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, 2003

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 by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act)

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, 2003
Common Stock, $0.01 par value	48,920,398

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q
For the Quarter Ended June 30, 2003

PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements

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

	June 30, 2003	December 31, 2002
		(Audited)
	(Dollars in Thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 6,907	$ —
Accounts receivable, net	296,525	232,884
Inventories, net	237,802	239,726
Current deferred income tax benefits	24,320	21,387
Other current assets	21,210	32,152
Total Current Assets	586,764	526,149
Property, plant and equipment	2,186,696	2,146,480
Allowances for depreciation and depletion	(1,128,159)	(1,078,904)
Net property, plant and equipment	1,058,537	1,067,576
Goodwill, net	579,094	577,449
Other intangibles, net	29,053	31,972
Other noncurrent assets	53,525	55,384
Total Assets	$ 2,306,973	$ 2,258,530
LIABILITIES AND SHAREHOLDERS' EQUITY		
Bank Overdraft	$ —	$ 304
Accounts payable	74,893	73,186
Accrued salaries, benefits and payroll taxes	50,153	45,168
Accrued insurance and other taxes	37,261	32,511
Income taxes	1,779	2,307
Current maturities of long-term debt	9,439	11,389
Other current liabilities	33,940	32,962
Total Current Liabilities	207,465	197,827
Long-term debt and commercial paper	746,701	733,471
Pension, postretirement and postemployment benefits	100,274	101,796
Noncurrent deferred income taxes	115,102	108,496
Other noncurrent liabilities	51,408	33,930
Total Liabilities	1,220,950	1,175,520
Shareholders' equity:		
Common stock, par value $0.01 per share	489	488
Preferred stock, par value $0.01 per share	—	—
Additional paid-in capital	447,528	447,153
Accumulated other comprensive loss	(7,365)	(7,365)
Retained earnings	645,371	642,734
Total Shareholders' Equity	1,086,023	1,083,010
Total Liabilities and Shareholders' Equity	$ 2,306,973	$ 2,258,530

See accompanying notes to consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
	(Dollars in Thousands, Except Per Share Amounts)			(Restated)
Net Sales	$ 416,144	$ 413,796	$ 698,758	$ 695,392
Freight and delivery revenues	55,743	50,558	96,798	92,455
Total revenues	471,887	464,354	795,556	787,847
Cost of sales	315,010	304,716	575,621	557,848
Freight and delivery costs	55,743	50,558	96,798	92,455
Total cost of revenues	370,753	355,274	672,419	650,303
Gross Profit	101,134	109,080	123,137	137,544
Selling, general & administrative expenses	28,915	28,488	59,636	56,671
Research and development	112	136	170	220
Other operating (income) and expenses, net	1,949	(455)	2,359	(587)
Earnings from Operations	70,158	80,911	60,972	81,240
Interest expense	10,883	11,213	21,004	22,346
Other nonoperating (income) and expenses, net	766	8,520	229	8,438
Earnings from continuing operations before income tax benefit and cumulative effect of change in accounting principle	58,509	61,178	39,739	50,456
Income tax expense	18,709	18,351	12,856	15,202
Earnings from continuing operations before cumulative effect of change in accounting principle	39,800	42,827	26,883	35,254
Discontinued Operations:				
(Loss) earnings on discontinued operations, net of related tax (benefit) expense of $(101), $12,650, $(827) and $10,485 respectively	(150)	10,535	(1,251)	7,559
Earnings before cumulative effect of change in accounting principle	39,650	53,362	25,632	42,813
Cumulative effect of change in accounting for asset retirement obligations, net of related taxes of $4,498	—	—	(6,874)	—
Cumulative effect of change in accounting for intangible assets	—	—	—	(11,510)
Net earnings	$ 39,650	$ 53,362	$ 18,758	$ 31,303
Net Earnings Per Common Share:				
Basic from continuing operations before cumulative effect of change in accounting principle	$ 0.81	$ 0.88	$ 0.55	$ 0.72
Discontinued operations	—	0.22	(0.03)	0.16
Cumulative effect of change in accounting principle	—	—	(0.14)	(0.23)
	$ 0.81	$ 1.10	$ 0.38	$ 0.65
Diluted from continuing operations before cumulative effect of change in accounting principle	$ 0.81	$ 0.88	$ 0.55	$ 0.72
Discontinued operations	—	0.21	(0.03)	0.16
Cumulative effect of change in accounting principle	—	—	(0.14)	(0.23)
	$ 0.81	$ 1.09	$ 0.38	$ 0.65
Dividends Per Share	$ 0.18	$ 0.14	$ 0.33	$ 0.28
Average Number of Common Shares Outstanding:				
Basic	48,905,591	48,700,333	48,898,334	48,627,885
Diluted	49,111,046	48,851,807	49,084,931	48,785,152

See accompanying notes to consolidated financial statements.

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

	Six Months Ended June 30,	
	2003	**2002**
	(Dollars in Thousands)	(Restated)
Net earnings	$ 18,758	$ 31,303
Cumulative effect of change in accounting principle	6,874	11,510
Earnings before cumulative effect of change in accouning principle	25,632	42,813
Adjustments to reconcile earnings to cash provided by operating activities:		
Depreciation, depletion and amortization	68,050	68,329
Other items, net	1,344	(22,400)
Changes in operating assets and liabilities, net of effects of acquisitions and divestitures:		
Deferred income taxes	7,514	12,821
Accounts receivable, net	(63,030)	(65,638)
Inventories, net	197	(24,598)
Accounts payable	2,364	(360)
Other assets and liabilities, net	18,945	36,688
Net cash provided by operating activities	61,016	47,655
Investing activities:		
Additions to property, plant and equipment	(56,650)	(67,853)
Acquisitions, net	(8,616)	(35,740)
Divestitures and other investing activities, net	6,196	68,526
Net cash used for investing activities	(59,070)	(35,067)
Financing activities:		
Net principal borrowings on long-term debt	9,842	(501)
Proceeds from termination of interest rate swaps	12,581	—
Dividends paid	(16,121)	(13,632)
Loans payable	(1,222)	4,312
Issuance of common stock	185	610
Net cash provided by (used in) financing activities	5,265	(9,211)
Net increase in cash and cash equivalents	7,211	3,377
(Bank overdraft) cash and cash equivalents, beginning of period	(304)	1,379
Cash and cash equivalents, end of period	$ 6,907	$ 4,756
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 24,026	$ 24,831
Net income tax refunds	$ 2,338	$ 6,505
Noncash investing and financing activities:		
Exchange of quarries	$ —	$ 10,500
Value of common stock issued in connection with acquisitions	$ —	$ 9,718
Debt assumed in connection with acquisitions	$ —	$ 4,000
Notes receivable issued in connection with divestitures	$ 9,512	$ —

See accompanying notes to consolidated financial statements.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

The accompanying unaudited 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, 2002, filed with the Securities and Exchange Commission on March 27, 2003. 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, 2003 are not indicative of the results to be expected for the full year.

In 2002 and 2003, the Corporation divested of certain nonstrategic operations within its Aggregates operating segment with the 2003 divestitures being uncertain as of December 31, 2002. As such, the Corporation had a continuing financial interest in this certain group of assets and the related market served by these operations during 2002 and through the 2003 date of disposal. In the first quarter 2003, the divestiture resulted in discontinued operations and therefore the results of all operations through the date of disposal and any gain or loss on disposals are included in "(Loss) earnings from discontinued operations" on the consolidated statements of earnings. The results of discontinued operations during the quarter and six months ended June 30, 2002 have been reclassified, as required, to conform to the 2003 presentation. For the quarter ended June 30, the discontinued operations included net sales of $0.4 million and $11.0 million in 2003 and 2002, respectively, and a pretax loss of $0.3 million in 2003 and a pretax gain of $23.2 million in 2002. The pretax loss for the quarter ended June 30, 2003 included a gain on disposal of $0.3 million. The pretax gain for the quarter ended June 30, 2002 included gains on disposals of $21.6 million.

For the six months ended June 30, the discontinued operations included net sales of $1.1 million and $19.4 million in 2003 and 2002, respectively, and a pretax loss of $2.1 million in 2003 and a pretax gain of $18.0 million in 2002. The pretax gain for the six months ended June 30, 2002 included a gain on disposal of $21.6 million.

During the six months ended June 30, 2003, the Corporation decreased its accrual for incurred but not reported claims related to its self-insurance health benefits provided to its employees. The change in estimate was based on the Corporation's recent claims experience and increased net earnings for the six months by $1.3 million, or $0.03 per diluted share.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

1. Basis of Presentation (continued)

The financial statements for the six months ended June 30, 2002 have been restated to reflect the adoption of Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets* ("FAS 142"). An impairment charge of $11.5 million, or $0.23 per diluted share, was recorded during the fourth quarter of 2002, retroactive to January 1, 2002, as the cumulative effect of adopting FAS 142.

Certain 2002 amounts have been reclassified to conform to the 2003 presentation. Such reclassifications had no impact on previously reported net earnings or financial position.

2. Inventories

	June 30, 2003	December 31, 2002
	(Dollars in Thousands)	
Finished products	$211,226	$212,694
Product in process and raw materials	9,257	8,967
Supplies and expendable parts	22,354	23,724
	242,837	245,385
Less allowances	(5,035)	(5,659)
Total	$237,802	$239,726

3. Goodwill

The following shows changes in net goodwill (dollars in thousands):

	Quarter Ended June 30, 2003	Six Months Ended June 30, 2003
Balance at beginning of period	$580,081	$577,449
Acquisitions	—	5,232
Adjustments to purchase price allocations	(487)	(487)
Amounts allocated to divestitures	(500)	(3,100)
Balance at end of period	$579,094	$579,094

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

4. Long-Term Debt

	June 30, 2003	December 31, 2002
	(Dollars in Thousands)	
6.875% Notes, due 2011	$249,761	$249,750
5.875% Notes, due 2008	211,783	209,143
6.9% Notes, due 2007	124,973	124,971
7% Debentures, due 2025	124,258	124,251
Commercial paper and line of credit, interest rates ranging from 1.20% to 1.94%	34,491	25,713
Acquisition notes, interest rates ranging from 2.11% to 9.00%	9,914	10,849
Other notes	960	183
	756,140	744,860
Less current maturities	(9,439)	(11,389)
Total	$746,701	$733,471

No borrowings were outstanding under the Corporation’s revolving credit agreement at June 30, 2003. However, this agreement supports commercial paper borrowings of $30 million outstanding at June 30, 2003, which has been classified as long-term debt in the Corporation’s consolidated balance sheet based on management’s ability to maintain this debt outstanding for at least one year. At July 31, 2003, $10 million of commercial paper borrowings was outstanding. See the “Liquidity and Capital Resources” discussion contained in the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 20 and 21 of this Form 10-Q.

In May 2003, the Corporation terminated its interest rate swap agreements (the “Swaps”) and received a cash payment of $12.6 million, which represented the fair value of the Swaps on the date of termination. The Corporation also received accrued interest of $2.1 million, which represented the difference in the interest rate between the fixed interest received and the variable interest paid from the previous interest payment date to the termination date. In accordance with generally accepted accounting principles, the carrying amount of the related Notes on the date of termination, which includes adjustments for changes in the fair value of the debt while the Swaps were in effect, will be accreted back to its par value over the remaining life of the Notes. The accretion will decrease annual interest expense by approximately $2 million until the maturity of the Notes in 2008.

The Corporation, through its Magnesia Specialties division, is a 50% member of a limited liability company. Each of the two members of the limited liability company has guaranteed 50% of its debt, each up to a maximum of $7.5 million.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

5. Income Taxes

The Corporation’s effective income tax rate for continuing operations for the six months ended June 30 was 32.4% in 2003 and 30.1% in 2002. The Corporation’s effective tax rate includes the effect of state income taxes and the impact of differences in book and tax accounting arising from the net permanent benefits associated with the depletion allowances for mineral reserves, foreign operating earnings and earnings from nonconsolidated investments.

The effective income tax rate for discontinued operations for the six months ended June 30, 2003 and 2002 was 39.8% and 58.1%, respectively. The 2002 rate includes the permanent differences associated with the write off of nondeductible goodwill related to certain divestitures.

6. 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.

The collective bargaining agreement at the Corporation’s Manistee, Michigan facility, which was scheduled to expire in August 2003, has been extended while negotiations for a long-term contract continue. Although management currently believes that a work stoppage is unlikely, there is no assurance that a successor agreement will be reached, and management can give no assurance that a work stoppage will not have a material adverse effect on the magnesia-based product segment’s interim or annual financial position or results of operations. The Corporation considers its relations with its employees to be good.

7. Stock-Based Compensation

The Corporation has stock-based compensation plans for employees and directors which are accounted for under the intrinsic value method prescribed by APB Opinion 25, *Accounting for Stock Issued to Employees*, and related Interpretations. The following table illustrates the effect on net earnings and earnings per share if the Corporation had applied the fair value recognition provisions of Statement of Financial Accounting Standards No. 123, *Accounting for Stock-Based Compensation*:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	**2002**	**2003**	**2002**
				(Restated)
Net earnings, as reported	$39,650	$53,362	$18,758	$31,303
Add: Stock-based compensation expense included in reported net earnings, net of related tax effects	335	357	632	124
Deduct: Total stock-based compensation expense determined under fair value for all awards, net of related tax effects	(1,223)	(1,868)	(2,408)	(3,146)
Pro forma net earnings	$38,762	$51,851	$16,982	$28,281
Earnings per share:				
Basic-as reported	$ 0.81	$ 1.10	$ 0.38	$ 0.65
Basic-pro forma	$ 0.79	$ 1.06	$ 0.35	$ 0.58
Diluted-as reported	$ 0.81	$ 1.09	$ 0.38	$ 0.65
Diluted-pro forma	$ 0.79	$ 1.06	$ 0.35	$ 0.58

8. Adoption of Statement of Financial Accounting Standards No. 143, *Accounting for Asset Retirement Obligations*

Effective January 1, 2003, the Corporation adopted Statement of Financial Accounting Standards No. 143, *Accounting for Asset Retirement Obligations* (“FAS 143”). FAS 143 requires the recognition of the fair value of a legally enforceable liability representing an asset retirement obligation in the period in which it is incurred. A corresponding amount is capitalized as part of the asset’s carrying amount. The asset retirement obligation is recorded at the acquisition date of a long-lived tangible asset if the fair value can be reasonably estimated. The Corporation incurs reclamation obligations as part of its aggregates mining process. Prior to the adoption of FAS 143, the Corporation generally expensed reclamation obligations in the period in which they were incurred.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

8. Adoption of Statement of Financial Accounting Standards No. 143, *Accounting for Asset Retirement Obligations* (Continued)

The provisions of FAS 143 require the projected estimated reclamation obligation to include a market risk premium which represents the amount an external party would charge for bearing the uncertainty of guaranteeing a fixed price today for performance in the future. However, due to the average remaining quarry life exceeding 60 years on average at current production rates and the nature of quarry reclamation work, the Corporation believes that it is impractical for external parties to agree to a fixed price today. Therefore, a market risk premium has not been included in the reclamation liabilities.

The estimated future reclamation obligations have been discounted to their present value and are being accreted to their projected future obligations via charges to operating expenses. Additionally, the fixed assets recorded concurrently with the liabilities are being depreciated over the period until reclamation activities are expected to occur. The accretion and depreciation expenses are included in other operating income and expenses on the consolidated statements of earnings.

The cumulative effect of adopting FAS 143 was a charge of $6.9 million, or $0.14 per diluted share, which is net of a $4.5 million income tax benefit.

The following shows the changes in the asset retirement obligation from January 1, 2003 to June 30, 2003 (amounts in thousands):

	Quarter Ended June 30, 2003	Six Months Ended June 30, 2003
Balance at beginning of period	$18,372	$18,122
Accretion expense	268	518
Liabilities incurred	103	103
Liabilities settled	(186)	(186)
Balance at end of period	$18,557	$18,557

8. Adoption of Statement of Financial Accounting Standards No. 143, *Accounting for Asset Retirement Obligations* (Continued)

The following pro forma information presents the results of operations, excluding the cumulative effect of the accounting change for FAS 143, and the asset retirement obligation as if FAS 143 had been adopted on January 1, 2002 (amounts in thousands, except per share amounts):

	Quarter Ended June 30, 2002	Six Months Ended June 30, 2002
Earnings from continuing operations before cumulative effect of change in accounting principle	$42,537	$34,675
Net earnings	$53,072	$30,724
Earnings per diluted share from continuing operations before cumulative effect of change in accounting principle	$ 0.87	$ 0.71
Net earnings per diluted share	$ 1.09	$ 0.63

	Asset Retirement Obligation
Balance at January 1, 2002	$17,096
Balance at December 31, 2002	$18,122

9. Accounting Changes

In July 2002, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 146, *Obligations Associated with Disposal Activities* ("FAS 146"). FAS 146 requires that a liability for a disposal obligation be recognized and measured at its fair value when it is incurred, including severance pay and other obligations. FAS 146 is effective for disposal activities initiated after December 31, 2002. The adoption of FAS 146 had no impact on the Corporation's net earnings or financial position.

In November 2002, the FASB issued Interpretation No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others* ("FIN 45"). FIN 45 requires that upon issuance of certain guarantees, the guarantor must recognize a liability for the fair value of the obligation it assumes under the guarantee. FIN 45 also enhances the disclosures of certain types of guarantees. The recognition provisions of FIN 45 were effective for guarantees issued or modified after December 31, 2002. The adoption of FIN 45 was not material to the Corporation's net earnings or financial position.

In January 2003, the FASB issued Interpretation No. 46, *Consolidation of Variable Interest Entities* ("FIN 46"). FIN 46 requires a new approach in determining if a reporting entity consolidates certain legal entities referred to as variable interests entities ("VIEs"), including joint ventures, limited liability corporations and equity investments. A VIE is an entity in which the equity investors do not have a controlling interest or has insufficient resources to finance the entity's activities without receiving additional financial support from the other parties. Under FIN 46, consolidation of a VIE is required by the investor with the majority of the variable interests in the entity. FIN 46 is effective immediately for variable interests in VIEs created after January 31, 2003 and July 1, 2003 for variable interests in VIEs acquired prior to February 1, 2003. The adoption of FIN 46 is not expected to be material to the Corporation's financial position or results of operations.

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

Second Quarter and Six Months Ended June 30, 2003 and 2002

OVERVIEW Martin Marietta Materials, Inc. (the "Corporation"), operates in two principal business segments: aggregates products and magnesia-based products. The Corporation's net sales and earnings are predominately derived from its aggregates segment, which processes and sells granite, limestone, and other aggregates-related products from a network of approximately 360 quarries, distribution facilities and plants in 28 states in the southeastern, southwestern, midwestern and central regions of the United States and in the Bahamas and Canada. The division's products are used primarily by commercial customers principally in domestic construction of highways and other infrastructure projects and for commercial and residential buildings. The magnesia-based products segment produces magnesia-based chemicals products used in industrial, agricultural and environmental applications, and dolomitic lime sold primarily to customers in the steel industry.

CRITICAL ACCOUNTING POLICIES The Corporation outlined its critical accounting policies in its Annual Report on Form 10-K for the year ended December 31, 2002, filed with the Securities and Exchange Commission on March 27, 2003.

Pension Expense-Selection of Assumptions. The discount rate assumption selected at December 31, 2002 for the Corporation's defined benefit pension plans was 6.75%. This assumption, combined with certain other assumptions and actual results for 2002, resulted in the Corporation recording a minimum pension liability of $12.2 million, which required a direct charge to shareholders' equity at December 31, 2002 of $7.4 million, net of taxes. Pension expense for 2003, which is determined using the same assumptions, is estimated to be approximately $15.1 million for the year, representing an increase of $4.5 million over 2002 pension expense. In 2003, the average yield on high quality bonds, which is the basis of the discount rate assumption, has decreased approximately 50 basis points. If the discount rate selected at December 31, 2003 is 6.25%, and assuming an actual return on assets for the year of 8%, the Corporation expects the minimum pension liability to increase by approximately $12 million at December 31, 2003. This would require a net after-tax charge to shareholders' equity of approximately $7 million for 2003. Any difference in the actual return on assets for the year as compared to 8% will impact the minimum pension liability, with a higher return resulting in a lower liability and vice versa. The discount rate at December 31, 2003 and the actual return on pension assets for the year then ended will be factors in determining 2004 pension expense.

Asset Retirement Obligations – Selection of Assumptions and Estimates. Effective January 1, 2003, the Corporation adopted Statement of Financial Accounting Standards No. 143, *Accounting for Asset Retirement Obligations* ("FAS 143"). This pronouncement requires recognition of a liability that represents an asset retirement obligation in the period in which it is incurred if a reasonable estimate of fair value can be made. A corresponding amount is capitalized as part of the fixed asset. FAS 143 is limited to obligations that are legally enforceable, whether due to law or statute, an oral or written contract, or under the doctrine of promissory estoppel. The Corporation, through its Aggregates segment, incurs reclamation obligations at most of its quarries.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS
Second Quarter and Six Months Ended June 30, 2003 and 2002
(Continued)

The selection of asset retirement obligations as a critical accounting policy is due to the significant assumptions and estimates made by management in determining the asset retirement liability and the cumulative effect of the change in accounting principle. Further, the adoption of FAS 143 will result in additional depreciation expense and accretion expense annually.

The significant assumptions and estimates required in the adoption of FAS 143 include the following:

- *Year quarry is expected to close*. The estimated year of closure is when final reclamation occurs and is generally based on the remaining years of mineral reserves or the expiration of a lease. It is highly speculative to determine the year of closure of a quarry because changes in demand, the ability to extract additional mineral reserves or renewing a lease can affect the year of closure. On average, the Corporation has greater than 60 years of mineral reserves at its quarries based on current production rates.

- *Total current reclamation costs.* The Corporation has not closed many locations in its history. State performance bonding requirements and management's experience and knowledge of the industry were used to estimate current reclamation costs.

- *Inflation Rate.* The inflation rate is applied to total current reclamation costs to estimate the reclamation costs at the time the quarries are closed. The Corporation assumed an annual inflation rate of 3%.

- *Discount Rate*. The estimated reclamation costs at the closing year were discounted back to January 1, 2003 to determine the initial asset retirement obligation. Further, the reclamation costs were discounted back to the year that the quarry was either initially mined or acquired to determine the initially recorded fixed asset. The discount rate should represent the Corporation's credit-adjusted, risk-free rate of interest. This credit-adjusted, risk-free rate of interest for the Corporation ranged from 5.50% to 7.00%, depending on the term of the debt, for a period of ten to thirty years, respectively. The discount rate used in management's estimate of reclamation cost was matched to the year a quarry was expected to close.

Using these estimates and assumptions, the cumulative effect of the change in accounting principle, fixed asset, accumulated depreciation and the asset retirement obligation were calculated for each of the Corporation's locations that have an asset retirement obligation. At January 1, 2003, the following amounts were recorded in connection with the adoption of FAS 143:

Cumulative effect of change in accounting principle	$ 6.9	million
Net deferred tax asset	$ 4.5	million
Net fixed asset	$ 6.2	million
Asset retirement obligation	$17.6	million

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
Second Quarter and Six Months Ended June 30, 2003 and 2002
(Continued)

Subsequent to the adoption of FAS 143, the Corporation will recognize annual depreciation expense, currently estimated at approximately $0.8 million, related to the fixed assets. Further, the Corporation will recognize annual accretion expense, currently estimated at approximately $1.0 million, as the asset retirement obligation is accreted to its future value. The assumptions and estimates related to FAS 143 will be updated as facts and circumstances change. Any changes will affect annual depreciation and accretion expenses.

RESULTS OF OPERATIONS Consolidated net sales for the quarter were $416.1 million compared to 2002 second quarter net sales of $413.8 million. Consolidated earnings from operations for the quarter were $70.2 million as compared to the record level of $80.9 million in the second quarter 2002. Earnings for the quarter were significantly affected by the extremely poor weather and operating conditions in addition to lower demand based on the weak construction-related economy. These conditions also resulted in decreased production volume which negatively affected earnings due to the underabsorption of fixed costs. Interest expense decreased 3% to $10.9 million for the second quarter 2003. Other nonoperating income and expenses, net, were an expense of $0.8 million compared to $8.5 million in the prior year. Consolidated after-tax earnings from continuing operations for the quarter were $39.8 million, or $0.81 per diluted share, compared to $42.8 million, or $0.88 per diluted share, in the second quarter 2002.

In 2002 and 2003, the Corporation divested of certain nonstrategic operations within its Aggregates operating segment with the 2003 divestitures being uncertain as of December 31, 2002. As such, the Corporation had a continuing financial interest in this certain group of assets and the related market served by these operations during 2002 and through the 2003 date of disposal. In the first quarter 2003, the divestiture resulted in discontinued operations and therefore the results of all operations through the date of disposal and any gain or loss on disposals are included in "(Loss) Earnings from discontinued operations" on the consolidated statements of earnings. The results of discontinued operations during the quarter and six months ended June 30, 2002 have been reclassified, as required, to conform to the 2003 presentation. For the quarter ended June 30, the discontinued operations included net sales of $0.4 million and $11.0 million in 2003 and 2002, respectively, and a pretax loss of $0.3 million in 2003 and a pretax gain of $23.2 million in 2002. The pretax loss for the quarter ended June 30, 2003 included a gain on disposal of $0.3 million. The pretax gain for the quarter ended June 30, 2002 included gains on disposals of $21.6 million.

Net earnings for the quarter ended June 30 were $39.7 million, or $0.81 per diluted share, in 2003 and $53.4 million, or $1.09 per diluted share, in 2002.

Consolidated net sales for the first six months of 2003 were $698.8 million compared to $695.4 million for the year-earlier period. On a year-to-date basis, consolidated earnings from operations were $61.0 million in 2003 compared with $81.2 million in 2002. Other nonoperating income and expenses, net, were expenses of $0.2 million in 2003 and $8.4 million in 2002. Interest expense decreased 6% in 2003 as compared to the prior year. Consolidated earnings from continuing operations for the six months ended June 30 were $26.9 million, or $0.55 per diluted share, in 2003 compared to $35.3 million, or $0.72 per diluted share, in 2002.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
Second Quarter and Six Months Ended June 30, 2003 and 2002
(Continued)

For the six months ended June 30, the discontinued operations included net sales of $1.1 million and $19.4 million in 2003 and 2002, respectively, and a pretax loss of $2.1 million in 2003 and a pretax gain of $18.0 million in 2002. The pretax gain for the six months ended June 30, 2002 included a gain on disposal of $21.6 million.

During the first quarter 2003, the Corporation recorded a $6.9 million, or $0.14 per diluted share, net charge as the cumulative effect of an accounting change related to the adoption of FAS 143. The first six months of 2002 were restated to reflect the $11.5 million, or $0.23 per diluted share, charge recorded as the cumulative effect of an accounting change related to the adoption of Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets*. Consolidated net earnings for the first six months were $18.8 million, or $0.38 per diluted share, in 2003 as compared to $31.3 million, or $0.65 per diluted share, in 2002.

Except as indicated, the following comparative analysis in the Results of Operations section of this Management's Discussion and Analysis of Financial Condition and Results of Operations is based on results from continuing operations.

Net sales for the Aggregates division were $394.1 million for the second quarter of both 2003 and 2002. Average sales price at heritage aggregates operations increased 1.0 percent which was offset by a 1.9 percent decline in heritage aggregates shipments, most significantly in North Carolina and the Southwest due to the poor weather conditions and the weak economy. Pricing was negatively affected by product mix weighted to lower-value products. Gross margin for the division was 24.6 percent in 2003 compared with 26.9 percent in the year-earlier period, principally due to the underabsorption of fixed costs.

The following tables present volume and pricing data and shipments data for heritage operations, acquisitions and discontinued operations:

	Three Months Ended June 30, 2003		Six Months Ended June 30, 2003	
	Volume	**Pricing**	**Volume**	**Pricing**
Volume/Pricing Variance (1)				
Heritage Aggregates Operations (2)	(1.9%)	1.0%	(3.3%)	1.9%
Aggregates Division (3)	(3.7%)	1.5%	(4.4%)	2.2%

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	**2002**	**2003**	**2002**
Shipments (tons in thousands)				
Heritage Aggregates Operations (2)	50,301	51,266	82,973	85,812
Acquisitions	1,400	507	2,660	507
Divestitures (4)	77	2,008	210	3,481
Aggregates Division (3)	51,778	53,781	85,843	89,800

(1) Volume/pricing variances reflect the percentage increase/(decrease) from the comparable period in the prior year.

(2) Heritage aggregates operations exclude acquisitions that have not been included in prior-year operations for a full year and divestitures.

(3) Aggregates division includes all acquisitions from the date of acquisition and divested operations through the dates of divestiture.

(4) Divestitures include the tons related to divested operations up to the dates of divestiture.

Selling, general and administrative expenses as a percentage of net sales for the Aggregates division remained relatively constant. The Aggregates division's earnings from operations were $67.9 million in the second quarter of 2003 as compared to $79.4 million in the second quarter of 2002.

The Aggregates division's business is significantly affected by seasonal changes and other weather-related conditions. Consequently, the Aggregates division's 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. Further because of the potentially significant impact of weather on the Corporation's operations, first half results are not indicative of expected performance for the year.

Magnesia Specialties' second quarter net sales of $22.0 million increased 12% when compared to the year-earlier period as the division generated increased sales from water treatment products, a new product line for the pulp and paper industry and strong lime shipments. The earnings from operations for the second quarter were $2.3 million for 2003 as compared to $1.5 million in 2002, despite high natural gas prices. For the six months ended June 30, net sales were $41.9 million and $38.4 million in 2003 and 2002, respectively. Earnings from operations for the first six months were $2.1 million in 2003 and $2.9 million in 2002.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS
Second Quarter and Six Months Ended June 30, 2003 and 2002
(Continued)

The following tables present net sales, gross profit, selling, general and administrative expenses, and earnings from operations data for the Corporation and each of its divisions for the three months and six months ended June 30, 2003 and 2002. 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.

Earnings from operations include research and development expense and other operating income and expenses. Research and development expense for the Corporation was $112,000 and $136,000 for the quarter ended June 30, 2003 and 2002, respectively. Other operating income and expenses, net, for the Corporation, was an expense of $1,949,000 and income of $455,000 for the quarter ended June 30, 2003 and 2002, respectively.

For the six months ended June 30, 2003 and 2002, research and development expense for the Corporation was $170,000 and $220,000, respectively. Other operating income and expenses, net, for the Corporation, was an expense of $2,359,000 and income of $587,000 for the six months ended June 30, 2003 and 2002, respectively.

	Three Months Ended June 30			
	2003		2002	
	Amount	% of Net Sales	Amount	% of Net Sales
	(Dollars in Thousands)			
Net sales:				
Aggregates	$394,102	100.0	$394,109	100.0
Magnesia Specialties	22,042	100.0	19,687	100.0
Total	$416,144	100.0	$413,796	100.0
Gross profit:				
Aggregates	$ 96,996	24.6	$105,983	26.9
Magnesia Specialties	4,138	18.8	3,097	15.7
Total	$101,134	24.3	$109,080	26.4
Selling, general & administrative expenses:				
Aggregates	$ 27,146	6.9	$ 26,926	6.8
Magnesia Specialties	1,769	8.0	1,562	7.9
Total	$ 28,915	6.9	$ 28,488	6.9
Earnings from operations:				
Aggregates	$ 67,875	17.2	$ 79,434	20.2
Magnesia Specialties	2,283	10.4	1,477	7.5
Total	$ 70,158	16.9	$ 80,911	19.6

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
Second Quarter and Six Months Ended June 30, 2003 and 2002
(Continued)

	Six Months Ended June 30,			
	2003		2002	
	Amount	% of Net Sales	Amount	% of Net Sales
	(Dollars in Thousands)			
Net sales:				
Aggregates	$656,825	100.0	$656,968	100.0
Magnesia Specialties	41,933	100.0	38,424	100.0
Total	$698,758	100.0	$695,392	100.0
Gross profit:				
Aggregates	$117,322	17.9	$131,418	20.0
Magnesia Specialties	5,815	13.9	6,126	15.9
Total	$123,137	17.6	$137,544	19.8
Selling, general & administrative expenses:				
Aggregates	$ 56,111	8.5	$ 53,583	8.2
Magnesia Specialties	3,525	8.4	3,088	8.0
Total	$ 59,636	8.5	$ 56,671	8.1
Earnings from operations:				
Aggregates	$ 58,827	9.0	$ 78,314	11.9
Magnesia Specialties	2,145	5.1	2,926	7.6
Total	$ 60,972	8.7	$ 81,240	11.7

Interest expense was $10.9 million in the second quarter 2003, compared to $11.2 million in the second quarter of 2002, primarily due to lower average outstanding debt and the impact of interest rate swaps.

Other nonoperating income and expenses, net, for the quarter ended June 30, was $0.8 million in expense in 2003 compared with $8.5 million in expense in 2002. In addition to other offsetting amounts, other income and expenses, net, is comprised generally of interest income, gains and losses related to certain amounts receivable, costs associated with the commercialization of certain new technologies and net equity earnings from nonconsolidated investments. In the prior year quarter, the amount included $6.6 million of expenses related to legal settlements and to reserve an investment related to certain microwave technologies. During the six months ended June 30, the Corporation wrote off net customer bad debts of approximately $1.0 million and $1.1 million in 2003 and 2002, respectively. In 2003 the net write offs were generally applied against the allowance for doubtful accounts while net write offs in 2002 were charged to expense. At June 30, 2003, management considers the allowance for doubtful accounts to be adequate.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
Second Quarter and Six Months Ended June 30, 2003 and 2002
(Continued)

The collective bargaining agreement at the Corporation's Manistee, Michigan facility, which was scheduled to expire in August 2003, has been extended while negotiations for a long-term contract continue. Although management currently believes that a work stoppage is unlikely, there is no assurance that a successor agreement will be reached, and management can give no assurance that a work stoppage will not have a material adverse effect on the magnesia-based product segment's interim or annual financial position or results of operations. The Corporation considers its relations with its employees to be good.

LIQUIDITY AND CAPITAL RESOURCES Net cash flow provided by operating activities during the six months ended June 30, 2003 was $61.0 million compared with $47.7 million in the comparable period of 2002. The cash flow for both 2003 and 2002 was principally from earnings, before deducting depreciation, depletion and amortization, offset by working capital requirements. Depreciation, depletion and amortization was as follows (amounts in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Depreciation	31.5	$31.2	$62.5	$62.3
Depletion	1.7	1.6	2.4	2.8
Amortization	1.4	1.6	3.1	3.2
	$34.6	$34.4	$68.0	$68.3

The seasonal nature of the construction aggregates business impacts quarterly net cash provided by operating activities when compared with the year. Full year 2002 net cash provided by operating activities was $203.6 million, compared with $47.7 million provided by operations in the first six months of 2002.

Capital expenditures, exclusive of acquisitions, for the first six months were $56.7 million in 2003 and $67.9 million in 2002. Comparable full-year capital expenditures were $152.7 million in 2002.

In May 2003, the Corporation terminated its interest rate swap agreements (the "Swaps") and received a cash payment of $12.6 million, which represented the fair value of the Swaps on the date of termination. The Corporation also received accrued interest of $2.1 million, which represented the difference in the interest rate between the fixed interest received and the variable interest paid from the previous interest payment date to the termination date. In accordance with generally accepted accounting principles, the carrying amount of the related Notes on the date of termination, which includes adjustments for changes in the fair value of the debt while the Swaps were in effect, will be accreted back to its par value over the remaining life of the Notes. The accretion will decrease annual interest expense by approximately $2 million until the maturity of the Notes in 2008.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
Second Quarter and Six Months Ended June 30, 2003 and 2002
(Continued)

The Corporation declared a $0.03 per share increase in its regular quarterly dividend to $0.18 per share effective for the dividend paid on June 30, 2003. The increased dividend on an annual basis is $0.72 per share and is expected to require additional cash of $6 million on an annual basis at the current level of outstanding common shares.

The Corporation continues to rely upon internally generated funds and access to capital markets, including its revolving credit agreement, a cash management facility and a leasing line of credit to meet its liquidity requirements, finance its operations and fund its capital requirements.

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, fund pension contributions and allow for payment of dividends in 2003.

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. The Corporation's commercial paper obligations are rated "A-2" by Standard & Poor's and "P-2" by Moody's. In July 2001, Standard and Poor's revised its outlook for the Corporation to negative from stable while reaffirming its ratings. 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.

Contractual Obligations

In 2003, the Corporation entered into new equipment operating leases with aggregate future commitments of $16.2 million. The Corporation intends to continue entering into operating leases, primarily for mobile equipment, in its ordinary course of business. The Corporation also enters into equipment rentals on a regular basis to meet shorter term, nonrecurring and intermittent needs.

The Corporation intends to make a $17.2 million contribution to the pension plan during the third quarter. Total pension plan contributions during 2003 are expected to be approximately $21 million.

ACCOUNTING CHANGES The accounting changes that currently impact the Corporation are included in Notes 8 and 9 to the Consolidated Financial Statements.

OUTLOOK 2003 The outlook for 2003 continues to be somewhat uncertain. However, given current backlogs indicated by major customers, reasonable weather conditions, and no further weakening of the economy, management expects to see positive operating results in the second half of the year as compared to the prior year. Given these factors, management expects net earnings in the third quarter to range from $0.80 to $0.92 per diluted share. For the full year 2003, management expects earnings per diluted share to range from $1.85 to $2.15, excluding the cumulative effect of adopting FAS 143. Capital expenditures are expected to be approximately $120 million in 2003, exclusive of acquisitions.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
Second Quarter and Six Months Ended June 30, 2003 and 2002
(Continued)

OTHER MATTERS If you are interested in Martin Marietta Materials, Inc. stock, management recommends that, at a minimum, you read the Corporation's current annual report and 10-K, 10-Q and 8-K reports to the SEC over the past year. The Corporation's recent proxy statement for the annual meeting of shareholders also contains important information. These and other materials that have been filed with the SEC are accessible through the Corporation's Web site at www.martinmarietta.com and are also available at the SEC's Web site at www.sec.gov. You may also write or call the Corporation's Corporate Secretary, who will provide copies of such reports.

Investors are cautioned that all statements in this Quarterly Report that relate to the future involve risks and uncertainties, and are based on assumptions that the Corporation believes in good faith are reasonable but which may be materially different from actual results. Forward-looking statements give the investor our expectations or forecasts of future events. You can identify these statements by the fact that they do not relate only to historical or current facts. They may use words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," and other words of similar meaning in connection with future events or future operating or financial performance. Any or all of our forward-looking statements here and in other publications may turn out to be wrong.

Factors that the Corporation currently believes could cause actual results to differ materially from the forward-looking statements in this Quarterly Report on Form 10-Q include, but are not limited to, business and economic conditions and trends in the markets the Corporation serves; the level and timing of federal and state transportation funding; levels of construction spending in the markets the Corporation serves; unfavorable weather conditions; ability to recognize increased sales and quantifiable savings from internal expansion projects; ability to successfully integrate acquisitions quickly and in a cost-effective manner and achieve anticipated profitability; fuel costs; transportation costs; competition from new or existing competitors; successful development and implementation of the structural composite technological process and strategic products for specific market segments; unanticipated costs or other adverse effects associated with structural composite revenue levels, products pricing, and cost associated with manufacturing ramp-up; the financial strength of the structural composite customers and suppliers; business and economic conditions and trends in the trucking and composites industries in various geographic regions; possible disruption in commercial activities related to terrorist activity and armed conflict, such as reduced end-user purchases relative to expectations; and other risk factors listed from time to time found in the Corporation's filings with the Securities and Exchange Commission. Other factors besides those listed here may also adversely affect the Corporation, and may be material to the Corporation. The Corporation assumes no obligation to update any such forward-looking statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
Second Quarter and Six Months Ended June 30, 2003 and 2002
(Continued)

INVESTOR ACCESS TO COMPANY FILINGS Shareholders may obtain, without charge, a copy of Martin Marietta Materials' Annual Report on Form 10-K, as filed with the Securities and Exchange Commission for the fiscal year ended December 31, 2002, by writing to:

Martin Marietta Materials, Inc.
Attn: Corporate Secretary
2710 Wycliff Road
Raleigh, North Carolina 27607-3033

Additionally, Martin Marietta Materials' Annual Report, press releases and filings with the Securities and Exchange Commission, including Forms 10-K, 10-Q, 8-K and 11-K, can generally be accessed via the Corporation's Web site. Filings with the Securities and Exchange Commission accessed via the Web site are available through a link with the Electronic Data Gathering, Analysis, and Retrieval ("EDGAR") system. Accordingly, access to such filings is available upon EDGAR placing the related document in its database. Investor relations contact information is as follows:

Telephone: (919) 783-4658
Email: investors@martinmarietta.com
Web site address: www.martinmarietta.com

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Corporation's operations are highly dependent upon the interest rate-sensitive construction and steelmaking industries. Consequently, these marketplaces could experience lower levels of economic activity in an environment of rising interest rates or escalating costs. Aside from these inherent risks from within its operations, the Corporation's earnings are affected also by changes in short-term interest rates, as a result of its temporary cash investments, including overnight investments in Eurodollars; outstanding commercial paper obligations; and defined benefit pension plans. During the quarter ended June 30, 2003, the Corporation terminated its interest rate swap agreements which decreased its exposure to interest rate risk.

Commercial Paper Obligations. The Corporation has a $275 million commercial paper program in which borrowings bear interest at a variable rate based on LIBOR. At June 30, 2003, there were outstanding commercial paper borrowings of $30 million. Due to the borrowings bearing interest at a variable rate, the Corporation has interest rate risk. The effect of a hypothetical increase in interest rates of 1% on borrowings of $30 million would be an increase of $0.3 million in interest expense on an annual basis.

Pension Expense. The Corporation sponsors noncontributory defined benefit pension plans which cover substantially all employees. Therefore, the Corporation's results of operations are affected by its pension expense. Assumptions that affect this expense include the discount rate and the expected long-term rate of return on assets. The selection of the discount rate is based on the yields on high quality, fixed income investments. The selection of the expected long-term rate of return on assets is based on general market conditions and related returns on a portfolio of investments. Therefore, the Corporation has interest rate risk associated with these factors. The impact of hypothetical changes in these assumptions on the Corporation's annual pension expense is discussed in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2002, filed with the Securities and Exchange Commission on March 27, 2003.

Aggregate Interest Rate Risk. The pension expense for 2003 is calculated based on assumptions selected at December 31, 2002. Therefore, interest rate risk in 2003 is limited to the potential effect related to outstanding commercial paper. Assuming outstanding commercial paper borrowings of $30 million, the aggregate effect of a hypothetical 1% increase in interest rates would increase interest expense and decrease pretax earnings by $0.3 million.

Item 4. CONTROLS AND PROCEDURES

As of June 30, 2003, an evaluation was performed under the supervision and with the participation of the Corporation's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and the operation of the Corporation's disclosure controls and procedures. Based on that evaluation, the Corporation's management, including the Chief Executive Officer and Chief Financial Officer, concluded that the Corporation's disclosure controls and procedures were effective as of June 30, 2003. There have been no significant changes in the Corporation's internal controls or in other factors that could significantly affect the internal controls subsequent to June 30, 2003.

PART II-OTHER INFORMATION

Item 1. Legal Proceedings.

Reference is made to *Part I. Item 3. Legal Proceedings* of the Martin Marietta Materials, Inc. Annual Report on Form 10-K for the year ended December 31, 2002.

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

At the Annual Meeting of Shareholders held on May 29, 2003, the shareholders of Martin Marietta Materials, Inc.:

(a) Elected William E. McDonald, Frank H. Menaker, Jr., and Richard A. Vinroot to the Board of Directors of the Corporation to terms expiring at the Annual Meeting of Shareholders in the year 2006. The following table sets forth the votes for each director.

	Votes Cast For	Withheld
William E. McDonald	25,120,410	20,721,848
Frank H. Menaker, Jr.	25,122,723	20,719,535
Richard A. Vinroot	25,123,353	20,718,905

Item 5. Other Information.

On April 16, 2003, the Corporation announced earnings guidance for the first quarter ended March 31, 2003.

On April 29, 2003, the Corporation reported financial results for the first quarter ended March 31, 2003.

On May 19, 2003, the Corporation announced that management will make a presentation to analysts and portfolio managers at BB&T Capital Markets Equity Research Conference at The Lansdowne Resort in Leesburg, Virginia, on Tuesday, May 20, 2003.

On June 2, 2003, the Corporation announced the election of Anne H. Lloyd as Vice President, Controller and Chief Accounting Officer.

On July 23, 2003, the Corporation announced that it will release its financial results for the second quarter and six months ended June 30, 2003 on July 30, 2003.

On July 30, 2003, the Corporation reported its financial results for the second quarter and six months ended June 30, 2003.

PART II-OTHER INFORMATION
(Continued)

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit No.	Document
10.01	Martin Marietta Materials, Inc. Amended and Restated Executive Incentive Plan*
11.01	Martin Marietta Materials, Inc. and Consolidated Subsidiaries Computation of Earnings per Share for the Quarter and Six Months ended June 30, 2003 and 2002
31.01	Exhibit – Regulation FD Disclosure – Written Statement dated August 14, 2003 of Chief Executive Officer pursuant to Securities and Exchange Act of 1934 rule 13a-14 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.02	Exhibit – Regulation FD Disclosure – Written Statement dated August 14, 2003 of Chief Financial Officer pursuant to Securities and Exchange Act of 1934 rule 13a-14 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.01	Exhibit – Regulation FD Disclosure – Written Statement dated August 14, 2003 of Chief Executive Officer required by 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.02	Exhibit – Regulation FD Disclosure – Written Statement dated August 14, 2003 of Chief Financial Officer required by 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 6(a) of Form 10-Q

(b) Reports on Form 8-K

During the quarter ended June 30, 2003, the Corporation filed the following current reports on Form 8-K:

Date of Report	Description
April 16, 2003	The Corporation issued a press release announcing earnings guidance for the first quarter ended March 31, 2003.
April 29, 2003	The Corporation issued a press release announcing financial results for the first quarter ended March 31, 2003.

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 14, 2003

By: /s/ JANICE K. HENRY

Janice K. Henry
Senior Vice President and Chief Financial Officer

EXHIBIT INDEX

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Exhibit 10.01

MARTIN MARIETTA MATERIALS, INC.

AMENDED AND RESTATED EXECUTIVE INCENTIVE PLAN

I. PURPOSE

The purpose of the Martin Marietta Materials, Inc. Executive Incentive Plan (the “Plan”) is to enhance profits and overall performance by providing for its key management an additional inducement for achieving and exceeding Martin Marietta Materials, Inc. (“MMM” or the “Corporation”) performance objectives. Additionally, the Plan will allow a level of compensation that is appropriate when compared with compensation levels of other comparable organizations.

II. STANDARD OF CONDUCT AND PERFORMANCE EXPECTATION

A. It is expected that the business and individual goals and objectives established for this Plan will be accomplished in accordance with the Corporation’s policy on ethical conduct in business. It is a prerequisite before any award can be considered that a participant will have acted in accordance with the Martin Marietta Materials, Inc. Code of Ethics and Standards of Conduct and fostered an atmosphere to encourage all employees acting under the participant’s supervision to perform their duties in accordance with the highest ethical standards. Ethical behavior is imperative. Thus, in achieving one’s goals, the individual’s commitment and adherence to the Corporation’s ethical standards will be considered paramount in determining awards under this Plan.

B. Plan participants whose individual performance is determined to be less than acceptable are not eligible to receive incentive awards.

III. EFFECTIVE DATE

The Plan will become effective each year commencing January 1.

IV. BASIC PROGRAM ELIGIBILITY

Subject to the discretion of the Chief Executive Officer of the Corporation, an employee will be eligible to participate in the Plan for any Plan year in which the employee is classified no later than July 1 of that year as one of the following:

President
Vice President
General Manager
Director
Others recommended by a Corporate Officer

A Corporate Officer is any elected officer of the Corporation.

V. BASIS FOR AWARDS

Awards will be paid based on the actual base salary paid to each participant during each Plan year, and will be determined based on the following criteria:

A.

Responsibility Level	Maximum Incentive Award (% of Annual Salary)
Division Presidents	60%-80%
Designated VPs of major functions reporting to the Corporation's President (Corporate Unit Head)	60%-80%
Vice President /General Manager reporting to a Division President or Corporate Unit Head	40%-50%
Designated Directors/General Managers/ Vice Presidents	30%-50%
Other Directors/Managers	25%-35%

The award percentages noted above may be adjusted up or down subject to the discretion of the Chief Executive Officer of the Corporation.

B. Available Award

Total incentive awards will be based on a combination of the performance of MMM, the Operating Unit (as defined below), the Corporate Unit (as defined below) and the individual, depending on the position occupied by the participant and other factors described below. An "Operating Unit" is an operating unit(s) of the Corporation for which the individual is responsible (for example, one or more segments, divisions, regions, districts, etc.) as designated by the Chief Executive Officer. A "Corporate Unit" is a non-operating unit(s) of the Corporation for which the individual is responsible (for example, one or more of finance, legal, marketing, purchasing, etc.) as designated by the Chief Executive Officer. The portion of the total award determined by the performance of MMM, the Operating Unit, the Corporate Unit and the individual is outlined below.

1. Operating Units

For Division Presidents, participants reporting to Division Presidents, and participants whose work is primarily related to an Operating Unit, the award will be based on the following:

	Operating Unit Performance	**Division Performance**	**MMM Performance**	**Individual Performance**
Divisions				
Line Management	50%	—	25%	25%
Staff	37.5%	—	25%	37.5%
Areas, Districts & Regions				
Line Management	50%	12.5%	12.5%	25%
Staff	37.5%	12.5%	12.5%	37.5%

2. Corporate Units

For individuals reporting to the Chief Executive Officer who are responsible for a Corporate Unit and are not in an Operating Unit ("Corporate Unit head"), participants reporting to a Corporate Unit head, and participants whose work is primarily related to the Corporation, the award will be based on the following:

- Fifty percent (50%) of the award will be based on MMM performance, as defined in Paragraph V.C.1 below.
- Fifty percent (50%) of the award will be based on individual performance, as defined in Paragraph V.C.2 above.

3. Combined Responsibilities

For individuals who have responsibilities described in both Paragraphs V.B.1 and V.B.2 above, the award will be based on the following:

- Sixty-five percent (65%) of the award will be based on the performance of MMM and the Operating Unit(s) which that individual is responsible, as defined in Paragraph V.C.1 below.
- Thirty-five percent (35%) of the award will be based on individual performance, as defined in Paragraph V.C.2 below.

C. Performance Criteria

1. <u>MMM, Operating Units and Corporate Units</u>

MMM, Operating Unit and Corporate Unit performance will be measured by profit contribution, cash flow, sales and production metrics and/or other appropriate financial performance, return, safety and other factors reflecting the performance of the Corporation, Operating Unit and Corporate Unit.

The Compensation Committee of the Board of Directors will determine the percentage that was achieved by MMM and the Chief Executive Officer of the Corporation will determine the percentage that was achieved by the Operating Units and the Corporate Units, each based on an assessment of the factors listed above and on a subjective evaluation of the overall contribution to the Corporation and will apply that percentage to the portion of the total award that is available for MMM, the Operating Unit(s) and/or the Corporate Unit(s) as outlined in Paragraph V.B. above.

2. <u>Individual Performance</u>

The portion of the total award based on individual performance, if applicable, will be based on an assessment of the actual achievement of the individual relative to quantitative, measurable goals established for the Plan year, conduct in accordance with the Corporation's Code of Ethics and Standards of Conduct and a subjective evaluation of the relative significance of one's efforts in respect to its bearing on the overall Corporation, Operating Unit(s) and/or Corporate Unit(s).

The Chief Executive Officer will determine the percentage that was achieved by the individual based on an assessment of the factors listed above and on a subjective evaluation of the overall contribution of the individual, and will apply that percentage to the portion of the total award that is available for the individual, as outlined in Paragraph V.B. above.

D. Discretion of the Chief Executive Officer

Subject to approval by the Compensation Committee of the Board of Directors, the Chief Executive Officer of the Corporation may modify the percentage of available award for any or all of the MMM, Operating Unit, Corporate Unit and/or individual awards, based on an assessment of organizational and/or individual contribution. The participant's individual performance may impact the percent of available MMM, Operating Unit and/or Corporate Unit award. The performance of MMM, the Operating Unit and/or Corporate Unit may impact the percent of available individual award.

E. Payment of Awards

Awards under the Plan shall be payable in a lump sum, excluding the amounts, if any, credited on an elective or non-elective basis to stock units pursuant to the Martin Marietta Materials, Inc. Incentive Stock Plan, as soon as practicable following the close of the Plan year.

F. Changes in Participation

An employee must be a full-time employee of the Corporation on December 31 of the Plan Year to be eligible to participate in the Plan. It is recognized that during a Plan year, individual changes in the eligibility group may occur as participants change jobs or terminate through death, retirement or other reasons. As these circumstances occur, the Chief Executive Officer of the Corporation may, in his discretion, give consideration to grant the award under the Plan and/or to adjust the amount of incentive award paid.

Persons in the eligibility group hired during a Plan year may be eligible for an award under the Plan in that year at the discretion and approval of the Chief Executive Officer.

Exhibit 11.01

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

COMPUTATION OF EARNINGS PER SHARE

For the Three and Six Months Ended June 30, 2003 and 2002

(Dollars in Thousands, Except Per Share Data)

	Three Months Ended June 30	
	2003	**2002**
Earnings from continuing operations	$ 39,800	$ 42,827
(Loss) earnings on discontinued operations	(150)	10,535
Net earnings	$ 39,650	$ 53,362
Weighted average number of common shares outstanding:		
Basic	48,905,591	48,700,333
Effect of dilutive securities	205,455	151,474
Diluted	49,111,046	48,851,807
Net earnings per common share:		
Basic from continuing operations	$ 0.81	$ 0.88
Discontinued operations	—	0.22
	$ 0.81	$ 1.10
Diluted from continuing operations	$ 0.81	$ 0.88
Discontinued operations	—	0.21
	$ 0.81	$ 1.09

	Six Months Ended June 30	
	2003	2002
		(Restated)
Earnings from continuing operations before the cumulative effect of change in accounting principle	$ 26,883	$ 35,254
(Loss) earnings on discontinued operations	(1,251)	7,559
Cumulative effect of change in accounting for asset retirement obligations	(6,874)	—
Cumulative effect of change in accounting for intangible assets	—	(11,510)
Net earnings	$ 18,758	$ 31,303
Weighted average number of common shares outstanding:		
Basic	48,898,334	48,627,885
Effect of dilutive securities	186,597	157,267
Diluted	49,084,931	48,785,152
Net earnings per common share:		
Basic from continuing operations before cumulative effect of change in accounting principle	$ 0.55	$ 0.72
Discontinued operations	(0.03)	0.16
Cumulative effect of change in accounting principle	(0.14)	(0.23)
	$ 0.38	$ 0.65
Diluted from continuing operations before cumulative effect of change in accounting principle	$ 0.55	$ 0.72
Discontinued operations	(0.03)	0.16
Cumulative effect of change in accounting principle	(0.14)	(0.23)
	$ 0.38	$ 0.65

EXHIBIT 31.01

CERTIFICATION PURSUANT TO SECURITIES AND EXCHANGE ACT OF 1934

RULE 13a-14 AS ADOPTED PURSUANT TO SECTION 302 OF SARBANES-OXLEY ACT OF 2002

I, Stephen P. Zelnak, Jr., Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Martin Marietta Materials, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2003

By: /s/ Stephen P. Zelnak, Jr.

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

EXHIBIT 31.02

CERTIFICATION PURSUANT TO SECURITIES AND EXCHANGE ACT OF 1934

RULE 13a-14 AS ADOPTED PURSUANT TO SECTION 302 OF SARBANES-OXLEY ACT OF 2002

I, Janice K. Henry, Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Martin Marietta Materials, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 14, 2003

By: /s/ Janice K. Henry

Janice K. Henry
Chief Financial Officer

EXHIBIT 32.01

Written Statement Pursuant to 18 U.S.C. 1350,

As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q for the period ended June 30, 2003 (the “Report”) of Martin Marietta Materials, Inc. (the “Registrant”), as filed with the Securities and Exchange Commission on the date hereof, I, Stephen P. Zelnak, Jr., the Chief Executive Officer of the Registrant certify, to the best of my knowledge, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Stephen P. Zelnak, Jr.

Stephen P. Zelnak, Jr.
Chief Executive Officer

Dated: August 14, 2003

A signed original of this written statement required by Section 906 has been provided to Martin Marietta Materials, Inc. and will be retained by Martin Marietta Materials, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.02

Written Statement Pursuant to 18 U.S.C. 1350,

As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q for the period ended June 30, 2003 (the “Report”) of Martin Marietta Materials, Inc. (the “Registrant”), as filed with the Securities and Exchange Commission on the date hereof, I, Janice K. Henry, the Chief Financial Officer of the Registrant certify, to the best of my knowledge, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Janice K. Henry

Janice K. Henry
Chief Financial Officer

Dated: August 14, 2003

A signed original of this written statement required by Section 906 has been provided to Martin Marietta Materials, Inc. and will be retained by Martin Marietta Materials, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.