captured that in the 2% to 4% that we've put out right now.

<Q – Trey Grooms – Stephens, Inc.>: And is that also reflective in the – I think the wording was that there was going to be a slight improvement in cost per ton, would that also be reflected there as well?

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

<Q – Trey Grooms – Stephens, Inc.>: Okay. And then my last question, Ward, I have kind of asked you this in the past couple of different ways and just kind of really trying to get an idea for

timing. But you've mentioned in the past when we're kind of looking at incremental that you guys need to see an improvement across the enterprise and if you look at your guidance at least by end market, it looks like everything, I guess, with the exception of ChemRock and Rail, is going to be up this year, is that – I also know you need geographic impact but kind of just all-in when we look at 2013 in your expectation there, are we getting to a point where we can start to kind of think about that kind of incremental margin on aggregates when we look out this year?

<A – Ward Nye – Martin Marietta Materials, Inc.>: I think we're getting close to that period of time. Again, I think the disproportionate driver right now, Trey, is going to be what happens in North Carolina and really what happens in places like Georgia and what happens in places like Alabama and Florida as well. If those places have some volume coming through particularly North Carolina, you're going to see those incremental margins hit very, very quickly. But again the fact is when you're seeing even for a quarter, we saw for example 15% volume growth in Indiana. So if we look at the Mideast, again it's a bit like Texas, I'm going to celebrate everyday 15% volume up in Indiana. But the primary thing that I need right now and the organization needs is that same type of percentage growth in North Carolina. If we see that, then the [audio gap] timing to your question becomes almost immediate. (34:50)

<Q – Trey Grooms – Stephens, Inc.>: Okay, I do want to sneak one more in, I'm sorry. On the heritage price just for clarity of 2% to 4%, that does not include Denver now, even though we're kind of anniversarying it, we're still excluding that from the heritage. Is that accurate?

<A – Ward Nye – Martin Marietta Materials, Inc.>: It's all in.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: Yeah. [indiscernible] (35:08)

<Q – Trey Grooms – Stephens, Inc.>: It's all-in; okay, perfect. Thank you for that clarity and good luck. Thank you.

<A – Ward Nye – Martin Marietta Materials, Inc.>: Trey, it's all-in. So once we eclipse the one-year period after the acquisition of Denver, it counts as heritage.

Operator: Our next question comes from J. Revich of Goldman Sachs. Please go ahead.

<Q – Jerry Revich – Goldman Sachs & Co.>: Hi, good afternoon. It's Jerry Revich, how are you?

<A – Ward Nye – Martin Marietta Materials, Inc.>: Good, Jerry. Good to hear your voice.

<Q – Jerry Revich – Goldman Sachs & Co.>: Ward, can you talk about what your assumptions are for pricing in the downstream businesses, looks like roughly you're guiding for 25% incremental margins in 2013, which I think implies little pricing, and I'm wondering if you could just flesh out for us, what do you think about pricing conditions in those markets and how we should be thinking about potential price increases over the course of the year?

<A – Ward Nye – Martin Marietta Materials, Inc.>: I can tell you, what we're looking at right now principally on ready mix, for example, in Colorado, we've come out with anywhere from a $5 to a $6 cubic yard price increase in that market. So, obviously we're hopeful that that will stick for the year. I think we're probably be looking at similar percentage-type increases in Texas as well. We're looking at increases in hot mix asphalt. Now, keep in mind, much of that's going to be driven by what may or may not happen with price of liquid as we go through the year relative to indexing. So, I think you will clearly see pricing going up in hot mix as well. Whether it goes up in the same percentages that we're seeing in ready mix, I think, is an open question. But I've tried to give you a pretty definitive answer particularly on the ready mix side of it in Denver right now.

<Q – Jerry Revich – Goldman Sachs & Co.>: Thanks for the color. And in terms of the IT implementation, I'm wondering if you could just talk about what sort of headwind that is in 2013 and does that roll off completely next year, and any quantifiable benefit that we should think about heading into next year?

<A – Ward Nye – Martin Marietta Materials, Inc.>: You know what Jerry, it's a JDE upgrade, it basically what we said last year as we thought, we'd spend around $1 million a quarter for last year and for this year. So, clearly we anticipate that that expense going away, when we get here to the end of 2013 and it just continues to help us keep our systems in what we feel like are leading edge, because we feel like having that is awfully important to managing cost in this business when your average selling price is less than $11 a ton.

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

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

Operator: Our next question comes from Keith Hughes of SunTrust. Please go ahead.

<Q – Keith Hughes – SunTrust Robinson Humphrey>: Thank you. Your comments on non-residential for 2013 are some of the strongest I've heard. Can you kind of talk about how do you think the various submarkets of that are going to be relate to this high-single-digit growth number?

<A – Ward Nye – Martin Marietta Materials, Inc.>: As we come back and look at it, Keith, right now, I guess the primary thing that we're seeing is we're seeing considerably more office and retail and some industrial as well. And we started seeing the industrial in parts of even the Southeast last year and we started seeing that come back in markets like Charlotte in particular. We've seen relatively good industrial in parts of the Midwest. So, again, we're moved. We're seeing more activity outside of the pure energy right now.

What I continue to believe, though, is we'll see most of that occur in what we like to refer to as the commodity belt. So, if you're looking at that middle portion of the country going from Texas up to the Dakotas, I think you're going to continue to see an industrial renaissance in that part of the world in large part, because power is getting so cheap there that you've got a lot of people moving in from around the globe simply to participate in that. And it's following on what's happened in the residential. I mean I think we can't underestimate how powerful res is right now on driving what's happening with non-res. So, what we've said and what I tried to spell out in the commentary is we thought we'd see that 12 to 18-month lag. And by the time we get to half two in 2013, we should be very much into that.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: I think, Keith, another – a differentiator for us has got to be our ability to get into the energy play, particularly if you're looking at our sector and that does drive good solid performance in non-res. As – and the other component of that, I mean most of our shipments have been call – what I would call direct shipments into the energy fields, but there is going to be indirect development that continues to go on around that whether that be in the infrastructure component or in the non-residential component just a support everything that goes on in and around the oilfield services.

<Q – Keith Hughes – SunTrust Robinson Humphrey>: Are you starting to see quote activity already coming in for these type of projects?

<A – Ward Nye – Martin Marietta Materials, Inc.>: Yeah, we are.

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

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

Operator: Our next question comes from Ted Grace of Susquehanna. Please go ahead.

<Q – Ted Grace – Susquehanna Financial Group LLP>: Thanks guys. How are you doing?

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

<Q – Ted Grace – Susquehanna Financial Group LLP>: Great. So I was hoping to talk about specialty products and maybe just start with the fourth quarter; on a reported basis, it looks like revenue was down about 2%. I know you mentioned the kiln started November 1st and contributed about $3 million of revenue. So I think that would imply organic growth was down more or like negative 8%. So I'm just kind of curious what happened in the quarter on an organic basis? How we should think about 2013? And what I know you mentioned that you're operating at capacity. I was just wondering if you could kind of help us understand a little bit better what that means in the context of what happened with revenue in the quarter.

<A – Ward Nye – Martin Marietta Materials, Inc.>: Sure. Ted, I think the primary thing to think about in this quarter is, number one, you're really going through a debugging in part on the new kiln that's there. So remember we're adding 275,000 tons of material coming out of the new kiln. I think what we have been pretty much true to as saying, it was going to add $20 million to $25 million of revenue at the types of margins that we've been accustomed to there, that are really going to vary somewhere between call it $30 million, $31 million to $34 million, $35 million that's probably your zone.

I think one of the issues to remember in that business is when you're operating at capacity, it's just one or two small things that can really serve to move that margin a little bit one way or the other, a little bit of volume at one plant may do that, a large maintenance and repair project may do that as well. So as we're looking at that business, again we feel very comfortable, (A) that the project is done and it's operating the way that we would wish and that we have a year set up for next year that will be right in line with the type of investments that we've had.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: But on the revenue line, Ted, if you look, they were a couple items that were driving there, you're correct, we did have $3 million of pickup from the new kiln because the guys delivered that project just beautifully. We did have lower [ph] para-clay (42:17) sales in our specialties business that [ph] para-clays (42:21) is a product that's used to line the refractory bricks inside a kiln and then we did have some impact of the bankruptcy of RG Steel that affected the sales.

<A – Ward Nye – Martin Marietta Materials, Inc.>: And the last thing I would note for you as well is, if you look at the month of December for steel capacity utilization, it pulled back to around 71.7% and if you look back to the same point in December 2011, it was 75.2%. So you saw a pretty significant pullback in steel utilization for the month at the same time what I'll tell you is, it snapped back to around 75% in January and as I'm looking at the forecasts for steel going forward, it started out in the year thinking it would probably be up around 4% to around $102 million short tons and I think with the slow start that they saw at least coming out of last year, many are saying it's probably going to be up around 3% or 100 million tons. Was that responsive, Ted?

<Q – Ted Grace – Susquehanna Financial Group LLP>: Okay. So more transient factors?

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: You got it.

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

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: I mean I think the core business – I mean running at capacity means that it can ebb and flow, but it should be – with the transient factors is something permanent in the core business.

<Q – Ted Grace – Susquehanna Financial Group LLP>: Okay and then on the incremental gross margins for Specialty Products, it looks like they came in or the guidance, I'm sorry, would imply about 25% at the midpoint. And over the last two years or three years, they've been kind of in the 50% to 70% range. So, as we think about 2013, is this just layering on the new capacity, is this a price/cost issue, and how should we think about that going forward over the next call it three years or so?

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: Well, Ted, that's one of the reasons we wanted to make sure that we reiterated that the business is running at capacity. Obviously, we will have increased revenues and profits that will be generated from the new kiln. Since that's a 20-year take or pay project and those tons have already been spoken for, but in the core business you are not – you are to a point where you really don't have additional product to go out and generate more revenues, I mean you don't the product to sell, then what will happen on that core businesses is you will see that the pricing will be what's going to drive organic growth and then our ability to continue to control the costs and those costs – steel utilization and natural gas pricing. So both of those things look like they are in pretty good stead, but you should not expect us to replicate the gross profit growth that we have seen there organically.

<Q – Ted Grace – Susquehanna Financial Group LLP>: Okay, that's helpful. And then the last thing I was hoping to squeeze in, could you just talk a little bit more about the $3.3 million of restructuring expense in the quarter, kind of what it accomplished, how we should think about payback and looking forward what kind of restructuring potential there may be in 2013?

<A – Ward Nye – Martin Marietta Materials, Inc.>: Sure Ted, what that primarily was, we're just taking on a layer of management. So, what we have is a flatter organization today than we did prior to that. And it's going to be one-year payback and so you're going to get that $3 million every year.

<Q – Ted Grace – Susquehanna Financial Group LLP>: Okay. And just incrementally, is there anything you're happy to or willing to kind of talk about that could be on the come so to speak in 2013?

<A – Ward Nye – Martin Marietta Materials, Inc.>: You know what, I think to the extent that we'll have any of that to discuss, we'll talk about in future conference calls.

<Q – Ted Grace – Susquehanna Financial Group LLP>: Okay. Super guys, best of luck this quarter.

<A – Ward Nye – Martin Marietta Materials, Inc.>: Thanks so much, Ted.

Operator: Our next question comes from Jack Kasprzak of BB&T. Please go ahead.

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

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

<Q – Jack Kasprzak – BB&T Capital Markets>: Back to the margins for a second, in the Southeast Group in the quarter, sales were up, pricing was up, but your gross profit was down, was slightly negative, what was going on there?

<A – Ward Nye – Martin Marietta Materials, Inc.>: It's really more Georgia driven right now than anything else, Georgia and Alabama. You've got a certain degree of fixed costs there. I think part of

what I'm happy to say Jack is we're starting to see some green shoots and some signs of light particularly in North Georgia that we haven't seen for a while, but that has been a corner of our business that has just been tough and that's been dark, but as I look ahead, I guess I would suggest two things, I'm seeing more infrastructure work in Florida right now than I've seen for a while. And I'm pretty pleased with what I'm seeing there and I think everyone should be as well. And again, based on some of the volume trends that I'm starting to see in North Georgia, I think we feel like it has probably seen the worst of the market, but it was clearly feeling most of that during Q4, Jack.

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

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: Yeah, we did have just still under-absorption of fixed costs. We did have a little bit of increased freight costs that affected us as we move that volume. We haven't moved a whole lot of volume there. So, that did hit us in the fourth quarter.

<Q – Jack Kasprzak – BB&T Capital Markets>: Okay. That makes sense, thanks. And on ready mix, also I mean, slightly negative and just slightly different from last year on higher sales, I know we have a different comparison, but just in general on the ready mix business with a slight loss in the quarter, is the issue just we need more – we need – just need more sales or is there anything else going on there?

<A – Ward Nye – Martin Marietta Materials, Inc.>: You know what, it's twofold, Jack. I mean that's a business – it's not a Martin Marietta business. It's a ready mix business issue across the United States. I don't think anybody is really making money in ready mix right now. I think that's an industry that has tried to save itself to prosperity. I think we've done a lot to cut costs in that business. I think two things need to happen now. I think it needs to have some volume and I think we're starting to see some volume come through. And I think the other thing that has to happen is we're going to have to recognize some pricing in that business. I think those are the two things that have to happen to make it work. And it's a business that ought to work, it's not a business that we want to be in everywhere, it's a business we're going to be in if it's in a market that we think is attractive for the long-term and that's why we obviously increased our exposure to it in Denver. But again, I think it's a volume and it's a price situation and I think that's just very clear right now.

<Q – Jack Kasprzak – BB&T Capital Markets>: Okay. A little different question, but obviously on this call and some previous calls of yours, there's been a lot of conversation about the good trends in the middle part of the country, you mentioned industrial renaissance which I think is appropriate related to energy, what's going on in the energy field here. Would you guys ever consider an expansion or an acquisition into something like frac sand? I know there are smaller tons there, but the margins right now are pretty attractive. Is that something that would ever come on the radar?

<A – Ward Nye – Martin Marietta Materials, Inc.>: Jack, I'd hate to ever speculate on what we would or wouldn't do because obviously we may have a number of things that we might be looking at under confidentiality agreements. But as a practical matter of what I'll tell you is the businesses that we like are businesses that have high barriers to entry and I think being in the crushed stone business as opposed to some degrees of sand business really brings that there. I think the other thing that we have been really sensitive to is making sure that we operate with the safety and environmental sensitivity that's important and I think there are a number of issues around frac sand in particular that I'm mindful of and that we're watching carefully as an industry.

So, I'm not sure I've answered your question directly, I'm not sure that I can answer your question directly, but I've tried to give you a sense of the types of things that move us more than others.

<Q – Jack Kasprzak – BB&T Capital Markets>: Sure and I appreciate that. Thanks very much.

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

Operator: Our next question comes from Garik Shmois of Longbow Research. Please go ahead.

<Q – Garik Shmois – Longbow Research LLC>: Thank you. You mentioned in the release to expect a tough comp in the first five months of the year because of favorable weather in 2012. If I recall a year ago, you took on some greater than expected costs in the first quarter to meet the increased demand. Just wondering if you could help us think about how you're going to be managing your costs really through 2013, maybe some of the various cost buckets that you're seeing? And in particular, the first part of the year, should we anticipate perhaps not as aggressive purchasing activity as you did a year ago, just given that it looks like we're having a bit more of a normal winter?

<A – Ward Nye – Martin Marietta Materials, Inc.>: Actually if you think about it Garik, what happened last year is volume really spiked up pretty considerably in the first quarter. I want to say volume's up 10.7% in Q1, which meant we had to come back a lot earlier. So, what we were actually seeing was a little bit of spike in M&R because it wasn't just that we had to come back earlier, we had to come back at some places where we hadn't been for a while.

If you go back to Q4 and look actually one thing that we did that I think made a lot of sense, if you look at what we were doing from the tons produced per working man hour metric, we were operating very, very efficiently during the quarter. We actually built some inventory in the quarter, which is going to let us come back in the first year of this year a little bit later. And obviously the more you can get out of those cold winter months before you have to start operating from a cost perspective and an efficiency perspective, it's incredibly helpful. So, we did try to take some lessons learned from last year, apply them to Q4 and that's what we have going forward into this first quarter.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: And overall Garik, I mean if I think about the categories of cost, I mean depreciation should be – D&A should be about same as it is this year, really just general wage inflation and general cost inflation across the board, I don't think balanced for usage, I don't think we've seen anything in our planning process that has those costs spiking up unusually. I will always caveat that the diesel fuel is a little bit of a wildcard that even our planning for that I think should hold pretty well barring any kind of unforeseen consequences out of that.

<Q – Garik Shmois – Longbow Research LLC>: Okay, that's helpful. So, the idea really is to come in when volumes spike seasonally and operate as much at full capacity as possible?

<A – Ward Nye – Martin Marietta Materials, Inc.>: That's correct.

<Q – Garik Shmois – Longbow Research LLC>: Okay. And then just...

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

<Q – Garik Shmois – Longbow Research LLC>: Yeah. And then my second question would be just on the pricing guidance, you talked a little bit about potential midyear opportunities in some of your downstream assets for price increases, just wondering how much of your pricing guidance on the aggregates side is predicated on midyear price increases as opposed to what you're seeing in the market for either January or April?

<A – Ward Nye – Martin Marietta Materials, Inc.>: Yeah, Garik, the 2% to 4% that we're talking about doesn't have any midyear in that, that's just based on what we believe coming out of the box here in 2013. So, to the extent that they're midyears, that would just be helpful.

<Q – Garik Shmois – Longbow Research LLC>: Okay, thanks. And then just lastly on the volume guidance, you talked about TIFIA being more of a 2014 opportunity at this point, is there any TIFIA-associated volume baked into the 2013 outlook?

<A – Ward Nye – Martin Marietta Materials, Inc.>: Really very little if any baked into that at all, Garik. I mean I think we've meant what we said. I think we'll start seeing awards here as we finish up the first quarter. I think we might see some activity on TIFIA and have to. I think the biggest play that we're going to have on that we'll see next year and beyond. So, I wouldn't count on a big volume pop immediately from TIFIA, but I'll tell you that's a wave and that wave is coming.

<Q – Garik Shmois – Longbow Research LLC>: Yeah. Okay. Thanks so much.

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

Operator: Our next question comes from Mike Betts of Jefferies. Please go ahead.

<Q – Mike Betts – Jefferies International Ltd.>: Thank you very much. Good afternoon. Just two questions from me, if I could, Ward and Anne. Firstly, thank you for the additional information on some of the downstream businesses. It does create one question in my mind though, the asphalt gross margin does look quite high in relation to the aggregates business. Could you maybe, Ward, talk about where you view that in the cycle? I mean sort of a mid-teen margin, is that at a high level or do you see potential significant upside to that and particularly where was it at the peak when demand was much higher? And then my second question just on the corporate charge, I'm looking at the minus $11.1 million in the earnings from operations. Apart from the restructuring cost of $3.3 million, is there any other one-offs in there? Thank you.

<A – Ward Nye – Martin Marietta Materials, Inc.>: With respect to the restructuring, we had the $3.3 million. We had the cost relative to information systems and we've talked about the incremental overhead at Denver. I mean those are the three issues that we fit there Mike. With respect to what we're seeing on asphalt, look I hear you on the margins, they don't necessarily just knock my socks off and I think we can actually do considerably better with that. I think the primary thing asphalt needs is the same thing that aggregates needs right now, it needs volume and I think again to the extent that we can control to our best ability what happens or doesn't happen with liquid asphalt, the asphalt business itself, particularly in FOB business, can be a very, very attractive business.

But keep in mind, we have significantly doubled down on our asphalt business with what we've done in Denver. Again, around 1.7 million tons of asphalt in Denver this year versus what would have been 1.5 million tons in our heritage business. So, if we're simply looking at that, that gives you some sense of numbers around it. And one of the things that's probably worth noting is asphalt in Denver is not as expensive as asphalt is in the Southwest as well. So, again, if we're coming back and taking a look at market leadership in a place like Denver, where we feel like we can do more, the fact is I think we could see an improvement in the asphalt.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: And Mike I would add to that, that we are at various times trying to take advantage of a physical storage of liquid if we can get a good price on that and with liquid prices up over 18% last year on average, if we can get just some of our consumption handled on a physical storage base, we can have better performance there.

<Q – Mike Betts – Jefferies International Ltd.>: Okay. Just a follow up then, where was the peak margin in asphalt previously?

<A – Ward Nye – Martin Marietta Materials, Inc.>: You know what, we have had such a modest asphalt component of our business, Mike. We can go back and get that for you and probably take it offline, but I'm not sure that we have that here for you right now.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: Yeah. We just really haven't had a whole lot of asphalt volume and so this is – probably those peaks won't be reflective of what the future is going to be.

<Q – Mike Betts – Jefferies International Ltd.>: Okay, no worries, and then the Denver overhead in the corporate charge, how much in millions was that?

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: I'm sorry Mike. The Denver overhead is not in the corporate charge, it's in the title SG&A, so that corporate charge is going to be the systems upgrade, our severance cost, our restructuring costs as well as I think there are some other incentive compensation costs included in there.

<Q – Mike Betts – Jefferies International Ltd.>: Okay, understood. Thank you very much both of you.

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

Operator: Our next question comes from Adam Rudiger of Wells Fargo. Please go ahead.

<Q – Joey Matthews – Wells Fargo Advisors LLC>: Hi, this is Joey Matthews on for Adam. I had a question on your ag lime business, I wanted to see if you could shed some light on kind of what kind of contribution you got from that this quarter since you mentioned it in the release and your opening remarks, both your volume and profitability?

<A – Ward Nye – Martin Marietta Materials, Inc.>: No, I'm happy to talk really more about the volume than anything else. So the ag lime business for us principally is going to be in the Midwest Division. And part of what we were pleased with last year I want to say and we ended up with around 1.3 million tons of ag lime last year, particularly in the Midwest and I'll tell you, Joey, we really thought that was a pretty good year. So, when we came in this year at 400,000 tons ahead of that, we're pretty pleased. If we look at just what it was in the Midwest in Q4, it was around 953,000 tons in the Midwest. So, up very nicely year-over-year in the quarter and up nicely year-over-year for full year as well.

<Q – Joey Matthews – Wells Fargo Advisors LLC>: Great. And a follow-on question related to infrastructure demand, do you see any difference or recent trends or maybe foreseeable trends with respect to demand for repair work versus new highway construction work, and how you think about the balance between those two and the effect on your gross margins and volume?

<A – Ward Nye – Martin Marietta Materials, Inc.>: You know what, I think there is more of an acute need for new projects right now, because that's simply not been a place that we've been for the last several years. The emphasis, because of the way the Highway Bill has worked or candidly has not worked, has been more focused on repair work for the last several years, because there was not a long-term commitment from the federal government to be there to match the state. So to the extent now that states feel like they literally had a two-year path ahead of them to let some major projects, we think that's what we're more likely to see. Keep in mind, having two years of visibility today means that's some place that we as an industry haven't been since 2007 and I think when Ray LaHood came out after the – after MAP-21 was put in, he was pretty clear in saying that there was pent up demand in the new project sector as well.

And again, if we go and take a look at some of the different markets in which we're participating and seeing activity right now, that's clearly what we're seeing in places like Florida, particularly the Central Florida and up. We're seeing an enormous amount of infrastructure activity in North Texas. Iowa DOT has got a record DOT program this year. So again even as we come back and reflect on what Virginia may be trying to do with what it's just easing through today, I think we feel like the

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larger projects will likely dominate at least over the next several years, but the nice thing is you always have to have the maintenance and repair.

The only issue relative to the margins, the other part of your question that I would again come back and say is, to the extent that you're seeing more base stone go out for some period of time on new projects that does tend to be a product that's priced call it 30% less than a clean stone. So that's simply part of the reality. At the same time being in a position to move that base out is a nice place for us to be.

<Q – Joey Matthews – Wells Fargo Advisors LLC>: Great. Thank you.

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

Operator: And with no further questions, I'd like to turn the conference back over to Mr. Ward Nye for any closing remarks.

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

Thanks again for joining our fourth quarter and full year 2012 earnings call and for your interest in Martin Marietta. This year we anticipate building on the momentum generated from our 2012 performance and look forward to discussing our first quarter 2013 results with you in May. Thanks for your time today and for your continuing support of our company.

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

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