MANAGEMENT DISCUSSION SECTION

Operator: Good day everyone. Welcome to this Martin Marietta Materials Incorporated Conference Call. Today's call is being recorded. At this time for opening remarks and introductions, I would like to turn the call over to the Chairman and Chief Executive Officer, Mr. Stephen Zelnak. Please go ahead, sir.

Stephen P. Zelnak, Jr., Chairman and Chief Executive Officer

We were very pleased with our record third quarter results, particularly given the downward pressure on aggregates volume from the continuing contraction in homebuilding plus the slowing of commercial construction growth. Aggregate's volume declined 4% in the quarter versus 9% in the second quarter and 15% in the first quarter. We had positive volume comparisons to the prior-year period in our North Texas, Oklahoma, and Arkansas areas, as well as Virginia and Maryland. The North Central area, which is Indiana, Ohio, and West Virginia, continued to exhibit weakness along with the Ohio and Mississippi River markets. We also saw a noticeable decline in shipments in the Southeast as homebuilding contracted from the very high levels of the prior year.

For the quarter our net sales increased 4% to $549 million while earnings per diluted share was up 28% to $2.12. Our consolidated operating margin increased 290 basis points over the prior-year period and is up 240 basis points year-to-date. Our EBITDA margin based on net sales, which excludes freight and delivery revenues, was 32.2%, up 360 basis points over the prior-year period. Year-to-date EBITDA margin of 30% is up 330 basis points. Our Specialty Products segment performed well with earnings from operations increasing 76% to $9 million for the quarter. The operating margin for Specialty Products increased 870 basis points based on volume growth in magnesia chemicals, the improved pricing, and very good cost management. We saw positive results in our Aggregates West Group as the weather improved from the extremely wet conditions that lasted through July. Volume in the West was up over 2%, which led to solid earnings improvement.

As expected, the rate of price improvement in our Aggregates business slowed due to the limited mid-year increases in 2007 versus 2006. However, even with the weaker demand, the rate of price increase continues to be well above historic norms, which reflects the intrinsic value of well located, zoned, and permitted aggregate reserves. In 2008, based on current economic conditions, we expect price increases that will average in the upper half of single digits, which again, will be well above historic norms and, in fact, above previous peaks prior to 2005. In 2008, price improvements should be most notable in North and South Carolina and Florida while the low demand areas in the Midwest and North Central areas will have very modest increases.

Our capital expenditures for 2007 will be about $260 million versus the earlier estimate of 235 million. The difference is $24 million for the purchase of 50 barges versus our original plan to take them down under an operating lease. The lease versus buy analysis leaned heavily to the purchase option, so we executed accordingly.

In the fourth quarter we expect to complete the construction of our new highly automated plant at Weeping Water, Nebraska, which is near Omaha. We will also complete a new underground mine entrance which will significantly reduce hauling costs. The new plant will have capacity of about 4 million tons annually versus the current 2 million tons. Also in the fourth quarter, we will begin construction of a new plant at our Augusta, Georgia, location. Augusta serves a local truck market in both Georgia and South Carolina, provides ballast to the CSX Railroad and ships material by rail into South Georgia and Florida.

The new plant, which is targeted for completion by the first quarter 2009, will increase capacity from 2 million tons annually to 6 million tons. This is the first of a series of major new plant projects along

the geological fault line in South Carolina and Georgia, which will increase capacity, improve product quality, and reduce cost. These projects are expected to have internal rates of return of 25% or better.

For the fourth quarter we expect aggregates volume to be down 2 to 4%, with price improvement in the upper half of single digits. For the year, aggregates volume is expected to be down 6 to 8% with pricing up 10 to 11%. Our Specialty Products business is expected to contribute 31 to $33 million in pre-tax earnings for the year versus 22 million in the prior year, with the growth in magnesia chemicals leading the way.

Against this backdrop, we expect net earnings per dilutive share to range from $1.37 to $1.72 for the quarter and $6.10 to 6.45 for the year. At this time, I'd be pleased to take any questions that you may have.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions]. We will go to David MacGregor with Longbow Research.

<Q – David MacGregor>: Good afternoon guys.

<A – Stephen Zelnak, Jr.>: Hey David.

<Q – David MacGregor>: Talk a little bit about, if you will, the slowdown in office and retail that you referenced in your press release? And maybe could be specific about what regions or what markets you are seeing the most pronounced risk in?

<A – Stephen Zelnak, Jr.>: When you take a look at the commercial construction sector, we divide it really into two components. There is a component, which is very much capacity driven and those kinds of projects are going to be built, we think, pretty much regardless of what's going on. The second part of it, which relates to office buildings and retail, we think, is much more susceptible to economic conditions. At this point in time, what we're seeing is a tapering of the growth rate. We're still seeing growth, but we're seeing a tapering of the growth rate. And frankly, as we go into 2008, we don't know whether or not that's going to lead to contraction or whether or not we're just going to have a slower growth rate. I think the jury's still out on that one. When you look at regions of the country, clearly, things have been incredibly strong in the Southeast, Southwest area. We're seeing slowing of growth in those areas in the Southeast and Southwest markets. Commercial construction had already pulled back and was at relatively low historic levels in the slower markets anyway. So the hot markets are the ones where you're seeing the tapering of the growth.

<Q – David MacGregor>: And what percentage of your commercial segment is office and retail?

<A – Stephen Zelnak, Jr.>: Typically, it would break out to be something approximately half in that range.

<Q – David MacGregor>: Okay, thank you. The other question I had was with respect to the pricing in the West Group, 3.5% I guess up versus 12 to 13 in other regions. Because of the weather in Texas, are we just getting shipments under all the programs that had less attractive pricing or maybe help us understand the discrepancy in pricing?

<A – Stephen Zelnak, Jr.>: Sure. You get two types of mix shifts in this business the way we're set up with the business model, David. One is the geographic mix where we have different pricing in different parts of the country. And then you get the pretty distinctive pricing break between truck market and long haul distribution market. And the reality of the West is that we are shipping less material into the long haul system and the difference in pricing there can be a factor of four. So if your mix shifts more to truck market as opposed to long haul distribution through distribution yards, it can have a pretty significant mix shift impact on pricing. And in fact, if you look at the pricing numbers overall for the Company, where we took it down from 11 to 12 to 10 to 11, it is geographic mix shift and long haul versus truck mix shift which is driving that. There's nothing fundamentally different in what's going on in the individual markets. It's truly a mix issue. Is that helpful?

<Q – David MacGregor>: Yeah, it is. I guess I'm interested in your thoughts on what that implies for the next three or four quarters?

<A – Stephen Zelnak, Jr.>: Well, as we look at the next three or four quarters, we're still in the throes of that. We're not going to make any pronouncements -- definitive pronouncements on 2008 yet. The long haul distribution markets, we think particularly in Florida, that that's going to be very strong for us. I would expect that in the Gulf and in Texas, it's probably a little bit weaker. So probably they will balance out. I would not expect a significant mix shift between this year and next

year as opposed to where we had had some shift in prior years, heavily in the direction of more long haul material. But the key to it is not what the rate of price increase is, the key is what's the margin spread. And that's what we're focused on. What you bring to the bottom line.

<Q – David MacGregor>: Great, thanks very much, Steve.

<A – Stephen Zelnak, Jr.>: Sure.

Operator: We'll go next to Ajay Kejriwal with Goldman Sachs.

<Q – Ajay Kejriwal>: Good afternoon. Just sticking with the West region for a minute, volume was up 2% in the quarter so, if I remember correctly, volume declined in the second quarter due to wet weather. So I guess the question is, are you seeing some benefit from pushouts related to the second quarter, or is this volume increase more due to underlaying demand, which could persist into 4Q?

<A – Stephen Zelnak, Jr.>: It's -- in our view, it relates to deferred demand. Certainly, the market construct out there relative to other places in the country continues to be good and particularly strong opportunity up in the Northern part of Texas and Dallas-Fort Worth. So what you had, if you look at the first seven months of the year, you had incredibly wet weather out there and it has clearly deferred construction activity. We're beginning to get the benefits of that. At the same time, Texas has been impacted by the downward pull of the homebuilding problems just like every other area in the country. So you've got that counterweight of homebuilding coming down in markets that actually held up pretty well during the first part of the year.

<Q – Ajay Kejriwal>: Got it.

<A – Stephen Zelnak, Jr.>: You've got two moving parts and right now the weather deferred construction is more positive than the pull of homebuilding downward.

<Q – Ajay Kejriwal>: And you expect some of that to continue into fourth quarter as well?

<A – Stephen Zelnak, Jr.>: Based on what we see right now, yes.

<Q – Ajay Kejriwal>: Got it. And moving to North Carolina, volume up there as well. Was wondering if that related to any specific contracts that materialized in the quarter, or are you seeing a general pickup in DOT contracts awarded there? Because I remember correctly, last year or so, the DOT situation has not been particularly inspiring there.

<A – Stephen Zelnak, Jr.>: I think that's an understatement. The volume in North Carolina was actually down just slightly from last year, it was about 1% down. We've seen a continuing, robust commercial construction market in major metros in North Carolina. We continue to have very strong population inflow. As you know, Raleigh-Durham and Charlotte are typically rated as two of the best places in the country to do business in terms of quality of life. So they continue to be an attraction. Homebuilding is Charlotte has actually held up pretty well and likewise in Raleigh. What I will tell you about that is that these markets are not immune to the credit market problems, even though you have people flowing in, you've still got the problem of people selling homes in other places and being able to finance home purchases in the new location. So we have seen in the last 30 to 60 days some pullback on the homebuilding side there. The DOT, it's hard to know exactly where the North Carolina DOT is going. There clearly is a strong interest at the governmental level in terms of trying to put together a program that will take the state ahead, including figuring out how to finance that. The Governor, in fact, yesterday has created a 21st century transportation study commission, 24 people – well, I happen to be on that. And we're going to be working hard over the next six months or so to try to present some thoughts and ideas to the legislature to see if we can move the program ahead. We did indicate that $300 million of Garvey bonds are being put out for bid that's

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going to augment the program. And historically, in election years, it always amazes me as to the fact that there seems to be found money and election years seem to be good for construction activity in the public sector. So unless it defies past history, we will probably see some dollars flow in '08 that currently we don't expect.

<Q – Ajay Kejriwal>: And just a...

<A – Stephen Zelnak, Jr.>: Not on the radar screen.

<Q – Ajay Kejriwal>: And just to clarify your comment on North Carolina volumes were down 1%. But, I'm looking at the press release commentary here, which says volume was, positive volume growth for the quarter. So, was that more sequential comment or was it a year-over-year comment?

<A – Stephen Zelnak, Jr.>: Yeah, it's year-over-year

<Q – Ajay Kejriwal>: Okay. And, lastly on the EPS guidance for the fourth quarter, a wide range given that we are already a month into the quarter. So, I was wondering what factors could cause you to come in at the low end versus the high end.

<A – Stephen Zelnak, Jr.>: Well, fourth quarter is greatly impacted by weather and obviously we don't know what that's going to bring us. We're in uncertain times with respect to confidence on the part of consumers and also developers and the reality of our business is you may have work booked, you may have it in your backlog, but that doesn't mean that someone is going to step it up and start building it next Monday. They can defer projects, decide they're going to push them out, so in this environment, we just think it's very uncertain. In fact, from a budgeting standpoint, I've run Martin for 25 years, I would say to you that this is probably the most difficult planning year we've had in looking ahead at '08 because of uncertainties that we're just not accustomed to dealing with. So we thought the wide range was appropriate given those circumstances.

<Q – Ajay Kejriwal>: Very helpful. Thank you.

<A – Stephen Zelnak, Jr.>: Sure.

Operator: We'll go next to Todd Vencil with Davenport & Co.

<Q – Todd Vencil>: Thanks very much. Hey there?

<A – Stephen Zelnak, Jr.>: Hi Todd.

<Q – Todd Vencil>: Steve, you mentioned in the press release that during the quarter you were looking at some attractive acquisition opportunities. Can you elaborate on that a little bit, just in terms of geography or size or?

<A – Stephen Zelnak, Jr.>: Sure. We've said publicly and I'll repeat, the quarries that Vulcan will be required to spin off as part of their acquisition of Florida Rock, we have indicated that we would be very interested in those. We continue to be interested. Whether or not that opportunity develops, I have no idea at this point, but we'll focus if it does develop. We also have some smaller acquisition opportunities that we're looking at. We did a couple early in the year. We have some others that we think are fairly attractive. So they're just not anything that is going to get your attention just one at a time, but if you accumulate them, they could be a nice positive. We're very focused on the Southeast and Southwest, continuing to build our business in those areas. So you should expect that more than likely as we look at acquisition opportunity, it would be concentrated on those areas.

<Q – Todd Vencil>: Okay. And then, you used a phrase, with regard to commercial construction, you used a phrase "cautionary pause". And I guess I am sort of interested to get your impression on how you tell the difference at this point between a cautionary pause and something that's more meaningful and long-lasting maybe.

<A – Stephen Zelnak, Jr.>: Well, we struggle for words to try to express as clearly as we could where we think things are and that was the terminology that we came up with. If you go to the other end of the spectrum or the two ends of the spectrum, we do not at this point see the kind of growth in commercial construction continuing that we saw earlier in the year and last year. So that's a starting point. If you go to the other end, we do not see people pulling back into some kind of hard stop either. We do see some people going to the sidelines, deferring projects. And why would they do that? Two reasons. One, their lenders are charging increased interest rates, which may alter the economics of their project, the availability of credit for some of these developers might be problematic. And secondly, they're trying to make a judgment on the economy and the timing of their projects. So they may feel less compelled to do something right now as opposed to wait a little while to see how the economy plays out. So that's the kind of commentary that we get back from various people who we talk to, that we deal with, and hence the term cautionary pause. And that's our best assessment right now. 60, 90 days from now we may all know something different.

<Q – Todd Vencil>: So, at this point, it does sound like there is a certain element of wait and see that could develop in either direction, is what you are saying?

<A – Stephen Zelnak, Jr.>: Yes.

<Q – Todd Vencil>: Okay.

<A – Stephen Zelnak, Jr.>: If there's a surge in confidence based on actions that the federal government may take or other things that are happening, then you could see people step up and begin to truly cut loose with projects and move ahead because the underlying demand for longer-term is there for these kind of projects. And conversely, if the credit market situation were to stay very tight or were to worsen, then that's going to have a negative impact.

<Q – Todd Vencil>: It makes sense. I appreciate the comments on prices next year. Can you talk about what you are thinking about in terms of the timing of increases? Are you looking for generally January 1 or March 1 increases as I think would be pretty difficult?

<A – Stephen Zelnak, Jr.>: Yeah. In most cases, we're looking at January 1 increases. I think it's very unlikely that you're going to see any significant number of mid-years, although there are a few spots where mid-year price increases might be appropriate. We'll just have to see how the demand situation develops and particularly with respect to Florida and the Lake Belt quarries that are currently shutdown.

<Q – Todd Vencil>: On that point, can you talk a little bit about what's going on down there now with these sort of discussed $5 a ton increases and the timing on those as well as the likelihood of acceptance?

<A – Stephen Zelnak, Jr.>: Well, pretty clearly, pricing is going up for those people that do have reserves. If the Judge's decision holds for any length of time, you've got 25% of the capacity of the Lake Belt coming out, and that material is export material going up the Florida East Coast railroad all the way to Jacksonville. It's export material to the central part of the state. So the logical thing to do, which I think is happening, is that the people who have reserves would like to utilize those reserves in a place where they can get the best price for them, which would be in the local market. And since they have become scarcer at this point, it's just back to simple supply-demand economics, you're going to put it into market at a higher price. For people like us, and particularly us, it creates some interesting opportunity with some of the long haul distribution capabilities we

have out of the Bahamas and Nova Scotia. A lot of conversation with customers about long-term supply needs, desire on the part of people to lock down supply under long-term agreements and in turn we have to make judgments with respect to if we do something like that, how do we price such an agreement. So it's very fluid right now.

<Q – Todd Vencil>: Okay. Then last question for me, and I appreciate all this. As you think about volumes having fallen off, and you guys have done a good job in sort of holding the line on margins, I think, and you had been talking previously about your own margin targets, but sort of a two-part question. Can you talk about, maybe isolate what you think the incremental impact of loss or gain of volume on margin looks like? And then would you maybe kind of like to come around to the comments that you've made in the past about longer-term margin accretion there at Martin?

<A – Stephen Zelnak, Jr.>: Okay. Let me start with the longer-term target. That hasn't changed and interestingly enough, in this environment, both last year and this year, we've been able to knock off those targets, which is an average of 200 basis points of improvement. So we're working very hard at that. Might we dip down to a lower-margin improvement if volume were to fall down significantly? Certainly that's possible. But we don't see anything that says that we ought to alter the objectives, the targets for us. So we're sticking with it and it is our intention to get that done. With respect to incremental gain or loss, the incremental margin, that is really very quarry-specific, even within given markets. And you can get particular quarries that have a nice pricing structure and a very effective cost structure and those incrementals maybe 50, 60%. You can get other places where you have higher costs, less opportunity to start with, maybe heavy overburden as sort of a fixed cost that you can't do away with, and the incremental margins in those locations could be even below the average margin that we have. So it is totally quarry-specific. And we get -- if we get volume, we could have volume go down and if we got it at the right quarries, you'd see some very, very good numbers. If volume goes away from those quarries, then you see a drag. I mean that's how specific it is.

<Q – Todd Vencil>: Got it. Okay, thanks.

<A – Stephen Zelnak, Jr.>: Sure.

Operator: We'll go next to Mike Betts with JP Morgan.

<Q – Mike Betts>: Yes, good afternoon, Steven.

<A – Stephen Zelnak, Jr.>: Hi Mike.

<Q – Mike Betts>: Hi, I had three questions if I could. The first one, I guess, is a bit of a detailed question and it relates to the decline in the corporate charge in the quarter and I guess this may be related also to the increase in other operating income. Could you just explain what happened there? Is it a one off or what caused that?

<A – Anne Lloyd>: Mike when you are talking about the corporate charges, are you talking about the overhead charges in the quarter.

<Q – Mike Betts>: Yes, I'm talking -- just two seconds, Anne, let me find it again. I'm talking on Page 7 of the press release. It shows at the bottom table there, the corporate charge dropped from 10.1 in last year's quarter and it's been running about 9 or 10 for most quarters, and it dropped to 6.3 in the latest quarter. Really trying to understand what's the cause of that reduction?

<A – Anne Lloyd>: It's really nothing specific. It's relatively random as far as the allocation of the overhead and charges back up to each individual segment. And in your other income line that was a gain on the sale of a piece of property out in the West Group.

<Q – Mike Betts>: Okay. Thank you for clarifying that. My second question really, and I guess this is probably you, Steve, I'm trying to understand a little bit more the decline in price, in the rate of growth of prices which were up 13.1% in Q2 of this year and up 8.5 in Q3. Now obviously, some of that was the issue you were talking about of long haul versus truck. Was the rest of it just the fact that the July price increase this year was smaller, or are there other factors like regional mix, et cetera, causing that? And do you have any kind of breakdown of what caused it? Because obviously, it is a big slowdown and your price was somewhat -- in Q3 was somewhat lower than your major competitor as well. I'm just trying to understand if you have a bit more detail to explain that price change Q3 against Q2?

<A – Stephen Zelnak, Jr.>: Yeah. What we said that the majority of that change really relates to the fact that we did not have significant mid-year increases this year versus pretty good-sized ones last year. So when you come to the middle of the year and you're not implementing major increases and if you go back to last year, if you were looking at the trend line, it was up sharply in the last half of the year, your compares get tougher. As early as the beginning of the year, when we did our conference call, we talked about the trend line on pricing for this year, which we said was going to be double-digit up in the first half of the year and single-digit up in the second half of the year, based simply on that fact. So what you get beyond that is that you do have a mix shift. There is more material -- if you take the West and we had a positive 2% rate of increase in volume in Southwest and you take that, which is a lower price area for us, because we're not in California, and that's a differentiator with our major competitor that you were referring to.

<Q – Mike Betts>: Okay.

<A – Stephen Zelnak, Jr.>: But if you take that and then look at the volume declines, particularly in the Southeast where we've got pretty attractive pricing and a lot of long haul distribution, that's where it comes from. But it's driven predominantly by the lack of mid-year increase, which is a function of demand. It follows what the economists would tell you ought to happen. The interesting thing to me, having done this for a while is that even with that, six straight down quarters of volume and we're sitting here with a pricing level that 8.6% in the third quarter is actually higher than any rate of annual price increase we had other than last year and this year.

<Q – Mike Betts>: No. I --

<A – Stephen Zelnak, Jr.>: In 2005, it was 8.2%. So it's pretty hefty rates of increase given the drag of the economic environment, which I think shows the underlying strength of the business and particularly the locational advantages that we have and others.

<Q – Mike Betts>: Okay. And just as a follow-on from that Steve, to get your price increase next year and I think you said the upper half of single digits, that therefore means that January price increased in '08 needs to be pretty similar to the January '07 price increase or am I missing something?

<A – Stephen Zelnak, Jr.>: We haven't given you the exact numbers for next year, but we're going to have one price increase so, obviously, it needs to carry the weight for the full-year. There won't be a supplementary price increase of any magnitude. I mentioned Florida as a possibility, but what we do in January is pretty much going to carry it.

<Q – Mike Betts>: Right, maybe I probably didn't explain myself fairly way -- well, Steve.

<A – Stephen Zelnak, Jr.>: I understand your question. I'm just not going to answer precisely because you're looking for a rate of price increase for 2008. And I'm not ready to give it to you.

<Q – Mike Betts>: Okay. No, I'll let you pass on that one. And then a final question just on Cap Ex. You indicated what's going to happen this year for reasons that I understand. I got the impression

that the project in Georgia maybe was the start of another major capital expenditure program, was that a correct impression or did I miss something there? I guess I'm asking whether Cap Ex remains at this sort of level for '07 in '08 or maybe even steps up higher?

<A – Stephen Zelnak, Jr.>: I certainly don't see it stepping up higher as we go forward. We've got a plan to rebuild, actually build new plants at existing locations across that fall line territory in South Carolina and Georgia. And Augusta will be the first of what will be five big projects that we've got planned over the next five years and possibly a sixth. So we will do those systemically, we'll not try to do it all at once. We will then be in a position to, as we said, reduce cost we'll be in a position to meet market demand down in South Georgia, Florida, the coastal part of South Carolina, and do that much more cost effectively than we're doing it today. That's a lot of our future. We've got great locations that we've already developed there, they're on rail, and what we want to do is take advantage of those and the program costs for us at both locations doubling to tripling capacities with highly automated plants, likely the same head count, even after you double or triple capacity. They're going to be very efficient and the IRRs on those projects are 25% or better, which I think's pretty hard to argue with.

<Q – Mike Betts>: Yeah.

<A – Stephen Zelnak, Jr.>: And those IRRs, by the way, are not based on selling out all the capacity. We think they're pretty conservatively modeled. They ramp up over time. We're not jumping to the ends of the earth to make numbers work here. We just think it's a very sound investment when we have that kind of return opportunity.

<Q – Mike Betts>: Understood. That's great. Thank you very much.

<A – Stephen Zelnak, Jr.>: Sure.

Operator: We will go next to John Fox with Fenimore Asset Management.

<Q – John Fox>: Hi. Hello everyone. I had a few questions. First...

<A – Stephen Zelnak, Jr.>: Hi John.

<Q – John Fox>: This is the easy one, do you have the – what's the pre-tax gain on the property?

<A – Anne Lloyd>: 4.6.

<Q – John Fox>: 4.6. Okay, great. And could you talk about your use of free cash flow right now? Usually the fourth quarter is a pretty good cash flow quarter. I don't think you bought any stock back this quarter, which is a little bit of a change from earlier in the year. So can you just talk about the use of cash flow at this point?

<A – Stephen Zelnak, Jr.>: Sure. You have to go back as what we had listed as our priorities. The first priority is to capitalize the business, the existing business and, obviously, we can do that easily and have plenty of free cash flow beyond it. The second priority is to look for attractive acquisition opportunities and we've already said that we have an interest in what Vulcan may spin off.

<Q – John Fox>: Right.

<A – Stephen Zelnak, Jr.>: We don't know if we'll be successful or not, but given that we have the interest, it would seem logical to us that we don't go off and spend that money right now on share buyback, that we wait and see what happens there. So we've taken the approach that we're going to maintain our firepower here until we see what happens and then once it happens one way or another, we'll know what the next step is. We're not talking about mammoth expenditure here. We

continue to like our stock. Obviously, we liked it at higher levels. We like it today. And once we get beyond attractive acquisition opportunities, which have been, for us, pretty few and far between in the last four and a half years, then we would begin to look again at the possibility of deploying that toward share buyback. As you know, we raised the dividend again this year and we'll continue to look at that, but the bigger part of it would be share buyback.

<Q – John Fox>: Okay, that's....

<A – Stephen Zelnak, Jr.>: The capital priorities remain the same.

<Q – John Fox>: Okay.

<A – Stephen Zelnak, Jr.>: The other part of it, John, to be very straight forward, is that with capital markets issues that you have right now I think there needs to be a little bit of caution. We had to go out and we had $125 million of debt come due in August. We got caught right in the middle of that.

<Q – John Fox>: Right.

<A – Stephen Zelnak, Jr.>: And Anne had the joy of going out and placing commercial paper and as opposed to 30 days, and as you know, we're a very good credit. You were placing overnight paper just to get it done. So we want to see these markets settle down and we've set leverage targets. Obviously, we were serious about those. So we'll just work our way through the present possible acquisition scenario and then from there the priorities remain exactly the same. We're not going to pile cash up on the balance sheet. I think that's just foolish.

<Q – John Fox>: All right, well that's very clear and thank you.

<A – Stephen Zelnak, Jr.>: Sure.

<Q – John Fox>: And, could you talk about for the fourth quarter diesel fuels up quite a bit versus the comparison last year. And, maybe just give us some idea how much diesel do you use, what type of impact that might be in this quarter? Thanks.

<A – Stephen Zelnak, Jr.>: Well, dollar impact in quarter was less than $2 million, so it was not huge.

<Q – John Fox>: What was that for the fourth quarter, Steve?

<A – Stephen Zelnak, Jr.>: Well, we'll have to see what develops in the fourth quarter, I mean you're buying it as you go. Clearly, the trend line was up. The average for the quarter in diesel fuel was 208, September was 218. So you had a rise in price as you come into October. And you know what's happening in oil. So unless something happens it takes the other way, you would expect a negative impact on the energy, given where we are right now.

<A – Anne Lloyd>: And that will also be offset somewhat by whatever production volumes are during the quarter.

<Q – John Fox>: Right. Okay, thank you.

<A – Stephen Zelnak, Jr.>: And, your other question, you ask about consumption. In a typical year, we'll consume 40 to 45 million gallons of diesel and when you get to the fourth quarter, that will be a lower consumption quarter. The first quarter will be the lowest, the fourth quarter will be second lowest. Number two and three very much even. In rough terms, probably 20% of your consumption is in the fourth quarter.

<Q – John Fox>: I mean it should track right along with production?

<A – Stephen Zelnak, Jr.>: Yeah.

<A – Anne Lloyd>: Yes, sir.

<A – Stephen Zelnak, Jr.>: Yeah, very close.

<Q – John Fox>: Okay, thank you.

<A – Stephen Zelnak, Jr.>: Sure.

Operator: We'll go next to Clyde Lewis with Citi.

<Q – Clyde Lewis>: Good morning everybody. Good afternoon everybody. A couple of questions if may as well. Firstly, just sort of an accounting one on tax. You've managed to do a little bit better than I was expecting in the third quarter and you've sort of cut your guidance for the full year as well down to 30%. Looking forward into 2008 and I know you don't want to talk too much about 2008 at this point, but do you think we will see the tax rate sort of drift up again, or do you think you've got enough sort of schemes coming forward and other projects that will keep that tax rate at or around the 30% level for '08?

<A – Anne Lloyd>: Yeah, we haven't completely updated that analysis, Clyde, but the 30% level is reasonable for looking forward into '08 and then with the next change there be potentially in 2009 when the domestic production deduction finally phases in. Our biggest scheme, as you would say, is depletion. It's a very favorable tax benefit for us and that continues to be based on the sales of the Company.

<Q – Clyde Lewis>: Okay. Okay. Secondly, on the specialty division, I mean, obviously, you've seen a big improvement in this year and I suspect in terms of change, this is going to be the peak in terms of the growth rate of that division. Maybe I'm wrong there, but are you starting to think that maybe it might be time to look to part company with parts of that division, or do you still think it really forms a core part of the business going forward?

<A – Stephen Zelnak>: We really like the business. I think our folks have done an incredible job of managing through some difficult times. We're in a place right now where we have a very good position in the dolomitic lime business. The volumes there are off this year because of reduced demand from steel mills and virtually all of it goes to the steel mills, but it's underpinned with metal reserves just like our aggregates business.

<Q – Clyde Lewis>: Okay.

<A – Stephen Zelnak>: Has a lot of the same characteristics in terms of barriers to entry. It's not an easy business to get into it. Pretty high CapEx and you've got to take some pain to want to get into that business. If you look at the other piece of it that's important to us, and that's magnesia chemicals, that is a great success story in terms of developing new products and growing the business. We have become a much more significant water treatment company and that business continues to grow. We compete with caustic soda in the neutralization of municipal wastewaters and process wastewaters. And that business looks like a growth business to us thus far out as we could see. The other thing we have carved out a nice niche in is flame-retardant products, say Mag Hydroxide powder that goes into rubber and plastics. It goes into synthetic roofing and that is a growing business for us. A component of the business is in ceramics. We've got a nice array of products there. A new paper mill product. And as we look forward, we think the growth in magnesia chemicals is going to be attractive and we really don't have significant investment in that business.

The net investment, the equity in that business is $30 million range. We are putting a bit more capital in it because performance merits it and our folks have some really good ideas, but, no, we don't have any intentions of selling that business. We think that's a keeper.

<Q – Clyde Lewis>: Okay. The last question I had was on sort of safety lieu and sort of the federal row program. I know you guys have sort of been involved in discussions with the federal government about what way forward is the solution to sort of safety in. I'm just wondering whether you can update us a little bit on where the discussions are going and whether the sort of existing timeframe of sort of 2010 will sort of pass us by and we're looking into 2012, 2015, or whether you think there will be a brand new style federal row program sort of evolved by that sort of time?

<A – Stephen Zelnak, Jr.>: Anne is intimately involved in that subject for the industry right now, so I might ask her to respond to you.

<A – Anne Lloyd>: I would say that right now there's a debate going on between whether or not a program of federal funding continues on life safety, really a user-based or user-type fee with a gas tax, or whether we should step back and completely model a funding mechanism that deals with private partnerships and other more state financing of federal highways. We're in the debating process, right now. And I think the positive thing is that it's being debated today versus 12 months after the expiration of safety lieu, which is when it seems sometimes there seems to be the tendency to wait until it happens.

<Q – Clyde Lewis>: Yes.

<A – Anne Lloyd>: I think it's going to be difficult in this next round, in my opinion, to get rid of all the gas tax, so to speak. And that's too much of an overhaul. But as we probably end up finding something in the middle ground between those two points.

<A – Stephen Zelnak, Jr.>: If you think about financing of roadways, at this point in time, the federal government has been on a trend line of reducing its component of expenditure relative to the states and municipalities. Unless the federal government desires to step up to a higher level, and there's debate about that as to whether or not the federal government might back up bonding at the state level to give the program a real positive jolt and move it ahead $50 billion or so bonding authority. We don't know whether or not that's going to come forth, but what I will tell you is that if you were to run an election in the United States today, I think the Democrats would sweep. And historically, the Democrats have been very good for infrastructure much better than Republicans have been. So from a political perspective, that is probably a good thing for roads. And then with respect to the states and municipalities all over the country, the demands just simply grow. I mentioned this study commission in North Carolina. Those kind of things are going on almost everywhere. So there's a scramble to determine how to finance the needs because the needs are overwhelming the system. And at the end of the day, it just says that there's going to be growing investment. There has been in roadways since the early 1980s. So I don't think that's going to change and if anything, the opportunity is there for the trend line to move upward a bit given the level of debate.

<Q – Clyde Lewis>: Is it fair to say though that the likelihood of getting a big change in the federal thinking in the next 12 months though is at this stage still a little bit premature as maybe 2009 before we start...

<A – Anne Lloyd>: I wouldn't handicap a date but other than to say I agree, it's premature to think about of fundamental overhaul of the way it works today.

<Q – Clyde Lewis>: Okay. Thank you very much.

<A – Stephen Zelnak, Jr.>: Sure.

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Operator: We will take Arnie Ursaner with CJS Securities.

<Q – Arnie Ursaner>: Hi. Good afternoon. As a follow-up to the question you just had, in Texas, recently their commission, I guess, talked about a rescinding of about $900 million of funding. Could you comment a little more about what you're seeing in Texas from a funding point of view?

<A – Stephen Zelnak, Jr.>: Texas has some shortfall, which they have indicated they're going to pull back some money. Our view of that right now is that probably Dallas-Fort Worth is the least impacted area. You've got a lot of toll work up there that is outside the purview of what the state DOT is doing. As you come further South, more likely to be impacted and projects pushed out. Exactly how that's going to work, we just don't know yet.

<Q – Arnie Ursaner>: Okay. And following up again on Texas, you mentioned, obviously, weather in July was atrocious and you've spoken about that at great length, but then you spoke mid-August and September coming back. Could you just give us a little feel for how business in Texas evolved during the quarter and give us some sense of how it's been trending in October?

<A – Stephen Zelnak, Jr.>: No, I don't think it's appropriate to talk about Q4 at this point in October. In July, basically all we did was try to prevent the plants from washing away, have big umbrellas, it was really messy. And particularly, in limestone operations, it not only hampers the contractors and sales demand, but limestone down in Texas tends to become pretty soupy, more along the lines of milk of magnesia when that water flows through there and it can cut the operating rate sharply. You can have the kinds of rains we had and you could cut your production rates through the plant in half because material just doesn't move through the crushing process and screen process. So it was a real struggle. When you get the dry days down there, processing becomes much easier and all of a sudden the contractors go to work. So if you look at, July it was not a good month down there. As soon as we got dry weather, the contractors are behind, they went to work and all of a sudden we can run efficiently. And when that happens, we produce some very nice numbers. So the numbers you see in the pickup in that area certainly came in August and September to overcome what had gone on in July.

<Q – Arnie Ursaner>: Okay. Could you comment a little bit on inventory levels, obviously you should be anticipating the possibility of having some needs in the Lake Belt area. I'm guessing or assuming you've built-up inventories in anticipation of that. But I am also trying to get a feel for you mentioned some facilities that you were either slowing down or shutting down, whether in fact you've already build-up inventories appropriately given the current demand environment.

<A – Stephen Zelnak, Jr.>: That's a good question because it's one that we've wrestled with in terms of our production decisions. The tact that we have taken is that we would much prefer to be conservative and not get caught with excess inventory as opposed to just run the plants and pretend that it's going to go out the gate regardless. If you take a look at the third quarter, we actually reduced inventory about 2.5 million tons, which is a big number. It impacted production cost, because you've got less volume spread your fixed costs over and net after valuation adjustments, that cost us over $11 million. But we thought that was the correct and appropriate thing to do, so we did it. If you look at inventory levels at the end of the third quarter versus last year's third quarter, we're just up slightly and all of that's at distribution yards where we want it, to serve Florida Lake Belt issues, to have material and the distribution system for the opportunities that we think may arise. So I feel very good about our inventory management, our inventory balance. We obviously, with our business model, have more dollars deployed, but that's the business model. We're heavily weighted toward the long haul distribution and material sitting at distribution yards with freight in the inventory component, because that's what we have to do to get it there. But we're quite pleased with where we are and it would say that we don't have to take inordinate actions in Q4 and Q1 to balance out inventory sins that we might have committed earlier.

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<Q – Arnie Ursaner>: Okay. My final question, if I may. You normally never comment at all on pricing until your February earnings call, but it seems like if you're talking about price in the upper half of single-digit, that sure sounds like a view about pricing. Explain the difference.

<A – Stephen Zelnak, Jr.>: Well, the difference is that we normally come out and when we're ready to talk about it, we'll talk more precisely. We have gotten so many questions about the trend line on pricing that we thought it was just important to give people an indication of where we think it's going to be. And people have difficulty understanding the pricing metric in our business. Sometimes they'll say, it defies economic logic, well, in fact, it doesn't. It's supply/demand driven, the demand is coming down, there is a lag factor, but even beyond that the rates of price increase that we're getting, able to get, are at historic highs and well above the norms for the last 20 years. So we just thought it is important that as we go forward that people understand how we're approaching the business. We're being realistic about what kind of pricing we think we can get and where we can get it and with that we are extremely focused on managing the cost side of our business. When I say extremely focused, as you know, we work head count very hard. We were having these conversations early in the year, because even pre-credit market, we weren't sure what was going to develop and we wanted to err on the side of being conservative and being ready. The fact of the matter is that when you see our head count numbers at the end of the year, you will see that we have taken out SG&A head count from what is, based on everything we know, the lowest SG&A percentage in our business, but we've done more and we've been taking out head count at the plant level, both with automation, process change, and just adjusting to lower volume requirements. If you do this well in a downturn, my experience has been when volume starts to go back up, we've got the question on incrementals earlier, the incrementals in this business are a lot higher than they otherwise would be. I mean you're really lean and ready to go. So that's our objective.

<Q – Arnie Ursaner>: Thank you very much.

<A – Stephen Zelnak, Jr.>: Sure.

Operator: We'll go next to Steve Farley with Farley Capital.

<Q – Stephen Farley>: Yeah, Steve, could you please walk us through, starting in July when, I guess, the mines were ordered to be shut down in the Lake Belt, how, the scarcity that got created ultimately when the inventories got worked down and who raised price, where, by how much, and how it played out over time and where ultimately are you today in terms of pricing in Florida?

<A – Stephen Zelnak, Jr.>: Well, with the Lake Belt situation, certainly, there was anticipation on the part of the producers down there that the Judge might take some action. So inventories have been built up and also the prohibitions against blasting at the three locations shut down, so they had blasted rock in the pits, in the water so that they can dig that and eventually process it. The real impact of the quarries going down hasn't hit yet. It'll hit next year as they truly begin to run out of processed and shot rock inventory to be processed. So we don't know exactly what that outcome is going to be yet assuming they stay shut down. The courts are scheduled to hear that case in Atlanta in late November. We will see what if anything comes out of that. If the quarries stay shut down, then you are going to see that 15 million tons or so not there in the market next year. Certainly, there has been a diminishment of demand with housing coming down in Florida, but 15 million tons coming out is a very big number and the demand's going to have to be met from other places.

Our understanding is that the local producers in Miami have put out price increases that are in the $5 a ton range. If these quarries stay shut down would not be surprising to me that they're going to come back first of the year or early next year and they're going to put out additional increases because the value of those mineral reserves just went up based on the Judge's action. Now for us, we don't serve Miami, but we do serve markets that Miami exports by rail to. Places up the East

Coast all the way up to Jacksonville and all the way into Orlando and the central part and toward Tampa. We, frankly, don't know what the price is going to be yet. And it's going to depend upon whether or not there's any action coming off of this November hearing and if there is no action and those quarries stay shut down, I think you're going to have some customers that are scrambling for supply and we'll have one of those old-fashioned negotiations and see where -- how the marketplace prices material. So we are going to have to wait on that one, was that helpful?

<Q – Stephen Farley>: Yes. Thank you.

<A – Stephen Zelnak, Jr.>: Sure.

Operator: We will go next to Thomas Russo with Gardner Russo Gardner.

<Q – Thomas Russo>: Hi Steve, congratulations. On – following on Steve Farley's question about the Everglades, where would you be in a position to serve volumes to that market in the event that there is no judicial relief? And then talk for a moment about Augusta, Georgia's, role as you take from that from 2 to 6 million and possibly getting stone down into that stone-starved market?

<A – Stephen Zelnak, Jr.>: Okay. Well, Miami is not going to be stone-starved because you still have 75% of the capacity in place even if the shutdown holds, but what will happen is this material being exported out of Miami will not be available in similar quantities. So the opportunity that has opened up is not in Miami. It's in places like Port Canaveral, Jacksonville, Orlando, even over toward Tampa, a lot of smaller areas in Florida. You have to differentiate in Florida between limestone and granite. Historically, Florida is a limestone market for concrete. That's what's produced down in Miami, that's what's produced over near Tampa and up in North Florida to a limited degree. Our Bahamas material is a similar material. Based on our expectations right now, we think we're going to be very busy out of the Bahamas next year. Florida is not the only market we serve out of the Bahamas, but we think we're going to have a pretty busy year and certainly we would expect to see some price improvement based on the kind of demand that is likely to be present.

When you go to Augusta, Georgia; Augusta, Georgia, is a granite quarry. In Florida, granite is used for asphalt, it's used for high-strength concrete and what we're aiming to is supply that market, which is short and will continue to grow. Depending upon pricing of the concrete stone, you may get some tilt over time toward more asphalt roadways in Florida just based on the economics of concrete roadways, which had been prevalent. You may also, although granite is disadvantaged from a cost standpoint in concrete, the limestone pound for pound is a much more economic material based on lighter-weight, based on the amount of cement required to make a cubic yard of concrete. You may get some shifting of that concrete business over time outside of the Miami area to where there are some people who begin to use granite across the board. So there would be supply shifts as we go forward. We can't predict exactly when, but the market, clearly, is in a changing mode, right now, and we're pretty well positioned to play our part in supplying the void.

<Q – Thomas Russo>: And then long-term, it may be the asphalt grows in demand because the concrete pricing goes up because of the shortfall of export stone out of Miami, is that the idea?

<A – Stephen Zelnak, Jr.>: Yes.

<Q – Thomas Russo>: Thank you. And then the added capacity, the 2 million extra tons for Weeping Water. Where will that demand come from and is that feeding a demand that's already expressed, or is that awaiting new demand?

<A – Stephen Zelnak, Jr.>: What I can tell you for sure is it won't come from downtown Weeping Water, which is about 500 people. I've been there and I've spoken at Mine Days at Weeping Water.

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<Q – Thomas Russo>: Yeah.

<A – Stephen Zelnak, Jr.>: That material goes into Omaha, it goes into Lincoln, it is shipped into Western Nebraska by truck and it's actually a backhaul -- grain haulers bring grain to the East and on the backhaul they take stone to the West because Western Nebraska is pretty much devoid of stone. So there's a pretty good long haul market there. That material is also shipped into the Western part of Iowa. So it covers a fairly wide expanse.

<Q – Thomas Russo>: Yep.

<A – Stephen Zelnak, Jr.>: And the market has been short for some time. We think, we're going to have a very economic operation there. And the expectation is that we will be able to quote a lot of work that we simply have had to pass on, based on lack of capacity. But it will stay in that region. It's not a quarry that's going to ship it out of region.

<Q – Thomas Russo>: Okay, thank you. And then the last one what changed in the economics of the barges, over the last 12 months to take them from a leased versus a buy, in terms of the economics?

<A – Anne Lloyd>: Tom, this is Anne.

<Q – Thomas Russo>: Hi Anne.

<A – Anne Lloyd>: It's really, we just took a hard look at the present value of the cash flows from the two streams and had a significant uplift from the buy decision, primarily on what it costs to finance. And we reconsidered. We'd already made the decision to lease it, but we took one more look at it and it was very compelling from both the finance charges as well as the operating costs that the guys were going to have to have out in the field.

<Q – Thomas Russo>: I see, so it's more financing than it was operational, wouldn't be that you have more flexibility how to use it? Gotcha.

<A – Anne Lloyd>: Correct. Absolutely.

<Q – Thomas Russo>: Thank you.

Operator: We'll go next to Benoit Hewitt with Exane BNP Paribas.

<Q – Benoit Hewitt>: Yes, good morning gentleman. I just had a quick follow-up question regarding the office market, because you mentioned a weakness in your press release and I wanted to know what were your prospect for that market?

<A – Stephen Zelnak, Jr.>: Well it's, it's very difficult to call right now. It's a big uncertainty for us. What you are seeing in the major metros that we serve is some slight uptick in vacancy rates, but more so than that I think it's just simply a question when developers are going to break ground on projects. I don't think projects – office projects in these major metros, which are growth areas are going to go away. But I do think that there is a question about the timing. So, if you are an individual developer you are assessing your project based on higher interest rates, for the money you must pay to build it. You're assessing with your lender the availability of the loan. They are checking your project and making sure it's not marginal and truly confident in the payback and then you are trying to determine whether or not you want to start on that project next year or whether or not to push it three or four months or some other period of time. So, it's very fluid right now and I can't give you anything more definitive than that because that's what we are seeing day-by-day.

<Q – Benoit Hewitt>: Okay, but it could decrease next year.

<A – Stephen Zelnak, Jr.>: It could go – yeah it could decrease, certainly, we've already said that the rate of growth is coming down. Commercial construction, including office has been a growth area for the last two years, very solid. But we clearly see the rate of growth coming down. Whether or not it goes negative, we just simply don't know. Too early to call.

<Q – Benoit Hewitt>: So retail and office markets are going down, but the industrial market is sustainable? Has a sustainable growth?

<A – Stephen Zelnak, Jr.>: It appears to be at this point in time if you look at capacity-driven projects. You've got a lot of projects out there that are strictly driven by that. If you look at the low value of the dollar, obviously, the export business in the United States has picked up markedly and we've gone from a point where in the manufacturing and distribution sector, there was very little construction activity to a place where that's become much more robust. And I think that has a lot to do with value of the dollar and unless you tell me the value of the dollar is going to go up sharply here in the next 6 to 12 months, I would bet that that market's going to continue along pretty solidly.

<Q – Benoit Hewitt>: Okay. Okay. Thanks very much.

<A – Stephen Zelnak, Jr.>: Sure.

Operator: We'll go next to Elizabeth Barney with Eagle Capital.

<Q – Elizabeth Barney>: Hi, thanks for taking the questions. Just two quick ones, with regard to the highway funding in Texas, is the money that's coming out of the private sector, whether it be various concessionaires or other private funders, is that offsetting any shortfall in the public sector funding so that the whole pot is still growing or --? I'm asking that because you also had some comments that you thought Texas and the Gulf would be weaker, and I didn't know if that was all residential related or it's also the highway?

<A – Stephen Zelnak>: Well, the highway part, Texas has done, has got a couple of things going at the same time. There has been a reaction in Texas to the public-private partnership idea and Texas has pulled back on that aspect of construction and been pretty pointed in doing that. It's become a political hot button in Texas. The piece that we're talking about right now is really the publicly funded piece from the Texas DOT and that is a funds flow issue. In addition to that, you have a very large toll road program out in Texas, which is driven by the tolls. That will continue and we don't see any particular pullback in that aspect of the market. But where the DOT is simply investing in state-generated funds, that's where the pullback is. So the overall construction dollars in Texas that will be left to contract in 2008 will go down based on what they've told us at this point.

<Q – Elizabeth Barney>: Okay.

<A – Stephen Zelnak, Jr.>: As you know, there's a lag factor in that and the actual construction put into place. So we'll have to see exactly how that works out because it's very dependent upon the kinds of projects that they pull off of.

<Q – Elizabeth Barney>: Right.

<A – Stephen Zelnak, Jr.>: We don't know the ultimate answer to that until they define it more clearly.

<Q – Elizabeth Barney>: So you are saying the overall path to public and the toll road and the public together will go down.

<A – Stephen Zelnak, Jr.>: Yes.

<Q – Elizabeth Barney>: Okay because how much would be the toll road program versus the public?

<A – Stephen Zelnak, Jr.>: The toll road program probably in the $2 billion range. It's a very, very big program and the public side of Texas about 4 billion, about twice that.

<Q – Elizabeth Barney>: Okay. Great. Thanks. And then the comments about how you thought that maybe Texas and the Gulf could be weaker next year, is that related to the highway or is that also residential? I guess I was wondering what it is...

<A – Stephen Zelnak, Jr.>: Yeah, it's overall construction and really, I'm talking about those Gulf coastal markets which Texas, Houston, Corpus Christi are part of. We think the Houston market will be pretty good, but clearly homebuilding has begun to pull back in Houston, very noticeable in the last 90 days or so. A big question mark as to what's going to happen on the commercial side in Houston. And with the Texas DOT pulling back, I think Houston will be impacted by that. But Houston's been very robust. We would expect less business in Houston in '08, probably the strongest economy in Texas for us in '08 will be Dallas-Fort Worth, based on what we know today.

<Q – Elizabeth Barney>: Okay, terrific. I appreciate it. Thanks so much.

<A – Stephen Zelnak, Jr.>: Okay.

Operator: And we'll take our last question from Todd Vencil with Davenport & Co.

<Q – Todd Vencil>: Hey, thanks for letting me on here at the end again.

<A – Stephen Zelnak, Jr.>: Sure.

<Q – Todd Vencil>: Remind me, how much we have left on the buyback?

<A – Anne Lloyd>: About 5.6 million shares under authorization.

<Q – Todd Vencil>: Okay thank you. And, what are you thinking about kind of the maximum level of leverage that you would want to get to on that if you were actively buying back which I understand you haven't been?

<A – Anne Lloyd>: Our targets haven't changed there, between 2 and 2.5 times debt-to-EBITDA.

<Q – Todd Vencil>: Okay. And then, Steve, this is a question I don't know if you want to go there and you said that '08 is the toughest year for you to forecast since you've been there, and I can certainly understand that, but we've been focused on directionality and the commercial market on this call. I was just wondering, overall, as you mentioned, you've had six straight quarters of volumes declining year-over-year. You're projecting that Q4 will be number seven. I'm just wondering what you're thinking about big picture for volumes next year. What you think the likelihood is that next year's a down year and maybe you make it 11 straight quarters of down volume?

<A – Stephen Zelnak, Jr.>: We just simply don't know. We are right in the midst of our budgeting process right now. A pretty detailed effort. We do a bottoms up and we do a tops down. Having done this for a long time, it's never precise. There are just too many moving parts to have confidence at this point. I think we're going to be looking at this every 60, 90 days, I think, as we go forward in 2008 to try to make a judgment on it. We will give you our opinion when we announce the end-of-year results. And obviously, we're going to study it hard and we've got another 90 days or so to get new data, look at the information.

But I think it's much too early to call. Maybe another way to go at it is that based on what we know today, do we see the aggregates volumes falling off a cliff into the abyss? The answer to that is, no. Do we see aggregates volumes moving up sharply? The answer to that is, no. So it's somewhere in that confined range that says it could be a little up, it could be a little down, but no huge swings either way. That's probably the best that we can give you at this point.

<Q – Todd Vencil>: Fair enough. And then last thing from me, is it possible in sort of the lower end of that range that you just sort of laid out and you told me before that maybe you don't get 200 basis points of margin every year, but over the long term that that's where it's going to average out and that makes sense. Is it possible that you go a year without getting any margin at all and another year of weak volumes?

<A – Stephen Zelnak, Jr.>: It's always possible, but certainly, we would be based on what we know today, we would be very disappointed, if that were the case. Put it this way, we won't meet our internal targets and you'll see the incentive accrual go down.

<A – Anne Lloyd>: Will make no difference.

<A – Stephen Zelnak, Jr.>: So we'll make it up on another line for you.

<Q – Todd Vencil>: Fair, enough. Thanks a lot.

<A – Stephen Zelnak, Jr.>: Okay.

Operator: And at this time, I would like to turn the call back over to our speakers for any additional or closing remarks.

Stephen P. Zelnak, Jr., Chairman and Chief Executive Officer

Okay, thanks. We had a big call today. Well over 100 people, which I think is a record for us. Obviously, a lot of interest in trying to understand the environment and we tried to shed as much light on it as we can. We'll look forward to talking to you at the end of the year and then hopefully both of us will know more. Thanks a lot.

Operator: And once again, that does conclude today's call. We do appreciate your participation. You may disconnect at this time.

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