SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(MARK ONE)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [No Fee Required, Effective October 7, 1996]

For the fiscal year ended DECEMBER 31, 1996

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [No Fee Required]

For the transition period from to

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 no.)

2710 WYCLIFF ROAD, RALEIGH, NORTH CAROLINA 27607-3033
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (919) 781-4550

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
COMMON STOCK (PAR VALUE $.01 PER SHARE)	NEW YORK STOCK EXCHANGE

Securities registered pursuant to Section 12(g) of the Act: NONE

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
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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of the Form 10-K or any amendment to this Form 10-K. X

The aggregate market value of voting stock (based on the closing price on the New York Stock Exchange on March 10, 1997 as published in the Wall Street Journal) held by non-affiliates of the Company was $1,016,528,898. Shares of Common Stock held by each executive officer and director and by each person who owns 5% or more of the outstanding Common Stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The number of shares outstanding of each of the Registrant's classes of common stock on March 10, 1997 as follows:

COMMON STOCK (PAR VALUE $.01 PER SHARE)	46,079,604 SHARES

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Martin Marietta Materials, Inc. 1997 Proxy Statement are incorporated by reference into Part III.

Portions of the Martin Marietta Materials, Inc. 1996 Annual Report to Shareholders are incorporated by reference into Parts I, II and IV.

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PART I

ITEM 1. BUSINESS

GENERAL

Martin Marietta Materials, Inc. (the "Company") is the United States' second largest producer of aggregates for the construction industry, including highways, infrastructure, commercial and residential. The Company also manufactures and markets magnesia-based products, including heat-resistant refractory products for the steel industry, chemicals products for industrial, agricultural and environmental uses and dolomitic lime. In 1996, the Company's aggregates business accounted for 82% of the Company's total revenues and the Company's magnesia-based products segment accounted for 18% of the Company's total revenues.

The Company was formed in November 1993 as a North Carolina corporation to be the successor to substantially all of the assets and liabilities of the materials group of Martin Marietta Corporation and its subsidiaries. An initial public offering of a portion of the common stock, par value $.01, of the Company (the "Common Stock") was completed in February 1994 whereby 8,797,500 shares of Common Stock (representing approximately 19% of the shares outstanding) were sold at an initial public offering price of $23 per share. Lockheed Martin Corporation, which was formed as the result of a business combination between Martin Marietta Corporation and Lockheed Corporation in March 1995, owned approximately 81% of the Common Stock directly and through its wholly-owned subsidiary Martin Marietta Investments Inc. until October 1996.

In October 1996, the outstanding common stock of Martin Marietta Materials that was held by Lockheed Martin Corporation became available to the public market when Lockheed Martin disposed of its 81% ownership interest. This transaction was completed by means of a tax-free exchange offer pursuant to which Lockheed Martin stockholders were given the opportunity to exchange shares of Lockheed Martin common stock for shares of the Company's Common Stock, which resulted in 100% of the outstanding shares of Common Stock being publicly-traded.

On January 3, 1995, the Company purchased certain assets of Dravo Corporation relating to its construction aggregates business for a purchase price of approximately $121 million in cash, plus certain assumed liabilities and a provision of approximately $7 million to consummate the transaction and integrate the operations (the "Dravo Acquisition"). The acquired business has production and distribution facilities in nine states and the Bahamas. The Dravo Acquisition added more than 24 million tons of annual production capacity to the Company's operations. It also expanded the Company's method of conducting business by adding water distribution by ocean vessels and river barges, in addition to the use of truck and rail transportation. Further, the Dravo Acquisition expanded the Company's presence in nonconstruction aggregate markets, including the chemical, steel, cement, utility desulphurization, poultry feed and agricultural lime industries.

On January 30, 1997, the Company announced that it had signed a non-binding letter of intent with CSR America, Inc. to purchase the common stock of its wholly-owned subsidiary, American Aggregates Corporation, for approximately $235 million in cash plus certain assumed liabilities (excluding long-term indebtedness). The final purchase price will be subject to certain post-closing adjustments relating to

changes in working capital. The transaction, which is subject to negotiating the terms of a definitive stock purchase agreement, completing due diligence reviews and receiving governmental regulatory approvals, is expected to close during the second quarter of 1997. The acquisition, when consummated, will include the Ohio and Indiana operations of American Aggregates with more than 25 production facilities and will, in a single transaction, increase the Company's annual production capacity by more than 25 million tons -- in addition to adding over 1 billion tons of mineral reserves and 11,000 acres of property. Currently, American Aggregates is a leading supplier of aggregates products in Indianapolis, Cincinnati, Dayton and Columbus. If consummated, this acquisition would expand the Aggregates Division's business by adding operating facilities in the states of Indiana and Ohio and significant long-term mineral reserve capacity.

The Company announced in February 1997 that it entered into agreements giving the Company rights to commercialize two proprietary technologies related to the Company's business. One of the agreements gives the Company the opportunity to pursue the use of certain composites technology for products where corrosion resistance and strength-to-weight ratios are important factors, such as bridge decks, rail cars and other structures. The other technology relates to a patented microwave technology used in cleaning the inside of mixer drums on ready mixed concrete trucks. Both of these technologies, if fully developed by the Company, would complement and expand the Company's business in areas in which it has expertise.

BUSINESS SEGMENT INFORMATION

The Company operates in two principal business segments. These segments are aggregates products and magnesia-based products. Information concerning the Company's net sales, operating profit, assets employed and certain additional information attributable to each reportable industry segment for each year in the three-year period ended December 31, 1996 is included in "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 26 through 35 and in "Note N: Segment Incorporation" of the "Notes to Financial Statements" on pages 24 and 25 of the Company's 1996 Annual Report to Shareholders (the "1996 Annual Report"), which information is incorporated herein by reference.

AGGREGATES

The Company's aggregates segment processes and sells granite, sandstone, limestone, shell and other aggregates products for use in all sectors of the public infrastructure, industrial, commercial and residential construction industries. The Company is the United States' second largest producer of aggregates. In 1996, the Company shipped approximately 101 million tons of aggregates to customers in 25 Southeastern, Midwestern and Central states and 5 foreign countries, generating net sales and earnings from operations of $591.3 million and $109.4 million, respectively. In 1996, approximately 88% of the aggregates shipped by the Company were crushed stone, primarily granite and limestone, and approximately 12% were sand and gravel. The Company has focused on the production of aggregates and has not integrated vertically into other construction materials businesses.

As a result of dependence upon the construction industry, the profitability of aggregates producers is sensitive to national and regional economic conditions, particularly to cyclical swings in construction spending, which is affected by fluctuations in interest rates, and changes in the level of infrastructure spending funded by the public sector. The Company's aggregates business is concentrated principally in the Southeast, Midwest and Central states. The addition of the Dravo operations opened extensive markets for the aggregates business along the Ohio and Mississippi River systems from Western Pennsylvania throughout the central and southern United States. The recently-acquired distribution centers along the Gulf

of Mexico and Atlantic coasts, as well as operating facilities in the Bahamas, have provided entry into those new markets for aggregates. The Gulf and Atlantic coastal areas are being supplied primarily from the Bahamas location, two large quarries on the Ohio River system and a Canadian quarry on the Strait of Canso in Nova Scotia, the assets related to which were purchased in October 1995 by the Company (the "Canadian Acquisition"). The Company's business is accordingly affected by the economies in these regions.

The Company's aggregates business is also highly seasonal, due primarily to the effect of weather conditions on construction activity within its markets. Accordingly, the Company's second and third quarters are generally the strongest, with the first quarter generally reflecting the weakest results.

Aggregates can be found in abundant quantities throughout the United States, and there are many producers nationwide. However, as a general rule, the size of the market area of an aggregates quarry is limited because the cost of transporting processed aggregates to customers is high in relation to the value of the product itself. As a result, proximity of quarry facilities to customers is the most important factor in competition for aggregates business and helps explain the highly fragmented nature of the aggregates industry. Access to water distribution as a result of certain acquisitions made by the Company, including the Dravo Acquisition and the Canadian Acquisition, enables the Company to extend its market reach in the coastal markets and areas immediately contiguous thereto.

Environmental and zoning regulations have made it increasingly difficult for the construction aggregates industry to expand existing quarries and to develop new quarry operations. Although it cannot be predicted what policies will be adopted in the future by federal, state and local governmental bodies regarding these matters, the Company anticipates that future restrictions will not have a materially adverse effect upon its business.

Management believes the Company's raw material reserves are sufficient to permit production at present operational levels for the foreseeable future. The Company does not anticipate any material difficulty in obtaining the raw materials that it uses for production in its aggregates segment.

The Company generally delivers products in its aggregates segment upon receipt of orders or requests from customers. Accordingly, there is no significant backlog information. Inventory of aggregates is generally maintained in sufficient quantities to meet rapid delivery requirements of customers.

MAGNESIA-BASED PRODUCTS

The Company also manufactures and markets dolomitic lime and magnesia-based products, including heat-resistant refractory products for the steel industry and magnesia-based chemicals products for industrial, agricultural and environmental uses, including wastewater treatment, sulphur dioxide scrubbing and acid neutralization. In 1996, the Company's Magnesia Specialties Division generated net sales of $130.7 million and earnings from operations of $11.3 million. Magnesia Specialties' refractory and dolomitic lime products are sold primarily to the steel industry, and such sales are affected by economic conditions in that industry.

As of March 10, 1997, the Company owns, or has the right to use, approximately 20 patents granted by various countries and approximately 70 trademarks related to its Magnesia Specialties business. The Company believes that its rights under its existing patents, patent applications and trademarks are of value to its operations, but no one patent or trademark or group of patents or trademarks is material to the conduct of the Company's business as a whole.

The principal raw materials used in the Company's magnesia-based products are lime, brine and imported magnesia. Management believes that its reserves of limestone to produce lime and its reserves of brine are sufficient to permit production at present operational levels for the foreseeable future. The supply of magnesia is abundant worldwide. In 1996, the Company purchased some of its magnesia requirements from various sources located in China. While the Company does not expect an interruption in the supply of magnesia from these sources, various factors associated with economic and political uncertainty in China could result in future supply interruptions. If such an interruption were to occur, the Company believes it could obtain alternate supplies worldwide, although there could be no assurance that the Company could do so at current prices. Alternatively, the Company believes it could adjust its mix of products and/or increase production capacity at its Manistee, Michigan operation.

The Company generally delivers its magnesia-based products upon receipt of orders or requests from customers. Accordingly, there is no significant backlog information. Inventory for magnesia-based products is generally maintained in sufficient quantities to meet rapid delivery requirements of customers. The Company has provided extended payment terms to certain international customers.

CUSTOMERS

No material part of the business of either segment of the Company is dependent upon a single customer or upon a few customers, the loss of any one of which would have a material adverse effect on the segment. The Company's products are sold principally to private industry. Although large amounts of construction materials are used in public works projects, relatively insignificant sales are made directly to federal, state, county or municipal governments, or agencies thereof.

COMPETITION

Because of the impact of transportation costs on the aggregates business, competition in each of the Company's aggregates markets tends to be limited to producers in proximity to the Company's production facilities. Although the Company experiences competition in all of its markets, it believes that it is generally a leading producer in the market areas it serves. Competition is based primarily on quarry location and price, but quality of aggregates and level of customer service are also factors.

The Company is the second largest producer of aggregates in the United States based on tons shipped. There are over 4,000 companies in the United States that produce aggregates. The largest producer accounts for less than 6% of the total market. The Company competes with a number of other large and small producers. The Company believes that its ability to transport materials by ocean vessels and river barges as a result of certain acquisitions made by the Company, including the Dravo Acquisition and the Canadian Acquisition, has enhanced the Company's ability to compete in certain extended market areas. Certain of the Company's competitors in the aggregates industry have greater financial resources than the Company.

The Magnesia Specialties Division of the Company competes with various companies in different geographic and product markets. The Company believes that the Magnesia Specialties Division is one of the largest suppliers of monolithic (unshaped) refractory products and dolomitic lime to the steel industry in the United States and one of the largest suppliers of magnesia-based chemicals products to various industries. The Company's largest competitor for monolithic refractory sales in the basic oxygen steel furnace market is Mineral Technologies, Inc., and its largest competitor for hydroxide slurry is The Dow Chemical Company.

The division competes principally on the basis of quality, price and technical support for its products. The Magnesia Specialties Division also competes for sales to customers located outside the United States with sales to such customers accounting for approximately $19.2 million in sales in 1996 (representing approximately 15% of total sales of the Company's magnesia-based segment) principally in Canada, Mexico, the United Kingdom, France and Korea. The Magnesia Specialties Division's sales to foreign customers were $16.0 million in 1995 and $12.9 million in 1994.

RESEARCH AND DEVELOPMENT

The Company conducts research and development activities for its magnesia-based products segment at its laboratory located near Baltimore, Maryland. In general, the Company's research and development efforts are directed to applied technological development for the use of its refractories and chemicals products. The Company spent approximately $1.9 million in 1996, $1.9 million in 1995 and $2.0 million in 1994 on research and development activities.

ENVIRONMENTAL REGULATIONS

The Company's operations are subject to and affected by federal, state and local laws and regulations relating to the environment, health and safety and other regulatory matters. Certain of the Company's operations may from time to time involve the use of substances that are classified as toxic or hazardous substances within the meaning of these laws and regulations. Environmental operating permits are, or may be, required for certain of the Company's operations and such permits are subject to modification, renewal and revocation. The Company regularly monitors and reviews its operations, procedures and policies for compliance with these laws and regulations. Despite these compliance efforts, risk of environmental liability is inherent in the operation of the Company's businesses, as it is with other companies engaged in similar businesses, and there can be no assurance that environmental liabilities will not have a material adverse effect on the Company in the future. In accordance with the Company's accounting policy for environmental costs, amounts are not accrued and included in the Company's financial statements until it is probable that a liability has been incurred and such amount can be estimated reasonably. Costs incurred by the Company in connection with environmental matters in the preceding two fiscal years were not material to the Company's operations or financial condition.

The Company believes that its operations and facilities, both owned or leased, are in substantial compliance with applicable laws and regulations and that any noncompliance is not likely to have a material adverse effect on the Company's operations or financial condition. See "Legal Proceedings" on page 10 of this Form 10-K and "Note M: Contingencies" of the "Notes to Financial Statements" on page 24 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 26 through 35 of the 1996 Annual Report. However, future events, such as changes in or modified interpretations of existing laws and regulations or enforcement policies, or further investigation or evaluation of the potential health hazards of certain products or business activities, may give rise to additional compliance and other costs that could have a material adverse effect on the Company.

In general, quarry sites must comply with noise, water discharge and dust suppression regulations, zoning and special use permitting requirements, applicable mining regulations and federal health and safety requirements. As new quarry sites are located and acquired, the Company works closely with local authorities during the zoning and permitting processes to design new quarries in such a way as to minimize disturbances. The Company frequently acquires large tracts of land so that quarry and production facilities

can be situated substantial distances from surrounding property owners. The Company maintains a centralized blasting function for all of its quarry operations, and develops blasting plans designed to minimize disturbances to surrounding property owners.

The Company is required by state laws to reclaim quarry sites after use. The Company generally reclaims its quarries on an ongoing basis, reclaiming mined-out areas of the quarry while continuing operations at other areas of the site. Historically, the Company has not incurred extraordinary or substantial costs in connection with the closing of quarries. Reclaimed quarry sites owned by the Company are available for sale, typically for commercial development.

As is the case with other companies in the same industries, some of the Company's products contain varying amounts of crystalline silica, a common mineral. Excessive, prolonged inhalation of very small-sized particles of crystalline silica has been associated with non-malignant lung disease. The carcinogenic potential of crystalline silica was evaluated by the International Agency for Research on Cancer and later by the U.S. National Toxicology Program. In 1987, the agency found limited evidence of carcinogenicity in humans but sufficient evidence of carcinogenicity in animals. The National Toxicology Program concluded in 1991 that crystalline silica is "reasonably anticipated to be a carcinogen." In October 1996, the International Agency for Research on Cancer issued another report stating that "inhaled crystalline silica in the form of quartz or cristobalite from occupational sources is carcinogenic to humans." The Company, through safety information sheets and other means, communicates what it believes to be appropriate warnings and cautions to employees and customers about the risks associated with excessive, prolonged inhalation of mineral dust in general and crystalline silica in particular. The Company has not been made a party to any litigation regarding crystalline silica.

At the Magnesia Specialties Division's Manistee, Michigan facility, the Company maintains a stockpile of off-specification magnesia and binder materials, and fine-particle product generated in processing magnesium oxide. These materials are used at the Manistee plant as a portion of the feed stock for producing lower magnesium level products. This stockpile of recyclable materials currently contains approximately 74,000 cubic yards of material and has been reduced over the past five years at a rate of approximately 3,000 to 6,000 cubic yards per year. In 1986, the EPA investigated the stockpile for possible designation under the Comprehensive Environmental Response Compensation and Liability Act (the "Superfund" statute), but has not taken any action since that date. In addition, the Michigan Department of Natural Resources is reviewing information submitted by the Company to determine whether the pile should be classified as "low hazard industrial waste." If the pile is so classified, the Company would be required to obtain an appropriate license for the continued storage of these recyclable materials, which might require pile modifications. Such modifications would require either the installation of a pad under the pile, the construction of a berm surrounding the pile, the installation of monitoring wells or a combination of the foregoing. Because of the limited expense of any such modifications, the Company believes that such modifications would not have a material adverse effect on the Company's operations or its financial condition.

As a result of the processing of dolomitic limestone at the Magnesia Specialties Division's Woodville, Ohio facility, lime kiln dust ("LKD") is produced as a by-product. The Ohio Environmental Protection Agency has promulgated regulations that apply to the disposal of LKD. The Company, along with other lime producers, is currently meeting with state regulators to clarify the applicability and scope of these regulations. Depending upon the result of these ongoing discussions, the Company may be required to

incur certain compliance costs. The Company believes that any such costs would not have a material adverse effect on the Company's operations or its financial condition.

The United States Environmental Protection Agency (the "EPA") in November 1996 proposed certain changes to the regulations relating to the standard for particulate matter in connection with air quality. The proposed changes would, among other things, regulate the emission of fine particles (smaller than 2.5 microns) in addition to the coarse particles currently regulated. If adopted, as proposed, the regulations would impact many industries, including the aggregates industry. Since the proposed changes are currently in preliminary form, it is not known what the applicability and scope of any final revisions to the regulations will be to the aggregates industry generally and thus to the Company. Since the Company cannot predict the final form of the regulations, the Company cannot provide assurances that there will not be a material adverse effect on the Company's financial position or on its results of operations.

EMPLOYEES

As of March 10, 1997, the Company has approximately 4,000 employees. Approximately 2,950 are hourly employees and approximately 1,050 are salaried employees. Included among these employees are approximately 800 hourly employees represented by labor unions. Approximately 17% of the Company's Aggregates Division's hourly employees are members of a labor union, while 95% of the Magnesia Specialties Division's hourly employees are represented by labor unions. The Company's principal union contracts cover employees at the Manistee, Michigan magnesia-based products plant and the Woodville, Ohio lime plant. The Manistee labor union contract expires in 1999. The Woodville labor union contract, which expired at the end of May 1996, was renegotiated and a new four-year agreement was reached without any disruption to normal operations. The Company considers its relations with its employees to be good.

ITEM 2. PROPERTIES

AGGREGATES

As of March 10, 1997, the Company processed or shipped aggregates from 211 quarries and distribution yards in 19 states in the Southeast, Midwest and Central United States and in Canada and the Bahamas, of which 69 are located on land owned by the Company free of major encumbrances, 53 are on land owned in part and leased in part, 82 are on leased land, and 7 are on facilities neither owned nor leased, where raw materials are removed under an agreement.

MAGNESIA-BASED PRODUCTS

The magnesia-based products division currently operates major manufacturing facilities in Manistee, Michigan and Woodville, Ohio, and smaller processing plants in River Rouge, Michigan, Bridgeport, Connecticut, Lenoir City, Tennessee and Pittsburgh, Pennsylvania. All of these facilities are owned in fee, except Pittsburgh and Lenoir City, which are leased. In addition, the Company has entered into several third-party toll-manufacturing agreements pursuant to which it processes Chinese magnesite, including a Louisiana facility on the Gulf of Mexico coast.

OTHER PROPERTIES

The Company's corporate headquarters, which it owns, is located in Raleigh, North Carolina. The Company leases administrative offices and a research and development laboratory for its Magnesia Specialties Division in Baltimore, Maryland.

The Company's principal properties, which are of varying ages and are of different construction types, are believed to be generally in good condition, are well maintained, and are generally suitable and adequate for the purposes for which they are used. The principal properties are believed to be utilized at average productive capacities of approximately 85% and are capable of supporting a higher level of market demand.

ITEM 3. LEGAL PROCEEDINGS

From time to time claims are asserted against the Company arising out of its operations in the normal course of business. In the opinion of management of the Company (which opinion is based in part upon consideration of the opinion of counsel), it is unlikely that the outcome of litigation and other proceedings relating to the Company, including those relating to environmental matters and those described specifically below, will have a material adverse effect on the Company's operations or its financial condition; however, there can be no assurance that an adverse outcome in any of such litigation would not have a material adverse effect on the Company.

The Company is involved in litigation in the State District Court of Morris County, Texas, James Fowler, Jr. v. Union Carbide Corporation. This case was commenced on November 9, 1987 as separate claims for unspecified amounts of monetary damages (joined in one lawsuit) by approximately 3,000 plaintiffs against approximately 400 defendants. The case involves claims asserted by former employees of Lone Star Steel Company alleging injuries to their health suffered by exposure to the products supplied to Lone Star's facility in Morris County, Texas since 1947. It is the Company's understanding that the current and former defendants in the litigation constitute almost every supplier to the facility, regardless of the type of product supplied. The plaintiffs in this litigation have alleged that all defendants are jointly and severally liable for any recoverable damages. By making an allegation of joint and several liability, the plaintiffs claim that any defendant found to be liable should potentially be liable for damages caused by all defendants. The Company believes it has been made a party to the litigation because it supplied refractory products to the Lone Star facility and believes that exposure to its products did not lead to the injuries claimed by the plaintiffs.

See also "Note M: Contingencies" of the "Notes to Financial Statements" on page 24 of the 1996 Annual Report and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 26 through 35 of the 1996 Annual Report.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of 1996.

FORWARD LOOKING STATEMENTS - SAFE HARBOR PROVISIONS

This Annual Report on Form 10-K contains statements which constitute "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Investors are cautioned that all forward looking statements involve risks and uncertainties, including those arising out of economic, climactic, political, regulatory, competitive and other factors. The forward looking statements in this document are intended to be subject to the safe harbor protection provided by Sections 27A and 21E. For a discussion identifying some important factors that could cause actual results to vary materially from those anticipated in the forward looking statements see the Corporation's Securities and Exchange Commission filings, including but not limited to, the discussion of "Competition" on page 6 of this Annual Report on Form 10-K, "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 26 through 35 of the 1996 Annual Report and "Note A: Accounting Policies" and "Note M: Contingencies" of the "Notes to Financial Statements" on pages 15 through 16 and 24, respectively, of the Audited Consolidated Financial Statements included in the 1996 Annual Report.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following sets forth certain information regarding the executive officers of Martin Marietta Materials, Inc. as of March 10, 1997:

NAME	AGE	PRESENT POSITION AT MARCH 10, 1997	YEAR ASSUMED PRESENT POSITION	OTHER POSITIONS AND OTHER BUSINESS EXPERIENCE WITHIN THE LAST FIVE YEARS
Stephen P. Zelnak, Jr.	52	Vice Chairman of the Board of Directors	1996	President, Martin Marietta Materials Group (1992-1993)
		President and Chief Executive Officer	1993	
Philip J. Sipling	49	Sr. Vice President and President of Magnesia Specialties Division	1993	Vice President, Martin Marietta Aggregates Division (1989-1993)
Robert R. Winchester	59	Sr. Vice President and Executive Vice President of Aggregates Division	1993	Vice President Operations, Martin Marietta Aggregates Division (1982-1993)
Janice K. Henry	45	Vice President and Chief Financial Officer	1994	Vice President, Business Mgmt., Martin Marietta Astronautics (1992-1993)
		Treasurer	1996	
Bruce A. Deerson	45	Vice President, Secretary and General Counsel	1993	General Counsel - Martin Marietta Materials Group (1988-1993)
Jonathan T. Stewart	48	Vice President, Human Resources	1993	Vice President, Human Resources, Martin Marietta Aggregates Division (1990-1992)

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

There were approximately 1,820 holders of record of Martin Marietta Materials, Inc. common stock, $.01 par value, as of March 10, 1997. The Company's Common Stock is traded on the New York Stock Exchange (Symbol: MLM). Information concerning stock prices and dividends paid is included under the caption "Quarterly Performance (Unaudited)" on page 36 of the 1996 Annual Report, and that information is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

The information required in response to this Item 6 is included under the caption "Five Year Summary" on page 37 of the 1996 Annual Report, and that information is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information required in response to this Item 7 is included under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 26 through 35 of the 1996 Annual Report, and that information is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required in response to this Item 8 is included under the caption "Statement of Earnings," "Balance Sheet," "Statement of Cash Flows," "Statement of Shareholders' Equity," "Notes to Financial Statements," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Quarterly Performance (Unaudited)" on pages 11 through 36 of the 1996 Annual Report, and that information is incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information concerning directors required in response to this Item 10 is included under the captions "Election of Directors" and "Compliance With Section 16(a) of the Exchange Act" in the Company's definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after the close of the Company's fiscal year ended December 31, 1996 (the "1997 Proxy Statement"), and that information is hereby incorporated by reference in this Form 10-K. Information concerning executive officers of the Company required in response to this Item 10 is included in Part I on page 12 of this Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

The information required in response to this Item 11 is included under the captions "Executive Compensation" and "Compensation Committee Interlocks and Insider Participation in Compensation Decisions" in the Company's 1997 Proxy Statement, and that information, except for the information required by Items 402(k) and (l) of Regulation S-K, is hereby incorporated by reference in this Form 10-K.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required in response to this Item 12 is included under the captions "Voting Securities and Record Date" and "Beneficial Ownership of Shares" in the Company's 1997 Proxy Statement, and that information is hereby incorporated by reference in this Form 10-K.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required in response to this Item 13 is included under the captions "Compensation Committee Interlocks and Insider Participation in Compensation Decisions," and "Certain Related Transactions" in the Company's 1997 Proxy Statement, and that information is hereby incorporated by reference in this Form 10-K.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENTS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) (1) LIST OF FINANCIAL STATEMENTS FILED AS PART OF THIS FORM 10-K.

The following financial statements of Martin Marietta Materials, Inc. and consolidated subsidiaries, included in the 1996 Annual Report, are incorporated by reference into Item 8 on page 13 of this Form 10-K. Page numbers refer to the 1996 Annual Report:

(2) LIST OF FINANCIAL STATEMENT SCHEDULES FILED AS PART OF THIS FORM 10-K.

The following financial statement schedule of Martin Marietta Materials, Inc. and consolidated subsidiaries is included in Item 14(d). The page number refers to this Form 10-K.

All other schedules have been omitted because they are not applicable, not required, or the information has been otherwise supplied in the financial statements or notes to the financial statements.

The report of the Company's independent auditors with respect to the above-referenced financial statements appears on page 10 of the 1996 Annual Report, and that report is hereby incorporated by reference in this Form 10-K. The report on the financial statement schedule and the consent of the Company's independent auditors appear on page 30 of this Form 10-K.

The report of the Dravo Basic Materials Company, Inc. and subsidiaries' independent auditors with respect to the Dravo Basic Materials Company, Inc. and subsidiaries' financial statements as of

December 29, 1994 and for the period from January 1, 1994 through December 29, 1994, which independent auditors' report is hereby incorporated by reference in this Form 10-K. The consent of the Dravo Basic Materials Company, Inc. and subsidiaries' independent auditors appears on page 31 of this Form 10-K.

(3) EXHIBITS

The list of Exhibits on the accompanying Index of Exhibits on pages 17 through 19 of this Form 10-K is hereby incorporated by reference. Each management contract or compensatory plan or arrangement required to be filed as an exhibit is indicated by an asterisk.

(b) REPORTS ON FORM 8-K

On October 25, 1996, the Company filed a Current Report on Form 8-K in connection with the following events:

(1) Adoption of a shareholder rights plan. (2) On October 15, 1996, the Company declared a dividend distribution of one Right for each outstanding share of the Company's Common Stock, payable to shareholders of record at the close of business on October 21, 1996, and with respect to the Common Stock issued thereafter until a distribution date and, in certain circumstances, with respect to the Common Stock issued after the distribution date. Each right, when it becomes exercisable, generally entitles the registered holder to purchase from the Company a unit consisting initially of one one-thousandth of a share (a "Unit") of Junior Participating Class A Preferred Stock, par value $0.01 per share (the "Preferred Stock"), of the Company, at a purchase price of $100 per Unit, subject to adjustment. The description and terms of the rights are set forth on a Rights Agreement, dated as of October 21, 1996, between the Company and First Union National Bank of North Carolina, as Rights Agent. On October 21, 1996, the Company filed a registration statement (Form 8-A) in connection with the registration of the Rights to Purchase Junior Participating Class A Preferred Stock, a new class of securities of the Company. A copy of the Rights Agreement is filed as an Exhibit hereto. This summary description of the Rights does not purport to be complete and is qualified in its entirety by reference to the Rights Agreement. (3) Completion of split-off of the Company by Lockheed Martin Corporation. (4) On October 21, 1996, Lockheed Martin Corporation and the Company jointly announced the successful completion of the split-off of the Company from Lockheed Martin Corporation. (5) Effectiveness of anti-takeover amendments to charter and bylaws. (6) Effective on October 21, 1996, various amendments to the articles of incorporation and bylaws of the Company that were approved at the Special Meeting of Shareholders held on September 27, 1996, became effective. (7) Release of third quarter earnings results. (8) On October 21, 1996, the Company issued a press release announcing financial results for the third quarter and nine months ended September 30, 1996.

(c) INDEX OF EXHIBITS

Exhibit No.		Page
3.01	--Restated Articles of Incorporation of the Company, as amended (incorporated by reference to Exhibits 3.1 and 3.2 to the Martin Marietta Materials, Inc. Current Report on Form 8-K, filed on October 25, 1996)	
3.02	--Restated Bylaws of the Company, as amended (incorporated by reference to Exhibit 3.3 to the Martin Marietta Materials, Inc. Current Report on Form 8-K, filed on October 25, 1996)	
4.01	--Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.01 to the Martin Marietta Materials, Inc. registration statement on Form S-1 (SEC Registration No. 33-72648))	
*4.02	--Articles 2 and 8 of the Company's Restated Articles of Incorporation, as amended	
*4.03	--Article I of the Company's Restated Bylaws, as amended	
4.04	--Indenture dated as of December 1, 1995 between Martin Marietta Materials, Inc. and First Union National Bank of North Carolina (incorporated by reference to Exhibit 4(a) to the Martin Marietta Materials, Inc. registration statement on Form S-3 (SEC Registration No. 33-99082))	
4.05	--Form of Martin Marietta Materials, Inc. 7% Debenture due 2025 (incorporated by reference to Exhibit 4(a)(i) to the Martin Marietta Materials, Inc. registration statement on Form S-3 (SEC Registration No. 33-99082))	
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**Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 14(c) of Form 10-K

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*23.01	--Consent of Ernst & Young LLP, Independent Auditors for Martin Marietta Materials, Inc. and consolidated subsidiaries	
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Other material incorporated by reference:
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FINANCIAL STATEMENT SCHEDULE

SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS
MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

COL. A	COL. B	COL. C		COL. D	COL. E
		ADDITIONS			
DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	(1) CHARGED TO COSTS AND EXPENSES	(2) CHARGED TO OTHER ACCOUNTS--DESCRIBE	DEDUCTIONS--DESCRIBE	BALANCE AT END OF PERIOD
		(AMOUNTS IN THOUSANDS)			
YEAR ENDED DECEMBER 31, 1996					
Allowance for doubtful accounts	$ 4,450	$ --	$ --	$1,500(a)	$ 2,950
Allowance for affiliates receivable	954	--	--	954(b)	--
Inventory valuation allowance	7,370	--	--	1,292(c)	6,078
Amortization of intangible assets	17,268	5,060	--	284(d)	22,044
YEAR ENDED DECEMBER 31, 1995					
Allowance for doubtful accounts	$ 2,950	$ --	$1,500(e)	$ --	$ 4,450
Allowance for affiliates receivable	1,300	--	--	346(b)	954
Inventory valuation allowance	6,269	--	1,240(e)	139(c)	7,370
Amortization of intangible assets	12,095	5,173	--	--	17,268
YEAR ENDED DECEMBER 31, 1994					
Allowance for doubtful accounts	$ 3,403	$1,051	$ --	$1,504(b)	$ 2,950
Allowance for affiliates receivable	330	970	--	--	1,300
Inventory valuation allowance	5,129	1,140	--	--	6,269
Amortization of intangible assets	10,047	3,224	--	1,176(d)	12,095

(a) To adjust allowance for change in estimates.
(b) Uncollectible accounts written off, net of recoveries.
(c) Inventory revaluation adjustments.
(d) Fully-amortized intangible assets written off.
(e) Purchase accounting adjustments.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

By: /s/ Bruce A. Deerson

Bruce A. Deerson
Vice President, Secretary
and General Counsel

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below appoints Bruce A. Deerson and Roselyn R. Bar, jointly and severally, as his true and lawful attorney-in-fact, each with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact, jointly and severally, full power and authority to do and perform each in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact, jointly and severally, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Dated: March 13, 1997

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature	Title	Date
/s/Marcus C. Bennett - ---------- Marcus C. Bennett	Chairman of the Board	March 13, 1997
/s/Stephen P. Zelnak, Jr. - ---------- Stephen P. Zelnak, Jr.	Vice Chairman of the Board, President and Chief Executive Officer	March 13, 1997
/s/Janice K. Henry - ---------- Janice K. Henry	Vice President, Chief Financial Officer and Treasurer	March 13, 1997
/s/Edward D. Miles - ---------- Edward D. Miles	Vice President, Controller and Chief Accounting Officer	March 13, 1997
/s/Richard G. Adamson - ---------- Richard G. Adamson	Director	March 13, 1997
/s/Bobby F. Leonard - ---------- Bobby F. Leonard	Director	March 13, 1997
/s/William E. McDonald - ---------- William E. McDonald	Director	March 13, 1997
/s/Frank H. Menaker, Jr. - ---------- Frank H. Menaker, Jr.	Director	March 13, 1997
/s/James M. Reed - ---------- James M. Reed	Director	March 13, 1997

/s/William B. Sansom - ---------- William B. Sansom	Director	March 13, 1997
/s/Richard A. Vinroot - ---------- Richard A. Vinroot	Director	March 13, 1997

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EXHIBIT 4.02

2. Pursuant to the authority conferred upon the Board of Directors by Article 2 of the Articles of Incorporation of this Corporation and in accordance with the provisions of Section 55-6-02 of the North Carolina Business Corporation Act, the Board of Directors has duly adopted an amendment to the Articles of Incorporation of the Corporation determining certain preferences, privileges, limitations and relative rights (within the limits set forth in Section 55-6-01 of the North Carolina Business Corporation Act) of a new series of the Corporation's Junior Participating Class A Preferred Stock, par value $0.01, before the issuance of any shares of such series, the text of which amendment reads in full as follows:

RESOLVED, that pursuant to the authority vested in the Board of Directors of this Corporation in accordance with the provisions of its Articles of Incorporation, as amended, a series of Preferred Stock of the Corporation be and it hereby is created, and that the designation and amount thereof and the voting powers, preferences and relative, participating, optional and other special rights of the shares of such series, and the qualifications, limitations and restrictions thereof are as follows:

Section 1. Designation and Amount. The shares of such series shall be designated as "Class A Preferred Stock" and the number of shares constituting such series shall be 100,000.

Section 2. Dividends and Distributions.

(A) Subject to the prior and superior rights of the holders of any shares of any series of Preferred Stock ranking prior and superior to the shares of Class A Preferred Stock with respect to dividends, the holders of shares of Class A Preferred Stock shall

be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the first day of January, April, July and October in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Class A Preferred Stock, in an amount per share (rounded to the nearest cent), subject to the provision for adjustment hereinafter set forth, equal to 1000 times the aggregate per share amount of all cash dividends, and 1000 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock, par value $.01 per share, of the Corporation (the "Common Stock") since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Class A Preferred Stock. In the event the Corporation shall at any time (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount to which holders of shares of Class A Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Class A Preferred Stock as provided in paragraph (A) above immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock).

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Class A Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Class A Preferred Stock, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Class A Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Class A Preferred Stock in an amount less than the total amount of such

dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Class A Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be no more than thirty (30) days prior to the date fixed for the payment thereof.

Section 3. Voting Rights. The holders of shares of Class A Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Class A Preferred Stock shall entitle the holder thereof to 1000 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the number of votes per share to which holders of shares of Class A Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein or by law, the holders of shares of Class A Preferred Stock and the holders of shares of Common Stock shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(C) (i) If at any time dividends on any Class A Preferred Stock shall be in arrears in an amount equal to four (4) quarterly dividends thereon, the occurrence of such contingency shall mark the beginning of a period (herein called a "default period") which shall extend until such time when all accrued and unpaid dividends for all previous quarterly dividend periods and for the current quarterly dividend period on all shares of Class A Preferred Stock then outstanding shall have been declared and paid or set apart for payment. During each default period, all holders of Preferred Stock (including holders of the Class A Preferred Stock) with dividends in arrears in an amount equal to four (4) quarterly dividends thereon, voting as a class, irrespective of series, shall have the right to elect two (2) Directors.

(ii) During any default period, such voting right of the holders of Class A Preferred Stock may be exercised initially at a special meeting called pursuant to subparagraph (iii) of this Section 3(C) or at any annual meeting of stockholders, and thereafter at annual meetings of stockholders, provided that neither such voting right nor the right of the holders of any other

series of Preferred Stock, if any, to increase, in certain cases, the authorized number of Directors shall be exercised unless the holders of ten percent (10%) in number of shares of Preferred Stock outstanding shall be present in Person or by proxy. The absence of a quorum of the holders of Common Stock shall not affect the exercise by the holders of Preferred Stock of such voting right. At any meeting at which the holders of Preferred Stock shall exercise such voting right initially during an existing default period, they shall have the right, voting as a class, to elect Directors to fill such vacancies, if any, in the Board of Directors as may then exist up to two (2) Directors or, if such right is exercised at an annual meeting, to elect two (2) Directors. If the number which may be so elected at any special meeting does not amount to the required number, the holders of the Preferred Stock shall have the right to make such increase in the number of Directors as shall be necessary to permit the election by them of the required number. After the holders of the Preferred Stock shall have exercised their right to elect Directors in any default period and during the continuance of such period, the number of Directors shall not be increased or decreased except by vote of the holders of Preferred Stock as herein provided or pursuant to the rights of any equity securities ranking senior to or pari passu with the Class A Preferred Stock.

(iii) Unless the holders of Preferred Stock shall, during an existing default period, have previously exercised their right to elect Directors, the Board of Directors may order, or any stockholder or stockholders owning in the aggregate not less than ten percent (10%) of the total number of shares of Preferred Stock outstanding, irrespective of series, may request, the calling of a special meeting of the holders of Preferred Stock, which meeting shall thereupon be called by the President, a Vice-President or the Secretary of the Corporation. Notice of such meeting and of any annual meeting at which holders of Preferred Stock are entitled to vote pursuant to this paragraph (C)(iii) shall be given to each holder of record of Preferred Stock by mailing a copy of such notice to him at his last address as the same appears on the books of the Corporation. Such meeting shall be called for a time not earlier than twenty (20) days and not later than sixty (60) days after such order or request or in default of the calling of such meeting within sixty (60) days after such order or request, such meeting may be called on similar notice by any stockholder or stockholders owning in the aggregate not less than ten percent (10%) of the total number of shares of Preferred Stock outstanding. Notwithstanding the provisions of this paragraph (C)(iii), no such special meeting shall be called during the period within sixty (60) days immediately preceding the date fixed for the next annual meeting of the stockholders.

(iv) In any default period, the holders of Common Stock, and other classes of stock of the Corporation if applicable, shall continue to be entitled to elect the whole number of Directors

until the holders of Preferred Stock shall have exercised their right to elect two (2) Directors voting as a class, after the exercise of which right (x) the Directors so elected by the holders of Preferred Stock shall continue in office until their successors shall have been elected by such holders or until the expiration of the default period, and (y) any vacancy in the Board of Directors may (except as provided in paragraph (C)(ii) of this Section 3) be filled by vote of a majority of the remaining Directors theretofore elected by the holders of the class of stock which elected the Director whose office shall have become vacant. References in this paragraph (C) to Directors elected by the holders of a particular class of stock shall include Directors elected by such Directors to fill vacancies as provided in clause (y) of the foregoing sentence.

(v) Immediately upon the expiration of a default period, (x) the right of the holders of Preferred Stock as a class to elect Directors shall cease, (y) the term of any Directors elected by the holders of Preferred Stock as a class shall terminate, and (z) the number of Directors shall be such number as may be provided for in the articles of incorporation or by-laws irrespective of any increase made pursuant to the provisions of paragraph (C)(ii) of this Section 3 (such number being subject, however, to change thereafter in any manner provided by law or in the articles of incorporation or by-laws). Any vacancies in the Board of Directors effected by the provisions of clauses (y) and (z) in the preceding sentence may be filled by a majority of the remaining Directors.

(D) Except as set forth herein, holders of Class A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 4. Certain Restrictions.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Class A Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Class A Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Class A Preferred Stock;

(ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Class A Preferred Stock, except dividends paid ratably on the

Class A Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Class A Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Class A Preferred Stock;

(iv) purchase or otherwise acquire for consideration any shares of Class A Preferred Stock, or any shares of stock ranking on a parity with the Class A Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. Reacquired Shares. Any shares of Class A Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein.

Section 6. Liquidation, Dissolution or Winding Up. (A) Upon any liquidation (voluntary or otherwise), dissolution or winding up of the Corporation, no distribution shall be made to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Class A Preferred Stock unless, prior thereto, the holders of shares of Class A Preferred Stock shall have received $10.00 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment. Thereafter, the holders of the Class A Preferred Stock shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1000 times

the aggregate amount to be distributed per share to holders of shares of Common Stock. Following the payment of the foregoing, holders of Class A Preferred Stock and holders of shares of Common Stock shall receive their ratable and proportionate share of the remaining assets to be distributed.

(B) In the event, however, that there are not sufficient assets available to permit payment in full of the Class A Preferred Stock liquidation preference and the liquidation preferences of all other series of preferred stock, if any, which rank on a parity with the Class A Preferred Stock, then such remaining assets shall be distributed ratably to the holders of such parity shares in proportion to their respective liquidation preferences.

(C) In the event the Corporation shall at any time (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock (by reclassification or otherwise), or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the aggregate amount to which holders of shares of the Class A Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 7. Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the shares of Class A Preferred Stock shall at the same time be similarly exchanged or changed in an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 1000 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock (by reclassification or otherwise), or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Class A Preferred Stock shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 8. No Redemption. The shares of Class A Preferred Stock shall not be redeemable.

Section 9. Ranking. The Class A Preferred Stock shall rank junior to all other series of the Corporation's Preferred Stock as to the payment of dividends and the distribution of assets, unless the terms of any such series shall provide otherwise.

Section 10. Amendment. The Articles of incorporation, as amended, of the Corporation shall not be further amended in any manner which would materially alter or change the powers, preferences or special rights of the Class A Preferred Stock so as to affect them adversely without the affirmative vote of the holders of a majority or more of the outstanding shares of Class A Preferred Stock voting separately as a class.

Section 11. Fractional Shares. Class A Preferred Stock may be issued in fractions of a share which shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Class A Preferred Stock.

8. (a) Any purchase by the Corporation of shares of Voting Stock (as hereinafter defined) from an Interested Shareholder (as hereinafter defined) who has beneficially owned such securities for less than two years prior to the date of such purchase or any agreement in respect thereof, other than pursuant to an offer to the holders of all of the outstanding shares of the same class as those so purchased, at a per share price in excess of the Market Price (as hereinafter defined), at the time of such purchase or any agreement in respect thereof (whichever is earlier), of the shares so purchased, shall require the affirmative vote of the holders of a majority of the voting power of the Voting Stock not beneficially owned by the Interested Shareholder, voting together as a single class.

(b) In addition to any affirmative vote required by law or these Restated Articles of Incorporation:

(i) Any merger or consolidation of the Corporation or any Subsidiary (as hereinafter defined) with (i) any Interested Shareholder or (ii) any other corporation (whether or not itself an Interested Shareholder) which is, or after such merger or consolidation would be, an Affiliate (as hereinafter defined) of an Interested Shareholder;

(ii) Any sale, lease, exchange, mortgage, pledge, transfer, or other disposition (in one transaction or a series of transactions) to or with any Interested Shareholder or any Affiliate of any Interested Shareholder of any assets of the Corporation or any Subsidiary having an aggregate Fair Market Value (as hereinafter defined) of $10,000,000 or more;

(iii) The issuance or transfer by the Corporation or any Subsidiary (in one transaction or a series of transactions) of any equity securities (including any securities that are convertible into equity securities) of the Corporation or any Subsidiary having an aggregate Fair Market Value of $10,000,000 or more to any Interested Shareholder or any Affiliate of any Interested Shareholder in exchange for cash, securities, or other property (or combination thereof);

(iv) The adoption of any plan or proposal for the liquidation or dissolution of the Corporation proposed by or on behalf of an Interested Shareholder or any Affiliate of any Interested Shareholder; or

(v) Any reclassification of securities (including any reverse stock split), or recapitalization of the Corporation, or any merger or consolidation of the Corporation with any of its Subsidiaries, or any other transaction (whether or not with or into or otherwise involving an Interested Shareholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity (including any securities that are convertible into equity securities) securities of the Corporation or any Subsidiary which is directly or indirectly owned by any Interested

Shareholder or any Affiliate of any Interested Shareholder

shall require the affirmative vote of the holders of not less than (i) 66-2/3% of the voting power of the Voting Stock not beneficially owned by any Interested Shareholder, voting together as a single class, and (ii) 80% of the voting power of all Voting Stock, voting together as a single class; provided, however, that no such vote shall be required for (A) the purchase by the Corporation of shares of Voting Stock from an Interested Shareholder unless such vote is required by Subparagraph (a) of this Article 8, or (B) any transaction approved by a majority of the Disinterested Directors (as hereinafter defined).

(c) For the purpose of this Article 8:

(i) A "person" shall mean any individual, firm, corporation, partnership, or other entity.

(ii) "Voting Stock" shall mean all outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors and each reference to a proportion of shares of Voting Stock shall refer to such proportion of the votes entitled to be cast by such shares.

(iii) "Interested Shareholder" shall mean any person who or which:

(A) is the beneficial owner, directly or indirectly, of 5% or more of the outstanding Voting Stock;

(B) is an Affiliate of the Corporation and at any time within the two-year period immediately prior to the date as of which a determination is being made was the beneficial owner, directly or indirectly, of 5% or more of the outstanding Voting Stock; or

(C) is an assignee of or has otherwise succeeded to any shares of Voting Stock which were at any time within the two-year period immediately prior to the date as of which a determination is being made beneficially owned by any person described in subparagraphs (c)(iii)(A) or (B) of this Article 8 if such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933.

(iv) A person shall be a "beneficial owner" of any Voting Stock:

(A) which such person or any of its Affiliates or Associates (as hereinafter defined) beneficially owns, directly or indirectly;

(B) which such person or any of its Affiliates or Associates has (a) the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement, or understanding, or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (b) the right to vote pursuant to any agreement, arrangement, or understanding; or

(C) which are beneficially owned, directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement, or understanding for the purpose of acquiring, holding, voting, or disposing of any shares of Voting Stock.

(v) For the purposes of determining whether a person is an Interested Shareholder, the number of shares of Voting Stock deemed to be outstanding shall include shares deemed owned through application of subparagraph (c)(iv) of this Article 8, but shall not include any other shares of Voting Stock which may be issuable pursuant to any agreement, arrangement, or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

(vi) "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on November 1, 1993.

(vii) "Subsidiary" shall mean any corporation of which a majority of the shares thereof entitled to vote generally in the election of directors is owned, directly or indirectly, by the Corporation.

(viii) "Market Price" shall mean: the last closing sale price immediately preceding the time in

question of a share of the stock in question on the Composite Tape for New York Stock Exchange -- Listed Stocks, or if such stock is not quoted on the Composite Tape, on the New York Stock Exchange, Inc., or if such stock is not listed on such Exchange, on the principal United States securities exchange registered under the Securities Exchange Act of 1934 on which such stock is listed, or if such stock is not listed on any such exchange, the last closing bid quotation with respect to a share of such stock immediately preceding the time in question on the National Association of Securities Dealers, Inc. Automated Quotations System or any system then in use (or any other system of reporting or ascertaining quotations then available), or if such stock is not so quoted, the Fair Market Value at the time in question of a share of such stock as determined by the Board of Directors in good faith.

(ix) "Fair Market Value" shall mean:

(A) in the case of stock, the Market Price, and

(B) in the case of property other than cash or stock, the fair market value of such property on the date in question as determined by the Board of Directors in good faith.

(x) "Disinterested Director" shall mean any member of the Board of Directors of the Corporation who is not an Affiliate or Associate of an Interested Shareholder and was a member of the Board of Directors prior to the time that the Interested Shareholder became an Interested Shareholder, and any successor of a Disinterested Director who is not an Affiliate or Associate of an Interested Shareholder as is recommended to succeed a Disinterested Director by a majority of Disinterested Directors then on the Board of Directors.

(d) A majority of the Disinterested Directors shall have the power and duty to determine for the purposes of this Article 8, on the basis of information known to them after reasonable inquiry, whether a person is an Interested Shareholder or a transaction or series of transactions constitutes one of the transactions described in subparagraph (b) of this Article 8.

(e) Notwithstanding any other provisions of these Restated Articles of Incorporation (and notwithstanding the fact that a lesser percentage may be specified by law, these Restated Articles of Incorporation, or the Bylaws of the Corporation), the affirmative vote of not less than (i) 66-2/3% of the voting power of the Voting Stock not beneficially owned by any Interested Shareholder, voting together as a single class, and (ii) 80% of the voting power of all Voting Stock, voting together as a single class, shall be required to amend, repeal, or adopt any provisions inconsistent with this Article 8.

EXHIBIT 4.03

RESTATED BYLAWS OF MARTIN MARIETTA MATERIALS, INC.

(Incorporated under the laws of North Carolina, November 12, 1993, and herein referred to as the "Corporation")

ARTICLE I.

SHAREHOLDERS

SECTION 1.01. ANNUAL MEETINGS. The Corporation shall hold an annual meeting of the shareholders for the election of directors and the transaction of any business within the powers of the Corporation on such date during the month of May in each year as shall be determined by the Board of Directors or at such time during the year as the Board of Directors may prescribe. Subject to Section 1.12 of these Bylaws, any business of the Corporation may be transacted at such annual meeting. Failure to hold an annual meeting at the designated time shall not, however, invalidate the corporate existence or affect otherwise valid corporate acts.

SECTION 1.02. SPECIAL MEETINGS. The power to call a special meeting of the shareholders of the Corporation shall be governed by Article 9 of the Corporation's Restated Articles of Incorporation, as such provision may be amended from time to time.

SECTION 1.03. PLACE OF MEETINGS. All meetings of shareholders shall be held at such place within the United States as may be designated in the Notice of Meeting.

SECTION 1.04. NOTICE OF MEETINGS. Not less than ten (10) days nor more than sixty (60) days before the date of every shareholders' meeting, the Secretary shall give to each shareholder entitled to vote at such meeting and each other shareholder entitled to notice of the meeting, written or printed notice stating the time and place of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, either by mail or by presenting it to him or her personally or by leaving it at his or her residence or usual place of business. If mailed, such notice shall be deemed to be given when deposited in the United States mail addressed to the shareholder at his or her post office address as it appears on the records of the Corporation, with postage thereon prepaid. Any meeting of shareholders, annual or special, may adjourn from time to time without further notice to a date not more than 120 days after the original record date at the same or some other place.

SECTION 1.05. WAIVER OF NOTICE. Any shareholder may waive notice of any meeting before or after the meeting. The waiver must be in writing, signed by the shareholder and delivered to the Corporation for inclusion in the minutes or filing with the corporate records. A shareholder's attendance, in person or by proxy, at a meeting (a) waives objection to lack of

notice or defective notice of the meeting, unless the shareholder or his proxy at the beginning of the meeting objects to holding the meeting or transacting business at the meeting; and (b) waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the shareholder or his proxy objects to considering the matter before it is voted upon.

SECTION 1.06. PRESIDING OFFICER AND SECRETARY AT MEETINGS. At each meeting of shareholders the Chairman of the Board, or in his or her absence the President, or in their absence, the person designated in writing by the Chairman of the Board, or if no person is so designated, then a person designated by the Board of Directors, shall preside as chairman of the meeting; if no person is so designated, then the meeting shall choose a chairman by a majority of all votes cast at a meeting at which a quorum is present. The Secretary, or in the absence of the Secretary, a person designated by the chairman of the meeting, shall act as secretary of the meeting.

SECTION 1.07. QUORUM. Shares entitled to vote as a separate voting group may take action on a matter at the meeting only if a quorum of those shares exists. A majority of the votes entitled to be cast on the matter by the voting group constitutes a quorum of that voting group for action on that matter.

Once a share is represented for any purpose at a meeting, it is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for that adjourned meeting.

In the absence of a quorum at the opening of any meeting of shareholders, such meeting may be adjourned from time to time by the vote of a majority of the votes cast on the motion to adjourn; and, subject to the provisions of Section 1.04, at any subsequent session of a meeting that has been adjourned any business may be transacted that might have been transacted at the original meeting if a quorum exists with respect to the matter proposed.

SECTION 1.08. PROXIES. Shares may be voted either in person or by one or more proxies authorized by a written appointment of proxy signed by the shareholder or by his duly authorized attorney in fact. An appointment of proxy is valid for eleven (11) months from the date of its execution, unless a different period is expressly provided in the appointment form.

SECTION 1.09. VOTING OF SHARES. Subject to the provisions of the Articles of Incorporation, each outstanding share shall be entitled to one vote on each matter voted on at a meeting of shareholders.

Except in the election of directors as governed by the provisions of Section 2.03, if a quorum exists, action on a matter by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action, unless a greater vote is required by law or the Articles of Incorporation or these Bylaws.

Absent special circumstances, shares of the Corporation are not entitled to vote if they are owned, directly or indirectly, by another corporation in which the Corporation owns, directly or indirectly, a majority of the shares entitled to vote for directors of the second corporation; provided that this provision does not limit the power of the Corporation to vote its own shares held by it in a fiduciary capacity.

SECTION 1.10. SHAREHOLDERS' LIST. Before each meeting of shareholders, the Secretary of the Corporation shall prepare an alphabetical list of the shareholders entitled to notice of such meeting. The list shall be arranged by voting group (and within each voting group, by class or series of shares) and show the address of and number of shares held by each shareholder. The list shall be kept on file at the principal office of the Corporation, or at a place identified in the meeting notice in the city where the meeting will be held, for the period beginning two business days after notice of the meeting is given and continuing through the meeting, and shall be available for inspection by any shareholder, his agent or attorney, at any time during regular business hours. The list shall also be available at the meeting and shall be subject to inspection by any shareholder, his agent or attorney, at any time during the meeting or any adjournment thereof.

SECTION 1.11. INSPECTORS OF ELECTION. In advance of any meeting of shareholders, the Board of Directors may appoint Inspectors of Election to act at such meeting or at any adjournment or adjournments thereof. If such Inspectors are not so appointed or fail or refuse to act, the chairman of any such meeting may (and shall upon the request of shareholders entitled to cast a majority of all the votes entitled to be cast at the meeting) make such appointments. No such Inspector need be a shareholder of the Corporation.

If there are three (3) or more Inspectors of Election, the decision, act or certificate of a majority shall be effective in all respects as the decision, act or certificate of all. The Inspectors of Election shall determine the number of shares outstanding, the voting power of each, the shares represented at the meeting, the existence of a quorum, the authenticity, validity and effect of proxies; shall receive votes, ballots, assents or consents, hear and determine all challenges and questions in any way arising in connection with the vote, count and tabulate all votes, assents and consents, and determine the result; and do such acts as may be proper to conduct the election and the vote with fairness to all shareholders. On request, the Inspectors shall make a report in writing of any challenge, question or matter determined by them, and shall make and execute a certificate of any fact found by them.

SECTION 1.12. DIRECTOR NOMINATIONS AND SHAREHOLDERS BUSINESS.

(a) Advance Notice of Nominations of Directors. Only persons who are nominated in accordance with the provisions set forth in these Bylaws shall be eligible to be elected as directors at an annual or special meeting of shareholders. Nomination for election to the Board of Directors shall be made by the Board of Directors or a Nominating Committee appointed by the Board of Directors.

Nomination for election of any person to the Board of Directors may also be made by a shareholder if written notice of the nomination of such person shall have been delivered to the Secretary of the Corporation at the principal office of the Corporation not less than 60 days nor more than 90 days prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced by more than 30 days or delayed by more than 60 days from such anniversary date, notice by shareholder must be so delivered not earlier than the 90th day prior to such annual meeting and not later than the close of business on the later of the 60th day prior to such annual meeting or the tenth day following the day on which public announcement of the date of such meeting is first made. Each such notice shall set forth: (a) the name and address of the shareholder who intends to make the nomination, the beneficial owner, if any, on whose behalf the nomination is made and of the person or persons to be nominated; (b) the class and number of shares of stock of the Corporation which are owned beneficially and of record by such shareholder and such beneficial owner, and a representation that the shareholder intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (c) a description of all arrangements or understandings between the shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder; (d) all other information regarding each nominee proposed by such shareholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission if the nominee had been nominated by the Board of Directors; and (e) the written consent of each nominee to serve as director of the Corporation if so elected. The chairman of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedure.

(b) Advance Notice of General Matters. No business shall be transacted at an annual meeting of shareholders, except such business as shall be (a) specified in the notice of meeting given as provided in Section 1.04, (b) otherwise brought before the meeting by or at the direction of the Board of Directors, or (c) otherwise brought before the meeting by a shareholder of record entitled to vote at the meeting, in compliance with the procedure set forth in this Section 1.12. For business to be brought before an annual meeting by a shareholder pursuant to (c) above, the shareholder must have given timely notice in writing to the Secretary. To be timely, a shareholder's notice must be delivered to, or mailed to and received at the principal executive offices of the Corporation not less than 60 days nor more than 90 days prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced by more than 30 days or delayed by more than 60 days from such anniversary date, notice by the shareholder must be so delivered not earlier than the 90th day prior to such annual meeting and not later than the close of business on the later of the 60th day prior to such annual meeting or the tenth day following the day on which public announcement of the date of such meeting is first made. Notice of actions to be brought before the annual meeting pursuant to (c) above shall set forth as to each matter the shareholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for brining such business before the annual meeting, (ii) the name and address, as they appear on the Corporation's books, of each shareholder proposing such business, (iii) the classes and number of shares of the Corporation that are owned of record and beneficially by such shareholder, and (iv) any material interest of

such shareholder in such business other than his interest as shareholder of the Corporation. Notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at an annual meeting except in accordance with the provisions set forth in this Section 1.12. If the chairman of the annual meeting determines that any business was not properly brought before the meeting in accordance with provisions prescribed by these Bylaws, he shall so declare to the meeting, and to the extent permitted by law, any such business not properly brought before the meeting shall not be transacted.

(c) General

For purposes of this Section 1.12, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Exchange Act.

Notwithstanding the foregoing provisions of this Section 1.12, a shareholder shall also comply with all applicable requirements of state law and of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 1.12. Nothing in this Section 1.12 shall be deemed to affect any rights of shareholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

EXHIBIT 10.06

$150,000,000

REVOLVING CREDIT AGREEMENT

dated as of

January 29, 1997

among

MARTIN MARIETTA MATERIALS, INC.,

The BANKS Listed Herein,

and

MORGAN GUARANTY TRUST COMPANY OF NEW YORK,

as Agent,

J.P. MORGAN SECURITIES INC.,

Arranger

FIRST UNION NATIONAL BANK OF NORTH CAROLINA,

Documentation Agent

WACHOVIA BANK OF NORTH CAROLINA, N.A.,

Co-Agent

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REVOLVING CREDIT AGREEMENT

AGREEMENT dated as of January 29, 1997 among MARTIN MARIETTA MATERIALS, INC., the BANKS listed on the signature pages hereof and MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as Agent.

ARTICLE 1

DEFINITIONS

SECTION 1.01. Definitions. The following terms, as used herein and in any Exhibit or Schedule hereto, have the following meanings:

"Absolute Rate Auction" means a solicitation of Money Market Quotes setting forth Money Market Absolute Rates pursuant to Section 2.03.

"Additional Bank" has the meaning set forth in Section 2.16(b).

"Administrative Questionnaire" means, with respect to each Bank, an administrative questionnaire in the form prepared by the Agent and submitted to the Agent with a copy to the Borrower duly completed by such Bank.

"Affiliate" means (i) any Person that directly, or indirectly through one or more intermediaries, controls the Borrower (a "Controlling Person") or (ii) any Person (other than the Borrower or a Subsidiary) which is controlled by or is under common control with a Controlling Person. As used herein, the term "control" means possession, directly or indirectly, of the power to vote 10% or more of any class of voting securities of a Person or to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Agent" means Morgan Guaranty Trust Company of New York in its capacity as administrative agent for the Banks hereunder, and its successor or successors in such capacity.

"Agreement" means this Revolving Credit Agreement as it may be amended from time to time.

"Applicable Lending Office" means, with respect to any Bank, (i) in the case of its Base Rate Loans, its Domestic Lending Office, (ii) in the case of its

Euro-Dollar Loans, its Euro-Dollar Lending Office and (iii) in the case of its Money Market Loans, its Money Market Lending Office.

"Assignee" has the meaning set forth in Section 9.08(c).

"Assignment and Assumption Agreement" means an agreement, substantially in the form of Exhibit G hereto, under which an interest of a Bank hereunder is transferred to an Assignee pursuant to Section 9.08(c) hereof.

"Bank" means (i) each bank listed on the signature pages hereof, (ii) each Additional Bank or Assignee that becomes a Bank pursuant to either Section 2.16 or 9.08(c), and (iii) their respective successors.

"Base Rate" means, for any day, a rate per annum equal to the higher of (i) the Prime Rate for such day or (ii) the sum of 1/2 of 1% plus the Federal Funds Rate for such day, each change in the Base Rate to become effective on the day on which such change occurs.

"Base Rate Loan" means a Committed Loan which bears interest at the Base Rate pursuant to the applicable Notice of Committed Borrowing or Notice of Interest Rate Election or the provisions of Article 8.

"Borrower" means Martin Marietta Materials, Inc., a North Carolina corporation.

"Change in Law" means, for purposes of Section 8.01 and Section 8.03, the adoption of any applicable law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency.

"Closing Date" means the date on or after the Effective Date on which the Agent shall have received the documents specified in or pursuant to Section 3.01.

"Commitment" means (i) with respect to each Bank listed on the Commitment Schedule, the amount set forth opposite the name of such Bank on the Commitment Schedule and (ii) with respect to each Additional Bank or Assignee which becomes a Bank pursuant to Section 2.16 or 9.08(c), the amount of the Commitment thereby assumed by it, in each case as such amount may be changed from time to time pursuant to Section 2.09, 2.16 or 9.08(c).

"Committed Loan" means a loan made by a Bank pursuant to Section 2.01; provided that, if any such loan or loans (or portions thereof) are combined or subdivided pursuant to a Notice of Interest Rate Election, the term Committed Loan shall refer to the combined principal amount resulting from such combination or to each of the separate principal amounts resulting from such subdivision, as the case may be.

"Committed Notes" means promissory notes of the Borrower, substantially in the form of Exhibit A-1 hereto, evidencing the obligation of the Borrower to repay the Committed Loans, and "Committed Note" means any one of such promissory notes issued hereunder.

"Consolidated Debt" means at any date the Debt of the Borrower and its Consolidated Subsidiaries, determined on a consolidated basis as of such date.

"Consolidated Net Worth" means at any date the consolidated shareholders' equity of the Borrower and its Consolidated Subsidiaries which would be reported on the consolidated balance sheet of the Borrower as total shareholders' equity, determined as of such date.

"Consolidated Subsidiary" means at any date any Subsidiary or other entity the accounts of which would be consolidated with the Borrower in its consolidated financial statements if such statements were prepared as of such date.

"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, except trade accounts payable arising in the ordinary course of business, (iv) all obligations of such Person as lessee which are capitalized in accordance with generally accepted accounting principles, (v) all non-contingent obligations of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit, banker's acceptance, bank guarantee or similar instrument which remain unpaid for two Business Days, (vi) all Debt secured by a Lien on any asset of such Person, whether or not such Debt is otherwise an obligation of such Person provided that the amount of such Debt which is not otherwise an obligation of such Person shall be deemed to be the fair market value of such asset and (vii) all Debt of others guaranteed by such Person.

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

"Derivatives Obligations" of any Person means all obligations of such Person in respect of any rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of the foregoing transactions) or any combination of the foregoing transactions.

"Dollars" or "$" means lawful currency of the United States.

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

"Domestic Lending Office" means, as to each Bank, its office located at its address set forth in its Administrative Questionnaire (or identified in its Administrative Questionnaire as its Domestic Lending Office) or such other office as such Bank may hereafter designate as its Domestic Lending Office by notice to the Borrower and the Agent.

"Effective Date" means the date this Agreement becomes effective in accordance with Section 9.13.

"Eligible Institution" means any commercial bank having total assets in excess of $3,000,000,000 (or the equivalent amount in the local currency of such bank) as determined by the Agent based on the most recent publicly available financial statements of such bank.

"Environmental Laws" means any and all applicable federal, state and local statutes, regulations, ordinances, rules, administrative orders, consent decrees, permits, concessions, grants, franchises, licenses, agreements or other governmental restrictions relating to the environment or to emissions, discharges or releases of pollutants, contaminants, hazardous substances, or hazardous wastes into the environment including, without limitation, ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, hazardous substances, or hazardous wastes.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute.

"ERISA Group" means the Borrower and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control that, together with the Borrower, are treated as a single employer under Section 4001(a)(14) of ERISA.

"Euro-Dollar Business Day" means any Domestic Business Day on which commercial banks are open for international business (including dealings in dollar deposits) in London.

"Euro-Dollar Loan" means any Committed Loan in respect of which interest is to be computed on the basis of a Euro-Dollar Rate.

"Euro-Dollar Lending Office" means, as to each Bank, its office, branch or affiliate located at its address set forth in its Administrative Questionnaire (or identified in its Administrative Questionnaire as its Euro-Dollar Lending Office) or such other office, branch or affiliate of such Bank as it may hereafter designate as its Euro-Dollar Lending Office by notice to the Borrower and the Agent.

"Euro-Dollar Margin" means the percentage determined in accordance with the Pricing Schedule.

"Euro-Dollar Rate" means a rate of interest determined pursuant to Section 2.07(b) on the basis of an London Interbank Offered Rate.

"Event of Default" has the meaning set forth in Section 6.01.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Federal Funds Rate" means, for any day, the rate per annum (rounded upward, if necessary, to the nearest 1/100th of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Domestic Business Day next succeeding such day, provided that (i) if such day is not a Domestic Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Domestic Business Day as so published on the next succeeding Domestic Business Day, and (ii) if no such rate is so published on such next succeeding Domestic Business Day, the Federal Funds Rate for such day shall be the average rate quoted to the Agent on such day on such transactions as determined by the Agent.

"Fixed Rate Loans" means Euro-Dollar Loans or Money Market Loans (excluding Money Market LIBOR Loans bearing interest at the Base Rate pursuant to Section 8.03) or both.

"Group of Loans" means at any time a group of Loans consisting of (i) all Committed Loans which are Base Rate Loans at such time or (ii) all Euro-Dollar Loans having the same Interest Period at such time, provided that, if a Committed Loan of any particular Bank is converted to or made as a Base Rate Loan pursuant to Article 8, such Loan shall be included in the same Group or Groups of Loans from time to time as it would have been in if it had not been so converted or made.

"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 other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

"Information Memorandum" means the Martin Marietta Materials Information Memorandum -- $150 Million Credit Facility previously distributed to the Banks dated November 1996.

"Interest Period" means: (1) with respect to each Euro-Dollar Loan, the period commencing on the date of borrowing specified in the applicable Notice of Borrowing or on the date specified in the applicable Notice of Interest Rate Election and ending one, two, three or six months thereafter, as the Borrower may elect in the applicable notice; provided that:

(a) any Interest Period which would otherwise end on a day which is not a Euro-Dollar Business Day shall be extended to the next succeeding Euro-Dollar Business Day unless such Euro-Dollar Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Euro-Dollar Business Day;

(b) any Interest Period which begins on the last Euro-Dollar Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall, subject to clause (c) below, end on the last Euro-Dollar Business Day of a calendar month; and

(c) any Interest Period which would otherwise end after the Termination Date shall end on the Termination Date.

(2) with respect to each Money Market LIBOR Loan, the period commencing on the date of borrowing specified in the applicable Notice of Borrowing and ending such whole number of months thereafter as the Borrower may elect in accordance with Section 2.03; provided that:

(a) any Interest Period which would otherwise end on a day which is not a Euro-Dollar Business Day shall be extended to the next succeeding Euro-Dollar Business Day unless such Euro-Dollar Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Euro-Dollar Business Day;

(b) any Interest Period which begins on the last Euro-Dollar Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall, subject to clause (c) below, end on the last Euro-Dollar Business Day of a calendar month; and

(c) any Interest Period which would otherwise end after the Termination Date shall end on the Termination Date.

(3) with respect to each Money Market Absolute Rate Loan, the period commencing on the date of borrowing specified in the applicable Notice of Borrowing and ending such number of days thereafter (but not less than seven days) as the Borrower may elect in accordance with Section 2.03; provided that:

(a) any Interest Period which would otherwise end on a day which is not a Euro-Dollar Business Day shall be extended to the next succeeding Euro-Dollar Business Day; and

(b) any Interest Period which would otherwise end after the Termination Date shall end on the Termination Date.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended, or any successor statute.

"Investment" means any investment in any Person, whether by means of share purchase, capital contribution, loan, guarantee, time deposit or otherwise (but not including any demand deposit).

"Invitation for Money Market Quotes" means the notice substantially in the form of Exhibit C hereto to the Banks in connection with the solicitation by the Borrower of Money Market Quotes.

"LIBOR Auction" means a solicitation of Money Market Quotes setting forth the Money Market Margins based on the London Interbank Offered Rate pursuant to Section 2.03.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind. For the purposes of this Agreement, the Borrower or any Subsidiary shall be deemed to own subject to a Lien any asset which 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" and "Loans" mean and include each and every loan made by a Bank under this Agreement.

"London Interbank Offered Rate" has the meaning set forth in Section 2.07(b).

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

"Material Debt" means Debt (other than the Notes) of the Borrower and/or one or more of its Subsidiaries, arising in one or more related or unrelated transactions, in an aggregate principal or face amount exceeding $35,000,000.

"Material Financial Obligations" means a principal or face amount of Debt and/or payment or collateralization obligations in respect of Derivatives Obligations of the Borrower and/or one or more of its Subsidiaries, arising in one or more related or unrelated transactions, exceeding in the aggregate $35,000,000.

"Material Plan" means at any time a Plan or Plans having aggregate Unfunded Liabilities in excess of $35,000,000.

"Money Market Absolute Rate" has the meaning set forth in Section 2.03(d).

"Money Market Absolute Rate Loan" means a loan to be made by a Bank pursuant to an Absolute Rate Auction.

"Money Market Lending Office" means, as to each Bank, its Domestic Lending Office or such other office, branch or affiliate of such Bank as it may hereafter designate as its Money Market Lending Office by notice to the Borrower and the Agent; provided that any Bank may from time to time by notice to the Borrower and the Agent designate separate Money Market Lending Offices for its Money Market LIBOR Loans, on the one hand, and its Money Market Absolute Rate Loans, on the other hand, in which case all references herein to the Money Market Lending Office of such Bank shall be deemed to refer to either or both of such offices, as the context may require.

"Money Market LIBOR Loan" means a loan to be made by a Bank pursuant to a LIBOR Auction (including such a loan bearing interest at the Base Rate pursuant to Section 8.03).

"Money Market Loan" means a Money Market LIBOR Loan or a Money Market Absolute Rate Loan.

"Money Market Margin" has the meaning set forth in Section 2.03(d)(ii)(C).

"Money Market Quote" means an offer by a Bank, in substantially the form of Exhibit D hereto, to make a Money Market Loan in accordance with Section 2.03.

"Money Market Notes" means promissory notes of the Borrower, substantially in the form of Exhibit A-2 hereto, evidencing the obligation of the Borrower to repay the Money Market Loans, and "Money Market Note" means any one of such promissory notes issued hereunder.

"Money Market Quote Request" means the notice, in substantially the form of Exhibit B hereto, to be delivered by the Borrower in accordance with Section 2.03 in requesting Money Market Quotes.

"Multiemployer Plan" means at any time an employee pension benefit plan within the meaning of Section 4001(a)(3) of ERISA to which any member of the ERISA Group is then making or accruing an obligation to make contributions.

"Notes" means promissory notes of the Borrower, substantially in the form of Exhibits A-1 or A-2 hereto, evidencing the obligation of the Borrower to repay the Loans, and "Note" means any one of such promissory notes issued hereunder.

"Notice of Borrowing" means a Notice of Committed Borrowing (as defined in Section 2.02) or a Notice of Money Market Borrowing (as defined in Section 2.03(f)).

"Notice of Interest Rate Election" has the meaning set forth in Section 2.10.

"Officer's Certificate" means a certificate signed by an officer of the Borrower.

"Other Taxes" has the meaning set forth in Section 8.04.

"Parent" means, with respect to any Bank, any Person controlling such Bank.

"Participant" has the meaning set forth in Section 9.08(b).

"PBGC" means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

"Person" means any individual, firm, company, corporation, joint venture, joint-stock company, limited liability company or partnership, trust, unincorporated organization, government or state entity, or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing.

"Plan" means at any time an employee pension benefit plan (other than a Multiemployer Plan) which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Internal Revenue Code and is maintained, or contributed to, by any member of the ERISA Group for employees of any member of the ERISA Group.

"Pricing Schedule" means the Schedule attached hereto identified as such.

"Prime Rate" means the rate of interest publicly announced by Morgan Guaranty Trust Company of New York in New York City from time to time as its Prime Rate.

"Principal Property" means, at any time, any manufacturing facility that is located in the United States, is owned by the Borrower or any of its Subsidiaries, and has a book value, net of any depreciation or amortization, pursuant to the then most recently delivered financial statements, in excess of 2.5% of the consolidated total assets of the Borrower and its Consolidated Subsidiaries, taken as a whole.

"Quarterly Date" means the last day of March, June, September and December in each year, commencing March 31, 1997.

"Reference Banks" means the principal London offices of First Union National Bank of North Carolina, Wachovia Bank of North Carolina and Morgan Guaranty Trust Company of New York, and "Reference Bank" means any one of such Reference Banks.

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Required Banks" means at any time and for any specific purpose the Bank or Banks having, in the aggregate, more than 50% of the Total Commitments, or, if the Commitments have terminated, more than 50% of the Loans.

"Restricted Subsidiary" means (x) any Significant Subsidiary, (y) any Subsidiary that has substantially all of its property located in the United States and that owns a Principal Property and (z) other Subsidiaries from time to time designated, by the Borrower by notice to the Agent, as Restricted Subsidiaries as necessary such that at all times, based on the most recent financial statements delivered pursuant hereto, at the end of any fiscal quarter the book value of the aggregate total assets, net of depreciation and amortization and after intercompany eliminations, of the Borrower and all of its Restricted Subsidiaries is not less than 85% of the consolidated total assets, net of depreciation and amortization and after intercompany eliminations, of the Borrower and its Consolidated Subsidiaries, taken as a whole.

"Revolving Credit Period" means the period from and including the Effective Date to but not including the Termination Date.

"Retiring Bank" has the meaning set forth in Section 9.01(a).

"Significant Subsidiary" means a Subsidiary with a book value of total assets, net of depreciation and amortization and after intercompany eliminations, equal to or greater than 5% of the consolidated total assets of the Borrower and its Consolidated Subsidiaries, taken as a whole.

"Subsidiary" means, as to any Person, any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by such Person; unless otherwise specified, "Subsidiary" means a Subsidiary of the Borrower.

"Taxes" has the meaning set forth in Section 8.04.

"Temporary Cash Investment" means any Investment in (i) direct obligations of the United States or any agency thereof, or obligations guaranteed by the United States or any agency thereof, (ii) commercial paper rated at least A-1 by Standard & Poor's Rating Group and P-1 by Moody's Investors Service, Inc., (iii) time deposits with, including certificates of deposit issued by, any office located in the United States of any bank or trust company which is organized under the laws of the United States or any state thereof and has capital, surplus and undivided profits aggregating at least $1,000,000,000 or (iv) repurchase agreements with respect to securities described in clause (i) above entered into with an office of a bank or trust company meeting the criteria specified in clause (iii) above, provided in each case that such Investment matures within one year from the date of acquisition thereof by the Borrower or a Subsidiary.

"Termination Date" means January 29, 2002, or, if such day is not a Euro-Dollar Business Day, the next succeeding Euro-Dollar Business Day unless such Euro-Dollar Business Day falls in another calendar month, in which case the Termination Date shall be the next preceding Euro-Dollar Business Day.

"Total Capital" means, at any date, the sum of (x) Consolidated Debt plus (y) Consolidated Net Worth.

"Total Commitments" means, at the time for any determination thereof, the aggregate of the Commitments of the Banks.

"Transferee" has the meaning set forth in Section 9.08(e).

"United States" means the United States of America, including the States and the District of Columbia, but excluding the Commonwealths, territories and possessions of the United States.

"Unfunded Liabilities" means, with respect to any Plan at any time, the amount (if any) by which (i) the present value of all benefits under such Plan exceeds (ii) the fair market value of all Plan assets allocable to such benefits (excluding any accrued but unpaid contributions), all determined as of the then most recent valuation date for such Plan, but only to the extent that such excess represents a potential liability of a member of the ERISA Group to the PBGC or an appointed trustee under Title IV of ERISA.

SECTION 1.02. Accounting Terms and Determinations. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements

required to be delivered hereunder shall be prepared in accordance with generally accepted accounting principles as in effect from time to time applied on a basis consistent (except for changes concurred in by the Borrower's independent public accountants) with the most recent audited consolidated financial statements of the Borrower and its Consolidated Subsidiaries delivered to the Banks; provided that, if the Borrower notifies the Agent that the Borrower wishes to amend any covenant contained in Article 5 to eliminate the effect of any change after the date hereof in generally accepted accounting principles (which, for purposes of this proviso shall include the generally accepted application or interpretation thereof) on the operation of such covenant (or if the Agent notifies the Borrower that the Required Banks wish to amend any such covenant for such purpose), then the Borrower's compliance with such covenant shall be determined on the basis of generally accepted accounting principles in effect immediately before the relevant change in generally accepted accounting principles is adopted by the Borrower, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Borrower and the Required Banks.

SECTION 1.03. Types of Borrowings. The term "Borrowing" denotes the aggregation of Loans of one or more Banks to be made to the Borrower pursuant to Article 2 on the same date, all of which Loans are of the same type (subject to Article 8) and, except in the case of Base Rate Loans, have the same initial Interest Period. Borrowings are classified for purposes of this Agreement either by reference to the pricing of Loans comprising such Borrowing (e.g., a "Fixed Rate Borrowing" is a Euro-Dollar Borrowing or a Money Market Borrowing (excluding any such Borrowing consisting of Money Market LIBOR Loans bearing interest at the Base Rate pursuant to Section 8.03), and a "Euro-Dollar Borrowing" is a Borrowing comprised of Euro-Dollar Loans) or by reference to the provisions of Article 2 under which participation therein is determined (i.e., a "Committed Borrowing" is a Borrowing under Section 2.01 in which all Banks participate in proportion to their Commitments, while a "Money Market Borrowing" is a Borrowing under Section 2.03 in which the Bank participants are determined on the basis of their bids in accordance therewith).

ARTICLE 2

THE LOANS

SECTION 2.01. Commitments to Lend. During the Revolving Credit Period, each Bank severally agrees, on the terms and conditions set forth in this Agreement, to make loans to the Borrower pursuant to this Section from time to time in amounts such that the aggregate principal amount of Committed Loans by

such Bank at any one time outstanding shall not exceed the amount of its Commitment. Each Borrowing under this Section shall be in an aggregate principal amount of $5,000,000 or any larger multiple of $1,000,000 (except that any such Borrowing may be in the aggregate amount available in accordance with Section 3.02) and shall be made from the several Banks ratably in proportion to their respective Commitments. Within the foregoing limits, the Borrower may borrow under this Section, prepay Loans to the extent permitted by Section 2.09 and reborrow at any time during the Revolving Credit Period under this Section.

SECTION 2.02. Notice of Committed Borrowing. The Borrower shall give the Agent notice (a "Notice of Committed Borrowing") not later than 12:00 Noon (New York City time) on (x) the date of each Base Rate Borrowing and (y) the third Euro-Dollar Business Day before each Euro-Dollar Borrowing, specifying:

(i) the date of such Borrowing, which shall be a Domestic Business Day in the case of a Base Rate Borrowing or a Euro-Dollar Business Day in the case of a Euro-Dollar Borrowing;

(ii) the aggregate amount of such Borrowing;

(iii) whether the Loans comprising such Borrowing are to bear interest initially at the Base Rate or a Euro-Dollar Rate; and

(iv) in the case of a Euro-Dollar Borrowing, the duration of the initial Interest Period applicable thereto, subject to the provisions of the definition of Interest Period.

SECTION 2.03. Money Market Borrowings. (a) The Money Market Option. In addition to Committed Borrowings pursuant to Section 2.01, the Borrower may, as set forth in this Section, request the Banks during the Revolving Credit Period to make offers to make Money Market Loans to the Borrower. The Banks may, but shall have no obligation to, make such offers and the Borrower may, but shall have no obligation to, accept any such offers in the manner set forth in this Section.

(b) Money Market Quote Request. When the Borrower wishes to request offers to make Money Market Loans under this Section, it shall transmit to the Agent by telex or facsimile transmission a Money Market Quote Request substantially in the form of Exhibit B hereto so as to be received not later than 12:00 Noon (New York City time) on (x) the fifth Euro-Dollar Business Day prior to the date of Borrowing proposed therein, in the case of a LIBOR Auction or (y) the Domestic Business Day next preceding the date of Borrowing proposed therein, in the case of an Absolute Rate Auction (or, in either case, such other time

or date as the Borrower and the Agent shall have mutually agreed and shall have notified to the Banks not later than the date of the Money Market Quote Request for the first LIBOR Auction or Absolute Rate Auction for which such change is to be effective) specifying:

(i) the proposed date of Borrowing, which shall be a Euro-Dollar Business Day in the case of a LIBOR Auction or a Domestic Business Day in the case of an Absolute Rate Auction,

(ii) the aggregate amount of such Borrowing, which shall be $5,000,000 or a larger multiple of $1,000,000,

(iii) the duration of the Interest Period applicable thereto, subject to the provisions of the definition of Interest Period, and

(iv) whether the Money Market Quotes requested are to set forth a Money Market Margin or a Money Market Absolute Rate.

The Borrower may request offers to make Money Market Loans for more than one Interest Period in a single Money Market Quote Request.

(c) Invitation for Money Market Quotes. Promptly upon receipt of a Money Market Quote Request, the Agent shall send to the Banks by telex or facsimile transmission an Invitation for Money Market Quotes substantially in the form of Exhibit C hereto, which shall constitute an invitation by the Borrower to each Bank to submit Money Market Quotes offering to make the Money Market Loans to which such Money Market Quote Request relates in accordance with this Section.

(d) Submission and Contents of Money Market Quotes. (i) Each Bank may submit a Money Market Quote containing an offer or offers to make Money Market Loans in response to any Invitation for Money Market Quotes. Each Money Market Quote must comply with the requirements of this subsection (d) and must be submitted to the Agent by telex or facsimile transmission at its offices specified in or pursuant to Section 9.02 not later than (x) 2:00 P.M. (New York City time) on the fourth Euro-Dollar Business Day prior to the proposed date of Borrowing, in the case of a LIBOR Auction or (y) 9:30 A.M. (New York City time) on the proposed date of Borrowing, in the case of an Absolute Rate Auction (or, in either case, such other time or date as the Borrower and the Agent shall have mutually agreed and shall have notified to the Banks not later than the date of the Money Market Quote Request for the first LIBOR Auction or Absolute Rate Auction for which such change is to be effective); provided that Money Market Quotes submitted by the Agent (or any affiliate of the Agent) in the capacity of a

Bank may be submitted, and may only be submitted, if the Agent or such affiliate notifies the Borrower of the terms of the offer or offers contained therein not later than (x) one hour prior to the deadline for the other Banks, in the case of a LIBOR Auction or (y) 15 minutes prior to the deadline for the other Banks, in the case of an Absolute Rate Auction. Subject to Articles 3 and 6, any Money Market Quote so made shall be irrevocable except with the written consent of the Agent given on the instructions of the Borrower.

(ii) Each Money Market Quote shall be in substantially the form of Exhibit D hereto and shall in any case specify:

(A) the proposed date of Borrowing,

(B) the principal amount of the Money Market Loan for which each such offer is being made, which principal amount (w) may be greater than or less than the Commitment of the quoting Bank, (x) must be $5,000,000 or a larger multiple of $1,000,000, (y) may not exceed the principal amount of Money Market Loans for which offers were requested and (z) may be subject to an aggregate limitation as to the principal amount of Money Market Loans for which offers being made by such quoting Bank may be accepted,

(C) in the case of a LIBOR Auction, the margin above or below the applicable London Interbank Offered Rate (the "Money Market Margin") offered for each such Money Market Loan, expressed as a percentage (specified to the nearest 1/10,000th of 1%) to be added to or subtracted from such base rate,

(D) in the case of an Absolute Rate Auction, the rate of interest per annum (specified to the nearest 1/10,000th of 1%) (the "Money Market Absolute Rate") offered for each such Money Market Loan, and

(E) the identity of the quoting Bank.

A Money Market Quote may set forth up to five separate offers by the quoting Bank with respect to each Interest Period specified in the related Invitation for Money Market Quotes.

(iii) Any Money Market Quote shall be disregarded if it:

(A) is not substantially in conformity with Exhibit D hereto or does not specify all of the information required by subsection (d)(ii) above;

(B) contains qualifying, conditional or similar language;

(C) proposes terms other than or in addition to those set forth in the applicable Invitation for Money Market Quotes; or

(D) arrives after the time set forth in subsection (d)(i).

(e) Notice to Borrower. The Agent shall promptly notify the Borrower of the terms (x) of any Money Market Quote submitted by a Bank that is in accordance with subsection (d) and (y) of any Money Market Quote that amends, modifies or is otherwise inconsistent with a previous Money Market Quote submitted by such Bank with respect to the same Money Market Quote Request. Any such subsequent Money Market Quote shall be disregarded by the Agent unless such subsequent Money Market Quote is submitted solely to correct a manifest error in such former Money Market Quote. The Agent's notice to the Borrower shall specify (A) the aggregate principal amount of Money Market Loans for which offers have been received for each Interest Period specified in the related Money Market Quote Request, (B) the respective principal amounts and Money Market Margins or Money Market Absolute Rates, as the case may be, so offered and (C) if applicable, limitations on the aggregate principal amount of Money Market Loans for which offers in any single Money Market Quote may be accepted.

(f) Acceptance and Notice by Borrower. Not later than 10:30 A.M. (New York City time) on (x) the third Euro-Dollar Business Day prior to the proposed date of Borrowing, in the case of a LIBOR Auction or (y) the proposed date of Borrowing, in the case of an Absolute Rate Auction (or, in either case, such other time or date as the Borrower and the Agent shall have mutually agreed and shall have notified to the Banks not later than the date of the Money Market Quote Request for the first LIBOR Auction or Absolute Rate Auction for which such change is to be effective), the Borrower shall notify the Agent of its acceptance or non-acceptance of the offers so notified to it pursuant to subsection (e). In the case of acceptance, such notice (a "Notice of Money Market Borrowing") shall specify the aggregate principal amount of offers for each Interest Period that are accepted. The Borrower may accept any Money Market Quote in whole or in part; provided that:

(i) the aggregate principal amount of each Money Market Borrowing may not exceed the applicable amount set forth in the related Money Market Quote Request;

(ii) the principal amount of each Money Market Borrowing must be $5,000,000 or a larger multiple of $1,000,000;

(iii) acceptance of offers may only be made on the basis of ascending Money Market Margins or Money Market Absolute Rates, as the case may be; and

(iv) the Borrower may not accept any offer that is described in subsection (d)(iii) or that otherwise fails to comply with the requirements of this Agreement.

(g) Allocation by Agent. If offers are made by two or more Banks with the same Money Market Margins or Money Market Absolute Rates, as the case may be, for a greater aggregate principal amount than the amount in respect of which such offers are accepted for the related Interest Period, the principal amount of Money Market Loans in respect of which such offers are accepted shall be allocated by the Agent among such Banks as nearly as possible (in multiples of $1,000,000, as the Agent may deem appropriate) in proportion to the aggregate principal amounts of such offers. Determinations by the Agent of the amounts of Money Market Loans shall be conclusive in the absence of manifest error.

SECTION 2.04. Notice to Banks; Funding of Loans.

(a) Upon receipt of a Notice of Borrowing, the Agent shall give each Bank prompt notice of the contents thereof and of such Bank's share (if any) of such Borrowing and such Notice of Borrowing shall not thereafter be revocable by Borrower.

(b) Not later than 2:00 P.M. (New York City time) on the date of each Borrowing, each Bank participating therein shall make available its share of such Borrowing in Federal or other funds immediately available in New York City, to the Agent at its address referred to in Section 9.02. Unless the Agent determines that any applicable condition specified in Article 3 has not been satisfied, the Agent will make the funds so received from the Banks available to the Borrower at the Agent's aforesaid address.

(c) Unless the Agent shall have received notice from a Bank prior to the date of any Borrowing that such Bank will not make available to the Agent such Bank's share of such Borrowing, the Agent may assume that such Bank has made

such share available to the Agent on the date of such Borrowing in accordance with subsections (b) and (c) of this Section and the Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Bank shall not have so made such share available to the Agent, such Bank and the Borrower severally agree to repay to the Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Agent, at the Federal Funds Rate. If such Bank shall repay to the Agent such corresponding amount, such amount so repaid shall constitute such Bank's Loan included in such Borrowing for purposes of this Agreement.

(d) The failure of any Bank to make a Loan required to be made by it as part of any Borrowing hereunder shall not relieve any other Bank of its obligation, if any, hereunder to make its Loan on the date of such Borrowing, but no Bank shall be responsible for the failure of any other Bank to make the Loan to be made by such other Bank on the date of the Borrowing.

SECTION 2.05. Loan Accounts and Notes. (a) Except as provided in subsection (b) below, the Committed Loans and Money Market Loans of each Bank shall be evidenced by a loan account in the Borrower's name maintained by such Bank and the Agent in the ordinary course of business. Such loan account maintained by the Agent shall be prima facie evidence absent manifest error of the amount of the Loan made by such Bank to the Borrower, the interest accrued and payable thereon and all interest and principal payments made thereon. Any failure so to record or any error in doing so shall in no way limit or otherwise affect the obligation of the Borrower hereunder to pay any amount owing with respect to the Loans.

(b) Upon written request made to the Agent by a Bank, the Borrower shall deliver to the Agent for such Bank a single Committed Note and a single Money Market Note, if applicable, evidencing the Committed Loans and the Money Market Loans, respectively, of such requesting Bank, payable to the order of each such Bank for the account of its Applicable Lending Office. Each such Note shall be in substantially the form of Exhibit A-1 or A-2 hereto, as appropriate. Each reference in this Agreement to the "Note" or "Notes" of such Bank shall be deemed to refer to and include any or all of such Notes, as the context may require.

(c) Upon receipt from the Borrower of the requesting Bank's Note, the Agent shall forward such Note to such Bank. Such Bank shall record the date and amount of each Loan made by it and the date and amount of each payment of principal made by the Borrower with respect thereto, and may, if such Bank so

elects in connection with any transfer or enforcement of its Note, endorse on the schedule forming a part thereof appropriate notations to evidence the foregoing information with respect to each such Loan then outstanding; provided that the failure of any Bank that has requested a Note to make any such recordation or endorsement shall not affect the obligations of the Borrower hereunder or under the Note. Each Bank that receives a Note from the Borrower is hereby irrevocably authorized by the Borrower to so endorse its Note and to attach to and make a part of its Note a continuation of any such schedule as and when required.

SECTION 2.06. Maturity of Loans. (a) Each Committed Loan shall mature, and the principal amount thereof shall be due and payable, on the Termination Date.

(b) Each Money Market Loan included in any Money Market Borrowing shall mature, and the principal amount thereof shall be due and payable, on the last day of the Interest Period applicable to such Borrowing.

SECTION 2.07. Interest Rates. (a) Each Base Rate Loan shall bear interest on the outstanding principal amount thereof, for each day from the date such Loan is made until it becomes due, at a rate per annum equal to the Base Rate for such day. Such interest, including with respect to the principal amount of any Base Rate Loan converted to a Euro-Dollar Loan, shall be payable at maturity, quarterly in arrears on each Quarterly Date prior to maturity. Any overdue principal of or interest on any Base Rate Loan shall bear interest, payable on demand, for each day until paid at a rate per annum equal to the sum of 2% plus the rate otherwise applicable to Base Rate Loans for such day.

(b) Each Euro-Dollar Loan shall bear interest on the outstanding principal amount thereof, for each day during each Interest Period applicable thereto, at a rate per annum equal to the sum of the Euro-Dollar Margin for such day plus the London Interbank Offered Rate applicable to such Interest Period. Such interest shall be payable for each Interest Period on the last day thereof and, if such Interest Period is longer than three months, at intervals of three months after the first day thereof.

The "London Interbank Offered Rate" applicable to any Interest Period means the average (rounded upward, if necessary, to the next higher 1/100 of 1%) of the respective rates per annum at which deposits in dollars are offered by each of the Reference Banks in the London interbank market at approximately 11:00 A.M. (London time) two Euro-Dollar Business Days before the first day of such Interest Period in an amount approximately equal to the principal amount of the Euro-Dollar Loan of such Reference Bank to which such Interest Period is to apply and for a period of time comparable to such Interest Period.

(c) Any overdue principal of or interest on any Euro-Dollar Loan shall bear interest, payable on demand, for each day until paid at a rate per annum equal to the higher of (i) the sum of 2% plus the Euro-Dollar Margin for such day plus the quotient obtained (rounded upward, if necessary, to the next higher 1/100 of 1%) by dividing (x) the average (rounded upward, if necessary, to the next higher 1/100 of 1%) of the respective rates per annum at which one day (or, if such amount due remains unpaid more than three Euro-Dollar Business Days, then for such other period of time not longer than three months as the Agent may select) deposits in dollars in an amount approximately equal to such overdue payment due to each of the Reference Banks are offered by such Reference Bank in the London interbank market for the applicable period determined as provided above by (y) 1.00 minus the Euro-Dollar Reserve Percentage (or, if the circumstances described in clause (a) or (b) of Section 8.03 shall exist, at a rate per annum equal to the sum of 2% plus the rate applicable to Base Rate Loans for such day) and (ii) the sum of 2% plus the Euro-Dollar Margin for such day plus the London Interbank Offered Rate applicable to such Loan at the date such payment was due.

(d) Subject to Section 8.01, each Money Market LIBOR Loan shall bear interest on the outstanding principal amount thereof, for the Interest Period applicable thereto, at a rate per annum equal to the sum of the London Interbank Offered Rate for such Interest Period (determined in accordance with Section 2.07(b) as if the related Money Market LIBOR Borrowing were a Committed Euro-Dollar Borrowing) plus (or minus) the Money Market Margin quoted by the Bank making such Loan in accordance with Section 2.03. Each Money Market Absolute Rate Loan shall bear interest on the outstanding principal amount thereof, for the Interest Period applicable thereto, at a rate per annum equal to the Money Market Absolute Rate quoted by the Bank making such Loan in accordance with Section 2.03. Such interest shall be payable for each Interest Period on the last day thereof and, if such Interest Period is longer than three months, at intervals of three months after the first day thereof. Any overdue principal of or interest on any Money Market Loan shall bear interest, payable on demand, for each day until paid at a rate per annum equal to the sum of 2% plus the Base Rate for such day.

(e) The Agent shall determine each interest rate applicable to the Loans hereunder. The Agent shall give prompt notice to the Borrower and the participating Banks of each rate of interest so determined, and its determination thereof shall be conclusive in the absence of manifest error.

(f) Each Reference Bank agrees to use its best efforts to furnish quotations to the Agent as contemplated by this Section. If any Reference Bank does not furnish a timely quotation, the Agent shall determine the relevant interest rate on the basis of the quotation or quotations furnished by the remaining

Reference Bank or Banks or, if none of such quotations is available on a timely basis, the provisions of Section 8.01 shall apply.

SECTION 2.08. Mandatory Termination of Commitments. The Commitments shall terminate on the Termination Date and any Loans then outstanding (together with accrued interest thereon) shall be due and payable on such date.

SECTION 2.09. Optional Prepayments. (a) Subject in the case of any Euro-Dollar Borrowing to Section 2.14, the Borrower may, upon notice to the Agent not later than 11:30 A.M. (New York City time) on the date of such prepayment, prepay any Group of Base Rate Loans (or any Money Market Borrowing bearing interest at the Base Rate pursuant to Section 8.01) or upon at least three Euro-Dollar Business Days' notice to the Agent, prepay any Group of Euro-Dollar Loans, in each case in whole at any time, or from time to time in part in amounts aggregating $5,000,000 or any larger multiple of $1,000,000, by paying the principal amount to be prepaid together with accrued interest thereon to the date of prepayment. Each such optional prepayment shall be applied to prepay ratably the Loans of the several Banks included in such Group (or Borrowing).

(b) Except as provided in subsection (a) above the Borrower may not prepay all or any portion of the principal amount of any Money Market Loan prior to the maturity thereof.

(c) Upon receipt of a notice of prepayment pursuant to this Section, the Agent shall promptly notify each Bank of the contents thereof and of such Bank's ratable share (if any) of such prepayment and such notice shall not thereafter be revocable by the Borrower.

SECTION 2.10. General Provisions as to Payments. (a) The Borrower shall make each payment of principal of, and interest on, the Loans and of fees hereunder, not later than 2:00 P.M. (New York City time) on the date when due, in Federal or other funds immediately available in New York City, to the Agent at its address referred to in Section 9.02. If a Fed-Wire reference or tracer number has been received, from the Borrower or otherwise, by the Agent by that time the Borrower will not be penalized for a payment received after 2:00 P.M. (New York City time). The Agent will promptly distribute to each Bank its ratable share of each such payment received by the Agent for the account of the Banks. Whenever any payment of principal of, or interest on, the Base Rate Loans or of fees shall be due on a day which is not a Domestic Business Day, the date for payment thereof shall be extended to the next succeeding Domestic Business Day. Whenever any payment of principal of, or interest on, the Euro-Dollar Loans shall be due on a day which is not a Euro-Dollar Business Day, the date for payment thereof shall be

extended to the next succeeding Euro-Dollar Business Day unless such Euro-Dollar Business Day falls in another calendar month, in which case the date for payment thereof shall be the next preceding Euro-Dollar Business Day. Whenever any payment of principal of, or interest on, the Money Market Loans shall be due on a day which is not a Euro-Dollar Business Day, the date for payment thereof shall be extended to the next succeeding Euro-Dollar Business Day. If the date for any payment of principal is extended by operation of law or otherwise, interest thereon shall be payable for such extended time.

(b) Unless the Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Banks hereunder that the Borrower will not make such payment in full, the Agent may assume that the Borrower has made such payment in full to the Agent on such date and the Agent may, in reliance upon such assumption, cause to be distributed to each Bank on such due date an amount equal to the amount then due such Bank. If and to the extent that the Borrower shall not have so made such payment, each Bank shall repay to the Agent forthwith on demand such amount distributed to such Bank together with interest thereon, for each day from the date such amount is distributed to such Bank until the date such Bank repays such amount to the Agent, at the Federal Funds Rate.

SECTION 2.11. Fees. (a) The Borrower shall pay to the Agent for the account of the Banks ratably a facility fee at the Facility Fee Rate (determined daily in accordance with the Pricing Schedule). Such facility fee shall accrue (i) from and including the Effective Date to but excluding the date of termination of the Commitments in their entirety, on the daily aggregate amount of the Commitments (whether used or unused) and (ii) from and including such date of termination to but excluding the date the Loans shall be repaid in their entirety, on the daily aggregate outstanding principal amount of the Loans.

(b) Accrued fees under this Section shall be payable quarterly in arrears on each Quarterly Date and on the date of termination of the Commitments in their entirety (and, if later, the date the Loans shall be repaid in their entirety).

SECTION 2.12. Reduction or Termination of Commitments. During the Revolving Credit Period, the Borrower may, upon at least three Domestic Business Days' notice to the Agent, (i) terminate the Commitments at any time, if no Loans are outstanding at such time or (ii) ratably reduce from time to time by an aggregate amount of $5,000,000 or a larger multiple of $1,000,000, the aggregate amount of the Commitments in excess of the aggregate outstanding principal amount of the Loans.

SECTION 2.13. Method of Electing Interest Rates. (a) The Loans included in each Committed Borrowing shall bear interest initially at the type of rate specified by the Borrower in the applicable Notice of Committed Borrowing. Thereafter, the Borrower may from time to time elect to change or continue the type of interest rate borne by each Group of Loans (subject in each case to the provisions of Article 8 and the last sentence of this subsection(a)), as follows:

(i) if such Loans are Base Rate Loans, the Borrower may elect to convert such Loans to Euro-Dollar Loans as of any Euro-Dollar Business Day and

(ii) if such Loans are Euro-Dollar Loans, the Borrower may elect to convert such Loans to Base Rate Loans or elect to continue such Loans as Euro-Dollar Loans for an additional Interest Period, subject to Section 2.14 in the case of any such conversion or continuation effective on any day other than the last day of the then current Interest Period applicable to such Loans.

Each such election shall be made by delivering a notice (a "Notice of Interest Rate Election") to the Agent not later than 12:00 noon. (New York City time) on the third Euro-Dollar Business Day before the conversion or continuation selected in such notice is to be effective. A Notice of Interest Rate Election may, if it so specifies, apply to only a portion of the aggregate principal amount of the relevant Group of Loans; provided that (i) such portion is allocated ratably among the Loans comprising such Group and (ii) the portion to which such Notice applies, and the remaining portion to which it does not apply, are each $5,000,000 or any larger multiple of $1,000,000. If no such notice is timely received prior to the end of an Interest Period, the Borrower shall be deemed to have elected that all Loans having such Interest Period be converted to Base Rate Loans at the end of such Interest Period.

(b) Each Notice of Interest Rate Election shall specify:

(i) the Group of Loans (or portion thereof) to which such notice applies;

(ii) the date on which the conversion or continuation selected in such notice is to be effective, which shall comply with the applicable clause of subsection (a) above;

(iii) if the Loans comprising such Group are to be converted, the new type of Loans and, if the Loans being converted are to be Euro-Dollar

Loans, the duration of the next succeeding Interest Period applicable thereto; and

(iv) if such Loans are to be continued as Euro-Dollar Loans for an additional Interest Period, the duration of such additional Interest Period.

Each Interest Period specified in a Notice of Interest Rate Election shall comply with the provisions of the definition of Interest Period.

(c) Upon receipt of a Notice of Interest Rate Election from the Borrower pursuant to subsection (a) above, the Agent shall promptly notify each Bank of the contents thereof and such notice shall not thereafter be revocable by the Borrower.

(d) An election by the Borrower to change or continue the rate of interest applicable to any Group of Loans pursuant to this Section shall not constitute a "Borrowing" subject to the provisions of Section 3.02.

SECTION 2.14. Funding Losses. If the Borrower makes any payment of principal with respect to any Fixed Rate Loan or any Fixed Rate Loan is converted (pursuant to Article 2, 6 or 8 or otherwise) on any day other than the last day of an Interest Period applicable thereto, or the last day of an applicable period fixed pursuant to Section 2.07(c), or if the Borrower fails to borrow, prepay, convert or continue any Fixed Rate Loans after notice has been given to any Bank in accordance with Section 2.4(a), 2.09 or 2.13 the Borrower shall reimburse each Bank within 30 days after demand for any resulting loss or expense incurred by it, including (without limitation) any loss incurred in obtaining, liquidating or employing deposits from third parties, but excluding loss of margin for the period after any such payment or conversion or failure to borrow, prepay, convert or continue, provided that such Bank shall have delivered to the Borrower a certificate as to the amount of such loss or expense, which certificate shall be conclusive in the absence of manifest error.

SECTION 2.15. Computation of Interest and Fees. The facility fee paid pursuant to Section 2.11 and interest based on the Prime Rate hereunder shall be computed on the basis of a year of 365 days (or 366 days in a leap year) and paid for the actual number of days elapsed (including the first day but excluding the last day). All other interest and fees shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed (including the first day but excluding the last day).

SECTION 2.16. Increased Commitments; Additional Banks. (a) Subsequent to the Effective Date, the Borrower may, upon at least 30 days' notice to the Agent (which shall promptly provide a copy of such notice to the Banks),

propose to increase the aggregate amount of the Commitments by an amount not to exceed $37,500,000 (the amount of any such increase, the "Increased Commitments"). Each Bank party to this Agreement at such time shall have the right (but no obligation), for a period of 15 days following receipt of such notice, to elect by notice to the Borrower and the Agent to increase its Commitment by a principal amount which bears the same ratio to the Increased Commitments as its then Commitment bears to the aggregate Commitments then existing.

(b) If any Bank party to this Agreement shall not elect to increase its Commitment pursuant to subsection (a) of this Section, the Borrower may designate another bank or other banks (which may be, but need not be, one or more of the existing Banks) which at the time agree to (i) in the case of any such bank that is an existing Bank, increase its Commitment and (ii) in the case of any other such bank (an "Additional Bank"), become a party to this Agreement. The sum of the increases in the Commitments of the existing Banks pursuant to this subsection (b) plus the Commitments of the Additional Banks shall not in the aggregate exceed the unsubscribed amount of the Increased Commitments.

(c) An increase in the aggregate amount of the Commitments pursuant to this Section 2.16 shall become effective upon the receipt by the Agent of an agreement in form and substance satisfactory to the Agent signed by the Borrower, by each Additional Bank and by each other Bank whose Commitment is to be increased, setting forth the new Commitments of such Banks and setting forth the agreement of each Additional Bank to become a party to this Agreement and to be bound by all the terms and provisions hereof, together with such evidence of appropriate corporate authorization on the part of the Borrower with respect to the Increased Commitments and such opinions of counsel for the Borrower with respect to the Increased Commitments as the Agent may reasonably request.

ARTICLE 3

CONDITIONS

SECTION 3.01. Closing. The closing hereunder shall occur upon receipt by the Agent of the following documents, each dated the Closing Date unless otherwise indicated:

(a) an opinion of Willkie Farr & Gallagher, counsel for the Borrower, substantially in the form of Exhibit E-1 hereto and an opinion of Robinson Bradshaw & Hinson, North Carolina counsel for the Borrower, substantially in the

form of Exhibit E-2 hereto; the Borrower hereby expressly instructs each such counsel to prepare such opinion for the benefit of the Agent and the Banks;

(b) an opinion of Davis Polk & Wardwell, special counsel for the Agent, substantially in the form of Exhibit F hereto; and

(c) all documents the Agent may reasonably request relating to the existence of the Borrower, the corporate authority for and the validity of this Agreement and the Notes, and any other matters relevant hereto, all in form and substance reasonably satisfactory to the Agent.

The Agent shall promptly notify the Borrower and the Banks of the Closing Date, and such notice shall be conclusive and binding on all parties hereto.

SECTION 3.02. Borrowings. The obligation of any Bank to make a Loan on the occasion of any Borrowing is subject to the satisfaction of the following conditions:

(a) the fact that the Closing Date shall have occurred on or prior to January 30, 1997;

(b) receipt by the Agent of a Notice of Borrowing as required by Section 2.02 or 2.03, as the case may be;

(c) the fact that, immediately after such Borrowing, the aggregate outstanding principal amount of the Loans will not exceed the aggregate amount of the Commitments;

(d) the fact that, immediately before and after such Borrowing, no Default shall have occurred and be continuing; and

(e) the fact that, except as otherwise described by the Borrower in a writing to the Agent and waived by the Required Banks, the representations and warranties of the Borrower contained in this Agreement (except, in the case of any Borrowing subsequent to the Closing Date, the representations and warranties set forth in Section 4.04(c), 4.05, 4.06, 4.08, 4.13 and 4.14) shall be true on and as of the date of such Borrowing.

Each Borrowing hereunder shall be deemed to be a representation and warranty by the Borrower on the date of such Borrowing as to the facts specified in clauses (c), (d) and (e) of this Section.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants that:

SECTION 4.01. Corporate Existence and Power. Each of the Borrower and its Restricted Subsidiaries is a corporation duly organized and validly existing under the laws of the state of its incorporation without limitation on the duration of its existence, is in good standing therein, and is duly qualified to transact busi ness in all jurisdictions where such qualification is necessary, except for such jurisdictions where the failure to be so qualified or licensed will not be reasonably likely to have a Material Adverse Effect; the Borrower has corporate power to enter into and perform this Agreement; and the Borrower has the corporate power to borrow and issue Notes as contemplated by this Agreement.

SECTION 4.02. Corporate Authorization; No Contravention. The execution, delivery and performance by the Borrower of this Agreement and the Notes are within the corporate powers of the Borrower, have been duly authorized by all necessary corporate action and do not contravene, or constitute a default under, any provision of applicable law or regulation or of the certificate of incorporation or by-laws of the Borrower or of any agreement, judgment, injunction, order, decree or other instrument binding upon the Borrower or any of its Subsidiaries or result in the creation or imposition of any Lien on any asset of the Borrower or any of its Subsidiaries which would be reasonably likely to have a Material Adverse Effect.

SECTION 4.03. Binding Effect. This Agreement and any Notes constitute valid and binding agreements of the Borrower enforceable against the Borrower in accordance with their respective terms, except to the extent limited by bankruptcy, reorganization, insolvency, moratorium and other similar laws of general application relating to or affecting the enforcement of creditors' rights or by general equitable principles.

SECTION 4.04. Financial Information. (a) The consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of December 31, 1995 and the related consolidated statements of earnings and cash flows for the fiscal year then ended, reported on by Ernst & Young LLP and set forth in the Borrower's 1995 Form 10-K, a copy of which has been delivered to each of the Banks, fairly present, in conformity with generally accepted accounting principles, the consolidated financial position of the Borrower and its Consolidated Subsidiaries as of such date and their consolidated results of operations and cash flows for such fiscal year.

(b) The unaudited consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of September 30, 1996 and the related unaudited consolidated statements of earnings and cash flows for the nine months then ended, set forth in the Borrower's latest Form 10-Q or Form 10-QA, a copy of which has been delivered to each of the Banks, fairly present, in conformity with generally accepted accounting principles applied on a basis consistent with the financial statements referred to in subsection (a) of this Section, the consolidated financial position of the Borrower and its Consolidated Subsidiaries as of such date and their consolidated results of operations and cash flows for such nine month period (subject to normal year-end adjustments).

(c) Since September 30, 1996, there has been no change in the consolidated financial condition of the Borrower and its Consolidated Subsidiaries which would be reasonably likely to have a Material Adverse Effect.

SECTION 4.05. Litigation. There are no suits, actions or proceedings pending, or to the knowledge of any member of the Borrower's legal department threatened or against the Borrower or any Subsidiary, the adverse determination of which is reasonably likely to occur, and if so adversely determined would be reasonably likely to have a Material Adverse Effect.

SECTION 4.06. Taxes. The Borrower and each Subsidiary have filed all material tax returns which to the knowledge of any member of the Borrower's tax department were required to be filed and have paid or have adequately provided for all taxes shown thereon to be due, including interest and penalties, except for (i) those not yet delinquent, (ii) those the nonpayment of which would not be reasonably likely to have a Material Adverse Effect and (iii) those being contested in good faith.

SECTION 4.07. Margin Regulations. No part of the proceeds of any Loan will be used in a manner which would violate, or result in a violation of, Regulation U.

SECTION 4.08. Compliance with Laws. The Borrower and its Restricted Subsidiaries are in compliance in all material respects with all applicable laws, rules and regulations, other than such laws, rules and regulations (i) the validity or applicability or which the Borrower or such Subsidiary is contesting in good faith or (ii) failure to comply with which would not be reasonably likely to have a Material Adverse Effect.

SECTION 4.09. Governmental Approvals. No consent, approval, authorization, permit or license from, or registration or filing with, any Governmental Authority is required in connection with the making of this

Agreement, with the exception of routine periodic filings made under the Exchange Act.

SECTION 4.10. Pari Passu Obligations. Under applicable United States laws (including state and local laws) in force at the date hereof, the claims and rights of the Banks and the Agent against the Borrower under this Agreement and the Notes will not be subordinate to, and will rank at least pari passu with, the claims and rights of any other unsecured creditors of the Borrower (except to the extent provided by bankruptcy, reorganization, insolvency, moratorium or other similar laws of general application relating to or affecting the enforcement of creditors' rights and by general principles of equity).

SECTION 4.11. No Defaults. The payment obligations of the Borrower and its Subsidiaries in respect of any Material Debt are not overdue.

SECTION 4.12. Full Disclosure. All information furnished to the Banks in writing prior to the date hereof in connection with the transactions contemplated hereby (including, without limitation, the Information Memorandum, but subject to the qualifications and limitations set forth in the Information Memorandum (including, without limitation, in the pro forma and forecasted financial information)) does not, collectively, contain any misstatement of a material fact or omit to state a fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading in any material respect on and as of the date hereof.

SECTION 4.13. ERISA. Each member of the ERISA Group has fulfilled its obligations under the minimum funding standards of ERISA and the Internal Revenue Code with respect to each Plan and is in substantial compliance in all material respects with the presently applicable material provisions of ERISA and the Internal Revenue Code with respect to each Plan. No member of the ERISA Group has (i) sought a waiver of the minimum funding standard under Section 412 of the Internal Revenue Code in respect of any Plan, (ii) failed to make any contribution or payment to any Plan or Multiemployer Plan or made any amendment to any Plan which, in either case has resulted or could result in the imposition of a material Lien or the posting of a material bond or other material security under ERISA or the Internal Revenue Code or (iii) incurred any material liability under Title IV of ERISA other than a liability to the PBGC for premiums under Section 4007 of ERISA.

SECTION 4.14. Environmental Matters. The Financial Statements described in Section 4.04 provide certain information regarding environmental matters related to properties currently owned by the Borrower or its Restricted Subsidiaries, previously owned properties, and other properties. Since December

31, 1995, environmental matters have not caused any material adverse change in the consolidated financial condition of the Borrower and the Consolidated Subsidiaries from that shown by such Financial Statement.

In the ordinary course of business, the ongoing operations of the Borrower and its Restricted Subsidiaries are reviewed from time to time to determine compliance with applicable Environmental Laws. Based on these reviews, to the knowledge of the Borrower, ongoing operations at the Principal Properties are currently being conducted in substantial compliance with applicable Environmental Laws except to the extent that noncompliance would not be reasonably likely to have a Material Adverse Effect.

SECTION 4.15. Regulatory Restrictions on Borrowing. The Borrower is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended, a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended, or otherwise subject to any regulatory scheme which restricts its ability to incur debt.

ARTICLE 5

COVENANTS

From the Closing Date and so long as any Commitments of the Banks shall be outstanding and until the payment in full of all Loans outstanding under this Agreement and the performance of all other obligations of the Borrower under this Agreement, the Borrower agrees that, unless the Required Banks shall otherwise consent in writing:

SECTION 5.01. Information. The Borrower will deliver to the Agent for each of the Banks:

(a) as soon as available and in any event within 60 days after the end of each of its first three quarterly accounting periods in each fiscal year, consolidated statements of earnings and cash flows of the Borrower and the Consolidated Subsidiaries for the period from the beginning of such fiscal year to the end of such fiscal period and the related consolidated balance sheet of the Borrower and the Consolidated Subsidiaries as at the end of such fiscal period, all in reasonable detail (it being understood that delivery of such statements as filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this subsection) and accompanied by a certificate in the form attached hereto as Exhibit H signed by a financial officer of the Borrower stating that such

consolidated financial statements fairly present the consolidated financial condition and results of operations of the Borrower and the Consolidated Subsidiaries as of the end of such period and for the period involved, subject, however, to year-end audit adjustments, and that such officer has no knowledge, except as specifically stated, of any Default;

(b) as soon as available and in any event within 120 days after the end of each fiscal year, consolidated statements of earnings and cash flows of the Borrower and the Consolidated Subsidiaries for such year and the related consolidated balance sheets of the Borrower and the Consolidated Subsidiaries as at the end of such year, all in reasonable detail and accompanied by (i) an opinion of independent public accountants of recognized standing selected by the Borrower as to such consolidated financial statements (it being understood that delivery of such statements as filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this subsection), and (ii) a certificate in the form attached hereto as Exhibit H signed by a financial officer of the Borrower stating that such consolidated financial statements fairly present the consolidated financial condition and results of operations of the Borrower and the Consolidated Subsidiaries as of the end of such year and for the year involved and that such officer has no knowledge, except as specifically stated, of any Default;

(c) promptly after their becoming available:

(i) copies of all financial statements, stockholder reports and proxy statements that the Borrower shall have sent to its stockholders generally; and

(ii) copies of all registration statements filed by the Borrower under the Securities Act of 1933, as amended (other than registration statements on Form S-8 or any registration statement filed in connection with a dividend reinvestment plan), and regular and periodic reports, if any, which the Borrower shall have filed with the Securities and Exchange Commission (or any governmental agency or agencies substituted therefor) under Section 13 or Section 15(d) of the Exchange Act, or with any national or international securities exchange (other than those on Form 11-K or any successor form);

(d) from time to time, with reasonable promptness, such further information regarding the business and financial condition of the Borrower and its Subsidiaries as any Bank may reasonably request through the Agent;

(e) prompt notice of the occurrence of any Default; and

(f) prompt notice of all litigation and of all proceedings before any governmental or regulatory agency pending (or, to the knowledge of the General Counsel of the Borrower, threatened) and affecting the Borrower or any Restricted Subsidiary, except litigation or proceedings which, if adversely determined, would not be reasonably likely to have a Material Adverse Effect.

Each set of financial statements delivered pursuant to clause (a) or clause (b) of this Section 5.01 shall be accompanied by or include the computations showing, in the form attached hereto as Exhibit H, whether the Borrower was, at the end of the relevant fiscal period, in compliance with the provisions of Section 5.09.

SECTION 5.02. Payment of Obligations. The Borrower will pay and discharge, and will cause each Restricted Subsidiary to pay and discharge, all material taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits, or upon any property belonging to it, prior to the date on which penalties attach thereto, and all lawful material claims which, if unpaid, might become a Lien upon the property of the Borrower or such Restricted Subsidiary; provided that neither the Borrower nor any such Restricted Subsidiary shall be required to pay any such tax, assessment, charge, levy or claim (i) the payment of which is being contested in good faith and by proper proceedings, (ii) not yet delinquent or (iii) the non-payment of which, if taken in the aggregate, would not be reasonably likely to have a Material Adverse Effect.

SECTION 5.03. Insurance. The Borrower will maintain, and will cause each Restricted Subsidiary to maintain, insurance from responsible companies in such amounts and against such risks as is reasonable, taking into consideration the practices of businesses in the same line of business or of similar size as the Borrower or such Restricted Subsidiary, or, to a reasonable extent, self-insurance.

SECTION 5.04. Maintenance of Existence. The Borrower will preserve and maintain, and will cause each Restricted Subsidiary to preserve and maintain, its corporate existence and all of its rights, privileges and franchises necessary or desirable in the normal conduct of its business, and conduct its business in an orderly, efficient and regular manner. Nothing herein contained shall prevent the termination of the business or corporate existence of any Restricted Subsidiary which in the judgment of the Borrower is no longer necessary or desirable, a merger or consolidation of a Restricted Subsidiary into or with the Borrower (if the Borrower is the surviving corporation) or another Subsidiary or any merger, consolidation or transfer of assets permitted by Section 5.07, as long as immediately after giving effect to any such transaction, no Default shall have occurred and be continuing.

SECTION 5.05. Maintenance of Properties. The Borrower will keep, and will cause each Restricted Subsidiary to keep, all of its properties necessary, in the judgment of the Borrower, in its business in good working order and condition, ordinary wear and tear excepted. Nothing in this Section 5.05 shall prevent the Borrower or any Restricted Subsidiary from discontinuing the operation or maintenance, or both the operation and maintenance, of any properties of the Borrower or any such Restricted Subsidiary if such discontinuance is, in the judgment of the Borrower (or such Restricted Subsidiary), desirable in the conduct of its business.

SECTION 5.06. Compliance with Laws. The Borrower will comply, and will cause each Restricted Subsidiary to comply, with the requirements of all applicable laws, rules, regulations, and orders of any Governmental Authority (including Environmental Laws and ERISA), a breach of which would be reasonably likely to have a Material Adverse Effect, except where contested in good faith and by proper proceedings.

SECTION 5.07. Mergers, Consolidations and Sales of Assets.

(a) The Borrower will not consolidate with or merge into any other Person or convey or transfer its properties and assets substantially as an entirety to any Person, unless:

(i) the Borrower or a Consolidated Subsidiary that is incorporated under the laws of the United States, any state thereof or the District of Columbia is the surviving corporation of any such consolidation or merger or is the Person that acquires by conveyance or transfer the properties and assets of the Borrower substantially as an entirety;

(ii) if a Consolidated Subsidiary is the surviving corporation or is the Person that acquires the property and assets of the Borrower substantially as an entirety, it shall expressly assume the performance of every covenant of this Agreement and of the Notes on the part of the Borrower to be performed or observed;

(iii) immediately after giving effect to such transaction, no Default shall have occurred and be continuing; and

(iv) if the Borrower is not the surviving corporation, the Borrower has delivered to the Agent an Officer's Certificate and a legal opinion of its General Counsel, Associate General Counsel or Assistant General Counsel, upon the express instruction of the Borrower for the benefit of the Agent and the Banks, each stating that such transaction

complies with this Section and that all conditions precedent herein provided for relating to such transaction have been complied with.

(b) Upon any consolidation by the Borrower with, or merger by the Borrower into, a Consolidated Subsidiary or any conveyance or transfer of the properties and assets of the Borrower substantially as an entirety to a Consolidated Subsidiary, the Consolidated Subsidiary into which the Borrower is merged or consolidated or to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Borrower, as the case may be, under this Agreement with the same effect as if such Consolidated Subsidiary had been named as the Borrower, as the case may be, herein, and thereafter, in the case of a transfer or conveyance permitted by Section 5.07(a), the Borrower shall be relieved of all obligations and covenants under this Agreement and the Notes.

SECTION 5.08. Negative Pledge. Neither the Borrower nor any Restricted Subsidiary will create, assume or suffer to exist any Lien on any asset now owned or hereafter acquired by it, except:

(a) Liens existing on the date of this Agreement;

(b) Liens securing Debt of a Restricted Subsidiary owing to the Borrower or to another Restricted Subsidiary;

(c) any Lien existing on any asset of any person at the time such person becomes a Subsidiary and not created in contemplation of such event;

(d) 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 (and/or, in the case of the acquisition of a business, any Lien on the equity and/or assets of the acquired entity), provided that such Lien attaches to such asset concurrently with or within 180 days after the acquisition thereof;

(e) any Lien on any asset of any person existing at the time such person is merged or consolidated with or into the Borrower or a Restricted Subsidiary and not created in contemplation of such event;

(f) 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;

(g) 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, provided that such Debt is not increased and is not secured by any additional assets;

(h) Liens in favor of any customer (including any Governmental Authority) to secure partial, progress, advance or other payments or performance pursuant to any contract or statute or to secure any related indebtedness or to secure Debt guaranteed by a Governmental Authority;

(i) materialmen's, suppliers', tax or other similar Liens arising in the ordinary course of business securing obligations which are not overdue or are being contested in good faith by appropriate proceedings; Liens arising by operation of law in favor of any lender to the Borrower or any Restricted Subsidiary in the ordinary course of business constituting a banker's lien or right of offset in moneys of the Borrower or a Restricted Subsidiary deposited with such lender in the ordinary course of business; and appeal bonds in respect of appeals being prosecuted in good faith;

(j) Liens on cash and cash equivalents securing Derivatives Obligations, provided that the aggregate amount of cash and cash equivalents subject to such Liens may at no time exceed $50,000,000;

(k) Liens securing Debt equally and ratably securing the Loans and such Debt; provided that the Required Banks may, in their sole discretion, refuse to take any Lien on any asset (which refusal will not limit the Borrower's or any Restricted Subsidiary's ability to incur a Lien otherwise permitted by this Section 5.08(k)); such Lien may equally and ratably secure the Loans and any other obligation of the Borrower or any of its Subsidiaries, other than an obligation that is subordinated to the Loans;

(l) Liens securing contingent obligations in an aggregate principal amount not to exceed $15,000,000; and

(m) Liens not otherwise permitted by the foregoing clauses of this Section securing obligations in an aggregate principal or face amount at any date not to exceed at the time of incurrence the greater of 12.5% of Consolidated Net Worth or $75,000,000.

For the avoidance of doubt, the creation of a security interest arising solely as a result of, or the filing of UCC financing statements in connection with, any

sale by the Borrower or any of its Subsidiaries of accounts receivable not prohibited by Section 5.07 shall not constitute a Lien prohibited by this covenant.

SECTION 5.09. Leverage Ratio. The ratio of Consolidated Debt to Total Capital shall at no time exceed 50%.

SECTION 5.10. Use of Loans. The Borrower will use the proceeds of the Loans for any lawful corporate purposes.

SECTION 5.11. Investments. Neither the Borrower nor any Subsidiary will hold, make or acquire any Investment in any Person other than:

(a) Investments in Temporary Cash Investments and other Investments in cash or cash equivalents from time to time approved by the Board of Directors of the Borrower;

(b) Investments comprised of debt consideration received in connection with the sale of assets (including any extensions, renewals and modifications thereof);

(c) Investments existing on the date of this Agreement or which the Borrower or any Restricted Subsidiary has, as of the date of this Agreement, committed to make and which are set forth on Schedule 5.11(c) (including any extensions, renewals and modifications thereof);

(d) Investments in any Subsidiary or guaranties of obligations of any Subsidiary whose principal business on the date of the making of such Investment or after giving effect to such Investment is either (i) the same line or lines of business as the Borrower or (ii) in the judgment of the Borrower related to such line or lines of business (it being understood that Schedule 5.11(d) contains a nonexhaustive list of certain related businesses);

(e) Investments by any Subsidiary in the Borrower; and

(f) Additional Investments not otherwise included in the foregoing clauses of this Section 5.11 if, after giving effect to such Investment, the outstanding amount (computed by taking the difference of (x) the original cash purchase price of all such Investments less (y) the sum of (i) all payments (including interest and dividends) and repayments of principal or capital plus (ii) all proceeds from the sale of such Investment) of all Investments permitted by this clause (f) does not exceed $100,000,000.

SECTION 5.12. Transactions with Affiliates. The Borrower will not, and will not permit any Subsidiary to, directly or indirectly, pay any funds to or for the account of, make any investment (whether by acquisition of stock or indebtedness, by loan, advance, transfer of property, guarantee or other agreement to pay, purchase or service, directly or indirectly, any Debt, or otherwise) in, lease, sell, transfer or otherwise dispose of any assets, tangible or intangible, to, or participate in, or effect, any transaction with, any Affiliate except (i) transactions on an arms-length basis on terms at least as favorable to the Borrower or such Subsidiary Affiliate than could have been obtained from a third party who was not an Affiliate, and (ii) transactions described in this Section 5.12 that would not be reasonably likely to have a Material Adverse Effect.

ARTICLE 6

DEFAULTS

SECTION 6.01. Event of Default. If one or more of the following events ("Events of Default") shall have occurred and be continuing:

(a) the Borrower shall fail to pay the principal of any Loan when due;

(b) the Borrower shall fail to pay within 5 days of the due date thereof (i) any facility fee or (ii) interest on any Loan;

(c) the Borrower shall fail to pay within 30 days after a request for payment by any Bank acting through the Agent any other amount payable under this Agreement;

(d) the Borrower shall fail to observe or perform any agreement contained in Sections 5.07 through 5.11(and, with respect to Sections 5.10 and 5.11, such failure shall have continued for 10 days after notice thereof has been given to the Borrower by the Agent at the request of the Required Banks);

(e) the Borrower shall fail to observe or perform any covenant or agreement contained in this Agreement (other than those covered by

clauses (a) through (d) above) for 30 days after notice thereof has been given to the Borrower by the Agent at the request of the Required Banks;

(f) any representation, warranty or certification made by the Borrower in this Agreement or in any certificate, or writing delivered pursuant to this Agreement shall prove to have been incorrect in any material respect when made and such deficiency shall remain unremedied for five days after notice thereof shall have been given to the Borrower by the Agent at the request of the Required Banks;

(g) any Material Financial Obligations shall become due before stated maturity by the acceleration of the maturity thereof by reason of default, or any Material Financial Obligations shall become due by its terms and shall not be paid and, in any case aforesaid in this clause (g), corrective action satisfactory to the Required Banks shall not have been taken within 5 days after written notice of the situation shall have been given to the Borrower by the Agent at the request of the Required Banks;

(h) the Borrower or any Restricted Subsidiary 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 shall 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;

(i) an involuntary case or other proceeding shall be commenced against the Borrower or any Restricted Subsidiary 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 90 days; or an order for relief shall be entered against the Borrower or any Restricted Subsidiary under the federal bankruptcy laws as now or hereafter in effect;

(j) a final judgment for the payment of money in excess of $35,000,000 shall have been entered against the Borrower or any

Restricted Subsidiary, and the Borrower or such Subsidiary shall not have satisfied the same within 60 days, or caused execution thereon to be stayed within 60 days, and such failure to satisfy or stay such judgment shall remain unremedied for 5 days after notice thereof shall have been given to the Borrower by the Agent at the request of the Required Banks;

(k) a final judgment either (1) requiring termination or imposing liability (other than for premiums under Section 4007 of ERISA) under Title IV of ERISA in respect of, or requiring a trustee to be appointed under Title IV of ERISA to administer, any Plan or Plans having aggregate Unfunded Liabilities in excess of $35,000,000 or (2) in an action relating to a Multiemployer Plan involving a current payment obligation in excess of $35,000,000, which judgment, in either case, has not been satisfied or stayed within 60 days and such failure to satisfy or stay is unremedied for 5 days after notice thereof shall have been given to the Company by the Documentation Agent at the request of the Required Banks;

(l) any person or group of persons (within the meaning of Section 13 or 14 of the Securities Exchange Act of 1934, as amended) shall have acquired beneficial ownership (within the meaning of Rule 13d-3 promulgated by the Securities and Exchange Commission under said Act) of 35% or more of the outstanding shares of common stock of the Borrower; or during any two-year period, individuals who at the beginning of such period constituted the Borrower's Board of Directors (together with any new director whose election by the Board of Directors or whose nomination for election by the shareholders of the Borrower was approved by a vote of at least two-thirds of the directors then in office who either were directors as the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the directors then in office;

then, and in every such event, the Agent shall, if requested by the Required Banks, (i) by notice to the Borrower terminate the Commitments and they shall thereupon terminate, and (ii) by notice to the Borrower declare the Loans, interest accrued thereon and all other amounts payable hereunder to be, and the same shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; provided that in the event of (A) the filing by the Borrower of a petition, or (B) an actual or deemed entry of an order for relief with respect to the Borrower, under the federal bankruptcy laws as now or hereafter in effect, without any notice to the Borrower or any other act by the Agent or the Banks, the Commitments shall thereupon terminate and the Loans, interest accrued thereon and all other amounts payable hereunder shall become immediately due and

payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

ARTICLE 7

THE AGENT

SECTION 7.01. Appointment and Authorization. Each Bank irrevocably appoints and authorizes each Agent to take such action as agent on its behalf and to exercise such powers under this Agreement and the Notes as are delegated to such Agent by the terms hereof or thereof, together with all such powers as are reasonably incidental thereto; provided, however, that the Agent shall not commence any legal action or proceeding before a court of law on behalf of any Bank without such Bank's prior consent.

SECTION 7.02. Agent and Affiliates. Morgan Guaranty Trust Company of New York shall have the same rights and powers under this Agreement as any other Bank and may exercise or refrain from exercising the same as though it were not the Agent, and Morgan Guaranty Trust Company of New York and its affiliates may accept deposits from, lend money to, and generally engage in any kind of business with the Borrower or any Subsidiary or affiliate of the Borrower as if it were not the Agent. The term "Bank" or "Banks" shall, unless expressly indicated, include Morgan Guaranty Trust Company of New York (and any successor acting as Agent) in its capacity as a Bank.

SECTION 7.03. Action by Agent. The obligations of the Agent hereunder are only those expressly set forth herein. Without limiting the generality of the foregoing, the Agent shall not be required to take any action with respect to any Default, except as expressly provided in Article 6.

SECTION 7.04. Consultation with Experts. The Agent may consult with legal counsel (who may be counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable to any Bank for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts.

SECTION 7.05. Liability of Agent. Neither the Agent nor any of its affiliates nor any of their respective directors, officers, agents or employees shall be liable for any action taken or not taken by it in connection herewith (i) with the consent or at the request of the Required Banks or (ii) in the absence of its own gross negligence or willful misconduct. Neither the Agent nor any of its affiliates nor any of their respective directors, officers, agents or employees shall be

responsible for or have any duty to ascertain, inquire into or verify (i) any statement, warranty or representation made in connection with this Agreement or any borrowing hereunder; (ii) the performance or observance of any of the covenants or agreements of the Borrower; (iii) the satisfaction of any condition specified in Article 3, except receipt of items required to be delivered to the Agent; or (iv) the validity, effectiveness or genuineness of this Agreement, the Notes or any other instrument or writing furnished in connection herewith. The Agent shall not incur any liability by acting in reliance upon any notice, consent, certificate, statement, or other writing (which may be a bank wire, telex, facsimile transmission or similar writing) believed by it to be genuine or to be signed by the proper party or parties.

SECTION 7.06. Indemnification. Each Bank shall, ratably in accordance with its Commitment, indemnify the Agent, its affiliates and their respective directors, officers, agents and employees (to the extent not reimbursed by the Borrower) against any cost, expense (including counsel fees and disbursements), claim, demand, action, loss or liability (except such as result from such indemnitees' gross negligence or willful misconduct) that such indemnitees may suffer or incur in connection with this Agreement or any action taken or omitted by such indemnitees hereunder.

SECTION 7.07. Credit Decision. Each Bank acknowledges that it has, independently and without reliance upon the Agent or any other Bank, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Bank also acknowledges that it will, independently and without reliance upon the Agent or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking any action under this Agreement.

SECTION 7.08. Successor Agents. The Agent may resign at any time by giving notice thereof to the Banks and the Borrower. Upon any such resignation, the Borrower shall, with the consent of the Required Banks, have the right to appoint a successor Agent. If no successor Agent shall have been so appointed, and shall have accepted such appointment, within 60 days after the retiring Agent gives notice of resignation, the retiring Agent may, on behalf of the Banks, appoint a successor Agent, which shall be a commercial bank organized or licensed under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least $50,000,000. Upon the acceptance of its appointment as an Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder as Agent. After any retiring Agent's resignation hereunder

as Agent, the provisions of this Article shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent.

SECTION 7.09. Agent's Fees. The Borrower shall pay to the Agent for its own account fees in the amounts and at the times previously agreed upon between the Borrower and the Agent.

ARTICLE 8

CHANGE IN CIRCUMSTANCES

SECTION 8.01. Increased Cost and Reduced Return; Capital Adequacy. (a) If after the date hereof, in the case of any Committed Loan, or the date of the related Money Market Quote, in the case of any Money Market Loan, a Change in Law shall impose, modify or deem applicable any reserve, special deposit, assessment or similar requirement (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System pursuant to Regulation D or otherwise, as herein provided) against assets of, deposits with or for the account of, or credit extended by, any Bank or shall impose on any Bank or the London interbank market any other condition affecting such Bank's Fixed Rate Loans, or its Notes; and the result of any of the foregoing is to increase the cost to such Bank of making or maintaining any such Fixed Rate Loans, or to reduce the amount of any sum received or receivable by such Bank under this Agreement or under its Note, by an amount deemed by such Bank to be material, then, within 15 days after written demand therefor made through the Agent, in the form of the certificate referred to in Section 8.01(c), the Borrower shall pay to such Bank such additional amount or amounts as will compensate such Bank for such increased cost or reduction; provided that the Borrower shall not be required to pay any such compensation with respect to any period prior to the 30th day before the date of any such demand.

(b) Without limiting the effect of Section 8.01(a) (but without duplication), if any Bank determines at any time after the date on which this Agreement becomes effective that a Change in Law will have the effect of increasing the amount of capital required to be maintained by such Bank (or its Parent) based on the existence of such Bank's Loans, Commitment and/or other obligations hereunder, then the Borrower shall pay to such Bank, within 15 days after its written demand therefor made through the Agent in the form of the certificate referred to in Section 8.01(c), such additional amounts as shall be required to compensate such Bank for any reduction in the rate of return on capital of such Bank (or its Parent) as a result of such increased capital requirement;

provided that the Borrower shall not be required to pay any such compensation with respect to any period prior to the 30th day before the date of any such demand; provided further, however, that to the extent (i) a Bank shall increase its level of capital above the level maintained by such Bank on the date of this Agreement and there has not been a Change in Law or (ii) there has been a Change in Law and a Bank shall increase its level of capital by an amount greater than the increase attributable (taking into consideration the same variables taken into consideration in determining the level of capital maintained by such Bank on the date of this Agreement) to such Change in Law, the Borrower shall not be required to pay any amount or amounts under this Agreement with respect to any such increase in capital. Thus, for example, a Bank which is "adequately capitalized" (as such term or any similar term is used by any applicable bank regulatory agency having authority with respect to such Bank) may not require the Borrower to make payments in respect of increases in such Bank's level of capital made under the circumstances described in clause (i) or (ii) above which improve its capital position from "adequately capitalized" to "well capitalized" (as such term or any similar term is used by any applicable bank regulatory agency having authority with respect to such Bank).

(c) Each Bank will promptly notify the Borrower, through the Agent, of any event of which it has knowledge, occurring after the date on which this Agreement becomes effective, which will entitle such Bank to compensation pursuant to this Section 8.01 and will designate a different Applicable Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the sole judgment of such Bank, be otherwise disadvantageous to such Bank. A certificate of any Bank claiming compensation under this Section 8.01 and setting forth the additional amount or amounts to be paid to it hereunder and setting forth the basis for the determination thereof shall be conclusive in the absence of manifest error. In determining such amount, such Bank shall act reasonably and in good faith, and may use any reasonable averaging and attribution methods.

SECTION 8.02. Substitute Rate. Anything herein to the contrary notwithstanding, if within two Euro-Dollar Business Days, in the case of Euro-Dollar Loans or Money Market LIBOR Loans, prior to the first day of an Interest Period none of the Reference Banks is, for any reason whatsoever, being offered Dollars for deposit in the relevant market for a period and amount relevant to the computation of the rate of interest on a Fixed Rate Loan for such Interest Period, the Agent shall give the Borrower and each Bank prompt notice thereof and on what would otherwise be the first day of such Interest Period such Loans shall be made as Base Rate Loans.

SECTION 8.03. Illegality. (a) Notwithstanding any other provision herein, if, after the date on which this Agreement becomes effective, a Change in Law shall make it unlawful or impossible for any Bank to (i) honor any Commitment it may have hereunder to make any Euro-Dollar Loan, then such Commitment shall be suspended, or (ii) maintain any Euro-Dollar Loan or any Money Market LIBOR Loan, then all Euro-Dollar Loans and Money Market LIBOR loans of such Bank then outstanding shall be converted into Base Rate Loans as provided in Section 8.03(b), and any remaining Commitment of such Bank hereunder to make Euro-Dollar Loans (but not other Loans) shall be immediately suspended, in either case until such Bank may again make and/or maintain Euro-Dollar Loans (as the case may be), and borrowings from such Bank, at a time when borrowings from the other Banks are to be of Euro-Dollar Loans, shall be made, simultaneously with such borrowings from the other Banks, by way of Base Rate Loans. Upon the occurrence of any such change, such Bank shall promptly notify the Borrower thereof (with a copy to the Agent), and shall furnish to the Borrower in writing evidence thereof certified by such Bank. Before giving any notice pursuant to this Section 8.03, such Bank shall designate a different Applicable Lending Office if such designation will avoid the need for giving such notice and will not, in the sole reasonable judgment of such Bank, be otherwise disadvan tageous to such Bank.

(b) Any conversion of any outstanding Euro-Dollar Loan or an outstanding Money Market Loan which is required under this Section 8.03 shall be effected immediately (or, if permitted by applicable law, on the last day of the Interest Period therefor).

SECTION 8.04. Taxes on Payments. (a) All payments in respect of the Loans shall be made free and clear of and without any deduction or withholding for or on account of any present and future taxes, assessments or governmental charges imposed by the United States, or any political subdivision or taxing authority thereof or therein, excluding taxes imposed on its net income, branch profit taxes and franchise taxes (all such non-excluded taxes being hereinafter called "Taxes"), except as expressly provided in this Section 8.04. If any Taxes are imposed and required by law to be deducted or withheld from any amount payable to any Bank, then the Borrower shall (i) increase the amount of such payment so that such Bank will receive a net amount (after deduction of all Taxes) equal to the amount due hereunder, (ii) pay such Taxes to the appropriate taxing authority for the account of such Bank, and (iii) as promptly as possible thereafter, send such Bank evidence of original or certified receipt showing payment thereof, together with such additional documentary evidence as such Bank may from time to time require. If the Borrower fails to perform its obligations under (ii) or (iii) above, the Borrower shall indemnify such Bank for any incremental taxes, interest or penalties that may become payable as a result of any such failure; provided, however, that the Borrower will not be required to make any payment to any Bank

under this Section 8.04 if withholding is required in respect of such Bank by reason of such Bank's inability or failure to furnish under subsection (c) an extension or renewal of a Form 1001 or Form 4224 (or successor form), as applicable, unless such inability results from an amendment to or a change in any applicable law or regulation or in the interpretation thereof by any regulatory authority (including without limitation any change in an applicable tax treaty), which amendment or change becomes effective after the date hereof.

(b) The Borrower shall indemnify the Agent and each Bank against any present or future transfer taxes, stamp or documentary taxes, excise or property taxes, assessments or charges made by any Governmental Authority by reason of the execution, delivery, registration or enforcement of this Agreement or any Notes (hereinafter referred to as "Other Taxes").

(c) Subject to subsection (d) below, each Bank that is a foreign person (i.e. a person who is not a United States person for United States federal income tax purposes) agrees that it shall deliver to the Borrower (with a copy to the Agent) (i) within twenty Domestic Business Days after the date on which this Agreement becomes effective, two duly completed copies of United States Internal Revenue Service Form 1001 or 4224, as appropriate, indicating that such Bank is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, or is entitled to a reduced rate of United States withholding taxes under an applicable income tax treaty (ii) from time to time, such extensions or renewals of such forms (or successor forms) as may reasonably be requested by the Borrower but only to the extent such Bank determines that it may properly effect such extensions or renewals under applicable tax treaties, laws, regulations and directives and (iii) in the event of a transfer of any Loan to a subsidiary or affiliate of such Bank, a new Internal Revenue Service Form 1001 or 4224 (or any successor form), as the case may be, for such subsidiary or affiliate indicating that such subsidiary or affiliate is, on the date of delivery thereof, entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes or is entitled to a reduced rate of United States withholding tax under an applicable income tax treaty. The Borrower and the Agent shall each be entitled to rely on such forms in its possession until receipt of any revised or successor form pursuant to the preceding sentence.

(d) If a Bank at the time it first becomes a party to this Agreement (or because of a change in an Applicable Lending Office) is subject to a United States interest withholding tax rate in excess of zero, withholding tax at such rate shall be considered excluded from Taxes. For any period with respect to which a Bank has failed to provide the Borrower with the appropriate form pursuant to Section 8.04(c) (unless such failure is due to a change in treaty, law or regulation, or in the

interpretation thereof by any regulatory authority, occurring subsequent to the date on which a form originally was required to be provided), such Bank shall not be entitled to additional payments under Section 8.04(a) with respect to Taxes imposed by the United States; provided, however, that should a Bank, which is otherwise exempt from or subject to a reduced rate of withholding tax, become subject to Taxes because of its failure to deliver a form required hereunder, the Borrower shall take such steps as such Bank shall reasonably request to assist such Bank to recover such Taxes.

(e) If the Borrower is required to pay additional amounts to or for the account of any Bank pursuant to this Section 8.04, then such Bank will change the jurisdiction of one or more Applicable Lending Offices so as to eliminate or reduce any such additional payment which may thereafter accrue if such change, in the judgment of such Bank, is not otherwise disadvantageous to such Bank.

(f) If any Bank is able to apply for any credit, deduction or other reduction in Taxes or Other Taxes in an amount which is reasonably determined by such Bank to be material, which arises by reason of any payment made by the Borrower pursuant to this Section 8.04, such Bank will use reasonable efforts, excluding the institution of any judicial proceeding, to obtain such credit, deduction or other reduction and, upon receipt thereof, will pay to the Borrower an amount, not exceeding the amount of such payment by the Borrower, equal to the net after-tax value to such Bank, in its good faith determination, of such part of such credit, deduction or other reduction as it determines to be allocable to such payment by the Borrower, having regard to all of its dealings giving rise to similar credits, deductions or other reductions during the same tax period and to the cost of obtaining the same; provided, however, that (i) such Bank shall not be obligated to disclose to the Borrower any information regarding its tax affairs or computations and (ii) nothing contained in this Section 8.04(f) shall be construed so as to interfere with the right of such Bank to arrange its tax affairs as it deems appropriate.

ARTICLE 9

MISCELLANEOUS

SECTION 9.01. Termination of Commitment of a Bank; New Banks. (a)(1) Upon receipt of notice from any Bank for compensation or indemnification pursuant to Section 8.01(c) or Section 8.04 or (2) upon receipt of notice that the Commitment of a Bank to make Euro-Dollar Loans has been suspended, the Borrower shall have the right to terminate the Commitment in full of the Bank

providing such notice (a "Retiring Bank"). The termination of the Commitment of a Retiring Bank pursuant to this Section 9.01(a) shall be effective on the tenth Domestic Business Day following the date of a notice of such termination to the Retiring Bank through the Agent, subject to the satisfaction of the following conditions:

(i) in the event that on such effective date there shall be any Loans outstanding hereunder, the Borrower shall have prepaid on such date the aggregate principal amount of such Loans held by the Retiring Bank only; and

(ii) in addition to the payment of the principal of the Loans held by the Retiring Bank pursuant to clause (i) above, the Borrower shall have paid such Retiring Bank all accrued interest thereon, and facility fee and any other amounts then payable to it hereunder, including, without limitation, all amounts payable by the Borrower to such Bank under Section 2.14 by reason of the prepayment of Loans pursuant to clause (i) with respect to the period ending on such effective date; provided that the provisions of Section 8.01, Section 8.04 and Section 9.04 shall survive for the benefit of any Retiring Bank.

Upon satisfaction of the conditions set forth in clauses (i) and (ii) above, such Bank shall cease to be a Bank hereunder.

(b) In lieu of the termination of a Bank's Commitment pursuant to Section 9.01(a), the Borrower may notify the Agent that the Borrower desires to replace such Retiring Bank with a new bank or banks (which may be one or more of the Banks), which will purchase the Loans and assume the Commitment of the Retiring Bank. Upon the Borrower's selection of a bank to replace a Retiring Bank, such bank's agreement thereto and the fulfillment of the conditions to assignment and assumption set forth in Section 9.08(c)(iii) such bank shall become a Bank hereunder for all purposes in accordance with Section 9.08(c)(iii).

SECTION 9.02. Notices. All notices, requests and other communications to any party hereunder shall be in writing (including bank wire, telex, facsimile transmission or similar writing) and shall be given to such party: (a) in the case of the Borrower or the Agent, at its address, facsimile number or telex number set forth on the signature pages hereof, (b) in the case of any Bank, at its address, facsimile number or telex number set forth in its Administrative Questionnaire or (c) in the case of any party, such other address, facsimile number or telex number as such party may hereafter specify for the purpose by notice to the Agent and the Borrower. Each such notice, request or other communication shall be effective (i) if given by telex, when such telex is transmitted to the telex number specified in

this Section and the appropriate answerback is received, (ii) if given by facsimile transmission, when transmitted to the facsimile number specified in this Section and confirmation of receipt is received or (iii) if given by any other means, when delivered at the address specified in this Section.

SECTION 9.03. No Waivers. No failure or delay by either Agent or any Bank in exercising any right, power or privilege hereunder or under any Note shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

SECTION 9.04. Expenses; Indemnification. (a) The Borrower shall pay (i) reasonable out-of-pocket expenses, including the reasonable fees and expenses of special counsel for the Agent in connection with the preparation of this Agreement and (ii) if an Event of Default occurs, all reasonable out-of-pocket expenses incurred by the Agent and the Banks, including reasonable fees and expenses of counsel, in connection with such Event of Default and collection and other enforcement proceedings resulting therefrom.

(b) The Borrower agrees to indemnify the Agent and each Bank, their respective affiliates and the respective directors, officers, agents and employees of the foregoing (each an "Indemnitee") and hold each Indemnitee harmless from and against any and all liabilities, losses, damages, costs and reasonable expenses of any kind, including, without limitation, the reasonable fees and disbursements of counsel, incurred by such Indemnitee in response to or in defense of any investigative, administrative or judicial proceeding brought or threatened against the Agent or any Bank relating to or arising out of this Agreement or any actual or proposed use of proceeds of Loans hereunder; provided that no Indemnitee shall have the right to be indemnified hereunder (i) to the extent such indemnification relates to relationships of, between or among each of, or any of, the Agent, the Banks or any Assignee or Participant or (ii) for such Indemnitee's own gross negligence or willful misconduct.

SECTION 9.05. Pro Rata Treatment. Except as expressly provided in this Agreement with respect to Money Market Loans or otherwise, (a) each borrowing from, and change in the Commitments of, the Banks shall be made pro rata according to their respective Commitments, and (b) each payment and prepay ment on the Loans shall be made to all the Banks, pro rata in accordance with the unpaid principal amount of the Loans held by each of them.

SECTION 9.06. Sharing of Set-Offs. Each Bank agrees that if it shall, by exercising any right of set-off or counterclaim or otherwise, receive payment of a

proportion of the aggregate amount of principal and interest then due with respect to the Loans held by it which is greater than the proportion received by any other Bank in respect of the aggregate amount of principal and interest then due with respect to the Loans held by such other Bank, the Bank receiving such proportionately greater payment shall purchase such participations in the Loans held by the other Banks, and such other adjustments shall be made, as may be required so that all such payments of principal and interest with respect to the Loans held by the Banks shall be shared by the Banks pro rata; provided that nothing in this Section shall impair the right of any Bank to exercise any right of set-off or counterclaim it may have and to apply the amount subject to such exercise to the payment of indebtedness of the Borrower, other than its indebtedness hereunder.

SECTION 9.07. Amendments and Waivers. Any provision of this Agreement or the Notes may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the Borrower and the Required Banks (and, if the rights or duties of the Agent are affected thereby, by the Agent so affected); provided that no such amendment or waiver shall, unless signed by all the Banks, (i) subject any Bank to any additional obligation, (ii) reduce the principal of or rate of interest on any Loan or any fees hereunder, (iii) postpone the date fixed for any payment of principal of or interest on any Loan or for termination of any Commitment or (iv) change the percentage of Loans or Total Commitments that shall be required for the Banks or any of them to take any action under this Section 9.07 or any other provision of this Agreement.

SECTION 9.08. Successors and Assigns; Participations; Novation. (a) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided that, except in accordance with Sections 5.04 and 5.07, the Borrower may not assign or transfer any its rights or obligations under this Agreement without the consent of all Banks.

(b) Any Bank may, without the consent of the Borrower, but upon prior written notification to the Borrower, at any time sell to one or more banks or other financial institutions (each a "Participant") participating interests in any Loan owing to such Bank, any Note held by such Bank, the Commitment of such Bank hereunder, and any other interest of such Bank hereunder; provided that no prior notification to the Borrower is required in connection with the sale of a participating interest in a Money Market Loan. In the event of any such sale by a Bank of a participating interest to a Participant, such Bank's obligations under this Agreement shall remain unchanged, such Bank shall remain solely responsible for the performance thereof, such Bank shall remain the holder of its Note or Notes, if any, for all purposes under this Agreement and the Borrower and the Agent shall continue to deal solely and directly with such Bank in connection with such Bank's

rights and obligations under this Agreement. Any agreement pursuant to which a Bank may grant such a participating interest shall provide that such Bank shall retain the sole right and responsibility to enforce the obligations of the Borrower hereunder including, without limitation, the right to approve any amendment, modification or waiver of any provision of this Agreement; provided that such participation agreement may provide that such Bank will not agree to any modification, amendment or waiver of this Agreement described in clause (i), (ii) or (iii) of Section 9.07 affecting such Participant without the consent of the Participant; provided further that such Participant shall be bound by any waiver, amendment or other decision that all Banks shall be required to abide by pursuant to a vote by Required Banks. Subject to the provisions of Section 9.08(d), the Borrower agrees that each Participant shall, to the extent provided in its participation agreement, be entitled to the benefits of Article 8 with respect to its participating interest. An assignment or other transfer which is not permitted by subsection (c) or (g) below shall be given effect for purposes of this Agreement only to the extent of a participating interest granted in accordance with this subsection (b).

(c)(i) Any Bank may at any time sell to one or more Eligible Institutions (each an "Assignee") all or a portion of its rights and obligations under this Agreement and the Notes. Each Assignee shall assume all such rights and obligations pursuant to an Assignment and Assumption Agreement executed by such Assignee, such transferor Bank and the Borrower. In no event shall (A) any Commitment of a transferor Bank (together with the Commitment of any affiliate of such Bank), after giving effect to any sale pursuant to this subsection (c), be less than $5,000,000, (B) any Commitment of an Assignee (together with the Commitment of any affiliate of such Assignee), after giving effect to any sale pursuant to this subsection (c), be less than $5,000,000, except in each case as may result upon the transfer by a Bank of its Commitment in its entirety or (C) any sale pursuant to this subsection (c) result in the transferee Bank (together with its affiliates) holding more than 35% of the aggregate Commitments, except to the extent that the Borrower and the Required Banks consent to such sale.

(ii) No interest may be sold by a Bank pursuant to this subsection (c), except to an affiliate of such Bank, provided that such affiliate is an Eligible Institution, without the prior written consent of the Borrower and the Agent, which consent shall not be unreasonably withheld. The withholding of consent by the Borrower shall not be deemed unreasonable if based solely upon the Borrower's desire to (A) balance relative loan exposures to such Eligible Institution among all credit facilities of the Borrower or (B) avoid payment of any additional amounts payable to such Eligible Institution under Article 8 which would arise from such assignment.

(iii) Upon (A) execution of an Assignment and Assumption Agreement, (B) delivery by the transferor Bank of an executed copy thereof, together with notice that the payment referred to in clause (C) below shall have been made, to the Borrower and the Agent, (C) payment by such Assignee to such transferor Bank of an amount equal to the purchase price agreed between such transferor Bank and such Assignee and (D) if the Assignee is organized under the laws of any jurisdiction other than the United States or any state thereof, evidence satisfactory to the Agent and the Borrower of compliance with the provisions of Section 9.08(f), such Assignee shall for all purposes be a Bank party to this Agreement and shall have all the rights and obligations of a Bank under this Agreement to the same extent as if it were an original party hereto with a Commitment as set forth in such Assignment and Assumption Agreement, and the transferor Bank shall be released from its obligations hereunder to a correspondent extent, and no further consent or action by the Borrower, the Banks or the Agents shall be required to effectuate such transfer. Each Assignee shall be bound by any waiver, amendment or other decision that all Banks shall be required to abide by pursuant to a vote by Required Banks.

(iv) Upon the consummation of any transfer to an Assignee pursuant to this subsection (c), the transferor Bank, the Agent and the Borrower shall make appropriate arrangements so that, if requested by the transferor Bank or the Assignee, a new Note or Notes shall be delivered from the Borrower to the transferor Bank and/or such Assignee. In connection with any such assignment, the Assignee or the transferor Bank shall pay to the Agent an administrative fee for processing such assignment in the amount of $3,000.

(d) No Assignee, Participant or other transferee (including any successor Applicable Lending Office) of any Bank's rights shall be entitled to receive any greater payment under Section 8.01 than such Bank would have been entitled to receive with respect to the rights transferred, unless such transfer is made with the Borrower's prior written consent or by reason of the provisions of Section 8.01 or 8.03 requiring such Bank to designate a different Applicable Lending Office under certain circumstances or at a time when the circumstances giving rise to such greater payment did not exist.

(e) Each Bank may, upon the written consent of the Borrower, which consent shall not be unreasonably withheld, disclose to any Participant or Assignee (each a "Transferee") and any prospective Transferee any and all financial information in such Bank's possession concerning the Borrower that has been delivered to such Bank by the Borrower pursuant to this Agreement or that has

been delivered to such Bank by the Borrower in connection with such Bank's credit evaluation prior to entering into this Agreement, subject in all cases to agreement by such Transferee or prospective Transferee to comply with the provisions of Section 9.15.

(f) If pursuant to subsection (c) of this Section 9.08, any interest in this Agreement or any Note is transferred to any Assignee that is organized under the laws of any jurisdiction other than the United States or any state thereof, the transferor Bank shall cause such Assignee, concurrently with the effectiveness of such transfer, (i) to represent to the transferor Bank (for the benefit of the transferor Bank, the Agents and the Borrower) that under applicable law and treaties no taxes or only a reduced rate of withholding taxes (excluded from the definition of Taxes under Section 8.04(d)) will be required to be withheld by the Agent, the Borrower or the transferor Bank with respect to any payments to be made to such Assignee in respect of the Loans and (ii) to furnish to each of the transferor Bank, the Agent and the Borrower two duly completed copies of the forms required by Section 8.04(c)(i).

(g) Notwithstanding any provision of this Section 9.08 to the contrary, any Bank may assign or pledge any of its rights and interests in the Loans to a Federal Reserve Bank without the consent of the Borrower.

SECTION 9.09. Visitation. Subject to restrictions imposed by applicable security clearance regulations, the Borrower will upon reasonable notice permit representatives of any Bank at such Bank's expense to visit any of its major properties.

SECTION 9.10. Collateral. Each of the Banks represents to the Agent and each of the other Banks that it in good faith is not relying upon any "margin stock" (as defined in Regulation U) as collateral in the extension or maintenance of the credit provided for in this Agreement.

SECTION 9.11. Reference Banks. If any Reference Bank assigns its rights and obligations hereunder to an unaffiliated institution, the Borrower shall, in consultation with the Agent, appoint another Bank to act as a Reference Bank hereunder. If the Commitment of any Bank which is also a Reference Bank is terminated pursuant to the terms of this Agreement, the Borrower may, in consultation with the Agent, appoint a replacement Reference Bank.

SECTION 9.12. Governing Law; Submission to Jurisdiction. This Agreement and each Note shall be governed by and construed in accordance with the internal laws of the State of New York. Each of the Borrower, the Agent and the Banks hereby submits to the nonexclusive jurisdiction of the United States

District Court for the Southern District of New York and of any New York State Court sitting in New York for purposes of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby. Each of the Borrower, the Agent and the Banks irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.

SECTION 9.13. Effectiveness; Counterparts; Integration. This Agreement shall become effective upon receipt by the Agent of counterparts hereof signed by each of the parties hereto (or, in the case of any party as to which an executed counterpart shall not have been received, receipt by the Agent in form satisfactory to it of telegraphic, telex, facsimile or other written confirmation from such party of execution of a counterpart hereof by such party). This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement constitutes the entire agreement and understanding among the parties hereto and supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

SECTION 9.14. WAIVER OF JURY TRIAL. EACH OF THE BORROWER, THE AGENT AND THE BANKS HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

SECTION 9.15. Confidentiality. Each Bank agrees, with respect to any information delivered or made available by the Borrower to it that is clearly indicated to be confidential information or private data, to use all reasonable efforts to protect such confidential information from unauthorized use or disclosure and to restrict disclosure to only those Persons employed or retained by such Bank who are or are expected to become engaged in evaluating, approving, structuring or administering this Agreement and the transactions contemplated hereby. Nothing herein shall prevent any Bank from disclosing such information (i) to any other Bank, (ii) to its affiliates, officers, directors, employees, agents, attorneys and accountants who have a need to know such information in accordance with customary banking practices and who receive such information having been made aware of and having agreed to the restrictions set forth in this Section, (iii) upon the order of any court or administrative agency, (iv) upon the request or demand of any regulatory agency or authority having jurisdiction over such Bank, (v) which has been publicly disclosed, (vi) to the extent reasonably required in connection with any litigation to which either Agent, any Bank, the

Borrower or their respective affiliates may be a party, (vii) to the extent reasonably required in connection with the exercise of any remedy hereunder and (viii) with the prior written consent of the Borrower; provided however, that before any disclosure is permitted under (iii) or (vi) of this Section 9.15, each Bank shall, if not legally prohibited, notify and consult with the Borrower, promptly and in a timely manner, concerning the information it proposes to disclose, to enable the Borrower to take such action as may be appropriate under the circumstances to protect the confidentiality of the information in question, and provided further that any disclosure under the foregoing proviso be limited to only that information discussed with the Borrower. The use of the term "confidential" in this Section 9.15 is not intended to refer to data classified by the government of the United States under laws and regulations relating to the handling of data, but is intended to refer to information and other data regarded by the Borrower as private.

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

MARTIN MARIETTA MATERIALS, INC.

By: /s/ Janice K. Henry

Name: Janice K. Henry
Title: Vice President and C.F.O.
Address: 2710 Wycliff Road
Raleigh, NC 27607
Facsimile: 919-510-4700

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK

By: /s/ Diana H. Imhof

Name: Diana H. Imhof
Title: Vice President

FIRST UNION NATIONAL BANK OF
NORTH CAROLINA

By: /s/ Daniel J. Norton

Name: Daniel J. Norton
Title: Vice President

WACHOVIA BANK OF NORTH CAROLINA, N.A.

By: /s/ Roberts A. Bass

Name: Roberts A. Bass
Title: Vice President

BANK OF MONTREAL

By: /s/ Thomas H. Peer

Name: Thomas H. Peer
Title: Director

NATIONSBANK, N.A.

By: /s/ Richard G. Parkhurst

Name: Richard G. Parkhurst
Title: Vice President

THE SUMITOMO BANK, LIMITED, NEW YORK BRANCH

By: /s/ John C. Kissinger

Name: John C. Kissinger
Title: Joint General Manager

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK, as Agent

By: /s/ Diana H. Imhof

Name: Diana H. Imhof
Title: Vice President
Address: 60 Wall Street
New York, NY 10260
Facsimile: 212-648-5018

COMMITMENT SCHEDULE

Bank	Commitment
Morgan Guaranty Trust Company of New York	$ 35,000,000
First Union National Bank of North Carolina	$ 30,000,000
Wachovia Bank of North Carolina, N.A.	$ 25,000,000
Bank of Montreal	$ 20,000,000
NationsBank, N. A.	$ 20,000,000
The Sumitomo Bank, Limited, New York Branch	$ 20,000,000
Total	$150,000,000

PRICING SCHEDULE

Each of "Facility Fee Rate" and "Euro-Dollar Margin" means, for any day, the rate set forth below (in basis points per annum) in the row opposite such term and in the column corresponding to the Pricing Level that applies for such day:

Pricing Level	Level I	Level II	Level III	Level IV	Level V
Facility Fee Rate	6.50	7.00	8.00	12.50	17.50
Euro-Dollar Margin	14.00	15.50	17.00	20.00	37.50

For purposes of this Schedule, the following terms have the following meanings, subject to the further provisions of this Schedule:

"Level I Pricing" applies at any date if, at such date, the Borrower's long-term debt is rated A+ or higher by S&P or A1 or higher by Moody's.

"Level II Pricing" applies at any date if, at such date, (i) the Borrower's long-term debt is rated A or higher by S&P or A2 or higher by Moody's and (ii) Level I Pricing does not apply.

"Level III Pricing" applies at any date if, at such date, (i) the Borrower's long-term debt is rated A- or higher by S&P or A3 or higher by Moody's and (ii) neither Level I Pricing nor Level II Pricing applies.

"Level IV Pricing" applies at any date if, at such date, (i) the Borrower's long-term debt is rated BBB or higher by S&P and Baa2 or higher by Moody's and (ii) none of Level I Pricing, Level II Pricing and Level III Pricing applies.

"Level V Pricing" applies at any date if, at such date, no other Pricing Level applies.

"Moody's" means Moody's Investors Service, Inc.

"Pricing Level" refers to the determination of which of Level I, Level II, Level III, Level IV or Level V applies at any date.

"S&P" means Standard & Poor's Ratings Group.

The credit ratings to be utilized for purposes of this Schedule are those assigned to the senior unsecured long-term debt securities of the Borrower without third-party credit enhancement, and any rating assigned to any other debt security of the Borrower shall be disregarded. The ratings in effect for any day are those in effect at the close of business on such day. The ratings in effect for any day are those in effect at the close of business on such day, and the Euro-Dollar Margin and Facility Fee Rate may change from time to time during any Interest Period as a result of changes in the Pricing Level during such Interest Period.

The following provisions are applicable so long as the Borrower's long-term debt is rated at least BBB by S&P and at least Baa2 by Moody's: If the Borrower is split-rated and the ratings differential is one level, the higher of the two ratings will apply (e.g., A/A3 results in Level II Pricing). If the Borrower is split-rated and the ratings differential is more than one level, the average of the two ratings (or the higher of two intermediate ratings) shall be used (e.g. A+/A3 results in Level II Pricing, as does A+/Baa1).

If the Borrower's long-term debt is not rated at least BBB by S&P and at least Baa2 by Moody's, then Level V Pricing applies.

EXHIBIT 10.10

AMENDED AND RESTATED
MARTIN MARIETTA MATERIALS, INC.
COMMON STOCK PURCHASE PLAN
FOR DIRECTORS

SECTION 1. PURPOSE. The purpose of the Martin Marietta Materials, Inc. Common Stock Purchase Plan for Directors (the "Plan") is to provide to non-employee directors of Martin Marietta Materials, Inc. (the "Company") the opportunity to elect to receive all or a portion of their retainer fees in the form of common stock of the Company and to elect to defer payment of all or a portion of such retainer fees. The Plan was adopted by the Board of Directors and approved by the Company's shareholders at the shareholders meeting held on September 27, 1996. The Plan was amended and restated by resolution of the Board of Directors at its meeting on November 7, 1996.

SECTION 2. DEFINITIONS. As used in the Plan, the following terms shall have the meanings set forth below:

(a) "Annual Fees" means the amount paid by the Company to a Non-Employee Director as annual fees for services to be rendered as a member of the Board of Directors during any Plan Year, including annual retainer, meeting attendance fees and fees otherwise payable for acting on or as a member, or Chairman, of the Board of Directors or any committee thereof, but not including reimbursements of expenses.

(b) "Beneficiary" means a person designated by a Participant in accordance with Section 9 to receive the benefits specified hereunder in the event of the Participant's death or, if there is no surviving designated Beneficiary, the Participant's estate.

(c) "Board of Directors" means the Board of Directors of the Company.

(d) "Cash Deferral Account" means the account established and maintained by the Company for each Participant, which is to be credited, as set forth in Section 7, with the portion of a Participant's Annual Fees which is payable in cash and deferred pursuant to the Plan. Amounts credited to a Participant's Cash Deferral Account will be expressed as a dollar amount. Cash Deferral Accounts will be maintained by the Company solely as bookkeeping entries.

(e) "Committee" means the Compensation Committee of the Board of Directors.

(f) "Director Purchase Price" means, with respect to each Fee Payment Date, the Fair Market Value of one share of Stock on such Fee Payment Date; provided, however, that the Board of Directors, in its sole discretion, may provide that the Director Purchase Price, with respect to all or a portion of the shares of Stock purchased or credited in the form of Stock Equivalents under the Plan, includes a percentage discount from the Fair Market Value of one share of Stock on any specific Fee Payment Date.

(g) "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

(h) "Fair Market Value" means the closing price of a share of Stock on the relevant date or, if no sale was made on such date, then on the next preceding day on which such a sale was made (a) if the Stock is listed on the New York Stock Exchange ("NYSE"), as reported in the Wall Street Journal, or (b) if the Stock is not listed on the NYSE but is listed on the NASDAQ National Market System, then as reported on such system, or (c) if not listed on either the NYSE or the NASDAQ National Market System, as determined by the Board of Directors or Committee.

(i) "Fee Payment Date" means each date on which all or any portion of the Annual Fees is scheduled to be paid.

(j) "Financial Hardship" means severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or a dependent, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. The circumstances that will constitute a Financial Hardship will depend upon the facts of each case and will be determined by the Committee in its sole discretion, but distributions may not be made to the extent that such hardship is or may be relieved (i) through reimbursement or compensation by insurance or otherwise or (ii) by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship.

(k) "Non-Employee Director" means a member of the Board of Directors who, on the first day of any Plan Year (or such later

date as he is first elected or appointed to the Board of Directors), is not an employee of the Company or any affiliate thereof.

(l) "Participant" means any Non-Employee Director who elects under the Plan to receive payment of all or a portion of his Annual Fees in the form of Stock or to defer payment of all or a portion of his Annual Fees.

(m) "Plan Year" means each year beginning on the first day of January and ending on the 31st day of December; provided that the first Plan Year means the period beginning on January 1, 1997 and ending on December 31, 1997.

(n) "Stock" means the common stock of the Company, $.01 par value per share.

(o) "Stock Deferral Account" means the account established and maintained by the Company for each Participant, which is to be credited, as set forth in Section 6, with the portion of a Participant's Annual Fees which is payable in Stock and deferred pursuant to the Plan. Amounts credited to a Participant's Stock Deferral Account will be expressed as a number of Stock Equivalents. Stock Deferral Accounts will be maintained by the Company solely as bookkeeping entries.

(p) "Stock Equivalent" means a unit of measurement which, when credited to the Stock Deferral Account of a Participant, shall represent the right to receive one share of Stock upon payment of amounts credited to such Stock Deferral Account.

SECTION 3. PARTICIPATION.

(a) Only Non-Employee Directors may participate in the Plan. Participation in the Plan is voluntary, except as may be determined in accordance with Section 5(b).

(b) Prior to the December 15 preceding a Plan Year, or such other date(s) as determined by the Committee, each Non-Employee Director may irrevocably elect to participate in the Plan for the Plan Year by a written notice to the Committee described in Section 5; provided, however, that the Committee may establish procedures and forms which are applicable to all Non-Employee Directors under which Non-Employee Directors may elect to participate in the Plan on a prospective basis as of some other date(s) specified in such procedures; further, provided, however,

that a Participant's election to participate in the Plan for any Plan Year shall remain in effect for subsequent Plan Years unless revoked or changed by the Participant prior to the December 15 preceding the Plan Year with respect to which such revocation or change is effective, or otherwise in accordance with Section 5(b).

(c) Notwithstanding paragraph (b) of this Section, a Non-Employee Director who first becomes a Non-Employee Director during any Plan Year will have 30 days following the date he first becomes a Non-Employee Director to elect to participate in the Plan for such Plan Year by a written notice to the Committee described in Section 5; provided, however, that such election shall apply only to the portion of the Annual Fees earned following the date on which the Committee receives such written notice.

(d) Each election made pursuant to this Section 3 is subject to the approval of the Committee unless the Committee determines that such approval is not necessary to enable transactions in Stock pursuant to the Plan to qualify for the exemption provided by Rule 16b-3 promulgated under the Securities Exchange Act of 1934.

(e) A Participant ceases to be a Participant on the date of he ceases to be a Non-Employee Director.

SECTION 4. ADMINISTRATION. The Committee shall serve as the administrator of the Plan. The Committee shall administer and enforce the Plan in accordance with its terms, and shall have all powers necessary to accomplish those purposes, including but not limited to the following:

(a) To compute and certify the amounts payable to Participants and their Beneficiaries;

(b) To maintain or to designate any person or entity to maintain all records necessary for the administration of the Plan;

(c) To make and publish such rules for the Plan as are not inconsistent with the terms hereof; and

(d) To provide for disclosure of such information, including reports and statements to Participants or Beneficiaries, and to provide for the making of

applications and elections by Participants under the Plan as may be required by the Plan or otherwise deemed appropriate by the Committee.

Notwithstanding the above, no person who serves on the Committee shall participate in any matter which involves solely a determination of the benefits payable to him under the Plan. Any action of the Committee with respect to the Plan shall be conclusive and binding upon all Participants and Beneficiaries except to the extent otherwise specifically indicated herein. The Committee may appoint agents and delegate thereto such powers and duties in connection with the administration of the Plan as the Committee may from time to time prescribe.

(b) Annual Statements. As soon as practicable following the end of each Plan Year, the Committee shall furnish to each Participant a statement indicating the number of Stock Equivalents and the amount of cash credited to his Stock Deferral Account and his Cash Deferral Account as of the end of such Plan Year.

SECTION 5. ELECTIONS BY PARTICIPANTS.

(a) Each Participant must irrevocably elect, in accordance with the procedure set forth in Section 3, the following:

(1) The percentages (up to 100% and in 10% increments) of his Annual Fees to be received in the form of Stock (at the Director Purchase Price on the applicable Fee Payment Date) and in the form of cash; and

(2) A percentage (up to 100% and in 10% increments) of his Annual Fees to be received in the form of Stock to be deferred under the Plan and credited as Stock Equivalents to his Stock Deferral Account in accordance with Section 6(a) and a percentage (up to 100% and in 10% increments) of his Annual Fees to be received in the form of cash to be deferred under the Plan and credited to his Cash Deferral Account, in accordance with Section 7(a); and

(3) Whether to receive payment of his Stock Deferral Account and Cash Deferral Account in the form of (i) a single lump sum or (ii) substantially equal annual installments for a period not to exceed ten years, subject to the limitations described in Section 8 and

his ability to amend such election in accordance with Section 5(c); and

(4) Whether payment of his Stock Deferral Account and Cash Deferral Account shall be paid, or commence to be paid, on (i) the date he ceases to be a Non-Employee Director or (ii) the date that is one month and one year following the date he ceases to be a Non-Employee Director, subject to the limitations described in Section 8 and his ability to amend such election in accordance with Section 5(c).

In the event the Annual Fees of a Participant are increased during any Plan Year, his elections in effect shall apply to the amount of such increase.

(b) Notwithstanding the Participant's elections made in accordance with paragraph (a) of this Section, prior to the December 15 preceding a Plan Year, the Board of Directors may, in its sole discretion: (i) determine the portion of each Non-Employee Director's Annual Fees which must be paid in Stock for the next following Plan Year and (ii) mandate that any or all Annual Fees paid in cash or Stock be deferred in accordance with the Participant's elections under Sections 5(a)(3) and (4); provided, however, that the Board of Directors' determination for any Plan Year shall remain in effect for subsequent Plan Years unless changed by the Board of Directors prior to the December 15 preceding the Plan Year with respect to which such change is effective. If the Board of Directors makes such a determination, the Participant's election under Section 5(a)(1) and Section 5(a)(2) above with respect to all Plan Years shall be calculated only with respect to any excess amount of the Annual Fees remaining after payment and/or deferral is made in accordance with the Board of Directors' determination, and the Participant's election under Sections 5(a)(3) and (4) above shall remain in effect and apply to the amount of Annual Fees payable in cash and Stock after application of the previous sentence. In the event a Non-Employee Director has failed to make an election under Section 5(a)(3), he will automatically receive payment of his Stock Deferral Account and Cash Deferral Account in the form of a single lump sum. In the event a Non-Employee Director has failed to make an election under Section 5(a)(4), he will automatically receive payment of his Stock Deferral Account and Cash Deferral Account on the date he ceases to be a Non-Employee Director.

(c) A Participant may amend his elections under Sections 5(a)(3) and (4) above, provided that such amended election is in writing and filed with the Committee at least twelve months prior to the date the Participant's Stock Deferral Account and Cash Deferral Account otherwise would have commenced to be paid, and further, provided that (i) a Participant who has elected to commence payment of his Stock Deferral Account and Cash Deferral Account on the date that is one month and one year following the date he ceases to be a Non-Employee Director may not amend his election to provide that such payment is to commence on the date that he ceases to be a Non-Employee Director and (ii) a Participant may not reduce the number of installments with respect to which payment would have been made in accordance with the Participant's most recent prior election, except that a Participant who has elected to change the date that payment of his Stock Deferral Account and Cash Deferral Account is to commence from the date that he ceases to be a Non-Employee Director to the date that is one month and one year following the date he ceases to be a Non-Employee Director may reduce the number of installments he previously elected by one (1).

SECTION 6. STOCK DEFERRAL ACCOUNTS.

(a) Crediting of Annual Fees. The percentage of each Participant's Annual Fees which are to be received in the form of Stock and deferred with respect to a Plan Year in accordance with Section 5 shall be credited to the Participant's Stock Deferral Account on each Fee Payment Date during the Plan Year, and shall be converted into that number of Stock Equivalents (rounded up to the nearest whole share) equal to the amount so credited divided by the Director Purchase Price.

(b) Crediting of Dividend Equivalents. In the event a dividend is paid in respect of the Stock, an amount equal to such dividend multiplied by the number of Stock Equivalents credited to a Participant's Stock Deferral Account as of the record date for such dividend shall be credited to the Participant's Cash Deferral Account, effective as of the date such dividend is actually paid on the Stock.

(c) Adjustments to Deferral Accounts. The number of Stock Equivalents credited to each Participant's Stock Deferral Account shall be appropriately and equitably adjusted to reflect the occurrence of any merger, consolidation, recapitalization, stock split, reverse stock split, stock dividend or other non-cash

distribution affecting the outstanding Stock. Such adjustment shall be made by the Committee.

(d) Effect of Payments. The number of Stock Equivalents credited to a Participant's Stock Deferral Account shall be reduced by the number of shares of Stock actually paid to such Participant or his Beneficiary under the Plan.

(e) Vesting. The interest of a Participant in any amounts payable with respect to a Stock Deferral Account shall be at all times fully vested and non-forfeitable.

SECTION 7. CASH DEFERRAL ACCOUNTS.

(a) Crediting of Annual Fees and Dividend Equivalents. The percentage of each Participant's Annual Fees which are to be received in the form of cash and deferred with respect to a Plan Year in accordance with Section 5 shall be credited to the Participant's Cash Deferral Account on each Fee Payment Date during the Plan Year. Dividend Equivalents will be credited to a Participant's Cash Deferral Account in accordance with Section 6(b).

(b) Crediting of Interest. Interest shall be credited on and posted to each Cash Deferral Account as of the last day of each calendar month beginning the first calendar month following the effective date of the first deferral and ending the last calendar month immediately preceding the date on which such amounts are distributed to the Participant, at an annual rate as determined by the Committee.

(c) Effect of Payments. The amount of cash credited to a Participant's Cash Deferral Account shall be reduced by the amount of cash paid to such Participant or his Beneficiary under the Plan.

(d) Vesting. The interest of a Participant in any amounts payable with respect to a Cash Deferral Account shall be at all times fully vested and non-forfeitable.

SECTION 8. PAYMENTS.

(a) General. At each time payment of all or a portion of a Participant's Stock Deferral Account and/or Cash Deferral Account is due pursuant to an election made in accordance with Section 5 (or pursuant to the death of a Participant in accordance with

Section 8(c)), the Company shall pay Stock and cash directly to such Participant or his Beneficiary in an amount equal to the portion of his Stock Deferral Account and/or Cash Deferral Account which is so payable. Payable amounts expressed in the form of Stock Equivalents shall be paid in Stock, unless the Participant notifies the Committee of his election to receive such amounts in cash in an amount equal to the Fair Market Value of the Stock represented by such Stock Equivalents as of the date of payment, and payable amounts expressed in the form of cash shall be paid in cash. The Company shall make such payment directly to the Participant from its general assets and authorized but unissued Stock; provided, however, that in the event no authorized but unissued Stock is available, payable amounts from a Participant's Stock Deferral Account expressed in the form of Stock Equivalents may be deferred for up to six months at the discretion of the Committee pending the availability of such Stock, and if payment has not been made at the end of such six-month period, payment shall be promptly made by the Company in the form of cash, in an amount equal to the Fair Market Value of the Stock represented by such Stock Equivalents as of the date of payment.

(b) Timing and Form of Payment. The payment of a Participant's Stock Deferral Account and Cash Deferral Account shall commence on the date, and in the form, selected by the Participant in the election described in Section 5; provided, however, that upon presentation by any Participant to the Committee of evidence satisfactory to the Committee of a change in the applicable tax law or the interpretation thereof, or a determination of the Internal Revenue Service which, in the opinion of the Committee, would cause any portion of any Participant's Stock Deferral Account or Cash Deferral Account to be currently subject to Federal income tax, such portion shall be paid out immediately to such Participant.

(c) Payment Upon Death. If a Participant dies before payment of his Stock Deferral Account and Cash Deferral Account is completed, the balance remaining in such accounts shall be paid to the Participant's Beneficiary in one lump sum as soon as practicable following the Participant's death.

(d) Dividends. Stock Equivalents credited to a Participant's Stock Deferral Account shall continue to be credited with dividends as described in Section 6(b)

notwithstanding that such Participant has ceased to be a Non-Employee Director.

(e) Interest. Cash credited to a Participant's Cash Deferral Account shall continue to be credited with interest as described in Section 7(b) notwithstanding that such Participant has ceased to be a Non-Employee Director.

(f) Financial Hardship. Notwithstanding anything herein to the contrary, a Participant may request and receive a hardship distribution, provided the Participant is able to demonstrate, to the satisfaction of the Committee, that he has suffered a Financial Hardship. A hardship distribution request must be made on the form provided by the Committee and is subject to the discretion of the Committee. The amount distributed cannot exceed the lesser of (a) the aggregate of the Participant's Cash Deferral Account and Stock Deferral Account, or (b) the amount necessary to satisfy the Participant's Financial Hardship. No distribution may be made prior to the time the Committee approves the distribution.

SECTION 9. DESIGNATION OF BENEFICIARIES. A Participant may designate one or more Beneficiaries to receive the amounts payable from the Participant's Stock Deferral Account and Cash Deferral Account under the Plan in the event of such Participant's death. Such designations shall be made on forms provided by the Committee. A Participant may from time to time change his designated Beneficiaries, without the consent of such Beneficiaries, by filing a new designation in writing with the Committee. The Company and Committee may rely conclusively upon the Beneficiary designation last filed in accordance with the terms of the Plan.

SECTION 10. AMENDMENTS TO THE PLAN; TERMINATION OF THE PLAN. The Board of Directors or the Committee may amend, alter, suspend, discontinue or terminate the Plan without the consent of any Participant; provided, however, that no such amendment, alteration, suspension, discontinuation, or termination of the Plan shall materially and adversely affect the rights of such Participant with respect to payment of amounts previously credited to such Participant's Stock Deferral Account and Cash Deferral Account. The Plan has no fixed termination date.

SECTION 11. GENERAL PROVISIONS.

(a) Limits on Transfer of Rights; Beneficiaries. No right or interest of a Participant under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment by creditors of the Participant or his Beneficiary, or shall be transferable by a Participant otherwise than by will or the laws of descent and distribution; provided, however, that a Participant may designate a Beneficiary in accordance with Section 9 to receive any payment under the Plan in the event of death of the Participant. A Beneficiary, guardian, legal representative or other person claiming any rights under the Plan from or through any Participant shall be subject to all terms and conditions of the Plan applicable to such Participant.

(b) Status of the Plan. The Plan is intended to be "unfunded" for Federal income tax purposes. The Plan shall not cover any employee of the Company and is not intended to be subject to ERISA. With respect to any payment not yet made to a Participant under the Plan, nothing contained in the Plan shall give a Participant any rights that are greater than those of a general creditor of the Company.

(c) No Rights of a Shareholder. No Participant shall have any of the rights or privileges of a shareholder of the Company as a result of the making of an election under Section 5 of the Plan, or as a result of the establishing of or crediting of any amounts to a Stock Deferral Account under the Plan, until Stock is actually distributed to the Participant pursuant to Section 8 of the Plan.

(d) No Right to Continued Election as a Director. Nothing contained in the Plan shall confer, and no establishment of or crediting of any amounts to a Stock Deferral Account or Cash Deferral Account shall be construed as conferring, upon any Participant, any right to continue as a member of the Board of Directors, or to interfere in any way with the right of the Company to increase or decrease the amount of the Annual Fees, or any other compensation payable to Non-Employee Directors.

(e) Plan Expenses. All expenses and costs incurred in connection with the operation of the Plan shall be borne by the Company.

(f) Governing Law. The validity, construction and effect of the Plan and any rules and regulations relating to the Plan

shall be determined in accordance with the laws of North Carolina, without giving effect to principles of conflicts of laws.

(g) Interpretation. Whenever necessary or appropriate in the Plan, where the context admits, the singular term and the related pronouns shall include the plural and the masculine gender shall include the feminine gender.

EXHIBIT 11.01

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

COMPUTATION OF EARNINGS PER SHARE

FOR THE YEARS ENDED DECEMBER 31
AMOUNTS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA

	1996	1995
Net earnings	$78,628	$67,551
Weighted average number of common shares outstanding	46,079,300	46,079,300
Net earnings per common share	$1.71	$1.47

EXHIBIT 12.01

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

FOR THE YEAR ENDED DECEMBER 31, 1996
(AMOUNTS IN THOUSANDS)

EARNINGS:	
Earnings before income taxes	$ 118,953
Earnings of less than 50%-owned associated companies, net	(736)
Interest expense	10,121
Portion of rents representative of an interest factor	1,188
ADJUSTED EARNINGS AND FIXED CHARGES	$ 129,526
FIXED CHARGES:	
Interest Expense	$ 10,121
Capitalized interest	342
Portion of rents representative of an interest factor	1,188
TOTAL FIXED CHARGES	$ 11,651
RATIO OF EARNINGS TO FIXED CHARGES	11.12

FINANCIAL HIGHLIGHTS

(dollars in thousands except per share)	1996	1995
Net sales	$ 721,947	$ 664,406
Earnings from operations	$ 120,676	$ 107,565
Net earnings	$ 78,628	$ 67,551
Earnings per common share	$ 1.71	$ 1.47
Cash dividends per common share	$ 0.46	$ 0.44
Debt-to-capitalization ratio	21%	35%
Common shares outstanding at year-end	46,079,300	46,079,300
Number of shareholders	1,760	370

[GRAPH]

	'92	'93	'94	'95	'96
NET SALES (in millions)	$408	$453	$502	$664	$722
EARNINGS FROM OPERATIONS (in millions)	$ 55	$ 76	$ 92	$108	$121
EARNINGS before extraordinary item and cumulative effect of accounting changes (in millions)	$ 39	$ 48	$ 58	$ 68	$ 79

LETTER TO SHAREHOLDERS

Nineteen ninety-six was another milestone year for Martin Marietta Materials -- with record sales and earnings highlighting a year where in October, we announced that Lockheed Martin Corporation had completed the successful divestiture of its stock ownership in Materials through an exchange offer, or split-off.

In this transaction, Lockheed Martin provided the opportunity for its stockholders to exchange some or all of their Lockheed Martin common stock for the shares of Martin Marietta Materials held by Lockheed Martin. At the conclusion of the offering, the transaction was oversubscribed significantly, with more than five times the required number of shares having been tendered.

We believe this new autonomy is a significant development for our Corporation. One of the key goals of the split-off was to provide Materials with the enhanced ability to aggressively pursue its growth strategy. The split-off provided significantly greater liquidity in Materials' common stock -- better affording our investors an opportunity for improved trading characteristics and more accurately reflecting the underlying performance of the Corporation. Since the transaction, trading levels of our stock have increased substantially, and we are pleased with the breadth of our new shareholder base. As anticipated, the transaction has made our stock an acceptable and valuable potential acquisition currency. This should enable us to pursue desirable acquisitions that would have been unavailable otherwise.

Following the split-off, our Corporation added two new members to the Board of Directors. These new directors, Richard A. Vinroot, Esq. and William E. McDonald, are highly respected leaders who bring additional expertise to our Board. Mr. Vinroot is a senior partner in the law firm of Robinson, Bradshaw & Hinson, P.A., based in Charlotte, North Carolina. He is a former two-term mayor of Charlotte who received national recognition for improving the effectiveness of government. Mr. McDonald is currently President and CEO of Sprint Mid-Atlantic Operations and is a recognized business and civic leader in North Carolina.

From a financial perspective, net sales for 1996 increased 9 percent over 1995 to a record $722 million, while net earnings also reached a record of $79 million, or $1.71 per share, a 16 percent increase over 1995 results. These results reflect the strong demand for aggregates across areas where we market our products, together with continuing progress in our Magnesia Specialties business. During 1996, Aggregates' shipments exceeded the 100-million-ton mark for the first time, as we continued to experience the benefits of strong infrastructure programs, as well as growth in the commercial and residential sectors. These results are particularly positive because they were achieved despite the severe cold experienced throughout many of our regions during the first quarter, and the effects of Hurricane Fran and subsequent wet conditions on our North Carolina quarries during the third quarter. Our Magnesia Specialties business also performed well, showing improvements in sales and profitability. Improved results from the introduction of new products and continued increases in international sales mitigated the adverse effects of an electrical fire at our Woodville, Ohio, lime plant.

In the third quarter, the Corporation announced a 9 percent increase in its regular quarterly cash dividend to $0.12 per share, or $0.48 per share on an annualized basis. The payment of prudent dividends is an integral part of our program to enhance shareholder value and is an indication of our confidence in the Corporation's future performance.

The year also saw continued strengthening of the Corporation's balance sheet, as a result of scheduled repayment of debt and strong cash flow generation. This enabled the Corporation to end the year in an excellent financial position with a debt-to-capitalization ratio of 21 percent.

We are focused on growing our Aggregates business and believe our strong balance sheet and cash flow, together with the significantly enhanced ability to use our common stock as acquisition currency as a result of the split-off, provide flexibility as we continue to pursue acquisition opportunities which will solidify the Corporation's market leadership position and create long-term value for our shareholders. We continue to see many excellent opportunities for growth within the marketplace as the trend toward consolidation in the aggregates industry continues.

In 1996 and early 1997, we continued our strategy of capitalizing on this consolidation trend by completing several small, strategic acquisitions in the Midwest. Recently, a significant consolidation step was taken through the signing of a non-binding letter of intent with CSR America, Inc., to purchase the common stock of CSR's wholly owned subsidiary, American Aggregates Corporation, for approximately $235 million in cash, plus certain assumed liabilities. This acquisition, when consummated, will include the Ohio and Indiana operations of American Aggregates with more than 25 production facilities and will, in a single transaction, grow our annual production capacity by more than 25 million tons --

in addition to adding over 1 billion tons of mineral reserves and 11,000 acres of real property. Currently, American Aggregates is a leading supplier of aggregates products in the Indianapolis, Cincinnati, Dayton and Columbus areas. This acquisition, which is subject to reaching a definitive acquisition agreement, completing due diligence and gaining regulatory approval, will provide Materials with outstanding growth opportunities in areas which exhibit positive growth trends.

A key strategic element of our business continues to be growth through a combination of greensiting (the opening of new quarries) and capital investments to grow capacity at strategic locations. Recently, the Corporation initiated activities to open five new quarries in North Carolina, South Carolina, Georgia and Indiana - each in locations where we anticipate significant market growth. In addition, the Corporation is focused on further increasing production capacity in North Carolina where, late in 1996, residents voted to approve $950 million of road bonds and a $1.8 billion school bond issue. The passing of these initiatives should result in increased demand over the next three to five years for our North Carolina operations. We believe we are well positioned to take advantage of these future opportunities.

[PICTURE OF CHAIRMAN AND VICE CHAIRMAN]
Marcus C. Bennett, seated left, and Stephen P. Zelnak, Jr.

In 1996, we experienced the positive results of our focus on growth and improved profit margins in our Magnesia Specialties business. In the chemicals product area, a new slurry production facility was commissioned in the fourth quarter of 1996. This plant, located at Lenoir City, Tennessee, is strategically positioned to provide products for water treatment applications to our customers in the southeastern United States.

We are actively pursuing growth opportunities through product line extension and expansion. Among these, a new chemical product, magnesium hydroxide powder, was introduced to the flame retardant market. The Corporation has begun construction of efficient new capacity for processing this product at our Manistee, Michigan, plant. This operation is scheduled to begin production during the third quarter of 1997 to serve this large and rapidly growing market.

Magnesia Specialties has also benefited from an increased focus on the international market. Expanded marketing efforts resulted in year-over-year growth of 27 percent for international chemical sales. Additionally, expanding our customer base in existing and new markets resulted in 1996 international refractory sales rising by double-digit rates above 1995 levels. We believe our success in the international arena is reflective of the quality and service which our Magnesia Specialties division provides.

While we continue to focus on the substantial growth opportunities within our Aggregates and Magnesia Specialties businesses, we have also begun to pursue some technological opportunities that are closely related to markets we know and understand. The Corporation has adopted a strategy that is intended to create opportunities to enhance our sales and earnings growth while limiting our investment and risk. Our evaluation approach is straightforward:

- We are interested in proprietary technology which can be applied to markets we understand.

- The markets we pursue must provide a high growth rate potential.

- The technology should require only limited research and development efforts prior to being ready to introduce into the market.

- Capital requirements should be low relative to potential revenue and profit generation.

Although it is very early in the process, we have identified two proprietary technologies that we believe have promise. These new technologies are composite material technology which can potentially be used in a wide range of applications, such as in bridge decks and other structures, where corrosion resistance and weight-to-strength ratios are important factors, and a patented microwave technology for use in cleaning the inside of mixer drums on ready mixed concrete trucks.

We, of course, will pursue these types of opportunities with the same disciplined approach that we use in all we do.

In summary, we remain committed to growing the sales and earnings of our Aggregates and Magnesia Specialties businesses through acquisitions, internal expansion, new locations and new products. We believe that our strategy is sound and that continued successful implementation will create value for our shareholders. As we look toward the future, we are optimistic about the prospects for growth in our existing businesses and about the potential for growth in new and related technologies.

In closing, we especially thank our nearly 4,000 employees for their outstanding efforts and commitment to excellence. A company is only as good as its people, and ours are the best.

Respectfully,

/s/ Marcus C. Bennett
- ----------

Marcus C. Bennett
Chairman, Board of Directors

/s/ Stephen P. Zelnak, Jr.
- -------------------------
Stephen P. Zelnak, Jr.
Vice Chairman, Board of Directors
President & Chief Executive Officer

March 13, 1997

[PHOTO]

Fisherman in boat on lake formed through reclamation of former Martin Marietta operating facility property.

Martin Marietta Aggregates, headquartered in Raleigh, North Carolina, is an industry leader in the production of crushed stone, sand and gravel for the construction market.

During 1996, the division once again achieved significant growth in shipments, sales and earnings, while continuing to create future growth opportunities through acquisitions and greensites.

The division's products are sold and shipped from a network of more than 200 quarries and distribution facilities in 19 states and in the Bahamas and Canada. Through this distribution system which delivers a full spectrum of product alternatives to meet customers' needs, Martin Marietta Aggregates shipped to customers in 25 states, the Caribbean, South America and Canada via truck, rail and water-based transportation systems.

Aggregates products are used in the construction industry primarily for expanding and rebuilding the nation's infrastructure, and in commercial and residential building projects. Additionally, a significant quantity of limestone is sold for use in industrial and chemical applications. As a result of strong federal, state and local highway programs, increased commercial and institutional construction, and continued demand for new homes, the Aggregates division shipped a record 101 million tons of product in 1996, an increase of more than 7 1/2 percent over the previous year.

The Corporation continued its strategy of acquisitions and greensiting in regions where opportunities exist to provide long-term growth in sales and earnings. During the year, the division expanded further in the Midwest by acquiring two aggregates operations and three additional quarry sites in Kansas. These operations will add approximately one million tons of annual capacity. In the Southeast, activities were initiated to open four new quarries in North Carolina, South Carolina and Georgia. These acquisitions and greensiting efforts provide the opportunity to expand the division's presence into geographically contiguous areas where potentially significant growth is expected. For example, certain of these greensites will begin production in time to take advantage of the additional demand which is expected over the next three to five years from the North Carolina road and school bond issues which were passed by the state's voters late in 1996.

Martin Marietta Aggregates continues to benefit from previous expansion activities, with results for the year reflecting the success of the integration of the former Dravo operations into the Martin Marietta Aggregates network. Through an innovative approach aimed at providing a complete service package to the division's customers, the Corporation was able to combine ship-delivered limestone from the former Dravo quarry in the Bahamas with rail-delivered granite

[GRAPH]

AGGREGATES
DIVISION SALES
(in millions)

'94	$383
'95	$539
'96	$591

[CAPTION FOR PHOTO ON PAGE 4]

A reclamation project at the division's Castle Hayne, North Carolina, facility restored more than 400 acres. Four pits were allowed to fill with water, leaving remnant ridges that are ideal nesting sites for Canada geese and ducks. The land surrounding the pits was seeded with grasses and trees to make a habitat for deer and fox. This site was honored with an environmental award from the North Carolina Mining Commission.

from two Georgia quarries in order to supply the large volume of crushed stone required to widen a portion of Interstate 95, north of Jacksonville, Florida. The transportation flexibility provided by the Dravo acquisition will afford long-term benefits to customers of Martin Marietta Aggregates.

Nineteen ninety-six was the first full year of operation of the newly acquired quarry in Nova Scotia, Canada. This acquisition also serves to further enhance the Corporation's distribution capabilities. Through the combination of the quarries in the Bahamas and Nova Scotia, Martin Marietta Aggregates is able to economically supply a full range of products to the entire East Coast of the United States, eastern Canada, the Gulf of Mexico and the Caribbean.

Improving and upgrading existing plants to increase efficiency and capacity is a key, and cost effective, method to meet growth in customer demand. During 1996, the Aggregates division realized the benefits of this fundamental approach to growing the business. A major automation project at the division's Kokomo, Indiana, facility increased production capacity by more than 50 percent, in time to begin supplying aggregates for Chrysler Corporation's one-billion-dollar plant expansion project. At the nearby Kentucky Avenue plant in Indianapolis, a series of improvements were completed early in 1997. These upgrades significantly increased production capacity and enabled the quarry to supply several new projects in the area - including a Federal Express expansion project at the Indianapolis International Airport, the Qualitech Steel plant and the Circle Center Mall in downtown Indianapolis.

While growth continues to be an essential component of the division's strategic plan, emphasis on productivity and quality are key elements by which Martin Marietta Aggregates seeks to differentiate itself from the competition. The last decade has seen the aggregates industry move into an era where computers are used to measure and monitor plant production activities and quickly make adjustments to the operation of equipment to maximize throughput. Martin Marietta Aggregates continues to focus on developing state-of-the-art facilities that are leading the way in the application of modern automation technology in the industry.

One such facility in Forsyth County, Georgia, near Atlanta, was the site of the 1996 Automation Conference, jointly sponsored by the National Stone Association and the U.S. Geological Survey. The conference featured participants from 40 states and 10 foreign countries who toured the Forsyth quarry and viewed demonstrations of technologically "smart" plants.

Martin Marietta Aggregates is focused on pursuing a strategy of growth through acquisitions, greensites and internal expansion while maintaining its deep commitment to the division's customers and employees, as well as to the communities where they live and work.

[GRAPH]

AGGREGATES DIVISION
OPERATING EARNINGS
(in millions)

'94	$ 82
'95	$ 98
'96	$109

[CAPTION FOR PHOTO ON PAGE 7]

An employee at the Forsyth, Georgia, quarry views the Programmable Logic Controller, or PLC, as it monitors a customer truck being loaded.

[PHOTO]

Employee sitting at PC monitoring loading facility.

[PHOTO]

Child drinking from water fountain.

Martin Marietta Magnesia Specialties is a leading producer of magnesia-based chemical and refractory products used in a wide variety of industrial, environmental and chemical applications.

Headquartered in Raleigh, North Carolina, Magnesia Specialties' facilities are located in Michigan, Ohio, Maryland, Pennsylvania, Tennessee, Louisiana and Connecticut.

Net sales of the Corporation's Magnesia Specialties division increased by 4 percent in 1996 to approximately $131 million. This increase reflects growth in areas the division continues to emphasize, including products for environmental applications, where shipments for 1996 rose 45 percent over 1995, and international sales which now account for 15 percent of total revenues, derived from business in 28 countries.

The division's chemicals product area achieved record sales for the third consecutive year with a 12 percent increase over 1995. Led by successes with its magnesia-based slurry products for water treatment and environmental applications, the division commissioned its third slurry production facility in Lenoir City, Tennessee, during the fourth quarter of 1996. This new facility, which economically expands the regions currently being served by the Manistee, Michigan, and Pittsburgh, Pennsylvania, facilities, is positioned to serve the southeastern United States.

The principal market for the Magnesia Specialties division is the steel industry, which accounts for approximately 72 percent of total sales. The North American steel industry continued to realize the benefits of a high operating rate, with several new mini-mills starting up in 1996. The division's steel-related products include a broad range of monolithic refractory products, precast refractory shapes, periclase for refractory brick, dolomitic lime, and steel-coating and water-treatment chemicals.

The division is recognized worldwide as a performance leader in extending the service lives of steel making vessels. This capability contributes to a higher level of steel productivity for many of Magnesia Specialties' customers. In 1996, the division's products and on-site technical service specialists contributed to 11 steel plant records for extending the lining life of furnaces, including records in Mexico and in the United Kingdom, where a European record was established.

During 1996, the division received ISO 9002 quality certification at its two principal locations, the Manistee, Michigan, facility -- which produces high-quality magnesia chemicals and refractory products; and, the Woodville, Ohio, facility -- which is the largest dolomitic lime plant in the United States. Certification by this internationally recognized standards organization, and periodic follow-up audits, assure the division's global customers that ongoing quality systems are in place covering these plants' processes and products.

Magnesia Specialties is committed to providing high-quality, value-oriented products that are developed and designed to meet the evolving needs of customers worldwide.

[GRAPH]

MAGNESIA SPECIALTIES
DIVISION SALES
(in millions)

'94	$119
'95	$126
'96	$131

[CAPTION FOR PHOTO ON PAGE 8]

Today's municipalities rely on magnesium oxide and magnesium hydroxide to cleanse and purify the water we drink. Magnesia Specialties has the only NSF International approved magnesium hydroxide slurry used for potable water treatment.

REPORT OF ERNST & YOUNG LLP,
INDEPENDENT AUDITORS

BOARD OF DIRECTORS AND SHAREHOLDERS
MARTIN MARIETTA MATERIALS, INC.

We have audited the accompanying balance sheet of Martin Marietta Materials, Inc., and consolidated subsidiaries at December 31, 1996 and 1995, and the related statements of earnings, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1996. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Martin Marietta Materials, Inc., and consolidated subsidiaries at December 31, 1996 and 1995, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principles.

/s/ Ernst & Young LLP

Raleigh, North Carolina
January 20, 1997

STATEMENT OF FINANCIAL RESPONSIBILITY

SHAREHOLDERS
MARTIN MARIETTA MATERIALS, INC.

The management of Martin Marietta Materials, Inc., is responsible for the consolidated financial statements and all related financial information contained in this report. The financial statements, which include amounts based on estimates and judgments, have been prepared in accordance with generally accepted accounting principles applied on a consistent basis.

The Corporation maintains a system of internal accounting controls designed and intended to provide reasonable assurance that assets are safeguarded, that transactions are executed properly and recorded in accordance with management's authorization, and that accountability for assets is maintained. An environment that establishes an appropriate level of control-consciousness is maintained and monitored and includes examinations by an internal audit staff and by the independent auditors in connection with their annual audit.

The Corporation's management recognizes its responsibility to foster a strong ethical climate. Management has issued written policy statements which document the Corporation's business code of ethics. The importance of ethical behavior is regularly communicated to all employees through the distribution of the Code of Ethics and Standards of Conduct booklet and through ongoing education and review programs designed to create a strong commitment to ethical business practices.

The Audit Committee of the Board of Directors, which consists of four outside directors, meets periodically and when appropriate, separately with the independent auditors, management and the internal auditors to review the activities of each.

The consolidated financial statements have been audited by Ernst & Young LLP, independent auditors, whose report appears on this page.

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

STATEMENT OF EARNINGS for years ended December 31

(add 000, except per share)	1996	1995	1994
Net sales	$ 721,947	$ 664,406	$ 501,660
Cost of sales	539,437	497,242	362,517
GROSS PROFIT	182,510	167,164	139,143
Selling, general and administrative expenses	59,937	57,738	45,282
Research and development	1,897	1,861	1,974
EARNINGS FROM OPERATIONS	120,676	107,565	91,887
Other income and expenses, net	8,398	5,959	5,398
	129,074	113,524	97,285
Interest expense on debt	10,121	9,733	6,865
Earnings before taxes on income and extraordinary item	118,953	103,791	90,420
Taxes on income	40,325	36,240	32,075
EARNINGS BEFORE EXTRAORDINARY ITEM	78,628	67,551	58,345
Extraordinary loss on early extinguishment of debt, net of related taxes of $3,100	--	--	(4,641)
Net Earnings	$ 78,628	$ 67,551	$ 53,704
EARNINGS PER COMMON SHARE			
Before extraordinary item	$ 1.71	$ 1.47	$ 1.30
Extraordinary item	--	--	(0.11)
	$ 1.71	$ 1.47	$ 1.19
Average number of shares outstanding	46,079,300	46,079,300	45,007,501

The notes on pages 15 to 25 are an integral part of these financial statements.

BALANCE SHEET at December 31

ASSETS (add 000)	1996	1995
CURRENT ASSETS:		
Accounts receivable, net	$ 134,207	$ 94,759
Affiliates receivable	2,376	89,712
Inventories	113,774	113,402
Current deferred income tax benefits	15,547	12,622
Other current assets	5,262	3,860
Total Current Assets	271,166	314,355
PROPERTY, PLANT AND EQUIPMENT, NET	408,820	392,223
OTHER NONCURRENT ASSETS	22,910	18,248
NONCURRENT AFFILIATES RECEIVABLE	2,854	3,333
COST IN EXCESS OF NET ASSETS ACQUIRED	39,952	37,245
OTHER INTANGIBLES	23,216	23,967
Total Assets	$ 768,918	$ 789,371

LIABILITIES AND SHAREHOLDERS' EQUITY (add 000)		
CURRENT LIABILITIES:		
Book overdraft	$ 4,260	$ 2,927
Accounts payable	36,420	26,211
Affiliates payable	--	6,822
Accrued salaries, benefits and payroll taxes	17,858	15,426
Accrued insurance and other taxes	7,930	5,551
Income taxes	13,388	2,192
Current maturities of long-term debt	1,273	103,740
Other current liabilities	7,015	10,467
Total Current Liabilities	88,144	173,336
LONG-TERM DEBT	125,890	124,986
PENSION, POSTRETIREMENT AND POSTEMPLOYMENT BENEFITS	52,646	47,483
OTHER NONCURRENT LIABILITIES	7,669	9,415
NONCURRENT DEFERRED INCOME TAXES	13,592	10,606
Total Liabilities	287,941	365,826
SHAREHOLDERS' EQUITY:		
Common stock, $0.01 par value; 100,000,000 shares authorized	461	461
Additional paid-in capital	331,303	331,303
Retained earnings	149,213	91,781
Total Shareholders' Equity	480,977	423,545
Total Liabilities and Shareholders' Equity	$ 768,918	$ 789,371

STATEMENT OF CASH FLOWS for the years ended December 31

(add 000)	1996	1995	1994
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net earnings	$ 78,628	$ 67,551	$ 53,704
Loss on early extinguishment of debt, net	--	--	4,641
Earnings before extraordinary item	78,628	67,551	58,345
Adjustments to reconcile earnings to cash provided by operating activities:			
Depreciation, depletion and amortization	61,210	55,674	42,828
Other items, net	(3,984)	(3,656)	(3,938)
Changes in operating assets and liabilities:			
Affiliates receivable	(47)	3,870	(2,893)
Noncurrent affiliates receivable	479	93	1,860
Affiliates payable	(6,822)	3,892	(13,674)
Deferred income taxes	61	71	(930)
Net changes in receivables, inventories and payables	(5,741)	(12,636)	(9,468)
Other assets and liabilities, net	11,161	13,732	7,341
NET CASH PROVIDED BY OPERATING ACTIVITIES	134,945	128,591	79,471
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to property, plant and equipment	(79,503)	(71,637)	(47,032)
Acquisitions, net	(3,660)	(159,020)	(12,445)
Note receivable from Lockheed Martin Corporation	--	53,000	(53,000)
Transactions with Lockheed Martin Corporation	63,615	(55,569)	(17,000)
Other investing activities, net	8,195	5,203	4,743
NET CASH USED FOR INVESTING ACTIVITIES	(11,353)	(228,023)	(124,734)
CASH FLOWS FROM FINANCING ACTIVITIES AND DIVIDENDS:			
Repayments of long-term debt	(103,729)	(4,468)	(128,205)
Early extinguishment of debt, net	--	--	(4,641)
Increase in long-term debt	--	123,466	--
Increase in loan payable to Lockheed Martin Corporation	--	70,000	--
Repayment of loan payable to Lockheed Martin Corporation	--	(70,000)	--
Dividends	(21,196)	(20,275)	(10,150)
Issuance of common stock	--	--	188,565
Common stock repurchases	--	--	(1,297)
NET CASH (USED FOR) PROVIDED BY FINANCING ACTIVITIES	(124,925)	98,723	44,272
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,333)	(709)	(991)
BOOK OVERDRAFT, beginning of year	(2,927)	(2,218)	(1,227)
BOOK OVERDRAFT, end of year	$ (4,260)	$ (2,927)	$ (2,218)

The notes on pages 15 to 25 are an integral part of these financial statements.

STATEMENT OF SHAREHOLDERS' EQUITY for the years ended December 31

(add 000)	Common Stock	Additional Paid-In Capital	Retained Earnings	Total Shareholders' Equity
BALANCE AT DECEMBER 31, 1993	$ 374	$ 144,122	$ 951	$ 145,447
Net proceeds from initial public offering	88	188,477	--	188,565
Net earnings	--	--	53,704	53,704
Dividends declared ($0.22 per share)	--	--	(10,150)	(10,150)
Common stock repurchases	(1)	(1,296)	--	(1,297)
BALANCE AT DECEMBER 31, 1994	461	331,303	44,505	376,269
Net earnings	--	--	67,551	67,551
Dividends declared ($0.44 per share)	--	--	(20,275)	(20,275)
BALANCE AT DECEMBER 31, 1995	461	331,303	91,781	423,545
Net earnings	--	--	78,628	78,628
Dividends declared ($0.46 per share)	--	--	(21,196)	(21,196)
BALANCE AT DECEMBER 31, 1996	$ 461	$ 331,303	$ 149,213	$ 480,977

The notes on pages 15 to 25 are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE A: ACCOUNTING POLICIES

Organization. In 1993, the Board of Directors of Lockheed Martin Corporation ("Lockheed Martin") approved a plan to form a new subsidiary, Martin Marietta Materials, Inc., (the "Corporation"). Under this plan, Lockheed Martin transferred to the Corporation its ownership interest in the construction aggregates business, along with its ownership of the common stock of Martin Marietta Magnesia Specialties Inc., all in exchange for 100% of the common stock of the Corporation. The Corporation, which was incorporated on November 12, 1993, consummated an initial public offering ("IPO") of 8,797,500 shares (approximately 19%) of its common stock in February 1994. Upon completion of the IPO, Lockheed Martin's beneficial ownership of the Corporation's common stock was reduced to approximately 81%. Lockheed Martin disposed of its remaining ownership of the Corporation's common stock in October 1996 (the "Consummation Date") by means of a split-off, an exchange offer whereby Lockheed Martin shareholders were given the opportunity to exchange some or all of their common stock of Lockheed Martin for shares of the Corporation's common stock.

As a result of a business combination between Martin Marietta Corporation ("Martin Marietta") and Lockheed Corporation, Lockheed Martin was formed in 1995. For purposes of these financial statements and related notes thereto, all references to Lockheed Martin are meant to include Martin Marietta and its consolidated subsidiaries, except where otherwise specified.

Basis of Consolidation and Use of Estimates. The consolidated financial statements include the accounts of the Corporation and its subsidiaries and all significant intercompany accounts and transactions have been eliminated. Entities in which the Corporation has stock ownership from 20 to 50 percent are accounted for by the equity method. The preparation of the Corporation's financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions. Such judgments affect the reported amounts in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue Recognition. Substantially all revenues are recognized, net of discounts, if any, when finished products are shipped to unaffiliated customers or services have been rendered, with appropriate provision for uncollectible amounts.

Cash and Cash Equivalents. Cash and cash equivalents are comprised of highly liquid instruments with original maturities of three months or less from the date of purchase. The Corporation's cash and cash equivalents are invested with Lockheed Martin and are included with affiliates receivable in the accompanying financial statements through the Consummation Date. At December 31, 1996, the Corporation's cash and cash equivalents invested with Lockheed Martin are included with other current receivables (see Note C).

At December 31, 1996 and 1995, book cash balances amounted to net overdrafts of approximately $4,260,000 and $2,927,000, respectively. These overdraft balances are attributable to the float of the Corporation's outstanding checks.

Inventories Valuation. Inventories are stated at the lower of cost or market. Costs are determined by the first-in, first-out ("FIFO") method.

Properties and Depreciation. Property, plant and equipment are stated at cost. Depreciation and amortization are computed over estimated service lives principally by the straight-line method. Depletion of mineral deposits is calculated over estimated recoverable quantities principally by the units-of-production method.

Intangible Assets. Costs in excess of net assets acquired are amortized ratably over appropriate periods ranging from 10 to 30 years. At December 31, 1996 and 1995, the amounts for accumulated amortization of costs in excess of net assets acquired were approximately $9,087,000 and $6,883,000, respectively. Other intangibles represent amounts assigned principally to noncompete agreements and are amortized ratably over periods based on related contractual terms. At December 31, 1996 and 1995, the amounts for accumulated amortization of other intangibles were approximately $12,957,000 and $10,385,000, respectively.

The carrying values of intangible assets are reviewed if the facts and circumstances indicate potential impairment of their carrying value. Any impairment in the carrying value of such intangibles is recorded when identified.

Environmental Matters. The Corporation records a liability for environmental issues in the period in

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

which it is probable that a liability has been incurred and the appropriate amount can be estimated reasonably. Certain reclamation and environmental-related costs are treated as normal ongoing operating expenses and expensed generally in the period in which they are incurred.

Income Taxes. The results of operations of the Corporation, through the Consummation Date, will be included in a consolidated federal income tax return with Lockheed Martin. The results of operations of the Corporation after the Consummation Date will be reported in a separate return filed by the Corporation. 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. Income taxes allocable to the operations of the Corporation, through the Consummation Date, are calculated as if it had filed separate income tax returns for the periods presented herein.

Related Party Transactions. The Corporation has a cash management agreement with Lockheed Martin whereby the Corporation's excess cash balances are advanced to Lockheed Martin on an overnight basis and earn interest at a rate equal to the federal funds rate in effect at the time. At December 31, 1996 and 1995, amounts owed to the Corporation were approximately $23,700,000 and $86,900,000, respectively. Cash shortfalls of up to $2,000,000 are funded by Lockheed Martin on an overnight basis at the same interest rate. Cash shortfalls in excess of $2,000,000 are funded under a revolving credit arrangement (see Note F). These agreements expire on January 31, 1997.

Through the Consummation Date, the Corporation was charged by Lockheed Martin for certain general and administrative services, such as treasury services, pension and insurance administration, legal services, tax services, internal audit services, environmental management services and support, certain personnel benefits administration, public relations and various other general corporate functions. The cost of administering these services was allocated to the Corporation generally using a formula that considered the Corporation's proportionate share of sales, payroll and properties. The amounts charged the Corporation under this method for services in 1996 were $4,770,000 through the Consummation Date, and were $5,290,000 and $4,880,000, for the years ended December 31, 1995 and 1994, respectively. In addition, the costs of certain administrative services relating to employee benefits (including an allocation of certain third-party expenses, such as consulting and actuarial expenses, as well as the allocated cost of certain of Lockheed Martin's personnel) were charged separately to the Corporation. The cost of these services was allocated to the Corporation based on plan assets attributable to the Corporation's employees and the number of participants who are Corporation employees. The amounts charged to the Corporation for such benefits administration services in 1996 were approximately $931,000 through the Consummation Date, and were approximately $1,447,000 and $1,543,000 for the years ended December 31, 1995 and 1994, respectively. Management believes that the allocation methods with respect to all such charges are reasonable for such periods. In addition to these intercompany charges, the Corporation reimbursed Lockheed Martin for the costs of certain services Lockheed Martin procured on behalf of the Corporation.

For the period subsequent to the Consummation Date, certain services are being provided by Lockheed Martin under a transition agreement. The costs for these services under this agreement are based on market rates and management believes that such costs are reasonable. Services under the transition agreement, some of which terminated during 1996, will be terminated completely at various dates throughout 1997. In connection with the split-off of its stock, the Corporation agreed under certain circumstances to indemnify Lockheed Martin for certain liabilities that could result from the failure of the distribution of the Corporation's common stock to qualify as a tax free distribution. While it is unlikely that the requirement for indemnity will arise, nevertheless payment of the indemnity by the Corporation could have a material adverse effect on its results of operations and financial position.

Research and Development and Similar Costs. Research and development and similar costs are charged to operations as incurred. Preoperating costs and start-up costs for new facilities are generally charged to operations as incurred.

Earnings Per Common Share. Earnings per common share are based on the weighted-average number of common shares outstanding during the year.

NOTE B: PROPOSED TRANSACTION WITH AMERICAN AGGREGATES CORPORATION

The Corporation is negotiating with CSR America, Inc., ("CSR") to purchase the common stock of CSR's wholly owned subsidiary, American Aggregates Corporation, ("American Aggregates") for approximately $235,000,000, plus certain assumed liabilities (excluding long-term indebtedness). The transaction would include the Ohio and Indiana operations, but exclude the Michigan operations, of American Aggregates. The purchase price will be subject to certain post-closing adjustments related to changes in working capital. Consummation of the transaction is subject to negotiating the terms of a definitive acquisition agreement, completing due diligence investigations and receiving governmental regulatory approval. If consummated, the transaction is expected to close during the second quarter of 1997 and will be accounted for under the purchase method of accounting. Under this method, the consideration for the common stock of American Aggregates will be allocated to the underlying assets acquired and liabilities assumed based on their estimated fair values as of the closing date. The operating results of the American Aggregates business will be included with those of the Corporation from the closing date. If this business combination is consummated, it is anticipated that the Corporation will access available capital markets to provide financing for this transaction.

NOTE C: ACCOUNTS RECEIVABLE

December 31 (add 000)	1996	1995
Customer receivables	$ 110,522	$ 96,924
Other current receivables	26,635	2,285
	137,157	99,209
Less allowances	(2,950)	(4,450)
Total	$ 134,207	$ 94,759

NOTE D: INVENTORIES

December 31 (add 000)	1996	1995
Finished products	$ 85,363	$ 86,086
Product in process and raw materials	14,682	15,427
Supplies and expendable parts	19,807	19,259
	119,852	120,772
Less allowances	(6,078)	(7,370)
Total	$ 113,774	$ 113,402

NOTE E: PROPERTY, PLANT AND EQUIPMENT, NET

December 31 (add 000)	1996	1995
Land and improvements	$ 52,158	$ 50,828
Mineral deposits	60,893	61,130
Buildings	43,361	41,497
Machinery and equipment	791,631	740,624
Construction in progress	33,171	25,783
	981,214	919,862
Less allowances for depreciation, depletion and amortization	(572,394)	(527,639)
Total	$ 408,820	$ 392,223

NOTE F: LONG-TERM DEBT

December 31

(add 000)	1996	1995
7% Debentures, due 2025	$ 124,185	$ 124,177
8 1/2% Notes, due 1996	--	100,000
Acquisition notes, interest rates ranging from 7 1/2% to 10%	2,254	3,675
Other notes	724	874
Total	127,163	228,726
Less current maturities	(1,273)	(103,740)
Long-term debt	$ 125,890	$ 124,986

Upon its incorporation, the Corporation assumed certain indebtedness of a subsidiary of Martin Marietta. The debt instruments assumed included $125,000,000 of 9 1/2% Notes that were due in 1995 and $100,000,000 of 8 1/2% Notes due March 1, 1996. The Corporation defeased, in substance, the 9 1/2% Notes during 1994, which for financial reporting purposes were considered extinguished. With respect to the 8 1/2% Notes,

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Lockheed Martin agreed to reimburse the Corporation for the portion of interest paid by the Corporation in excess of 5%. These Notes were paid upon their maturity on March 1, 1996.

The 7% Debentures were sold at 99.341% of their principal amount of $125,000,000 in December 1995. These debentures are carried net of original issue discount, which is being amortized by the interest method over the life of the issue. The effective interest rate is 7.053% and the debentures are not redeemable prior to their maturity date of December 1, 2025.

The Corporation's revolving credit agreement with Lockheed Martin terminates on January 31, 1997. Amounts outstanding under this credit agreement bear interest at a published prime interest rate or at LIBOR plus a graduated rate of between 1/4 of 1% and 2/5 of 1%, with interest payments due monthly, quarterly or upon maturity if earlier. The Corporation is required to pay Lockheed Martin an annual loan commitment fee of 1/8 of 1% on the amount of available but unused borrowings. As of December 31, 1996, no amounts were outstanding under this agreement.

The Corporation is negotiating a new revolving credit agreement with a group of domestic and foreign banks, which provides for borrowings of up to $150,000,000 for general corporate purposes through January 2002. Borrowings under this credit agreement would be unsecured and bear interest, at the Corporation's option, at rates based upon: (i) the Euro-Dollar rate (as defined on the basis of a LIBOR); (ii) a bank base rate (as defined on the basis of a published prime rate or the Federal Funds Rate plus 1/2 of 1%); or (iii) a competitively determined rate (as defined on the basis of a bidding process). The new revolving credit agreement will contain restrictive covenants including covenants relating to debt, requirements for limitations on encumbrances, and provisions which relate to certain changes in control. The Corporation will be required to pay an annual loan commitment fee to the bank group on the amount of available but unused borrowings.

Amounts reflected in acquisitions, net, in the statement of cash flows include assumed or incurred indebtedness of $2,166,000 and $1,117,000 for the years ended December 31, 1996 and 1994, respectively, in connection with certain acquisitons.

Maturities of long-term debt during the five-year period ending December 31, 2001, and thereafter, are $1,273,000 in 1997, $1,220,000 in 1998, $149,000 in 1999, $163,000 in 2000 and $171,000 in 2001, and $124,187,000 thereafter.

Total interest paid was $12,004,000, $9,254,000 and $8,037,000 for the years ended December 31, 1996, 1995 and 1994, respectively. At December 31, 1996, an independently determined aggregate market value of the Corporation's outstanding notes approximated book value. The fair values were estimated based on quoted market prices for those instruments publicly traded. For privately placed debt, the fair values were estimated based on the quoted market prices for the same or similar issues, or on current rates offered to the Corporation for debt of the same remaining maturities.

NOTE G: INCOME TAXES

The components of the Corporation's taxes on income are as follows:

year ended December 31 (add 000)	1996	1995	1994
Federal income taxes:			
Current	$ 33,265	$ 30,147	$ 26,895
Deferred	(416)	313	(1,000)
Total federal income taxes	32,849	30,460	25,895
State income taxes:			
Current	6,560	5,875	6,110
Deferred	410	(245)	70
Total state income taxes	6,970	5,630	6,180
Foreign income taxes	506	150	--
Total provision	$ 40,325	$ 36,240	$ 32,075

The Corporation's effective income tax rate varied from the statutory United States income tax rate because of the following permanent tax differences:

year ended December 31	1996	1995	1994

Statutory tax rate	35.0%	35.0%	35.0%
Increase (reduction) resulting from:			
Excess of tax over book depletion	(5.5)	(6.1)	(5.6)
State income taxes	3.8	3.5	4.4
Other items	0.6	2.5	1.7
Effective tax rate	33.9%	34.9%	35.5%

The principal components of the Corporation's deferred tax assets and liabilities at December 31 are as follows:

	Deferred Assets (Liabilities)	
(add 000)	1996	1995
Property, plant and equipment	$(28,184)	$(25,060)
Employee benefits	19,730	17,265
Financial reserves	8,804	7,554
Other items, net	1,605	2,257
	$ 1,955	$ 2,016

Deferred income taxes on the consolidated balance sheet reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for income tax purposes. The Corporation does not believe a valuation allowance is required at December 31, 1996 or 1995.

The components of the provision for deferred income taxes for the years ended December 31 are as follows:

(add 000)	1996	1995	1994
Amounts expensed for books not yet deducted for tax purposes	$(1,757)	$ (780)	$(872)
Inventories valuation	(1,551)	406	(547)
Vacation pay accrual	(179)	(206)	45
Tax depreciation and amortization	3,124	2,941	400
Employee benefits	(2,285)	(2,554)	204
Financial reserves	506	10	(49)
Miscellaneous, net	2,136	251	(111)
	$ (6)	$ 68	$(930)

Total income taxes paid by Lockheed Martin attributable to the Corporation were $29,229,000, $36,088,000 and $32,800,000 for the years ended December 31, 1996, 1995 and 1994, respectively (see Note A).

NOTE H: RETIREMENT PLANS

The Corporation sponsors several noncontributory defined benefit retirement plans, covering substantially all employees. In connection with the split-off transaction, the assets of the Corporation's retirement plans were transferred from a Lockheed Martin Master Retirement Trust into the Corporation's Master Retirement Trust. Such assets are invested principally in listed stocks and bonds and cash equivalents. Defined benefit plans for salaried employees provide benefits based on employees' years of service and average compensation for a specified period of time before retirement. Defined benefit plans for hourly paid employees generally provide benefits of stated amounts for specified periods of service.

The Corporation's defined benefit pension plans comply with two principal standards: the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), which, in conjunction with the Internal Revenue Code, determines legal minimum and maximum deductible funding requirements, and Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions" ("FAS 87"), which establishes rules for financial reporting. FAS 87 specifies that certain key actuarial assumptions be adjusted annually to reflect current, rather than long-term, trends in the economy.

It is the Corporation's funding policy to stabilize annual contributions as a percentage of payroll with assumptions selected on the basis of long-term trends. The net pension cost of defined benefit plans included the following components:

year ended December 31 (add 000)	1996	1995	1994
Service cost - benefits earned during the period	$ 5,305	$ 3,603	$ 3,370
Interest cost	7,255	6,668	6,413
Net amortization and other components	5,364	7,501	(5,814)

Actual return on assets	(12,968)	(14,535)	(928)
Net pension cost	$ 4,956	$ 3,237	$ 3,041

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Assumptions used as of December 31 are as follows:

	1996	1995	1994
Plan discount rates	7.75%	7.50%	8.25%
Rates of increase in future compensation levels	5.50%	6.00%	5.50%
Expected long-term rates of return on assets	8.75%	8.75%	8.75%

The following table sets forth the defined benefit plans' funded status and amounts recognized in the respective balance sheet as of:

December 31 (add 000)	1996	1995
Actuarial present value of benefit obligations:		
Vested	$ (80,252)	$ (80,024)
Non-vested	(7,042)	(2,546)
Accumulated benefit obligation	(87,294)	(82,570)
Effect of future pay increases	(14,897)	(16,739)
Projected benefit obligation ("PBO")	(102,191)	(99,309)
Plan assets at fair value	108,270	90,709
Plan assets in excess of (less than) PBO	6,079	(8,600)
Unrecognized prior service cost	5,691	6,224
Unrecognized net assets	(1,796)	(2,252)
Unrecognized gain	(17,089)	(2,457)
Accrued pension cost	$ (7,115)	$ (7,085)

NOTE I: POSTRETIREMENT AND POSTEMPLOYMENT BENEFITS

The Corporation provides certain health care and life insurance benefits for retired employees who may become eligible for such benefits if employed by the Corporation at retirement. The Corporation has deposited funds into irrevocable trusts established to fund and pay a portion of future health benefits to eligible retirees and dependents. Plan assets are invested principally in listed stocks and bonds and cash equivalents.

The net periodic postretirement benefit cost included the following components:

year ended December 31 (add 000)	1996	1995	1994
Service cost - benefits earned during the period	$ 1,664	$ 1,384	$ 1,212
Interest cost	4,346	3,967	3,496
Net amortization and other components	324	330	(1,216)
Actual return on assets	(375)	(659)	17
Net periodic postretirement benefit cost	$ 5,959	$ 5,022	$ 3,509

The postretirement health care plans' funded status and amounts recognized in the Corporation's consolidated balance sheet are as follows:

December 31 (add 000)	1996	1995

Accumulated post-retirement benefit obligation ("APBO"):		
Actives, fully eligible	$(10,610)	$(10,259)
Actives, not fully eligible	(19,623)	(18,924)
Retirees	(28,657)	(28,251)
Total APBO	(58,890)	(57,434)
Plan assets at fair value	4,971	7,562
APBO in excess of plan assets	(53,919)	(49,872)
Unrecognized prior service cost	1,134	1,204
Unrecognized loss	5,137	5,925
Accrued postretirement benefit cost	$(47,648)	$(42,743)

Assumptions used as of December 31 are as follows:

	1996	1995
Discount rate	7.75%	7.50%
Expected long-term rate of return on assets	8.75%	8.75%

The assumed trend rate for health care inflation used in measuring the net periodic benefit cost and APBO is 7 1/2% for 1996, declining gradually to 4 1/2% in the year 2001 and remaining at that level thereafter. It is estimated that a 1% increase in the health care cost trend rate would increase the APBO by approximately 12% and would increase the sum of the service cost and interest cost by approximately 19%.

The Corporation provides certain benefits to former or inactive employees after employment but before retirement, such as workers' compensation and disability benefits. The Corporation has accrued postemployment benefit costs of $1,734,000 at December 31, 1996 and 1995.

NOTE J: STOCK OPTIONS AND AWARD PLANS

In 1994, the Corporation adopted an Omnibus Securities Award Plan (an "Omnibus Plan"). Under the Omnibus Plan, employees of the Corporation may be granted stock-based incentive awards, including options to purchase common stock, stock appreciation rights, restricted stock or other stock-based incentive awards. These awards may be granted either singly or in combination with other awards. Under the terms of the Omnibus Plan, 2,000,000 shares of common stock may be available for awards and grants.

Under the Omnibus Plan, the Corporation grants options to purchase its common stock at a price equal to the market value at the date of grant. These options become exercisable in three equal annual installments beginning one year after date of grant and expire 10 years from such date. The Omnibus Plan allows the Corporation to provide for financing of purchases, subject to certain conditions, by interest-bearing notes payable to the Corporation.

Additionally, the Omnibus Plan provides for an incentive stock plan whereby certain participants may be awarded stock units which permit them to use up to 50% of their annual incentive compensation to acquire shares of the Corporation's common stock at a 20% discount to the market value on the date of the incentive compensation award. For 1996 and 1995, stock unit awards representing 29,398 and 26,026 shares of the Corporation's common stock were awarded under the incentive stock plan. There were no such awards made for the plan year 1994. Under the awards outstanding, participants earn the right to acquire their respective shares at the discounted value generally at the end of a three-year period from the date of award. All rights of ownership of the common stock convey to the participants upon the issuance of their respective shares at the end of the ownership vesting period.

At December 31, 1996, the Corporation adopted Statement of Financial Accounting Standards No. 123 "Accounting for Stock-Based Compensation" ("FAS 123"). In accordance with FAS 123, the Corporation has elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25") and related interpretations in accounting for its employee stock options. Under APB 25, because the exercise price of the Corporation's employee stock options equals the market price of the underlying stock on the date of grant, no compensation expense is recognized.

Pro forma information regarding net income and earnings per share is required by FAS 123, which also requires that the information be determined as if the Corporation has accounted for its employee stock options and awards granted subsequent to December 31, 1994, under the fair value method prescribed by FAS 123. The fair value for these stock-based awards was estimated as of the date of grant using a Black-Scholes valuation model with the following weighted-average assumptions as of December 31:

	1996	1995
Risk-free interest rate	6.70%	6.45%
Dividend yield	2.10%	2.10%
Volatility factor	20.90%	16.40%
Expected life	7 YEARS	7 YEARS

The Black-Scholes valuation model was developed for use in estimating the fair value of traded awards which have no vesting restrictions and are fully

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

transferable. In addition, valuation models require the input of highly subjective assumptions, including the expected stock price volatility factor. Because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options and awards.

For purposes of pro forma disclosure, the estimated fair value of the stock-based awards is amortized hypothetically over the vesting period of the related award. The Corporation's pro forma information for the year ended December 31 is as follows:

(add 000, except per share data)	1996	1995
Net earnings	$78,174	$67,446
Earnings per share	$ 1.70	$ 1.46

Because FAS 123 is applicable only to stock-based awards granted after December 31, 1994, the pro forma effect of the amortization of the estimated fair value of the Corporation's outstanding stock-based awards will not be reflected fully until 1997.

Certain employees of the Corporation participated in, and received awards from, the securities award plans of Lockheed Martin. However, effective with the adoption of the Omnibus Plan, no further grants of options, stock appreciation rights or restricted stock were made to employees of the Corporation under any of the securities award plans of Lockheed Martin. All outstanding grants and awards under such plans held by employees of the Corporation will remain in effect through October 1997. Additionally, all expenses associated with such grants and awards, except for restricted stock awards, are not considered expenses of the Corporation.

In 1996, the Corporation adopted the Common Stock Purchase Plan for Directors, which provides non-employee directors the election to receive all or a portion of their total fees in the form of the Corporation's common stock. Currently, Directors are required to defer at least 30% of the retainer portion of fees in the form of common stock. This plan will be effective in 1997. Also in 1996, the Corporation adopted the Shareholder Value Achievement Plan to award the Corporation's common stock to key senior employees based on certain performance criteria, as defined. No awards were made in 1996 under this plan.

A summary of the Corporation's stock-based awards activity and related information follows:

	Numbers of Shares		Award Price	
	Available for Grant	Awards Outstanding	Per Share Range	Total (add 000)
1996				
January 1	1,585,500	414,500	$20.00-$22.00	$ 8,675
Additions	--	--	--	--
Awards Granted	(270,026)	270,026	$16.80-$24.25	6,354
Exercised	--	--	--	--
Canceled	1,667	(1,667)	--	(33)
Expired	--	--	--	--
December 31	1,317,141	682,859	$16.80-$24.25	$14,996
Exercisable at December 31, 1996		202,269		
1995				
January 1	1,807,500	192,500	$ 22.00	$ 4,235
Additions	--	--	--	--
Awards Granted	(222,000)	222,000	20.00	4,440
Exercised	--	--	--	--
Canceled	--	--	--	--
Expired	--	--	--	--
December 31	1,585,500	414,500	$20.00-$22.00	$ 8,675
Exercisable at December 31, 1995		64,149		
1994				
January 1	--	--	$ --	$ --
Additions	2,000,000	--	--	--
Awards Granted	(192,500)	192,500	22.00	4,235
Exercised	--	--	--	--
Canceled	--	--	--	--
Expired	--	--	--	--
December 31	1,807,500	192,500	$ 22.00	$ 4,235
Exercisable at December 31, 1994		None		

Exercise prices for awards outstanding as of December 31, 1996, ranged from $16.80 to $24.25. The weighted average remaining contractual life of those awards is 8.4 years.

The weighted average exercise price of outstanding awards at December 31, 1996 and 1995 is $21.96 and $20.93, respectively.

NOTE K: LEASES

Total rent expense for all operating leases was $18,480,000, $18,353,000 and $7,961,000 for the years ended December 31, 1996, 1995 and 1994, respectively. Total mineral royalties for all leased properties were $14,270,000, $13,315,000 and $9,080,000 for the years ended December 31, 1996, 1995 and 1994, respectively. Future minimum rental and royalty commitments for all non-cancelable operating leases

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

and royalty agreements as of December 31, 1996, are as follows:

(add 000)	
1997	$ 5,796
1998	4,255
1999	2,682
2000	1,871
2001 and thereafter	11,756
	$ 26,360

NOTE L: SHAREHOLDERS' EQUITY

The current authorized capital structure of Martin Marietta Materials, Inc., includes 10,000,000 shares of Preferred Stock with par value of $0.01 a share, none of which is issued currently, in addition to the 100,000,000 shares of common stock, with a par value of $0.01 a share. As of December 31, 1996, there were 46,079,300 shares of the Corporation's common stock issued and outstanding.

In 1994, the Board of Directors authorized the repurchase of up to 2,000,000 shares of the Corporation's common stock for issuance under the Omnibus Securities Award Plan. Additionally, the Board of Directors authorized the repurchase of an additional 500,000 shares for general corporate purposes. During 1996, the Corporation repurchased no shares of its common stock.

Under the North Carolina Business Corporation Act, shares of common stock reacquired by a corporation constitute unissued shares. For financial reporting purposes, reacquired shares are recorded as reductions to issued common stock and to additional paid-in capital.

All December 31, 1996, retained earnings were unrestricted.

NOTE M: CONTINGENCIES

The Corporation is engaged in certain legal and administrative proceedings incidental to its normal business activities. While it is not possible to determine the ultimate outcome of those actions at this time, in the opinion of management and counsel, it is unlikely that the outcome of such litigation and other proceedings, including those pertaining to environmental matters (see Management's Discussion and Analysis of Financial Condition and Results of Operations, pages 34 and 35), will have a material adverse effect on the results of the Corporation's operations or on its financial position.

NOTE N: SEGMENT INFORMATION

The Corporation operates in two principal business segments: aggregates products and magnesia-based products. The Corporation's sales and earnings are predominantly derived from its aggregates segment which processes and sells granite, sandstone, limestone, shell and other aggregates products for use primarily by commercial customers. The division's products are used principally in domestic construction of highways and other infrastructure projects and for commercial and residential buildings. The magnesia-based products segment produces refractory materials and dolomitic lime used in domestic and foreign basic steel production and produces chemicals products used in industrial, agricultural and environmental applications. The magnesia-based products segment derives a major portion of its sales and earnings from the products used in the steel industry.

Earnings from operations is total revenue less operating expenses (excluding interest expense) and general corporate expenses. Assets employed by segment include both assets directly identified with those operations and an allocable share of jointly used assets. General corporate assets consist primarily of affiliates receivable, certain accounts receivable, and property, plant and equipment for corporate operations.

SELECTED FINANCIAL DATA BY BUSINESS SEGMENT
year ended December 31
(add 000)

NET SALES

	1996	1995	1994
Aggregates	$591,268	$538,827	$383,155
Magnesia Specialties	130,679	125,579	118,505
Total	$721,947	$664,406	$501,660

GROSS PROFIT

	1996	1995	1994

Aggregates	$152,179	$137,704	$109,928
Magnesia Specialties	30,331	29,460	29,215
Total	$182,510	$167,164	$139,143

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	1996	1995	1994
Aggregates	$ 42,788	$ 39,617	$ 28,254
Magnesia Specialties	17,149	18,121	17,028
Total	$ 59,937	$ 57,738	$ 45,282

EARNINGS FROM OPERATIONS

	1996	1995	1994
Aggregates	$109,391	$ 98,087	$ 81,674
Magnesia Specialties	11,285	9,478	10,213
Total	$120,676	$107,565	$ 91,887

ASSETS EMPLOYED

	1996	1995	1994
Aggregates	$616,268	$583,154	$397,660
Magnesia Specialties	122,365	110,073	103,361
	738,633	693,227	501,021
General corporate assets	30,285	96,144	92,870
Total	$768,918	$789,371	$593,891

DEPRECIATION, DEPLETION AND AMORTIZATION

	1996	1995	1994
Aggregates	$ 52,650	$ 47,186	$ 34,158
Magnesia Specialties	8,342	8,298	8,419
Corporate headquarters	218	190	251
Total	$ 61,210	$ 55,674	$ 42,828

PROPERTY ADDITIONS

	1996	1995	1994
Aggregates	$ 66,977	$145,632	$ 47,141
Magnesia Specialties	9,503	6,218	6,152
Corporate headquarters	4,903	695	97
Total	$ 81,383	$152,545	$ 53,390

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

In October 1996, the outstanding common stock of Martin Marietta Materials that was held by Lockheed Martin Corporation became available to the public market when Lockheed Martin disposed of its 81% ownership interest. This transaction was completed by means of a split-off, which was an exchange offer pursuant to which Lockheed Martin stockholders were given the opportunity to exchange shares of Lockheed Martin common stock for shares of Martin Marietta Materials common stock on a tax-free basis. Consummation of this transaction did not impact the Corporation's financial position or its results of operations as of the consummation date and for the period then ended. The discussion and analysis which follows reflects management's assessment of the financial condition and results of operations of Martin Marietta Materials, and should be read in conjunction with the audited consolidated financial statements on pages 10 through 25.

RECENT DEVELOPMENTS

One of the Corporation's key strategies is the pursuit of acquisition and other growth opportunities within the consolidating construction aggregates industry. In furtherance of that objective, on January 30, 1997, the Corporation announced that it has signed a non-binding letter of intent with CSR America, Inc., to purchase the common stock of its wholly owned subsidiary, American Aggregates Corporation, for approximately $235 million in cash plus certain assumed liabilities (excluding long-term indebtedness). The final purchase price for this business combination, which includes the Indiana and Ohio operations of American Aggregates, but excludes the Michigan operations, will be subject to certain post-closing adjustments relating to changes in working capital. The transaction, which is subject to negotiating the terms of a definitive stock purchase agreement, completing due diligence reviews and receiving governmental regulatory approvals, is expected to close during the second quarter of 1997 and will be accounted for under the purchase method of accounting. Under this method, the consideration for the common stock of American Aggregates will be allocated to the underlying assets acquired and liabilities assumed based on their estimated fair values as of the closing date. The operating results of the American Aggregates business acquired will be included with those of the Corporation from the closing date. As more fully described in the "Capital Structure and Resources" section on pages 33 and 34, in January 1997 management arranged through a syndicate of banks a revolving credit agreement totaling $150 million. This credit agreement replaced the $55 million credit facility with the Corporation's former parent, Lockheed Martin Corporation, in effect at December 31, 1996. If the business combination with American Aggregates is consummated, management intends to access available capital markets to provide financing for this transaction. Additional information regarding the proposed transaction is contained in Note B to the audited consolidated financial statements on page 17, and under "Business Environment" on page 29 and "Capital Structure and Resources" on page 34.

RESULTS OF OPERATIONS

The Corporation's aggregates business is characterized by a high level of dependence upon construction sector spending, and the magnesia specialties product lines, particularly refractory and dolomitic lime products, are used principally within the steel industry. Therefore, the Corporation's operating results are highly dependent upon activity within the construction and steel-related marketplaces, both of which are cyclical in nature. Factors such as seasonal and other weather-related conditions also affect the Corporation's business production schedules and levels of profitability. Accordingly, the financial results for a particular year, or year-to-year comparisons of reported results, may not be indicative of future operating results. The following comparative analysis and discussion should be read in this context.

The Corporation's 1996 net earnings of $78.6 million, or $1.71 per common share, represent an increase of 16% over 1995 net earnings of $67.6

million, or $1.47 per common share. The 1995 net earnings in turn were 16% over the 1994 comparable net earnings of $58.3 million, or $1.30 per common share, before recognition of an extraordinary loss ($4.6 million, or $0.11 per share) relating to an early extinguishment of debt in 1994. The Corporation's consolidated net sales were $721.9 million in 1996 and $664.4 million in 1995. Net sales increased $57.5 million, or 9%, in 1996 and $162.7 million, or 32%, in 1995. The Corporation's consolidated net sales in 1994 were $501.7 million. Consolidated earnings from operations were $120.7 million in 1996 and $107.6 million in 1995, reflecting an increase of $13.1 million, or 12%, in 1996 and $15.7 million, or 17%, in 1995. The Corporation's 1994 operating earnings were $91.9 million. The Corporation's financial results for 1996 and 1995 include the construction aggregates business of Dravo that was acquired in January 1995.

Other income and expenses, net, for the year ended December 31, 1996, was $8.4 million in income, compared to $6.0 million and $5.4 million in income for 1995 and 1994, respectively. In addition to other offsetting amounts, other income, net, for the three years in the period ended December 31, 1996, was comprised principally of interest income, gains associated with selling certain assets, gains and losses related to certain amounts receivable, and net equity earnings from nonconsolidated investments.

Interest expense was approximately $0.4 million, or 4%, higher in 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 $125-million 7% Debentures. This amount was offset by lower interest on debt reflecting the reduction of long-term borrowings during the year caused by the repayment of the 8 1/2% Notes on March 1, 1996, and the reduced amounts outstanding during 1996 that were due to Lockheed Martin under the former credit agreement. Interest expense of $9.7 million in 1995 was $2.9 million higher than in 1994. This increase was the result of higher-level borrowings during 1995 under the Lockheed Martin credit agreement and the December 1995 sale of the 7% Debentures. During 1994, the Corporation's interest expense was higher than the prior year's due to indebtedness that was assumed by the Corporation upon its incorporation in late 1993. Additional information regarding the Corporation's debt and capital structure is contained in Note F on pages 17 and 18 and under "Liquidity and Cash Flows" and "Capital Structure and Resources" on pages 32 through 34.

The Corporation's effective income tax rate for 1996 was 33.9%, compared with 34.9% in 1995 and 35.5% in 1994. The favorable variance in the effective income tax rates for 1996 and 1995, which are lower than the federal corporate tax rate of 35%, is due to the effect of several offsetting factors. In this regard, the Corporation's effective tax rates for both years reflect 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, related-party foreign corporate operating earnings, and equity earnings from nonconsolidated investments. For 1994, the Corporation's effective income tax rate was higher than the statutory rate due principally to the effect of state income taxes offset by less significant book and tax accounting differences arising essentially from the benefit associated with the depletion allowance.

The Corporation's debt-to-capitalization ratio was reduced from 35% at December 31, 1995, to 21% at December 31, 1996, with total debt decreasing from $228.7 million to $127.2 million and total shareholders' equity increasing from $423.5 million to $481.0 million. However, if the business combination with American Aggregates is consummated, the Corporation's ratio of debt to total capitalization is expected to increase substantially. During 1996, the Corporation paid common stock dividends of $21.2 million, or $0.46 per common share. Additional information regarding the Corporation's debt and capital structure is contained in Note F on pages 17

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

and 18 and under "Liquidity and Cash Flows" and "Capital Structure and Resources" on pages 32 through 34.

BUSINESS ENVIRONMENT

Martin Marietta Aggregates, the Corporation's primary line of business, principally serves commercial customers in the construction aggregates-related markets. These markets are dependent upon public and private sector construction spending. Traditionally, business trends in the aggregates industry have been highly dependent upon national, as well as regional and local, economic cycles which affect the construction industry and which, in turn, increase or decrease the demand for aggregates products. Further, the aggregates industry is sensitive to changes in infrastructure spending within the public sector markets. Accordingly, these characteristics make demand from the construction industry cyclical.

Generally, some sectors of the economy are impacted less by economic cycles than are others. For example, consumption of aggregates for public purposes (highways, schools, airports, and other government-sponsored projects) has tended to be much more stable historically than the interest rate-sensitive private sector. Each year since 1990, public projects have consumed more than 50% of the total annual aggregates consumption in the United States, and generally improved levels of funding have enabled highway and bridge projects to register improvement over the past few years. Assuming that the current U.S. highway construction spending bill that expires September 30, 1997, is renewed at or above existing levels -- and management believes that there is a high probability this will occur -- it is expected that public works projects should continue to account for a majority of total aggregates consumption each year over the next few years. Accordingly, management believes that the Corporation's exposure to fluctuations in commercial and residential, or private sector, construction spending is lessened somewhat by the division's broad mix of public sector-related shipments which currently account for approximately 50% of the Aggregates division's annual product shipments.

As the current highway bill concludes in 1997, funding provided by the federal government for public works projects will be determined against a backdrop of deficit reduction pressures. The outcome of upcoming federal budget talks will affect both the level of federal highway appropriations and the means by which federal funds are distributed. Along with the predicted renewal of the federal highway program during 1997, management expects that construction spending associated with the state- and local-level highway programs in markets in which the Corporation does business will continue to increase moderately. However, 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. 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 gasoline tax revenues, which management believes should not be affected by federal and state-level budget reductions.

[GRAPH]

1996 AGGREGATES DIVISION MARKETS

Infrastructure	48%
Chemical, Railroad Ballast & Other	9%
Residential	17%
Commercial	26%

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 and financial results are dependent upon the strength of these specific regional economies. In recent years the general economic growth in these regions of the United States, and particularly in the Southeast, has been strong. Additionally, the recent passage of a $1.8 billion school bond issue and $950 million in highway bonds in North Carolina should have a strong positive impact on the division's aggregates shipments over the next few years. Construction activity related to these bonds should begin sometime in the late 1997 to early 1998 time frame.

[GRAPH]

AGGREGATES DIVISION
SHIPMENTS AND CAPACITY
(in millions of tons)

	'92	'93	'94	'95	'96
CAPACITY	80.1	84.0	85.7	117.3	120.0
SHIPMENTS	56.5	64.9	71.2	94.0	101.2

The Corporation's management believes that the overall trend for the construction aggregates industry for the long term is one of consolidation. During 1996, the Corporation expanded its market opportunities by consummating transactions for the acquisition of two additional aggregates operations in the state of Kansas. As discussed above, the Corporation entered into a non-binding letter of intent with CSR America, Inc., to purchase the common stock of its wholly owned subsidiary, American Aggregates Corporation. If consummated, this acquisition will complement the division's business by adding operating facilities in the states of Indiana and Ohio. New quarry and mineral reserve locations resulting from this proposed transaction will both add and expand important markets within this region, and would add significant long-term mineral reserve capacity.

[GRAPH]

UNITED STATES
AGGREGATES CONSUMPTION
(in millions of tons)

	'92	'93	'94	'95	'96 est.
SAND & GRAVEL	919	958	982	1,003	1,069
CRUSHED STONE	1,161	1,238	1,360	1,389	1,437

Some industry analysts predict that growth in the general economy will moderate over the next several months, resulting in slower economic growth during 1997, as compared with 1996. Additionally, this environment of slower economic growth is expected to yield a mixture of strengthening and weakening sectors within the construction industry. An increase in long-term interest rates during 1997 would slow down the economy's interest rate sensitive sectors - --residential and commercial building. However, public works construction should continue to increase at moderate levels due in part to enhanced funding at the state level, and in part from sustained federal spending.

Currently, while management believes that the construction industry's overall consumption levels and the Corporation's production and shipments will grow moderately during 1997, there is no assurance that these levels of production and shipments will continue. Over 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 and construction industry trends. At this time, some economists predict an economic downturn sometime during the 1998-to-2000 time period.

While the aggregates business is cyclical in nature, another characteristic of the business involves the significant impact that seasonal changes and other weather-related conditions have on business production schedules and construction activities. In this regard, the Aggregates division's production and shipment levels coincide with general construction activity levels, most of which occur in the division's markets typically

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

during the spring, summer and fall seasons.

The Corporation's Aggregates division's raw materials reserves are sufficient to permit production at present operating levels for the foreseeable future. Based upon 1996 shipments, the Corporation's raw materials reserves exceed 50 years of production activity.

[GRAPH]

MAGNESIA SPECIALTIES DIVISION CHEMICALS & INTERNATIONAL SALES
(in millions)

	'94	'95	'96
International	$12.9	$16.0	$19.2
Chemicals	$30.4	$33.7	$37.9

The Corporation also manufactures and markets magnesia-based products, including heat-resistant refractory products for the steel industry and magnesia-based chemicals products for industrial, agricultural and environmental uses, including wastewater treatment and acid neutralization. The Magnesia Specialties division's products, particularly refractory and dolomitic lime, which are used within the steel industry, account for approximately 72% of the division's sales. Accordingly, the division's profitability is highly dependent on the production of steel and its related marketplace. Prices of a significant portion of the division's 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 Magnesia Specialties has taken steps to emphasize new product development and concentrate on additional products for use in environmental, agricultural and other industrial applications. Consequently, the division's financial results have benefited from increased sales of its higher-margin chemicals products.

Magnesia Specialties' earnings continue to reflect the benefits of the new labor agreements that have been agreed to and implemented over the prior two years, coupled with the ongoing cost reduction programs at its manufacturing facilities. Consequently, management has been able to achieve lower operating costs that serve to enhance the division's profitability and product competitiveness.

The impact of inflation on Martin Marietta 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.

DISCUSSION OF BUSINESS SEGMENTS

The Corporation conducts its operations through two reportable business segments: Aggregates and Magnesia Specialties. The Aggregates division is the second largest producer of construction aggregates in the United States, and its products are used primarily for construction of highways and other infrastructure projects and in the commercial, industrial and residential construction industries. The Corporation's Magnesia Specialties division sells a majority of its products to customers in the steel industry; and it also serves customers in other industrial, agricultural and environmental markets. The tables on the following page display net sales, gross profit, selling, general and administrative expenses, and earnings from operations for the two Martin Marietta Materials business segments for each of the three years in the period ended December 31, 1996. This information corresponds directly to the segment information presented in Note N on pages 24 and 25.

SELECTED FINANCIAL DATA BY BUSINESS SEGMENT
year ended December 31
(add 000)

NET SALES

	1996	1995	1994
Aggregates	$591,268	$538,827	$383,155
Magnesia Specialties	130,679	125,579	118,505
Total	$721,947	$664,406	$501,660

GROSS PROFIT

	1996	1995	1994
Aggregates	$152,179	$137,704	$109,928
Magnesia Specialties	30,331	29,460	29,215
Total	$182,510	$167,164	$139,143

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	1996	1995	1994
Aggregates	$ 42,788	$ 39,617	$ 28,254
Magnesia Specialties	17,149	18,121	17,028
Total	$ 59,937	$ 57,738	$ 45,282

EARNINGS FROM OPERATIONS

	1996	1995	1994
Aggregates	$109,391	$ 98,087	$ 81,674
Magnesia Specialties	11,285	9,478	10,213
Total	$120,676	$107,565	$ 91,887

Aggregates. The Aggregates division's sales increased 10% to $591.2 million for the year ended December 31, 1996, compared with the prior year's sales. This increase in sales reflects a 7.2 million ton increase in total tons shipped during 1996 to 101.2 million tons and an increase of more than 2% in the division's average net selling price when compared with the prior year's. The division's operating profits for the full year 1996 increased approximately 12% to $109.4 million from the prior year's, despite the effect of Hurricane Fran and subsequent heavy rainfall in the southeastern region of the country during September and the effect of the adverse weather conditions that existed within most of the markets served by the division during the first quarter of 1996.

For the year ended December 31, 1995, the Aggregates division had net sales of $538.8 million, which were $155.7 million, or 41%, higher than the year-earlier net sales. This improvement reflects a 22.8 million ton increase in total tons shipped during 1995 of 94.0 million tons, a substantial portion of which was attributable to the Dravo business acquired in January of 1995. This improvement in sales also reflects an increase of approximately 5% in the division's average net selling price, when compared to the prior year's. Earnings from operations in the year were $98.1 million, an increase of 20% over the division's operating earnings for 1994.

Magnesia Specialties. For the year ended December 31, 1996, the Magnesia Specialties division had sales of $130.7 million, an increase of $5.1 million, or 4%, in 1996 over 1995. Shipment levels, as well as overall prices, of refractory products were up slightly when compared with year-earlier shipments and prices. These improved refractory sales resulted from a more favorable customer and product sales mix during the year, coupled with realizing a softening of the heretofore pricing pressures that existed in the division's markets. The division's management, however, continues to expect pricing weaknesses in this sector for the foreseeable future due to the fixed market limitations inherent within the steel industry. Chemicals product sales, principally due to strong industrial and magnesium hydroxide demand, continued to strengthen throughout the year. The division's earnings from operations for 1996 of $11.3 million were 19% over the prior year's, which had been adversely affected by a two-month strike in connection with an expired labor union agreement. This improvement in Magnesia Specialties' operating earnings was achieved in spite of an explosion and resulting fire at the division's Woodville, Ohio, lime plant that adversely affected the division's operating margins during the second and third quarters of 1996.

Magnesia Specialties division's 1995 net sales of $125.6 million were 6% above the prior year's, but the division's operating earnings decreased 7% to $9.5 million. The increase in the division's 1995 sales was

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

attributable to increases in all major product areas. The division's decrease in earnings was principally the result of the adverse effect of the nonrecurring costs associated with the labor strike at a major operating location in Michigan during the year.

[GRAPH]

CONSOLIDATED OPERATING CASH FLOW
(in millions)

'92	$ 69.7
'93	$ 90.9
'94	$ 79.5
'95	$128.6
'96	$134.9

LIQUIDITY AND CASH FLOWS

A primary source of the Corporation's liquidity during the past three years has been cash generated from its operating activities. Cash provided by its operations was approximately $134.9 million in 1996 as compared with the $128.6 million and $79.5 million reported for 1995 and 1994, respectively. These positive cash flows were derived substantially from operating profits before deduction of certain non-cash charges for depreciation, depletion and amortization of its properties and intangible assets, offset in large part by increases in its working capital requirements. The Corporation's net working capital at year-end 1996 was $183.0 million, which reflects an increase of $42.0 million over the previous year's.

The above-mentioned working capital changes in 1996 were due primarily to increases in accounts receivable balances resulting from increased sales volume, offset partially by increased accounts payable balances and certain accrued expense amounts. The working capital changes for 1995 included an increase in inventories resulting from a build-up of certain magnesia-based product inventories in connection with a 1995 labor dispute, offset partially by an increase in trade accounts payable balances. The Corporation's working capital changes for 1994 reflected increased inventory balances resulting from greater demand and a significant reduction in amounts due to the Corporation's former parent. The seasonal nature of the Corporation's business affects the levels of cash provided by its operating activities on a quarterly basis versus cash levels provided for the full year.

Full-year capital expenditures, excluding acquisitions, were $79.5 million in 1996, $71.6 million in 1995 and $47.0 million 1994. Capital expenditures during 1996 and 1995 included increased spending requirements for planned capital improvements and investments relating to the addition of the former Dravo businesses. Excluding acquisitions, capital expenditures are expected to be approximately $90 million for 1997.

During 1995, net cash consideration of approximately $121 million was paid to the Dravo Corporation in connection with the acquisition of its construction aggregates business. This consideration was paid by the Corporation from its working capital, funds obtained from the repayment by Lockheed Martin of other amounts due to the Corporation ($53 million), and funds obtained under the Corporation's credit agreement with Lockheed Martin.

In December 1995, the Corporation received approximately $123 million in net proceeds, after underwriting discounts and expenses, from the sale of $125-million 7% Debentures due December 1, 2025. Net proceeds from the sale of the Debentures were used initially to repay amounts borrowed under the Corporation's credit agreement and the excess funds were invested pursuant to its cash management agreement, both of which were agreements with Lockheed Martin.

In March 1996, the Corporation repaid the $100-million aggregate principal amount of the outstanding 8 1/2% Notes due March 1, 1996, assumed by the Corporation at the time of its incorporation in November 1993. The Corporation repaid the 8 1/2% Notes from its working capital, including the cash

invested under the cash management agreement, and funds borrowed under its credit agreement.

In 1996, the Board of Directors approved total cash dividends on the Corporation's common stock at $0.46 a share. Regular quarterly dividends were authorized and paid at the rate of $0.11 per common share in each of the first two quarters of 1996, and at the rate of $0.12 per common share in each of the third and fourth quarters of 1996.

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 Corporation's Omnibus Securities Award Plan and for general corporate purposes. As of December 31, 1996, there have been 68,200 shares repurchased under these authorizations.

CAPITAL STRUCTURE AND RESOURCES

Long-term debt, including current maturities, declined to approximately $127.2 million at the end of 1996 from approximately $228.7 million at the end of 1995, while shareholders' equity grew to approximately $481.0 million from approximately $423.5 million a year ago. The Corporation's ratio of debt to total capitalization was approximately 21% at December 31, 1996, compared with approximately 35% at December 31, 1995, after absorbing a temporary increase in long-term debt associated with the December 1995 sale of the $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 8 1/2% Notes upon their maturity on March 1, 1996, as well as certain other indebtedness of the Corporation. If the business combination with American Aggregates Corporation is consummated, the Corporation's debt-to-capitalization ratio is expected to increase to a range of approximately 40% to 45%. Currently, substantially all of the Corporation's long-term debt is in the form of publicly issued, fixed-income Debentures. As discussed in more detail below, management has not determined the method or methods by which it may provide the required financing in connection with the proposed American Aggregates Corporation acquisition.

The Corporation relies upon internally generated funds, access to capital markets, including funds obtained under its credit facilities to meet its liquidity requirements, finance its operations, and fund its capital requirements. At December 31, 1996, the Corporation's credit facilities included a cash management agreement and a revolving credit agreement, each with its former parent, Lockheed Martin Corporation. As more fully described below, these agreements with Lockheed Martin were terminated in January 1997, when the Corporation entered into its own revolving credit agreement with a group of banks and into its own cash management arrangements.

The Corporation's revolving credit agreement with Lockheed Martin, which expired January 31, 1997, provided for borrowings of up to $55 million. Interest was charged on amounts outstanding under this agreement at a published prime interest rate or at LIBOR plus a graduated rate (see Note F on pages 17 and 18). As of December 31, 1996, no amounts were outstanding under this agreement, and approximately $23.7 million of the Corporation's funds were invested with Lockheed Martin under the terms of the cash management agreement. Upon termination of these agreements on January 31, 1997, all funds held by Lockheed Martin under the terms of the cash management agreement were transferred to the Corporation and invested under its own cash management arrangements.

On January 29, 1997, the Corporation entered into a new revolving credit agreement with a group of domestic and foreign banks, which provides for borrowings of up to $150 million for general corporate purposes through January 29, 2002. Borrowings under this credit agreement would be unsecured and bear interest, at the Corporation's option, at rates based upon: (i) the Euro-Dollar rate (as defined on the basis of a LIBOR); (ii) a bank base rate (as defined on the basis of a published prime

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

rate or the Federal Funds Rate plus 1/2 of 1%); or (iii) a competitively determined rate (as defined on the basis of a bidding process). The revolving credit agreement contains several covenants, including specific financial covenants relating to leverage, limitations on encumbrances, and provisions which relate to certain changes of the Corporation's control. There have been no borrowings under this agreement.

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.

Martin Marietta Materials' internal cash flows and availability of financing sources, including access to capital markets and its revolving credit agreement, are expected to continue to be sufficient to provide the capital resources necessary to support anticipated operating needs, to cover debt service requirements, to meet capital expenditures and discretionary investment needs, and to allow for payment of dividends for the foreseeable future.

In connection with the proposed American Aggregates acquisition, the Corporation plans to arrange for an additional revolving credit agreement with the same group of banks that comprises the bank group for the aforementioned new credit agreement to provide for increased borrowings up to an additional $150 million. While any such capacity may be used initially to provide the necessary interim financing for this proposed acquisition or to back issuance of commercial paper, it is anticipated that the Corporation may replace all or a portion of the funds borrowed under the revolving credit agreements or commercial paper issuance with funds provided from other financing sources. Management may choose to further access the public debt markets through the issuance of debt securities or may decide to issue additional privately-placed debt, although no determination has been made as to the method or methods by which it may further access the public or private debt markets. If the business combination with American Aggregates Corporation is consummated, management will evaluate potential near-term actions which may permit the Corporation to reduce portions of its long-term debt. These actions may include the disposition of certain facilities.

Currently, the Corporation's senior unsecured debt is rated "A" by Standard & Poor's and "A3" by Moody's. 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.

ENVIRONMENTAL MATTERS

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 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 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 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.

This Annual Report contains statements which constitute "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Investors are cautioned that all forward looking statements involve risks and uncertainties, including those arising out of economic, climactic, political, regulatory, competitive and other factors. The forward looking statements in this document are intended to be subject to the safe harbor protection provided by Sections 27A and 21E. For a discussion identifying some important factors that could cause actual results to vary materially from those anticipated in the forward looking statements, see the Corporation's Securities and Exchange Commission filings, including but not limited to, the discussion of "Competition" on page 6 of the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1996 (Form 10-K), and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 26 through 35 of this Annual Report and "Note A: Accounting Policies" on pages 15 and 16, and "Note M: Contingencies" on page 24 of the Notes to Financial Statements of the Audited Consolidated Financial Statements included in this Annual Report, incorporated by reference into the Form 10-K.

QUARTERLY PERFORMANCE (Unaudited)

(add 000, except per share)	Net Sales		Gross Profit		Net Earnings	
Quarter	1996	1995	1996	1995	1996	1995
First	$136,547	$129,942	$ 23,805	$ 29,073	$ 4,337	$ 8,229
Second	200,438	175,914	55,330	46,250	26,807	19,957
Third	201,504	191,094	58,547	51,760	27,490	23,425
Fourth	183,458	167,456	44,828	40,081	19,994	15,940
Totals	$721,947	$664,406	$182,510	$167,164	$78,628	$67,551

	Common Dividends Paid and Stock Price							
					Market Price			
	Earnings Per Common Share*		Dividends Paid		High	Low	High	Low
Quarter	1996	1995	1996	1995	1996		1995	
First	$0.09	$0.18	$0.11	$0.11	$23.25	$20.125	$19.50	$16.50
Second	0.58	0.43	0.11	0.11	24.875	21.50	21.75	19.125
Third	0.60	0.51	0.12	0.11	24.75	19.50	20.50	18.50
Fourth	0.43	0.35	0.12	0.11	25.75	20.875	22.125	18.625
Totals	$1.71	$1.47	$0.46	$0.44				

*The sum of per-share earnings by quarter may not equal earnings per share for the year due to rounding or share repurchases during the year.

FIVE YEAR SUMMARY

(add 000, except per share)	1996	1995	1994	1993	1992
OPERATING RESULTS					
Net sales	$721,947	$664,406	$501,660	$452,906	$408,321
Cost of sales, other costs and expenses	601,271	556,841	409,773	376,511	353,201
EARNINGS FROM OPERATIONS	120,676	107,565	91,887	76,395	55,120
Other income, net	8,398	5,959	5,398	897	2,468
	129,074	113,524	97,285	77,292	57,588
Interest expense on debt	10,121	9,733	6,865	3,234	1,042
Earnings before taxes on income, extraordinary item and cumulative effect of accounting changes	118,953	103,791	90,420	74,058	56,546
Taxes on income	40,325	36,240	32,075	26,057	17,560
EARNINGS BEFORE EXTRAORDINARY ITEM AND CUMULATIVE EFFECT OF ACCOUNTING CHANGES	78,628	67,551	58,345	48,001	38,986
Extraordinary loss on early extinguishment of debt	--	--	(4,641)	--	--
Cumulative effect of changes in accounting for postretirement benefits other than pensions, income taxes, and postemployment benefits	--	--	--	(17,512)	--
NET EARNINGS	$ 78,628	$ 67,551	$ 53,704	$ 30,489	$ 38,986
PER COMMON SHARE					
Net earnings (loss)					
Before extraordinary item	$ 1.71	$ 1.47	$ 1.30	N/A	N/A
Extraordinary item	--	--	(0.11)	N/A	N/A
	$ 1.71	$ 1.47	$ 1.19	N/A	N/A
CASH DIVIDENDS	$ 0.46	$ 0.44	$ 0.22	N/A	N/A
CONDENSED BALANCE SHEET DATA					
Current deferred income taxes	$ 15,547	$ 12,622	$ 9,979	$ 6,121	$ 6,051
Current assets-- other	255,619	301,733	178,054	151,018	126,557
Other noncurrent assets	25,764	21,581	74,177	23,167	18,839
Property, plant and equipment, net	408,820	392,223	291,622	278,310	261,666
Cost in excess of net assets acquired	39,952	37,245	22,968	20,503	17,303
Other intangibles	23,216	23,967	17,091	17,872	16,890
Total	$768,918	$789,371	$593,891	$496,991	$447,306
Current liabilities-- other	$ 86,871	$ 69,596	$ 51,134	$ 64,796	$ 43,839
Current maturities of long-term debt	1,273	103,740	4,478	3,224	3,225
Long-term debt	125,890	124,986	103,746	232,088	10,177
Pension and postretirement benefits	52,646	47,483	42,286	37,941	3,716
Other noncurrent liabilities	7,669	9,415	5,800	5,565	2,069
Noncurrent deferred income taxes	13,592	10,606	10,178	7,930	29,405
Business equity	--	--	--	--	354,875
Shareholders' equity	480,977	423,545	376,269	145,447	--
Total	$768,918	$789,371	$593,891	$496,991	$447,306

CORPORATE DIRECTORY

DIRECTORS

MARCUS C. BENNETT
Chairman, Board of Directors
Martin Marietta Materials, Inc.
Executive Vice President and Chief Financial Officer
Lockheed Martin Corporation

RICHARD G. ADAMSON
Retired Vice President, Strategic Development
Martin Marietta Corporation

BOBBY F. LEONARD
Retired Vice President, Human Resources
Martin Marietta Corporation

WILLIAM E. MCDONALD
President and Chief Executive Officer
Sprint Mid-Atlantic Operations

FRANK H. MENAKER, JR.
Senior Vice President and General Counsel
Lockheed Martin Corporation

JAMES M. REED
Vice Chairman and Chief Financial Officer
Union Camp Corporation

WILLIAM B. SANSOM
Chairman and Chief Executive Officer
The H. T. Hackney Co.

RICHARD A. VINROOT
Partner
Robinson, Bradshaw & Hinson, P.A.

STEPHEN P. ZELNAK, JR.
Vice Chairman, Board of Directors
President and Chief Executive Officer
Martin Marietta Materials, Inc.

COMMITTEES

AUDIT COMMITTEE
Mr. Reed, Chairman
Messrs. Adamson, McDonald and Menaker

COMPENSATION COMMITTEE
Mr. Leonard, Chairman
Messrs. Bennett, McDonald and Sansom

ETHICS, ENVIRONMENT, SAFETY AND HEALTH COMMITTEE
Mr. Sansom, Chairman
Messrs. Adamson, Menaker and Vinroot

EXECUTIVE COMMITTEE
Mr. Bennett, Chairman
Messrs. Reed and Zelnak

FINANCE COMMITTEE
Mr. Bennett, Chairman
Messrs. Leonard, Reed and Zelnak

OFFICERS

STEPHEN P. ZELNAK, JR.
Vice Chairman, Board of Directors
President and Chief Executive Officer

PHILIP J. SIPLING
Senior Vice President

ROBERT R. WINCHESTER
Senior Vice President

BRUCE A. DEERSON
Vice President, Secretary and General Counsel

JANICE K. HENRY
Vice President, Chief Financial Officer and Treasurer

JONATHAN T. STEWART
Vice President, Human Resources

GENERAL INFORMATION

NOTICE OF PROXY

A formal notice of the Annual Meeting of Shareholders of the Corporation, together with a proxy, will be mailed to each shareholder approximately four weeks prior to the meeting. Proxies will be requested by the Board of Directors at the meeting.

ANNUAL REPORT ON FORM 10-K

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, 1996, by writing to:

Martin Marietta Materials, Inc.
Corporate Secretary
2710 Wycliff Road
Raleigh, NC 27607-3033

TRANSFER AGENT & REGISTRAR
First Union National Bank of North Carolina
Shareholder Services Group
230 South Tryon Street
Charlotte, North Carolina 28288-1154
Telephone: (800) 829-8432

Inquiries regarding your account records, issuance of stock certificates, distribution of dividends and IRS Form 1099 should be directed to First Union National Bank of North Carolina.

COMMON STOCK
Listing: New York Stock Exchange
Stock Symbol: MLM

INDEPENDENT AUDITORS
Ernst & Young LLP
3200 Beechleaf Court
Raleigh, North Carolina 27604-1063

CORPORATE HEADQUARTERS
2710 Wycliff Road
Raleigh, North Carolina 27607-3033
Telephone: (919) 781-4550

INVESTOR RELATIONS
Telephone: (919) 783-4658

PRINCIPAL OPERATING ELEMENTS

MARTIN MARIETTA AGGREGATES
Raleigh, North Carolina
Stephen P. Zelnak, Jr., President
Robert R. Winchester, Executive Vice President

CAROLINA DIVISION
Raleigh, North Carolina
Donald M. Moe, President

CENTRAL DIVISION
New Orleans, Louisiana
H. Donovan Ross, President

MIDEAST DIVISION
Richmond, Virginia
George S. Seamen, President

MIDWEST DIVISION
Des Moines, Iowa
Robert C. Meskimen, President

SOUTHEAST DIVISION
Atlanta, Georgia
J. Michael Pertsch, President

MARTIN MARIETTA MAGNESIA SPECIALTIES
Raleigh, North Carolina
Philip J. Sipling, President

SALES, MARKETING AND OPERATIONS
Baltimore, Maryland
Richard W. Arnold, Vice President
Refractory Products
Peter S. Gaillard, Vice President
Periclase and Lime
John R. Harman, Vice President
Magnesia Chemicals

Manistee, Michigan
William F. Sawhill, Vice President
Operations and Refractory Products

EXHIBIT 21.01

SUBSIDIARIES OF MARTIN MARIETTA MATERIALS, INC.
AS OF MARCH 10, 1997

NAME OF SUBSIDIARY	PERCENT OWNED
American Stone Company, a North Carolina corporation	50%*
Bahama Rock Limited, a Bahamas corporation	100%
Bayou Mining, Inc., a Louisiana corporation	100%
Central Rock Company, a North Carolina corporation	100%
Kaser Corporation, an Iowa corporation	50%
Martin Marietta Magnesia Specialties Inc., a Delaware corporation	100%
Martin Marietta Materials Canada Limited, a Nova Scotia, Canada corporation	100%
Martin Marietta Materials de Mexico, S.A. de C.V., a Mexican corporation	100%**

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* Central Rock Company, a wholly-owned subsidiary of the Company, owns a 50% interest in American Stone Company.
** Martin Marietta Materials de Mexico, S.A. de C.V. is owned by Martin Marietta Magnesia Specialties Inc. (99%) and Martin Marietta Materials, Inc. (1%)

EXHIBIT 23.01

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Martin Marietta Materials, Inc., of our report dated January 20, 1997, included in the 1996 Annual Report to Shareholders of Martin Marietta Materials, Inc. and consolidated subsidiaries.

Our audit also included the financial statement schedule of Martin Marietta Materials, Inc. and consolidated subsidiaries listed in Item 14(a). This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth herein.

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 33-83516) pertaining to the Martin Marietta Materials, Inc. Omnibus Securities Award Plan and in the Registration Statement (Form S-3 No. 33-99082) pertaining to the Martin Marietta Materials, Inc. shelf registration, of our report dated January 20, 1997, with respect to the consolidated financial statements incorporated herein by reference, and our report included in the preceding paragraph with respect to the financial statement schedule included in this Annual Report (Form 10-K) of Martin Marietta Materials, Inc., for the year ended December 31, 1996.

ERNST & YOUNG LLP

Raleigh, North Carolina
March 20, 1997

EXHIBIT 23.02

CONSENT OF KMPG PEAT MARWICK LLP, INDEPENDENT AUDITORS

The Board of Directors
Dravo Basic Materials Company, Inc.

The Board of Directors
Martin Marietta Materials, Inc.

We consent to the incorporation by reference of our report dated February 10, 1995, relating to the consolidated financial statements of Dravo Basic Materials Company, Inc. and subsidiaries as of December 29, 1994 and for the period from January 1, 1994 through December 29, 1994, which report is incorporated by reference in this Annual Report on Form 10-K of Martin Marietta Materials, Inc. and in the Registration Statements on Form S-8 (registration no. 33-83516) and on Form S-3 (registration no. 33-99082) of Martin Marietta Materials, Inc.

KMPG PEAT MARWICK LLP

New Orleans, Louisiana
March 20, 1997

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE AUDITED CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 1996, AND THE RELATED AUDITED CONSOLIDATED STATEMENT OF EARNINGS FOR THE YEAR THEN ENDED AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 31, 1996.

1,000

YEAR
DEC-31-1996
JAN-01-1996
DEC-31-1996
0
0
137,157
2,950
113,774
271,166
981,214
572,394
768,918
88,144
125,890
0
0
461
480,516
768,918
721,947
721,947
539,437
601,271
(6,898)
(1,500)
10,121
118,953
40,325
78,628
0
0
0
78,628
1.71
1.71