

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1996

Commission File Number 1-12744

MARTIN MARIETTA MATERIALS, INC.

-----  
(Exact name of registrant as specified in its charter)

North Carolina

56-1848578

-----  
(State or other jurisdiction of  
incorporation or organization)

-----  
(I.R.S. Employer Identification Number)

2710 Wycliff Road, Raleigh, NC

27607-3033

-----  
(Address of principal executive offices)

-----  
(Zip Code)

Registrant's telephone number, including area code

919-781-4550  
-----

Former name:

None

-----  
Former name, former address and former fiscal year,  
if changes since last report.

Indicate by check mark whether the registrant (1) has filed all reports  
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of  
1934 during the preceding 12 months (or for such shorter period that the  
registrant was required to file such reports), and (2) has been subject to such  
filing requirements for the past 90 days.

Yes    X            No  
-----        -----

Indicate the number of shares outstanding of each of the issuer's classes of  
Common Stock, as of the latest practicable date.

Class                      Outstanding as of July 31, 1996  
-----

Common Stock, \$.01 par value                      46,079,300

## MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended June 30, 1996

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MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 1996	December 31, 1995
	-----	-----
	(Dollars in Thousands)	
<b>ASSETS</b>		
Current assets:		
Accounts receivable, net	\$ 132,382	\$ 94,759
Affiliates receivable	7,472	89,712
Inventories, net	114,785	113,402
Deferred income tax benefit	12,586	12,622
Other current assets	3,835	3,860
	-----	-----
Total Current Assets	271,060	314,355
	-----	-----
Property, plant and equipment	942,223	919,862
Allowances for depreciation, depletion and amortization	(548,515)	(527,639)
	-----	-----
Net property, plant and equipment	393,708	392,223
Other noncurrent assets	21,388	18,248
Noncurrent affiliates receivable	--	3,333
Cost in excess of net assets acquired	37,656	37,245
Other intangibles	22,556	23,967
	-----	-----
Total Assets	\$ 746,368	\$ 789,371
	=====	=====
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Book overdraft	\$ 4,552	\$ 2,927
Accounts payable	28,717	26,211
Affiliates payable	29,307	6,822
Accrued salaries, benefits and payroll taxes	15,831	15,426
Accrued insurance and other taxes	9,211	5,551
Income taxes	10,952	2,192
Current maturities of long-term debt	792	103,740
Other current liabilities	6,459	10,467
	-----	-----
Total Current Liabilities	105,821	173,336
Long-term debt	124,871	124,986
Pension, postretirement, and postemployment benefits	50,490	47,483
Other noncurrent liabilities	8,720	9,415
Noncurrent deferred income taxes	11,914	10,606
	-----	-----
Total Liabilities	301,816	365,826
	-----	-----
Shareholders' equity:		
Common stock, par value \$.01 per share	461	461
Additional paid-in capital	331,303	331,303
Retained earnings	112,788	91,781
	-----	-----
Total Shareholders' Equity	444,552	423,545
	-----	-----
Total Liabilities and Shareholders' Equity	\$ 746,368	\$ 789,371
	=====	=====

See accompanying notes to condensed consolidated financial statements.

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

	Three Months Ended June 30,		Six Months Ended June 30,	
	1996	1995	1996	1995
	(Dollars in Thousands, Except Per Share Data)			
Net sales	\$ 200,438	\$ 175,914	\$ 336,985	\$ 305,856
Cost of sales	145,108	129,664	257,850	230,533
Gross Profit	55,330	46,250	79,135	75,323
Selling, general & administrative expense	14,997	14,710	29,733	28,814
Research and development	477	448	952	893
Earnings from Operations	39,856	31,092	48,450	45,616
Interest expense	(2,522)	(2,382)	(5,696)	(4,494)
Other income and expenses, net	3,192	2,312	4,362	2,575
Earnings before Taxes on Income	40,526	31,022	47,116	43,697
Taxes on income	13,719	11,065	15,972	15,511
Net Earnings	\$ 26,807	\$ 19,957	\$ 31,144	\$ 28,186
Net earnings per share	\$ 0.58	\$ 0.43	\$ 0.68	\$ 0.61
Average number of shares outstanding	46,079,300	46,079,300	46,079,300	46,079,300

See accompanying notes to condensed consolidated financial statements.

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30,	
	----- 1996 -----	1995 -----
	(Dollars in Thousands)	
Operating activities:		
Net earnings	\$ 31,144	\$ 28,186
Adjustments to reconcile earnings to cash provided by operating activities:		
Depreciation, depletion and amortization	30,000	27,037
Other items, net	(1,380)	(1,389)
Changes in operating assets and liabilities:		
Accounts receivable	(37,623)	(20,137)
Affiliates receivable	(1,809)	2,127
Inventories	(1,458)	(24,716)
Accounts payable	512	5,831
Other assets and liabilities, net	7,413	20,638
	-----	-----
Net cash provided by operating activities	26,799	37,577
	-----	-----
Investing activities:		
Additions to property, plant and equipment	(33,432)	(34,053)
Acquisitions, net	--	(142,861)
Transactions with Lockheed Martin Corporation	87,383	31,813
Note receivable from Lockheed Martin Corporation	--	53,000
Other investing activities, net	6,346	2,563
	-----	-----
Net cash provided by (used for) investing activities	60,297	(89,538)
	-----	-----
Financing activities:		
Repayments and extinguishments of long-term debt, net	(103,064)	(1,564)
Dividends	(10,137)	(10,137)
Loan payable to Lockheed Martin Corporation	24,480	62,681
	-----	-----
Net cash (used for) provided by financing activities	(88,721)	50,980
	-----	-----
Net decrease in cash	(1,625)	(981)
Book overdraft, beginning of period	(2,927)	(2,218)
	-----	-----
Book overdraft, end of period	\$ (4,552)	\$(3,199)
	=====	=====

See accompanying notes to condensed consolidated financial statements.

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 For the Quarter Ended June 30, 1996

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. The accompanying unaudited condensed consolidated financial statements of Martin Marietta Materials, Inc. (the "Corporation") have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to the Quarterly Report on Form 10-Q and to Article 10 of Regulation S-X. The Corporation has continued to follow the accounting policies set forth in the audited consolidated financial statements and related notes thereto included in the Corporation's Annual Report on Form 10-K for the year ended December 31, 1995, filed with the Securities and Exchange Commission on March 27, 1996. In the opinion of management, the interim financial information provided herein reflects all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of the results of operations for the interim periods. The results of operations for the six months ended June 30, 1996, are not necessarily indicative of the results to be expected for the full year.

The Corporation is a subsidiary of Lockheed Martin Corporation ("Lockheed Martin") which was formed as a result of a business combination in March 1995 between the Martin Marietta Corporation ("Martin Marietta") and the Lockheed Corporation. Lockheed Martin, directly and indirectly through a subsidiary, currently owns approximately 81% of the Corporation's outstanding Common Stock. However, Lockheed Martin has stated its intention to dispose of its ownership of the Corporation's Common Stock in the latter half of 1996 by means of a split-off. The split-off proposed by Lockheed Martin would be accomplished through an exchange offering whereby Lockheed Martin stockholders will be given an opportunity to exchange some or all of their shares of Lockheed Martin common stock for a certain number of shares of the Corporation's Common Stock (the "Exchange Offer") held by Lockheed Martin. For a more detailed discussion of this transaction, see the "Overview" section of the "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 9. For purposes of these financial statements and the related notes thereto, all references to Lockheed Martin are meant to include Martin Marietta Corporation and its consolidated subsidiaries, except where otherwise specified.

2. Inventories:

	June 30, 1996	December 31, 1995
	-----	-----
(Dollars in Thousands)		
Finished products	\$ 88,390	\$ 86,086
Product in process and raw materials	13,591	15,427
Supplies and expendable parts	19,980	19,259
	-----	-----
Less allowances	121,961	120,772
	(7,176)	(7,370)
	-----	-----
Total	\$114,785	\$113,402
	=====	=====

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 (Continued)

3. Long-Term Debt:

	June 30, 1996 -----	December 31, 1995 -----
	(Dollars in Thousands)	
7% Debentures, due 2025	\$124,181	\$124,177
8-1/2% Notes, due 1996	--	100,000
Acquisition notes, interest rates ranging from 6% to 10%	695	3,675
Other notes	787	874
	-----	-----
Less current maturities	125,663 (792) -----	228,726 (103,740) -----
Total	\$124,871 =====	\$124,986 =====

The 8-1/2% Notes were redeemed by the holders upon their maturity on March 1, 1996. During the period these Notes were outstanding, Lockheed Martin reimbursed the Corporation for the portion of the interest in excess of 5% per annum.

In addition to the above stated long-term debt, as of June 30, 1996, the Corporation had borrowed, from a subsidiary of Lockheed Martin, \$23 million under the terms of a credit agreement and \$1.5 million under the terms of a cash management agreement. For financial reporting purposes, these amounts are classified with affiliates payable in the accompanying financial statements. The proceeds of these borrowings were used primarily to help finance the repayment of the 8-1/2 % Notes and to assist funding the Corporation's working capital requirements during the first half of 1996. As of August 1, 1996, \$12 million was outstanding under the terms of these agreements.

The Corporation's interest payments were approximately \$7.3 million in 1996 and \$3.7 million in 1995 for the six months ended June 30.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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4. Income Taxes

The Corporation's effective income tax rate for the first six months was 33.9% in 1996 and 35.5% in 1995. The effective rate for the first half of 1996 was lower than the current federal corporate income tax rate of 35%, due to the effect of several partially offsetting factors. The Corporation's year-to-date 1996 effective tax rate reflects the effect of state income taxes which has been more than offset by the favorable impact of differences in book and tax accounting arising from the permanent benefits associated with the depletion allowances for mineral reserves, foreign subsidiaries' operating earnings, and equity earnings in nonconsolidated investments.

Currently, the results of operations of the Corporation are included in a consolidated federal income tax return with Lockheed Martin. However, assuming consummation of the split-off from Lockheed Martin, as discussed in Note 1 and in the "Overview" section of the "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 9, the Corporation will file consolidated federal income tax returns independently from Lockheed Martin following the consummation date of the split-off. For years ended prior to January 1, 1995, the Corporation's results of operations were included in a consolidated federal income tax return with Martin Marietta Corporation. Income taxes allocable to the operations of the Corporation are calculated as if it had filed separate income tax returns for the periods presented herein.

The Corporation's income tax payments were approximately \$4.6 million in 1996 and \$7.7 million in 1995, for the six months ended June 30.

5. Contingencies

In the opinion of management and counsel, it is unlikely that the outcome of litigation and other proceedings, including those pertaining to environmental matters, relating to the Corporation and its subsidiaries, will have a material adverse effect on the results of the Corporation's operations or its financial position.

6. Other Matters

In February 1994, the Corporation was authorized by its shareholders and the Board of Directors to repurchase up to 2,000,000 shares of the Corporation's Common Stock for issuance under the Corporation's Omnibus Securities Award Plan. On May 3, 1994, the Board of Directors authorized the repurchase of an additional 500,000 shares for general corporate purposes. As of August 1, 1996, there have been 68,200 shares of Common Stock repurchased by the Corporation under these authorizations.



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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS

Second Quarter and Six Months Ended June 30, 1996 and 1995

The following discussion and analysis presents management's assessment of Materials' business environment, factors affecting the results of operations, liquidity and capital resources as of and for the second quarter ended June 30, 1996. This information should be read in conjunction with the Corporation's condensed consolidated financial statements and related notes thereto on pages 3 through 8.

OVERVIEW

Materials achieved record quarterly sales and earnings, including earnings from operations, for the quarter ended June 30, 1996, principally through continued pricing and profitability improvements, coupled with the positive impact of its previous acquisition activities. Financial results for the first half of 1996 yielded earnings from operations of \$48.5 million. These operating earnings were up \$2.8 million from the year-earlier period on net sales of \$337.0 million. Comparatively, earnings from operations for the first six months of 1995 were \$45.6 million on net sales of \$305.9 million. The Corporation's net earnings for the six-month period ended June 30, 1996, of \$31.1 million, or \$0.68 a share, represent an increase of 10% over net earnings for the first six months of 1995 of \$28.2 million, or \$0.61 a share.

On July 26, 1996, the Corporation filed a registration statement with the Securities and Exchange Commission in connection with Lockheed Martin's intention to distribute all of its shares of the Corporation's Common Stock to its own stockholders by offering to exchange shares of the Corporation's Common Stock for each share of Lockheed Martin common stock tendered, subject to certain conditions (the "Exchange Offer"). If Lockheed Martin completes the Exchange Offer and if a sufficient number of shares of Lockheed Martin common stock are not exchanged for the Corporation's Common Stock such that Lockheed Martin continues to own shares of the Corporation's Common Stock, Lockheed Martin has announced that it will "spin-off" as soon as practicable the remaining shares of the Corporation's Common Stock it owns as a pro rata distribution to the holders of Lockheed Martin common stock remaining after consummation of the Exchange Offer ( the "Spin-Off" and, together with the Exchange Offer, the "Transaction").

As a result of the Transaction, all of Lockheed Martin's approximately 81% interest in the Corporation's Common Stock will be exchanged with Lockheed Martin stockholders who participate in the Exchange Offer or, if applicable, distributed to the Lockheed Martin stockholders in the Spin-Off. Neither consummation of the Exchange Offer nor effectuation of the Spin-Off will impact the Corporation's financial position or its results of operations as of the consummation date of the

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Transaction and for the period then ended. For additional discussion in connection with the Transaction, see "Other Matters" on page 19.

Materials continues to maintain a level of capital resources which management believes is adequate to operate, compete and grow in an increasingly challenging and competitive environment. At June 30, 1996, total shareholders' equity reached \$444.6 million, and the Corporation's ratio of debt to total capitalization was 25%, compared with a debt-to-capitalization ratio of 35% at year-end 1995. Total debt at year-end reflected a temporary increase in long-term debt associated with the December 1995 sale of the Corporation's \$125 million 7% Debentures. The proceeds from the sale of these Debentures were used ultimately to repay the \$100 million aggregate principal amount of the Corporation's 8 1/2% Notes upon their maturity on March 1, 1996.

The management of Materials continues to remain committed to achieving its current and long-term strategic and financial goals, which include a plan for disciplined growth through acquisitions in the Corporation's core businesses and an ongoing program for development of new aggregates quarry locations, known as greensiting.

#### BUSINESS ENVIRONMENT

Materials conducts its operations through two divisions: Aggregates and Magnesia Specialties. The Aggregates division is the second largest producer of construction aggregates in the United States, based on tons shipped, and its products are used primarily for construction of highways and other infrastructure projects and in commercial and residential construction. The Magnesia Specialties division sells a majority of its products to customers in the steel industry, and also serves customers in other industrial, agricultural and environmental markets.

The Corporation's aggregates business is characterized by a high level of dependence upon private and public sector construction spending and a sensitivity to national, as well as regional and local, economic cycles. Historically, these characteristics have made the construction aggregates industry highly cyclical. In addition, the aggregates business is seasonal, due primarily to the effect of weather conditions on construction activity in the markets served.

The public sector portion of construction spending levels, which accounts for approximately one-half of the division's annual shipments, has been historically more stable than the levels of construction spending for the commercial and residential portions. Consequently, management believes that the division's broad mix of public sector construction activity and its emphasis on infrastructure-related projects lessen somewhat the Corporation's exposure to fluctuations in commercial and residential spending levels. Over time, these spending levels have been sensitive primarily to the effects of changes in regional and local economics, as well as to fluctuations in interest rates.

The current federal highway program expires September 30, 1997. However, management expects a new federal program will be enacted without interruption, with construction spending to continue at levels comparable with current spending levels. In addition, it is expected that

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construction spending associated with the state- and local-level highway programs in markets in which the Corporation does business will continue at levels comparable to current spending levels. If construction spending reductions occur in state- and local-level highway programs, or if, as part of the federal budget deliberations, construction spending reductions occur in the current or a successor federal highway program, the division's operations could be adversely affected, if such reductions occur within the division's respective markets. However, it should be noted that the Highway Trust Fund and a significant portion of the state and local highway programs within the Corporation's markets are funded from sources such as dedicated portions of gasoline tax revenues, which management believes should not be adversely affected by federal and state-level budget reductions. In fact, current federal legislation is pending that would transfer 4.3 cents per gallon of a non-dedicated portion of the federal gasoline tax -- funds that are now channeled to the general treasury for use in reducing the federal budget deficit -- to the Highway Trust Fund. While this proposed legislation is receiving bipartisan support currently, there is no assurance that passage of the legislation will be successful.

Against the backdrop of what is described by some economists as a soft takeoff in economic and construction activity in the current year following a soft landing back in 1995, a modest increase in the total value of construction awards is expected for the full year 1996. While the increase in 1996 construction awards is expected to be concentrated in commercial income and residential construction properties, the level of public works construction awards is expected to be flat through 1996.

Because of the concentration of the Aggregates division's operations in the southeastern, midwestern and central regions of the country, the division's and, consequently, the Corporation's operating performance is dependent on the strength of these specific regional economies. Therefore, the division's performance could be adversely affected by the future economic conditions of these regions.

In connection with the Aggregates division's geographic expansion strategy, the Corporation has made strategic acquisitions that not only widened its geographic exposure but also added significant distribution flexibility. In this regard, the division now has significant water transportation distribution capabilities in addition to truck and rail. The acquisition of the Dravo construction aggregates business in 1995 complemented the division's operations by adding operating facilities, including barges and distribution yards, along the Ohio and Mississippi River systems, as well as on the Gulf of Mexico and the Southeastern Atlantic coast. New quarry and mineral reserve locations resulting from the acquisition of the former Dravo operations in the Bahamas and from a separate acquisition in Nova Scotia have added important markets outside the United States in Canada, the Caribbean islands and South America. These quarries add significant long-term mineral reserve capacity that position the Corporation to be able to compete for construction aggregate and chemical stone business along the east coast and near major Eastern metropolitan markets which are accessible by water transportation.

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Finally, it should be noted that with respect to the seasonal nature of the aggregates business, levels of construction activity in the division's markets are affected significantly by regional weather conditions. Accordingly, production and shipment levels coincide with general construction activity levels, most of which occur in the division's markets typically during the spring, summer and fall seasons.

The Aggregates division achieved record quarterly production and shipment levels during the period ended June 30, 1996, reflecting the benefits of the Corporation's growth strategy. Net volume increased by 12%, with growth experienced in each of the division's operating regions despite continued adverse weather conditions in the northern sections of the country during most of the quarter. Consistent with prior periods and the previous year, construction for infrastructure programs accounted for approximately one-half of the division's sales thus far in 1996. Currently, management believes that the Corporation will see improvement in the division's annual production and shipment levels for the full year 1996, compared with the prior year, without taking into account any acquisitions the Corporation may consummate during the balance of the year. In the longer term, the Aggregates division's business and financial results will continue to follow the national, as well as regional and local, general economic trends. At this time, some industry analysts are predicting an economic downturn beginning in the 1998 or 1999 time period. If this downturn occurs, the pattern for total construction activity over the economic cycle beginning in 1998 would represent a sharp change from those cycles of previous periods in the early 1990s.

The Aggregates division's raw material reserves are sufficient to permit production at present operating levels for the foreseeable future. Based upon 1995 annual shipment levels, the Corporation's raw material reserves exceed 50 years of production activity.

The Magnesita Specialties division's products, which include refractory and dolomitic lime, are used principally within the steel industry. Sales to the steel industry continue to account for approximately 74% of the Magnesita Specialties division's current period sales. Accordingly, the division's profitability is highly dependent on the manufacture of steel and its related marketplace. Prices of its refractory products are directly affected by current economic trends within the steel industry, which continues to experience price weaknesses. To mitigate this exposure, the management of Magnesita Specialties has taken steps to emphasize new product development and concentrate on additional products for use in environmental, agricultural and other industrial applications. As a result, the division's financial results have benefited from increased sales of its higher-margin chemical and lime products, coupled with successful cost reduction programs at its manufacturing facilities.

The June 1995 strike at an operating facility in Manistee, Michigan, which adversely affected the division's earnings for 1995, was settled successfully and a new four-year agreement reached in early August 1995. During the current period, another labor union contract at a separate operating location in Woodville, Ohio, was renegotiated successfully without work interruption.

The Corporation is involved in various environmental and reclamation matters. Among the variables that management must assess in evaluating costs associated with these issues are evolving

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environmental regulatory standards. The nature of these matters makes it difficult to estimate the timing and amount of any costs that may be necessary for future remedial measures. The Corporation incurs certain environmental-related costs in connection with its operations, including land reclamation costs, pollution control facility operating and maintenance costs, and environmental program compliance and monitoring costs. For financial reporting purposes, the Corporation treats these costs as normal ongoing operating expenses of its businesses and records them as costs of sales in the period in which they are incurred.

The Corporation records appropriate financial statement accruals for environmental matters in the period in which liability is established and the appropriate amount can be estimated reasonably. The Corporation currently has no material provisions for estimated costs in connection with environmental-related expenditures, because it is impossible to quantify with certainty the potential impact of all actions regarding environmental matters, particularly the extent and cost of future remediation and other compliance efforts. However, in the opinion of management, it is unlikely that any additional liability the Corporation may incur for known environmental issues or that compliance with present environmental protection laws would have a material adverse effect on the Corporation's consolidated financial position or on its results of operations.

BUSINESS COMBINATION WITH DRAVO

In January 1995, Materials purchased substantially all of the assets of the construction aggregates business of Dravo for an acquisition price of approximately \$121 million in cash plus certain assumed liabilities. In addition, the Company recorded a provision of approximately \$7 million for estimated costs to consummate the transaction and integrate the operations. The acquisition was accounted for under the purchase method of accounting, wherein approximately \$7 million in goodwill was recognized by the Corporation after recording approximately \$8 million in other intangibles (representing the estimated fair market value of certain assets) and other purchase adjustments necessary to allocate the purchase price to the value of assets acquired and liabilities assumed. As of June 30, 1996, approximately \$6.7 million (of the \$7 million of costs originally estimated to consummate the transaction and integrate the operations) has been expended and charged against the liability. Management expects the balance of the estimated costs will be incurred during the remainder of 1996. Goodwill and other intangibles are being amortized over 20-year periods.

RESULTS OF OPERATIONS

Net sales for the quarter were \$200.4 million, a 14% increase over 1995 second quarter sales of \$175.9 million. Net sales for the first six months of 1996 were \$337.0 million, an increase of 10% over net sales for the year-earlier period of \$305.9 million. Earnings from operations were up \$8.8 million, or 28%, to \$39.9 million for the second quarter of 1996 over the same period in 1995, with earnings from operations up \$2.8 million, to \$48.5 million for the first six months of 1996, compared with the first six months of 1995. Consolidated net earnings for the quarter increased 34% to \$26.8 million, or \$0.58 per share, from 1995 second quarter net earnings of \$20.0 million, or \$0.43 per share. For the six-month period ended June 30, 1996, consolidated net earnings were \$31.1 million,

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or \$0.68 per share. This represents an increase of 10% over net earnings for the first six months of 1995 of \$28.2 million, or \$0.61 per share.

Sales for the Aggregates division increased 15% to \$167.7 million for the second quarter, compared with the year-earlier period. The division's sales increased 11% to \$271.3 million for the first six months of 1996, compared with the first six months of 1995. This increase in sales reflects record year-to-date aggregates shipments of 46 million tons and an increase in the division's average net selling price, when compared to the same period in 1995. The division's second quarter operating profits were \$37.6 million, an increase of 23% over operating profits for the year-earlier period of \$30.6 million. The division's operating profits for the first six months of 1996 increased slightly to \$43.2 million from \$42.4 million for the first six months of 1995, reflecting the lingering effect of adverse weather conditions within most of the markets served by the division during most of the first quarter of 1996. The Corporation's aggregates business is highly seasonal, due primarily to the effect of weather conditions on the level of construction activity, the most of which occurs typically in the spring, summer, and early fall. The severe winter weather conditions experienced during the first quarter of 1996 contributed to overall higher production costs during the first six months of the year. Management continues to believe that the Corporation's annual production and shipments, excluding any acquisition activities, will see some improvement for the full year ending December 31, 1996, compared with the prior year.

The Magnesita Specialties division had second quarter 1996 sales of \$32.8 million, an increase of 10% over the second quarter of 1995, and had six month 1996 sales of \$65.7 million, an increase of 6% in the first six months of 1996 over 1995. Even though shipments of refractory products for the first six months of 1996 were relatively flat when compared with the year-earlier period, overall prices were up somewhat. Because of a more favorable customer and product sales mix during the first half of the year, the division realized a softening of pricing pressures during the period. However, the division's management continues to expect price weaknesses in this sector for the foreseeable future due to the fixed market limitations inherent within the steel industry. Chemical product sales for the first half of 1996 were above those for the comparable period in 1995, principally due to strong industrial products and magnesium hydroxide sales. Additionally, sales of the division's lime products, used in the steel industry's basic oxygen furnaces, continued to strengthen through the first half of the year.

Compared to the year-earlier period, the division's earnings from operations for the first six months of 1996 increased to \$5.3 million from \$3.2 million in 1995. While the division's lower operating earnings for the first half of 1995 principally reflected the effect of costs incurred during a 1995 labor strike, the improvement in the operating margin for the first half of 1996 is attributable to the benefits realized by the division's efforts to build a more competitive operating cost structure, despite the somewhat negative impact of an explosion and resulting fire in an electrical substation at the division's Woodville, Ohio, lime plant.

The labor union contract covering the employees at the Magnesita Specialties lime operation at Woodville, Ohio, expired in June 1996. A new labor union agreement was renegotiated successfully without work interruption.

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The following tables present net sales, gross profit, selling, general and administrative expense, and earnings from operations data for the Corporation and each of its divisions for the three and six months ended June 30, 1996 and 1995. In each case the data is stated as a percentage of net sales of the Corporation or the relevant division, as the case may be:

	Three Months Ended June 30,			
	(Dollars in Thousands)			
	1996		1995	
	Amount	% of Net Sales	Amount	% of Net Sales
Net sales:				
Aggregates	\$167,660	100.0	\$146,013	100.0
Magnesia Specialties	32,778	100.0	29,901	100.0
Total	\$200,438	100.0	\$175,914	100.0
Gross profit:				
Aggregates	\$48,359	28.8	\$40,581	27.8
Magnesia Specialties	6,971	21.3	5,669	19.0
Total	\$55,330	27.6	\$46,250	26.3
Selling, general & administrative expense:				
Aggregates	\$10,784	6.4	\$ 9,945	6.8
Magnesia Specialties	4,213	12.9	4,765	15.9
Total	\$14,997	7.5	\$14,710	8.4
Earnings from operations:				
Aggregates	\$37,576	22.4	\$30,637	21.0
Magnesia Specialties	2,280	7.0	455	1.5
Total	\$39,856	19.9	\$31,092	17.7

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	Six Months Ended June 30,			
	----- (Dollars in Thousands) -----			
	1996		1995	
	Amount	% of Net Sales	Amount	% of Net Sales
	-----	-----	-----	-----
Net sales:				
Aggregates	\$271,302	100.0	\$243,862	100.0
Magnesia Specialties	65,683	100.0	61,994	100.0
	-----	-----	-----	-----
Total	\$336,985	100.0	\$305,856	100.0
Gross profit:				
Aggregates	64,399	23.7	\$ 61,632	25.3
Magnesia Specialties	14,736	22.4	13,691	22.1
	-----	-----	-----	-----
Total	\$ 79,135	23.5	\$ 75,323	24.6
Selling, general & administrative expense:				
Aggregates	21,240	7.8	\$ 19,259	7.9
Magnesia Specialties	8,493	12.9	9,555	15.4
	-----	-----	-----	-----
Total	\$ 29,733	8.8	\$ 28,814	9.4
Earnings from operations:				
Aggregates	\$ 43,160	15.9	\$ 42,374	17.4
Magnesia Specialties	5,290	8.1	3,242	5.2
	-----	-----	-----	-----
Total	\$ 48,450	14.4	\$ 45,616	14.9

Other income and expenses, net, for the six months ended June 30, were \$4.4 million in income in 1996 and \$2.6 million in income in 1995. In addition to several offsetting amounts, the 1996 amount included nonrecurring pretax gains of approximately \$1.8 million associated with the selling of certain assets and a foreign investment along with approximately \$1.1 million of interest income from affiliates loans. The 1995 amount also included a nonrecurring pretax gain of approximately \$1.4 million related to certain asset dispositions in connection with one of the Corporation's equity investments and \$0.6 million of interest income from loans to affiliates.

Interest expense was approximately \$1.2 million, or 27%, higher in the first six months of 1996 over 1995. The increase in 1996 resulted from the net effect of the additional long-term borrowings by the Corporation in December 1995, when the Corporation publicly offered and sold its



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\$125 million 7% Debentures, offset by the reduction of long-term debt during the period caused by the repayment of the 8 1/2% Notes on March 1, 1996, and the reduced amounts outstanding during the period that were due to Lockheed Martin under the credit agreement.

The Corporation's estimated effective income tax rate for the first six months was 33.9% in 1996 and 35.5% in 1995. See Note 4 of the Notes to Condensed Consolidated Financial Statements.

LIQUIDITY AND CAPITAL RESOURCES

The Corporation's net working capital at June 30, 1996, was \$165.2 million, which reflects an increase of \$24.2 million over the year-end net working capital. Shareholders' equity reached \$444.6 million as of the end of the second quarter of 1996, an increase of \$21.0 million over total shareholders' equity at year-end 1995. The ratio of long-term debt to total capitalization was 25% at June 30, 1996, compared with 35% at year-end, which reflected the impact of the December 1995 sale of \$125 million of long-term debentures. The primary use of the proceeds from the sale of these debentures was ultimately for the repayment of a portion of certain related party debt and the \$100-million aggregate principal amount of the Corporation's 8 1/2% Notes. These notes matured on March 1, 1996, at which time they were paid in full upon redemption by their holders. Accordingly, the Corporation's debt-to-capitalization ratio dropped to 25% following repayment of the 8 1/2% Notes in March, an action which had a significant and favorable impact on the Corporation's capital structure. In addition to the above-stated debentures, as of June 30, 1996, \$1.5 million was outstanding under the terms of a cash management agreement and \$23 million was outstanding under the terms of a credit agreement, each with its majority shareholder, Lockheed Martin. As of August 1, 1996, \$12 million was outstanding under the terms of these agreements.

Net cash flow provided by operating activities during the first six months of 1996 was \$26.8 million, compared with \$37.6 million in the comparable period of 1995. The cash flow from operating activities for both 1995 and 1996 was principally from earnings, before deducting depreciation, depletion and amortization, offset by increased demand for working capital. Working capital increases during the first half of 1996 were principally due to an increase in accounts receivable balances due to timing and growth in aggregates demand, as well as more moderate increases in amounts due from affiliates and in certain inventory balances. The increased demand on working capital during the first half of 1995 was primarily the result of increases in inventory and accounts receivable balances, both of which were offset somewhat by increased trade accounts payable and other liabilities balances. The seasonal nature of the construction aggregates business impacts quarterly net cash provided by operating activities when compared with the year. Accordingly, full year 1995 net cash provided by operating activities was \$128.6 million, compared with the \$37.6 million provided by operations in the first half of 1995.

Capital expenditures, excluding acquisitions, for the first half of 1996 were \$33.4 million, compared with \$34.1 million for the same period in 1995. Capital expenditures are expected to be approximately \$82 million for 1996, exclusive of acquisitions. Comparable capital expenditures, were \$71.6 million in 1995, \$47.0 million in 1994 and \$45.9 million in 1993. Capital expenditures

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for 1995 and 1996 include increased spending requirements for capital improvements and investments relating to the addition of the former Dravo businesses.

The Corporation relies, for its liquidity requirements, upon internally generated funds, access to capital markets, and funds obtained under its cash management agreement and credit agreement, each with its majority shareholder, Lockheed Martin. Prospectively, management may choose to borrow from third-party lenders or through the Corporation's access to capital markets. The above-referenced credit agreement with Lockheed Martin, which includes a revolving credit provision that expires December 31, 1996, but may be extended by mutual consent of both parties, provides for borrowings of up to \$55 million. Loans outstanding under the credit agreement bear interest at a published prime interest rate or at LIBOR plus a graduated rate.

During the latter half of 1996, management expects to establish a revolving credit facility with a syndicate of banks to replace the current credit agreements with Lockheed Martin. It should be noted, however, that the Corporation has not determined the specific timing when, or method by which, it may establish and access such a banking credit facility. Further, while any such borrowings may be used initially to provide necessary working capital funds, it is anticipated that the Corporation will repay the funds borrowed under its credit agreement with Lockheed Martin with such bank borrowings. Additionally, management may choose further access to the public debt markets through the issuance of commercial paper or other debt securities. Again, it should be noted that the Corporation has not determined the method or methods by which it may further access the public market.

With respect to the Corporation's ability to access the public market, it has an effective shelf registration on file with the Securities and Exchange Commission for the offering of up to \$175 million of debt securities, which may be issued from time to time. The Corporation's ability to issue such debt securities at any time is dependent, among other things, upon market conditions. Additionally, limitations under the amended and restated credit agreement and certain other agreements in effect currently with Lockheed Martin may restrict the Corporation's ability to borrow funds from the public market and third-party lenders.

Based on prior performance and current expectations, the Corporation's management believes that cash flows from internally generated funds and its access to capital markets are expected to continue to be sufficient to provide the capital resources necessary to fund the operating needs of its existing businesses, cover debt service requirements, and allow for payment of dividends in 1996. The Corporation may be required to obtain additional levels of financing in order to fund certain strategic acquisitions if any such opportunities arise. Currently, the Corporation's senior unsecured debt is rated "A" by Standard & Poor's and "A3" by Moody's. While Standard & Poor's continues to keep the Corporation's debt rating on CreditWatch -- an action that was taken in March 1996 as a result of its 81% ownership by Lockheed Martin -- Standard & Poor's announced in July that, upon consummation of the proposed Transaction by Lockheed Martin, the Corporation's "A" senior debt rating will be affirmed and removed from CreditWatch. In a related July press release following the announcement of the proposed split-off transaction, Moody's confirmed the Corporation's "A3" senior debt rating and expects the Corporation's financial position and debt protection measurements

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to remain consistent with such rating. While management believes its credit ratings will remain at an investment-grade level, no assurance can be given that these ratings will remain at the above-mentioned levels.

As of August 1, 1996, the Board of Directors has approved regular quarterly dividends on the Corporation's Common Stock totalling \$0.34 a share through the first three quarters of 1996. Dividends were authorized and paid at a rate of \$0.11 a share in each of the first two quarters of the year, and in July the Board of Directors declared an increase in the Corporation's regular quarterly dividend to \$0.12 a share for the third quarter of 1996. This third quarter dividend is payable September 30, 1996, to shareholders of record as of the close of business on August 30, 1996. The Corporation's amended and restated credit agreement with Lockheed Martin, in effect currently, contains certain covenants that may, in certain circumstances, restrict the Corporation's ability to pay dividends.

The Corporation may repurchase up to 2.5 million shares of its common stock under authorizations from the Corporation's Board of Directors for use in the Omnibus Securities Award Plan and for general corporate purposes. As of August 1, 1996, there have been 68,200 shares repurchased under these authorizations.

#### OTHER MATTERS

In connection with the Transaction, the Corporation's Board of Directors has adopted a shareholder rights plan that will become effective, and certain terms of which will be established, upon consummation of the Transaction, at the discretion of the Executive Committee of the Board of Directors. The shareholder rights plan provides, among other things, that if any person or group of persons becomes the beneficial owner of 15% or more of the Corporation's Common Stock, all holders of rights issued pursuant to the plan (other than such person or group of persons and their affiliates, associates and transferees) will have the right to acquire shares of the Corporation's Common Stock at 50% of the then current market value.

Also in connection with the Transaction, the Board of Directors has adopted, and has recommended that the shareholders of the Corporation approve at a special meeting to be called for such purpose, certain amendments to the Corporation's Articles of Incorporation. The proposed amendments are intended to reduce the vulnerability of the Corporation to an unsolicited takeover proposal, particularly one that is made at an inadequate price or does not contemplate the acquisition of all of the Corporation's Common Stock. The special meeting of the shareholders to approve such amendments will be held prior to the consummation of the Transaction, and Lockheed Martin, which beneficially owns 81% of the Corporation's Common Stock, has indicated that it intends to vote its shares in favor of such amendments. Accordingly, if Lockheed Martin votes its shares as it has indicated, such amendments will be adopted without the vote of any other shareholder of the Corporation.

The Corporation adopted Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" ("FAS 121"),

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as of January 1, 1996. The pronouncement requires that certain long-lived assets be reviewed for impairment when circumstances indicate that the carrying amount of such assets may not be recoverable. Additionally, FAS 121 requires that certain long-lived assets held for disposition be reported at the lower of the carrying amount or fair value less any selling costs. The impact of the adoption of this pronouncement did not have a material effect on the Corporation's consolidated financial position or on its results of operations.

The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("FAS 123"), in 1995, which will be effective for financial statements in the current year. FAS 123 introduces a fair-value based method of accounting for stock-based compensation and encourages, but does not require, compensation expense recognition for grants of stock, stock options and other equity instruments to employees based on the new fair-value accounting rules. Companies that choose not to adopt the new rules will continue to apply the existing accounting rules contained in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"). However, it should be noted that although expense recognition for employee stock-based compensation is not mandatory, FAS 123 requires companies that choose not to adopt the fair-value accounting rules to disclose pro forma net income and earnings per share under the new method. Currently, management intends to continue applying the accounting rules in APB 25 for purposes of recognizing compensation expense for stock option grants to employees of the Corporation and will adopt the disclosure provisions of FAS 123 as required in the fourth quarter of 1996.

The impact of inflation on Materials' businesses has become less significant with the benefit of lower inflation rates in recent years. When the Corporation incurs higher costs to replace productive facilities and equipment, increased depreciation generally is countered by increased capacity and productivity, increased selling prices, and various other offsetting factors.

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

Reference is made to Part II Item 1. Legal Proceedings of the Martin Marietta Materials, Inc. Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1996.

Item 4. Submission of Matters to a Vote of Security Holders.

Reference is made to Part II. Item 4. Submission of Matters to a Vote of Security Holders of the Martin Marietta Materials, Inc. Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1996.

Item 5. Other Information.

On July 26, 1996, the Corporation filed a registration statement (Form S-4) in connection with the proposed Spin-Off from Lockheed Martin Corporation. The registration statement sets forth Lockheed Martin's plan to dispose of its 81% ownership of the Corporation's Common Stock by way of a Spin-Off. The proposed transaction would be achieved through an exchange offering whereby Lockheed Martin stockholders would be given an opportunity to exchange some or all of their Lockheed Martin common stock for the Corporation's Common Stock currently held by Lockheed Martin. Specific terms of the Transaction will be provided to Lockheed Martin stockholders by means of an Offering Circular - Prospectus at the commencement of the Exchange Offer.

On July 26, 1996, the Corporation announced that the Board of Directors had declared an increase in the regular quarterly cash dividend on the Corporation's Common Stock from \$0.11 to \$0.12 a share, payable September 30, 1996, to shareholders of record at the close of business on August 30, 1996.

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Item 6. Exhibits and Reports on Form 8-K .

(a) Exhibits

Exhibit No. -----	Document -----
10.01	Cash Management Agreement by and between Martin Marietta Materials, Inc. and Martin Marietta Technologies, Inc. (now known as Lockheed Martin Corporation), dated February 17, 1994, as amended
10.02	Amended and Restated Credit Agreement by and between Martin Marietta Materials, Inc. and Martin Marietta Technologies, Inc. (now known as Lockheed Martin Corporation), dated as of January 2, 1995, as amended
11.01	Martin Marietta Materials, Inc. and Consolidated Subsidiaries Computation of Earnings Per Share for the Quarter and Six Months Ended June 30, 1996 and 1995
12.01	Martin Marietta Materials, Inc. and Consolidated Subsidiaries Computation of Ratio of Earnings to Fixed Charges for the Six Months ended June 30, 1996
27.01	Financial Data Schedule (for SEC use only)

(b) Reports on Form 8-K filed in the second quarter of 1996.

None

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MARTIN MARIETTA MATERIALS, INC.

(Registrant)

Date: August 13, 1996  
-----

By: /s/ JANICE K. HENRY  
-----  
Janice K. Henry  
Vice President, Chief Financial  
Officer and Treasurer

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## EXHIBIT INDEX

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12.01	Martin Marietta Materials, Inc. and Consolidated Subsidiaries Computation of Ratio of Earnings to Fixed Charges for the Six Months ended June 30, 1996	75
27.01	Financial Data Schedule (for SEC use only)	76



## CASH MANAGEMENT AGREEMENT

CASH MANAGEMENT AGREEMENT, dated as of February 17, 1994, between MARTIN MARIETTA MATERIALS, INC., a North Carolina corporation ("Materials"), and MARTIN MARIETTA TECHNOLOGIES, INC., a Maryland corporation ("MMTI").

1. Definitions. The following terms, as used herein, shall have the following respective meanings:

"Advance" means any amount advanced by MMTI to Materials pursuant to Section 5(a) hereof.

"Bankruptcy Event" means, with respect to either party hereto, such party or any material Subsidiary thereof (i) shall commence a voluntary case or other proceeding or an involuntary case or other proceeding shall be commenced against it seeking liquidation, reorganization or other relief with respect to it or its debt under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or, in the case of an involuntary case or other proceeding commenced against it, it shall consent to any such relief or to the appointment of or taking possession by any such official, or it shall make a general assignment for the benefit of creditors, or it shall fail generally to pay its debts as they become due, or it shall take any corporate action to authorize any of the foregoing, or an order for relief shall be entered against it under the federal bankruptcy laws as now or hereafter in effect; provided, however, that, any such involuntary case or proceeding shall not be a Bankruptcy Event unless it shall remain undismitted and unstayed for a period of 60 days.

"Concentration Account" means the account established and maintained by Materials in accordance with Section 3(a) hereof at Morgan Guaranty Trust Company of New York or at such other bank that MMTI in its sole discretion may from time to time designate, which account shall be, initially, Account No. 001-60-571 of Materials at Morgan Guaranty Trust Company of New York.

"Federal Funds Rate" means, for any day, the interest rate per annum equal for such day to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published in the Federal Reserve System statistical release H-15.

"Investment" means any amount held by MMTI for the benefit of Materials pursuant to Section 4(a) hereof.

"Revolving Credit Agreement" means the Revolving Credit Agreement of even date herewith between the parties hereto as the same may be amended from time to time.

"Subsidiary" means, as to any Person, any corporation, association, partnership, joint venture or other business entity of which more than 50% of the voting capital stock or other voting ownership interests is owned or controlled directly or indirectly by such Person or by one or more of the Subsidiaries of such Person or by a combination thereof, and, as to Materials, "Subsidiary" shall also mean American Stone Company.

2. Agreement of MMTI. In consideration for the compensation described in Section 8 below, MMTI agrees that it will, in accordance with Sections 4 and 5 below, cause cash to be transferred to or from the Concentration Account in amounts sufficient to cause the Concentration Account balance to be zero at the end of each banking day.

3. Agreements of Materials. In order for MMTI to fulfill its obligations described in Section 2, Materials agrees that it will:

- (a) establish and maintain the Concentration Account;
- (b) collect all cash receipts of any nature payable to Materials or its Subsidiaries through lockbox services or other collection services provided by banks approved by MMTI and cause all such cash receipts and all other amounts collected by Materials to be transferred each banking day to the Concentration Account by means of a banking settlement system approved by MMTI;
- (c) notify MMTI of the settlement date, amount (if known), payee bank, address, routing and transit number, payee account number and payee name for all payments made by electronic funds transfer, at least one day prior to such payment and confirm and authorize such payment by telecopy no later than 1:00 p.m. (Eastern Time) on the date of such transfer;
- (d) provide MMTI with a monthly projection of cash flow and any additional related reports reasonably requested by MMTI; and
- (e) promptly notify MMTI of the occurrence of any default or of any event that with notice or passage of time would constitute a default by Materials under any financial or credit agreement or arrangement.

Nothing in this Agreement is intended to limit the purposes for which Materials may make payments or restrict its ability to make investments.

4. Investments. (a) If on any banking day Materials' net cash balance in the Concentration Account is greater than zero, MMTI will cause the cash balance to be transferred from the Concentration Account to an account of MMTI. That amount will, first, be deemed a repayment of principal of Base Rate Loans outstanding under the Revolving Credit Agreement, and, second, to the extent not applied to repay Base Rate Loans, be deemed a repayment of outstanding Advances and, third, to the extent not applied to repay loans or Advances, be deemed an Investment held by MMTI for the benefit of Materials.

(b) MMTI will pay Materials interest on the aggregate principal amount of Investments at a rate per annum equal to the Federal Funds Rate.

5. Advances. (a) If on any banking day Materials' net cash balance in the Concentration Account is negative, MMTI will, subject to Section 5(c) hereof, advance by a deposit of funds into the Concentration Account the amount necessary to cause the balance in the Concentration Account to be zero. The amount so advanced will, first, be deemed a repayment of any Investments outstanding on the date thereof and, second, to the extent not applied to repay Investments, be deemed an Advance by MMTI to Materials.

(b) Materials will pay MMTI interest on Advances at a per annum rate equal to the Federal Funds Rate.

(c) The maximum principal amount of Advances to be made by MMTI hereunder shall be \$2.0 million outstanding at any time.

6. Interest. All interest to be paid with respect to Investments or Advances will be calculated on the basis of a 365/366 day year and the actual number of days elapsed. Interest will be calculated on each banking day and will be payable monthly in arrears. MMTI will notify Materials, not later than ten days after the end of each month, of the net interest amount payable by or to Materials hereunder with respect to Investments and Advances, which amount will be payable by the applicable party within five banking days of the date of such notice.

7. Additional Accounts. Materials may establish petty cash accounts and local depository accounts at local banks to ensure that funds are available to cover minor operating expenses. Such accounts, however, shall be subject to a limit on the maximum balances therein reasonably approved by MMTI and shall be replenished only to the extent vouchers and receipts are available.

8. Compensation. MMTI shall be compensated for providing services hereunder in accordance with the Intercompany Services Agreement, dated the date hereof (the "Services Agreement"), between the parties hereto. No additional compensation shall be due hereunder to MMTI.

9. Limitation of Liability. Except as may be provided in Sections 10 and 11 below, MMTI, its affiliates, directors, officers, employees, agents or permitted assigns (each a "MMTI Party") shall not be liable to Materials or any of Materials' affiliates, directors, officers, employees, agents or permitted assigns (each a "Materials Party") for, and each Materials Party shall not be liable to any MMTI Party for, any liabilities, claims, damages, losses or expenses, including, but not limited to, any special, indirect, incidental or consequential damages arising in connection with this Agreement.

10. MMTI Indemnification. MMTI shall indemnify, defend and save harmless the Materials Parties from and against all liabilities, claims, damages, losses and expenses, including, but not limited to, court costs and reasonable attorneys' fees, of any kind or nature, caused by or arising in connection with the gross negligence or willful misconduct of MMTI hereunder, unless such gross negligence or willful misconduct is caused by the acts or omissions of any Materials Party. Notwithstanding the foregoing, MMTI shall not be liable for any special, indirect, incidental or consequential damages relating to such third party claims.

11. Materials Indemnification. Materials shall indemnify, defend and save harmless the MMTI Parties from and against all liabilities, claims, damages, losses and expenses, including, but not limited to, court costs and reasonable attorneys' fees, of any kind or nature, caused by or arising in connection with Materials' failure to fulfill Materials' obligations hereunder; unless such failure is caused by the acts or omissions of any MMTI Party. Notwithstanding the foregoing, Materials shall not be liable for any special, indirect, incidental or consequential damages relating to such claims.

12. Term of Agreement. This Agreement is effective February 17, 1994, and shall continue in full force and effect until February 17, 1997, unless sooner terminated by either party. Either party may terminate this Agreement prior to February 17, 1997 (a) at any time after the first anniversary of the date this Agreement is effective by giving not less than 90 days' prior written notice to the other party of its election to terminate (which notice may be given up to 90 days prior to the first anniversary), or (b) at any time by giving written notice to the other party of its election to terminate if (i) such other party has failed to make any payments hereunder within five days of when due or (ii) a Bankruptcy Event has occurred with respect to such other party.

13. Information. Each of MMTI and Materials hereby covenants and agrees to provide the other with all information regarding itself and other assistance necessary for the other to comply with all applicable, federal, state, county and local laws, ordinances, regulations and codes, including, but not limited to, securities laws and regulations.

14. Assignment. Neither party may assign or transfer any of its rights or duties under this Agreement to any person or entity without the prior written consent of the other party; provided, however, that MMTI may make any such assignment or transfer to an affiliate of MMTI without the prior written consent of Materials.

15. Notices. Any notice, instruction, direction or demand under the terms of this Agreement required to be in writing will be duly given upon delivery, if delivered by hand or intercompany mail, or five days after posting if sent by certified mail, return receipt requested to the following addresses:

MMTI:

----

Martin Marietta Technologies, Inc.  
6801 Rockledge Drive  
Bethesda, Maryland 20817  
Attention: Treasurer  
Telephone: 301-897-6453  
Telecopy: 301-897-6929

Materials:

-----

Martin Marietta Materials, Inc.  
2710 Wycliff Road  
Raleigh, North Carolina 27607  
Attention: Treasurer  
Telephone: 919-781-4550  
Telecopy: 919-783-4552

or to such other address as either party may have furnished to the other in writing in accordance with this Section 15.

16. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Maryland.

17. Suspension. The obligations of any party to perform any acts hereunder may be suspended if such performance is prevented by fires, strikes, embargoes, riot, invasion, governmental interference, inability to secure goods or materials, or other circumstances outside the control of the parties.

18. Severability. If any provision of this Agreement shall be invalid or unenforceable, such invalidity or unenforceability shall not render the entire Agreement invalid. Rather, the Agreement shall be construed as if not containing the particular invalid or unenforceable provision, and the rights and obligations of each party shall be construed and enforced accordingly.

19. Rights Upon Orderly Termination. Upon termination or expiration of this Agreement or any portion of the services described herein, each party shall, upon request, forthwith return

to the other party all reports, paper, material and other information required to be provided to the other party by this Agreement. In addition, each party will assist the other in the orderly termination of this Agreement or any portion of the services described herein.

20. Amendment. This Agreement may only be amended by a written agreement executed by all of the parties hereto.

21. Entire Agreement. This Agreement, including any exhibits, together with the Revolving Credit Agreement and the Services Agreement, constitutes the entire agreement between the parties, and supersedes all prior agreements, representations, negotiations, statements or proposals related to the subject matter thereof.

22. Counterparts. This Agreement may be executed in separate counterparts, each of which shall be deemed to be an original and all of which, when taken together, shall constitute one agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their duly authorized representatives.

MARTIN MARIETTA  
TECHNOLOGIES, INC.

By: /s/ JANET L. MCGREGOR  
-----  
Janet L. McGregor  
Treasurer

MARTIN MARIETTA MATERIALS, INC.

By: /s/ STEPHEN P. ZELNAK, JR.  
-----  
Stephen P. Zelnak, Jr.  
President

## AMENDMENT NO. 1 TO CASH MANAGEMENT AGREEMENT

AMENDMENT NO. 1, dated as of July 22, 1996 (this "Amendment"), to the Cash Management Agreement, dated as of February 17, 1994 (the "Agreement"), between Martin Marietta Materials, Inc., a North Carolina corporation ("Materials"), and Lockheed Martin Corporation, as successor to Martin Marietta Technologies, Inc., a Maryland corporation ("Lockheed Martin").

WHEREAS, Lockheed Martin expects to commence an exchange offer pursuant to which it is offering holders of shares of Lockheed Martin common stock an opportunity to exchange their shares of Lockheed Martin common stock for shares of Materials common stock (the "Exchange Offer");

WHEREAS, in the event that, upon consummation of the Exchange Offer, Lockheed Martin continues to own shares of Materials common stock, Lockheed Martin intends to distribute those shares of Materials common stock to the remaining Lockheed Martin stockholders such that, upon consummation of the distribution, Lockheed Martin no longer will own any shares of Materials common stock;

WHEREAS, in light of the Exchange Offer, Materials has requested that certain amendments be made to the Agreement, and Lockheed Martin has agreed to make such amendments.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties hereto agree, intending to be legally bound, as follows:

1. The name of the Agreement shall be the "Cash Advance Agreement. "
2. Section 12 of the Agreement is amended to read in full as follows:  
"Term of Agreement. This Agreement is effective February 17, 1994, and shall continue in full force and effect until December 31, 1996, unless otherwise extended by mutual agreement of the parties hereto."

Except as expressly amended hereby, no other changes, additions or deletions are intended to be made, and the Agreement remains in full force and effect on the date hereof.

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment as of the date first written above.

LOCKHEED MARTIN CORPORATION

/s/ Walter Skowronski  
-----  
Walter Skowronski

MARTIN MARIETTA MATERIALS, INC.

/s/ Janice K. Henry  
-----  
Janice K. Henry  
Vice President, Chief Financial Officer  
and Treasurer



=====

AMENDED AND RESTATED  
CREDIT AGREEMENT

between

MARTIN MARIETTA MATERIALS, INC.  
as Borrower

and

MARTIN MARIETTA TECHNOLOGIES, INC.  
as Lender

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Dated as of January 2, 1995

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(ii)

AMENDED AND RESTATED  
CREDIT AGREEMENT

AMENDED AND RESTATED CREDIT AGREEMENT, dated as of January 2, 1995, between MARTIN MARIETTA MATERIALS, INC., a North Carolina corporation (the "Borrower"), and MARTIN MARIETTA TECHNOLOGIES, INC., a Maryland corporation (the "Lender"), which amends and restates that certain Revolving Credit Agreement, dated as of February 17, 1994 (the "Original Credit Agreement"), between the Borrower and the Lender.

WHEREAS, the Borrower has requested that certain amendments be made to the Original Credit Agreement and the Lender has agreed, in accordance with that request, to make certain revisions and to provide a term loan facility to the Borrower;

NOW, THEREFORE, the parties do hereby amend and restate the Original Credit Agreement, the Original Credit Agreement is superseded hereby and, in consideration of the mutual agreements herein contained, the parties agree as follows:

SECTION 1. INTERPRETATIONS AND DEFINITIONS.

1.1 Definitions. The following terms, as used herein, shall have the following respective meanings:

"Agreement" means this Amended and Restated Credit Agreement, as amended, restated, extended or otherwise modified from time to time in accordance with the terms hereof.

"Attributable Debt" means, for a lease, the carrying value of the capitalized rental obligation determined under Generally Accepted Accounting Principles, whether or not such obligation is required to be shown on the balance sheet as a liability. In the case of any lease which, in accordance with Generally Accepted Accounting Principles, is classified as a capital lease, the amount of Attributable Debt created through such capital lease shall equal the amount required to be shown under Generally Accepted Accounting Principles as a liability of such lessee for such capital lease. In the case of any other lease, the amount of Attributable Debt created through such lease shall be calculated in a manner consistent with the determination of the net present value of the Operating Lease Rental Obligations made as part of the determination of the Interest Portion of Operating Lease Rental Expense.

"Base Rate" means a fluctuating per annum rate of interest as shall be in effect from time to time, which rate shall at all times be equal to the higher of:

- (a) the per annum rate of interest publicly announced from time to time by Morgan Guaranty

Trust Company of New York in New York as its "prime" rate. Any change in the Base Rate due to a corresponding change in Morgan Guaranty Trust Company of New York's "prime" rate shall take effect on the day specified in the public announcement of such change; or

- (b) .5 of 1% per annum above the Federal Funds Rate. Any change in the Base Rate due to a change in the Federal Funds Rate shall be effective as of the effective date of such change in the Federal Funds Rate.

"Base Rate Loan" means a Loan as to which the Borrower, in the applicable notice of borrowing given pursuant to Section 2.2(a) or notice of conversion or continuation given pursuant to Section 2.3(f), shall have requested the Base Rate as the applicable rate of interest.

"Business Day" means any day except a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or directed to close.

"CERCLA" means the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended.

"Capital Lease Obligations" means, as applied to any Person, all monetary obligations of such Person, under any leasing or similar arrangement which, in accordance with Generally Accepted Accounting Principles, is classified as a capital lease, as all such obligations are reported by such Person in its financial statements prepared in accordance with Generally Accepted Accounting Principles.

"Cash Management Agreement" means the Cash Management Agreement among Martin Marietta Technologies, Inc. and Martin Marietta Materials, Inc. dated as of February 17, 1994.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"Consolidated" refers to the results obtained by the consolidation of the accounts of the Borrower and its Subsidiaries in accordance with Generally Accepted Accounting Principles.

"Consolidated Subsidiaries" means the Subsidiaries of Borrower which are consolidated with Borrower for financial reporting purposes.

"Debt" of any Person means at any date, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of property or services,

except trade accounts payable arising in the ordinary course of business, (iv) all obligations of such Person as lessee under capital leases, (v) all Debt of others secured by a Lien on any asset of such Person, whether or not such Debt is assumed by such Person, and (vi) all Debt of others Guaranteed by such Person.

"Default" means any event or condition which constitutes an Event of Default or which with the giving of notice or lapse of time, or both, would become an Event of Default.

"Depreciation and Amortization Expense" means all amounts reported by the Borrower in its Consolidated financial statements as expense for depreciation, depletion and amortization, plus amortization of goodwill and intangibles, during the relevant period.

"Dollars" and the sign "\$" mean lawful money of United States.

"Earnings from Continuing Operations" means earnings from continuing operations of the Borrower and its Consolidated Subsidiaries before adjustments for extraordinary items, the cumulative effect of accounting changes and all taxes on or measured by income, all as reported by the Borrower in its Consolidated financial statements in accordance with Generally Accepted Accounting Principles.

"Environmental Laws" means federal, state or local statutes, laws, ordinances, codes, rules, regulations, consents, decrees and administrative orders relating to protection of the environment, such as CERCLA, the Resource Conservation and Recovery Act and analogous state laws and regulations.

"ERISA" means the Employee Retirement Income Security Act of 1974, as in effect from time to time, and the regulations and rules promulgated and issued thereunder.

"ERISA Affiliate" means any Person which would be a member of a "controlled group," within the meanings of Sections 414(b), (c), (m) and (o) of the Code, of which the Borrower would also be a member; provided, however, that "ERISA Affiliate" will not include any Person of which the Borrower does not have any direct or indirect ownership.

"ERISA Event" means: (a) the occurrence of any reportable event described in Section 4043(b) of ERISA or the regulations thereunder (other than any such event as to which the PBGC has waived the thirty-day notice requirements), (b) a withdrawal from a Plan described in Sections 4063, 4203 or 4205 of ERISA by the Borrower or any ERISA Affiliate, (c) a cessation of operations described in Section 4062(e) of ERISA by the Borrower or any ERISA Affiliate, (d) the termination of a Plan or the filing of a notice of intent to terminate such Plan, in either case, under Section 4041 of ERISA, or the receipt of notice by the Borrower of

the occurrence of an event described in Section 4041A of ERISA which constitutes a termination of a Plan, unless such termination occurs in connection with an acquisition of a Person other than an ERISA Affiliate or the Borrower, and the Borrower is taking reasonable steps to eliminate any material adverse effect arising therefrom within a reasonable period of time, (e) proceedings under Section 515 of ERISA to collect delinquent contributions to a Plan result in a judgment against the Borrower or any ERISA Affiliate, (f) the institution of proceedings by the PBGC to terminate a Plan or to appoint a trustee to administer a Plan or the receipt of notice by the Borrower that such action has been taken with respect to a Plan or that such Plan is in reorganization or insolvent under Sections 4241 or 4245 of ERISA, (g) any substantial accumulated funding deficiency within the meaning of Section 412 of the Code or Section 302 of ERISA is incurred by the Borrower or any ERISA Affiliate, and for which no waiver of that deficiency has been obtained from the Internal Revenue Service, (h) the Internal Revenue Service determines that a Plan that is intended to be qualified under Section 401 of the Code fails to meet the applicable requirements of the Code and disqualifies the Plan, (i) any Plan (other than a multiemployer plan within the meaning of Section 3(37) of ERISA) fails to be maintained in substantial compliance with its documents or with the requirements of any applicable statutes, regulations, rules, and orders, including, without limitation, ERISA and the Code, (j) a failure by the Borrower or any ERISA Affiliate to pay contributions or premiums required with respect to a Plan within the time permitted by law, including extensions, unless such payment is waived by an appropriate regulatory authority or is being contested in good faith by appropriate proceedings, or (k) an amendment to a Plan resulting in a significant underfunding as described in Code Section 401(a)(29) or ERISA Section 307.

"Events of Default" shall have the meaning given to that term in Section 7 hereof.

"Federal Funds Rate" means, for any day, the interest rate per annum equal for such day to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published in the Federal Reserve System statistical release H-15.

"Fixed Charge Coverage Ratio" will have the meaning given that term in Section 6.2.

"Fixed Charges" means, for any period, the sum of

- (a) Interest Expense during such period, plus
- (b) Preferred Dividends during such period, plus
- (c) Interest Portion of Operating Lease Rental Expense for such period.

"Funded Debt" means, without duplication, the sum of (i) all debt for borrowed money which would be reported on the Consolidated balance sheet of the Borrower as a liability (expressly including, without limitation, all purchase money obligations and Consolidated Capital Lease Obligations of the Borrower and its Subsidiaries), (ii) all debt for borrowed money created, incurred, assumed or guaranteed by, or otherwise existing as a liability of, any association, partnership, joint venture or other business entity not in corporate form (expressly including, without limitation, all purchase money obligations and Capital Lease Obligations of such association, partnership, joint venture or such other entity) with respect to which the Borrower or any of its Subsidiaries is liable as a primary obligor, and (iii) all guaranties by the Borrower or its Subsidiaries of, and all reimbursement obligations of the Borrower or its Subsidiaries (whether or not matured) with respect to surety bonds, letters of credit, bankers' acceptances or other similar instruments but only to the extent such instruments are in support of, debt of any Person for borrowed money (expressly including, without limitation, all purchase money obligations and Capital Lease Obligations of such person).

"Generally Accepted Accounting Principles" means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and promulgations of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the accounting profession), or in such other statements by such other entity as may be in general use by significant segments of the U.S. accounting profession, which are applicable to the circumstances as of the date of determination.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any corporation or entity whose stock or capital ownership is owned or controlled by any of the foregoing.

"Guarantee" by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt of any other Person or in any manner providing for the payment of any Debt of any other Person or otherwise protecting the holder of such Debt against loss (whether by agreement to keep-well, to purchase assets, goods, securities or services, or to take-or-pay or otherwise), provided that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.



"Hazardous Materials" means:

- (a) any "hazardous substance," as defined by CERCLA;
- (b) any "hazardous waste," as defined by the Resource Conservation and Recovery Act, as amended;
- (c) any waste oil or petroleum product; or
- (d) any pollutant or contaminant or hazardous, dangerous or toxic chemical, waste, substance or material within the meaning of the Environmental Laws.

"Interest Expense" means the amount reported by the Borrower in its Consolidated financial statements as interest expense during the relevant period, increased (to the extent not duplicative) by the amount of any amortization of discount and of capitalized financing costs on indebtedness of the Borrower and its Subsidiaries, and reduced (to the extent not duplicative) by the amount of any amortization of premium and of capitalized interest on indebtedness of the Borrower and its Subsidiaries.

"Interest Portion of Operating Lease Rental Expense" means, for any period, the portion of rents representative of an interest factor during such period calculated in a manner consistent with the portion of rents representative of an interest factor as reported by the Borrower in its Annual Report on Form 10-K (including attachments thereto) (the "Form 10-K Report") or Quarterly Report on Form 10-Q (including attachments thereto) (the "Form 10-Q Report") filed with the Securities and Exchange Commission for such period; provided, however, that if at any time the Borrower is no longer required to report, and does not in fact report, the portion of rents representative of an interest factor in such Form 10-K Report and Form 10-Q Report, "Interest Portion of Operating Lease Rental Expense" shall mean the portion of rents representative of an interest factor of the Borrower and its subsidiaries calculated in a manner consistent with the portion of rents representative of an interest factor as reported in the most recent Form 10-K Report or Form 10-Q Report where the portion of rents representative of an interest factor was reported.

"Leverage Ratio" will have the meaning given that term in Section 6.1.

"LIBOR" means, with respect to any applicable period of duration for a LIBOR Loan, the London inter-bank offered rate for deposits in United States dollars for an approximately equivalent period, determined as of approximately 11:00 a.m. (London time) as set forth on the display designated as the "LIBO" page on the Reuter Monitor Money Rates Service, or such other well recognized source or service as the parties hereto may agree in

writing, on the Business Day immediately preceding the day on which such period commences. If such rate is not so quoted and the parties do not agree in writing to an alternative source or service, "LIBOR" shall be reasonably determined by the Lender on such day by reference to the rate quoted for the offering by leading banks (reasonably selected by the Lender) in the London inter-bank market of dollars for deposit.

"LIBOR Loan" means a Loan as to which the Borrower, in the applicable notice of borrowing given pursuant to Section 2.2(a) or notice of conversion or continuation given pursuant to Section 2.3(f), shall have requested a rate based on LIBOR for the applicable period as the applicable rate of interest.

"Lien" means with respect to any property or asset (or any income or profits therefrom) of any Person (in each case whether the same is consensual or nonconsensual or arises by contract, operation of law, legal process or otherwise) (a) any mortgage, lien, pledge, attachment, levy or other security interest of any kind thereupon or in respect thereof, but not including the interest of a third party in receivables sold by such Person to such third party on a non-recourse basis or (b) any other arrangement, express or implied, under which the same is subordinated, transferred, sequestered or otherwise identified so as to subject the same to, or make the same available for, the payment or performance of any liability in priority to the payment of the ordinary, unsecured liabilities of such Person. For the purposes of this Agreement, a Person shall be deemed to own subject to a Lien any asset that it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset.

"Loan" means a loan, whether a Revolving Credit Loan or Term Loan and whether a Base Rate Loan or a LIBOR Loan, made by the Lender to Borrower pursuant to Section 2, or all such Loans, as the context may require.

"Material Adverse Effect" shall mean a material adverse effect on (a) the ability of the Borrower to perform its obligations under this Agreement, (b) the validity or enforceability of this Agreement, (c) the rights and remedies of the Lender under this Agreement, or (d) the timely payment of the principal of or interest on the Loans or other amounts payable in connection therewith.

"Net Worth" means, at any date, the excess of

- (a) the Consolidated total assets of the Borrower over
- (b) the Consolidated total liabilities of the Borrower,

as each would be reported on a Consolidated balance sheet of the Borrower as of such date and calculated in accordance with Generally Accepted Accounting Principles, consistently applied.

"Obligation" means as applied to any Person, any law, decree, regulation or similar enactment, any instrument, agreement or other obligation or any judgment, injunction or other order or award of any judicial, administrative or governmental authority or arbitrator by which such Person or any of its Properties is bound.

"Operating Lease Rental Obligations" means all monetary obligations of the Borrower and its Subsidiaries for scheduled rental payments under any leasing or similar arrangement which, in accordance with Generally Accepted Accounting Principles, is not classified as a capital lease.

"Person" means an individual, a corporation, a partnership, a limited liability company, an association, a business trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Plan" means any employee benefit plan (as defined in Section 3(3) of ERISA) and any multiemployer plan (as defined in Section 3(37) of ERISA) (i) which is contributed to, participated in or sponsored or maintained by the Borrower, or any ERISA Affiliate or (ii) to which the Borrower or any ERISA Affiliate is obligated to make, or at any time during the five calendar years preceding the date of this Agreement has made, or was obligated to make, contributions; provided, however, that "Plan" shall not include any such plan sponsored by Martin Marietta Corporation or any Subsidiary thereof unless it is sponsored by the Borrower or an ERISA Affiliate.

"Preferred Dividends" means, with respect to any period, the aggregate amount of all dividends accrued by the Borrower on its preferred shares during such period.

"Principal Payment Date" means December 31, in each year beginning December 31, 1995 and ending December 31, 1999, provided that if any Principal Payment Date would otherwise fall on a day that is not a Business Day, that Principal Payment Date will be the immediately preceding Business Day.

"Property" means any estate or interest in any kind of property or asset, whether real, personal or mixed, and whether tangible or intangible.

"Real Properties" means collectively, any and all parcels of real property owned or operated by the Borrower or any Subsidiary of the Borrower.

"Registration Statement" means the Borrower's Registration Statement on Form S-1 (Reg. No. 33- 72648), as declared effective by the Securities and Exchange Commission on February 16, 1994.

"Release" means a "release" as such term is defined in CERCLA.

"Revolving Credit Commitment" means \$25 million as such amount may be reduced from time to time pursuant to Section 2.7 hereof.

"Revolving Credit Loan" has the meaning given that term in Section 2.1(b).

"Revolving Credit Period" means the period commencing on the date of the Original Credit Agreement and ending on December 31, 1997 or such later date as may be agreed to by the Lender in accordance with Section 2.1(d).

"Sale-Leaseback Transaction" means an arrangement whereby the Borrower or any Subsidiary of the Borrower now owns or hereafter acquires Property, transfers it to a Person and leases it back from that Person.

"Subsidiary" means, as to any Person, any corporation, association, partnership, joint venture or other business entity of which more than 50% of the voting capital stock or other voting ownership interests is owned or controlled directly or indirectly by such Person or by one or more of the Subsidiaries of such Person or by a combination thereof, and, as to the Borrower, "Subsidiary" shall also mean American Stone Company.

"Tax" means all taxes, levies, imposts, stamp taxes, sales tax, goods and services tax, duties, charges to tax, fees, deductions, withholdings and any restrictions or conditions resulting in a charge to tax, in each case imposed by or payable to a government or governmental agency, and all penalty, interest and other payments on or in respect thereof.

"Term Loan" has the meaning given that term in Section 2.1(a).

"Term Loan Commitment Termination Date" means January 31, 1995.

"Term of this Agreement" means the period from the date hereof to and including the Termination Date.

"Termination Date" means December 31, 1999.

## SECTION 2. THE LOANS.

## 2.1 Commitment to Lend.

(a) The Lender agrees, on the terms and conditions contained in this Agreement, to make one or more Loans to the Borrower at any time prior to the Term Loan Commitment Termination Date in an aggregate principal amount not exceeding \$75 million. Each Loan made pursuant to this Section 2.1(a) is herein called a "Term Loan."

(b) During the Revolving Credit Period the Lender agrees, on the terms and conditions contained in this Agreement, to make Loans to the Borrower at any time in an aggregate principal amount not exceeding at any one time outstanding the Revolving Credit Commitment in effect at the time the Loans are made. The Borrower shall repay Loans in accordance with Section 2.3 and may reborrow under this Section 2.1(b) at any time. Each Loan made pursuant to this Section 2.1(b) is herein called a "Revolving Credit Loan." Loans outstanding as of January 2, 1995 are deemed to be Revolving Credit Loans for purposes of this Agreement.

(c) Any other provision of this Agreement to the contrary notwithstanding, the Lender shall not be obligated to make a Loan to the Borrower at any time that the Borrower is, or after giving effect to the making of the Loan the Borrower would be, in violation of (i) any of the terms, conditions, covenants or provisions of this Agreement including, without limitation, the terms and conditions contained in Section 3 hereof or (ii) any of the terms, conditions, covenants or provisions of the Cash Management Agreement.

(d) The Borrower may at any time in writing request that the Lender extend the Revolving Credit Period. The Lender may, in its sole discretion, agree to any such request which agreement will be evidenced in writing. The Revolving Credit Period will not be extended beyond the Termination Date.

## 2.2 Method of Borrowing.

(a) With respect to each Loan made pursuant to Section 2.1 hereof, except as provided in paragraph (c) below, the Borrower shall give the Lender a notice of borrowing notifying the Lender of its request to borrow hereunder which notice will specify (i) the date of the Loan, which date shall be a Business Day, (ii) prior to the Term Loan Commitment Termination Date, whether the Loan will be a Term Loan or a Revolving Credit Loan, (iii) whether the Loan will be a Base Rate Loan or a LIBOR Loan, (iv) the principal amount of the Loan, which in the case of a Term Loan shall be \$5 million or a greater multiple thereof and which in the case of a Revolving Credit Loan which is a LIBOR Loan shall be \$500,000 or a greater multiple thereof, and (v) in the case of a LIBOR Loan, the duration thereof which shall be one, two, three or six months, subject to the provisions of paragraph (d) below and

provided that a LIBOR Loan of six months duration will be available if and only if, on the Business Day preceding the day on which the six-month period commences, a six-month LIBOR rate is quoted on the Reuter Monitor Money Rates Service or such other source or service as the parties hereto have agreed in writing in accordance with the definition of "LIBOR." The notice of borrowing shall be written, provided that it may be given orally (to be confirmed in writing if the Lender so requests) if the principal amount of the Loan is less than \$500,000.

(b) If the Borrower gives the notice required by Section 2.2(a) with respect to any Loan before 1:00 p.m. (Eastern Time), the Lender will disburse the proceeds of the Loan to the Borrower in immediately available funds on the Business Day following the date of such notice. Unless the parties have agreed otherwise in writing prior to the delivery of the applicable notice of borrowing, the Lender will disburse all Loans to the Borrower by deposit in the Concentration Account (as that term is defined in the Cash Management Agreement). If the Cash Management Agreement shall no longer be in effect, the Lender will disburse all Loans by deposit in such account as shall be designated by the Borrower in the applicable notice of borrowing.

(c) On any Business Day that there would be outstanding (if not for the limitation as to the principal amount of advances set forth in Section 5(c) of the Cash Management Agreement) advances from the Lender to the Borrower under the Cash Management Agreement in an aggregate amount (the "Covered Amount") that is greater than \$2.0 million, the Borrower shall be deemed to have given the Lender a notice of borrowing requesting a Revolving Credit Loan hereunder. The principal amount of the Loan so requested shall be the amount by which the Covered Amount exceeds \$2.0 million. The Lender will make the proceeds thereof available to the Borrower on the day the Borrower is deemed to give such notice. Each Loan made pursuant to this paragraph (c) shall be a Base Rate Loan.

(d) If in any notice of borrowing given pursuant to paragraph (a) above the Borrower designates a period of duration for a LIBOR Loan which would otherwise end on a day which is not a Business Day, that period shall end on the next preceding Business Day. With respect to a LIBOR Loan that is a Revolving Credit Loan, any such period of duration which begins during the Revolving Credit Period and would otherwise end after the last day of the Revolving Credit Period at the time in effect shall end on such last day of the Revolving Credit Period. With respect to a LIBOR Loan that is a Term Loan, any such period of duration which begins prior to the Termination Date and would otherwise end after the Termination Date shall end on the Termination Date.

### 2.3 Repayment and Prepayment of the Loans.

(a) The Borrower agrees that it shall repay each Revolving Credit Loan that is a LIBOR Loan at the end of the period

of duration applicable thereto and it shall repay all Revolving Credit Loans no later than the Termination Date.

(b) The Borrower agrees that it shall repay the principal amount of the Term Loans in five equal annual installments, one such installment to be payable on each Principal Payment Date.

(c) The Lender may, in its sole discretion, set off any amounts due and owing to it by the Borrower hereunder (and not otherwise paid by the Borrower) against amounts owed by the Lender to the Borrower.

(d) The Borrower may repay or prepay the outstanding principal amount of Loans in whole or in part on any Business Day upon irrevocable notice to the Lender given not later than 1:00 p.m. (Eastern Time) on the Business Day prior to the proposed payment date, provided, however, that the Borrower may make repayments pursuant to Section 4(a) of the Cash Management Agreement, which repayments the Lender and the Borrower agree will be applied to Revolving Credit Loans that are Base Rate Loans, without giving such notice. Notice hereunder shall specify (i) the date of the repayment or prepayment, (ii) the principal amount to be repaid or prepaid (which amount, in the case of a LIBOR Loan, shall be a multiple of \$500,000) (iii) whether such payment relates to Revolving Credit Loans or Term Loans, and (iv) whether such payment relates to Base Rate Loans or LIBOR Loans and, if the latter, identifying the LIBOR Loan or Loans to which such payment applies. Each such repayment or prepayment shall be made on the dates specified and shall be accompanied by payment of all accrued interest thereon and, subject to compliance with the foregoing procedures, may be made at any time without cost or penalty of any kind; provided, however, that, if the Borrower prepays any LIBOR Loan in whole or in part, the accrued interest on the principal amount to be prepaid will be recalculated from the date the applicable LIBOR Loan was borrowed as if that amount had been borrowed as a Base Rate Loan. Each prepayment of Term Loans will be applied to installments of principal payable by the Borrower on Principal Payment Dates in inverse order of maturity; provided, however, that, if the Borrower makes a prepayment of Term Loans within one calendar month prior to a Principal Payment Date, the Borrower may elect by written notice to the Lender to apply the amount so prepaid (but not more than the amount of principal payable on the next following Principal Payment Date) to the principal payable on the next following Principal Payment Date.

(e) Subject to the conditions of Section 2.2(a), (b) and (d) and this Section 2.3(e), a Revolving Credit Loan that is a LIBOR Loan may, on the last day of the applicable period of duration thereof, be converted into a Base Rate Loan or a new LIBOR Loan and a Revolving Credit Loan that is a Base Rate Loan may, on any Business Day, be converted into a LIBOR Loan. The applicable notice of borrowing given pursuant to Section 2.2(a) shall designate any part of the Loan requested thereby that is to be made

by conversion of an existing Loan rather than by advancing a new Loan. To the extent that a Loan is made by conversion of an existing Loan, the conditions of lending set forth in Section 3.1 hereof will not apply. Notwithstanding the provisions of this Section 2.3(e), during a Default the Lender may notify the Borrower that Base Rate Loans may not be converted into LIBOR Loans and that LIBOR Loans may not be converted into new LIBOR Loans.

(f) Subject to the conditions of this Section 2.3(f), a Term Loan that is a LIBOR Loan may, on the last day of the applicable period of duration thereof, be converted into a Base Rate Loan or continued as a LIBOR Loan with a new period of duration and a Term Loan that is a Base Rate Loan may, on any Business Day, be converted into a LIBOR Loan. With respect to each conversion or continuation made pursuant to this Section 2.3(f), the Borrower shall give the Lender a notice of conversion or continuation notifying the Lender of its request to convert or continue a Term Loan hereunder which notice will specify (i) the date of the conversion or continuation, which date shall be a Business Day, (ii) whether the Loan will be converted into or continued as a LIBOR Loan or converted into a Base Rate Loan, (iii) the principal amount of the Loan to be converted or continued, which shall be \$5 million or a greater multiple thereof, and (iv) in the case of a LIBOR Loan, the duration thereof which shall be one, two, three or six months, subject to the provisions of paragraph (g) below and provided that a LIBOR Loan of six months duration will be available if and only if, on the Business Day preceding the day on which the six-month period commences, a six-month LIBOR rate is quoted on the Reuter Monitor Money Rates Service or such other source or service as the parties hereto have agreed in writing in accordance with the definition of "LIBOR." Each notice of conversion or continuation shall be given in writing not later than 1:00 p.m. (Eastern Time) on the Business Day immediately preceding the date of the conversion or continuation. LIBOR Loans may be converted or continued only on the last day of the applicable period of duration thereof. Notwithstanding the provisions of this Section 2.3(f), during a Default the Lender may notify the Borrower that Base Rate Loans may not be converted into LIBOR Loans and that LIBOR Loans may not be continued as LIBOR Loans.

(g) If in any notice of conversion or continuation given pursuant to paragraph (f) above the Borrower designates a period of duration for a LIBOR Loan which would otherwise end on a day which is not a Business Day, that period shall end on the next preceding Business Day. At all times the sum of (i) the principal amount of the Term Loans that are LIBOR Loans with a period of duration ending on or prior to the next following Principal Payment Date plus (ii) the principal amount of Term Loans that are Base Rate Loans shall be equal to or greater than the amount of principal payable by the Borrower on the next following Principal Payment Date. If necessary to comply with the immediately preceding sentence, the Borrower may designate a period of duration for a LIBOR Loan which is a Term Loan in a principal amount which



is \$5 million or a greater multiple thereof of less than one month, provided that the interest rate applicable thereto will be one-month LIBOR.

#### 2.4 Evidence of the Loans.

(a) The Loans made to the Borrower shall be evidenced by this Agreement and by a loan account in the Borrower's name to be maintained by the Lender. All Loans shall be payable by the Borrower to the order of the Lender not later than the Termination Date.

(b) The Lender's loan account shall reflect appropriate notations evidencing the date, the amount and the maturity of each Loan and the date and amount of each payment of principal made by the Borrower with respect thereto. The loan account shall be conclusive evidence, absent manifest error, of the amount of the Loans, the interest accrued and payable thereon and all interest and principal payments made thereon. Any failure to record or any error therein shall in no way limit or otherwise affect the obligations of the Borrower hereunder to pay any amount owing with respect to the Loans.

2.5 Interest Rates and Payments. (a) Base Rate Loans shall bear interest on the outstanding principal amount thereof at a rate per annum equal to the Base Rate as in effect from time to time. Interest on Base Rate Loans shall be payable monthly in arrears and, with respect to Revolving Credit Loans that are Base Rate Loans, on the last day of the Revolving Credit Period, and, with respect to Term Loans that are Base Rate Loans, on the applicable Principal Payment Date on which the principal amount thereof is payable. The Lender will notify the Borrower in writing, not later than ten days after the end of each month, of the amount of interest payable hereunder with respect to Base Rate Loans which notice will set forth in reasonable detail the calculation of such amount. The Borrower agrees that it shall pay each monthly installment of interest within five Business Days of the date on which it receives such notice.

(b) LIBOR Loans shall bear interest on the outstanding principal amount thereof, for the applicable duration thereof as selected by the Borrower in the notice of borrowing given pursuant to Section 2.2(a) or the notice of conversion or continuation given pursuant to Section 2.3(f), at a rate per annum equal to LIBOR for such period as in effect one Business Day before the beginning of the period plus .375 of 1%. Interest on LIBOR Loans shall be payable, and the Borrower agrees that it shall pay such interest without any requirement of notice from the Lender, with respect to the period of duration of each LIBOR Loan on the last day thereof, provided, however, that interest on a LIBOR Loan of six months duration shall be payable three months from the first day of such LIBOR Loan with respect to the three-month period then ending and again on the last day of such LIBOR Loan with respect to the three-month period then ending.

(c) Overdue principal of and, to the extent permitted by law, overdue interest on the Loans shall bear interest, payable on demand of the Lender, for each day until paid at a rate per annum equal to the Base Rate plus 2%.

2.6 Commitment Fee. During the Term of this Agreement, the Borrower shall pay to the Lender a commitment fee computed at a rate per annum equal to .125 of 1% on the unused amount of the Revolving Credit Commitment. Such commitment fee shall accrue daily from the date hereof to and including the Termination Date and shall be payable quarterly in arrears and on the Termination Date. The Lender will notify the Borrower, not later than ten days after the end of each March, June, September and December, of the amount of the commitment fee payable hereunder. The Borrower agrees that it shall pay the commitment fee within five Business Days of the date on which it receives such notice.

2.7 Reduction and Cancellation of the Commitment. (a) The Borrower shall have the right, after the first anniversary of the date of this Agreement, upon at least 90 days' prior written notice (which notice can be given up to 90 days prior to the first anniversary) to the Lender, to terminate or reduce the unused portion of the Revolving Credit Commitment. Any such reduction of the Revolving Credit Commitment shall be in the minimum amount of \$500,000 or a greater multiple thereof (except that any such reduction may be in the full amount of the unused portion of the Revolving Credit Commitment), provided that the Revolving Credit Commitment shall not be reduced to an amount that is less than the principal amount of all Revolving Credit Loans at the time outstanding. The accrued commitment fee with respect to the terminated or reduced portion of the Revolving Credit Commitment shall be payable on the effective date of such reduction or termination.

(b) The Revolving Credit Commitment shall terminate on the Termination Date, and any Revolving Credit Loans then outstanding (together with accrued interest thereon) shall be repaid in full on such date.

2.8 General Provisions as to Payments. Subject to the provisions of Section 2.3(b), the Borrower shall make each payment of principal of, and interest on, the Loans and the Borrower shall make each payment of commitment fees hereunder on the date when due in funds immediately available in the account that the Lender shall designate. Whenever any payment of principal of, or interest on, the Loans or of commitment fees shall be due on a day which is not a Business Day, the date for payment thereof shall be extended to the next succeeding Business Day. If the date for any payment of principal is extended by operation of law or otherwise, interest shall be payable for such extended time at a rate per annum equal to the Base Rate.

2.9 Computation of Interest and Fees. Interest on Base Rate Loans and the commitment fee shall be computed for each day on

the basis of a year of 365 or 366 days, as the case may be. Interest on each LIBOR Loan shall be computed for the applicable period of duration on the basis of a year of 360 days and the actual number of days elapsed.

2.10 No Deduction. All amounts payable by the Borrower under this Agreement are payable without deduction or set-off unless specifically agreed to by the Lender in writing.

2.11 Use of Proceeds. The proceeds of Loans will be employed by the Borrower for general corporate purposes including, without limitation, as working capital for the Borrower and its Subsidiaries.

### SECTION 3. CONDITIONS OF LENDING.

The obligation of the Lender to make each Loan hereunder is subject to the performance by the Borrower of all its obligations under this Agreement and to the satisfaction of the following further conditions:

3.1 All Loans. In the case of each Loan hereunder, including the initial Loan:

(a) receipt by the Lender of a notice of borrowing from the Borrower required by Section 2.2(a) hereof, except in the case of a deemed notice of borrowing in accordance with Section 2.2(c);

(b) the fact that immediately after the making of the Loan no Default or Event of Default shall have occurred and be continuing; and

(c) the fact that the representations and warranties contained in this Agreement are true and correct on and as of the date of the Loan with the same force and effect as if made on and as of such date.

Each notice of borrowing and each borrowing by the Borrower hereunder shall be deemed to be a representation and warranty by the Borrower on the date of such Loan as to the facts specified in (b) and (c) above. If the Lender reasonably believes, acting in good faith, that the conditions set forth in (b) and (c) above cannot or would not be satisfied, the Lender will have no obligation to make the applicable Loan.

3.2 Initial Loan. In the case of the initial Loan receipt by the Lender of a certificate of a duly authorized officer of the Borrower as to the incumbency, and setting forth a specimen signature, of each person who has signed this Agreement on behalf of the Borrower and who will, until replaced by other persons duly authorized for that purpose, act as the representatives of such

Borrower for the purpose of signing documents in connection with this Agreement and the transactions contemplated hereby.

SECTION 4. REPRESENTATIONS AND WARRANTIES.

The Borrower hereby represents and warrants to the Lender

that:

4.1 Corporate Existence and Power. The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, has full power and authority to carry on its business as now being conducted and to own its properties and is duly licensed or qualified and in good standing as a foreign corporation in each other jurisdiction in which failure to qualify would have a Material Adverse Effect. The Borrower is in compliance with its charter and bylaws and all other organizational or governing documents.

4.2 Corporate Authorization. The execution, delivery and performance by the Borrower of this Agreement are within the Borrower's corporate power and have been duly authorized by all necessary corporate action.

4.3 Binding Effect. This Agreement constitutes the valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms.

4.4 No Contravention. The Borrower's execution and delivery of, and performance of its obligations under, this Agreement do not, and consummation of the transactions contemplated hereby will not, result in:

(a) a violation of or a conflict with any provision of the charter, bylaws or any other organizational or governing document of the Borrower;

(b) a material breach or default under any provision of any contract, agreement, lease, commitment, license, franchise or permit to which the Borrower is a party or by which any property of the Borrower is bound;

(c) a violation of any statute, rule, regulation, ordinance, order, judgment, writ, injunction, decree or award of any judicial, administrative, governmental or other authority or of any arbitrator; or

(d) an imposition on the business of the Borrower or on any of its properties of any Lien.

4.5 Financial Statements. The consolidated balance sheet of Borrower and its Consolidated Subsidiaries as at December 31, 1993 and the related consolidated statement of earnings and shareholders' equity and consolidated statement of

cash flows of Borrower and its Consolidated Subsidiaries for the fiscal year then ended, certified by Ernst & Young, certified public accountants, which are set forth in the Registration Statement, fairly present in conformity with Generally Accepted Accounting Principles, the Consolidated financial position of the Borrower and its Consolidated Subsidiaries at such dates and the Consolidated results of operations for the periods then ended.

4.6 Litigation. Except as disclosed in the Registration Statement, there is no action, suit, litigation or proceeding at law or in equity or by or before any Governmental Authority now pending against or, to the knowledge of the Borrower, threatened against the Borrower or any of its Subsidiaries or any of their respective Properties an adverse decision in which could reasonably be expected to have a Material Adverse Effect.

4.7 Licenses and Authorizations. The Borrower and the Borrower's Subsidiaries have obtained all licenses, permits and certificates and all other approvals, orders, authorizations and consents and have made all declarations, filings and registrations which are necessary for the ownership by the Borrower and the Borrower's Subsidiaries of their respective Properties and for the conduct by the Borrower and the Borrower's Subsidiaries of their respective businesses, except for those, which, if not obtained or made, could not reasonably be expected to have a Material Adverse Effect. No approval of or filing with any Governmental Authority is or will be necessary for the valid execution, delivery or performance by the Borrower of this Agreement or for the performance by the Borrower of any of the terms or conditions hereof or thereof, except for such approvals as have been obtained.

4.8 No Default. None of the Borrower or the Borrower's Subsidiaries (i) is in breach or violation of any of the terms, covenants, conditions or provisions of any of its Obligations such as reasonably could be expected to have a Material Adverse Effect; or (ii) has done or omitted to do anything which, with the giving of notice or lapse of time, or both, would constitute a material default under any of its Obligations or reasonably could be expected to have a Material Adverse Effect.

4.9 No Event of Default. No Event of Default or other material event which, with the giving of notice or lapse of time, or both, would constitute an Event of Default has occurred and is continuing.

4.10 Adverse Change. There have been no material adverse changes in the financial condition, results of operations or business of the Borrower and its Subsidiaries taken as a whole since December 31, 1993.

4.11 Liens. The Borrower and the Borrower's Subsidiaries have good and marketable title to each of their respective Properties, free and clear of all material Liens, except for Liens, if any, now existing in the nature of those that are, or would be,

permitted under Section 6.3 of this Agreement. The obligations of the Borrower under this Agreement rank at least pari passu to all other debt of the Borrower.

4.12 ERISA.

(a) Schedule 4.12 attached to this Agreement (as the schedule shall be modified from time to time pursuant to Section 5.7 hereof) sets forth a true and complete list of all ERISA Affiliates and of all Plans.

(b) No ERISA Event or Events have occurred or reasonably could be expected to occur which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

4.13 Taxes. All federal, state and other income tax returns of the Borrower and each of the Borrower's Subsidiaries required by law to be filed have been duly filed, and all federal, state and other taxes, assessments and other governmental charges or levies upon the Borrower and each of the Borrower's Subsidiaries and any of their respective Properties, income, profits and assets, which are due and payable, have been paid, except as permitted by Section 5.3.

4.14 Environmental Matters.

(a) Except as set forth in subsection (b) below, except as could not reasonably be expected to have a Material Adverse Effect (taking into account the probability of adverse determinations and, where applicable, the availability of contributions by other potentially responsible parties) and except for matters disclosed in the Registration Statement:

(i) the Real Properties and all operations and facilities at the Real Properties are not contaminated by, and, to the best knowledge of the Borrower, have not previously been contaminated by, any Hazardous Materials in concentrations which constitute or constituted a violation of, or could reasonably be expected to give rise to liability under, any Environmental Law;

(ii) the Real Properties and all operations and facilities at the Real Properties are in material compliance with all Environmental Laws, and there is no contamination at, under or about the Real Properties in concentrations that constitute a violation of any Environmental Law which reasonably could be expected to materially interfere with the continued operation of any of the Real Properties or any operations or facilities at the Real Properties;

(iii) neither the Borrower nor any of its Subsidiaries have received any notice of violation, alleged violation, noncompliance, liability or potential liability, or

responsibility regarding compliance with or liability under Environmental Laws, nor, to the best knowledge of the Borrower, is any such notice being threatened;

(iv) no Hazardous Materials have been generated, treated, stored or disposed of, at, on or under any of the Real Properties during the period of ownership or operation thereof by the Borrower, or, to the best knowledge of the Borrower, any property formerly owned or leased by the Borrower or any of the Borrower's Subsidiaries, in violation of, or in a manner that would reasonably be expected to give rise to liability under, any Environmental Law, nor have any Hazardous Materials been transported or disposed of from any of the Real Properties or, to the best knowledge of the Borrower, any property formerly owned or leased by the Borrower or any of its Subsidiaries, to any other location in violation of, or in a manner that would reasonably be expected to give rise to liability under, any Environmental Law;

(v) there are no judicial proceedings or governmental or administrative actions pending or, to the best knowledge of the Borrower, threatened under any Environmental Law to which the Borrower or any of its Subsidiaries is or will be named as a party, nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, or other administrative or judicial requirements outstanding under any Environmental Law against the Borrower or any of its Subsidiaries; and

(vi) there has been no Release or threat of Release of Hazardous Materials at or from any of the Real Properties or any facilities at the Real Properties, or arising from or related to operations in connection with the Real Properties, in violation of, or in amounts or in a manner that could reasonably be expected to give rise to liability under, any Environmental Law.

(b) To the best knowledge of the Borrower, Schedule 4.14 sets forth the liabilities and potential liabilities of the Borrower and its Subsidiaries under Environmental Laws, the existence of which could have a material adverse effect on the financial condition or business of the Borrower and its Subsidiaries taken as a whole or the ability of the Borrower to perform its obligations under this Agreement.

4.15 Labor Matters. There are no strikes or other labor disputes, grievances, charges or complaints with respect to any employee or group of employees pending or, to the best knowledge of the Borrower, threatened against the Borrower or any of the Borrower's Subsidiaries which reasonably could be expected to have a Material Adverse Effect.

4.16 Completeness. None of the statements of the Borrower contained in this Agreement or in any certificate or

written statement furnished by the Borrower to the Lender pursuant hereto when made (as limited or qualified in such documents) contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements contained therein not misleading. There is no fact known to the Borrower which the Borrower has not disclosed to the Lender which reasonably could be expected to have a Material Adverse Effect.

SECTION 5. AFFIRMATIVE COVENANTS.

So long as the Lender's commitment to make Loans hereunder shall be in effect or any amount payable hereunder remains unpaid, unless compliance shall have been waived in writing by the Lender, the Borrower agrees that:

5.1 Financial Statements. The Borrower will:

(a) as soon as available and in any event within 120 days after the end of each fiscal year of the Borrower, deliver to the Lender a consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as at the end of such year, and a consolidated statements of earnings, shareholders' equity and cash flows of the Borrower and its Consolidated Subsidiaries for such year, setting forth in each case in comparative form corresponding consolidated figures from the preceding fiscal year, all as filed with the Securities and Exchange Commission and audited by an accounting firm of nationally recognized standing, together with the report of the accountants thereon, which report shall include the unqualified opinion of such accountants, prepared in accordance with Generally Accepted Accounting Principles consistently applied;

(b) as soon as available and in any event within 45 days after the end of each of the first three quarters of each fiscal year of the Borrower, deliver to the Lender a consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as at the end of such quarter and the related consolidated statements of earnings, shareholders' equity and cash flows of the Borrower and its Consolidated Subsidiaries for such quarter and for the portion of the Borrower's fiscal year ended at the end of such quarter setting forth in each case in comparative form the figures for the corresponding quarter and the corresponding portion of the Borrower's previous fiscal year; as filed with the Securities and Exchange Commission, prepared in accordance with Generally Accepted Accounting Principles;

(c) simultaneously with the delivery of each set of financial statements referred to in clauses (a) and (b) above, deliver to the Lender, a certificate of the Borrower signed by an authorized officer of the Borrower, (i) stating that, as of the date of such financial statements, the representations and warranties set forth in Article IV of this Agreement are true, correct and complete in all material respects as though made on and as of the date, and (ii) stating whether, to the best of his or her



knowledge after due inquiry, there exists on the date of such certificate any Default or Event of Default and, if any Default or Event of Default exists, setting forth the details thereof and the action which the Borrower is taking or proposes to take with respect thereto, and (iii) setting forth in reasonable detail a calculation of the Fixed Charge Coverage Ratio for the 12-month period then ending and the Leverage Ratio as of the applicable day;

(d) deliver to the Lender copies of all financial statements, reports and notices, if any, sent or distributed generally by the Borrower to its stockholders, promptly upon such distribution and of all proxy materials, registration statements, regular periodic reports (including interim reports filed on Form 8-K) which the Borrower has filed with the Securities and Exchange Commission, as soon as the same are available;

(e) promptly upon the chief financial officer, treasurer, or chief accounting officer of the Borrower, or any other officer of similar responsibility, becoming aware of the occurrence of any Default or Event of Default, a certificate of the Borrower, signed by chief financial officer or the chief accounting officer of the Borrower setting forth the details thereof and the action which the Borrower is taking or proposes to take with respect thereto; and

(f) promptly upon the reasonable request of the Lender, deliver to the Lender, any other information reasonably requested by the Lender.

5.2 Notices, Litigation, etc. The Borrower will promptly give written notice to the Lender of the following:

(a) Any significant litigation or other proceeding before any judicial, administrative or arbitral body to which the Borrower or any of its Subsidiaries is a party or any dispute which may exist between the Borrower or any of its Subsidiaries and any Governmental Authority which reasonably could be expected to have a Material Adverse Effect;

(b) Any significant work stoppage which reasonably could be expected to have a Material Adverse Effect; and

(c) The occurrence of any ERISA Event or Events (other than those of which the Borrower is given notice by the Lender in accordance with Section 4(h) of the Intercompany Services Agreement, of even date herewith between the Lender and the Borrower) which, individually or in the aggregate, reasonably could be expected to have a Material Adverse Effect, together with a statement as to the reasons therefore and the action, if any, which the Borrower proposes to take with respect thereto.

5.3 Maintenance of Existence, etc. The Borrower will, and will cause its Subsidiaries to:

(a) do or cause to be done all things necessary to preserve and keep in full force and effect its or their existence and all rights, privileges and franchises currently existing other than those rights, privileges and franchises that the failure to have or maintain could not reasonably be expected to have a Material Adverse Effect;

(b) comply with all material requirements of all applicable laws, decrees, regulations and similar enactments and with all applicable judgments, injunctions and other orders and awards of judicial, administrative, governmental and other authorities and arbitrators the violation of which, individually or in the aggregate, reasonably could be expected to have a Material Adverse Effect or unless they are being contested in good faith and, if appropriate, by legal proceedings;

(c) maintain and preserve all of its or their Properties in good working order and condition and maintain, preserve and replace all plant and equipment necessary in the proper conduct of its or their business; and

(d) with respect to the business of the Borrower and its Subsidiaries, taken as a whole, remain in, and continue to operate substantially in, the business being conducted by the Borrower and its Subsidiaries on the date of this Agreement.

5.4 Obligations and Taxes. The Borrower shall, and shall cause its Subsidiaries to, (i) pay or discharge or cause to be paid and discharged promptly all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits before the same shall become in default, and (ii) pay all of their material liabilities and obligations when due and prior to the date on which penalties attach thereto, except, in each case with respect to clauses (i) and (ii), such as are being contested in good faith or which, if taken in the aggregate, reasonably could not be expected to have a Material Adverse Effect.

5.5 Books and Records. The Borrower shall, and shall cause its Subsidiaries to, (i) keep adequate records and books of account in which complete entries will be made in accordance with Generally Accepted Accounting Principles so that Consolidated financial statements can be prepared in accordance with Generally Accepted Accounting Principles and (ii) permit employees or agents of the Lender, at its risk and expense, during working hours, with reasonable advance notice to inspect their respective properties, and to examine the books, accounts and records relating to their financial condition.

5.6 Insurance. The Borrower shall, and shall cause its Subsidiaries to, (i) maintain and keep in full force and effect general business insurance in such amounts and against such risks as is customary for businesses similarly situated, with responsible insurance companies or, to the customary extent, self-insurance, including reasonable protection against loss of use and occupancy,

and, (ii) furnish the Lender upon request with full information as to the insurance carried.

5.7 ERISA.

(a) The Borrower shall promptly notify the Lender in writing of (i) any changes in the information reported on Schedule 4.12 by delivering to the Lender an amended schedule making specific reference to Section 4.12 and (ii) the occurrence of any ERISA Event not previously reported to the Lender.

(b) The Borrower shall, and shall cause its ERISA Affiliates to, make payment of contributions to the Plans required of them to meet the minimum funding standards set forth in ERISA and the Code within the time permitted by law, including any extensions, unless such payment is waived by an appropriate regulatory authority or is being contested in good faith by appropriate proceedings.

5.8 Environmental Compliance. The Borrower shall, and shall cause its Subsidiaries to:

(a) use and operate all of its facilities and properties in material compliance with all Environmental Laws, keep all necessary permits, approvals, certificates, licenses and other authorizations relating to environmental matters in effect and remain in material compliance therewith,

(b) handle all Hazardous Materials in material compliance with all applicable Environmental Laws, and

(c) promptly address or respond and defend against any actions and proceedings relating to compliance with Environmental Laws,

if the failure to do any of the foregoing reasonably could be expected to have a Material Adverse Effect.

SECTION 6. NEGATIVE COVENANTS.

Until the later of the cancellation in full of the Lender's commitment to lend and the payment in full of all sums due from the Borrower pursuant to this Agreement, the Borrower covenants and agrees as follows:

6.1 Maximum Leverage Ratio. The Borrower shall not permit the ratio (the "Leverage Ratio") (stated as a percentage) of

(a) Funded Debt to

(b) the sum of Net Worth plus its Funded Debt to exceed at any time 55%.

6.2 Minimum Fixed Charge Coverage Ratio. On and after the Closing Date, the Borrower shall not permit the ratio (the "Fixed Charge Coverage Ratio") of

- (a) the sum of
  - (i) Earnings from Continuing Operations, plus
  - (ii) Interest Expense, plus
  - (iii) Depreciation and Amortization Expense, plus
  - (iv) Interest Portion of Operating Lease Rental Expense, to
- (b) Fixed Charges,

to be less than 4.0 to 1.0, all of the foregoing determined, commencing on December 31, 1994, for the preceding four quarters as of the last day of each fiscal quarter, on a Consolidated basis consistently applied.

6.3 Prohibition of Liens. The Borrower shall not, nor shall Borrower permit any of its Subsidiaries to create, assume or suffer to exist any Lien securing Debt on any Property now owned or hereafter acquired by it, except for:

- (a) any Lien existing on any asset of any corporation at the time such corporation becomes a Subsidiary and not created in contemplation of such event;
- (b) any Lien on any asset securing Debt incurred or assumed for the purpose of financing all or any part of the cost of acquiring such asset, provided that such Lien attaches to such asset concurrently with or within 90 days after the acquisition thereof;
- (c) any Lien on any asset of any corporation existing at the time such corporation is merged into or consolidated with the Borrower or a Subsidiary and not created in contemplation of such event;
- (d) any Lien existing on any asset prior to the acquisition thereof by the Borrower or a Subsidiary and not created in contemplation of such acquisition;
- (e) any Lien arising out of the refinancing, extension, renewal or refunding of any Debt secured by any Lien permitted by any of the foregoing clauses of this Section 6.3, provided that such Debt is not increased and is not secured by any additional assets; and

(f) any Lien arising pursuant to any order of attachment, distraint or similar legal process arising in connection with court proceedings so long as the execution or other enforcement thereof is effectively stayed and the claims secured thereby are being contested in good faith by appropriate proceedings.

6.4 Prohibition of Sale-Leaseback Transactions. The Borrower shall not, nor shall the Borrower permit any of its Subsidiaries to, enter into a Sale-Leaseback Transaction unless:

(a) the lease has a term of three years or less, with no provision giving the lessee the absolute or conditional option to extend the term of the lease or to renew the lease; or

(b) the Borrower or its Subsidiary under Section 6.3(b) could create a Lien on the applicable Property to secure Debt at least equal in amount to the Attributable Debt for the lease.

6.5 Mergers, Consolidations, etc. The Borrower shall not enter into any consolidation, merger or other combination with any other Person or sell, lease or otherwise transfer all or any substantial part of its assets to any other Person.

6.6 ERISA. Without the prior written consent of the Lender, which consent will not be unreasonably withheld, the Borrower shall not (a) adopt any Plan not listed on Schedule 4.12 on the date of this Agreement (the "Original Schedule"), or (b) become subject to any obligation to contribute to any Plan not listed on the Original Schedule, or (c) materially increase its obligations under any Plan.

#### SECTION 7. EVENTS OF DEFAULT.

If any one or more of the following events ("Events of Default") shall have occurred and be continuing:

(a) the Borrower shall fail to pay any interest on the Loans or any commitment fee, in each case, within 30 days of the date when due or the Borrower shall fail to pay any principal of the Loans when due; or

(b) any representation and warranty made by the Borrower herein or in any document or instrument delivered pursuant hereto shall prove to be incorrect or misleading in any material respect on the date when made or deemed to be made; or

(c) the Borrower shall fail to perform or observe any of the covenants contained in Sections 5.1(e), 5.2, 6.1, 6.2, 6.3 and 6.4 of this Agreement; or

(d) the Borrower shall fail to pay or otherwise default on any term, covenant or agreement contained herein (other than those specified in clauses (a), (b) or (c) above) for 30 days after written notice thereof has been given to such Borrower by the Lender; or

(e) the Borrower or any of its Subsidiaries shall (i) fail to pay any indebtedness (other than under this Agreement) with an aggregate principal amount in excess of \$1,000,000 when due or to pay interest thereon and, with respect to interest, such failure shall continue for more than any applicable grace period, or (ii) fail to observe or perform any other term, covenant or agreement contained in any agreement, instrument, agreements, or instruments (other than this Agreement) by which it is bound evidencing, securing or relating to indebtedness in an aggregate principal amount in excess of \$1,000,000, if the effect thereof is to permit (or, with the giving of notice or lapse of time or both, would permit) the holder or holders thereof or of any obligations issued thereunder or a trustee or trustees acting on behalf of such holder or holders to cause acceleration of the maturity thereof or of any such obligations; or

(f) the Borrower or any of its Subsidiaries shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing; or

(g) an involuntary case or other proceeding shall be commenced against the Borrower or any of its Subsidiaries seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 60 days; or an order for relief shall be entered against the Borrower or any of its Subsidiaries under the federal bankruptcy laws as now or hereafter in effect;

(h) one or more judgments against the Borrower or any of its Subsidiaries, or attachments against the Property of either, the operation or result of which reasonably could be expected to have a Material Adverse Effect, remain unpaid, unstayed on appeal, not being appealed in good faith, undischarged, unbonded or undismissed for a period of 60 days; or

(i) any ERISA Event or Events shall occur and the aggregate amount of the liability of the Borrower and its ERISA Affiliates resulting therefrom reasonably could be expected to have a Material Adverse Effect; or

(j) the Borrower or any of its material Subsidiaries shall voluntarily suspend for more than 30 days the transaction of all or substantially all of its business (a shutdown due to strikes, labor disputes, government action, or action arising from acts of God are not to be deemed voluntary); or

(k) an Event of Default of the Borrower shall have occurred under the Cash Management Facility; or

(l) the Borrower shall cease to be either a Subsidiary of Martin Marietta Corporation (or a successor thereto resulting from merger or transfer of assets) or a Subsidiary of a Person of which Martin Marietta Corporation (or such successor) is a Subsidiary;

then, and in every such event, (1) in the case of any of the Events of Default specified in paragraphs (f) or (g) above, the Revolving Credit Commitment shall thereupon automatically be terminated and the principal of and accrued interest on the Loans shall automatically become due and payable without presentment, demand, protest or other notice or formality of any kind, all of which are hereby expressly waived and (2) in the case of any other Event of Default specified above, the Lender may, by notice in writing to the Borrower, terminate the Revolving Credit Commitment and declare the Loans and all other sums payable under this Agreement to be, and the same shall thereupon forthwith become, due and payable.

#### SECTION 8. MISCELLANEOUS.

8.1 Notices. Unless otherwise specified herein, all notices, requests, demands or other communications to or from the parties hereto shall be made by personal delivery, mail or telecopy and shall be effective upon receipt by such party. Any such notice, request, demand or communication shall be delivered or addressed as follows:

- (i) if to the Borrower, to it at:
- Martin Marietta Materials, Inc.  
2710 Wycliff Road  
Raleigh, North Carolina 27607  
Attention: Treasurer  
Telephone: 919-781-4550  
Telecopy: 919-783-4552

(ii) if to the Lender, to it at:

Martin Marietta Technologies, Inc.  
 6801 Rockledge Drive  
 Bethesda, Maryland 20817  
 Attention: Treasurer  
 Telephone: 301-897-6453  
 Telecopy: 301-897-6929

or at such other address or telex number or telecopy number as any party hereto may designate by written notice to the other party hereto.

8.2 Amendments and Waivers; Cumulative Remedies.

(a) None of the terms of this Agreement may be waived, altered or amended except by an instrument in writing duly executed by the Borrower and the Lender; and

(b) No failure or delay on the part of the Lender in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies provided and contemplated by this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

8.3 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the Borrower and the Lender and their respective successors and assigns, provided that the Borrower may not assign its rights and obligations hereunder without the prior written consent of the Lender. The Lender shall notify the Borrower in writing promptly upon any assignment by the Lender of its rights and obligations hereunder, including any such assignment to Martin Marietta Corporation or any other Subsidiary thereof.

8.4 Expenses and Withholding.

(a) The Borrower shall pay all out-of-pocket expenses of the Lender in connection with the preparation and administration of this Agreement and, if there is an Event of Default, all out-of-pocket expenses incurred by the Lender (including reasonable fees and disbursements of counsel and reasonable time charges of lawyers who may be employees of the Lender) in connection with such Event of Default and collection and other enforcement proceedings resulting therefrom.

(b) All payments to be made by or on behalf of the Borrower under or in connection with this Agreement are to be made without deduction or withholding for or on account of any Tax. If any Tax is deducted or withheld from any payment, the Borrower shall promptly remit to the Lender, the equivalent of the amount so



deducted or withheld together with relevant receipts, if available, addressed to the Lender. If the Borrower is prevented by operation of law or otherwise from paying, causing to be paid or remitting such Tax, the interest payable under this Agreement shall be increased to such rates as are necessary to yield and remit to the Lender the principal sum advanced together with interest at the rates specified in this Agreement after provision for payment of such Tax. The Borrower shall from time to time at the request of the Lender execute and deliver any and all further instruments necessary or advisable to give full force and effect to such increase in the rates of interest as are necessary to yield to the Lender interest at the specified rates. The Borrower shall also indemnify the Lender in respect of any claim or loss which it may suffer as a result of the delay or failure of the Borrower to make any such payment including penalties relating thereto or interest thereon.

8.5 Counterparts. This Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

8.6 Headings; Table of Contents. The section and subsection headings used herein and the Table of Contents have been inserted for convenience of reference only and do not constitute matters to be considered in interpreting this Agreement.

8.7 Governing Law; Arbitration.

(a) This Agreement shall be construed in accordance with and governed by the laws of the State of Maryland, without reference to the conflict of law provisions of such laws.

(b) The Borrower (i) hereby irrevocably submits to the jurisdiction of the courts of the State of Maryland over any suit, action or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby and (ii) hereby agrees with the Lender that the courts of the State of Maryland will have exclusive jurisdiction over any such suits, actions or proceedings. Final judgment in any such suit, action or proceeding in any such court shall be conclusive and binding upon the Borrower and may be enforced in any court in which the Borrower is subject to jurisdiction by suit upon such judgment provided that service of process is effected as permitted by applicable law.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

MARTIN MARIETTA  
TECHNOLOGIES, INC.

By:/s/ JANET L. MCGREGOR

-----  
Janet L. McGregor  
Treasurer

MARTIN MARIETTA MATERIALS, INC.

By:/s/ STEPHEN P. ZELNAK, JR.

-----  
Stephen P. Zelnak, Jr.  
President

AMENDMENT NO. 1  
TO AMENDED AND RESTATED CREDIT AGREEMENT

AMENDMENT NO. 1, dated as of January 31, 1995 (this "Amendment"), to the Amended and Restated Credit Agreement, dated as of January 2, 1995 (the "Credit Agreement"), between Martin Marietta Materials, Inc., a North Carolina corporation (the "Borrower"), and Martin Marietta Technologies, Inc., a Maryland corporation (the "Lender").

WHEREAS, the Borrower has requested that certain amendments be made to the Credit Agreement, and the Lender has agreed to make such amendments;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties hereto agree, intending to be legally bound, as follows:

1. Section 1.1 of the Credit Agreement is amended by deleting the definition of "Term Loan Commitment Termination Date" and inserting the following in its place:

"Term Loan Commitment Termination Date" means March 31, 1995."

2. To induce the Lender to enter into this Agreement, the Borrower agrees to pay to the Lender a commitment fee, at a rate per annum equal to .125 of 1% on any undrawn portion of the Lender's commitment to make Term Loans pursuant to Section 2.1(a) of the Credit Agreement. That commitment fee will accrue daily from February 1, 1995, to including the Term Loan Commitment Termination Date and will be payable in arrears on the Term Loan Commitment Termination Date, provided that the Lender will have confirmed to the Borrower in writing the amount of the commitment fee owed.

Except as expressly amended hereby, no other changes, additions, or deletions are intended to be made, and the Credit Agreement remains in full force and effect on the date hereof.

IN WITNESS WHEREOF, the parties have duly executed this Amendment as of the date first above written.

MARTIN MARIETTA TECHNOLOGIES, INC.

By: /s/ Janet L. McGregor

-----  
Janet L. McGregor  
Treasurer

MARTIN MARIETTA MATERIALS, INC.

By: /s/ Janice K. Henry

-----  
Janice K. Henry  
Vice President and Chief  
Financial Officer

AMENDMENT NO. 2  
TO AMENDED AND RESTATED CREDIT AGREEMENT

AMENDMENT NO. 2, dated as of March 31, 1995 (this "Amendment"), to the Amended and Restated Credit Agreement, dated as of January 2, 1995, as amended by amendment No. 1 dated as of January 31, 1995 (the "Credit Agreement"), between Martin Marietta Materials, Inc., a North Carolina corporation (the "Borrower"), and Martin Marietta Technologies, Inc., a Maryland corporation (the "Lender").

WHEREAS, the Borrower has requested that certain amendments be made to the Credit Agreement, and the Lender has agreed to make such amendments;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties hereto agree, intending to be legally bound, as follows:

1. Section 1.1 of the Credit Agreement is amended by deleting the definition of "Term Loan Commitment Termination Date" and inserting the following in its place:  
  
"Term Loan Commitment Termination Date" means June 30, 1995."
2. To induce the Lender to enter into this Agreement, the Borrower agrees to pay to the Lender a commitment fee, at a rate per annum equal to .125 of 1% on any undrawn portion of the Lender's commitment to make Term Loans pursuant to Section 2.1(a) of the Credit Agreement. That commitment fee will accrue daily from April 1, 1995, to and including the Term Loan Commitment Termination Date and will be payable in arrears on the Term Loan Commitment Termination Date, provided that the Lender will have confirmed to the Borrower in writing the amount of the commitment fee owed.

Except as expressly amended hereby, no other changes, additions, or deletions are intended to be made, and the Credit Agreement remains in full force and effect on the date hereof.

IN WITNESS WHEREOF, the parties have duly executed this Amendment as of the date first above written.

MARTIN MARIETTA TECHNOLOGIES, INC.

By: /s/ Janet L. McGregor

-----  
Janet L. McGregor  
Treasurer

MARTIN MARIETTA MATERIALS, INC.

By: /s/ Janice K. Henry

-----  
Janice K. Henry  
Vice President and Chief  
Financial Officer

## AMENDMENT NO. 3 TO AMENDED AND RESTATED CREDIT AGREEMENT

AMENDMENT NO. 3 dated as of March 14, 1996 (this "Amendment"), to the Amended and Restated Credit Agreement, dated as of January 2, 1995, as amended by Amendment No. 1 dated as of January 31, 1995, and Amendment No. 2 dated as of March 31, 1995 (the "Credit Agreement"), between Martin Marietta Materials, Inc., a North Carolina corporation (the "Borrower"), and Lockheed Martin Corporation, as successor to Martin Marietta Technologies, Inc., a Maryland corporation (the "Lender").

WHEREAS, the Borrower has requested that certain amendments be made to the Credit Agreement, and the Lender has agreed to make such amendments.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties hereto agree, intending to be legally bound, as follows:

- (1) Section 1.1 of the Credit Agreement is amended as follows:

"LIBOR Margin" means the percentage determined by reference to the highest current rating of senior unsecured long-term debt of the Borrower by a Rating Agency, as specified on Schedule I hereto.

"Rating Agency" means Standard & Poor's Corporation, Moody's Investors Service, Inc. or other nationally recognized statistical rating organization.

"Revolving Credit Commitment" means \$55 million as such amount may be reduced from time to time pursuant to Section 2.7 hereof."

- (2) Section 2.1(d) is amended to add a new fourth sentence to read as follows:

"The commitment of the Lender to make Revolving Credit loans to the Borrower set forth in Section 2.1(b) may be canceled by the Lender at any time by giving the Borrower not less than 120 days' prior written notice of cancellation of the Revolving Credit Commitment."

- (3) The first sentence of Section 2.5(b) of the Credit Agreement is amended to read in full as follows:

"LIBOR loans shall bear interest on the outstanding principal amount thereof, for the applicable duration thereof as selected by the Borrower in the notice of borrowing given pursuant to Section 2.2(a) or the notice of conversion or continuation given pursuant to Section 2.3(f), at a rate per annum equal to LIBOR for such period as in effect one Business Day before the beginning of the period plus the LIBOR Margin. Any change in the LIBOR Margin, as applicable, shall become effective on the day on which the Rating Agency shall publicly announce a change in such rating."

(4) A new Schedule I is added to read in full as follows:

SCHEDULE I

MARTIN MARIETTA MATERIALS, INC.  
PRICING SCHEDULE

The LIBOR Margin shall be as specified below (in basis points per annum).

	LEVEL 1	LEVEL 2	LEVEL 3
Basis for Pricing	If Borrower is rated A- or better by S & P or A3 or better by Moody's	If Borrower is rated BBB+ or better by S & P or Baa1 or better by Moody's	If Borrower is rated BBB or better by S & P or Baa2 or better by Moody's
LIBOR plus	25.00	35.00	40.00

(5) The amendments contained in this Amendment shall be effective as of March 1, 1996.

Except as expressly amended hereby, no other changes, additions or deletions are intended to be made, and the Credit Agreement remains in full force and effect on the date hereof.

IN WITNESS WHEREOF, the parties have duly executed this Amendment as of the date first written above.

LOCKHEED MARTIN CORPORATION

/s/ Janet L. McGregor  
-----  
Janet L. McGregor  
Vice President and Assistant Treasurer

MARTIN MARIETTA MATERIALS, INC.

/s/ Janice K. Henry  
-----  
Janice K. Henry  
Vice President and Chief Financial Officer

## AMENDMENT NO. 4 TO AMENDED AND RESTATED CREDIT AGREEMENT

AMENDMENT NO. 4, dated as of July 22, 1996 (this "Amendment"), to the Amended and Restated Credit Agreement, dated as of January 2, 1995, as amended by Amendment No. 1 dated as of January 31, 1995, Amendment No. 2 dated as of March 31, 1995, and Amendment No. 3 dated as of March 14, 1996 (the "Credit Agreement"), between Martin Marietta Materials, Inc., a North Carolina corporation (the "Borrower"), and Lockheed Martin Corporation, as successor to Martin Marietta Technologies, Inc., a Maryland corporation (the "Lender").

WHEREAS, the Lender expects to commence an exchange offer pursuant to which it is offering holders of shares of the Lender's common stock an opportunity to exchange their shares of the Lender's common stock for shares of common stock of the Borrower (the "Exchange Offer");

WHEREAS, in the event that, upon consummation of the Exchange Offer, the Lender continues to own shares of common stock of the Borrower, the Lender intends to distribute those shares of common stock of the Borrower to the remaining stockholders of the Lender such that, upon consummation of the distribution, the Lender no longer will own any shares of common stock of the Borrower;

WHEREAS, the Borrower desires that the Credit Agreement terminate subsequent to the consummation of the Exchange Offer, and the Lender has agreed to such termination.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties hereto agree, intending to be legally bound, as follows:

(1) Section 1.1 of the Credit Agreement is amended as follows:

"Principal Payment Date" means December 31, 1996, unless otherwise extended by mutual agreement of the parties hereto, provided that if any Principal Payment Date would otherwise fall on a day that is not a Business Day, that Principal Payment Date will be the immediately preceding Business Day.

"Revolving Credit Period" means the period commencing on the date of the Original Credit Agreement and ending on December 31, 1996, unless otherwise extended by mutual agreement of the parties hereto.

"Termination Date" means December 31, 1996, unless otherwise extended by mutual agreement of the parties hereto."



IN WITNESS WHEREOF, the parties have duly executed this Amendment as of the date first written above.

LOCKHEED MARTIN CORPORATION

/s/ Walter Skowronski  
-----  
Walter Skowronski

MARTIN MARIETTA MATERIALS, INC.

/s/ Janice K. Henry  
-----  
Janice K. Henry  
Vice President and Chief Financial Officer

## MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

## COMPUTATION OF EARNINGS PER SHARE

For the Quarter and Six Months Ended June 30  
(Dollars in Thousands, Except Per Share Data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	1996	1995	1996	1995
Net earnings	\$ 26,807	\$ 19,957	\$ 31,144	\$ 28,186
Weighted average number of common shares outstanding	46,079,300	46,079,300	46,079,300	46,079,300
Net earnings per common share	\$ 0.58	\$ 0.43	\$ .68	\$ 0.61

## MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

## COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

For the Six Months Ended June 30  
(Dollars in Thousands)

## EARNINGS:

Earnings before income taxes	\$47,116
(Earnings) losses of less than 50% owned associated companies, net	(591)
Interest expense	5,696
Portions of rents representative of an interest factor	603
	-----
Adjusted Earnings and Fixed Charges	\$52,824
	=====

## FIXED CHARGES:

Interest expense	\$ 5,696
Capitalized Interest	93
Portion of rents representative of an interest factor	603
	-----
Total Fixed Charges	\$ 6,392
	=====
Ratio of Earnings to Fixed Charges	8.26
	=====

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONDENSED CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 1996, AND THE RELATED CONDENSED CONSOLIDATED STATEMENT OF EARNINGS FOR THE SIX MONTHS THEN ENDED AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTERLY PERIOD ENDED JUNE 30, 1996.

1,000

6-MOS	
DEC-31-1996	JAN-01-1996
JUN-30-1996	
	0
	0
	136,882
	4,500
	114,785
271,060	
	942,223
548,515	
746,368	
105,821	
	124,871
0	
	0
	461
	444,091
746,368	
	336,985
336,985	
	257,850
	288,535
	(4,412)
	50
5,696	
	47,116
	15,972
31,144	
	0
	0
	0
	31,144
	0.68
	0.68