PARTICIPANTS

Corporate Participants

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

Other Participants

Arnold Ursaner – Analyst, CJS Securities, Inc.
Kathryn I. Thompson – Analyst, Thompson Research Group LLC
Jack F. Kasprzak – Analyst, BB&T Capital Markets
Jerry D. Revich – Analyst, Goldman Sachs & Co.
Adam Rudiger – Analyst, Wells Fargo Securities LLC
Ted Grace – Analyst, Susquehanna Financial Group LLP
Trey H. Grooms – Analyst, Stephens, Inc.
Todd Vencil – Analyst, Sterne, Agee & Leach, Inc.
Garik S. Shmois – Analyst, Longbow Research LLC
Keith Hughes – Analyst, SunTrust Robinson Humphrey
Mike F. Betts – Analyst, Jefferies International Ltd.

MANAGEMENT DISCUSSION SECTION

Operator: Good day, ladies and gentlemen, and welcome to the Martin Marietta Materials First Quarter 2013 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 first quarter results and, based on strong fundamentals and positive external indicators, can reaffirm our full-year 2013 guidance.

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 first quarter 2013 results and to our other filings with the Securities and Exchange Commission, which are available on both ours and the SEC's websites. Also, 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 and on our website.

Our first quarter results were in line with our expectations and guidance. As anticipated, first quarter aggregates product line shipments declined 8.8%, indicative of a more typical winter in most of our geographic areas and, in a host of instances, colder weather conditions than usual. Accordingly, in the majority of our markets, we're seeing a later full start to the annual construction season compared with last year, when we benefited from an unseasonably mild winter that accelerated the start of construction on many projects.

To anecdotally illustrate the impact of weather, I'll cite our Des Moines, Iowa district. The average temperature in Des Moines from March this year was around freezing. In March 2012, with the exception of one day, Des Moines' temperature never dropped below 50 degrees. Among other reasons, that's relevant because, as a general rule, the placement of hot-mixed asphalt paving requires ambient air temperatures to be above 40 degrees Fahrenheit.

Not surprisingly, March shipments in this particular district were down 29% in 2013 compared with the prior year. On a companywide basis, the quarterly decline in aggregates product line shipments directly correlated to a reduction in our consolidated gross profit.

All that said, we're especially pleased with our first quarter pricing performance. Not only did our aggregates product line increase 5.7% over the prior-year quarter, but we also achieved pricing growth in all – in our vertically integrated operations. Our hot-mixed asphalt product line pricing increased 5.6%, and our ready-mixed concrete pricing increased 8.8%, or $6.64 per cubic yard. We believe the overall pricing performance compared with the prior-year quarter is indicative of improving market conditions and the successful application of our disciplined approach to pricing.

Our quarterly results also reflect exceptional performance in the specialty products business, which established new records for net sales and gross profit for that business segment. Looking ahead, we remain encouraged by many positive indicators of construction activity, including increases in housing starts, construction employment, and highway obligations. The benefits of these improvements should be experienced during the remainder of the year. Accordingly, given solid pricing and volume fundamentals, we reaffirm our full-year guidance initially provided in February.

Our first quarter aggregates product line pricing trend bodes well for our performance for the remainder of the year. The improvement was widespread, as evidenced by increases in nearly all of our markets. Growth was led by the West Group, were price increases implemented over the past year, along with the favorable impact of product and geographic mix, resulted in an 8.7% increase. Notably, this growth was led by the performance in our Texas markets. The Southeast Group reported a 5.8% increase, while the Mid-America Group had a 4.1% improvement.

As previously discussed, harsh winter weather hampered quarterly aggregates product line shipments, leading to volume declines in each of our reportable groups and three of our four end-use markets. The exception was the residential market, which, despite poor weather conditions, had a 1% increase in quarterly shipments over the prior year.

The improving housing market, which is an important trend for both the overall economy and the aggregates industry specifically, is leading the current economic recovery. The seasonally-adjusted annual rate of housing starts in March was up 47% over the March 2012 rate. The increase in residential shipments represented the seventh consecutive quarter of improvement in this end use.

The infrastructure end use comprised 42% of our aggregates product line shipments for the quarter. We continue to see positive indicators of growth in this market for the remainder of the year. Through March, highway obligations for the current fiscal year are at their highest levels since fiscal year 2010 and are up 28% over the prior-year period.

Further, highway contract awards for the trailing 12 months through February represented the first period of growth in almost two years. This trend continued in March, with national highway obligations up 4% over the prior 12-month period. These trends reflect funding stability provided by the Moving Ahead for Progress in the 21st Century Act, or MAP-21.

Additionally, at the state level, strong transportation programs in both Texas and Colorado should continue to provide positive volume momentum. Texas anticipates letting $9 billion of projects in fiscal year 2013, this being more than twice the amount let in the prior fiscal year. Also, Colorado's Responsible Acceleration of Maintenance and Partnerships, or RAMP, program should infuse an additional $300 million per annum of construction in that marketplace over the next five years, effectively increasing Colorado's traditional highway budget by approximately 50%.

We continue to see an increase in applications for funding assistance provided by the Transportation Infrastructure Finance and Innovation Act, or TIFIA. Seventeen states, including Texas, North Carolina, Florida, and Virginia, have submitted proposed projects totaling more than $41 billion. However, the process to award TIFIA funds has been protracted, as the U.S. Department of Transportation has opted to allow time for all applications to be submitted before selecting recipients.

This isn't surprising, given that TIFIA projects, by law, must be of a regional or national significance. Thus we continue to believe the more profound impact of TIFIA will be experienced starting in 2014, and remain confident that the TIFIA funding provided in MAP-21 can support between $30 billion and $50 billion of incremental construction projects. We also believe the TIFIA program will likely be funded at similar or enhanced levels in future highway bills.

The nonresidential market continues to represent our second-largest end use, comprising 33% of our quarterly aggregates product line shipments. Volumes to this market were again driven by strong energy sector shipments. We continue to be encouraged by the Architectural Billings Index, or ABI, which measures billings for architectural services by construction type. The ABI has shown strength for seven straight months. In February it rose to its highest level since 2007. The ABI is the key indicator and typically leads nonresidential construction activity by 9 to 12 months.

To complete the discussion of end uses, the ChemRock and Rail market declined 12% from the prior-year quarter, primarily due to weather and decreased coal traffic in the Western United States.

Our Specialty Products business generated $55.2 million of net sales, a new quarterly record. The 6.7% increase in net sales over the prior-year quarter is attributable to the new dolomitic lime kiln at our Woodville, Ohio facility, which became operational during the fourth quarter of 2012. This growth was partially offset by the absence of our higher-margin sales to a customer that is currently in bankruptcy. Nevertheless, the sales increase led to a first quarter record gross profit of $19.6 million.

Our consolidated gross margin, excluding freight and delivery revenues, for the quarter was 3.6% compared with 6.8% in the prior-year quarter. The decline resulted directly from the reduction in aggregate shipments. The reduced operating leverage led to a very slight increase in our aggregates product line production cost per ton.

Consolidated selling, general, and administrative, or SG&A, expenses as a percentage of net sales were 10.9%, up 150 basis points. On an absolute basis, these costs increased $4.6 million, primarily due to expenses related to our planned information systems upgrade, expected to be completed later this year, as well as the nonrecurring software licensing cost, which provides a scalable platform for growth.

Consistent with our stated objective and history of possessing a lean and efficient management structure, effective January 1 we reorganized the groups within our Aggregates business. Our

Southeast Group remains unchanged. Our newly created Mid-America Group includes operations in Indiana, Kentucky, Maryland, North Carolina, Ohio, South Carolina, Virginia, and West Virginia, which were previously reported in the former Mideast Group.

The Mid-America Group also includes operations in Iowa, Minnesota, eastern Nebraska, North Dakota, and Washington, all of which were previously reported in the West Group. There were no other changes to the West Group. All prior-period disclosures have been reclassified to reflect this change, and there is reclassified historical information on our website.

Our consolidated loss from operations for the quarter was $23.6 million, compared with $35.3 million in the prior-year quarter. Recall that 2012 quarterly earnings reflected $26 million, or $0.34 per diluted share, of business development expenses. Our loss per diluted share for the quarter was $0.61 in 2013, compared with the loss of $0.81 in 2012. The reduction in shipment volume directly contributed to the EPS decline when compared with the 2012 results, adjusted for business development expenses.

For the quarter, we generated operating cash flow of $19 million. We made prudent capital investments of $22 million and maintained our quarterly dividend rate of $0.40 per common share. At March 31, our ratio of consolidated debt to consolidated EBITDA was 3.22 times, compliant with the limits under our debt covenant.

Earlier this month we established a new one-year $150 million trade receivable securitization facility, which replaced the $100 million facility that expired by its own terms. The new facility can be increased by as much as $100 million, subject to our trade receivables balance. Borrowings bear interest at one-month LIBOR plus 60 basis points.

Consistent with our articulated strategic objective of possessing leadership positions in high-growth markets, in the first quarter we entered into a purchase agreement with Lafarge North America to acquire three aggregate facilities in the greater Atlanta, Georgia area. This transaction, which will close later this year, will add over 800 million tons of permitted aggregate reserves in the Atlanta metropolitan area, thereby providing us an enhanced valuable long-term position. Once closed, we look forward to working with the teams at these North Georgia facilities as we integrate the operations into our existing business.

For the year, we continue to expect stronger new construction activity across the country, driven by the housing recovery, MAP-21, state transportation initiatives, and emerging commercial development activity. As a result, we expect shipments to the infrastructure end-use market to increase in the mid-single-digits. We anticipate nonresidential 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 aggregates product line shipments to increase 4% to 6%.

As a reminder, we experienced an unusual quarterly pattern of aggregates shipments in 2012, and comparisons with prior-year periods may continue to be affected in subsequent quarters in 2013. We currently expect 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 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 production cost per ton compared with 2012. Net sales for the Specialty Products segments 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 this 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, we believe the current residential construction recovery is strengthening and will serve as the foundation and catalyst for a much broader recovery in general construction activity. We also feel the first quarter's challenging weather-related operating conditions have masked more positive macro trends that will become more clearly visible over the course of the year. We look forward to capitalizing on these trends and enhancing long-term shareholder value.

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

QUESTION AND ANSWER SECTION

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

<Q – Arnie Ursaner – CJS Securities, Inc.>: Hi. Good afternoon. I guess my question, again, if you could expand a little more – you spoke in some detail about why you're optimistic for the year, but you did start with a pretty big hole in the ground at the beginning, an 8.8% decline, and yet you're reiterating a 4% to 6% volume improvement. Can you highlight some of the things that give you confidence that that'll occur?

<A – Ward Nye – Martin Marietta Materials, Inc.>: Sure. Good afternoon, Arnie. If we take a look at the way volumes went through the first quarter, they were down 5% in January, 7% in February, and just about 13% in March. As you recall, Arnie, part of what we've said forever is, really, the last two weeks in March can make or break the first quarter. So if we're sitting here taking a look at this year's first quarter, or really the history, it only ends up being around 17% of the volume that we have during the course of a full year.

So if we look at the trends that we saw in the first quarter, and then, frankly, come back and even see what the trends needs to be for the next several quarters to get us to our range, I'm pretty comfortable with that. Down 8.8% in Q1, for us to come out where we'd like to be, realistically, we need volumes up around 10% in the second quarter, around 15% in the third quarter, and we could actually see a flat to down quarter in Q4 and still be very comfortable with that range. So I think as we look at Q1 on a comparative basis and what we feel like the compares will be in Q2, Q3, and Q4, we feel pretty comfortable with that 2% to 4% that we have out there.

<Q – Arnie Ursaner – CJS Securities, Inc.>: That's very helpful. My second question relates to the vertically integrated businesses. You, surprisingly, got some terrific price increases that I know you were hoping to get, but seems like you've achieved them. The question I have is, as you – you mentioned some delays in work due to weather and some other factors. The increases that you've gotten, when are they likely to be impacting the work you have? When will you get the benefit of those price increases?

<A – Ward Nye – Martin Marietta Materials, Inc.>: Effectively, Arnie, the increases are in now, as we're looking forward to the year. So what we've talked about is what we're recognizing or realizing to date. Part of what I've indicated, I think, on the call that we had at the end of the year last year talking about this year, is I thought we would likely see even more mid-year price increases than we've seen in the last year couple of years. Obviously, we'll have a better feel for that when we speak next after the next quarter results, but I think the price increases that we're talking about now, we are clearly going to reap the benefit of here over the next several quarters.

Now, in fairness, we did have – and as I've said in my remarks, we did have some benefit of some mix changes in those numbers as well. To put some direction to that, it was about 150 bps worth of change in the Southeast and 200 in the West. But one reason I like that, Arnie, is I see it going really to more clean stone in both of those markets, which tells me that we're seeing more ready-mixed concrete activity. And what I would suggest to you is that has been the single weakest part of heavy-side building materials now for a number of years, and the reason that I cite that is if ready mix continues to get more healthy, I think we'll continue to see good movement on pricing in that space. I think it also gives pricing power in the other spaces as well.

<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 questions today. Just to take an additional step with the pricing question, pricing obviously up in all markets is positive, but how much of the West pricing was driven by success in Texas versus Colorado, which has been a relatively lower-price market and, I know, a market that you've been placing a great deal of focus and increasing overall pricing, not just in aggregates, but in your downstream products?

<A – Ward Nye – Martin Marietta Materials, Inc.>: So, Kathryn, we clearly did see strength in Texas, but the good news is we're seeing strength in Colorado as well. If I'm looking on the downstream side in Colorado, we saw ready mix pricing up there 9% in Colorado, so nice strength in that, seeing asphalt up 6%, and obviously we did have good momentum in Texas as well. So what I would suggest to you is, while Texas in some respect led it relative to the aggregates piece of it, the downstream activity that we're seeing and the pricing that we're seeing is pretty good in Colorado right now.

<Q – Kathryn Thompson – Thompson Research Group LLC>: What is the likelihood of a mid-year price increase for aggregates and for downstream products, and how much of this increase would be driven by higher cost versus just an increase in overall demand?

<A – Ward Nye – Martin Marietta Materials, Inc.>: Kathryn, I think the chances for mid-year price increases are better this year than they've been the last couple of years. Now, at the same time, we're early in the year, and part of what I always remind people, it's very difficult to take results in Q1 and try to extrapolate them to a full year, so I'd put that caution there. But I would still say I think they can be broader in our footprint than they were last year. If I look at the cost side, from a practical perspective, at this point, Kathryn, the costs are remaining in pretty good shape. If you can tell me what you think's going to happen to energy, I can probably give you a better answer on what may happen with some of the pricing, but as we're looking at it right now, the energy piece of it has been pretty well behaved.

<Q – Kathryn Thompson – Thompson Research Group LLC>: Okay, great. That's all I have for now. Thank you.

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

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

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

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

<Q – Jack Kasprzak – BB&T Capital Markets>: You're – I guess, being repetitive, but on pricing again here, your prices are up 5.7% in the quarter, and your guidance is 2% to 4% for the year still. Is part of that product mix too in terms of we get into the paving or the highway construction season, which is really an April to October season, and that's typically a lower average price? Is that part of the complexion of the pricing guidance too?

<A – Ward Nye – Martin Marietta Materials, Inc.>: Jack, that very much is part of the complexion. The nature of some of the jobs may change as we go through the year, so keep in mind, if you see more dirt work and you see more new construction, it will mean more base, and you'll actually have a headwind relative to mix at that point. And I think it goes back to what I've said before; it's still early in the year, and while those trends look great right now, and I think they're going to be good, I think we're just being cautious as we go forward here, Jack.

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

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: Jack, this is Anne. If you take a look at the product mix impact for the Aggregates business as a whole, it was about 123 bps in the first quarter.

<Q – Jack Kasprzak – BB&T Capital Markets>: Is that a comparison versus the first quarter last year?

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

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

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: Looking at a mix, so that's what you picked up in the first quarter from a move from base to clean.

<Q – Jack Kasprzak – BB&T Capital Markets>: Right, got it. Okay, versus Q1. And your guidance, too, on demand implies mid-single-digit improvement in the highway sector, public works sector. And Q1's a throw-out quarter for that sector, so volume's down 10% or 12%, it doesn't matter. But that's still a little better than what some of the industry forecasts are – say, ARTBA's up 3% or so. What gives you confidence that you guys can do a little better than the industry forecasts?

<A – Ward Nye – Martin Marietta Materials, Inc.>: I guess a couple of things, Jack. One, it's where we are, so I always come back to the where. So if we begin with the notion that we're going to have $9 billion worth of bidding in Texas, that is twice what we saw last year, and people thought last year was pretty good. We had a record DOT budget in Iowa last year, and the DOT budget in Iowa this year is bigger than last year. Obviously, we talked a little bit about what the RAMP program is going to mean in Colorado. We think that's going to be a very attractive marketplace for us. We're seeing improved activity in Florida. Again, their DOT budget is up 72% year-over-year. So when we take a look at those states that can be impact states for us, it certainly gives us confidence.

The other thing that's given me some confidence are some of the McGraw-Hill numbers that literally have just come out this week, which I think very much reinforce the guidance. In 2013, the total change in construction that they continue to speak to is around 8%. In non-res, they're seeing up 6%, and in residential, 26% up. So they're seeing housing starts very much knocking and staying at that 1-million level this year. And what even makes me feel better – I know this isn't necessarily your question, Jack, but as I look at what their forecasts indicate for 2014 and 2015, I'm seeing 2014, at least according to McGraw-Hill, up 18% and 2015 up 20%. So I think when we take a look at the states in which we have a significant presence, take a look at what we feel like has been some of the latest forecasts that have come out literally within the last week from McGraw-Hill, and take a look at what we think the trajectory is going forward, I think that gives some nice bookends to all of it.

<Q – Jack Kasprzak – BB&T Capital Markets>: Okay, great. Thanks very much for that.

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

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

<Q – Jerry Revich – Goldman Sachs & Co.>: Good afternoon, Ward and Anne.

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

<Q – Jerry Revich – Goldman Sachs & Co.>: Ward, I'm wondering if you can provide some more context around what gives you the confidence around double-digit volume growth in the second and third quarter, or maybe you could step us through backlog. Or, maybe I'm reaching, but perhaps you could tell us what April's looking like.

<A – Ward Nye – Martin Marietta Materials, Inc.>: Well, I'll tell you more about April when we're together on this next call. But what I'll say, Jerry, if you think back to what last year looked like, we came out of the gate with great vigor last year in the first quarter because we really didn't have a winter, and I think therein lies the story on what the delta is this year with respect to volumes. At the same time, if you think back to what we were also faced with in the second and third quarter last year, after we got into that early spring period, we really just hit a wall, in large respects, with respect to aggregate volume, I think because we were suffering from last year what we're not suffering from this year, and that was you had an enormous overhang from the election and you had a great deal of uncertainty, particularly around commercial construction, last year. And I think people were still trying to get their head around, wholly, whether housing was back or not, or whether that was a head-fake.

So I think if we take a look at where housing is now – and of course you saw the March numbers, as did I – with the seasonally adjusted rate now finally over 1 million, and when we come back and take a look at simply some of the information that we're seeing in different markets, to give you a sense of it, in San Antonio right now, we're seeing commercial absorption late last year at 207,000 square feet, just taken during the fourth quarter. That's the best number in that respect since 2007. Industrial vacancy in that community is below 10% right now. If we take a look at what's going on in Houston, it's got faster growth in Houston than any other large metro in the United States. So if they're looking at what they anticipate their CAGR to be from 2012 to 2017, they're looking at 5%.

But here's what I'm particularly bolstered by when we started looking, too, at North Texas, Jerry, because if you think about it, so much of what's been going on South Texas has been energy-driven, and now what we're seeing in the first quarter in North Texas and the Metroplex Dallas/Fort Worth is strong office leasing with a net 1.4 million square feet let in Q1. That's versus a negative 40,000 during the same period last year. Single-family construction in Dallas is at the highest level in five years, so it was up 35% from the prior-year quarter. And right now, even in the Metroplex, which had trailed what we were seeing in San Antonio and in Houston, there are only around three-and-a-half months of inventory left on housing.

So as we come back and take a look at what we see in infrastructure and commercial and that type of housing growth, and we take a look at what the numbers looked like last year in Q2 and Q3, I think those are the things that gives us the type of confidence that we have that we'll hit the volume projections that we have out there.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: And, Jerry, if you step up just to a little higher level and look at volume growth – or absolute volumes in the last three quarters of 2012 and 2011, that ranged from about 102 million to 104 million tons that we shipped during those three quarters. And with the actual results in the first quarter and our guidance of 4% to 6% for the year, that infers that we need about 110 million or 112 million tons to actually meet the guidance expectations, which, as Ward indicated, is really not a whole lot of volume given the strong underlying fundamentals.

<Q – Jerry Revich – Goldman Sachs & Co.>: Okay. And how would you characterize visibility on lead times in your business compared to this time a year ago?

<A – Ward Nye – Martin Marietta Materials, Inc.>: You know what? It feels considerably better than it did the year ago. And I think when we were coming out of this period last year, there was a higher degree, in my mind, of uncertainty around where construction was, and I think, again, that's part of what's driving the reinforcement of the end uses and forecasts that McGraw-Hill just came out with too here.

<Q – Jerry Revich – Goldman Sachs & Co.>: Okay. And in terms of mid-year pricing, obviously at this point in the cycle when you've got the price momentum that you just reported here, presumably there are some markets where you're going to look to put in mid-years in. Can you just give us a sense on what proportion of your markets you're optimistic on additional pricing actions sticking at midyear?

<A – Ward Nye – Martin Marietta Materials, Inc.>: You know what, Jerry? I will clearly go into more detail on that when we get to half-year. I think what's attractive about it right now is we're seeing up volume just about everywhere. Over the last couple of years where it's been spottier, I would tell you to follow the volume. This year, with the volume trends that we're seeing, I do think they can be more widespread, but that's probably as specific as I want to be right now.

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

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

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

<Q – Adam Rudiger – Wells Fargo Securities LLC>: Hi. Thanks for taking my question. It seems, at these levels of production, the incremental tonnage really has some significant impacts on gross margin. So my question is, if you hit your guidance or the middle of the pricing and volume guidance for the year, what should we expect full-year gross margins to be around [indiscernible] (33:42) the Aggregates business?

<A – Ward Nye – Martin Marietta Materials, Inc.>: If we do that, depending on where the volume comes, I think we would start seeing the type of incremental volume margin expansion that we've been talking about, Adam. I think one of the biggest issues that we will face and I think the industry will face if volume comes back is where it's going to come back. And while volume has been good across the enterprise, what you're clearly seeing is still a much healthier business in the West right now than the East. So if it continues be that way, that's going to – it won't push them down. It just simply makes it more challenging.

Part of what I am taking some comfort in right now, though, is relative to what's happening in jobs in a number of different markets, and I think this goes directly to your margin question. North Carolina, on unemployment rates, has been sitting at number 47 in the country, now, for a while, at 9.2%. Now, for the first time here as we're really coming into March, and I'm looking at the Martin Marietta states, I'm seeing year-over-year employment rates in North Carolina for the first time moving ahead of a national average. And if we're seeing that type of economic activity here and more tonnage here, it's going to come back and help us seriously address the margin issue.

<Q – Adam Rudiger – Wells Fargo Securities LLC>: Okay. My second question is, if I think back when we've talked about weather before, my memory seems to suggest that you may – I think you may have said that you don't always feel that it comes back, the lost volume from weather. Am I correct in remembering that?

<A – Ward Nye – Martin Marietta Materials, Inc.>: You know what? I think it wholly depends on the time of year, but I think when you've got a weather impact in Q1, I think all it does is it pushes it to the right. So I think we can take a high degree of confidence that we're going to have a shortened construction season, but I don't think that's going to end up being problematic for the industry this year.

<Q – Adam Rudiger – Wells Fargo Securities LLC>: Great. Thanks for taking my questions.

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

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

<Q – Ted Grace – Susquehanna Financial Group LLP>: I was hoping to touch on, first, the margins in aggregates. Obviously, we saw really impressive pricing, up 6%, which I think gives you about $17 million of revenue profit benefit. Revenue is down $9 million, gross profit's down $9 million, which gives you some pretty sharp decrementals, admittedly, on down volumes. But, Anne, could you maybe give us the bridge you've historically provided to help us understand kind of the puts and takes that drove the change in gross profit?

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: Yeah, if you look at the aggregates product line, its gross profits were down $9.4 million collectively. Pricing strength contributed about $13 million, volume weakness took away about $22.5 million, and our costs were essentially a push. So that $9.4 million essentially just dropped straight to the bottom line, and it all came from volume.

<Q – Ted Grace – Susquehanna Financial Group LLP>: Okay, so wouldn't I not be right to say that costs per ton were up almost 10% year-on-year?

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: They weren't up 10%. They were up slightly. And that would infer, then, that our variable costs didn't move a whole lot. And the reality for the first quarter is that for the first time in several beginnings of construction seasons, we actually did some planned grading. We uncovered and moved about 18% more, about 1 million more cubic yards of dirt to actually unearth some reserves to be prepared for the construction season, and that did affect the cost structure in the quarter. And really, our production didn't decline either. Actually, our production numbers in preparing for what's coming up in the season were strong, and if I go back and look at the relationship to production to shipments, it's in line with what we have historically seen at the start of a strong volume build. So we feel real comfortable with the cost structure. But you are right – I don't think the number was up 10%, but it was up slightly.

<A – Ward Nye – Martin Marietta Materials, Inc.>: Ted, let me give you a little more color to that because I think this will be helpful. If you look last year, in Q1, we used about 6.1 million gallons of diesel; to Anne's point, this quarter, around 6.9 million gallons, with basically the same tonnage. That goes to Anne's point on what we were doing moving about 1 million more cubic yards in stripping activities. And importantly, when we come back and take a look at what we were doing relative to productivity on tons produced per working man-hour, they remained almost the same from Q1 last year to Q1 this year. And keep in mind, operating in a much different and better Q1 last year than this year, so to have that degree of productivity maintained I thought was actually quite good.

<Q – Ted Grace – Susquehanna Financial Group LLP>: Can you remind me, do you share that tons per hour of – but what that metric was on a year-on-year?

<A – Ward Nye – Martin Marietta Materials, Inc.>: You know what? I typically don't give the exact number on that for competitive reasons, but I obviously watch that very carefully. But I can tell you it was almost spot-on where it was last year, Ted.

<Q – Ted Grace – Susquehanna Financial Group LLP>: Okay. The other thing I was hoping to touch on is could you guys help us – and I apologize if I missed this, but maybe just walk through the volumes at the state level for your biggest states – Texas, North Carolina, Colorado – at the state level what those numbers look like?

<A – Ward Nye – Martin Marietta Materials, Inc.>: No, you didn't miss anything on that. And – actually, I'll give you at least a quick color on that. I'll go through some of the districts. If we're taking look at just the Midwest division – and really, that's important because they had a great quarter last year, that's where it was over 50 degrees – volume there for the quarter, Ted, was down about 16%. And again, that's one of those districts that I was talking about, had a record DOT program last year, a bigger one this year, so volume down 16%, you feel like that's almost entirely weather-driven. At the same time, you come back and take a look at different districts in Texas, volume actually up in a Houston district all by itself, that's not surprising. You've got good weather there, volume actually up in North Texas. So we look at those as really two very different markets.

At the same time, you come back and take a look at North Carolina West, meaning Greensboro and that area, volumes down there, indicative of a pretty tough winter. And if we look, even, in North Georgia, again, a very difficult winter, volumes down there around 11%. So those are the types of percentages that I very much would have expected with the weather we've had this year compared to last year, but that gives you some real specificity in some live markets.

<Q – Ted Grace – Susquehanna Financial Group LLP>: Okay. And then the last thing, I just wanted to come back to a comment I thought I heard Anne make in response to one of Jerry's questions, where you said that you thought that the implied targets you'd have to hit in the remainder of the year were – my interpretation of what you said is it really wasn't a stretch. So is there a potential we could infer that to suggest that your volume guidance, the risk bias is skewed to the upside?

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: I wouldn't say that. We're usually pretty pragmatic about the guidance that we give, so our view of the 4% to 6% is reasonable. But, obviously, with the depth of the volume decline in the first quarter, we wanted to relook it to make sure that not only did our forecast hold up, but that it actually seemed logical that, given the fundamentals of the market. So, on average, we would have to see volumes up on average 7% to 9% through the back three quarters of the year to meet our targeted 4% to 6%. Do I think there's a risk to the upside? I hope so, but it's been a long five years. We'll see.

<A – Ward Nye – Martin Marietta Materials, Inc.>: We'll take that risk, Adam.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: Yeah, we'll take that risk.

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

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

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

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

<Q – Trey Grooms – Stephens, Inc.>: Hey, thanks, guys. When you're looking at the different states that you guys have that are disproportionately important from a margin standpoint, they've been – definitely, at least several of them have been lagging, it sounds like you're seeing some things that might point to some optimism in those states. But as you look at your guidance, with the pretty decent improvement we're seeing in volume or expected to see in volume, how does that sort out for those disproportionately important states from a margin standpoint and your expectation for those relative to the guidance you've given?

<A – Ward Nye – Martin Marietta Materials, Inc.>: And I think part of what we're seeing right now, Trey, is we think those states that are disproportionately important, at least some of them have found bottom, and we think they're improving. I think that's really important. And, candidly, that's part of what we saw as we were looking at the acquisition that we made in North Georgia as well. Here are some things to think about. If we look at construction employment across the United States, in Texas, which everyone gets is in a great place right now, we're seeing 5.6% change positively year-over-year. But if I suddenly come back and take a look at South Carolina, it's 3.5% positive year-over-year, as is Georgia, as is Florida. So we're starting to see construction jobs come back in that bottom right-hand corner on the map that we keep drawing a circle around.

Now, North Carolina, as we said, continues to lag on construction employment. At the same time, when I'm looking at overall employment trends, North Carolina for the first time now in years has gone ahead of the national average. So if we look at those type of statistics, and we start looking at some of the jobs and work that's out there, particularly as we start heading into 2014, it certainly gives us much greater confidence in the Southeastern U.S.

<Q – Trey Grooms – Stephens, Inc.>: Okay, so it's reasonable to think that North Carolina, for example, hat, North Carolina, it's reasonable to think that it could continue to maybe trail the overall average, but maybe the expectation is to see a more – maybe it outpaces as we look into 2014, and that's when we could really see some big margin improvement coming from that region?

<A – Ward Nye – Martin Marietta Materials, Inc.>: Trey, I think that's exactly the way to look at. If you look at it right now, it has a work plan in 2013 that's 14% positive, but again, I think that's going to have more forward view to it than significant near term. So I think the way that you captured in your words is entirely correct.

<Q – Trey Grooms – Stephens, Inc.>: All right, thanks a lot for that. And then I guess the last question is more longer-term, how to think about pricing, given all the changes that we've seen in the industry throughout the last 10 years and through this downturn. And I understand it's early, but next year, in some of the numbers you threw out there, it's reasonable to expect some pretty significant volume improvements as we look at 2014 and beyond. But, in that kind of environment, if some of those numbers – hypothetically, if those numbers shake out, what could we or should we be thinking about – if you guys are putting up this kind of price through this downturn, what should we be thinking about as a pricing range in a much more robust type of environment as far as demand goes?

<A – Ward Nye – Martin Marietta Materials, Inc.>: So, Trey, that's a great question. And part of when is celebrate is I think we finally have put it through the acid test with respect to pricing historically, so I think we'll celebrate that here for a moment. Here's the way that I think I think about that, Trey, and I think we're seeing it to a degree with what we've put up this year. Part of what we have really given some thought to is, as volumes continue to grow, particularly as they grow in advance of 5% per annum, I don't think it's going to be unusual for you to have pricing that's – on a percentage basis, that's going to stick relatively close to that, with a bit of a lag. So let's talk about – let's use easy math. Let's say volumes 10% next year; if the theory is correct, you could see them 7.5%, 8%. That's the type of lag that I'm talking about. So I think, depending on how you think volumes will be, and how elastic you feel like that may be, that's how I would be working with that model.

<Q – Trey Grooms – Stephens, Inc.>: Well, that's very helpful. Thanks a lot, Ward, and good luck in the quarter.

<A – Ward Nye – Martin Marietta Materials, Inc.>: Thanks a lot, Trey.

Operator: Our next question comes from Todd Vencil from Sterne Agee. Please go ahead.

<Q – Todd Vencil – Sterne, Agee & Leach, Inc.>: Thanks. Good afternoon, Ward and Anne.

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

<Q – Todd Vencil – Sterne, Agee & Leach, Inc.>: I don't think you gave the actual number for the decline in infrastructure. Maybe I missed it. And by the way, I apologize. I got cut off for a minute. Can you give me that number in the first quarter?

<A – Ward Nye – Martin Marietta Materials, Inc.>: As far as the tonnage that went to infrastructure down?

<Q – Todd Vencil – Sterne, Agee & Leach, Inc.>: Yes.

<A – Ward Nye – Martin Marietta Materials, Inc.>: It was [ph] off 11 – 5% (47:30).

<Q – Todd Vencil – Sterne, Agee & Leach, Inc.>: Got it, thanks.

<A – Ward Nye – Martin Marietta Materials, Inc.>: So it was 42% of our volumes. Commercial was 33%, res was 14%, and ChemRock and Rail was 11%.

<Q – Todd Vencil – Sterne, Agee & Leach, Inc.>: Got it. Thank you. And on the – just to come at a question that a couple people have followed up on different ways, you talked about how you can still get to the annual volume guidance despite the first quarter being soft, and you talked about if you're up 10% in the second quarter, up 15% in the third quarter, you can be flat to down in the fourth quarter. Is there a reason to actually think that you're going to be flat to down in the fourth quarter, or was that just sort of an example?

<A – Ward Nye – Martin Marietta Materials, Inc.>: That's really just more using an example. If you think about it last year, Todd, Q4 actually went on pretty long. So actually, the way that I've just kind of modeled it out of my head, we could be down as much as 3% in Q4, if you wanted to say winter would come in early, if you had a good Q2 and a good Q3. So I think it just depends on how you want to really put the numbers at the end of those rather than the middle. But I think you're clearly looking at double-digits up in Q2 and Q3 if you want to make the 4% to 6% up. And again -

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

<A – Ward Nye – Martin Marietta Materials, Inc.>: Based on what those looked like, I don't think that's a huge stretch, Todd.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: And just a reminder, Todd, remember, volumes were actually down in the third quarter last year because of all the uncertainty surrounding the economy.

<Q – Todd Vencil – Sterne, Agee & Leach, Inc.>: Sure. Okay, thanks for that. On the pricing side – and again, I was cut off, so if I missed this, I apologize, but I can't help but notice that the 5.7% increase in price in the first quarter is a larger numeral than 2% to 4% which is your guidance for the full year. Was there that much mix in there? You've talked some about the mix effect, but was there that much of a mix effect in there?

<A – Ward Nye – Martin Marietta Materials, Inc.>: First of all, I'll compliment you. You don't miss a thing. [ph] Todd knows you (49:32). There was some mix effect, and to give you, it was 123 bps rolled up. If you want to break it down, it was about 150 for the Southeast and 200 in the West. And to really give you some sense on the way that the mix worked, in the Southeast we went from 40% base last year to around 30% base this year, and in the West we went from 49% clean stone last year to 56% clean stone this year. So that at least was the mix play that was in there. Even if you take that mix number out, still, pricing was very healthy for the quarter. I will certainly concede that. I would simply come back and say it's the first quarter. It's January, February, March. Do I like what I'm seeing on pricing? Yes. Do I think it could be awfully good? Yeah, I think I probably do. Am I going to be cautious and say let's give this some time? You bet.

<Q – Todd Vencil – Sterne, Agee & Leach, Inc.>: Understood, understood all that. And then switching gears to talk about Specialty Products, can you quantify the impact of that customer bankruptcy, just in terms of however you want to look at it?

<A – Ward Nye – Martin Marietta Materials, Inc.>: Yeah, [ph] it was Ferris Point (50:46). And here's the way to think about it, Todd. They went into bankruptcy last year in May, which tells you that, as a practical matter from a months' perspective, we've already weathered really the worst of that. From a sales perspective, call it probably $3 million worth of sales last year.

<Q – Todd Vencil – Sterne, Agee & Leach, Inc.>: Of sales last year, not in the first quarter?

<A – Ward Nye – Martin Marietta Materials, Inc.>: In the quarter.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: In the quarter.

<Q – Todd Vencil – Sterne, Agee & Leach, Inc.>: Okay. Oh, I understand what you're – got it. So is the quarterly – the first quarter numbers – and I realize you have some guidance out there, but just sort of the run rate to anticipate? Or how's the kiln running? Is that a factor at this point? Is it running full-out?

<A – Ward Nye – Martin Marietta Materials, Inc.>: No, the kiln is running well. It's been debugged. It's running at the rate that we anticipated that it would. We feel very good about the way our business is looking right now in Woodville and Manistee. Our teams have done exactly what would we have hoped, and 10% more.

<Q – Todd Vencil – Sterne, Agee & Leach, Inc.>: Perfect. All right, thanks a bunch.

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

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

<Q – Garik Shmois – Longbow Research LLC>: Hi. Thank you. Just given the slow start to the year in the downstream businesses, in part because of weather, if my math is right, I think you need about 70% incremental margins to hit the midpoint of your full-year profit guidance for the downstream businesses. Now, generally, these are lower incremental businesses the way that we think about it. I was just wondering if you could walk us through a little bit of how you're thinking about the profit ramp in the downstream businesses. And is this mainly pricing-dependent, given the strength in pricing that you're getting, or is there something along the lines of a better operating leverage at the plant level that's going to drive these incrementals higher?

<A – Ward Nye – Martin Marietta Materials, Inc.>: It's going to be both, Garik. Clearly, we're anticipating that volumes would be better, so let's begin with that notion. At the same time, when we're sitting here right now with ASP up in ready-mix 9%, and ASP up in hot-mix 6%, even in the face of, candidly, liquid moving down, those are pretty good numbers. To go back and give you a sense of at least what those volumes looked like last year, in San Antonio in hot-mix we did about 1 million tons, and in Denver last year around 1.7 million. So that'll – and then do some rounding for the Arkansas business. If you think about what the ready-mix yards looked like in Colorado last year, around – almost 1.5 million, and in San Antonio – I'm sorry – it was 1.5 million rolled up. And then Rocky Mountain was around 930,000, and then San Antonio around 0.5 million, and then call it 125,000-ish in Arkansas, and it gives you a pretty good roll on the way those volumes were worked.

Obviously, the pricing isn't going to be the same in all of those markets, and we feel like some of those are more attractive than others. But, again, the biggest single downstream component that we have right now is what we have in Colorado. And as we take a look at the way that that business is performing right now and the way that we feel like that's going to work going forward, we've got a pretty high degree of confidence that Colorado is going to be where we'd like it to be here by the end of the year. We've got good bidding activity there, and we're seeing good residential activity. We're seeing good commercial activity, and we like the mix of business as well, separate and distinct from what's going on with the RAMP program at Colorado DOT.

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

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: And, Garik, I would add that I think what you're referring to is incremental margin there. Remember, a lot of that comes from the seasonality of the earnings pattern in that business because it is so Colorado-focused. You generally have losses that you carry in that business through probably the first four or five months of the year, and you make all of your money in the last six or seven. So I think it's really more the seasonality of the earnings pattern that you're seeing as opposed to a incremental margin concept.

<Q – Garik Shmois – Longbow Research LLC>: Okay. That makes sense. Some companies have been talking about ready-mix truck shortages. CEMEX mentioned it last week on their call. Other companies have been reporting to that as well. Just wondering if we can get your view on if this could be a potential risk to your volume guidance, and the trucking shortages downstream might delay the timing of projects, and in turn, that might back up when you'll be shipping into some of these projects throughout the balance of the year. Is that a potential risk at all?

<A – Ward Nye – Martin Marietta Materials, Inc.>: Garik, I think it is a potential risk. I'm not sure I'd highlight it as an enormous risk right now, but I think it is a potential risk. In fact, if you take a look at the areas in which we actually produced more this year than last year, it was really in two pretty distinct places. We did that in South Texas and we did that in portions of Colorado. Our sense was having that material on the ground and in a position to ship it earlier rather than later might be helpful for a variety of reasons, including trucking, so that inventory build was not accidental.

<Q – Garik Shmois – Longbow Research LLC>: Okay. That makes sense. And then I guess, just lastly, you mentioned a pending deal with Lafarge in Atlanta. I was just wondering if you comment, Ward, just in your interest in future acquisitions, specifically your interest at this point in smaller deals versus larger deals, potentially revisiting Vulcan or other large comparable bids, at this point in time.

<A – Ward Nye – Martin Marietta Materials, Inc.>: Garik, the primary thing we're focused on right now is running our business exceptionally well, and I think our teams are doing that. And to the extent that we find transactions that we think build shareholder value, we're certainly going to look at those. One of the issues that we recognize is we do want to bring down our debt-to-EBITDA ratio, and we've been very transparent about that. And if we could have that at a range of, say, 2.5 times by year-end, I certainly wouldn't have my feelings hurt if that's where we found ourselves. Obviously, I think doing this Lafarge transaction makes an enormous amount of sense for us.

If you take a look at the locations that we have in that Atlanta market, and think of Atlanta as a clock, we really bought some operations that are really between, say, 2:00 and 5:00 on that clock and over to the east. So, if you remember what our strategic objectives are, and that's to find attractive markets and to have the number-one or number-two position in those market, we think that's what we're accomplishing with this Lafarge transaction. And again, I think that's wholly consistent with entirely what we have been talking with the analyst and investment community about, and I think to the extent that we can do more of that, that's what you should expect us to do.

<Q – Garik Shmois – Longbow Research LLC>: Got it. Thanks so much.

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

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

<Q – Keith Hughes – SunTrust Robinson Humphrey>: Thank you. Most of my questions have been answered, but just quickly on the Lafarge deal, can you give us some sort of indication of how large in revenue, what the profitability of those units will be?

<A – Ward Nye – Martin Marietta Materials, Inc.>: You know what, Keith? Really, right now, pending the closing of it, I'm not in a position that I can do that, but I can tell you it's Lithonia and it's Newton and it's Morgan County quarries, and you can probably get a sense of what volumes look like there.

<Q – Keith Hughes – SunTrust Robinson Humphrey>: And the close date again, I think you mentioned it earlier?

<A – Ward Nye – Martin Marietta Materials, Inc.>: Actually, we didn't mention the actual date. We're looking to do that sometime very early in Q3.

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

<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.>: Yeah, thanks. Just two question for me; the first one is follow-up on that Lafarge thing. They put out a press release in early January saying there were selling six quarries for $160 million in Georgia. Is your purchase part of that? And 800 million tons of assets, if it is, that seems a pretty attractive purchase price. Is any of this aggregates reserve not permitted or is in a particular big block in one location?

<A – Ward Nye – Martin Marietta Materials, Inc.>: But, number one, it was not part of that release, as I understand it, Mike, so this is separate. So it's not in those numbers. It is three locations, and the Lithonia location has the biggest single block of reserves. I don't think there's any question about that. But the 800 million number that I've put out is the permitted reserves number.

<Q – Mike Betts – Jefferies International Ltd.>: Okay. Thank you very much, Ward. And then maybe just one for Anne on the SG&A and the IT costs, the $4.6 million or so. Correct me if I'm wrong, because I probably am. I thought the additional cost of that program was running at kind of like $1 million a quarter. Was there something specific exceptional in Q1 or have you brought the costs forward? Or maybe a bit more explanation on that would be useful. Thanks.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: Yeah, Mike, the core information systems upgrade project is about running at $1 million a quarter, plus or minus $200,000 million every quarter, depending on the timing. So we did have a renegotiation of our Oracle license in the first quarter of 2013. That was a one-time charge of $2 million that you'll see – that is part of those costs. That will provide us with a platform that is much more scalable. But that won't recur in the second quarter. You should see it go back to about the $1 million a quarter.

<A – Ward Nye – Martin Marietta Materials, Inc.>: In fact, Mike, it shouldn't recur any time soon for a while.

<A – Anne Lloyd – Martin Marietta Materials, Inc.>: Soon for a while.

<Q – Mike Betts – Jefferies International Ltd.>: Okay. Thanks very much.

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

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

<Q – Mike Betts – Jefferies International Ltd.>: Cheers.

Operator: I'm showing no further questions at this time. I would like to turn the conference back over to Mr. Ward Nye for any closing remarks.

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

Again, thanks for joining our first quarter earnings call and for your interest in our company. We're optimistic about our business opportunities for the rest of this year, and we really look forward to discussing second quarter 2012 (sic) [2013] (1:00:51) results with you in July. Thanks for your time and your continued support of Martin Marietta.

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