

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 1996

Commission File Number 1-12744

MARTIN MARIETTA MATERIALS, INC.

(Exact name of registrant as specified in its charter)

North Carolina

56-1848578

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer Identification Number)

2710 Wycliff Road, Raleigh, NC

27607-3033

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code

919-781-4550

Former name:

None

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

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

Yes X No

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

Class

Outstanding as of October 31, 1996

Common Stock, \$.01 par value

46,079,300

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 1996

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

	September 30, 1996	December 31, 1995
	-----	-----
	(Dollars in Thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,364	\$ --
Accounts receivable, net	133,559	94,759
Affiliates receivable	6,080	89,712
Inventories, net	113,082	113,402
Deferred income tax benefit	12,567	12,622
Other current assets	1,489	3,860
	-----	-----
Total Current Assets	269,141	314,355
	-----	-----
Property, plant and equipment	957,856	919,862
Allowances for depreciation, depletion and amortization	(561,315)	(527,639)
	-----	-----
Net property, plant and equipment	396,541	392,223
Other noncurrent assets	22,926	18,248
Noncurrent affiliates receivable	--	3,333
Cost in excess of net assets acquired	38,192	37,245
Other intangibles	23,800	23,967
	-----	-----
Total Assets	\$750,600	\$789,371
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Book overdraft	\$ --	\$ 2,927
Accounts payable	28,832	26,211
Affiliates payable	14,076	6,822
Accrued salaries, benefits and payroll taxes	15,857	15,426
Accrued insurance and other taxes	10,779	5,551
Income taxes	7,343	2,192
Current maturities of long-term debt	190	103,740
Other current liabilities	9,145	10,467
	-----	-----
Total Current Liabilities	86,222	173,336
Long-term debt	124,807	124,986
Pension, postretirement, and postemployment benefits	52,064	47,483
Other noncurrent liabilities	8,308	9,415
Noncurrent deferred income taxes	12,687	10,606
	-----	-----
Total Liabilities	284,088	365,826
	-----	-----
Shareholders' equity:		
Common stock, par value \$.01 per share	461	461
Additional paid-in capital	331,303	331,303
Retained earnings	134,748	91,781
	-----	-----
Total Shareholders' Equity	466,512	423,545
	-----	-----
Total Liabilities and Shareholders' Equity	\$750,600	\$789,371
	=====	=====

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1996	1995	1996	1995
	----- (Dollars in Thousands, Except Per Share Data)			
Net sales	\$201,504	\$191,094	\$538,489	\$496,950
Cost of sales	142,957	139,334	400,807	369,867
	-----	-----	-----	-----
Gross Profit	58,547	51,760	137,682	127,083
Selling, general & administrative expense	15,030	14,270	44,763	43,084
Research and development	466	465	1,418	1,358
	-----	-----	-----	-----
Earnings from Operations	43,051	37,025	91,501	82,641
Interest expense	(2,268)	(2,457)	(7,964)	(6,951)
Other income and expenses, net	806	1,775	5,168	4,350
	-----	-----	-----	-----
Earnings before Taxes on Income	41,589	36,343	88,705	80,040
Taxes on income	14,099	12,918	30,071	28,429
	-----	-----	-----	-----
Net earnings	\$ 27,490	\$ 23,425	\$ 58,634	\$ 51,611
	=====	=====	=====	=====
Net Earnings per share	\$0.60	\$0.51	\$1.27	\$1.12
	=====	=====	=====	=====
Average number of shares outstanding	46,079,300	46,079,300	46,079,300	46,079,300
	=====	=====	=====	=====

See accompanying notes to condensed consolidated financial statements.

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

	Nine Months Ended September 30,	
	----- 1996 -----	1995 ----- -----
	(Dollars in Thousands)	
Operating activities:		
Net earnings	\$ 58,634	\$ 51,611
Adjustments to reconcile earnings to cash provided by operating activities:		
Depreciation, depletion and amortization	45,346	41,286
Other items, net	(1,266)	(2,340)
Changes in operating assets and liabilities:		
Accounts receivable	(38,799)	(28,315)
Affiliates receivable	(418)	3,154
Inventories	352	(18,085)
Accounts payable	(883)	3,633
Other assets and liabilities, net	8,888	34,594
	-----	-----
Net cash provided by operating activities	71,854	85,538
	-----	-----
Investing activities:		
Additions to property, plant & equipment and acquisitions, net	(51,818)	(196,128)
Transactions with Lockheed Martin Corporation	87,383	2,513
Note receivable from Lockheed Martin Corporation	--	53,000
Other investing activities, net	6,509	3,215
	-----	-----
Net cash provided by (used for) investing activities	42,074	(137,400)
	-----	-----
Financing activities:		
Repayments and extinguishments of long-term debt, net	(103,729)	(3,120)
Dividends	(15,667)	(15,206)
Loan payable to Lockheed Martin Corporation	10,759	70,000
	-----	-----
Net cash (used for) provided by financing activities	(108,637)	51,674
	-----	-----
Net increase (decrease) in cash and cash equivalents	5,291	(188)
Book overdraft, beginning of period	(2,927)	(2,218)
	-----	-----
Cash and cash equivalents/(book overdraft), end of period	\$ 2,364	\$ (2,406)
	=====	=====

See accompanying notes to condensed consolidated financial statements.

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
 FORM 10-Q
 For the Quarter Ended September 30, 1996

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

During 1993, the Board of Directors of Lockheed Martin Corporation ("Lockheed Martin") approved a plan to form a new subsidiary, Martin Marietta Materials, Inc. Under the plan, Lockheed Martin transferred to the Corporation its ownership interest in the construction aggregates business along with its ownership of 100% of the common stock of Martin Marietta Magnesia Specialties Inc. The Corporation, which was incorporated on November 12, 1993, consummated an initial public offering (an "IPO") of 8,797,500 shares (approximately 19%) of its outstanding Common Stock in February 1994. Upon completion of the IPO, Lockheed Martin's beneficial ownership of the Corporation's outstanding Common Stock was reduced to approximately 81%. Lockheed Martin disposed of its remaining ownership in October 1996 by means of a split-off, an exchange offer whereby Lockheed Martin stockholders were given the opportunity to exchange some or all of their shares of Lockheed Martin common stock for a certain number of shares of the Corporation's Common Stock held by Lockheed Martin. For a more detailed discussion of this transaction, see the "Overview" section of the "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 9. For purposes of these financial statements and the related notes thereto, all references to Lockheed Martin, which was formed as a result of a business combination in March 1995 between the Martin Marietta Corporation and the Lockheed Corporation, are meant to include Martin Marietta Corporation and its consolidated subsidiaries, except where otherwise specified. Additionally, transactions with Lockheed Martin remain classified and accounted for as related party transactions for financial reporting purposes.

2. Inventories:

	September 30, 1996	December 31, 1995
	-----	-----
	(Dollars in Thousands)	
Finished products	\$ 86,290	\$ 86,086
Product in process and raw materials	14,263	15,427
Supplies and expendable parts	19,312	19,259
	-----	-----
	119,865	120,772
Less allowances	(6,783)	(7,370)
	-----	-----
Total	\$113,082	\$113,402
	=====	=====

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

3. Long-Term Debt:

	September 30, 1996	December 31, 1995
	-----	-----
	(Dollars in Thousands)	
7% Debentures, due 2025	\$124,183	\$124,177
8-1/2% Notes, due 1996	--	100,000
Acquisition notes, interest rates ranging from 6% to 10%	88	3,675
Other notes	726	874
	-----	-----
	124,997	228,726
Less current maturities	(190)	(103,740)
	-----	-----
Total	\$124,807	\$124,986
	=====	=====

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

In addition to the above stated long-term debt, as of September 30, 1996, the Corporation had borrowed, from a subsidiary of Lockheed Martin, \$10.8 million under the terms of its credit agreements. For financial reporting purposes, this amount remains classified with affiliates payable in the accompanying financial statements. These borrowing proceeds were used primarily to help finance the repayment of the 8-1/2% Notes and to assist funding the Corporation's working capital requirements during the first nine months of 1996. As of November 1, 1996, no amount was outstanding under the terms of this agreement.

The Corporation's interest payments were approximately \$7.6 million in 1996 and \$8.3 million in 1995 for the nine months ended September 30.

4. Income Taxes

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

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

4. Income Taxes (continued)

The results of operations of the Corporation through the effective date of the consummation of the split-off from Lockheed Martin are included in a consolidated federal income tax return with Lockheed Martin. However, following the effective date of the consummation of the split-off, as discussed in Note 1 and in the "Overview" section of the "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 9, the Corporation will file consolidated federal income tax returns independently from Lockheed Martin. For years ended prior to January 1, 1995, the Corporation's results of operations are included in the consolidated federal income tax returns with Martin Marietta Corporation. Income taxes allocable to the operations of the Corporation are calculated as if it had filed separate income tax returns for the periods presented herein. For all periods following the consummation of the split-off from Lockheed Martin, recognition and measurement of the Corporation's current and deferred income tax liabilities and assets will be presented under the financial accounting and reporting standards for the effects of income taxes that result from the Corporation's activities on a stand-alone basis. The Corporation will file separate income tax returns for all periods following the consummation date of the split-off.

The Corporation's income tax payments were approximately \$22.9 million in 1996 and \$9.8 million in 1995, for the nine months ended September 30.

5. Contingencies

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

6. Other Matters

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

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

Third Quarter and Nine Months Ended September 30, 1996 and 1995

OVERVIEW Martin Marietta Materials, Inc., (the "Corporation") was created after the Board of Directors of Lockheed Martin Corporation ("Lockheed Martin") approved a plan under which Lockheed Martin transferred to the Corporation its ownership interest in the construction aggregates business along with its ownership of 100% of the common stock of Martin Marietta Magnesia Specialties Inc. The Corporation was incorporated on November 12, 1993, and consummated an initial public offering of 8,797,500 shares of its Common Stock in February 1994. Upon completion of the initial public offering, Lockheed Martin's beneficial ownership of the Corporation's Common Stock was reduced to approximately 81% of the Corporation's outstanding Common Stock. Lockheed Martin disposed of its remaining ownership interest in the Corporation in October 1996, by means of a split-off, an exchange offer pursuant to which Lockheed Martin stockholders were given the opportunity to exchange some or all of their shares of Lockheed Martin common stock for a certain number of shares of the Corporation's Common Stock (the "Exchange Offer") on a tax-free basis.

As a result of this transaction, all of Lockheed Martin's approximately 81% interest in the Corporation's Common Stock was exchanged with Lockheed Martin stockholders who participated in the Exchange Offer. Consummation of the Exchange Offer did not impact the Corporation's financial position or its results of operations as of the consummation date of the transaction and for the period then ended. For additional discussion in connection with the Exchange Offer, see "Other Matters" on page 15.

The Corporation reports operations in two industry reporting segments, aggregates and magnesia-based products. The Corporation is the United States' second largest producer of aggregates used for the construction of highways and other infrastructure projects and for commercial and residential construction. The Corporation's Aggregates division processes or ships aggregates, primarily crushed stone, from a network of approximately 200 quarries and distribution facilities in 19 states in the southeastern, midwestern and central regions of the United States and in the Bahamas and Canada. The Corporation also manufactures and markets magnesia-based products, including heat-resistant refractory products for the steel industry and magnesia-based chemical products for industrial, agricultural and environmental uses, including wastewater treatment and acid neutralization.

The Corporation continued in excellent overall financial condition during the third quarter of 1996 and has adequate capital resources to operate, compete and grow in an increasingly challenging and competitive environment. Net earnings for the third quarter of 1996 were \$27.5 million, or \$0.60 per share, an increase of 17% over 1995 third-quarter earnings of \$23.4 million, or \$0.51 per share.

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

Third Quarter and Nine Months Ended September 30, 1996 and 1995

At September 30, 1996, total shareholders' equity reached \$466.5 million, and the Corporation's ratio of debt to total capitalization was 23%, compared with a debt-to-capitalization ratio of 35% at year-end 1995. Total debt at year-end reflected a temporary increase in long-term debt associated with the December 1995 sale of the Corporation's \$125 million 7% Debentures. The proceeds from the sale of these Debentures were used ultimately to repay the \$100 million aggregate principal amount of the Corporation's 8-1/2% Notes upon their maturity on March 1, 1996.

RESULTS OF OPERATIONS Net sales for the quarter were \$201.5 million, a 5% increase over 1995 third quarter sales of \$191.1 million. Net sales for the first nine months of 1996 were \$538.5 million, an increase of 8% over net sales for the year-earlier period of \$497.0 million. Earnings from operations were up \$6.0 million, or 16%, to \$43.1 million for the third quarter of 1996 over the same period in 1995, with earnings from operations up \$8.9 million, to \$91.5 million for the first nine months of 1996, compared with the first nine months of 1995. Consolidated net earnings for the quarter increased 17% to \$27.5 million, or \$0.60 per share, from 1995 third quarter net earnings of \$23.4 million, or \$0.51 per share. For the nine-month period ended September 30, 1996, consolidated net earnings were \$58.6 million, or \$1.27 per share. This represents an increase of 14% over net earnings for the first nine months of 1995 of \$51.6 million, or \$1.12 per share.

Sales for the Aggregates division increased 6% to \$169.5 million for the third quarter, compared with the year-earlier period. The division's sales increased 9% to \$440.8 million for the first nine months of 1996, compared with the first nine months of 1995. This increase in sales reflects record year-to-date aggregates shipments of 75.3 million tons and an increase in the division's average net selling price, when compared to the same period in 1995. The division's third quarter operating profits were \$40.5 million, an increase of 18% over operating profits for the year-earlier period of \$34.4 million. The division's operating profits for the first nine months of 1996 increased 9% to \$83.7 million from \$76.8 million for the first nine months of 1995, despite the effect of Hurricane Fran and subsequent heavy rainfall during September in the southeast 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. The Corporation's aggregates business is highly seasonal, due primarily to the effect of weather conditions on construction activity levels, most of which occurs typically in the spring, summer, and early fall. Production costs were negatively affected by the severe winter weather conditions experienced during the first quarter, along with the hurricane and related wet conditions that existed during the third quarter of this year. Management continues to believe that the Corporation's annual production and shipments, excluding any acquisition activities, will see some improvement for the full year ending December 31, 1996, compared with the prior year.

The Magnesia Specialties division had third quarter 1996 sales of \$32.0 million, a slight increase over the third quarter sales of 1995, and had nine month 1996 sales of \$97.7 million, an increase of 4% in 1996 over 1995. The division's operating earnings for the third quarter of \$2.5 million were 3% below the operating results for the prior-year period as a result of an explosion and fire in an electrical substation, which occurred at the Woodville, Ohio, lime plant during the latter part of the second quarter of this year. For the nine-month period, the division's earnings from operations increased substantially from \$5.9 million in 1995 to \$7.8 million in 1996. This increase principally reflects the negative effect of the strike which occurred during 1995 at a major operating location.

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

(Continued)

Third Quarter and Nine Months Ended September 30, 1996 and 1995

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

	Three Months Ended September 30,			
	(Dollars in Thousands)			
	1996		1995	
	Amount	% of Net Sales	Amount	% of Net Sales
Net sales:				
Aggregates	\$169,485	100.0	\$159,206	100.0
Magnesia Specialties	32,019	100.0	31,888	100.0
Total	\$201,504	100.0	\$191,094	100.0
Gross profit:				
Aggregates	\$ 51,381	30.3	\$ 43,929	27.6
Magnesia Specialties	7,166	22.4	7,831	24.6
Total	\$ 58,547	29.1	\$ 51,760	27.1
Selling, general & administrative expense:				
Aggregates	\$ 10,859	6.4	\$ 9,518	6.0
Magnesia Specialties	4,171	13.0	4,752	14.9
Total	\$ 15,030	7.5	\$ 14,270	7.5
Earnings from operations:				
Aggregates	\$ 40,521	23.9	\$ 34,410	21.6
Magnesia Specialties	2,530	7.9	2,615	8.2
Total	\$ 43,051	21.4	\$ 37,025	19.4

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

Third Quarter and Nine Months Ended September 30, 1996 and 1995

	Three Months Ended September 30,			
	(Dollars in Thousands)			
	1996		1995	
	Amount	% of Net Sales	Amount	% of Net Sales
Net sales:				
Aggregates	\$440,787	100.0	\$403,068	100.0
Magnesia Specialties	97,702	100.0	93,882	100.0
Total	\$538,489	100.0	\$496,950	100.0
Gross profit:				
Aggregates	\$115,780	26.3	\$105,561	26.2
Magnesia Specialties	21,902	22.4	21,522	22.9
Total	\$137,682	25.6	\$127,083	25.6
Selling, general & administrative expense:				
Aggregates	\$ 32,099	7.3	\$ 28,777	7.1
Magnesia Specialties	12,664	13.0	14,307	15.2
Total	\$ 44,763	8.3	\$ 43,084	8.7
Earnings from operations:				
Aggregates	\$ 83,681	19.0	\$ 76,784	19.0
Magnesia Specialties	7,820	8.0	5,857	6.2
Total	\$ 91,501	17.0	\$ 82,641	16.6

Other income and expenses, net, for the nine months ended September 30, were \$5.2 million in income in 1996 and \$4.4 million in income in 1995. In addition to several offsetting amounts, the 1996 amount included nonrecurring pretax gains of approximately \$1.2 million associated with the selling of certain assets and approximately \$1.2 million of interest income from affiliates loans. The 1995 amount also included a nonrecurring pretax gain of approximately \$1.4 million related to certain

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

(Continued)

Third Quarter and Nine Months Ended September 30, 1996 and 1995

asset dispositions in connection with one of the Corporation's equity investments and \$0.9 million of interest income from loans to affiliates. It should be noted that interest income from loans to Lockheed Martin has remained classified with transactions with affiliates for financial reporting purposes.

Interest expense was approximately \$1.0 million, or 16%, higher in the first nine months of 1996 over 1995. The increase in 1996 resulted from the net effect of the additional long-term borrowings by the Corporation in December 1995, when the Corporation publicly offered and sold its \$125 million 7% Debentures, offset by the reduction of long-term debt during the period caused by the repayment of the 8 1/2% Notes on March 1, 1996, and the reduced amounts outstanding during the period that were due to Lockheed Martin under the credit agreement.

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

LIQUIDITY AND CAPITAL RESOURCES Net cash flow provided by operating activities during the first nine months of 1996 was \$71.9 million, compared with \$85.5 million in the comparable period of 1995. The cash flow from operating activities for both 1995 and 1996 was principally from earnings, before deducting depreciation, depletion and amortization, offset by increased demand for working capital. Working capital increases during the first nine months of 1996 were principally due to an increase in accounts receivable balances as a result of growth in aggregates demand. The increased demand on working capital during the first nine months of 1995 was primarily the result of increases in inventory and accounts receivable balances, both of which were offset somewhat by increased trade accounts payable and other liabilities balances. The seasonal nature of the construction aggregates business impacts quarterly net cash provided by operating activities when compared with the year. Accordingly, full year 1995 net cash provided by operating activities was \$128.6 million, compared with the \$85.5 million provided by operations in the first nine months of 1995. Capital expenditures are expected to be approximately \$83 million for 1996, exclusive of acquisitions. Comparable capital expenditures, were \$71.6 million in 1995.

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

Third Quarter and Nine Months Ended September 30, 1996 and 1995

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

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

With respect to the Corporation's ability to access the public market, it has an effective shelf registration on file with the Securities and Exchange Commissions 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.

Based on prior performance and current expectations, the Corporation's management believes that cash flows from internally generated funds and its access to capital markets are expected to continue to be sufficient to provide the capital resources necessary to fund the operating needs of its existing businesses, cover debt service requirements, and allow for payment of dividends. The Corporation may be required to obtain additional levels of financing in order to fund certain strategic acquisitions if any such opportunities arise. Currently, the Corporation's senior unsecured debt is rated "A" by Standard &

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
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(Continued)

Third Quarter and Nine Months Ended September 30, 1996 and 1995

Poor's and "A3" by Moody's. In an October 1996 press release, Standard & Poor's affirmed the Corporation's "A" senior debt rating and removed it from CreditWatch -- an action that was taken in March 1996 as a result of its then 81% ownership by Lockheed Martin. Standard & Poor's announced that the October rating action reflects the completion of Lockheed Martin's split-off of its ownership interest in the Corporation. 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.

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 Amended Omnibus Securities Award Plan and for general corporate purposes. As of November 1, 1996, there have been 68,200 shares repurchased under these authorizations.

OTHER MATTERS In connection with the Exchange Offer, the Corporation's Board of Directors adopted a shareholder rights plan that became effective, and certain terms of which were established, upon consummation of the split-off from Lockheed Martin. The shareholder rights plan provides, among other things, that if any person or group of persons becomes the beneficial owner of 15% or more of the Corporation's Common Stock, all holders of rights issued pursuant to the plan (other than such person or group of persons and their affiliates, associates and transferees) will have the right to acquire shares of the Corporation's Common Stock at 50% of the then current market value.

Also in connection with the Exchange Offer, the Board of Directors adopted, and recommended that the shareholders of the Corporation approve at a special meeting called for such purpose, certain amendments to the Corporation's Articles of Incorporation. The amendments reduce the vulnerability of the Corporation to an unsolicited takeover proposal, particularly one that is made at an inadequate price or does not contemplate the acquisition of all of the Corporation's Common Stock. The special meeting of the shareholders to approve such amendments was held on September 27, 1996, and all amendments were approved as proposed.

This Quarterly Report on Form 10-Q contains statements which, to the extent that they are not recitations of historical fact, 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. All forward looking statements involve risks and uncertainties. The forward looking statements in this document are intended to be subject to the safe harbor protection provided by Sections 27A and 21E. Political, climatic, currency, regulatory, technological, competitive and other factors could cause actual results to vary materially from those anticipated in the forward looking statements. Additional information regarding these risk factors and uncertainties is detailed from time to time in the Corporation's filings with the Securities and Exchange Commission.

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q
For the Quarter Ended September 30, 1996

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

Reference is made to Part II Item 1. Legal Proceedings of the Martin Marietta Materials, Inc. Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1996.

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

Reference is made to Part II. Item 4. Submission of Matters to a Vote of Security Holders of the Martin Marietta Materials, Inc. Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1996.

At the Special Meeting of Shareholders held on September 27, 1996, the shareholders of Martin Marietta Materials, Inc.:

1. Approved the following amendments to the Corporation's Articles of Incorporation:
 - (a) Approved the establishment of a variable range for the size of the Board of Directors (the "Board"). The amendment provides that the Board be comprised of a minimum of nine members and a maximum of eleven members, which number may be increased or decreased from time to time within such range by vote of the Board or the shareholders of the Corporation.
 - (b) Approved the Board being divided into three classes of directors whereby approximately one-third of the Directors would be elected at the annual meeting of shareholders each year to serve for a term of three years.
 - (c) Approved that Directors may be removed only for cause by a majority of the votes cast by shareholders of the Corporation, and that directors may not be removed by the shareholders at a meeting unless the notice of the meeting states that one of the purposes of the meeting is the removal of Directors.
 - (d) Approved that special meetings of shareholders may be called only by the Chairman of the Board or the President of the Corporation, or by the affirmative vote of a majority of the members of the Board or the Executive Committee of the Board.
 - (e) Approved that if a vacancy occurs on the Board, such vacancy may be filled only by the affirmative vote of a majority of the remaining Directors in office, even though less than a quorum. Additionally, shareholders are not permitted to fill any vacancy on the Board, other than vacancies that result from the removal of a Director from office by the shareholders that is filled by the shareholders at the same meeting at which such removal occurs.

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
 FORM 10-Q
 For the Quarter Ended September 30, 1996

PART II - OTHER INFORMATION
 (continued)

- (f) Approved that for purposes of the "fair market value" exception to the stock repurchase provision contained within Article 10(a) of the Articles of Incorporation, that the market price be determined as of the earlier of (i) the date of such stock repurchase, or (ii) the date any agreement with respect to such transaction was entered into.
- (g) Approved that proposed business combinations between the Corporation and an interested shareholder, as well as any amendment of the business combination provisions of the Articles of Incorporation, would require the approval of (i) 66-2/3% of the voting stock of the Corporation not held by any interested shareholder, voting together as a single class, and (ii) 80% of all voting stock of the Corporation, voting together as a single class.
- (h) Approved the modification or deletion in their entirety of several provisions of the Articles of Incorporation relating to the relationship between Lockheed Martin and the Corporation.
- (i) Approved the modification or deletion of several miscellaneous provisions of the Articles of Incorporation to reflect the amendments described above in (a) through (h).

The following table sets forth the voting results for each of the above actions with respect to the amendments to the Corporation's Articles of Incorporation:

Action -----	Cast For -----	Cast Against -----	Abstained -----
(a)	41,060,661	414,533	2,415
(b)	38,693,761	1,375,192	2,505
(c)	38,743,131	1,309,742	18,585
(d)	38,783,286	1,285,167	3,005
(e)	39,227,901	839,602	3,955
(f)	40,058,768	9,085	3,605
(g)	39,276,508	791,045	3,905
(h)	39,989,243	78,595	3,620
(i)	40,037,443	31,410	2,605

2. Approved the Martin Marietta Materials, Inc. Shareholder Value Achievement Plan. The voting results for this approval were: 41,453,829 -- For; 20,265 -- Against; and 3,515 -- Abstained.
3. Approved the Martin Marietta Materials, Inc. Common Stock Purchase Plan for Directors. The voting results for this approval were: 41,382,123 -- For; 58,996 -- Against; and 36,490 -- Abstained.

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
 FORM 10-Q
 For the Quarter Ended September 30, 1996

PART II - OTHER INFORMATION
 (Continued)

4. Approved the Martin Marietta Materials, Inc. Amended Omnibus Securities Award Plan. The voting results for this approval were: 41,416,014 -- For; 57,255 -- Against; and 4,340 -- Abstained.

Item 5. Other Information.

On November 7, 1996, the Corporation's Board of Directors took action, pursuant to the Corporation's Restated Articles of Incorporation, that divided the members of its Board of Directors into the following three classes with terms expiring as indicated:

	Class -----	Term Expiring -----
Class I:	Frank H. Menaker, Jr. William E. McDonald Richard A. Vinroot	Annual Shareholders Meeting 1997
Class II:	Richard G. Adamson Marcus C. Bennett Bobby F. Leonard	Annual Shareholders Meeting 1998
Class III:	James M. Reed William B. Sansom Stephen P. Zelnak, Jr.	Annual Shareholders Meeting 1999

On November 8, 1996, the Corporation announced that the Board of Directors had declared a regular quarterly cash dividend on the Corporation's Common Stock of \$0.12 a share, payable December 31, 1996, to shareholders of record at the close of business on November 29, 1996.

On November 11, 1996, the Corporation announced the election of two additional members to its Board of Directors. The new Directors are William E. McDonald, President and Chief Executive Officer of Sprint MidAtlantic Telecom, located in Raleigh, North Carolina, and Richard A. Vinroot, a Partner in the law firm of Robinson, Bradshaw and Hinson, located in Charlotte, North Carolina. The addition of the two new Directors increases the size of the Board of Directors to nine members.

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
 FORM 10-Q
 For the Quarter Ended September 30, 1996

PART II - OTHER INFORMATION
 (Continued)

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

(a) Exhibits

Exhibit No. -----	Document -----
10.01	Restated Articles of Incorporation of the Corporation (incorporated by reference to Exhibit 3.1 to the Martin Marietta Materials, Inc. current report on Form 8-K, filed with the Securities and Exchange Commission on October 25, 1996).
10.02	Restated Bylaws of the Corporation (incorporated by reference to Exhibit 3.3 to the Martin Marietta Materials, Inc. current report on Form 8-K, filed with the Securities and Exchange Commission on October 25, 1996).
10.03	Rights Agreement, dated as of October 21, 1996, between Martin Marietta Materials, Inc., and First Union National Bank of North Carolina, as Rights Agent, which includes the Form of Articles of Amendment With Respect to the Junior Participating Class A Preferred Stock of Martin Marietta Materials, Inc., as Exhibit A, the Form of Rights Certificate, as Exhibit B, and the Summary of Rights to Purchase Preferred Stock, as Exhibit C (incorporated by reference to Exhibit 1 to the Martin Marietta Materials, Inc. registration statement on Form 8-A, filed with the Securities and Exchange Commission on October 21, 1996).
10.04	Articles of Amendment of the Corporation with respect to the Junior Participating Class A Preferred Stock (incorporated by reference to Exhibit 3.2 to the Martin Marietta Materials, Inc. current report on Form 8-K, filed with the Securities and Exchange Commission on October 25, 1996).
10.05	Martin Marietta Materials, Inc. Amended Omnibus Securities Award Plan.
10.06	Martin Marietta Materials, Inc. Shareholder Value Achievement Plan.

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q
For the Quarter Ended September 30, 1996

PART II - OTHER INFORMATION
(Continued)

Item 6. Exhibits and Reports on Form 8-K (continued).

(a) Exhibits (continued)

Exhibit No. -----	Document -----
10.07	Form of Martin Marietta Materials, Inc. Employment Protection Agreement.
10.08	Martin Marietta Materials, Inc. Common Stock Purchase Plan for Directors.
10.09	Supplemental Tax Sharing Agreement, dated as of September 13, 1996, between the Corporation and Lockheed Martin Corporation.
10.10	Tax Assurance Agreement, dated as of September 13, 1996, between the Corporation and Lockheed Martin Corporation.
11.01	Martin Marietta Materials, Inc. and Consolidated Subsidiaries Computation of Earnings Per Share for the Quarter and Nine Months Ended September 30, 1996 and 1995
12.01	Martin Marietta Materials, Inc. and Consolidated Subsidiaries Computation of Ratio of Earnings to Fixed Charges for the Nine Months ended September 30, 1996
27.01	Financial Data Schedule (for SEC use only)

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q
For the Quarter Ended September 30, 1996

PART II - OTHER INFORMATION
(Continued)

Item 6. Exhibits and Reports on Form 8-K (continued).

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

Current Report on Form 8-K, filed October 25, 1996.

Item 5. Other Events.

The Registrant filed information in connection with the following events:

Adoption of a Shareholder Rights Plan

On October 15, 1996, the Corporation declared a dividend distribution of one Right for each outstanding share of the Corporation'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 Corporation 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 Corporation, 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 Corporation and First Union National Bank of North Carolina, as Rights Agent. On October 21, 1996, the Corporation 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 Corporation. 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.

Completion of Split-Off of the Company by Lockheed Martin Corporation

On October 21, 1996, Lockheed Martin Corporation and the Corporation jointly announced the successful completion of the split-off of the Corporation from Lockheed Martin Corporation.

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q
For the Quarter Ended September 30, 1996

PART II - OTHER INFORMATION
(Continued)

Item 6. Exhibits and Reports on Form 8-K (continued).

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

Current Report on Form 8-K, filed October 25, 1996 (continued).

Item 5. Other Events (continued).

Effectiveness of Anti-takeover Amendments to Charter and Bylaws

Effective on October 21, 1996, various amendments to the Articles of Incorporation and Bylaws of the Corporation that were approved at the Special Meeting of Shareholders held on September 27, 1996, became effective. The purposes and effects of such amendments are described in Part II -- Other Information, Item 4. Submission of Matters to a Vote of Security Holders on page 16 of this filing and in the Corporation's Proxy Statement dated August 28, 1996 (the "Proxy Statement"), which information is incorporated herein by this reference in its entirety. Copies of the Restated Articles of Incorporation and Bylaws of the Corporation are filed as Exhibits hereto. Copies of the Proxy Statement are available free of charge from the Corporation.

Release of Third Quarter Earnings Results

On October 21, 1996, the Corporation issued a press release announcing financial results for the third quarter and nine months ended September 30, 1996.

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q
For the Quarter Ended September 30, 1996

SIGNATURES

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

MARTIN MARIETTA MATERIALS, INC.
(Registrant)

Date: November 14, 1996

By: /s/ JANICE K. HENRY

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

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q

For the Quarter Ended September 30, 1996

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10.06	Martin Marietta Materials, Inc. Shareholder Value Achievement Plan.
10.07	Form of Martin Marietta Materials, Inc. Employment Protection Agreement.

(Continued)

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q
For the Quarter Ended September 30, 1996

EXHIBIT INDEX
(continued)

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MARTIN MARIETTA MATERIALS, INC.
AMENDED OMNIBUS SECURITIES AWARD PLAN

ADOPTED: FEBRUARY 1994
AS AMENDED SEPTEMBER 1996

SECTION 1. ESTABLISHMENT AND PURPOSE

The Martin Marietta Materials, Inc. Amended Omnibus Securities Plan (the "Plan") is an amendment and restatement of the Martin Marietta Materials, Inc. Omnibus Securities Award Plan (the "1994 Plan"), which effectiveness is subject to the adoption of the Plan by the shareholders of the Corporation in a manner that complies with Section 162(m).

The purpose of this Plan is to benefit the Corporation's shareholders by encouraging high levels of performance by individuals who are key to the success of the Corporation and to enable the Corporation to attract, motivate, and retain talented and experienced individuals essential to its continued success. This is to be accomplished by providing such employees an opportunity to obtain or increase their proprietary interest in the Corporation's performance and by providing such employees with additional incentives to remain with the Corporation.

SECTION 2. DEFINITIONS

The following terms, as used herein, shall have the meaning specified:

"Affiliate" of a person means any entity directly or indirectly controlling, controlled by or under direct or indirect common control with such person.

"Award" means an award granted pursuant to Section 4 hereof.

"Award Agreement" means an agreement described in Section 6 hereof entered into between the Corporation and a Participant, setting forth the terms and conditions applicable to the Award granted to the Participant.

"Board of Directors" means the Board of Directors of the Corporation as it may be comprised from time to time.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Committee" means a committee composed of members of, and designated by, the Board of Directors and consisting solely of persons who are both (i) "non-employee directors" within the meaning of Rule 16b-3, and (ii) "outside directors" within the meaning of Section 162(m), as Rule 16b-3 and Section 162(m) may be amended from time to time, which committee shall at all times comprise at least the minimum number of such persons necessary to comply with both Rule 16b-3 and Section 162.

"Corporation" means Martin Marietta Materials, Inc.

"Covered Employee" means a covered employee within the meaning of Section 162(m) or the Treasury Regulations promulgated thereunder.

"Employee" means officers and other key employees of the Corporation but excludes directors who are not also officers or employees of the Corporation.

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

"Fair Market Value" means the closing price of the relevant security as reported on the composite tape of New York Stock Exchange issues (or such other reporting system as shall be selected by the Committee) on the relevant date, or if no sale of the security is reported for such date, the next following day for which there is a reported sale. The Committee shall determine the Fair Market Value of any security that is not publicly traded, using such criteria as it shall determine, in its sole direction, to be appropriate for such valuation.

"Insider" means any person who is subject to Section 16 of the Exchange Act.

"Participant" means an Employee who has been granted and holds an unexercised or unpaid Award pursuant to this Plan.

"Rule 16b-3" means Rule 16b-3 promulgated by the Securities and Exchange Commission under Section 16 or any successor rule or regulation as amended from time to time.

"Section 16" means Section 16 of the Exchange Act or any successor statute and the rules promulgated thereunder by the Securities and Exchange Commission, as they may be amended from time to time.

"Section 162(m)" means Section 162(m) of the Code or any successor statute and the Treasury Regulations promulgated thereunder, as they may be amended from time to time.

"Stock" means shares of Common Stock of the Corporation, par value \$.01 per share.

"Subsidiary" means any entity directly or indirectly controlled by the Corporation.

SECTION 3. ELIGIBILITY

Awards may be granted only to exempt salaried Employees of the Corporation or any Subsidiary who are designated from time to time by the Committee.

No individual who beneficially owns Stock possessing five percent (5%) or more of the combined voting power of all classes of stock of the Corporation shall be eligible to participate in the Plan.

SECTION 4. AWARDS

The Committee may grant any of the following types of Awards, either singly, in tandem or in combination with other Awards, as the Committee may in its sole discretion determine:

- (a) Non-qualified Stock Options. A Non-qualified Stock Option is a right to purchase a specified number of shares of Stock during such specified time as the Committee may determine at a price not less than 100% of the Fair Market Value of the Stock on the date the option is granted.
 - (i) The purchase price of the Stock subject to the option may be paid in cash. At the discretion of the Committee, the purchase price may also be paid by the tender of Stock, or through a combination of Stock and cash, or through such other means as the Committee determines are consistent with the Plan's purpose and applicable law. No fractional shares of Stock will be issued or accepted.
 - (ii) Without limiting the foregoing, to the extent permitted by law (including relevant state law), the Committee may agree to accept, as full or partial payment of the purchase price of Stock issued upon exercise of options, (A) a promissory note of the optionee evidencing the optionee's obligation to make future cash payments to the Corporation, or (B) any other form of payment deemed acceptable to the Committee. Promissory notes referred to in clause (A) above shall be payable as determined by the Committee (but in no event later than five years after the date thereof), shall be secured by a pledge of shares of Stock purchased, and shall bear interest at a rate established by the Committee.
- (b) Incentive Stock Options. An Incentive Stock Option is an Award in the form of an option to purchase Stock that complies with the requirements of Code Section 422 or any successor section.

- (i) To the extent that the aggregate Fair Market Value (determined at the time of the grant of the Award) of the shares subject to Incentive Stock Options which are exercisable by one person for the first time during a particular calendar year exceeds \$100,000, such excess shall be treated as Non-qualified Stock Options. For purposes of the preceding sentence, the term "Incentive Stock Option" shall mean an option to purchase Stock that is granted pursuant to this Section 4(b) or pursuant to any other plan of the Corporation, which option is intended to comply with Section 422(b) of the Code.
 - (ii) No Incentive Stock Option may be granted under this Plan after the tenth anniversary of the date this Plan is adopted, or the date this Plan is approved by the shareholders, whichever is earlier, or be exercisable more than ten years after the date the Award is made.
 - (iii) The exercise price of any Incentive Stock Option shall be no less than Fair Market Value of the Stock subject to the option on the date the Award is made.
 - (iv) The Committee may provide that the option price under an Incentive Stock Option may be paid by one or more of the methods available for paying the option price of a Non-qualified Stock Option.
- (c) Stock Appreciation Rights. A Stock Appreciation Right ("SAR") is a right to receive, upon exercise of the right, but without payment by the Participant, an amount payable in cash. The amount payable with respect to each right shall be equal in value to a percent of the excess, if any, of the Fair Market Value of a share of Stock on the exercise date over the Fair Market Value of a share of Stock on the date the Award was made (or, in the case of a right granted with respect to a previously granted Award, the Fair Market Value of the shares that are the subject of the previously granted Award on the date such previous Award was granted). The applicable percent shall be established by the Committee.
- (d) Restricted Stock. Restricted Stock is Stock of the Corporation that is issued to a Participant and is subject to restrictions on transfer and/or such other restrictions or incidents of ownership as the Committee may determine.
- (e) Other Stock-based Incentive Awards. The Committee may from time to time grant Awards under this Plan that provide the Participant with the right to purchase Stock of the Corporation or provide incentive Awards that are valued by reference to the Fair Market Value of Stock of the Corporation (including, but not limited to phantom securities or dividend equivalents). Such Awards shall be in a form determined by the Committee (and may include terms contingent upon a

change of control of the Corporation), provided that such Awards shall not be inconsistent with the terms and purposes of the Plan.

SECTION 5. SHARES OF STOCK AND OTHER STOCK-BASED AWARDS AVAILABLE UNDER PLAN

- (a) Subject to the adjustment provisions of Section 9 hereof, the aggregate number of shares with respect to which Awards payable in securities may be granted under the Plan shall be no more than 2,000,000 and the aggregate number of shares with respect to which Non-qualified Stock Options, Incentive Stock Options or SARs may be granted to any individual Participant shall be no more than 200,000 in any one year. Awards that are cancelled or repriced shall be counted against the 200,000 share per year limit to the extent required by Section 162(m) of the Code.
- (b) Any unexercised or undistributed portion of any terminated or forfeited Award (other than an Award terminated or forfeited by reason of the exercise of any Award granted in tandem therewith) shall be available for further Awards in addition to those available under Section 5(a) hereof.
- (c) For the purposes of computing the aggregate number of shares with respect to which awards payable in securities may be granted under the Plan, the following rules shall apply:
 - (i) except as provided in (v) of this Section, each option shall be deemed to be the equivalent of the maximum number of shares that may be issued upon exercise of the particular option;
 - (ii) except as provided in (v) of this Section, each other stock-based Award shall be deemed to be equal to the number of shares to which it relates;
 - (iii) except as provided in (v) of this Section, where the number of shares available under the Award is variable on the date it is granted, the number of shares shall be deemed to be the maximum number of shares that could be received under that particular Award.
 - (iv) where one or more types of Awards (both of which are payable in Stock or another security) are granted in tandem with each other, such that the exercise of one type of Award with respect to a number of shares cancels an equal number of shares of the other, each joint Award shall be deemed to be the equivalent of the number of shares under the other; and

- (v) each share awarded or deemed to be awarded under the preceding subsections shall be treated as shares of Stock, even if the Award is for a security other than Stock.

Additional rules for determining the aggregate number of shares with respect to which awards payable in securities may be granted under the Plan may be made by the Committee, as it deems necessary or appropriate.

- (d) No Stock may be issued pursuant to an Award under the Plan except to the extent that, prior to such issuance, the Corporation shall have acquired shares from its shareholders sufficient to fulfill the requirements of the Plan with respect to such issuance.

SECTION 6. AWARD AGREEMENTS

Each Award under this Plan shall be evidenced by an Award Agreement setting forth the number of shares of Stock, SARs, or units subject to the Award and such other terms and conditions applicable to the Award as determined by the Committee.

- (a) Award Agreements shall include the following terms:
 - (i) Non-assignability: A provision that no Award shall be assignable or transferable except by will or by the laws of descent and distribution and that during the lifetime of a Participant, the Award shall be exercised only by such Participant or by his or her guardian or legal representative.
 - (ii) Termination of Employment: A provision describing the treatment of an Award in the event of the retirement, disability, death or other termination of a Participant's employment with the Corporation or Subsidiary, including but not limited to terms relating to the vesting, time for exercise, forfeiture or cancellation of an Award in such circumstances.
 - (iii) Rights as Shareholder: A provision that a Participant shall have no rights as a shareholder with respect to any securities covered by an Award until the date the Participant becomes the holder of record. Except as provided in Section 9 hereof, no adjustment shall be made for dividends or other rights, unless the Award Agreement specifically requires such adjustment, in which case, grants of dividend equivalents or similar rights shall not be considered to be a grant of any other shareholder right.
 - (iv) Withholding: A provision requiring the withholding of applicable taxes required by law from all amounts paid in satisfaction of an Award. In the case of an Award paid in cash, the withholding obligation shall be satisfied

by withholding the applicable amount and paying the net amount in cash to the Participant. In the case of Awards paid in shares of Stock or other securities of the Corporation, a Participant may satisfy the withholding obligation by paying the amount of any taxes in cash or, with the approval of the Committee, shares of Stock or other securities may be deducted from the payment to satisfy the obligation in full or in part. The number of shares to be deducted shall be determined by reference to the Fair Market Value of such shares on the date the Award is exercised.

- (v) Execution: A provision stating that no Award is enforceable until the Award Agreement or a receipt has been signed by the Participant and the Chairman or the Chief Executive Officer of the Corporation (or his delegate). By executing the Award Agreement or receipt, a Participant shall be deemed to have accepted and consented to any action taken under the Plan by the Committee, the Board of Directors or their delegates.
 - (vi) Holding Period: In the case of an Award to an Insider, (A) of an equity security, a provision stating (or the effect of which is to require) that such security must be held for at least six months (or such longer period as the Committee in its discretion specifies) from the date of acquisition; or (B) of a derivative security with a fixed exercise price within the meaning of Section 16, a provision stating (or the effect of which is to require) that at least six months (or such longer period as the Committee in its discretion specifies) must elapse from the date of acquisition of the derivative security to the date of disposition of the derivative security (other than upon exercise or conversion) or its underlying equity security; or (C) of a derivative security without a fixed exercise price within the meaning of Section 16, a provision stating (or the effect of which is to require) that at least six months (or such longer period as the Committee in its discretion specifies) must elapse from the date upon which such price is fixed to the date of disposition of the derivative security (other than by exercise or conversion) or its underlying equity security; provided, however, that this clause (vi) shall not apply to any Award granted on or after August 15, 1996.
 - (vii) Exercise and Payment: The permitted methods of exercising and paying the exercise price with respect to the Award.
- (b) Award Agreements may include the following terms:
- (i) Replacement, Substitution and Reloading: Any provisions (A) permitting the surrender of outstanding Awards or securities held by the Participant in order to exercise or realize rights under other Awards, or in exchange

for the grant of new Awards under similar or different terms (including the grant of reload options), or, (B) requiring holders of Awards to surrender outstanding Awards as a condition precedent to the grant of new Awards under the Plan.

- (ii) Other Terms: Such other terms as are necessary and appropriate to effect an Award to the Participant including but not limited to the term of the Award, vesting provisions, any requirements for continued employment with the Corporation or any Subsidiary, any other restrictions or conditions (including performance requirements) on the Award and the method by which restrictions or conditions lapse, the effect on the Award of a change in control, the price and the amount or value of Awards.

SECTION 7. AMENDMENT AND TERMINATION

The Board of Directors may at any time amend, suspend or discontinue the Plan. The Committee may at any time alter or amend any or all Award Agreements under the Plan to the extent permitted by law. However, no such action may, without approval of the shareholders of the Corporation, be effective if shareholder approval would be required to keep the Plan and the Awards made thereunder in compliance with Rule 16b-3 and Section 162(m).

SECTION 8. ADMINISTRATION

- (a) The Plan and all Awards granted pursuant thereto shall be administered by the Committee. The members of the Committee shall be designated by the Board of Directors. A majority of the members of the Committee shall constitute a quorum. The vote of a majority of a quorum shall constitute action by the Committee.
- (b) The Committee shall periodically determine the Participants in the Plan and the nature, amount, pricing, timing, and other terms of Awards to be made to such individuals.
- (c) The Committee shall have the power to interpret and administer the Plan. All questions of interpretation with respect to the Plan, the number of shares of Stock, SARs, or units granted, and the terms of any Award Agreements shall be determined by the Committee and its determination shall be final and conclusive upon all parties in interest. In the event of any conflict between an Award Agreement and this Plan, the terms of this Plan shall govern.
- (d) It is the intent of the Corporation that this Plan and Awards hereunder satisfy and be interpreted in a manner, that, in the case of Participants who are or may be Insiders, satisfies the applicable requirements of Rule 16b-3, so that such persons

will be entitled to the benefits of Rule 16b-3 or other exemptive rules under Section 16 and will not be subjected to avoidable liability thereunder. If any provision of this Plan or of any Award would otherwise frustrate or conflict with the intent expressed in this Section 8(d), that provision to the extent possible shall be interpreted and deemed amended so as to avoid such conflict. To the extent of any remaining irreconcilable conflict with such intent, the provision shall be deemed void as applicable to Insiders to the extent permitted by law and deemed advisable by the Committee.

- (e) It is the intent of the Corporation that this Plan and Awards hereunder satisfy and be interpreted in a manner, that, in the case of Participants who are or may be Covered Employees, satisfies the applicable requirements of Section 162(m), so that the Corporation will be entitled, to the extent possible, to deduct compensation paid under the Plan and otherwise to such Covered Employees and will not be subjected to avoidable loss of deductions thereunder. If any provision of this Plan or of any Award would otherwise frustrate or conflict with the intent expressed in this Section 8(e), that provision to the extent possible shall be interpreted and deemed amended so as to avoid such conflict. To the extent of any remaining irreconcilable conflict with such intent, the provision shall be deemed void as applicable to Covered Employees to the extent permitted by law and deemed advisable by the Committee.
- (f) The Committee may delegate to the officers or employees of the Corporation the authority to execute and deliver such instruments and documents, to do all such acts and things, and to take all such other steps deemed necessary, advisable or convenient for the effective administration of the Plan in accordance with its terms and purpose, except that the Committee may not delegate any discretionary authority with respect to substantive decisions or functions regarding the Plan or Awards thereunder as these relate to Insiders or Covered Employees, including but not limited to decisions regarding the timing, eligibility, pricing, amount or other material term of such Awards.

SECTION 9. ADJUSTMENT PROVISIONS

- (a) In the event of any change in the outstanding shares of Stock by reason of a stock dividend or split, recapitalization, merger or consolidation, reorganization, combination or exchange of shares or other similar corporate change, the number of shares of Stock (or other securities) then remaining subject to this Plan, and the maximum number of shares that may be issued to anyone pursuant to this Plan, including those that are then covered by outstanding Awards, shall (i) in the event of an increase in the number of outstanding shares, be proportionately increased and the price for each share then covered by an outstanding Award shall be proportionately reduced, and (ii) in the event of a reduction in the number of

outstanding shares, be proportionately reduced and the price for each share then covered by an outstanding Award, shall be proportionately increased.

- (b) The Committee shall make any further adjustments as it deems necessary to ensure equitable treatment of any holder of an Award as the result of any transaction affecting the securities subject to the Plan not described in (a), or as is required or authorized under the terms of any applicable Award Agreement.

SECTION 10. CHANGE IN CONTROL

- (a) In addition to its authority under, and subject to, Section 5, 7 and 9, in the event of a change in control of the Corporation, in addition to any action required or authorized by the terms of any Award Agreement, the Committee may, in its discretion, take any of the following actions as a result of, or in anticipation of, any such event to assure fair and equitable treatment of Participants:
- (i) accelerate time periods for purposes of vesting in, or realizing gain from, any outstanding Award made pursuant to this Plan;
 - (ii) cancel any outstanding Award made pursuant to this Plan and pay to the holder thereof its equivalent cash value, as determined by the Committee based upon the highest price per share of Stock received or to be received by other shareholders of the Corporation in the Change in Control, as of the date of the Change in Control; or
 - (iii) make other adjustments or modifications to outstanding Awards as the Committee deems appropriate to maintain and protect the rights and interests of Participants following such Change in Control.

Any such action approved by the Committee shall be conclusive and binding on the Corporation and all Participants.

- (b) For the purposes of this Section, a "Change in Control" shall mean on or after the effective date of the Plan,
- (i) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 40% or more of either (A) the fully diluted shares of Stock, as reflected on the Corporation's financial statements (the "Outstanding Corporation Common Stock"), or (B) the combined voting power of the then outstanding voting securities of the Corporation entitled to vote generally

in the election of directors (the "Outstanding Corporation Voting Securities"); provided, however, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change of Control: (1) any acquisition by the Corporation or any "affiliate" of the Corporation, within the meaning of 17 C.F.R. Section 230.405 (an "Affiliate"), (2) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any Affiliate of the Corporation, or (3) any acquisition by any entity pursuant to a transaction which complies with clauses (A), (B) and (C) of subsection (iii) of this definition; or

- (ii) Individuals who constitute the Board on the effective date of the Plan (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to such effective date whose election, or nomination for election by the Corporation's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or
- (iii) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Corporation (a "Business Combination"), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Corporation Common Stock and Outstanding Corporation Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Corporation or all or substantially all of the Corporation's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Corporation Common Stock and Outstanding Corporation Voting Securities, as the case may be, (B) no Person (excluding any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any Affiliate of the Corporation, or such corporation resulting from such Business

Combination or any Affiliate of such corporation) beneficially owns, directly or indirectly, 40% or more of, respectively, the fully diluted shares of common stock of the corporation resulting from such Business Combination, as reflected on such corporation's financial statements, or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

- (iv) Approval by the shareholders of the Corporation of a complete liquidation or dissolution of the Corporation.

SECTION 11. UNFUNDED PLAN

The Plan shall be unfunded. Neither the Corporation nor the Board of Directors shall be required to segregate any assets that may at any time be represented by Awards made pursuant to the Plan. Neither the Corporation, the Committee, nor the Board of Directors shall be deemed to be a trustee of any amounts to be paid under the Plan.

SECTION 12. LIMITS OF LIABILITY

- (a) Any liability of the Corporation to any Participant with respect to an Award shall be based solely upon contractual obligations created by the Plan and the Award Agreement.
- (b) Neither the Corporation nor any member of the Board of Directors or of the Committee, nor any other person participating in any determination of any question under the Plan, or in the interpretation, administration or application of the Plan, shall have any liability to any party for any action taken or not taken, in good faith under the Plan.

SECTION 13. RIGHTS OF EMPLOYEES

- (a) Status as an eligible Employee shall not be construed as a commitment that any Award will be made under this Plan to such eligible Employee or to eligible Employees generally.
- (b) Nothing contained in this Plan (or in any other documents related to this Plan or to any Award) shall confer upon any Employee or Participant any right to continue in the employ or other service of the Corporation or constitute any

contract or limit in any way the right of the Corporation to change such person's compensation or other benefits or to terminate the employment of such person with or without cause.

SECTION 14. DURATION

The Plan shall remain in effect until all Awards under the Plan have been exercised or terminated under the terms of the Plan and applicable Award Agreement, provided that Awards under the Plan may only be granted until December 31, 2003.

SECTION 15. GOVERNING LAW

The Plan shall be governed by the laws of the State of North Carolina.

THE MARTIN MARIETTA MATERIALS, INC.
SHAREHOLDER VALUE ACHIEVEMENT PLAN

INTRODUCTION

The Martin Marietta Materials, Inc. Shareholder Value Achievement Plan (the "Plan") is designed to foster and promote the long-term growth and performance of the Company by enhancing the Company's ability to attract and retain qualified key employees and motivating key employees through stock ownership and performance-based incentives, and to more closely align the goals of such employees with that of the Company's shareholders. To achieve this purpose, this Plan provides authority for the grant of performance-based stock awards.

ARTICLE 1 - DEFINITIONS

1.1 "Award" shall mean a performance-based stock award granted to a Participant pursuant to Article 5.

1.2 "Award Agreement" shall mean the agreement between the Company and a Participant that sets forth terms, conditions, and restrictions applicable to an Award.

1.3 "Board of Directors" shall mean the Board of Directors of the Company.

1.4 "Cause" shall mean (a) the engaging by the Participant in willful misconduct that is materially injurious to the Company, (b) the continued use of drugs (including alcohol) by the Participant in violation of the Company's then current Substance Abuse Policy, (c) the commission by the Participant of an act of fraud or embezzlement against the Company or (d) the Participant's having been convicted of, or pleaded guilty or no contest to, a felony. For this purpose, no act, or failure to act, on the Participant's part shall be considered "willful" unless done, or omitted to be done, by him not in good faith and without reasonable belief that his action or omission was in the best interest of the Company.

1.5 "Change of Control" shall mean, on or after the effective date of the Plan, (a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as

amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 40% or more of either (i) the fully diluted shares of common stock of the Company, as reflected on the Company's financial statements (the "Outstanding Company Common Stock"), or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change of Control: (A) any acquisition by the Company or any "affiliate" of the Company, within the meaning of 17 C.F.R. Section 230.405 (an "Affiliate"), (B) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Affiliate of the Company or (C) any acquisition by any entity pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this definition; or

(b) Individuals who constitute the Board on the effective date of the Plan (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to such effective date whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the

case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, and (ii) no Person (excluding any employee benefit plan (or related trust) sponsored or maintained by the Company or any Affiliate of the Company, or such corporation resulting from such Business Combination or any Affiliate of such corporation) beneficially owns, directly or indirectly, 40% or more of, respectively, the fully diluted shares of common stock of the corporation resulting from such Business Combination, as reflected on such corporation's financial statements, or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(d) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

1.6 "Code" shall mean the Internal Revenue Code of 1986, or any law that supersedes or replaces it, as amended from time to time.

1.7 "Committee" shall mean the Compensation Committee of the Board of Directors, or any other committee of the Board of Directors that the Board of Directors authorizes to administer this Plan. The Committee will be constituted in a manner intended to cause Awards to be exempt from the application of Section 16(b) of the Exchange Act pursuant to Rule 16b-3, and to be qualified as "qualified performance-based compensation" for purposes of Section 162(m).

1.8 "Common Stock " shall mean the common stock of the Company, \$0.01 par value per share, including authorized and unissued shares.

1.9 "Company" shall mean Martin Marietta Materials, Inc., a North Carolina corporation.

1.10 "Disability" shall mean a medically determined physical or mental impairment which qualifies the Participant for benefits under the Company's long-term disability program. A Participant shall not be deemed to have incurred a Disability until such benefits actually become payable (i.e., after any applicable waiting period). If the Company does not maintain a long-term disability program, or if a Participant does not elect coverage under such program, Disability shall mean the incapacity of the Participant such that he is unable to perform his duties to the Company for a period of 150 out of 180 consecutive days, as determined in the reasonable judgment of the Committee.

1.11 "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, or any law that supersedes or replaces it, as the same may be amended from time to time.

1.12 "Fair Market Value" shall mean the closing price of a share of Common 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 Common Stock is listed on the New York Stock Exchange ("NYSE"), as reported in the Wall Street Journal or (b) if the Common 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 the Common Stock not listed on either the NYSE or the NASDAQ National Market System, as determined by the Board of Directors or Committee.

1.13 "Fiscal Year" shall mean the fiscal year of the Company.

1.14 "Measurement Period" shall mean a period of three consecutive Fiscal Years or any other period selected and established by the Committee at the time the corresponding Awards are granted.

1.15 "Participant" shall mean any employee of the Company who has received an Award in accordance with Article 2 which Award has neither been fully paid out nor expired.

1.16 "Retirement" shall mean Participant's termination of employment with the Company (a) at a time at which the Participant is entitled to immediately commence receipt of

benefits from the Company's qualified defined benefit retirement plan or (b) if the Company does not maintain such a plan at the time, either (i) at or after age 55 if employed by the Company or an "Affiliate" (as defined in Section 1.5(a)) for at least five years or (ii) at or after age 65.

1.17 "Rule 16b-3" shall mean Rule 16b-3 promulgated under the Exchange Act as the same may be amended, modified superseded or replaced from time to time.

1.18 "Section 162(m)" shall mean Section 162(m) of the Code, together with any and all regulations promulgated by the Internal Revenue Service thereunder, as the same may be amended, modified, superseded or replaced from time to time.

ARTICLE 2 - ELIGIBILITY

All key employees of the Company and any of its direct or indirect subsidiaries, including officers whether or not members of the Board of Directors, are eligible for the grant of Awards. The selection of key employees to receive Awards will be within the discretion of the Committee.

ARTICLE 3 - COMMON STOCK AVAILABLE FOR AWARDS; ADJUSTMENT

3.1 Number of Shares of Common Stock. Subject to adjustment as provided for in Section 3.3, the aggregate number of shares of Common Stock that may be subject to Awards granted under this Plan shall be 250,000 shares of Common Stock. The assumption of awards granted by an organization acquired by the Company, or the grant of Awards under this Plan in substitution of any such awards, will not reduce the number of shares of Common Stock available for the grant of Awards under this Plan.

Common Stock subject to an Award that expires or is forfeited, terminated, or canceled will again be available for grant under this Plan, without reducing the number of shares of Common Stock available for grant of Awards under this Plan.

3.2 No Fractional Shares. No fractional shares of Common Stock will be issued under the Plan, and the Committee will round the number of shares to which a Participant is entitled down to the nearest whole share.

3.3 Adjustment. The aggregate number of shares of Common Stock which may be issued pursuant to Awards granted hereunder, the number of shares of Common Stock covered by each outstanding Award and the price per share thereof shall be appropriately adjusted for any increase or decrease in the number of outstanding shares of Common Stock resulting from a stock split or other subdivision or consolidation of shares of Common Stock or for other capital adjustments or payments of stock dividends or distributions or other increases or decreases in the outstanding shares of Common Stock without receipt of consideration by the Company.

In the event of any change in the outstanding shares of Common Stock by reason of any recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other corporate change, or any distributions to common shareholders other than cash dividends, the Committee shall make such substitution or adjustment, if any, as it deems to be equitable, as to the number or kind of shares of Common Stock or other securities issued or reserved for issuance pursuant to the Plan, and the number or kind of shares of Common Stock or other securities covered by outstanding Awards, and the price thereof. In instances where another corporation or other business entity is being acquired by the Company, and the Company has assumed outstanding employee award grants and/or the obligation to make future or potential grants under a prior existing plan of the acquired entity, similar adjustments are permitted at the discretion of the Committee. The adjustments provided for in this Section 3.3, and the manner of their application, shall be determined by the Committee in its sole discretion.

ARTICLE 4 - ADMINISTRATION

4.1 Committee. This Plan will be administered by the Committee. The Committee will, subject to the terms of this Plan, have the authority to (a) select the eligible employees who will receive Awards, (b) grant Awards, (c) determine the number of Awards to be granted to Participants, (d) determine the terms, conditions, and restrictions applicable to Awards (including the establishment of Performance Goals pursuant to Section 5.3), (e) adopt, alter, and repeal administrative rules and practices governing this Plan, (f) interpret the terms and provisions of this Plan and any Awards granted under this Plan, (g) prescribe the forms of any Award Agreement, or other instruments relating to Awards, and (h) otherwise supervise the administration of this

Plan and exercise such rights and responsibilities as are delegated to it thereunder. All decisions by the Committee will be made with the approval of not less than a majority of its members.

4.2 Delegation. The Committee may delegate any of its authority to any other person or persons that it deems appropriate, provided the delegation does not cause this Plan or any Awards granted under this Plan to fail to qualify for the exemption provided by Rule 16b-3 or Section 162(m).

4.3 Decisions Final. All decisions by the Committee, and by any other person or persons to whom the Committee has delegated authority, will be final and binding on all persons.

ARTICLE 5 - AWARDS

5.1 General. The Committee may, in its discretion, grant to Participants Awards valued by reference to shares of Common Stock that are wholly contingent on the attainment of performance goals established by the Committee in accordance with the terms of this Plan.

5.2 Grant of Awards. (a) Awards shall be granted to Participants as of the beginning of a Measurement Period. The payment with respect to the Awards shall be conditioned on the satisfaction of the performance goals described in Section 5.3 at the end of the applicable Measurement Period. Once established, the Committee shall not have discretion to modify the terms of the Awards except with respect to any discretion specifically granted to the Committee under this Plan. It is intended that all payments hereunder to Participants will satisfy the requirements for the exemption under Section 162(m) and related regulations for "qualified performance-based compensation."

(b) Not later than 90 days after the beginning of the Measurement Period (or, if earlier, the date on which 25% of the Measurement Period has elapsed), the Committee shall grant a specified number of Awards to each Participant with respect to that Measurement Period. No Participant may be granted Awards with respect to a Measurement Period having as a target amount in excess of the lesser of (i) an aggregate of 20,000 shares of Common Stock or (ii) a dollar value of \$500,000 based on the Fair Market Value of the target number of shares of Common Stock

subject thereto on the first day of the applicable Measurement Period.

(c) At the end of the Measurement Period, the Committee shall determine the percentage, if any, of the Awards granted to the Participant for that Measurement Period that are earned by the Participant. That percentage shall be based on the degree to which the performance goals for that Measurement Period are satisfied. The formula for determining the correlation between the percentage of the Awards earned and the level of performance for a Measurement Period shall be established in writing by the Committee at the time the performance goals are determined. Prior to the payment of any Awards, the Committee must certify in writing the degree of attainment of the applicable performance goals.

5.3 Performance Goals. Performance goals used to compute Awards shall be adopted by the Committee in writing prior to the grant of any Awards to which such performance goals apply. The performance goals shall be based on one or more of the following performance measures: (a) total return to shareholders, (b) cash flow, (c) return on equity, (d) return on assets, (e) stock price, and (f) earnings per share. Any such performance goals and the applicable performance measures will be reflected in each Award Agreement to which such goals and measures relate. The number of Awards that will be paid out to any Participant at the end of the applicable Measurement Period will depend on the extent to which the Company attains the established performance goals, as established pursuant to Section 5.2(c).

5.4 Nonforfeitability of the Award. (a) General. Except as provided in Section 5.4(b) and (c) and Article 6, a Participant must remain employed by the Company until the end of a Measurement Period to receive payment with respect to any Award.

(b) Death or Disability. Subject to Section 5.4(d), if during a Measurement Period a Participant terminates employment on account of death or Disability, (together, a "Qualifying Termination"), such Participant (or in the case of death, his estate) shall be entitled to a prorated payment with respect to Awards held by the Participant with respect to that Measurement Period, as described in the next sentence. The Participant shall be entitled to payment with respect to a percentage of such

Awards as set forth below based on the Fiscal Year during the Measurement Period in which his Qualifying Termination occurs:

FISCAL YEAR	PERCENTAGE
-----	-----
1st	0%
2nd	33-1/3%
3rd	66-2/3%

For purposes of determining the payment with respect to a Participant's Awards under this Section 5.4(b), it shall be assumed that the Company has achieved the target level of performance it established for the Measurement Period. If the Measurement Period is other than three Fiscal Years, then the Committee shall make appropriate adjustments to the above schedule in its sole discretion.

Payment with respect to Awards under this Section 5.4(b), if any, will be made as soon as practicable after the Participant's Qualifying Termination occurs.

(c) Retirement and Certain Terminations. Subject to Section 5.4(d), if a Participant holding Awards terminates employment on account of Retirement, or is involuntarily terminated by the Company without Cause before the end of the applicable Measurement Period, the Participant shall be entitled to payment with respect to such Awards at the end of such Measurement Period as if he had remained employed until that time.

(d) Committee Negative Discretion. The Committee may, in its sole discretion, decide to reduce or eliminate any amount otherwise payable with respect to an Award under Section 5.4(b) or (c).

5.5 Payment of the Award. A Participant's Award shall be paid as soon as practicable after the end of the Measurement Period (or, in the case of a Participant who dies or incurs a Disability and becomes entitled to payment with respect to an Award pursuant to Section 5.4(b), as soon as practicable following death or the determination of Disability). Payment shall be made in shares of Common Stock or, in the discretion of the Committee, all or in part cash, based on the Fair Market Value of the applicable number of shares of Common Stock on the payment date.

ARTICLE 6 - CHANGE OF CONTROL

6.1 Effect of Change of Control. Notwithstanding any provision of this Plan to the contrary, in the event that a Change of Control occurs, all conditions applicable to outstanding Awards will be deemed to have been satisfied at the target level as of the date of the Change of Control. Payment with respect to such Awards shall be made as soon as practicable after the Change of Control in accordance with the last sentence of Section 5.5.

ARTICLE 7 - GENERAL

7.1 Nonassignability of Awards. No right or interest of a Participant under the Plan shall be subject in any manner to anticipation, alienation, sale, assignment, transfer, encumbrance, pledge, attachment, garnishment by creditors of the Participant or his successors, or shall be transferable by a Participant otherwise than by will or the laws of intestate succession. Any attempt to take an action with respect to an Award which is prohibited by the preceding sentence shall render such Award null and void.

7.2 No Right or Obligation of Continued Employment. Nothing contained in this Plan shall require the Company or a related company to continue to employ a Participant, nor shall the Participant be required to remain in the employment of the Company or a related company.

7.3 Withholding. The Company shall withhold all required local, state and federal taxes from any amount payable in respect of an Award, including withholding of shares of Common Stock otherwise payable pursuant to the Plan.

7.4 Effective Date. This Plan shall be effective as of the latest to occur of (a) approval by the Company's shareholders and (b) the distribution by Lockheed Martin Corporation of such number of shares of Common Stock which results in Lockheed Martin Corporation no longer owning, directly or indirectly, more than fifteen percent (15%) of the outstanding Common Stock (the "Split-Off"). If both of the above conditions do not occur by December 31, 1997, all Awards previously granted shall become null and void. Moreover, no payment shall be made to a Participant pursuant to an Award prior to such shareholder

approval being obtained and the Split-Off having occurred. This Section 7.4 shall supersede any other provision of the Plan.

7.5 Amendment and Termination of the Plan. The Plan may be amended or terminated at any time by the Board of Directors or by the Committee as delegated by the Board of Directors, provided that such termination or amendment shall not, without the consent of the Participant, adversely affect such Participant's rights with respect to Awards previously awarded to him. Shareholder approval for any amendment is required to the extent necessary to preserve the exemption for "qualified performance-based compensation" under Section 162(m). With the consent of the Participant affected, the Board of Directors, or by delegation of authority by the Board of Directors, the Committee, may amend outstanding Award Agreements in a manner not inconsistent with the Plan.

7.6 Binding on Successors. The obligations of the Company under the Plan shall be binding upon any organization which shall succeed to all or substantially all of the assets of the Company, or into which the Company may merge, and the term "Company," whenever used in the Plan, shall mean and include any such organization after the succession.

7.7 References. Any masculine personal pronoun shall be considered to mean also the corresponding feminine or neuter personal pronoun, as the context requires.

7.8 Applicable Law. The Plan shall be governed by and construed in accordance with the laws of the State of North Carolina.

IN WITNESS WHEREOF, the Martin Marietta Materials, Inc. Performance Share Plan is, by the authority of the Board of Directors of the Corporation, executed as of the 21st day of October, 1996.

MARTIN MARIETTA MATERIALS, INC.

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

Chief Executive Officer

EMPLOYMENT PROTECTION AGREEMENT

THIS AGREEMENT, between Martin Marietta Materials, Inc., a North Carolina corporation (the "Company"), and _____ (the "Employee"), dated as of this ____ day of October, 1996 (the "Effective Date")

W I T N E S S E T H :

WHEREAS, Employee is a valuable member of management of the Company and the Company desires to ensure the continuity of its senior management; and

WHEREAS, it is the determination of the Company that management continuity is most likely to occur if senior management is financially protected against involuntary termination following a "Change of Control" (as defined below) of the Company; and

WHEREAS, the Company and the Employee have agreed to enter into this Agreement to provide the Employee with payments and benefits upon certain terminations of the Employee's employment with the Company in connection with a Change of Control, in consideration of the Employee's continued service to the Company (which the parties hereto agree constitutes adequate consideration to support to the Company's obligations under this Agreement);

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, it is hereby agreed by and between the Company and the Employee as follows:

1. Definitions. For purposes of this Agreement,

(a) "Annual Bonus" shall mean the Employee's highest annual bonus paid during the period beginning five years prior to a Change of Control and ending on the date of termination of employment.

(b) "Base Salary" shall mean the highest annual rate of base salary that Employee receives from the Company or its

affiliates within the twelve-month period ending on the date of a Change of Control.

(c) "Board" shall mean the Board of Directors of the Company.

(d) "Cause" shall mean (i) the engaging by the Employee in willful misconduct that is materially injurious to the Company, (ii) the continued use of drugs (including alcohol) by the Employee in violation of the Company's then current Substance Abuse Policy, (iii) the commission by the Employee of an act of fraud or embezzlement against the Company or (iv) the Employee's having been convicted of, or pleaded guilty or no contest to, a felony. For this purpose, no act, or failure to act, on the Employee's part shall be considered "willful" unless done, or omitted to be done, by him not in good faith and without reasonable belief that his action or omission was in the best interest of the Company. The Employee shall not be deemed to have been terminated for Cause, unless the Company shall have given the Employee (A) notice setting forth, in reasonable detail, the facts and circumstances claimed to provide a basis for termination for Cause, (B) a reasonable opportunity for the Employee, together with his counsel, to be heard before the Board and (C) a notice of termination stating that, in the reasonable judgment of the Board, the Employee was guilty of conduct set forth in clauses (i), (ii), (iii) or (iv) above, and specifying the particulars thereof in reasonable detail.

(e) "Change of Control" shall mean:

(i) The acquisition on or after October 18, 1996 by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of either (A) the fully diluted shares of common stock of the Company, as reflected on the Company's financial statements (the "Outstanding Company Common Stock"), or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change of Control: (X) any acquisition by the Company or any "affiliate" of the Company, within the meaning of 17 C.F.R. Section

230.405 (an "Affiliate"), (Y) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Affiliate of the Company or (Z) any acquisition by any entity pursuant to a transaction which complies with clauses (A), (B) and (C) of subsection (iii) of this definition; or

(ii) Individuals who constitute the Board as of October 18, 1996 ("Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to October 18, 1996 whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, and (B) no Person (excluding any employee benefit plan (or related trust) sponsored or maintained by the Company or any Affiliate of the Company, or such corporation resulting from such Business Combination or any Affiliate of such corporation) beneficially owns, directly or

indirectly, 50% or more of, respectively, the fully diluted shares of common stock of the corporation resulting from such Business Combination, as reflected on such corporation's financial statements, or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (C) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

(f) "COBRA" shall mean 29 U.S.C. Sections 1161-1168, as amended from time to time.

(g) "Disability" shall mean a medically determined physical or mental impairment which qualifies the Employee for benefits under the Company's long-term disability program. An Employee shall not be deemed to have incurred a Disability until such benefits actually become payable (i.e., after any applicable waiting period). If the Company does not maintain a long-term disability program, or if the Employee does not elect coverage under such program, Disability shall mean the incapacity of the Employee such that he is unable to perform his duties to the Company for a period of 150 out of 180 consecutive days, as determined in the reasonable judgment of the Committee.

(h) "Good Reason" shall mean (i) a good faith determination by the Employee that the Company or any of its officers has (A) taken any action which materially and adversely changes the Employee's position (including titles), authority or responsibilities with the Company or reduces the Employee's ability to carry out his duties and responsibilities with the Company or (B) has failed to take any action where such failure results in material and adverse changes in the Employee's position (including titles), authority or responsibilities with the Company or reduces the Employee's ability to carry out his duties and responsibilities with the Company; (ii) a reduction in the Employee's Base Salary or a restriction on the eligibility requirements for other forms of monetary compensation that is inconsistent with the eligibility requirements used prior to a

Change of Control; or (iii) requiring the Employee to be employed at any location more than 35 miles further from his principal residence than the location at which the Employee was employed immediately preceding the Change of Control, in any case of (i), (ii) or (iii) without the Employee's prior written consent.

(i) "IRS" shall mean the United States Internal Revenue Service.

(j) "Term" shall mean the term of this Agreement as set forth in Section

(k) "Welfare Benefits" shall mean all benefits provided by the Company to its employees pursuant to an "employee welfare benefit plan" as defined in Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended.

2. Effective Date; Term. This Agreement shall be effective as of the Effective Date, and shall remain in effect for three (3) years following the Effective Date, after which time this Agreement shall expire; provided, however, that on the third anniversary of the Effective Date, and on each subsequent anniversary thereof (each an "Anniversary Date"), the Term of this Agreement shall automatically be extended for one additional year, unless at least sixty (60) days prior to such Anniversary Date, either party to this Agreement gives written notice to the other party of an intent to cancel such automatic extension, in which case this Agreement shall expire upon the expiration of the then existing Term; further provided, however, that, notwithstanding the above, (a) if a Change of Control occurs prior to the termination of this Agreement, or (b) if prior to the termination of this Agreement the Board becomes aware of any circumstances which in the ordinary course result in a Change of Control (whether or not with respect to the party first coming to the Board's attention), then under no circumstances will this Agreement terminate prior to the date that is 31 days following the second anniversary of the Change of Control. Notwithstanding this Section 2, the Company's obligations under this Agreement shall survive the termination of this Agreement if all events giving rise to such obligations occurred prior to such termination.

3. Obligations of the Company upon Termination. If, during the two year period following the effective date of a Change of Control, the Company terminates the Employee's

employment other than for Cause or Disability, or the Employee terminates his employment for Good Reason or if, during the thirty day period following the two year anniversary of the effective date of a Change of Control, the Employee terminates his employment for any reason:

(a) the Company shall pay to the Employee in a lump sum within 15 days following Employee's termination of employment:

(i) if not theretofore paid, an amount equal to any portion of the Employee's earned but unpaid Base Salary (including unused but accrued vacation time) through the date of termination of employment; and

(ii) a cash amount equal to twice the sum of:

(A) the Employee's annual Base Salary and

(B) the Employee's Annual Bonus.

(b) the Company shall provide, for the period of two years following the date of Employee's termination of employment, all Welfare Benefits for the Employee and his dependents and beneficiaries that are at least as favorable in all material respects as the benefits provided to such person immediately preceding the Change of Control and to employees employed by the Company or its successor in positions following the Change of Control that are similar to the position the Employee held immediately prior to the Change of Control ("Similarly Situated Active Employees"); provided, however, that, with respect to this Section 3(b), the Employee shall be required to pay the same share of the cost of such Welfare Benefits as Similarly Situated Active Employees.

4. Certain Additional Payments by the Company

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Employee, or any benefit provided by the Company to the Employee (whether paid or payable or distributed or distributable provided pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required

under this Section 4) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code (or any successor provision) or any interest or penalties are incurred by the Employee with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Employee shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Employee of all taxes with respect to the Gross-Up Payment (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Employee retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payment.

(b) Subject to the provisions of Section 4(c), all determinations required to be made under this Section 4, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by Ernst & Young or such other nationally recognized accounting firm then auditing the accounts of the Company (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and the Employee within 15 business days of the receipt of notice from the Employee that there has been a Payment, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change of Control, or is unwilling or unable to perform its obligations pursuant to this Section 4, the Employee shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, determined pursuant to this Section 4, shall be paid by the Company to the Employee within five days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Company and the Employee. As a result of the potential uncertainty in the application of Section 4999 of the Code (or any successor provision) at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required

to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 4(c) and the Employee thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Employee.

(c) The Employee shall notify the Company in writing of any claim by the IRS that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than 20 business days after the Employee is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Employee shall not pay such claim prior to the expiration of the 30-day period following the date on which he gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Employee in writing prior to the expiration of such period that it desires to contest such claim, the Employee shall:

- (i) give the Company any information reasonably requested by the Company relating to such claim,
- (ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,
- (iii) cooperate with the Company in good faith in order effectively to contest such claim, and
- (iv) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Employee harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and

penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limiting the foregoing provisions of this Section 4(c), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Employee to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Employee agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs the Employee to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Employee, on an interest-free basis, and shall indemnify and hold the Employee harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Employee with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Employee shall be entitled to settle or contest, as the case may be, any other issue raised by the IRS or any other taxing authority.

(d) If, after the receipt by the Employee of an amount advanced by the Company pursuant to Section 4(c), the Employee becomes entitled to receive any refund with respect to such claim, the Employee shall (subject to the Company's complying with the requirements of Section 4(c)) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Employee of an amount advanced by the Company pursuant to Section 4(c), a determination is made that the Employee shall not be entitled to any refund with respect to such claim and the Company does not notify the Employee in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid

and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

5. Other Compensation and Benefits. The amount payable under this Agreement in accordance with Section 3(a) shall not be reduced on account of any compensation received by the Employee from other employment. From and after the date the Employee is employed by a third party which provides any of the benefits described in Section 3(b), the Company shall not be obligated to provide the benefits to the extent provided by such third party.

6. Legal Fees and Expenses. The Company shall promptly reimburse the Employee for the reasonable legal fees and expenses incurred by the Employee in connection with enforcing any right of the Employee pursuant to and afforded by this Agreement; provided, however, that the Company only will reimburse the Employee for such legal fees and expenses if, in connection with enforcing any right of the Employee pursuant to and afforded by this Agreement, either (a) a judgment has been rendered in favor of the Employee by a duly authorized court of law, (b) a duly authorized court of law determines that the Employee's claim was not frivolous, or (c) the Company and the Employee have entered into a settlement agreement providing for the payment to the Employee of any or all amounts due hereunder.

7. Confidential Information. The Employee shall not disclose any secret or confidential information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, obtained by the Employee during his employment by the Company or any of its affiliated companies and which is not otherwise public knowledge. In no event shall an asserted violation of the provisions of this Section 7 constitute a basis for deferring or withholding any amounts or benefits otherwise payable to the Employee under this Agreement.

8. Release from Other Severance Benefits; COBRA. The Employee hereby waives and releases the Company from the obligation to pay any severance benefits to the Employee on account of a termination of employment on or after a Change of Control, under any termination or severance policy of the Company other than this Agreement, so long as all payments are made, and benefits provided, to the Employee pursuant to Sections 3(a) and (b) herein. To the extent that the obligation of the Company to provide medical benefits pursuant to Section 3(b) is fulfilled,

the period in which such medical benefits are provided shall be credited towards the continued health care coverage required to be offered to the Employee by COBRA, to the extent allowable under COBRA and the regulations promulgated thereunder. In the event that no payment or benefits are required pursuant to Sections 3(a) and (b), the Employee rescinds any such waiver and release.

9. Successors. (a) This Agreement is personal to the Employee and, without the prior written consent of the Company, shall not be assignable by the Employee otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Employee's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors. The Company shall cause any successor to its business, in any transaction in which this Agreement would not be assumed by such successor by operation of law, to assume this Agreement by contract.

10. Miscellaneous. (a) Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina, applied without reference to principles of conflict of laws.

(b) Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Employee:

If to the Company: Martin Marietta Materials, Inc.
2710 Wycliff Road
Raleigh, North Carolina 27607
Attention: [General Counsel]

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notices and communications shall be effective when actually received by the addressee.

(c) Tax Withholding. The Company may withhold from any amounts payable under this Agreement such Federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation.

IN WITNESS WHEREOF, the Employee has hereunto set his hand and the Company has caused this Agreement to be executed in its name on its behalf, as of the day and year first above written.

MARTIN MARIETTA MATERIALS, INC.

By: _____

EMPLOYEE

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 shall be first effective upon its adoption by the Board of Directors and approval by the Company's shareholders, subject to the distribution by Lockheed Martin Corporation of such number of shares of "Stock" (as defined in Section 2(n)), which results in Lockheed Martin Corporation no longer owning, directly or indirectly, more than fifteen percent (15%) of the outstanding Stock (the "Effective Date").

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 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 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 the Effective Date and ending on December 31, 1996.

(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 and cash, if any. 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.

(c) Notwithstanding paragraph (b) of this Section, (i) a Non-Employee Director will have 30 days following the Effective Date to irrevocably elect to participate for the first Plan Year by a written notice to the Committee described in Section 5 and (ii) 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 in either case 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 and in the form of cash;
- (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 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; and
- (3) The date on which such Participant's Stock Deferral Account and Cash Deferral Account shall be paid or commence to be paid and the form in which such payments shall be made, subject to the limitations described in Section 8.

In the event the Annual Fees of a Participant is 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, determine the proportion of each Non-Employee Director's Annual Fees which must be paid in Stock for the next following Plan Year. If it does so, the Participant's election under Section 5(a)(1) above with respect to such Plan Year shall apply to any excess amount of the Annual Fees remaining after payment is made in accordance with the Board of Directors' determination, and the Participant's elections under Section 5(a)(2) and (3) above shall remain in effect and apply to the amount of Annual Fees payable in cash and Stock after application of the previous sentence.

SECTION 6. STOCK DEFERRAL ACCOUNTS.

(a) Crediting of Annual Fees. The percentage of each Participant's Annual Fees which he elects to receive in the form of Stock and defer 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 down 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 and the amount of cash, if any, credited to a Participant's Stock Deferral Account shall be reduced by the number of shares of Stock and the amount of cash 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 he elects to receive in the form of cash and defer 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(d)), 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, 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) Date of Commencement. The payment of a Participant's Stock Deferral Account and Cash Deferral Account shall commence on the date selected by the Participant in the irrevocable election described in Section 5; provided, however, that in no event shall such payment commence later than the date which is two years following the date on which the Participant ceases to be a Non-Employee Director for any reason.

(c) Form of Payment. A Participant may elect to receive the 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 of up to five years.

(d) 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.

(e) 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.

(f) 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.

(g) 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 of the Company 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.

SUPPLEMENTAL TAX SHARING AGREEMENT

This SUPPLEMENTAL TAX SHARING AGREEMENT (this "Agreement"), dated as of September 13, 1996, is made and entered into by and between LOCKHEED MARTIN CORPORATION, a Maryland corporation ("Lockheed Martin"), and MARTIN MARIETTA MATERIALS, INC., a North Carolina corporation ("Materials").

RECITALS

1. Materials is a New York Stock Exchange listed corporation. Lockheed Martin owns, directly or indirectly through its wholly owned subsidiary, Martin Marietta Investments, Inc., 37,350,000 shares (approximately 81% of the outstanding shares) of Materials Common Stock (as defined in Section 1.1).

2. Lockheed Martin has determined to distribute all of the shares it owns in Materials to Lockheed Martin stockholders by means of a transaction (the "Transaction") intended to qualify as a Tax-Free Distribution (as defined in Section 1.1).

3. Due to compelling strategic business considerations, Lockheed Martin's and Materials' Boards of Directors have determined that it is in the best interests of the corporations and their stockholders and shareholders to effect the Transaction.

4. The Board of Directors of Materials has determined that Materials will realize significant independent benefits as a result of the Transaction, which benefits will include, among other things: (a) facilitating the future issuance by Materials of its stock to finance strategic acquisitions in pursuit of its growth strategy; (b) permitting Materials to implement more effective management stock incentive programs and employee stock compensation programs; (c) permitting Materials to have direct control over its administrative costs; and (d) allowing Materials' credit rating to be evaluated independently of Lockheed Martin's credit rating.

4. Lockheed Martin and Materials desire to provide for the allocation of the tax liabilities that would result in the event of a Failure (as defined in Section 1.1).

NOW, THEREFORE, in consideration of the premises and the covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of Lockheed Martin and Materials, intending to be legally bound, hereby agrees as follows:

ARTICLE I.
DEFINITIONS AND CONSTRUCTION

Section 1.1 Certain Definitions. As used in this Agreement, the following terms shall have the meanings specified below:

"Code" shall mean the Internal Revenue Code of 1986, as amended, or any successor thereto, as in effect for the taxable period in question.

"Distribution Tax" shall mean any federal or state tax imposed on a Person as a result of a Failure, together with any related interest, penalties or additions to tax.

"Failure" shall mean the failure of the Transaction for any reason whatsoever to constitute a Tax-Free Distribution under Section 355 of the Code.

"Fault" shall mean, with respect to each party, and except as otherwise provided by Section 2.3 of the Tax Assurance Agreement, responsibility for a Failure where (a) such party engaged in the conduct described in, or otherwise breached, any of the following sections of the Tax Assurance Agreement: (i) in the case of Materials, Section 2.1, 2.2, 2.4 or 2.5 of the Tax Assurance Agreement or (ii) in the case of Lockheed Martin, Section 2.5 of the Tax Assurance Agreement and (b) but for such conduct or breach the Transaction would have been a Tax-Free Distribution; provided, however, that any misrepresentation by either party made in connection with the King & Spalding Opinion shall not constitute Fault. For purposes of clause (b) of the preceding sentence, in making the determination of whether conduct that is the subject of this Agreement is the "but for" cause of the Failure, the only conduct or action that could constitute the "but for" cause of the Failure is (y) if the government has determined a deficiency and issued a statutory notice of deficiency, any conduct or action identified in either the statutory notice of deficiency or the answer to Lockheed Martin's Tax Court petition, or in the answer to a suit for refund if the issue arises in that posture, as forming the basis for the government's position that there has been a Failure and, if a court of competent jurisdiction makes a final determination which is not subject to appeal that there has been a Failure, any conduct or action identified in the written decision of that court as a cause of the Failure and (z) in all other instances, any conduct or action so identified by the government in writing in connection with its examination of the Lockheed Martin tax return or any resulting administrative appeal (collectively, the "Identified Conduct"). For purposes of this Agreement, (a) no conduct or action other than Identified Conduct may be deemed to have caused the Failure, (b) the fact that Identified Conduct could constitute the "but for" cause of the Failure for purposes of this Agreement is not dispositive as to whether any particular Identified Conduct is in fact the "but for" cause of the Failure and such determination will be resolved between the parties by agreement or through litigation, and (c) the Transaction otherwise shall be deemed to have been a Tax-Free Distribution.

"King & Spalding Opinion" shall mean the opinions of King & Spalding which will be delivered in connection with the closing of the Transaction stating that the Transaction will qualify as a Tax-Free Distribution.

"Materials Common Stock" shall mean the shares of common stock of Materials, par value \$.01 per share.

"Opinion of Counsel" shall mean a written opinion of counsel, other than the King & Spalding Opinion, delivered to Materials relating to the taxability of the Transaction, which opinion is of a strength and character appropriate to the issues at stake and which opinion and counsel are reasonably satisfactory to Lockheed Martin. For this purpose, the parties agree that Sutherland, Asbill & Brennan will be deemed satisfactory counsel. Such Opinion of Counsel shall be (a) obtained from approved counsel that (i) is engaged by Materials for the purpose of providing such Opinion of Counsel prior to Materials' taking substantial steps toward consummating the action that is to be the subject of the Opinion of Counsel and (ii) is, from the time of its engagement, actively involved by Materials in Materials' consideration, review or evaluation of the proposed action or conduct, (b) delivered, together with copies of supporting documentation relied upon in such Opinion of Counsel, to Lockheed Martin in sufficient time prior to Materials' consummation of the action that is the subject of such Opinion of Counsel to allow Lockheed Martin a reasonable opportunity to review the Opinion of Counsel prior to Materials' consummation of the action that is the subject of the Opinion of Counsel, and (c) brought current, with no changes except as expressly agreed by Lockheed Martin in writing as of the date that Materials consummates the action. In addition, such Opinion of Counsel shall expressly provide that Lockheed Martin is entitled to rely thereon. Such Opinion of Counsel must state that the proposed action or conduct, or in the case of a request under Section 2.5(a) of the Tax Assurance Agreement, the failure to satisfy such request, will neither cause the Transaction to fail to qualify under Section 355 of the Code nor cause the distribution to be a disqualified distribution under Section 355(d) of the Code, without any qualification other than those in the King & Spalding Opinion or those which are otherwise acceptable to the parties. Such Opinion of Counsel (a) may assume the accuracy of the facts and assumptions relied upon in the King & Spalding Opinion, but only as of the date of the King & Spalding Opinion, (b) may rely upon written representations, appropriate to the issues at stake, of parties to the action or conduct which representations have been subject to due diligence by the approved counsel which due diligence shall be described in the Opinion of Counsel in reasonable detail, and (c) may assume that the Transaction would qualify as a Tax-Free Distribution except that such assumption shall not extend to (i) the action or conduct which is the subject of the Opinion of Counsel and (ii) other action or conduct of Materials that is described in Section 2.1, 2.2, 2.4 or 2.5 of the Tax Assurance Agreement and for which an Opinion of Counsel has not been obtained. Such Opinion of Counsel shall be deemed satisfactory to Lockheed Martin unless written notice that it is unsatisfactory with specifications as to the reasons is given to Materials as soon as practicable, but no later than 30 days after delivery to Lockheed Martin pursuant to the notice provisions of Section 3.4 of both such Opinion of Counsel and the supporting documentation identified in such Opinion of Counsel as being relied upon.

"Person" shall mean an individual, a general partnership, a limited partnership, a limited liability company, an association, a joint venture, a corporation, a business, a trust, any entity organized under applicable law, an unincorporated organization or any governmental authority.

"Tax Assurance Agreement" shall mean the Tax Assurance Agreement, by and between Lockheed Martin and Materials, entered into in connection with the Transaction.

"Tax-Free Distribution" shall mean a distribution qualifying under Section 355 of the Code that is free from federal income taxes except for taxes resulting from the recognition of gain or income under the consolidated return regulations (i.e., taking into account gain from intercompany transactions or income attributable to excess loss accounts) and gain recognized on the receipt of cash paid in lieu of fractional shares. Thus, for example, a distribution for which gain is recognized as the result of a disqualified distribution within the meaning of Section 355(d) of the Code is not a Tax-Free Distribution.

Section 1.2 Interpretation and Construction of this Agreement. The definitions in Section 1.1 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine or neuter form. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The headings contained in this Agreement are inserted for convenience only and shall not constitute a part hereof. All references herein to Articles and Sections (other than references to Sections of the Code) shall be deemed to be references to Articles and Sections of this Agreement unless the context shall otherwise require. Unless the context shall otherwise require or provide, any reference to any agreement or other instrument or statute or regulation is to such agreement, instrument, statute or regulation as amended and supplemented from time to time (and, in the case of a statute or regulation, to any successor provision), provided, however, that no covenant herein shall be deemed to have been breached because of a change in law or regulation which is enacted or issued subsequent to the completion of the action or conduct which is the subject of the covenant. This Agreement shall be construed in accordance with its fair meaning and shall not be construed strictly against the drafter.

ARTICLE II. INDEMNIFICATION

Section 2.1 Indemnification for a Failure for Any Reason Other Than Fault. Lockheed Martin and Materials agree that any liability of Lockheed Martin or Materials for Distribution Taxes to any Person resulting from a Failure, other than liability arising under Section 2.2 or 2.3, shall be allocated 81 percent to Lockheed Martin and 19 percent to Materials, provided, however, that the aggregate liability of Materials under this Section 2.1 (including the sum of the costs, if any, incurred and borne by Materials pursuant to Section 2.5(a) of the Tax Assurance Agreement), whether such liability is the result of one or a number of disputes, shall in no event

exceed \$25 million. Lockheed Martin agrees to indemnify and hold harmless Materials for any liability for Distribution Taxes resulting from a Failure, other than liability arising under Section 2.2 or 2.3, imposed upon Materials in excess of the liability allocated to Materials under this Section 2.1.

Section 2.2 Indemnification for a Failure Because of Fault. Lockheed Martin and Materials each agrees to indemnify and hold harmless the other for any liability for Distribution Taxes to any Person resulting from a Failure as a result of the Fault of the indemnifying party.

Section 2.3 Indemnification for Liability Arising From a Hostile Takeover. Excluding any acquisition of Materials with respect to which it obtains an Opinion of Counsel, if either Lockheed Martin or Materials is acquired in a manner that causes a Failure, and the Failure did not result from the Fault of either party, the liability of Lockheed Martin and Materials for Distribution Taxes to any Person resulting from such Failure shall be allocated solely to the party so acquired. To the extent that this Section 2.3 is applicable, it shall apply with respect to any liability arising from the Failure, and Sections 2.1 and 2.2 shall not apply to such extent.

Section 2.4 Exclusive Remedy. The remedies provided in this Article II constitute the sole and exclusive remedies for recoveries by each of the parties against the other arising out of, based upon, or in connection with a Failure. Neither Lockheed Martin nor Materials shall assert any right or make any claim to recover or seek relief for a Failure on any basis other than as provided in this Agreement, including, but not limited to, rights or claims in contract or tort (including fraud and fraudulent misrepresentation), at law or in equity, under common law or statute, or otherwise. Each of Lockheed Martin and Materials waives any and all such rights or claims except for rights or claims arising pursuant to the express terms of this Agreement and the Tax Assurance Agreement.

Section 2.5 Notice of Investigation. If either Lockheed Martin or Materials receives any written notice that a taxing authority is considering treating the Transaction as not qualifying under Section 355 of the Code or as constituting a disqualified distribution within the meaning of Section 355(d) of the Code, the party receiving such notice shall promptly give written notice thereof to the other party. Each party agrees that from and after such time as it obtains knowledge that any representative of a taxing authority has formally begun to investigate or inquire as to the tax-free status of the Transaction, it will notify the other, consult with the other from time to time as to the conduct of such investigation or inquiry, and provide the other with copies of all correspondence between it or its representatives and such taxing authority pertaining to such investigation or inquiry. Each party agrees that, from such time as the taxing authorities have proposed an adjustment based upon the Transaction not constituting a Tax-Free Distribution, it shall, to the extent possible, arrange for a representative of the other to be present at all meetings with such taxing authority or any representative thereof pertaining to such investigation or inquiry, permit the other to consult with respect to such disputes, and, if the other party may be liable under Section 2.2 or 2.3, permit the other to participate in the resolution of any such disputes.

Section 2.6 Tax Benefit. In determining any liability for indemnification under this Article II, the parties shall take into account the extent of any tax benefit realized by the indemnitee with respect to the obligation for which there is an indemnification obligation under this Agreement.

ARTICLE III.
PROCEDURAL AND OTHER MATTERS

Section 3.1 Forms 1099. Lockheed Martin shall file on behalf of and at the expense of Materials all Forms 1099 due with respect to the receipt by Materials' shareholders of any cash paid in lieu of fractional shares in the Transaction.

Section 3.2 Form of Payment. Whenever payment is required under this Agreement, payment shall be made in cash by wire transfer of immediately available funds.

Section 3.3 Character of Payments; Gross-Up. All payments made by any party pursuant to this Agreement or Section 2.5(a) of the Tax Assurance Agreement shall be treated as the discharge of liabilities incurred by such party in connection with the Transaction. If, notwithstanding such treatment by the parties, payment by any party is finally determined to be taxable to the other party by any taxing authority, there shall be a gross-up with respect to such payment to such other party to the extent necessary to fully indemnify the indemnitee on an after-tax basis. The amount of such gross-up shall be determined consistent with all of the principles contained in this Agreement and the Tax Assurance Agreement. Thus, for example, the gross-up payment, as well as the amount of the indemnified liability, shall take into account the extent of the tax benefits, if any, realized by the indemnitee with respect to the obligation for which there is an indemnification obligation under this Agreement or the Tax Assurance Agreement, and if the indemnification arises under Section 2.1 of this Agreement (or Section 2.5(a) of the Tax Assurance Agreement), all costs and the amount of the gross-up shall be apportioned 81% to Lockheed Martin and 19% to Materials, subject to any applicable limitations on the aggregate liability of Materials. Any such gross-up with respect to the liabilities that may arise under Section 2.1 or the Tax Assurance Agreement shall be treated as a liability of Materials for the purpose of determining its aggregate liability under Section 2.1 such that, notwithstanding such gross-up, Materials' aggregate liability shall be limited to \$25 million.

Section 3.4 Notices. Any notice, demand, claim or other communication under this Agreement shall be in writing and shall be deemed to have been given on the earliest of the following:

- (a) upon the delivery thereof if delivered personally;
- (b) on the date on which delivery thereof is guaranteed by the carrier if delivered by a national courier guaranteeing delivery within a fixed number of days of sending; or

- (c) on the date on which facsimile transmission thereof is confirmed "OK" by the receiving machine if transmitted by facsimile machine and confirmed by delivery by one of the prior methods;

but, in each case, only if addressed to the parties in the following manner at the following addresses or facsimile numbers ("Fax") (or at such other address or other facsimile number as a party may specify by written notice to the other):

Lockheed Martin: Lockheed Martin Corporation
6801 Rockledge Drive
Bethesda, Maryland 20817
Attention: Senior Vice President and General Counsel
URGENT: NOTICE UNDER LOCKHEED
MARTIN/MATERIALS TAX
AGREEMENT
Tel: (301) 897-6125
Fax: (301) 897-6791

With a copy to: Lockheed Martin Corporation
6801 Rockledge Drive
Bethesda, Maryland 20817
Attention: Vice President and General Tax Counsel
URGENT: NOTICE UNDER LOCKHEED
MARTIN/MATERIALS TAX
AGREEMENT
Tel: (301) 897-6063
Fax: (301) 897-6880

Materials: Martin Marietta Materials, Inc.
2710 Wycliff Road
Raleigh, North Carolina 27607
Attention: Vice President and Chief Financial Officer
URGENT: NOTICE UNDER LOCKHEED
MARTIN/MATERIALS TAX
AGREEMENT
Tel: (919) 783-4658
Fax: (919) 510-4700

With a copy to: Martin Marietta Materials, Inc.
2710 Wycliff Road
Raleigh, North Carolina 27607
Attention: Vice President and General Counsel
URGENT: NOTICE UNDER LOCKHEED
MARTIN/MATERIALS TAX
AGREEMENT
Tel: (919) 783-4506
Fax: (919) 783-4535

ARTICLE IV.
MISCELLANEOUS PROVISIONS

Section 4.1 Tax Sharing Agreement. The Tax Sharing Agreement, dated as of February 18, 1994, by and between Martin Marietta Corporation, a Maryland corporation and a predecessor-in-interest to Lockheed Martin, and Materials (the "Tax Sharing Agreement"), shall remain in full force and effect in accordance with its terms and is not amended or otherwise modified by this Agreement.

Section 4.2 Entire Agreement. This Agreement, together with the Tax Sharing Agreement and the Tax Assurance Agreement, embodies the entire agreement and understanding of the parties in respect of the subject matter contained herein and in those documents. This provision shall not abrogate any other agreement or understanding between the parties dealing with a different subject matter that was executed contemporaneously with this Agreement. Except with respect to any subsequent written modifications of this Agreement, this Agreement, the Tax Sharing Agreement and the Tax Assurance Agreement supersede any prior agreements or understandings and abrogate any inconsistent provisions of any contemporaneous agreements or understandings between the parties with respect to the subject matter contained in this Agreement, the Tax Sharing Agreement and the Tax Assurance Agreement.

Section 4.3 Waiver, Amendment, etc. This Agreement may not be amended or supplemented, and no waivers of or consents to departures from the provisions hereof shall be effective, unless set forth in a writing signed by, and delivered to, each party. No failure or delay of any party in exercising any power or right under this Agreement will operate as a waiver thereof, nor will any single or partial exercise of any right or power, or any abandonment or discontinuance of steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power.

Section 4.4 Survival. The covenants and agreements contained herein shall survive until 30 days after the expiration of all applicable statutes of limitations under the Code with respect to the Transaction, except as otherwise provided herein. No investigation or other

examination by Lockheed Martin or Materials, or their respective representatives, shall affect the term of survival of the covenants and agreements set forth in this Agreement.

Section 4.5 Governing Law. THIS AGREEMENT SHALL BE INTERPRETED, AND THE RIGHTS, OBLIGATIONS AND LIABILITIES OF THE PARTIES HERETO DETERMINED, IN ACCORDANCE WITH THE INTERNAL LAWS (AS OPPOSED TO CONFLICTS OF LAW PROVISIONS) OF THE STATE OF MARYLAND.

Section 4.6. Consent to Jurisdiction. LOCKHEED MARTIN AGREES THAT IT WILL BRING ANY ACTION OR PROCEEDING FOR THE ENFORCEMENT OF ANY RIGHT, REMEDY, OBLIGATION OR LIABILITY ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT SOLELY IN THE STATE OR FEDERAL COURTS LOCATED IN NORTH CAROLINA. MATERIALS AGREES THAT IT WILL BRING ANY ACTION OR PROCEEDING FOR THE ENFORCEMENT OF ANY RIGHT, REMEDY, OBLIGATION OR LIABILITY ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT SOLELY IN THE STATE OR FEDERAL COURTS LOCATED IN MARYLAND. EACH PARTY HEREBY IRREVOCABLY WAIVES ITS RIGHT TO BRING ANY ACTION OR PROCEEDING AGAINST THE OTHER EXCEPT IN ACCORDANCE WITH THE PRECEDING SENTENCES. EACH PARTY CONSENTS THAT ALL SERVICE OF PROCESS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL DIRECTED TO THE PARTY AT THE ADDRESS STATED IN SECTION 3.4.

Section 4.7 Severability. The invalidity or unenforceability of any provision hereof in any jurisdiction will not affect the validity or enforceability of the remainder hereof in that jurisdiction or the validity or enforceability of this Agreement, including that provision, in any other jurisdiction. To the extent permitted by applicable law, each party waives any provision of applicable law that renders any provision hereof prohibited or unenforceable in any respect. If any provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the extent possible.

Section 4.8 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

Section 4.9 Binding Agreement. This Agreement shall be binding upon and shall inure only to the benefit of the parties hereto and their respective successors and assigns (by merger, acquisition of assets, or otherwise) to the same extent as if the successor or assign had been an original party to this Agreement.

Section 4.10 No Third Party Beneficiaries. This Agreement is not intended to benefit any person other than the parties hereto and their respective successors and assigns, and no such person (including stockholders of Lockheed Martin or shareholders of Materials) shall be a third party beneficiary hereof.

Section 4.11 Assignment. Neither Lockheed Martin nor Materials shall assign this Agreement or any rights, interests or obligations thereunder, or delegate any of its obligations hereunder, without the prior written consent of the other.

Section 4.12 Termination. The rights and obligations of the parties to this Agreement shall terminate, and neither party shall have any liability under this Agreement, if the Transaction is not consummated.

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

[signatures follow on separate pages]

LOCKHEED MARTIN CORPORATION

By: /s/ Marcus C. Bennett

Name: Marcus C. Bennett
Title: Executive Vice President
and Chief Financial Officer

THIS IS A SIGNATURE PAGE TO
THE SUPPLEMENTAL TAX SHARING AGREEMENT
AND IS EXECUTED BY THE PARTY NAMED ABOVE.

MARTIN MARIETTA MATERIALS, INC.

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

Name: Stephen P. Zelnak, Jr.

Title: President and Chief Executive Officer

THIS IS A SIGNATURE PAGE TO
THE SUPPLEMENTAL TAX SHARING AGREEMENT
AND IS EXECUTED BY THE PARTY NAMED ABOVE.

TAX ASSURANCE AGREEMENT

This TAX ASSURANCE AGREEMENT (this "Agreement"), dated as of September 13, 1996, is made and entered into by and between LOCKHEED MARTIN CORPORATION, a Maryland corporation ("Lockheed Martin"), and MARTIN MARIETTA MATERIALS, INC., a North Carolina corporation ("Materials").

RECITALS

1. Materials is a New York Stock Exchange listed corporation. Lockheed Martin owns, directly or indirectly through its wholly owned subsidiary, Martin Marietta Investments, Inc., 37,350,000 shares (approximately 81% of the outstanding shares) of Materials Common Stock.

2. Lockheed Martin has determined to distribute all of the shares it owns in Materials to Lockheed Martin stockholders by means of a transaction (the "Transaction") intended to qualify as a Tax-Free Distribution.

3. Due to compelling strategic business considerations, Lockheed Martin's and Materials' Boards of Directors have determined that it is in the best interests of the corporations and their stockholders and shareholders to effect the Transaction.

4. The Board of Directors of Materials has determined that Materials will realize significant independent benefits as a result of the Transaction, which benefits will include, among other things: (a) facilitating the future issuance by Materials of its stock to finance strategic acquisitions in pursuit of its growth strategy; (b) permitting Materials to implement more effective management stock incentive programs and employee stock compensation programs; (c) permitting Materials to have direct control over its administrative costs; and (d) allowing Materials' credit rating to be evaluated independently of Lockheed Martin's credit rating.

5. It is fundamental to achieving the strategic benefits of the Transaction that it qualify as a Tax-Free Distribution.

6. Lockheed Martin and Materials have mutually agreed to enter into this Agreement in order to give assurances to each other that the Transaction will constitute a Tax-Free Distribution.

NOW, THEREFORE, in consideration of the premises and the covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of Lockheed Martin and Materials, intending to be legally bound, hereby agrees as follows:

ARTICLE I.
DEFINITIONS AND CONSTRUCTION

Section 1.1 Certain Definitions. As used in this Agreement, the following terms shall have the meanings specified below:

"Affiliate" shall mean, with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by, or is under common Control with, such Person.

"Associate" shall have the meaning ascribed to such term in Rule 12b-2 under the Exchange Act.

"Beneficial Owner" (including, with its correlative meanings, "Beneficially Own" and "Beneficial Ownership"), with respect to any securities, shall mean any Person which:

(a) has, or any of whose Affiliates or Associates has, directly or indirectly, the right to acquire (whether such right is exercisable immediately or only after the passage of time) such securities pursuant to any agreement, arrangement or understanding (whether or not in writing), or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise;

(b) has, or any of whose Affiliates or Associates has, directly or indirectly, the right to vote or dispose of such securities (whether such right is exercisable immediately or only after the passage of time) or "beneficial ownership" of such securities (as determined pursuant to Rule 13d-3 under the Exchange Act as in effect on the date hereof but including all such securities which a Person has the right to acquire beneficial ownership of, whether or not such right is exercisable within the 60-day period specified therein), including pursuant to any agreement, arrangement or understanding (whether or not in writing); or

(c) has, or any of whose Affiliates or Associates has, any agreement, arrangement or understanding (whether or not in writing) for the purpose of acquiring, holding, voting or disposing of any securities which are Beneficially Owned, directly or indirectly, by any other Person (or any Affiliate or Associate thereof).

"Contract" shall mean any agreement, arrangement or understanding, whether written or oral.

"Control" (including, with its correlative meanings, "Controlled by" and "under common Control with") shall mean, with respect to a Person or Group, possession by such Person or Group of the power, directly or indirectly, (a) to elect a majority of the board of directors (or equivalent governing body) of the entity in question or (b) to direct or cause the direction of the

management and policies of or with respect to the entity in question, whether through ownership of securities, by contract or otherwise.

"Exchange Act" shall mean the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder.

"Group" shall mean any group within the meaning of Section 13(d)(3) of the Exchange Act.

"Lockheed Martin Common Stock" shall mean the shares of common stock of Lockheed Martin, par value \$1.

"Materials Rights Plan" shall mean the Rights Plan as described in the Form S-4 Registration Statement filed with the Securities and Exchange Commission by Materials (including the Offering Circular-Prospectus).

"Other Materials Stock" shall mean any class or series of capital stock or any other instrument that would constitute "equity" of Materials for federal income tax purposes other than Materials Common Stock.

"Restricted Period" shall mean the period beginning on the date of this Agreement and ending on the second anniversary of the Transaction Date.

"Subsidiary" shall mean, with respect to any Person (the "Parent"), any other Person in which the Parent, one or more Subsidiaries of the Parent, or the Parent and one or more of its Subsidiaries (a) have the ability, through ownership of securities individually or as a group, ordinarily, in the absence of contingencies, to elect a majority of the directors (or individuals performing similar functions) of such other Person or (b) own more than 50% of the equity interests.

"Supplemental Tax Sharing Agreement" shall mean the Supplemental Tax Sharing Agreement by and between Lockheed Martin and Materials, entered into in connection with the Transaction.

"Transaction Date" shall mean the date that the Transaction is completed.

"Transfer" shall mean any act pursuant to which, directly or indirectly, the ownership of the assets or securities in question is sold, transferred, conveyed, delivered or otherwise disposed of.

Section 1.2 Other Definitions. Each term appearing in this Agreement with initial capitalization and not defined herein shall have the meaning ascribed to it in the Supplemental Tax Sharing Agreement.

Section 1.3 Interpretation and Construction of this Agreement.

The definitions in Section 1.1 and those incorporated by Section 1.2 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine or neuter form. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The headings contained in this Agreement are inserted for convenience only and shall not constitute a part hereof. All references herein to Articles and Sections (other than references to Sections of the Code) shall be deemed to be references to Articles and Sections of this Agreement unless the context shall otherwise require. Unless the context shall otherwise require or provide, any reference to any agreement or other instrument or statute or regulation is to such agreement, instrument, statute or regulation as amended and supplemented from time to time (and, in the case of a statute or regulation, to any successor provision), provided, however, that no covenant herein shall be deemed to have been breached because of a change in law or regulation which is enacted or issued subsequent to the completion of the action or conduct which is the subject of the covenant. This Agreement shall be construed in accordance with its fair meaning and shall not be construed strictly against the drafter.

ARTICLE II.
COVENANTS

Section 2.1 Conduct with Respect to Materials Common Stock and

Other Materials Stock. Materials covenants and agrees with Lockheed Martin that it will not knowingly or willfully cause a Failure by undertaking, authorizing, approving, recommending to Materials' shareholders, or entering into any Contract or consummating any transaction during the Restricted Period with respect to:

(a) the acquisition or proposed acquisition by any Person other than Materials of Beneficial Ownership of any Materials Common Stock or Other Materials Stock (whether from Materials or from one or more shareholders of Materials), but excluding any conduct undertaken to permit, facilitate or maintain the listing and general trading (as opposed to any specific transaction) of Materials Common Stock on any public stock exchange (including the New York Stock Exchange) and excluding any conduct undertaken to permit or facilitate the issuance of securities, including, but not limited to, stock or rights in connection with providing compensation to Materials' employees and directors;

(b) the waiver, amendment, or termination of any provision of the Materials Rights Plan in connection with, or in order to permit or facilitate, any such acquisition or proposed acquisition of Beneficial Ownership of Materials Common Stock or Other Materials Stock as described in paragraph (a) of this Section 2.1;

(c) excluding stock, rights or other securities under the Materials Rights Plan, (i) the issuance of any Other Materials Stock or (ii) the issuance of any options, rights, warrants

or securities exercisable for, or convertible into, any Other Materials Stock or the entering into of any other similar arrangements with respect to the issuance of any Other Materials Stock;

(d) the issuance of Materials Common Stock (including any options, rights, warrants or securities exercisable for, or convertible into, Materials Common Stock or any similar arrangements), except in connection with providing compensation to Materials' employees and directors;

(e) any redemptions, repurchases or other acquisitions of Materials Common Stock in a single transaction or in a series of related or unrelated transactions, unless (i) such redemptions, repurchases or other acquisitions are made (w) pursuant to a negotiated or private transaction with respect to which discussions or negotiations commence no earlier than the end of the 60-day period beginning on the Transaction Date and only if such redemptions, repurchases or other acquisitions in a single transaction or a series of related transactions will not exceed 250,000 shares of Materials Common Stock or (x) in the open market, (ii) Materials does not have any reason to believe that such redemptions, repurchases or other acquisitions are made from (y) any shareholder owning one percent or more of the outstanding voting power or equity interests of Materials or (z) any director or officer of Materials, excluding redemptions, repurchases or other acquisitions from a director who is ceasing to serve or an officer who is ceasing to be employed by Materials, (iii) such redemptions, repurchases or other acquisitions of Materials Common Stock, individually or in the aggregate during the Restricted Period, do not result in the acquisition of more than 2.5 million shares of Materials Common Stock, and (iv) such redemptions, repurchases or other acquisitions will not exceed, in the aggregate, 250,000 shares of Materials Common Stock during the 60 day period beginning on the Transaction Date; or

(f) the dissolution or complete or partial liquidation (within the meaning of such term as defined in Section 302(e) of the Code) of Materials or any announcement of any intention to dissolve or effect a complete or partial liquidation of Materials.

Section 2.2 Conduct with Respect to the Business and Assets of Materials. Materials covenants and agrees with Lockheed Martin that it will not knowingly or willfully cause a Failure by undertaking, authorizing, approving, recommending to Materials' shareholders, or entering into any Contract or consummating any transaction during the Restricted Period with respect to:

(a) the termination or discontinuance of a significant portion of Materials' business operations as they existed prior to the Transaction; or

(b) the Transfer, in a single transaction or in the aggregate, other than in the ordinary course of business, of an amount of assets owned by Materials (directly or indirectly through one or more entities) immediately after the Transaction that would exceed 40% by fair market value of the assets which it owned (directly or indirectly through one or more entities) immediately after the Transaction.

Section 2.3. Exception to Fault. Notwithstanding anything to the contrary in this Agreement:

(a) if Materials obtains an Opinion of Counsel with respect to any conduct, action or inaction that might otherwise constitute Fault, excluding conduct, action or inaction under Section 2.5(b), Materials shall not be at Fault with respect to any Failure resulting from the conduct or action that is the subject of the Opinion of Counsel and Materials' only indemnification obligation shall be determined pursuant to Sections 2.1 and 2.3 of the Supplemental Tax Sharing Agreement; and

(b) any conduct or action either party is required to take (or refrain from taking) as a matter of law shall not form a basis for Fault.

Section 2.4 Additional Covenant by Materials. With respect to any written representation Materials delivers to the approved counsel in connection with any Opinion of Counsel, and to the extent such representation pertains to future actions or conduct by Materials (or any Affiliate, agent or representative of Materials) and is expressly referred to in such Opinion of Counsel, neither Materials nor any of its Affiliates nor any of their respective officers, directors, employees, agents or representatives will take any action (unless Materials receives an Opinion of Counsel with respect to such action based on principles substantially identical to those set forth in this Agreement) during the two-year period following the making of such representation (the "Effective Period") that would have caused such representation to be untrue if Materials or any such other Person had planned or intended to take such action at the time Materials made the representation. Materials' covenants and agreements contained in this Section 2.4 shall survive until the later to occur of (a) the expiration of the Restricted Period and (b) the expiration of all outstanding Effective Periods.

Section 2.5 Mutual Covenants by Lockheed Martin and Materials.

(a) In addition to the other covenants and agreements set forth in this Agreement, each party and its Affiliates, officers, directors, employees, agents and representatives will take, or refrain from taking, as the case may be, such actions as the other party may reasonably request as necessary to ensure that the Transaction is a Tax-Free Distribution, including such actions as may be necessary to obtain or to prevent the withdrawal of the King & Spalding Opinion.

(i) For purposes of this Section 2.5(a), in determining what constitutes a reasonable request, all facts and circumstances shall be considered including, without limitation, (y) the nature of risk to the status of the Transaction as a Tax-Free Distribution if the request were not satisfied and (z) the burden, if any, associated with satisfying the request; in no event shall a request to Materials to take or refrain from taking certain actions constitute a reasonable request if Materials obtains an Opinion of Counsel stating that failing to comply with the request

will neither cause the Transaction to fail to qualify under Section 355 of the Code nor cause the distribution to be a disqualified distribution under Section 355(d) of the Code.

(ii) Without limiting the generality of the foregoing, each party shall cooperate with the other if either party determines to obtain any additional Opinion of Counsel pertaining to whether any actual or proposed change in facts and circumstances affects the tax status of the Transaction.

(iii) The incremental costs arising from any action taken by a party pursuant to one or more requests by the other party under this Section 2.5(a) shall be borne as follows: regardless of whether such costs arise from one or more requests, the first \$1 million of such costs (determined on a cumulative basis) shall be borne entirely by the party of whom such requests are made and any excess of such costs shall be borne 81% by Lockheed Martin and 19% by Materials; provided, however, that the incremental costs incurred and to be borne by Materials pursuant to this Section 2.5(a) shall in no event exceed \$25 million and shall be treated as a liability for purposes of determining the aggregate liability of Materials under Section 2.1 of the Supplemental Tax Sharing Agreement. In determining the incremental costs for purposes of this Section 2.5(a)(iii), only the actual out-of-pocket costs, reduced by the incremental actual cash receipts and taking into account all income tax benefits or costs associated with such costs or receipts, shall be taken into account.

(iv) To be effective, any request pursuant to this Section 2.5(a) must be made in accordance with notice provisions of Section 3.2 and must conspicuously bear the following language: "THIS IS A REQUEST PURSUANT TO SECTION 2.5(a) OF THE TAX ASSURANCE AGREEMENT RELATING TO ENSURING THAT THE DISTRIBUTION OF MARTIN MARIETTA MATERIALS IS A TAX-FREE DISTRIBUTION."

(v) The covenants and agreements contained in this Section 2.5(a) shall survive until the expiration of Materials' covenants and agreements under Section 2.4.

(b) The parties to this Agreement expressly agree to characterize the Transaction as a Tax-Free Distribution in any tax return, report or document filed with the Securities Exchange Commission or any national securities exchange (including the New York Stock Exchange), any report or document filed with any other governmental agency, and any announcement or writing disseminated to the public, if such tax return, report, document, announcement or writing discusses or describes the tax aspects or consequences of the Transaction. The requirement of this Section 2.5(b) will be deemed satisfied by the inclusion of, and the absence of any statement explicitly inconsistently with, the following sentence in such report, document, announcement or writing: "The distribution by Lockheed Martin Corporation of the shares of common stock of Martin Marietta Materials, Inc. qualified as a tax-free distribution pursuant to Section 355 of the Internal Revenue Code."

(c) Each party agrees that from and after the date of this Agreement, it shall not knowingly or willfully act (or knowingly or willfully refrain from acting), except where required by law to do so, in a manner which it believes would materially increase the likelihood of a Failure. If either party is aware of action (or inaction) that the other party is contemplating which such party believes would materially increase the likelihood of a Failure and such party fails to promptly notify the other party of such belief in accordance with the notice provisions of Section 3.2, such action (or inaction) taken by the other party shall not constitute Fault.

ARTICLE III.
MISCELLANEOUS

Section 3.1 Survival. The covenants and agreements contained herein shall survive until 30 days after the expiration of all applicable statutes of limitations under the Code with respect to the Transaction, except as otherwise provided herein. No investigation or other examination by Lockheed Martin or Materials, or their respective representatives, shall affect the term of survival of the covenants and agreements set forth in this Agreement.

Section 3.2 Notices. Any notice, demand, request, claim or other communication under this Agreement shall be in writing and shall be deemed to have been given on the earliest of the following:

- (a) upon the delivery thereof if delivered personally;
- (b) on the date on which delivery thereof is guaranteed by the carrier if delivered by a national courier guaranteeing delivery within a fixed number of days of sending; or
- (c) on the date on which facsimile transmission thereof is confirmed "OK" by the receiving machine if transmitted by facsimile machine and confirmed by delivery by one of the prior methods;

but, in each case, only if addressed to the parties in the following manner at the following addresses or facsimile numbers ("Fax") (or at such other address or other facsimile number as a party may specify by written notice to the other):

Lockheed Martin: Lockheed Martin Corporation
6801 Rockledge Drive
Bethesda, Maryland 20817
Attention: Senior Vice President and General Counsel
URGENT: NOTICE UNDER LOCKHEED
MARTIN/MATERIALS TAX
AGREEMENT
Tel: (301) 897-6125
Fax: (301) 897-6791

With a copy to: Lockheed Martin Corporation
6801 Rockledge Drive
Bethesda, Maryland 20817
Attention: Vice President and General Tax Counsel
URGENT: NOTICE UNDER LOCKHEED
MARTIN/MATERIALS TAX
AGREEMENT
Tel: (301) 897-6063
Fax: (301) 897-6880

Materials: Martin Marietta Materials, Inc.
2710 Wycliff Road
Raleigh, North Carolina 27607
Attention: Vice President and Chief Financial Officer
URGENT: NOTICE UNDER LOCKHEED
MARTIN/MATERIALS TAX
AGREEMENT
Tel: (919) 783-4658
Fax: (919) 510-4700

With a copy to: Martin Marietta Materials, Inc.
2710 Wycliff Road
Raleigh, North Carolina 27607
Attention: Vice President and General Counsel
URGENT: NOTICE UNDER LOCKHEED
MARTIN/MATERIALS TAX
AGREEMENT
Tel: (919) 783-4506
Fax: (919) 783-4535

Section 3.3 Entire Agreement. This Agreement, together with the
Tax Sharing Agreement and the Supplemental Tax Sharing Agreement, embodies the
entire agreement and

understanding of the parties in respect of the subject matter contained herein and in those documents. This provision shall not abrogate any other agreement or understanding between the parties dealing with a different subject matter that was executed contemporaneously with this Agreement. Except with respect to any subsequent written modifications of this Agreement, this Agreement, the Tax Sharing Agreement and the Supplemental Tax Sharing Agreement supersede any prior agreements or understandings and abrogate any inconsistent provisions of any contemporaneous agreements or understandings between the parties with respect to the subject matter contained in this Agreement, the Tax Sharing Agreement and the Supplemental Tax Sharing Agreement.

Section 3.4 Waiver, Amendment, etc. This Agreement may not be amended or supplemented, and no waivers of or consents to departures from the provisions hereof shall be effective, unless set forth in a writing signed by, and delivered to, each party. No failure or delay of any party in exercising any power or right under this Agreement will operate as a waiver thereof, nor will any single or partial exercise of any right or power, or any abandonment or discontinuance of steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power.

Section 3.5 Governing Law. THIS AGREEMENT SHALL BE INTERPRETED, AND THE RIGHTS, OBLIGATIONS AND LIABILITIES OF THE PARTIES HERETO DETERMINED, IN ACCORDANCE WITH THE INTERNAL LAWS (AS OPPOSED TO CONFLICTS OF LAW PROVISIONS) OF THE STATE OF MARYLAND.

Section 3.6. Consent to Jurisdiction. LOCKHEED MARTIN AGREES THAT IT WILL BRING ANY ACTION OR PROCEEDING FOR THE ENFORCEMENT OF ANY RIGHT, REMEDY, OBLIGATION OR LIABILITY ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT SOLELY IN THE STATE OR FEDERAL COURTS LOCATED IN NORTH CAROLINA. MATERIALS AGREES THAT IT WILL BRING ANY ACTION OR PROCEEDING FOR THE ENFORCEMENT OF ANY RIGHT, REMEDY, OBLIGATION OR LIABILITY ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT SOLELY IN THE STATE OR FEDERAL COURTS LOCATED IN MARYLAND. EACH PARTY HEREBY IRREVOCABLY WAIVES ITS RIGHT TO BRING ANY ACTION OR PROCEEDING AGAINST THE OTHER EXCEPT IN ACCORDANCE WITH THE PRECEDING SENTENCES. EACH PARTY CONSENTS THAT ALL SERVICE OF PROCESS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL DIRECTED TO THE PARTY AT THE ADDRESS STATED IN SECTION 3.2.

Section 3.7 Severability. The invalidity or unenforceability of any provision hereof in any jurisdiction will not affect the validity or enforceability of the remainder hereof in that jurisdiction or the validity or enforceability of this Agreement, including that provision, in any other jurisdiction. To the extent permitted by applicable law, each party waives any provision of applicable law that renders any provision hereof prohibited or unenforceable in any respect. If any

provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the extent possible.

Section 3.8 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

Section 3.9 Binding Agreement. This Agreement shall be binding upon and inure only to the benefit of the parties hereto and their respective successors and permitted assigns (by merger, acquisition of assets, or otherwise) to the same extent as if the successor or assign had been an original party to this Agreement.

Section 3.10 No Third Party Beneficiaries. This Agreement is not intended to benefit any Person other than the parties hereto and their respective successors and permitted assigns, and no such Person shall be a third party beneficiary hereof.

Section 3.11 Assignment. Neither Lockheed Martin nor Materials shall assign this Agreement or any rights, interests or obligations hereunder, or delegate performance of any of its obligations hereunder, without the prior written consent of the other party.

Section 3.12 Costs and Expenses. All costs and expenses incurred by Materials or Lockheed Martin relating to any Opinion of Counsel shall be paid by the party seeking such Opinion of Counsel, and each party agrees to indemnify the other against any and all such costs and expenses.

Section 3.13 Books, Records and Documentation. Each party shall keep, maintain and preserve books, records and documentation necessary in or applicable to the determination of liabilities pursuant to the Supplemental Tax Sharing Agreement or this Agreement and the establishment of the Transaction as a Tax-Free Distribution until the expiration of all applicable statutes of limitations.

Section 3.14 Termination. The rights and obligations of the parties to this Agreement shall terminate, and neither party shall have any liability under this Agreement, if the Transaction is not consummated.

IN WITNESS WHEREOF, Lockheed Martin and Materials have caused their respective duly authorized officers to execute this Agreement as of the day and year first above written.

[signatures follow on separate pages]

LOCKHEED MARTIN CORPORATION

By: /s/ Marcus C. Bennett

Name: Marcus C. Bennett
Title: Executive Vice President
and Chief Financial Officer

THIS IS A SIGNATURE PAGE TO THE TAX ASSURANCE AGREEMENT
AND IS EXECUTED BY THE PARTY NAMED ABOVE.

MARTIN MARIETTA MATERIALS, INC.

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

Name: Stephen P. Zelnak, Jr.

Title: President and Chief Executive Officer

THIS IS A SIGNATURE PAGE TO THE TAX ASSURANCE AGREEMENT
AND IS EXECUTED BY THE PARTY NAMED ABOVE.

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

COMPUTATION OF EARNINGS PER SHARE

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1996 ----- -----	1995 ----- -----	1996 ----- -----	1995 ----- -----
Net earnings	\$27,490 =====	\$23,425 =====	\$58,634 =====	\$51,611 =====
Weighted average number of common shares outstanding	46,079,300 =====	46,079,300 =====	46,079,300 =====	46,079,300 =====
Net earnings per common share	\$0.60 =====	\$0.51 =====	\$1.27 =====	\$1.12 =====

Note: The sum of per-share earnings by quarter may not equal earnings per share for the year-to-date period due to the effect of rounding.

Exhibit 12.01

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

For the Nine Months Ended September 30, 1996
(Dollars in Thousands)

EARNINGS:

Earnings before income taxes	\$88,705
(Earnings) losses of less than 50% owned associated companies, net	(834)
Interest expense	7,964
Portions of rents representative of an interest factor	878

Adjusted Earnings and Fixed Charges	\$96,713
	=====

FIXED CHARGES:

Interest expense	\$ 7,964
Capitalized Interest	196
Portion of rents representative of an interest factor	878

Total Fixed Charges	\$ 9,038
	=====

Ratio of Earnings to Fixed Charges	10.70
	=====

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

1,000

9-MOS	DEC-31-1996	
	JAN-01-1996	
	SEP-30-1996	2,364
		0
		138,059
		4,500
		113,082
		269,141
		957,856
		561,315
		750,600
	86,222	
		124,807
	0	
		0
		461
		466,051
750,600		
		538,489
	538,489	
		400,807
		446,988
		(5,218)
		50
		7,964
		88,705
		30,071
	58,634	
		0
		0
		0
		58,634
		1.27
		1.27