

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
Commission File Number 1-12744

MARTIN MARIETTA MATERIALS, INC.
(Exact name of registrant as specified in its charter)

North Carolina
(State or other jurisdiction of
incorporation or organization)

56-1848578
(I.R.S. Employer
Identification Number)

2710 Wycliff Road, Raleigh, NC
(Address of principal executive offices)

27607-3033
(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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes 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 August 2, 2016
Common Stock, \$0.01 par value	63,437,540

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q
For the Quarter Ended June 30, 2016

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
(UNAUDITED) CONSOLIDATED BALANCE SHEETS

	June 30, 2016	December 31, 2015	June 30, 2015
	<i>(Dollars in Thousands, Except Per Share Data)</i>		
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 28,596	\$ 168,409	\$ 44,169
Accounts receivable, net	534,459	410,921	497,468
Inventories, net	504,877	469,141	479,856
Assets held for sale	—	—	426,495
Other current assets	53,997	33,164	82,134
Total Current Assets	1,121,929	1,081,635	1,530,122
Property, plant and equipment	5,896,512	5,613,198	5,421,449
Allowances for depreciation, depletion and amortization	(2,574,307)	(2,457,198)	(2,371,926)
Net property, plant and equipment	3,322,205	3,156,000	3,049,523
Goodwill	2,136,783	2,068,235	2,065,882
Operating permits, net	442,349	444,725	447,702
Other intangibles, net	64,327	65,827	67,242
Other noncurrent assets	145,712	141,189	99,926
Total Assets	\$ 7,233,305	\$ 6,957,611	\$ 7,260,397
LIABILITIES AND EQUITY			
Current Liabilities:			
Bank overdraft	\$ 7,143	\$ 10,235	\$ —
Accounts payable	197,733	164,718	201,235
Accrued salaries, benefits and payroll taxes	24,864	30,939	27,590
Pension and postretirement benefits	9,120	8,168	8,133
Accrued insurance and other taxes	62,525	62,781	57,078
Current maturities of long-term debt and short-term facilities	238,155	18,713	15,433
Accrued interest	16,573	16,156	16,165
Other current liabilities	45,491	54,948	37,667
Total Current Liabilities	601,604	366,658	363,301
Long-term debt	1,541,062	1,550,061	1,637,905
Pension, postretirement and postemployment benefits	236,562	224,538	272,461
Deferred income taxes, net	639,776	583,459	521,932
Other noncurrent liabilities	197,801	172,718	154,365
Total Liabilities	3,216,805	2,897,434	2,949,964
Equity:			
Common stock, par value \$0.01 per share	633	643	668
Preferred stock, par value \$0.01 per share	—	—	—
Additional paid-in capital	3,318,859	3,287,827	3,274,098
Accumulated other comprehensive loss	(106,068)	(105,622)	(112,814)
Retained earnings	800,028	874,436	1,146,821
Total Shareholders' Equity	4,013,452	4,057,284	4,308,773
Noncontrolling interests	3,048	2,893	1,660
Total Equity	4,016,500	4,060,177	4,310,433
Total Liabilities and Equity	\$ 7,233,305	\$ 6,957,611	\$ 7,260,397

See accompanying notes to the consolidated financial statements.

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
(UNAUDITED) CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE EARNINGS

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
	<i>(In Thousands, Except Per Share Data)</i>		<i>(In Thousands, Except Per Share Data)</i>	
Net Sales	\$ 915,436	\$ 850,249	\$ 1,649,396	\$ 1,482,124
Freight and delivery revenues	61,862	71,170	116,636	130,641
Total revenues	<u>977,298</u>	<u>921,419</u>	<u>1,766,032</u>	<u>1,612,765</u>
Cost of sales	668,735	650,096	1,258,061	1,207,710
Freight and delivery costs	61,862	71,170	116,636	130,641
Total cost of revenues	<u>730,597</u>	<u>721,266</u>	<u>1,374,697</u>	<u>1,338,351</u>
Gross Profit	246,701	200,153	391,335	274,414
Selling, general & administrative expenses	61,509	56,783	121,370	106,233
Acquisition-related expenses, net	896	2,092	1,322	3,696
Other operating (income) and expenses, net	(3,446)	4,294	(2,869)	1,930
Earnings from Operations	<u>187,742</u>	<u>136,984</u>	<u>271,512</u>	<u>162,555</u>
Interest expense	20,294	19,087	40,328	38,418
Other nonoperating (income) and expenses, net	(8,100)	(3,011)	(9,130)	(2,118)
Earnings before taxes on income	<u>175,548</u>	<u>120,908</u>	<u>240,314</u>	<u>126,255</u>
Taxes on income	53,435	38,929	73,145	38,117
Consolidated net earnings	<u>122,113</u>	<u>81,979</u>	<u>167,169</u>	<u>88,138</u>
Less: Net earnings attributable to noncontrolling interests	61	41	122	73
Net Earnings Attributable to Martin Marietta Materials, Inc.	<u>\$ 122,052</u>	<u>\$ 81,938</u>	<u>\$ 167,047</u>	<u>\$ 88,065</u>
Consolidated Comprehensive Earnings: (See Note 1)				
Earnings attributable to Martin Marietta Materials, Inc.	\$ 119,817	\$ 75,847	\$ 166,601	\$ 81,410
Earnings attributable to noncontrolling interests	63	43	155	78
	<u>\$ 119,880</u>	<u>\$ 75,890</u>	<u>\$ 166,756</u>	<u>\$ 81,488</u>
Net Earnings Attributable to Martin Marietta Materials, Inc.				
Per Common Share:				
Basic attributable to common shareholders	<u>\$ 1.91</u>	<u>\$ 1.23</u>	<u>\$ 2.61</u>	<u>\$ 1.30</u>
Diluted attributable to common shareholders	<u>\$ 1.90</u>	<u>\$ 1.22</u>	<u>\$ 2.60</u>	<u>\$ 1.30</u>
Weighted-Average Common Shares Outstanding:				
Basic	<u>63,532</u>	<u>67,373</u>	<u>63,845</u>	<u>67,392</u>
Diluted	<u>63,802</u>	<u>67,633</u>	<u>64,091</u>	<u>67,654</u>
Cash Dividends Per Common Share	<u>\$ 0.40</u>	<u>\$ 0.40</u>	<u>\$ 0.80</u>	<u>\$ 0.80</u>

See accompanying notes to the consolidated financial statements.

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
(UNAUDITED) CONSOLIDATED STATEMENTS OF CASH FLOWS

	June 30,	
	2016	2015
	<i>(Dollars in Thousands)</i>	
Cash Flows from Operating Activities:		
Consolidated net earnings	\$ 167,169	\$ 88,138
Adjustments to reconcile consolidated net earnings to net cash provided by operating activities:		
Depreciation, depletion and amortization	139,617	134,958
Stock-based compensation expense	12,801	7,524
Gain on divestitures and sales of assets	(261)	(853)
Deferred income taxes	34,389	33,906
Excess tax benefits from stock-based compensation transactions	(3,948)	(55)
Other items, net	(5,767)	(341)
Changes in operating assets and liabilities, net of effects of acquisitions and divestitures:		
Accounts receivable, net	(117,524)	(76,061)
Inventories, net	(33,131)	(27,661)
Accounts payable	32,521	(3,416)
Other assets and liabilities, net	(22,495)	(29,070)
Net Cash Provided by Operating Activities	203,371	127,069
Cash Flows from Investing Activities:		
Additions to property, plant and equipment	(210,559)	(127,990)
Acquisitions, net	(123,000)	(10,713)
Cash received in acquisition	3,446	—
Proceeds from divestitures and sales of assets	4,474	1,972
Repayments from affiliate	—	1,808
Payment of railcar construction advances	—	(25,234)
Reimbursement of railcar construction advances	—	25,234
Net Cash Used for Investing Activities	(325,639)	(134,923)
Cash Flows from Financing Activities:		
Borrowings of debt	280,000	80,000
Repayments of debt	(70,420)	(8,144)
Payments on capital lease obligations	(1,563)	(1,831)
Change in bank overdraft	(3,092)	(183)
Dividends paid	(51,467)	(54,285)
Issuances of common stock	15,049	27,760
Repurchases of common stock	(190,000)	(100,000)
Excess tax benefits from stock-based compensation transactions	3,948	55
Net Cash Used for Financing Activities	(17,545)	(56,628)
Net Decrease in Cash and Cash Equivalents	(139,813)	(64,482)
Cash and Cash Equivalents, beginning of period	168,409	108,651
Cash and Cash Equivalents, end of period	\$ 28,596	\$ 44,169
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	\$ 36,630	\$ 35,447
Cash paid for income taxes	\$ 47,159	\$ 24,334

See accompanying notes to the consolidated financial statements.

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
(UNAUDITED) CONSOLIDATED STATEMENT OF TOTAL EQUITY

<i>(in thousands)</i>	Shares of Common Stock	Common Stock	Additional Paid- in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2015	64,479	\$ 643	\$ 3,287,827	\$ (105,622)	\$ 874,436	\$ 4,057,284	\$ 2,893	\$ 4,060,177
Consolidated net earnings	—	—	—	—	167,047	167,047	122	167,169
Other comprehensive earnings, net of tax	—	—	—	(446)	—	(446)	33	(413)
Dividends declared	—	—	—	—	(51,467)	(51,467)	—	(51,467)
Issuances of common stock for stock award plans	197	2	18,231	—	—	18,233	—	18,233
Repurchases of common stock	(1,244)	(12)	—	—	(189,988)	(190,000)	—	(190,000)
Stock-based compensation expense	—	—	12,801	—	—	12,801	—	12,801
Balance at June 30, 2016	<u>63,432</u>	<u>\$ 633</u>	<u>\$ 3,318,859</u>	<u>\$ (106,068)</u>	<u>\$ 800,028</u>	<u>\$ 4,013,452</u>	<u>\$ 3,048</u>	<u>\$ 4,016,500</u>

See accompanying notes to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies

Organization

Martin Marietta Materials, Inc. (the "Corporation" or "Martin Marietta") is engaged principally in the construction aggregates business. The aggregates product line accounted for 56% of consolidated net sales for the six months ended June 30, 2016 (55% of full-year 2015 consolidated net sales) and includes crushed stone, sand and gravel, and is used for construction of highways and other infrastructure projects, and in the nonresidential and residential construction industries. Aggregates products are also used in the railroad, agricultural, utility and environmental industries. These aggregates products, along with the Corporation's aggregates-related downstream product lines, which accounted for 29% of consolidated net sales for the six months ended June 30, 2016 (27% of full-year 2015 consolidated net sales) and include asphalt products, ready mixed concrete and road paving construction services, are sold and shipped from a network of more than 400 quarries, distribution facilities and plants in 26 states, Nova Scotia and the Bahamas. The aggregates and aggregates-related downstream product lines are reported collectively as the "Aggregates business".

The Corporation currently conducts the Aggregates business through three reportable segments: the Mid-America Group, the Southeast Group and the West Group.

AGGREGATES BUSINESS

Reportable Segments	Mid-America Group	Southeast Group	West Group
Operating Locations	Indiana, Iowa, northern Kansas, Kentucky, Maryland, Minnesota, Missouri, eastern Nebraska, North Carolina, Ohio, South Carolina, Virginia, Washington and West Virginia	Alabama, Florida, Georgia, Tennessee, Nova Scotia and the Bahamas	Arkansas, Colorado, southern Kansas, Louisiana, western Nebraska, Nevada, Oklahoma, Texas, Utah and Wyoming

The Corporation has a Cement segment, which accounted for 8% of consolidated net sales for the six months ended June 30, 2016 (11% of full-year 2015 consolidated net sales). The Cement segment has production facilities located in Midlothian, Texas, south of Dallas-Fort Worth and Hunter, Texas, north of San Antonio. The Cement business produces Portland and specialty cements. Similar to the Aggregates business, cement is used in infrastructure projects, nonresidential and residential construction, and the railroad, agricultural, utility and environmental industries. The high calcium limestone reserves, used as a raw material, are owned by the Cement business and are adjacent to each of the plants.

The Corporation has a Magnesia Specialties segment with manufacturing facilities in Manistee, Michigan, and Woodville, Ohio. The Magnesia Specialties segment, which accounted for 7% of consolidated net sales for the six months ended June 30, 2016 (7% of full-year 2015 consolidated net sales), produces magnesia-based chemicals products used in industrial, agricultural and environmental applications and dolomitic lime sold primarily to customers in the steel industry.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

1. Significant Accounting Policies (continued)

Basis of Presentation

The accompanying unaudited consolidated financial statements of 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 in 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, 2015. In the opinion of management, the interim consolidated financial information provided herein reflects all adjustments, consisting of normal recurring accruals, necessary for a fair statement of the results of operations, financial position and cash flows for the interim periods. The consolidated results of operations for the six months ended June 30, 2016 are not indicative of the results expected for other interim periods or the full year. The consolidated balance sheet at December 31, 2015 has been derived from the audited consolidated financial statements at that date but does not include all disclosures required by accounting principles generally accepted in the United States. These consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2015.

Debt Issuance Costs

The Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2015-03, "*Simplifying the Presentation of Debt Issuance Costs*" ("ASU 2015-03"), which amends the presentation of debt issuance costs in the financial statements. The ASU requires an entity to present debt issuance costs related to a recognized debt liability in the balance sheet as a direct deduction from the carrying amount of the debt liability, consistent with debt discounts, and does not impact the recognition and measurement guidance for debt issuance costs. The Corporation adopted ASU 2015-03 on January 1, 2016 and has retrospectively adjusted the prior periods presented, resulting in a reclassification of \$3,588,000 and \$4,130,000 from *Other noncurrent assets* to *Long-term debt* as of December 31, 2015 and June 30, 2015, respectively, and \$533,000 from *Other current assets* to *Current maturities of long-term debt and short-term maturities* as of December 31, 2015 and June 30, 2015.

Revenue Recognition Standard

The FASB issued an accounting standard update that amends the accounting guidance on revenue recognition. The new standard intends to provide a more robust framework for addressing revenue issues, improve comparability of revenue recognition practices and improve disclosure requirements. The new standard is effective January 1, 2018 and can be applied on a full retrospective or modified retrospective approach. The Corporation will not early adopt this standard. The Corporation is currently evaluating the impact the provisions of the new standard will have on its financial statements and expects to complete its evaluation by the end of 2016.

For the Quarter Ended June 30, 2016

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

1. Significant Accounting Policies (continued)

Lease Standard

In February 2016, the FASB issued a new accounting standard, *Accounting Standards Update 2016-2 – Leases*, intending to improve financial reporting of leases and to provide more transparency into off-balance sheet leasing obligations. The guidance requires virtually all leases, excluding mineral interest leases, to be recorded on the balance sheet and provides guidance on the recognition of lease expense and income. The new standard is effective January 1, 2019 and must be applied on a modified retrospective approach. The Corporation is currently evaluating the impact the new standard will have on its financial statements.

Share-based Payment Standard

In March 2016, the FASB issued ASU 2016-09, *Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*, which simplifies certain aspects of accounting guidance and requirements for share-based transactions. The ASU is effective for reporting periods beginning January 1, 2017. The Corporation is evaluating the impact of the ASU on its financial statements.

Consolidated Comprehensive Earnings/Loss and Accumulated Other Comprehensive Loss

Consolidated comprehensive earnings/loss for the Corporation consist of consolidated net earnings or loss; adjustments for the funded status of pension and postretirement benefit plans; foreign currency translation adjustments; and the amortization of the value of terminated forward starting interest rate swap agreements into interest expense, and are presented in the Corporation's consolidated statements of earnings and comprehensive earnings.

Comprehensive earnings attributable to Martin Marietta is as follows:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
	<i>(Dollars in Thousands)</i>			
Net earnings attributable to Martin Marietta Materials, Inc.	\$ 122,052	\$ 81,938	\$ 167,047	\$ 88,065
Other comprehensive loss, net of tax	<u>(2,235)</u>	<u>(6,091)</u>	<u>(446)</u>	<u>(6,655)</u>
Comprehensive earnings attributable to Martin Marietta Materials, Inc.	<u>\$ 119,817</u>	<u>\$ 75,847</u>	<u>\$ 166,601</u>	<u>\$ 81,410</u>

For the Quarter Ended June 30, 2016

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

1. Significant Accounting Policies (continued)

Consolidated Comprehensive Earnings/Loss and Accumulated Other Comprehensive Loss (continued)

Comprehensive earnings attributable to noncontrolling interests, consisting of net earnings and adjustments for the funded status of pension and postretirement benefit plans, is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	<i>(Dollars in Thousands)</i>			
Net earnings attributable to noncontrolling interests	\$ 61	\$ 41	\$ 122	\$ 73
Other comprehensive earnings, net of tax	2	2	33	5
Comprehensive earnings attributable to noncontrolling interests	<u>\$ 63</u>	<u>\$ 43</u>	<u>\$ 155</u>	<u>\$ 78</u>

Accumulated other comprehensive loss consists of unrealized gains and losses related to the funded status of pension and postretirement benefit plans; foreign currency translation; and the unamortized value of terminated forward starting interest rate swap agreements, and is presented on the Corporation's consolidated balance sheets.

Changes in accumulated other comprehensive (loss) earnings, net of tax, are as follows:

	<i>(Dollars in Thousands)</i>			
	Pension and Postretirement Benefit Plans	Foreign Currency	Unamortized Value of Terminated Forward Starting Interest Rate Swap	Accumulated Other Comprehensive Loss
	Three Months Ended June 30, 2016			
Balance at beginning of period	\$ (101,907)	\$ (149)	\$ (1,777)	\$ (103,833)
Other comprehensive loss before reclassifications, net of tax	(3,736)	(232)	—	(3,968)
Amounts reclassified from accumulated other comprehensive earnings, net of tax	1,529	—	204	1,733
Other comprehensive (loss) earnings, net of tax	(2,207)	(232)	204	(2,235)
Balance at end of period	<u>\$ (104,114)</u>	<u>\$ (381)</u>	<u>\$ (1,573)</u>	<u>\$ (106,068)</u>
	Three Months Ended June 30, 2015			
Balance at beginning of period	\$ (105,151)	\$ 990	\$ (2,562)	\$ (106,723)
Other comprehensive (loss) earnings before reclassifications, net of tax	(10,670)	229	—	(10,441)
Amounts reclassified from accumulated other comprehensive earnings, net of tax	4,158	—	192	4,350
Other comprehensive (loss) earnings, net of tax	(6,512)	229	192	(6,091)
Balance at end of period	<u>\$ (111,663)</u>	<u>\$ 1,219</u>	<u>\$ (2,370)</u>	<u>\$ (112,814)</u>

For the Quarter Ended June 30, 2016

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

1. Significant Accounting Policies (continued)

Consolidated Comprehensive Earnings/Loss and Accumulated Other Comprehensive Loss (continued)

The other comprehensive loss before reclassifications for pension and postretirement benefit plans is net of tax of \$2,346,000 and \$6,793,000 for the three months ended June 30, 2016 and 2015, respectively.

	<i>(Dollars in Thousands)</i>			
	Pension and Postretirement Benefit Plans	Foreign Currency	Unamortized Value of Terminated Forward Starting Interest Rate Swap	Accumulated Other Comprehensive Loss
	Six Months Ended June 30, 2016			
Balance at beginning of period	\$ (103,380)	\$ (264)	\$ (1,978)	\$ (105,622)
Other comprehensive loss before reclassifications, net of tax	(3,830)	(117)	—	(3,947)
Amounts reclassified from accumulated other comprehensive earnings, net of tax	3,096	—	405	3,501
Other comprehensive (loss) earnings, net of tax	(734)	(117)	405	(446)
Balance at end of period	<u>\$ (104,114)</u>	<u>\$ (381)</u>	<u>\$ (1,573)</u>	<u>\$ (106,068)</u>
	Six Months Ended June 30, 2015			
Balance at beginning of period	\$ (106,688)	\$ 3,278	\$ (2,749)	\$ (106,159)
Other comprehensive loss before reclassifications, net of tax	(10,845)	(2,059)	—	(12,904)
Amounts reclassified from accumulated other comprehensive earnings, net of tax	5,870	—	379	6,249
Other comprehensive (loss) earnings, net of tax	(4,975)	(2,059)	379	(6,655)
Balance at end of period	<u>\$ (111,663)</u>	<u>\$ 1,219</u>	<u>\$ (2,370)</u>	<u>\$ (112,814)</u>

The other comprehensive loss before reclassifications for pension and postretirement benefit plans is net of tax of \$2,405,000 and \$6,904,000 for the six months ended June 30, 2016 and 2015, respectively.

For the Quarter Ended June 30, 2016

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

1. Significant Accounting Policies (continued)

Consolidated Comprehensive Earnings/Loss and Accumulated Other Comprehensive Loss (continued)

Changes in net noncurrent deferred tax assets recorded in accumulated other comprehensive loss are as follows:

	<i>(Dollars in Thousands)</i>		
	Pension and Postretirement Benefit Plans	Unamortized Value of Terminated Forward Starting Interest Rate Swap	Net Noncurrent Deferred Tax Assets
	Three Months Ended June 30, 2016		
Balance at beginning of period	\$ 65,523	\$ 1,159	\$ 66,682
Tax effect of other comprehensive earnings	1,408	(136)	1,272
Balance at end of period	<u>\$ 66,931</u>	<u>\$ 1,023</u>	<u>\$ 67,954</u>
	Three Months Ended June 30, 2015		
Balance at beginning of period	\$ 67,552	\$ 1,679	\$ 69,231
Tax effect of other comprehensive earnings	4,073	(125)	3,948
Balance at end of period	<u>\$ 71,625</u>	<u>\$ 1,554</u>	<u>\$ 73,179</u>
	Six Months Ended June 30, 2016		
Balance at beginning of period	\$ 66,467	\$ 1,290	\$ 67,757
Tax effect of other comprehensive earnings	464	(267)	197
Balance at end of period	<u>\$ 66,931</u>	<u>\$ 1,023</u>	<u>\$ 67,954</u>
	Six Months Ended June 30, 2015		
Balance at beginning of period	\$ 68,568	\$ 1,799	\$ 70,367
Tax effect of other comprehensive earnings	3,057	(245)	2,812
Balance at end of period	<u>\$ 71,625</u>	<u>\$ 1,554</u>	<u>\$ 73,179</u>

For the Quarter Ended June 30, 2016

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

1. Significant Accounting Policies (continued)

Consolidated Comprehensive Earnings/Loss and Accumulated Other Comprehensive Loss (continued)

Reclassifications out of accumulated other comprehensive loss are as follows:

	Three Months Ended		Six Months Ended		Affected line items in the consolidated statements of earnings and comprehensive earnings
	June 30,		June 30,		
	2016	2015	2016	2015	
<i>(Dollars in Thousands)</i>					
Pension and postretirement benefit plans					
Settlement charge	\$ —	\$ —	\$ 59	\$ —	
Amortization of:					
Prior service credit	(518)	(469)	(806)	(939)	
Actuarial loss	3,007	7,274	5,787	10,546	
	2,489	6,805	5,040	9,607	Cost of sales; Selling, general and administrative expenses
Tax benefit	(960)	(2,647)	(1,944)	(3,737)	Taxes on income
	<u>\$ 1,529</u>	<u>\$ 4,158</u>	<u>\$ 3,096</u>	<u>\$ 5,870</u>	
Unamortized value of terminated forward starting interest rate swap					
Additional interest expense	\$ 340	\$ 317	\$ 672	\$ 624	Interest expense
Tax benefit	(136)	(125)	(267)	(245)	Taxes on income
	<u>\$ 204</u>	<u>\$ 192</u>	<u>\$ 405</u>	<u>\$ 379</u>	

For the Quarter Ended June 30, 2016

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

1. Significant Accounting Policies (continued)

Earnings per Common Share

The numerator for basic and diluted earnings per common share is net earnings attributable to Martin Marietta Materials, Inc. reduced by dividends and undistributed earnings attributable to certain of the Corporation's stock-based compensation. If there is a net loss, no amount of the undistributed loss is attributed to unvested participating securities. The denominator for basic earnings per common share is the weighted-average number of common shares outstanding during the period. Diluted earnings per common share are computed assuming that the weighted-average number of common shares is increased by the conversion, using the treasury stock method, of awards to be issued to employees and nonemployee members of the Corporation's Board of Directors under certain stock-based compensation arrangements if the conversion is dilutive. For the three and six months ended June 30, 2016 and 2015, the diluted per-share computations reflect a change in the number of common shares outstanding to include the number of additional shares that would have been outstanding if the potentially dilutive common shares had been issued.

The following table reconciles the numerator and denominator for basic and diluted earnings per common share:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
	<i>(In Thousands)</i>			
Net earnings from continuing operations attributable to Martin Marietta Materials, Inc.	\$ 122,052	\$ 81,938	\$ 167,047	\$ 88,065
Less: Distributed and undistributed earnings attributable to unvested awards	519	(876)	730	403
Basic and diluted net earnings available to common shareholders attributable to Martin Marietta Materials, Inc.	<u>\$ 121,533</u>	<u>\$ 82,814</u>	<u>\$ 166,317</u>	<u>\$ 87,662</u>
Basic weighted-average common shares outstanding	63,532	67,373	63,845	67,392
Effect of dilutive employee and director awards	270	260	246	262
Diluted weighted-average common shares outstanding	<u>63,802</u>	<u>67,633</u>	<u>64,091</u>	<u>67,654</u>

2. Inventories, Net

	June 30,	December 31,	June 30,
	2016	2015	2015
	<i>(Dollars in Thousands)</i>		
Finished products	\$ 463,807	\$ 433,649	\$ 425,732
Products in process and raw materials	60,324	55,194	62,059
Supplies and expendable parts	113,110	110,882	112,592
	637,241	599,725	600,383
Less: Allowances	(132,364)	(130,584)	(120,527)
Total	<u>\$ 504,877</u>	<u>\$ 469,141</u>	<u>\$ 479,856</u>

For the Quarter Ended June 30, 2016

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

3. Long-Term Debt

	June 30, 2016	December 31, 2015	June 30, 2015
	<i>(Dollars in Thousands)</i>		
6.6% Senior Notes, due 2018	\$ 299,294	\$ 299,113	\$ 298,931
7% Debentures, due 2025	124,046	124,002	123,960
6.25% Senior Notes, due 2037	227,947	227,917	227,898
4.25 % Senior Notes, due 2024	394,977	394,690	394,441
Floating Rate Notes, due 2017, interest rate of 1.73%, 1.71% and 1.38% at June 30, 2016, December 31, 2015 and June 30, 2015, respectively	298,793	298,868	298,514
Term Loan Facility, due 2018, interest rate of 1.96%, 1.86% and 1.69% at June 30, 2016, December 31, 2015 and June 30, 2015, respectively	213,571	222,521	228,346
Trade Receivable Facility, interest rate of 1.16% and 0.88% at June 30, 2016 and June 30, 2015, respectively	220,000	—	80,000
Other notes	589	1,663	1,248
Total debt	1,779,217	1,568,774	1,653,338
Less: Current maturities	(238,155)	(18,713)	(15,433)
Long-term debt	\$ 1,541,062	\$ 1,550,061	\$ 1,637,905

The Corporation, through a wholly-owned special-purpose subsidiary, has a \$250,000,000 trade receivable securitization facility (the "Trade Receivable Facility"), which matures on September 30, 2016. Management intends to renew the Trade Receivable Facility beyond September 30, 2016. The Trade Receivable Facility, with SunTrust Bank, Regions Bank, PNC Bank, N.A. and certain other lenders that may become a party to the facility from time to time, is backed by eligible trade receivables, as defined, and is limited to the lesser of the facility limit or the borrowing base, as defined, of \$391,600,000, \$282,258,000 and \$450,791,000 at June 30, 2016, December 31, 2015 and June 30, 2015, respectively. These receivables are originated by the Corporation and then sold to the wholly-owned special-purpose subsidiary by the Corporation. The Corporation continues to be responsible for the servicing and administration of the receivables purchased by the wholly-owned special-purpose subsidiary. Borrowings under the Trade Receivable Facility bear interest at a rate equal to one-month LIBOR plus 0.7%. The Trade Receivable Facility contains a cross-default provision to the Corporation's other debt agreements.

For the Quarter Ended June 30, 2016

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

3. Long-Term Debt (continued)

The Corporation's Credit Agreement, which provides a \$250,000,000 senior unsecured term loan (the "Term Loan Facility") and a \$350,000,000 five-year senior unsecured revolving facility (the "Revolving Facility"), requires the Corporation's ratio of consolidated debt to consolidated earnings before interest, taxes, depreciation, depletion and amortization ("EBITDA"), as defined by the Credit Agreement, for the trailing-twelve months (the "Ratio") to not exceed 3.50x as of the end of any fiscal quarter, provided that the Corporation may exclude from the Ratio debt incurred in connection with certain acquisitions for a period of 180 days so long as the Corporation, as a consequence of such specified acquisition, does not have its rating on long-term unsecured debt fall below BBB by Standard & Poor's or Baa2 by Moody's and the Ratio calculated without such exclusion does not exceed 3.75x. Additionally, if no amounts are outstanding under both the Revolving Facility and the Trade Receivable Facility, consolidated debt, including debt for which the Corporation is a co-borrower, may be reduced by the Corporation's unrestricted cash and cash equivalents in excess of \$50,000,000, such reduction not to exceed \$200,000,000, for purposes of the covenant calculation.

In accordance with the amended Credit Agreement, the Corporation adjusted consolidated EBITDA to add back any integration or similar costs or expenses related to the TXI business combination incurred in any period prior to the second anniversary of the closing of the TXI business combination, not to exceed \$70,000,000. The Corporation was in compliance with this Ratio at June 30, 2016.

Available borrowings under the Revolving Facility are reduced by any outstanding letters of credit issued by the Corporation under the Revolving Facility. At June 30, 2016, December 31, 2015 and June 30, 2015, the Corporation had \$2,507,000 of outstanding letters of credit issued under the Revolving Facility.

Current debt maturities consist of borrowings under the Trade Receivable Facility as well as the current portions of the Term Loan Facility and other notes. The increase in current debt maturities as of June 30, 2016 is attributable to the balance drawn on the Trade Receivable Facility. The Floating Rate Notes have been classified as a noncurrent liability as the Corporation has the intent and ability to refinance on a long-term basis before or at its maturity of June 30, 2017.

Accumulated other comprehensive loss includes the unamortized value of terminated forward starting interest rate swap agreements. For the three and six months ended June 30, 2016, the Corporation recognized \$340,000 and \$672,000, respectively, as additional interest expense. For the three and six months ended June 30, 2015, the Corporation recognized \$317,000 and \$624,000, respectively, as additional interest expense. The ongoing amortization of the terminated value of the forward starting interest rate swap agreements will increase annual interest expense by approximately \$1,400,000 until the maturity of the 6.6% Senior Notes in 2018.

4. Financial Instruments

The Corporation's financial instruments include cash equivalents, accounts receivable, notes receivable, bank overdraft, accounts payable, publicly-registered long-term notes, debentures and other long-term debt.

Cash equivalents are placed primarily in money market funds, money market demand deposit accounts and Eurodollar time deposits. The Corporation's cash equivalents have original maturities of less than three months. Due to the short maturity of these investments, they are carried on the consolidated balance sheets at cost, which approximates fair value.

For the Quarter Ended June 30, 2016

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

4. Financial Instruments (continued)

Accounts receivable are due from a large number of customers, primarily in the construction industry, and are dispersed across wide geographic and economic regions. However, accounts receivable are more heavily concentrated in certain states (namely, Texas, Colorado, North Carolina, Iowa and Georgia). The estimated fair values of accounts receivable approximate their carrying amounts due to the short-term nature of the receivables.

Notes receivable are classified in the line items *Other current assets* and *Other noncurrent assets* on the consolidated balance sheets and are not publicly traded. Management estimates that the fair value of notes receivable approximates the carrying amount due to the variable interest rates of the receivables.

The bank overdraft represents amounts to be funded to financial institutions for checks that have cleared the bank. The estimated fair value of the bank overdraft approximates its carrying value due to the short-term nature of the overdraft.

Accounts payable represent amounts owed to suppliers and vendors. The estimated fair value of accounts payable approximates its carrying amount due to the short-term nature of the payables.

The carrying values and fair values of the Corporation's long-term debt were \$1,779,217,000 and \$1,890,319,000, respectively, at June 30, 2016; \$1,568,774,000 and \$1,625,193,000, respectively, at December 31, 2015; and \$1,653,338,000 and \$1,729,511,000, respectively, at June 30, 2015. The estimated fair value of the publicly-registered long-term notes was estimated based on Level 1 of the fair value hierarchy using quoted market prices. The estimated fair value of other borrowings, which primarily represents variable-rate debt, was based on Level 2 of the fair value hierarchy using quoted market prices for similar debt instruments, and approximates their carrying amounts as the interest rates reset periodically.

5. Income Taxes

The Corporation's effective income tax rates for the six months ended June 30, 2016 and 2015 were 30.4% and 30.2%, respectively. The estimated effective income tax rates reflect the effect of federal and state income taxes and the impact of differences in book and tax accounting arising from the net permanent benefits associated with the statutory depletion deduction for mineral reserves and the domestic production deduction.

The Corporation records interest accrued in relation to unrecognized tax benefits as income tax expense. Penalties, if incurred, are recorded as other expenses in the consolidated statements of earnings and comprehensive earnings.

For the Quarter Ended June 30, 2016

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

6. Pension and Postretirement Benefits

The estimated components of the recorded net periodic benefit cost (credit) for pension and postretirement benefits are as follows:

	Three Months Ended June 30,			
	Pension		Postretirement Benefits	
	2016	2015	2016	2015
	<i>(Dollars in Thousands)</i>			
Service cost	\$ 5,776	\$ 5,513	\$ 24	\$ 34
Interest cost	9,331	8,213	259	229
Expected return on assets	(9,822)	(8,887)	—	—
Amortization of:				
Prior service cost (credit)	91	101	(609)	(570)
Actuarial loss (gain)	3,146	7,351	(139)	(77)
Special termination benefit	638	1,206	(8)	—
Net periodic benefit cost (credit)	<u>\$ 9,160</u>	<u>\$ 13,497</u>	<u>\$ (473)</u>	<u>\$ (384)</u>

	Six Months Ended June 30,			
	Pension		Postretirement Benefits	
	2016	2015	2016	2015
	<i>(Dollars in Thousands)</i>			
Service cost	\$ 11,082	\$ 11,505	\$ 43	\$ 68
Interest cost	17,938	16,575	432	464
Expected return on assets	(18,848)	(18,190)	—	—
Amortization of:				
Prior service cost (credit)	175	211	(981)	(1,150)
Actuarial loss (gain)	6,036	10,700	(249)	(154)
Settlement charge	59	—	—	—
Special termination benefit	764	1,462	(8)	—
Net periodic benefit cost (credit)	<u>\$ 17,206</u>	<u>\$ 22,263</u>	<u>\$ (763)</u>	<u>\$ (772)</u>

The Corporation currently estimates that it will contribute \$38,752,000 to its pension and SERP plans in 2016.

For the Quarter Ended June 30, 2016

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

7. Commitments and Contingencies

Legal and Administrative Proceedings

The Corporation is engaged in certain legal and administrative proceedings incidental to its normal business activities. In the opinion of management and counsel, based upon currently-available facts, it is remote that the ultimate outcome of any 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 overall results of the Corporation's operations, its cash flows or its financial position.

Borrowing Arrangements with Affiliate

The Corporation is a co-borrower with an unconsolidated affiliate for a \$25,000,000 revolving line of credit agreement with BB&T Bank. The affiliate has agreed to reimburse and indemnify the Corporation for any payments and expenses the Corporation may incur from this agreement. The Corporation holds a lien on the affiliate's membership interest in a joint venture as collateral for payment under the revolving line of credit.

In addition, the Corporation has a \$6,000,000 outstanding loan due from this unconsolidated affiliate as of June 30, 2016, December 31, 2015 and June 30, 2015.

Employees

Approximately 10% of the Corporation's employees are represented by a labor union. All such employees are hourly employees. The Corporation maintains collective bargaining agreements relating to the union employees with the Aggregates business and Magnesia Specialties segments. For the Magnesia Specialties segment located in Manistee, Michigan and Woodville, Ohio, 100% of its hourly employees are represented by labor unions. The Manistee collective bargaining agreement expires in August 2019, and the Woodville collective bargaining agreement expires in May 2018.

8. Business Segments

The Aggregates business contains three reportable business segments: Mid-America Group, Southeast Group and West Group. The Corporation also has Cement and Magnesia Specialties segments. Corporate loss from operations primarily includes depreciation on capitalized interest, expenses for certain corporate administrative functions, business development and integration expenses, unallocated corporate expenses and other nonrecurring and/or non-operational adjustments. Intersegment sales represent net sales from one segment to another segment.

For the Quarter Ended June 30, 2016

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

8. Business Segments (continued)

The following tables display selected financial data for continuing operations for the Corporation's reportable business segments. Total revenues and net sales in the table below, as well as the consolidated statements of earnings and comprehensive earnings, exclude intersegment sales, which are eliminated.

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
<i>(Dollars in Thousands)</i>				
Total revenues:				
Mid-America Group	\$ 278,676	\$ 257,649	\$ 465,023	\$ 398,482
Southeast Group	87,600	81,518	159,271	146,195
West Group	484,918	411,235	877,913	731,807
Total Aggregates Business	851,194	750,402	1,502,207	1,276,484
Cement	62,468	105,899	136,019	207,999
Magnesia Specialties	63,636	65,118	127,806	128,282
Total	\$ 977,298	\$ 921,419	\$ 1,766,032	\$ 1,612,765
Net sales:				
Mid-America Group	\$ 258,988	\$ 237,415	\$ 432,360	\$ 367,120
Southeast Group	82,676	76,483	149,961	136,253
West Group	455,115	375,489	819,040	662,570
Total Aggregates Business	796,779	689,387	1,401,361	1,165,943
Cement	59,791	100,405	129,664	196,970
Magnesia Specialties	58,866	60,457	118,371	119,211
Total	\$ 915,436	\$ 850,249	\$ 1,649,396	\$ 1,482,124
Earnings (Loss) from operations:				
Mid-America Group	\$ 80,552	\$ 66,894	\$ 94,976	\$ 62,691
Southeast Group	11,548	4,818	18,519	3,269
West Group	77,404	49,177	116,201	63,676
Total Aggregates Business	169,504	120,889	229,696	129,636
Cement	21,309	22,468	47,626	34,697
Magnesia Specialties	19,227	18,751	39,791	36,541
Corporate	(22,298)	(25,124)	(45,601)	(38,319)
Total	\$ 187,742	\$ 136,984	\$ 271,512	\$ 162,555

For the Quarter Ended June 30, 2016

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

8. Business Segments (continued)

The decline in the Cement business's total and net sales is primarily attributable to the California cement operations, included in the three and six months ended June 30, 2015 and divested as of September 30, 2015. For the three months ended June 30, 2015, total revenues, net sales and loss from operations for the California cement operations were \$35,318,000, \$34,160,000 and \$485,000, respectively. For the six months ended June 30, 2015, total revenues, net sales and loss from operations for the California cement operations were \$69,674,000, \$67,267,000 and \$7,906,000, respectively.

Cement intersegment sales, which are to the aggregates and ready mixed concrete product lines in the West Group, were \$27,649,000 and \$54,637,000 for the three and six months ended June 30, 2016, respectively, and \$20,854,000 and \$38,955,000 for the three and six months ended June 30, 2015, respectively.

The Aggregates business includes the aggregates product line and aggregates-related downstream product lines, which include asphalt, ready mixed concrete and road paving products. All aggregates-related downstream product lines reside in the West Group. The following tables, which are reconciled to consolidated amounts, provide net sales and gross profit by line of business: Aggregates (further divided by product line), Cement and Magnesia Specialties.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	<i>(Dollars in Thousands)</i>			
Net sales:				
Aggregates	\$ 516,283	\$ 481,616	\$ 922,721	\$ 813,830
Asphalt and Paving	65,609	58,021	76,967	74,790
Ready Mixed Concrete	214,887	149,750	401,673	277,323
Total Aggregates Business	796,779	689,387	1,401,361	1,165,943
Cement	59,791	100,405	129,664	196,970
Magnesia Specialties	58,866	60,457	118,371	119,211
Total	\$ 915,436	\$ 850,249	\$ 1,649,396	\$ 1,482,124
Gross profit (loss):				
Aggregates	\$ 164,353	\$ 137,272	\$ 245,431	\$ 178,690
Asphalt and Paving	12,876	7,891	6,714	3,116
Ready Mixed Concrete	25,293	9,341	43,380	11,424
Total Aggregates Business	202,522	154,504	295,525	193,230
Cement	24,002	30,414	56,559	49,400
Magnesia Specialties	21,692	21,224	44,662	41,402
Corporate	(1,515)	(5,989)	(5,411)	(9,618)
Total	\$ 246,701	\$ 200,153	\$ 391,335	\$ 274,414

For the three months ended June 30, 2015, gross profit for the California cement operations was \$3,424,000. For the six months ended June 30, 2015, the operation's gross loss was \$647,000.

For the Quarter Ended June 30, 2016

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

9. Supplemental Cash Flow Information

The components of the change in other assets and liabilities, net, are as follows:

	Six Months Ended June 30,	
	2016	2015
	<i>(Dollars in Thousands)</i>	
Other current and noncurrent assets	\$ (9,691)	\$ (5,501)
Accrued salaries, benefits and payroll taxes	(7,808)	(13,794)
Accrued insurance and other taxes	(256)	(1,278)
Accrued income taxes	(8,495)	(19,902)
Accrued pension, postretirement and postemployment benefits	11,757	16,283
Other current and noncurrent liabilities	(8,002)	(4,878)
	<u>\$ (22,495)</u>	<u>\$ (29,070)</u>

The change in accrued salaries, benefits and payroll taxes in 2016 compared to 2015 was primarily attributable to TXI-related severance payments made in 2015. The change in accrued income taxes was attributable to higher taxable income in 2016 compared to 2015.

Noncash investing and financing activities are as follows:

	Six Months Ended June 30,	
	2016	2015
	<i>(Dollars in Thousands)</i>	
Noncash investing and financing activities:		
Acquisition of assets through capital lease	\$ —	\$ 1,331
Acquisition of assets through asset exchange	—	5,000

10. Business Combination

During the first quarter 2016, the Corporation acquired the outstanding stock of Rocky Mountain Materials and Asphalt, Inc., and Rocky Mountain Premix Inc. The acquisition provides more than 500 million tons of mineral reserves and expands the Corporation's presence along the Front Range of the Rocky Mountains, home to 80% of Colorado's population. The acquired operations are reported through the West Group. The Corporation has recorded preliminary fair values of the assets acquired and liabilities assumed; however, certain amounts are subject to change as additional reviews are performed, including asset and liability verification and review of seller's final tax return. Specific accounts subject to ongoing purchase accounting include property, plant and equipment; goodwill; accrued expenses and deferred income taxes. The acquisition was not financially material; therefore, pro forma information is not required.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

11. Stock-Based Compensation

During the quarter ended March 31, 2016, the Corporation awarded its annual grant of stock-based compensation, which included 75,421 of performance stock units and 68,720 of restricted stock units. The grant-date fair value of each award is \$142.02 for the performance stock units and \$124.41 for the restricted stock units. No stock options are expected to be awarded in 2016. In past years, annual stock-based compensation awards were primarily made in the second quarter of the year. The change in the composition of the awards and the timing of the annual grant resulted in higher expense recorded in the first half of the year compared with prior years. For the six months ended June 30, 2016 and 2015, stock-based compensation expense was \$12,801,000 and \$7,524,000, respectively.

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

For the Quarter Ended June 30, 2016

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

Second Quarter Ended June 30, 2016

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

OVERVIEW

Martin Marietta Materials, Inc. (the "Corporation" or "Martin Marietta") is a leading supplier of aggregates products (crushed stone, sand and gravel) and heavy building materials for the construction industry, including infrastructure, nonresidential, residential, railroad ballast, agricultural and chemical grade stone used in environmental applications. The Corporation's annual consolidated net sales and operating earnings are predominately derived from its Aggregates business, which mines, processes and sells granite, limestone, sand, gravel and other aggregates-related downstream products, including ready mixed concrete, asphalt and road paving construction services for use in all sectors of the public infrastructure, environmental industries, nonresidential and residential construction industries, as well as agriculture, railroad ballast, chemical, utility and other uses. The Aggregates business shipped and delivered aggregates, ready mixed concrete and asphalt products from a network of more than 400 quarries, underground mines, distribution facilities and plants in 26 states, Nova Scotia and the Bahamas. The Aggregates business' products are used primarily by commercial customers principally in domestic construction of highways and other infrastructure projects and for nonresidential and residential building development. Aggregates products are also used in the railroad, agricultural, utility and environmental industries.

The Corporation currently conducts its Aggregates business through three reportable business segments: Mid-America Group, Southeast Group and West Group.

AGGREGATES BUSINESS

Reportable Segments	Mid-America Group	Southeast Group	West Group
Operating Locations	Indiana, Iowa, northern Kansas, Kentucky, Maryland, Minnesota, Missouri, eastern Nebraska, North Carolina, Ohio, South Carolina, Virginia, Washington and West Virginia	Alabama, Florida, Georgia, Tennessee, Nova Scotia and the Bahamas	Arkansas, Colorado, southern Kansas, Louisiana, western Nebraska, Nevada, Oklahoma, Texas, Utah and Wyoming
Product Lines	Aggregates (crushed stone, sand and gravel)	Aggregates (crushed stone, sand and gravel)	Aggregates (crushed stone, sand and gravel), ready mixed concrete, asphalt and road paving
Types of Aggregates Locations	Quarries and Distribution Facilities	Quarries and Distribution Facilities	Quarries, Plants and Distribution Facilities
Modes of Transportation for Aggregates Product Line	Truck and Rail	Truck, Rail and Water	Truck and Rail

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

For the Quarter Ended June 30, 2016

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

Second Quarter Ended June 30, 2016
(Continued)

The Cement business produces Portland and specialty cements. Similar to the Aggregates business, cement is used in infrastructure projects, nonresidential and residential construction, and the railroad, agricultural, utility and environmental industries. The production facilities are located in Midlothian, Texas, south of Dallas-Fort Worth and Hunter, Texas, north of San Antonio. Limestone reserves used as a raw material are owned by the Corporation and located on property adjacent to each of the plants. In addition to the manufacturing facilities, the Corporation operates cement distribution terminals.

The Corporation also has a Magnesia Specialties segment that produces magnesia-based chemicals products used in industrial, agricultural and environmental applications and dolomitic lime sold primarily to customers in the steel industry.

CRITICAL ACCOUNTING POLICIES

The Corporation outlined its critical accounting policies in its Annual Report on Form 10-K for the year ended December 31, 2015. There were no changes to the Corporation's critical accounting policies during the six months ended June 30, 2016.

RESULTS OF OPERATIONS

Except as indicated, the comparative analysis in this Management's Discussion and Analysis of Financial Condition and Results of Operations is based on net sales and cost of sales. Gross margin and operating margin calculated as percentages of total revenues represent the most directly comparable financial measures calculated in accordance with generally accepted accounting principles ("GAAP"). However, gross margin as a percentage of net sales and operating margin as a percentage of net sales represent non-GAAP measures. The Corporation presents these ratios calculated based on net sales, as it is consistent with the basis by which management reviews the Corporation's operating results. Further, management believes it is consistent with the basis by which investors analyze the Corporation's operating results given that freight and delivery revenues and costs represent pass-throughs and have no profit mark-up. The following tables present the calculations of gross margin and operating margin for the three and six months ended June 30, 2016 and 2015 in accordance with GAAP and reconciliations of the ratios as percentages of total revenues to percentages of net sales.

Consolidated Gross Margin in Accordance with GAAP

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	<i>(Dollars in Thousands)</i>			
Gross profit	\$ 246,701	\$ 200,153	\$ 391,335	\$ 274,414
Total revenues	\$ 977,298	\$ 921,419	\$ 1,766,032	\$ 1,612,765
Gross margin	25.2%	21.7%	22.2%	17.0%

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

For the Quarter Ended June 30, 2016

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

Second Quarter Ended June 30, 2016

(Continued)

Consolidated Gross Margin Excluding Freight and Delivery Revenues

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	<i>(Dollars in Thousands)</i>			
Gross profit	\$ 246,701	\$ 200,153	\$ 391,335	\$ 274,414
Total revenues	\$ 977,298	\$ 921,419	\$ 1,766,032	\$ 1,612,765
Less: Freight and delivery revenues	(61,862)	(71,170)	(116,636)	(130,641)
Net sales	\$ 915,436	\$ 850,249	\$ 1,649,396	\$ 1,482,124
Gross margin excluding freight and delivery revenues	26.9%	23.5%	23.7%	18.5%

Consolidated Operating Margin in Accordance with GAAP

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	<i>(Dollars in Thousands)</i>			
Earnings from operations	\$ 187,742	\$ 136,984	\$ 271,512	\$ 162,555
Total revenues	\$ 977,298	\$ 921,419	\$ 1,766,032	\$ 1,612,765
Operating margin	19.2%	14.9%	15.4%	10.1%

Consolidated Operating Margin Excluding Freight and Delivery Revenues

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	<i>(Dollars in Thousands)</i>			
Earnings from operations	\$ 187,742	\$ 136,984	\$ 271,512	\$ 162,555
Total revenues	\$ 977,298	\$ 921,419	\$ 1,766,032	\$ 1,612,765
Less: Freight and delivery revenues	(61,862)	(71,170)	(116,636)	(130,641)
Net sales	\$ 915,436	\$ 850,249	\$ 1,649,396	\$ 1,482,124
Operating margin excluding freight and delivery revenues	20.5%	16.1%	16.5%	11.0%

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Aggregates Business Margin in Accordance with GAAP

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	<i>(Dollars in Thousands)</i>			
Gross profit	\$ 202,522	\$ 154,504	\$ 295,525	\$ 193,230
Total revenues	\$ 851,194	\$ 750,402	\$ 1,502,206	\$ 1,276,484
Gross margin	23.8%	20.6%	19.7%	15.1%

Aggregates Business Gross Margin Excluding Freight and Delivery Revenues

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	<i>(Dollars in Thousands)</i>			
Gross profit	\$ 202,522	\$ 154,504	\$ 295,525	\$ 193,230
Total revenues	\$ 851,194	\$ 750,402	\$ 1,502,206	\$ 1,276,484
Less: Freight and delivery revenues	(54,415)	(61,015)	(100,845)	(110,541)
Net sales	\$ 796,779	\$ 689,387	\$ 1,401,361	\$ 1,165,943
Gross margin excluding freight and delivery revenues	25.4%	22.4%	21.1%	16.6%

Aggregates Product Line Gross Margin in Accordance with GAAP

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	<i>(Dollars in Thousands)</i>			
Gross profit	\$ 164,353	\$ 137,272	\$ 245,431	\$ 178,690
Total revenues	\$ 565,774	\$ 536,845	\$ 1,013,859	\$ 914,802
Gross margin	29.0%	25.6%	24.2%	19.5%

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Aggregates Product Line Gross Margin Excluding Freight and Delivery Revenues

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	<i>(Dollars in Thousands)</i>			
Gross profit	\$ 164,353	\$ 137,272	\$ 245,431	\$ 178,690
Total revenues	\$ 565,774	\$ 536,845	\$ 1,013,859	\$ 914,802
Less: Freight and delivery revenues	(49,491)	(55,229)	(91,138)	(100,972)
Net sales	\$ 516,283	\$ 481,616	\$ 922,721	\$ 813,830
Gross margin excluding freight and delivery revenues	31.8%	28.5%	26.6%	22.0%

Ready Mixed Concrete Product Line Gross Margin in Accordance with GAAP

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	<i>(Dollars in Thousands)</i>			
Gross profit	\$ 25,293	\$ 9,341	\$ 43,380	\$ 11,424
Total revenues	\$ 215,248	\$ 150,052	\$ 402,331	\$ 277,855
Gross margin	11.8%	6.2%	10.8%	4.1%

Ready Mixed Concrete Product Line Gross Margin Excluding Freight and Delivery Revenues

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	<i>(Dollars in Thousands)</i>			
Gross profit	\$ 25,293	\$ 9,341	\$ 43,380	\$ 11,424
Total revenues	\$ 215,248	\$ 150,052	\$ 402,331	\$ 277,855
Less: Freight and delivery revenues	(361)	(302)	(658)	(532)
Net sales	\$ 214,887	\$ 149,750	\$ 401,673	\$ 277,323
Gross margin excluding freight and delivery revenues	11.8%	6.2%	10.8%	4.1%

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Aggregates-Related Downstream Operations Gross Margin in Accordance with GAAP

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	<i>(Dollars in Thousands)</i>			
Gross profit	\$ 38,169	\$ 17,232	\$ 50,094	\$ 14,540
Total revenues	\$ 285,420	\$ 213,557	\$ 488,348	\$ 361,682
Gross margin	13.4%	8.1%	10.3%	4.0%

Aggregates-Related Downstream Operations Gross Margin Excluding Freight and Delivery Revenues

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	<i>(Dollars in Thousands)</i>			
Gross profit	\$ 38,169	\$ 17,232	\$ 50,094	\$ 14,540
Total revenues	\$ 285,420	\$ 213,557	\$ 488,348	\$ 361,682
Less: Freight and delivery revenues	(4,924)	(5,786)	(9,708)	(9,569)
Net sales	\$ 280,496	\$ 207,771	\$ 478,640	\$ 352,113
Gross margin excluding freight and delivery revenues	13.6%	8.3%	10.5%	4.1%

Cement Business Gross Margin in Accordance with GAAP

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	<i>(Dollars in Thousands)</i>			
Gross profit	\$ 24,002	\$ 30,414	\$ 56,559	\$ 49,400
Total revenues	\$ 62,468	\$ 105,899	\$ 136,019	\$ 207,999
Gross margin	38.4%	28.7%	41.6%	23.8%

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Cement Business Gross Margin Excluding Freight and Delivery Revenues

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	<i>(Dollars in Thousands)</i>			
Gross profit	\$ 24,002	\$ 30,414	\$ 56,559	\$ 49,400
Total revenues	\$ 62,468	\$ 105,899	\$ 136,019	\$ 207,999
Less: Freight and delivery revenues	(2,677)	(5,494)	(6,355)	(11,029)
Net sales	\$ 59,791	\$ 100,405	\$ 129,664	\$ 196,970
Gross margin excluding freight and delivery revenues	40.1%	30.3%	43.6%	25.1%

Cement Business, Excluding California Cement Operations, Gross Margin in Accordance with GAAP

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	<i>(Dollars in Thousands)</i>			
Gross profit	\$ 24,002	\$ 26,990	\$ 56,559	\$ 50,047
Total revenues	\$ 62,468	\$ 70,580	\$ 136,019	\$ 138,325
Gross margin	38.4%	38.2%	41.6%	36.2%

Cement Business, Excluding California Cement Operations, Gross Margin Excluding Freight and Delivery Revenues

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	<i>(Dollars in Thousands)</i>			
Gross profit	\$ 24,002	\$ 26,990	\$ 56,559	\$ 50,047
Total revenues	\$ 62,468	\$ 70,580	\$ 136,019	\$ 138,325
Less: Freight and delivery revenues	(2,677)	(4,335)	(6,355)	(8,622)
Net sales	\$ 59,791	\$ 66,245	\$ 129,664	\$ 129,703
Gross margin excluding freight and delivery revenues	40.1%	40.7%	43.6%	38.6%

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Magnesia Specialties Gross Margin in Accordance with GAAP

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	<i>(Dollars in Thousands)</i>			
Gross profit	\$ 21,692	\$ 21,224	\$ 44,662	\$ 41,402
Total revenues	\$ 63,636	\$ 65,118	\$ 127,806	\$ 128,282
Gross margin	34.1%	32.6%	34.9%	32.3%

Magnesia Specialties Gross Margin Excluding Freight and Delivery Revenues

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	<i>(Dollars in Thousands)</i>			
Gross profit	\$ 21,692	\$ 21,224	\$ 44,662	\$ 41,402
Total revenues	\$ 63,636	\$ 65,118	\$ 127,806	\$ 128,282
Less: Freight and delivery revenues	(4,770)	(4,661)	(9,435)	(9,071)
Net sales	\$ 58,866	\$ 60,457	\$ 118,371	\$ 119,211
Gross margin excluding freight and delivery revenues	36.8%	35.1%	37.7%	34.7%

Earnings before interest, income taxes, depreciation, depletion and amortization ("EBITDA") is a widely accepted financial indicator of a company's ability to service and/or incur indebtedness. EBITDA is not defined by generally accepted accounting principles and, as such, should not be construed as an alternative to net earnings or operating cash flow. EBITDA is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
<i>(dollars in thousands)</i>				
Consolidated Earnings Before Interest, Income Taxes, Depreciation, Depletion and Amortization	\$ 266,480	\$ 206,903	\$ 419,102	\$ 298,109

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A reconciliation of Net Earnings Attributable to Martin Marietta Materials, Inc. to Consolidated EBITDA is as follows:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
	<i>(Dollars in thousands)</i>			
Net Earnings Attributable to Martin Marietta Materials, Inc.	\$ 122,052	\$ 81,938	\$ 167,047	\$ 88,065
Add back:				
Interest expense	20,294	19,087	40,328	38,418
Income tax expense for controlling interests	53,406	38,914	73,073	38,088
Depreciation, depletion and amortization expense	70,728	66,964	138,654	133,538
Consolidated EBITDA	<u>\$ 266,480</u>	<u>\$ 206,903</u>	<u>\$ 419,102</u>	<u>\$ 298,109</u>
Net Sales	<u>\$ 915,436</u>	<u>\$ 850,249</u>	<u>\$ 1,649,396</u>	<u>\$ 1,482,124</u>
EBITDA Margin as a Percentage of Net Sales	<u>29.1%</u>	<u>24.3%</u>	<u>25.4%</u>	<u>20.1%</u>

Incremental consolidated gross margin (excluding freight and delivery revenues) is a non-GAAP measure. The Corporation presents this metric to enhance analysts' and investors' understanding of the impact of increased net sales on profitability. Due to the significant amount of fixed costs, gross margin (excluding freight and delivery revenues) typically increases at a disproportionate rate in periods of increased shipments. The following shows the calculation of incremental consolidated gross margin (excluding freight and delivery revenues) for the period ended June 30:

	Three Months	Six Months
	Ended	Ended
	<i>(Dollars in thousands)</i>	
Consolidated net sales for the period ended June 30, 2016	\$ 915,436	\$ 1,649,396
Consolidated net sales for the period ended June 30, 2015	850,249	1,482,124
Incremental net sales	<u>\$ 65,187</u>	<u>\$ 167,272</u>
Consolidated gross profit for the period ended June 30, 2016	\$ 246,701	\$ 391,335
Consolidated gross profit for the period ended June 30, 2015	200,153	274,414
Incremental gross profit	<u>\$ 46,548</u>	<u>\$ 116,921</u>
Incremental consolidated gross margin (excluding freight and delivery revenues) for period ended June 30, 2016	<u>71.4%</u>	<u>69.9%</u>

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The Corporation presents the increase in cement business shipments, excluding shipments attributable to the California cement operations which were divested in September 2015, from the prior-year quarter. Management presents this measure as it presents the growth in cement shipments on a comparable basis. (shipments in thousands)

	Three Months Ended	
	June 30,	
	2016	2015
Cement shipments	854	1,203
Less: Cement shipments attributable to the California cement operations	—	(367)
Cement shipments excluding shipments attributable to the California cement operations	<u>854</u>	<u>836</u>
Increase in cement shipments, excluding shipments attributable to the California cement operations	<u>2.2%</u>	

Significant items for the quarter ended June 30, 2016 (unless noted, all comparisons are versus the prior-year quarter):

- Record consolidated net sales of \$915.4 million compared with \$850.2 million, an increase of 7.7%
- Aggregates product line price increase of 6.8%; aggregates product line volume increase of 1.3%
 - Aggregates product line volume increase in Mid-America and Southeast Groups of 4.9% and 1.9%, respectively
- Cement business net sales of \$59.8 million and gross profit of \$24.0 million
- Magnesia Specialties net sales of \$58.9 million and gross profit of \$21.7 million
- Consolidated gross margin (excluding freight and delivery revenues) of 26.9%, an increase of 340 basis points
- Consolidated selling, general and administrative expenses ("SG&A") of \$61.5 million, or 6.7% of net sales
- Consolidated earnings from operations of \$187.7 million compared with \$137.0 million
- Earnings per diluted share of \$1.90 compared with \$1.22

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The following table presents net sales, gross profit (loss), selling, general and administrative expenses and earnings (loss) from operations data for the Corporation and its reportable segments for the three months ended June 30, 2016 and 2015. In each case, the data is stated as a percentage of net sales of the Corporation or the relevant segment, as the case may be.

	Three Months Ended June 30,			
	2016		2015	
	Amount	% of Net Sales	Amount	% of Net Sales
<i>(Dollars in Thousands)</i>				
Net sales:				
Heritage:				
Mid-America Group	\$ 258,988	100.0	\$ 237,415	100.0
Southeast Group	82,676	100.0	76,483	100.0
West Group	443,387	100.0	375,489	100.0
Total Heritage Aggregates Business	785,051	100.0	689,387	100.0
Cement	59,791	100.0	100,405	100.0
Magnesia Specialties	58,866	100.0	60,457	100.0
Total Heritage Consolidated	903,708	100.0	850,249	100.0
Acquisitions:				
Aggregates Business – West Group	11,728	100.0	—	
Total	\$ 915,436	100.0	\$ 850,249	100.0
Gross profit (loss):				
Heritage:				
Mid-America Group	\$ 92,610	35.8	\$ 80,177	33.8
Southeast Group	15,547	18.8	9,493	12.4
West Group	94,473	21.3	64,834	17.3
Total Heritage Aggregates Business	202,630	25.8	154,504	22.4
Cement	24,002	40.1	30,414	30.3
Magnesia Specialties	21,692	36.8	21,224	35.1
Corporate	(1,515)		(5,989)	
Total Heritage Consolidated	246,809	27.3	200,153	23.5
Acquisitions:				
Aggregates Business – West Group	(108)		—	
Total	\$ 246,701	26.9	\$ 200,153	23.5

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	Three Months Ended June 30,			
	2016		2015	
	Amount	% of Net Sales	Amount	% of Net Sales
<i>(Dollars in Thousands)</i>				
Selling, general & administrative expenses:				
Heritage:				
Mid-America Group	\$ 13,416	5.2	\$ 13,304	5.6
Southeast Group	4,552	5.5	4,503	5.9
West Group	17,434	3.9	16,055	4.3
Total Heritage Aggregates Business	35,402	4.5	33,862	4.9
Cement	6,095	10.2	6,647	6.6
Magnesia Specialties	2,452	4.2	2,391	4.0
Corporate	17,388		13,883	
Total Heritage Consolidated	61,337	6.8	56,783	6.7
Acquisitions:				
Aggregates Business – West Group	172	1.5	—	
Total	\$ 61,509	6.7	\$ 56,783	6.7
Earnings (Loss) from operations:				
Heritage:				
Mid-America Group	\$ 80,552	31.1	\$ 66,894	28.2
Southeast Group	11,548	14.0	4,818	6.3
West Group	77,688	17.5	49,177	13.1
Total Heritage Aggregates Business	169,788	21.6	120,889	17.5
Cement	21,309	35.6	22,468	22.4
Magnesia Specialties	19,227	32.7	18,751	31.0
Corporate	(22,298)		(25,124)	
Total Heritage Consolidated	188,026	20.8	136,984	16.1
Acquisitions:				
Aggregates Business – West Group	(284)		—	
Total	\$ 187,742	20.5	\$ 136,984	16.1

For the three months ended June 30, 2015, net sales, gross profit, SG&A and loss from operations for the California cement operations were \$34,160,000, \$3,424,000, \$2,491,000 and \$485,000, respectively.

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Aggregates Business

Net sales by product line for the Aggregates business, which reflect the elimination of inter-product line sales, are as follows:

	Three Months Ended June 30,	
	2016	2015
<i>(Dollars in Thousands)</i>		
Net sales:		
Heritage:		
Aggregates	\$ 511,623	\$ 481,616
Asphalt and Paving	64,951	58,021
Ready Mixed Concrete	208,477	149,750
Total Heritage	785,051	689,387
Acquisitions:		
Aggregates	4,660	—
Asphalt and Paving	658	—
Ready Mixed Concrete	6,410	—
Total Acquisitions	11,728	—
Total Aggregates Business	\$ 796,779	\$ 689,387

The following tables present volume and pricing data and shipments data for the aggregates product line.

	Three Months Ended June 30, 2016	
	Volume	Pricing
Volume/Pricing Variance (1)		
Heritage Aggregates Product Line (2):		
Mid-America Group	4.9%	4.2%
Southeast Group	1.9%	6.2%
West Group (3)	(5.0)%	10.4%
Heritage Aggregates Operations(2)	0.4%	7.0%
Aggregates Product Line (4)	1.3%	6.8%

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	Three Months Ended June 30,	
	2016	2015
	(Tons in Thousands)	
Shipments		
Heritage Aggregates Product Line (2):		
Mid-America Group	20,088	19,144
Southeast Group	5,375	5,274
West Group(3)	16,700	17,585
Heritage Aggregates Operations(2)	42,163	42,003
Acquisitions	391	—
Aggregates Product Line (4)	42,554	42,003

	Three Months Ended June 30,	
	2016	2015
	(Tons in Thousands)	
Shipments		
Heritage Aggregates Product Line (2):		
Tons to external customers	39,557	39,651
Internal tons used in other product lines	2,606	2,352
Total heritage aggregates tons	42,163	42,003
Acquisitions:		
Tons to external customers	310	—
Internal tons used in other product lines	81	—
Total acquisition aggregates tons	391	—

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

(2) Heritage Aggregates Product Line and Heritage Aggregates Operations exclude volume and pricing data for acquisitions that have not been included in operations for a full year.

(3) Including the recently acquired Colorado operations in the current-year quarter, the volume variance is (2.8)% and the pricing variance is 10.0% for the three months ended June 30, 2016.

(4) Aggregates Product Line includes all acquisitions from the date of acquisition and divestitures through the date of disposal.

Aggregates product line shipments to the infrastructure market comprised 43% of quarterly volumes and increased 1.3%. Growth was led by the Southeast Group, which increased 8.9%. The Mid-America and West Groups were impacted by significant rainfall and project delays in April and May, which deferred shipments and led to flat public-sector volumes. Growth in the Southeast was primarily attributable to large projects in Georgia, a state that is benefitting from legislation passed in 2015 increasing near- and long-term state infrastructure spending. In a January 2016 study, SC Market Analytics, Inc. estimated the Fixing America's Surface Transportation Act ("FAST Act") could allow

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state departments of transportation to purchase and use an additional 114 million tons of aggregates over the 5-year tenor of the FAST Act. The analysis further indicates certain areas of the United States – including the Southeast, West, Mountain and Northeastern regions – are expected to reap the benefits under the FAST Act.

The nonresidential market represented 33% of quarterly aggregates product line shipments and increased 2.8%. The Mid-America Group achieved a 13.7% increase, followed by an increase of 1.6% in the Southeast Group. Notably, a broader improving economy is driving business investment in office and retail development, which are experiencing a rebound in markets not seen in the past several years. The West Group noted a decline in nonresidential activity, primarily related to weather deferrals and further reductions in shale energy demand.

The residential market accounted for 17% of quarterly aggregates product line shipments. Volumes to this segment increased 10.8%, due to the continued and expanding housing recovery, notably in the southeastern region of the country. While housing activity in the United States generally remains well below historic averages, strong growth in permits, starts and completions among the Corporation's top states reflects steady momentum in housing construction and indicates additional future gains from increased residential investment. In fact, Dallas and Atlanta, key Martin Marietta markets, are ranked first and second in the country, respectively, in permits growth. Further, during the second quarter, North Carolina, Iowa, Florida and South Carolina all reported double-digit growth in housing starts. The ChemRock/Rail market accounted for the remaining 7% of aggregates product line volumes. The volume decline to this segment reflects reduced ballast driven by reduced coal demand, which impacts transportation and results in lower capital and maintenance activity by railroads.

Overall, aggregates product line shipments increased 1.3%. Geographically, growth was led by the Mid-America Group, which increased 4.9%, while the Southeast Group achieved a 1.9% increase. This growth offset the weather-impacted decline in the West Group.

The average per-ton selling price for the heritage aggregates product line was \$12.78 and \$11.94 for the three months ended June 30, 2016 and 2015, respectively. The heritage aggregates product line pricing increase of 7.0% reflects growth in all reportable groups, led by the 10.4% increase in the West Group. The most significant improvement was achieved in the north Texas/Oklahoma region. The Southeast Group and Mid-America Group reported increases of 6.2% and 4.2%, respectively. For the three months ended June 30, 2016 the average per-ton selling price for the acquired aggregates product line was \$10.21. The acquired locations, which are in the Colorado market, have a lower average selling price due to its inherent trucking market compared to the Corporation's overall aggregates business.

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The Corporation's aggregates-related downstream product lines include ready mixed concrete, asphalt and paving businesses in Arkansas, Colorado, Texas and Wyoming. Average selling prices by product line for the Corporation's aggregates-related downstream product lines are as follows:

	Three Months Ended June 30,	
	2016	2015
Heritage:		
Asphalt	\$37.20/ton	\$42.20/ton
Ready Mixed Concrete	\$105.16/yd ³	\$91.35/yd ³
Acquisitions:		
Asphalt	\$44.13/ton	—
Ready Mixed Concrete	\$112.86/yd ³	—

The decline in asphalt pricing is primarily attributable to the divestiture of the San Antonio Asphalt operations sold in third quarter 2015, which had a higher average selling price. Additionally, asphalt and paving contracts in the Rocky Mountain Division contain accelerator clauses to reflect cost fluctuations in the raw materials. Liquid asphalt, a key raw material in the manufacturing process, declined during the quarter, resulting in a lower average selling price.

Unit shipments by product line for the Corporation's aggregates-related downstream product lines are as follows:

	Three Months Ended June 30,	
	2016	2015
Asphalt Product Line (in thousands):		
Heritage:		
Tons to external customers	250	356
Internal tons used in road paving business	469	456
Total heritage asphalt tons	719	812
Acquisitions:		
Tons to external customers	13	—
Internal tons used in road paving business	115	—
Total acquisitions asphalt tons	128	—
Ready Mixed Concrete (in thousands of cubic yards):		
Heritage	1,942	1,613
Acquisitions	55	—
Total cubic yards	1,997	1,613

The decline in asphalt product line shipments is primarily attributable to the divestiture of San Antonio Asphalt operations, sold in third quarter 2015, which contributed 158,000 tons during the three months ended June 30, 2015.

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The heritage ready mixed concrete product line benefitted from strong demand and improved operating conditions, driving a reported 20% increase in shipments and a 15% increase in average selling price, resulting in a 39% increase in net sales and a 570-basis-point improvement in gross margin (excluding freight and delivery revenues).

Cement Business

For the quarter, the Cement business generated \$59.8 million of net sales and \$24.0 million of gross profit. Cement shipments increased 2.2% while pricing was slightly down (excluding the impact of the California cement operations sold in 2015). The business' reported quarterly gross margin (excluding freight and delivery revenues) of 40.1% was flat compared to prior year (excluding the impact of the California cement operations sold in 2015).

During the second quarter 2016, the business incurred \$5.7 million in planned cement kiln maintenance costs, and expects to incur \$2.0 million and \$7.8 million in the third and fourth quarters, respectively. Kiln maintenance costs in 2015 for the Texas plants were \$3.5 million, \$3.2 million and \$9.3 million for the second, third and fourth quarters, respectively.

Cement shipments and adjusted average-selling price for the three months ended June 30, 2016 and 2015 were (tons in thousands):

	Three Months Ended June 30,	
	2016	2015
Tons to external customers	578	994
Internal tons used in other product lines	276	209
Total cement tons	854	1,203
Less: California cement tons	—	367
Adjusted cement tons	854	836
Adjusted average-selling price per ton ¹	\$ 101.04	\$ 102.96

¹ Excludes the impact of the California cement operations

The decline in 2016 shipments is attributable to the prior-year divestiture of the California operations, which accounted for 367,000 tons in the second-quarter of 2015.

The Portland Cement Association, or PCA, forecasts continued favorable supply/demand imbalance in Texas over the next several years and growth each year through 2019.

Magnesia Specialties Business

Magnesia Specialties continued to deliver strong performance and generated second-quarter net sales of \$58.9 million. Gross margin (excluding freight and delivery revenues) of 36.8% in the quarter expanded 170 basis points. Second-quarter earnings from operations were \$19.2 million compared with \$18.8 million. Expansion in gross margin is primarily due to lower energy and maintenance costs compared to the prior year.

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Gross Profit

The following presents a rollforward of consolidated gross profit (dollars in thousands):

Consolidated gross profit, quarter ended June 30, 2015	\$	200,153
Heritage aggregates product line:		
Volume		1,589
Pricing		35,467
Cost increases, net		(9,138)
Change in heritage aggregates product line gross profit		27,918
Heritage aggregates-related downstream product lines		20,208
Acquired aggregates business operations		(108)
Cement*		(6,412)
Magnesia Specialties		468
Corporate		4,474
Change in consolidated gross profit		46,548
Consolidated gross profit, quarter ended June 30, 2016	\$	246,701

*Includes impact of California cement operations

Gross profit (loss) by business is as follows:

	Three Months Ended June 30,	
	2016	2015
	<i>(Dollars in Thousands)</i>	
<u>Gross profit (loss):</u>		
<u>Heritage:</u>		
Aggregates	\$ 165,190	\$ 137,272
Asphalt and Paving	12,620	7,891
Ready Mixed Concrete	24,820	9,341
Total Aggregates Business	202,630	154,504
Cement	24,002	30,414
Magnesia Specialties	21,692	21,224
Corporate	(1,515)	(5,989)
Total Heritage	246,809	200,153
<u>Acquisitions:</u>		
Aggregates	(837)	—
Asphalt and Paving	256	—
Ready Mixed Concrete	473	—
Total Acquisitions	(108)	—
Total	\$ 246,701	\$ 200,153

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The consolidated heritage gross margin (excluding freight and delivery revenues) for the quarter was 27.3%, a 380-basis-point improvement compared with the prior-year quarter. The increase reflects pricing growth, management's cost-disciplined approach and divesting the California cement operations in the third quarter of 2015.

Consolidated Operating Results

Consolidated SG&A was 6.7% of net sales, flat compared with the prior-year quarter.

Among other items, other operating income and expenses, net, includes gains and losses on the sale of assets; recoveries and writeoffs related to customer accounts receivable; rental, royalty and services income; accretion expense, depreciation expense and gains and losses related to asset retirement obligations. For the second quarter, consolidated other operating income and expenses, net, was income of \$3.4 million in 2016 and an expense of \$4.3 million in 2015. Operating income and expenses, net, for 2016 reflects a favorable settlement of commodity contracts assumed in a 2014 acquisition in the Cement business that were priced above market at that date.

Other nonoperating income and expenses, net, includes foreign currency transaction gains and losses, interest and other miscellaneous income and equity adjustments for nonconsolidated affiliates. Consolidated other nonoperating income and expenses, net, was income of \$8.1 million and \$3.0 million for the quarter ended June 30, 2016 and 2015, respectively. The increase in income in 2016 compared to 2015 is attributable to higher earnings by a nonconsolidated affiliate.

The estimated effective income tax rate for the quarter was 30.4%, in line with annual guidance. For the year, the Corporation expects to fully utilize the remaining allowable net operating loss carryforwards of \$33 million acquired with TXI.

Significant items for the six months ended June 30, 2016 (unless noted, all comparisons are versus the prior-year period):

- Consolidated net sales of \$1.6 billion compared with \$1.5 billion, an increase of 11%
- Aggregates product line volume increase of 6.2%; aggregates product line price increase of 7.4%
 - Heritage aggregates product line volume increase of 5.4%
- Cement business net sales of \$129.7 million and gross profit of \$56.6 million
- Magnesia Specialties net sales of \$118.4 million and gross profit of \$44.7 million
- Consolidated gross margin (excluding freight and delivery revenues) of 23.7%, an increase of 520 basis points
- Consolidated SG&A of \$121.4 million, or 7.4% of net sales
- Consolidated earnings from operations of \$271.5 million compared with \$162.6 million
- Earnings per diluted share of \$2.60 compared with \$1.30

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The following table presents net sales, gross profit (loss), selling, general and administrative expenses and earnings (loss) from operations data for the Corporation and its reportable segments for the six months ended June 30, 2016 and 2015. In each case, the data is stated as a percentage of net sales of the Corporation or the relevant segment, as the case may be.

	Six Months Ended June 30,			
	2016		2015	
	Amount	% of Net Sales	Amount	% of Net Sales
<i>(Dollars in Thousands)</i>				
Net sales:				
Heritage:				
Mid-America Group	\$ 432,360	100.0	\$ 367,120	100.0
Southeast Group	149,961	100.0	136,253	100.0
West Group	802,007	100.0	662,570	100.0
Total Heritage Aggregates Business	1,384,328	100.0	1,165,943	100.0
Cement	129,664	100.0	196,970	100.0
Magnesia Specialties	118,371	100.0	119,211	100.0
Total Heritage Consolidated	1,632,363	100.0	1,482,124	100.0
Acquisitions:				
Aggregates Business – West Group	17,033	100.0	—	100.0
Total	\$ 1,649,396	100.0	\$ 1,482,124	100.0
Gross profit (loss):				
Heritage:				
Mid-America Group	\$ 120,034	27.8	\$ 87,321	23.8
Southeast Group	25,876	17.3	12,593	9.2
West Group	151,050	18.8	93,316	14.1
Total Heritage Aggregates Business	296,960	21.5	193,230	16.6
Cement	56,559	43.6	49,400	25.1
Magnesia Specialties	44,662	37.7	41,402	34.7
Corporate	(5,411)		(9,618)	
Total Heritage Consolidated	392,770	24.1	274,414	18.5
Acquisitions:				
Aggregates Business – West Group	(1,435)		—	
Total	\$ 391,335	23.7	\$ 274,414	18.5

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	Six Months Ended June 30,			
	2016		2015	
	Amount	% of Net Sales	Amount	% of Net Sales
<i>(Dollars in Thousands)</i>				
Selling, general & administrative expenses:				
Heritage:				
Mid-America Group	\$ 26,550	6.1	\$ 26,249	7.1
Southeast Group	8,431	5.6	8,792	6.5
West Group	34,251	4.3	31,764	4.8
Total Heritage Aggregates Business	69,232	5.0	66,805	5.7
Cement	12,351	9.5	13,322	6.8
Magnesia Specialties	4,797	4.1	4,757	4.0
Corporate	34,715		21,349	
Total Heritage Consolidated	121,095	7.4	106,233	7.2
Acquisitions:				
Aggregates Business – West Group	275	1.6	—	
Total	\$ 121,370	7.4	\$ 106,233	7.2
Earnings (Loss) from operations:				
Heritage:				
Mid-America Group	\$ 94,976	22.0	\$ 62,691	17.1
Southeast Group	18,519	12.3	3,269	2.4
West Group ⁽¹⁾	117,916	14.7	63,676	9.6
Total Heritage Aggregates Business	231,411	16.7	129,636	11.1
Cement ⁽²⁾	47,626	36.7	34,697	17.6
Magnesia Specialties	39,791	33.6	36,541	30.7
Corporate	(45,601)		(38,319)	
Total Heritage Consolidated	273,227	16.7	162,555	11.0
Acquisitions:				
Aggregates Business – West Group	(1,715)		—	
Total	\$ 271,512	16.5	\$ 162,555	11.0

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Net sales by product line for the Aggregates business are follows:

	Six Months Ended June 30,	
	2016	2015
	<i>(Dollars in Thousands)</i>	
Net sales:		
Heritage:		
Aggregates	\$ 915,673	\$ 813,830
Asphalt and Paving	76,090	74,790
Ready Mixed Concrete	392,565	277,323
Total Heritage	1,384,328	1,165,943
Acquisitions:		
Aggregates	7,048	—
Asphalt and Paving	877	—
Ready Mixed Concrete	9,108	—
Total Acquisitions	17,033	—
Total Aggregates Business	\$ 1,401,361	\$ 1,165,943

The following tables present volume and pricing data and shipments data for the aggregates product line.

	Six Months Ended June 30, 2016	
	Volume	Pricing
Volume/Pricing Variance (1)		
Heritage Aggregates Product Line (2):		
Mid-America Group	12.8%	4.4%
Southeast Group	3.5%	6.7%
West Group (3)	(0.8)%	10.8%
Heritage Aggregates Operations(2)	5.4%	7.5%
Aggregates Product Line (4)	6.2%	7.4%

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	Six Months Ended June 30,	
	2016	2015
	(Tons in Thousands)	
Shipments		
Heritage Aggregates Product Line (2):		
Mid-America Group	33,010	29,255
Southeast Group	9,693	9,364
West Group(3)	31,978	32,220
Heritage Aggregates Operations(2)	74,681	70,839
Acquisitions	537	—
Aggregates Product Line (4)	75,218	70,839

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

(2) Heritage Aggregates Product Line and Heritage Aggregates Operations exclude volume and pricing data for acquisitions that have not been included in operations for a full year.

(3) Including the recently acquired Colorado operations in the current-year period, the volume variance is 0.9% and the pricing variance is 10.7% for the six months ended June 30, 2016.

(4) Aggregates Product Line includes all acquisitions from the date of acquisition and divestitures through the date of disposal.

	Six Months Ended June 30,	
	2016	2015
	(Tons in Thousands)	
Shipments		
Heritage Aggregates Product Line (2):		
Tons to external customers	70,160	66,783
Internal tons used in other product lines	4,521	4,056
Total heritage aggregates tons	74,681	70,839
Acquisitions:		
Tons to external customers	451	—
Internal tons used in other product lines	86	—
Total acquisition aggregates tons	537	—

The per-ton average selling price for the aggregates product line was \$12.89 and \$11.99 for the six months ended June 30, 2016 and 2015, respectively.

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Average selling prices by product line for the Corporation's aggregates-related downstream operations are as follows:

	Six Months Ended June 30,	
	2016	2015
Heritage:		
Asphalt	\$38.09/ton	\$42.56/ton
Ready Mixed Concrete	\$103.79/yd ³	\$91.52/yd ³
Acquisitions:		
Asphalt	\$43.79/ton	—
Ready Mixed Concrete	\$113.74/yd ³	—

Unit shipments by product line for the Corporation's aggregates-related downstream operations are as follows:

	Six Months Ended June 30,	
	2016	2015
Asphalt Product Line (in thousands):		
Heritage:		
Tons to external customers	319	569
Internal tons used in road paving business	534	513
Total heritage asphalt tons	853	1,082
Acquisitions:		
Tons to external customers	24	—
Internal tons used in road paving business	115	—
Total acquisitions asphalt tons	139	—
Ready Mixed Concrete (in thousands of cubic yards):		
Heritage	3,705	2,977
Acquisitions	78	—
Total cubic yards	3,783	2,977

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Cement shipments and adjusted average-selling price per ton for the six months ended June 30, 2016 and 2015 were (tons in thousands):

	Six Months Ended June 30,	
	2016	2015
Tons to external customers	1,263	2,019
Internal tons used in other product lines	548	401
Total cement tons	1,811	2,420
Less: California cement tons	—	743
Adjusted cement tons	1,811	1,677
Adjusted average-selling price per ton ¹	\$ 100.51	\$ 99.78

¹ Excludes the impact of the divested California cement operations

For 2016, Magnesia Specialties reported net sales of \$118.4 million, relatively flat compared with the prior-year period. Earnings from operations were \$39.8 million compared with \$36.5 million. The increase in earnings from operations was primarily attributable to lower production costs, specifically related to energy and maintenance expenses.

Consolidated gross margin (excluding freight and delivery revenues) was 23.7% for 2016 versus 18.5% for 2015. The following presents a rollforward of the Corporation's gross profit (dollars in thousands):

Consolidated gross profit, six months ended June 30, 2015	\$ 274,414
Heritage aggregates product line:	
Volume	45,326
Pricing	67,545
Cost increases, net	(44,111)
Change in heritage aggregates product line gross profit	68,760
Heritage aggregates-related downstream product lines	34,970
Acquired aggregates business operations	(1,435)
Cement*	7,159
Magnesia Specialties	3,260
Corporate	4,207
Change in consolidated gross profit	116,921
Consolidated gross profit, six months ended June 30, 2016	\$ 391,335

*Includes impact of California cement operations

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Gross profit (loss) by business is as follows:

	Six Months Ended June 30,	
	2016	2015
<i>(Dollars in Thousands)</i>		
Gross profit (loss):		
Heritage:		
Aggregates	\$ 247,450	\$ 178,690
Asphalt and Paving	6,689	3,116
Ready Mixed Concrete	42,821	11,424
Total Aggregates Business	296,960	193,230
Cement	56,559	49,400
Magnesia Specialties	44,662	41,402
Corporate	(5,411)	(9,618)
Total Heritage	392,770	274,414
Acquisitions:		
Aggregates	(2,019)	—
Asphalt and Paving	25	—
Ready Mixed Concrete	559	—
Total Acquisitions	(1,435)	—
Total	\$ 391,335	\$ 274,414

Consolidated SG&A expenses were 7.4% of net sales, up 20 basis points compared with the prior-year period, driven by higher incentive compensation, including share based compensation.

For the first six months, consolidated other operating income and expenses, net, was income of \$2.9 million in 2016 compared with expense of \$1.9 million in 2015, predominantly due to a favorable settlement of commodity contracts assumed in a 2014 acquisition in the Cement business that were priced above market at that date. Additionally, in 2015, the Corporation reserved two large accounts and wrote-off a customer account who declared bankruptcy.

In addition to other offsetting amounts, other nonoperating income and expenses, net, are comprised generally of interest income and net equity earnings from nonconsolidated investments. Consolidated other nonoperating income and expenses, net, for the six months ended June 30, 2016 was income of \$9.1 million compared with income of \$2.1 million in 2015, primarily driven by increased income from nonconsolidated affiliates in 2016.

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LIQUIDITY AND CAPITAL RESOURCES

Cash provided by operating activities for the six months ended June 30, 2016 was \$203.4 million compared with \$127.1 million for the same period in 2015. The increase was primarily attributable to higher earnings before depreciation, depletion and amortization expense. Operating cash flow is primarily derived from consolidated net earnings before deducting depreciation, depletion and amortization, and the impact of changes in working capital. Depreciation, depletion and amortization were as follows:

	Six Months Ended June 30,	
	2016	2015
	<i>(Dollars in Thousands)</i>	
Depreciation	\$ 124,627	\$ 119,807
Depletion	7,293	6,452
Amortization	7,697	8,699
	<u>\$ 139,617</u>	<u>\$ 134,958</u>

The seasonal nature of the construction aggregates business impacts quarterly operating cash flow when compared with the full year. Full-year 2015 net cash provided by operating activities was \$573.2 million compared with \$127.1 million for the first six months of 2015.

During the first six months ended June 30, 2016, the Corporation invested \$210.6 million of capital into its business. Full-year capital spending is expected to approximate \$350 million.

In the first quarter of 2016, the Corporation acquired the outstanding stock of Rocky Mountain Materials and Asphalt, Inc., and Rocky Mountain Premix Inc. The acquisition included four aggregates plants, two asphalt plants and two ready mixed concrete operations, and provides more than 500 million tons of mineral reserves and expands the Corporation's presence along the Front Range of the Rocky Mountains, home to 80% of Colorado's population.

The Corporation can repurchase its common stock through open-market purchases pursuant to authority granted by its Board of Directors or through private transactions at such prices and upon such terms as the Chief Executive Officer deems appropriate. During the first six months, the Corporation repurchased 1,244,000 shares of common stock for \$190 million. At June 30, 2016, 15,471,000 shares of common stock were remaining under the Corporation's repurchase authorization.

The Credit Agreement (which consists of a \$250 million Term Loan Facility and a \$350 million Revolving Facility) requires the Corporation's ratio of consolidated debt to consolidated earnings before interest, taxes, depreciation, depletion and amortization ("EBITDA"), as defined, for the trailing-twelve month period (the Ratio) to not exceed 3.50x as of the end of any fiscal quarter, provided that the Corporation may exclude from the Ratio debt incurred in connection with certain acquisitions for a period of 180 days so long as the Corporation, as a consequence of such specified acquisition, does not have its ratings on long-term unsecured debt fall below BBB by Standard & Poor's or Baa2 by Moody's and the Ratio calculated without such exclusion does not exceed 3.75x. Additionally, if there are no amounts outstanding under the Revolving Facility, consolidated debt, including debt for which the Corporation is a co-borrower, will be reduced for

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purposes of the covenant calculation by the Corporation's unrestricted cash and cash equivalents in excess of \$50 million, such reduction not to exceed \$200 million.

The Ratio is calculated as debt, including debt for which the Corporation is a co-borrower, divided by consolidated EBITDA, as defined by the Credit Agreement, for the trailing-twelve months. Consolidated EBITDA is generally defined as earnings before interest expense, income tax expense, and depreciation, depletion and amortization expense for continuing operations. Additionally, stock-based compensation expense is added back and interest income is deducted in the calculation of consolidated EBITDA. Certain other nonrecurring noncash items, if they occur, can affect the calculation of consolidated EBITDA.

In accordance with the amended Credit Agreement, the Corporation adjusted consolidated EBITDA to add back any integration or similar costs or expenses related to the TXI business combination incurred in any period prior to the second anniversary of the closing of the TXI business combination, not to exceed \$70,000,000.

At June 30, 2016, the Corporation's ratio of consolidated debt to consolidated EBITDA, as defined, for the trailing-twelve months EBITDA was 1.98 times and was calculated as follows:

	July 1, 2015 to June 30, 2016
	<i>(Dollars in thousands)</i>
Earnings from continuing operations attributable to Martin Marietta	\$ 367,774
Add back:	
Interest expense	78,197
Income tax expense	159,778
Depreciation, depletion and amortization expense	266,567
Stock-based compensation expense	18,867
Acquisition-related expenses, net, related to the TXI acquisition	19,119
Deduct:	
Interest income	(527)
Consolidated EBITDA, as defined	<u>\$ 909,775</u>
Consolidated debt, including debt for which the Corporation is a co-borrower, at June 30, 2016	<u>\$ 1,801,954</u>
Consolidated debt to consolidated EBITDA, as defined, at June 30, 2016 for the trailing-twelve months EBITDA	<u>1.98x</u>

The Trade Receivable Facility contains a cross-default provision to the Corporation's other debt agreements. In the event of a default on the Ratio, the lenders can terminate the Credit Agreement and Trade Receivable Facility and declare any outstanding balances as immediately due. Outstanding amounts on the Trade Receivable Facility have been classified as a current liability on the Corporation's consolidated balance sheet. Management intends to renew the Trade Receivable Facility beyond September 30, 2016.

Cash on hand, along with the Corporation's projected internal cash flows and availability of financing resources, including its access to debt and equity capital markets, is expected to continue to be sufficient to provide the capital

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resources necessary to support anticipated operating needs, cover debt service requirements, meet capital expenditures and discretionary investment needs, fund certain acquisition opportunities that may arise, allow for payment of dividends for the foreseeable future and enable the buyback of shares through the share repurchase program. At June 30, 2016, the Corporation had \$377 million of unused borrowing capacity under its Revolving Facility and Trade Receivable Facility, subject to complying with the related leverage covenant. The Revolving Facility expires on November 29, 2018 and the Trade Receivable Facility expires on September 30, 2016.

The Floating Rate Notes have been classified as a noncurrent liability as the Corporation has the intent and ability to refinance on a long-term basis before or at its maturity of June 30, 2017.

The Corporation may be required to obtain financing to fund certain strategic acquisitions, if any such opportunities arise, or to refinance outstanding debt. Any strategic acquisition of size for cash would likely require an appropriate balance of newly-issued equity with debt in order to maintain a composite investment-grade credit rating. Furthermore, the Corporation is exposed to the credit markets, through the interest cost related to its variable-rate debt, which included borrowings under its Term Loan Facility and Trade Receivable Facility at June 30, 2016. The Corporation is currently rated by three credit rating agencies; two of those agencies' credit ratings are investment-grade level and the third agency's credit rating is one level below investment grade. The Corporation's composite credit rating remains at investment-grade level, which facilitates obtaining financing at lower rates than noninvestment-grade ratings.

TRENDS AND RISKS

The Aggregates business, both production and demand, and the demand in the Cement business are significantly affected by erratic weather patterns, seasonal changes and other weather-related conditions. Production and shipment levels for aggregates, asphalt, ready mixed concrete and road paving materials correlate with general construction activity levels, most of which occurs in the spring, summer and fall. Thus, production and shipment levels vary by quarter. Operations concentrated in the northern and midwestern United States generally experience more severe winter weather conditions than operations in the southeast and southwest. Excessive rainfall, and conversely excessive drought, can also jeopardize shipments, production and profitability in all markets served by the Corporation. Because of the potentially significant impact of weather on the Corporation's operations, current-period and year-to-date results are not indicative of expected performance for other interim periods or the full year.

The Corporation outlined the risks associated with its business in its Annual Report on Form 10-K for the year ended December 31, 2015. Management continues to evaluate its exposure to all operating risks on an ongoing basis.

OUTLOOK

The Corporation is encouraged by positive trends in the markets it serves and its ability to execute its strategic business plans. Notably:

- For the public sector, continued modest growth is expected in 2016 as new monies begin to flow into the system, particularly in the second half of the year. Additionally, state initiatives to finance infrastructure projects, including support from the *Transportation Infrastructure Finance and Innovation Act* ("TIFIA"), are expected to grow and continue to play an expanded role in public-sector activity.
- Nonresidential construction is expected to increase in both the heavy industrial and commercial sectors. The Dodge Momentum Index is near its highest level since 2009 and signals continued growth. Additionally,

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energy-related economic activity, including follow-on public and private construction activities in its primary markets, will be mixed with overall strength in large downstream construction projects, providing a counterbalance to declines in shale exploration-related volumes.

Residential construction is expected to continue to experience good growth metrics, driven by positive employment gains, historically low levels of construction activity over the previous several years, low mortgage rates, significant lot absorption, and higher multi-family rental rates.

RISKS TO OUTLOOK

The 2016 outlook includes management's assessment of the likelihood of certain risks and uncertainties that will affect performance, including but not limited to: both price and volume, and a recurrence of widespread decline in aggregates volume negatively affecting aggregates price; the termination, capping and/or reduction of the federal and/or state gasoline tax(es) or other revenue related to infrastructure construction; a significant change in the funding patterns for traditional federal, state and/or local infrastructure projects; the volatility in the commencement of infrastructure projects; a reduction in defense spending, and the subsequent impact on construction activity on or near military bases; a decline in nonresidential construction; a further decline in energy-related construction activity resulting from a sustained period of low global oil prices or changes in oil production patterns in response to this decline and certain regulatory or other economic factors; a slowdown in the residential construction recovery, or some combination thereof; a reduction in economic activity in the Corporation's Midwest states resulting from reduced funding levels provided by the Agricultural Act of 2014 and a sustained reduction in capital investment by the railroads; an increase in the cost of compliance with governmental laws, rules and regulations; and unexpected equipment failures, unscheduled maintenance, industrial accident or other prolonged and/or significant disruption to its cement production facilities. Further, increased highway construction funding pressures resulting from either federal or state issues can affect profitability. If these negatively affect transportation budgets more than in the past, construction spending could be reduced. Cement is subject to cyclical supply and demand and price fluctuations. The Magnesia Specialties business essentially runs at capacity; therefore any unplanned changes in costs or realignment of customers introduce volatility to the earnings of this segment.

The Corporation's principal business serves customers in aggregates-related construction markets. This concentration could increase the risk of potential losses on customer receivables; however, payment bonds normally posted on public projects, together with lien rights on private projects, mitigate the risk of uncollectible receivables. The level of aggregates demand in the Corporation's end-use markets, production levels and the management of production costs will affect the operating leverage of the Aggregates business and, therefore, profitability. Production costs in the Aggregates business are also sensitive to energy and raw material prices, both directly and indirectly. Diesel fuel and other consumables change production costs directly through consumption or indirectly by increased energy-related input costs, such as steel, explosives, tires and conveyor belts. Fluctuating diesel fuel pricing also affects transportation costs, primarily through fuel surcharges in the Corporation's long-haul distribution network. The Cement business is also energy intensive and fluctuation in the price of coal affects costs. The Magnesia Specialties business is sensitive to changes in domestic steel capacity utilization as well as the absolute price and fluctuation in the cost of natural gas.

Transportation in the Corporation's long-haul network, particularly the supply of rail cars and locomotive power and condition of rail infrastructure to move trains, affects the Corporation's efficient transportation of aggregate into certain markets, most notably Texas, Colorado, Florida and the Gulf Coast. In addition, availability of rail cars and locomotives affects the Corporation's movement of essential dolomitic lime for magnesia chemicals, to both the Corporation's plant

For the Quarter Ended June 30, 2016

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

Second Quarter Ended June 30, 2016

(Continued)

in Manistee, Michigan, and customers. The availability of trucks, drivers and railcars to transport the Corporation's product, particularly in markets experiencing high growth and increased demand, is also a risk and pressures the associated costs.

All of the Corporation's businesses are also subject to weather-related risks that can significantly affect production schedules and profitability. The first and fourth quarters are most adversely affected by winter weather. Hurricane activity in the Atlantic Ocean and Gulf Coast generally is most active during the third and fourth quarters.

Risks to the outlook also include shipment declines resulting from economic events beyond the Corporation's control. In addition to the impact on nonresidential and residential construction, the Corporation is exposed to risk in its estimated outlook from credit markets and the availability of and interest cost related to its debt.

The Corporation's future performance is also exposed to risks from tax reform at the federal and state levels.

OTHER MATTERS

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

Investors are cautioned that all statements in this Form 10-Q that relate to the future involve risks and uncertainties, and are based on assumptions that the Corporation believes in good faith are reasonable but which may be materially different from actual results. Forward-looking statements give the investor management's expectations or forecasts of future events. You can identify these statements by the fact that they do not relate only to historical or current facts. They may use words such as "anticipate," "expect," "should be," "believe," "will," and other words of similar meaning in connection with future events or future operating or financial performance. Any or all of management's forward-looking statements here and in other publications may turn out to be wrong.

Factors that the Corporation currently believes could cause actual results to differ materially from the forward-looking statements in this Form 10-Q include the performance of the United States economy and the resolution and impact of the debt ceiling and sequestration issues; widespread decline in aggregates pricing; the history of both cement and ready mixed concrete being subject to significant changes in supply, demand and price; the termination, capping and/or reduction or suspension of the federal and/or state gasoline tax(es) or other revenue related to infrastructure construction; the level and timing of federal and state transportation funding, most particularly in Texas, North Carolina, Iowa, Colorado and Georgia; the ability of states and/or other entities to finance approved projects either with tax revenues or alternative financing structures; levels of construction spending in the markets the Corporation serves; a reduction in defense spending, and the subsequent impact on construction activity on or near military bases; a decline in the commercial component of the nonresidential construction market, notably office and retail space; a further slowdown in energy-related construction activity, particularly in Texas; a slowdown in residential construction recovery; a reduction in construction activity and related shipments due to a decline in funding under the domestic farm bill; unfavorable weather conditions, particularly Atlantic Ocean hurricane activity, the late start to spring or the early onset of winter and the impact of a drought or excessive rainfall in the markets served by the Corporation; the volatility of fuel costs, particularly diesel fuel, and the impact on the cost of other consumables, namely steel, explosives, tires and

For the Quarter Ended June 30, 2016

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

Second Quarter Ended June 30, 2016

(Continued)

conveyor belts, and with respect to the Magnesia Specialties business, natural gas; continued increases in the cost of other repair and supply parts; unexpected equipment failures, unscheduled maintenance, industrial accident or other prolonged and/or significant disruption to cement production facilities; increasing governmental regulation, including environmental laws; transportation availability, notably the availability of railcars and locomotive power to move trains to supply the Corporation's Texas, Florida and Gulf Coast markets; increased transportation costs, including increases from higher passed-through energy and other costs to comply with tightening regulations as well as higher volumes of rail and water shipments; availability of trucks and licensed drivers for transport of the Corporation's materials, particularly in areas with significant energy-related activity, such as Texas and Colorado; availability and cost of construction equipment in the United States; weakening in the steel industry markets served by the Corporation's dolomitic lime products; proper functioning of information technology and automated operating systems to manage or support operations; inflation and its effect on both production and interest costs; ability to successfully integrate acquisitions quickly and in a cost-effective manner and achieve anticipated profitability to maintain compliance with the Corporation's leverage ratio debt covenant; changes in tax laws, the interpretation of such laws and/or administrative practices that would increase the Corporation's tax rate; violation of the Corporation's debt covenant if price and/or volumes return to previous levels of instability; downward pressure on the Corporation's common stock price and its impact on goodwill impairment evaluations; reduction of the Corporation's credit rating to non-investment grade resulting from strategic acquisitions; and other risk factors listed from time to time found in the Corporation's filings with the SEC. Other factors besides those listed here may also adversely affect the Corporation, and may be material to the Corporation. The Corporation assumes no obligation to update any such forward-looking statements.

INVESTOR ACCESS TO COMPANY FILINGS

Shareholders may obtain, without charge, a copy of Martin Marietta's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission for the fiscal year ended December 31, 2015, by writing to:

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

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

Telephone: (919) 510-4776
Website address: www.martinmarietta.com

Information included on the Corporation's website is not incorporated into, or otherwise create a part of, this report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The Corporation's operations are highly dependent upon the interest rate-sensitive construction and steelmaking industries. Consequently, these marketplaces could experience lower levels of economic activity in an environment of rising interest rates or escalating costs.

Management has considered the current economic environment and its potential impact to the Corporation's business. Demand for aggregates and cement products, particularly in the infrastructure construction market, is affected by federal and state budget and deficit issues. Further, delays or cancellations of capital projects in the nonresidential and residential construction markets could occur if companies and consumers are unable to obtain financing for construction projects or if consumer confidence continues to be eroded by economic uncertainty.

Demand in the residential construction market is affected by interest rates. The Federal Reserve have maintained the federal funds rate near zero percent during the six months ended June 30, 2016, unchanged since 2008. The residential construction market accounted for 17% of the Corporation's aggregates product line shipments in 2015.

Aside from these inherent risks from within its operations, the Corporation's earnings are also affected by changes in short-term interest rates. However, rising interest rates are not necessarily predictive of weaker operating results. In fact, since 2007, the Corporation's profitability increased when interest rates rose, based on the last twelve months quarterly historical net income regression versus a 10-year U.S. government bond. In essence, the Corporation's underlying business generally serves as a natural hedge to rising interest rates.

Variable-Rate Borrowing Facilities. At June 30, 2016, the Corporation had a \$600 million Credit Agreement, comprised of a \$350 million Revolving Facility and \$250 million Term Loan Facility, and a \$250 million Trade Receivable Facility. Borrowings under these facilities bear interest at a variable interest rate. A hypothetical 100-basis-point increase in interest rates on borrowings of \$433 million, which was the collective outstanding balance at June 30, 2016, would increase interest expense by \$4.3 million on an annual basis.

Pension Expense. The Corporation's results of operations are affected by its pension expense. Assumptions that affect pension expense include the discount rate and, for the defined benefit pension plans only, the expected long-term rate of return on assets. Therefore, the Corporation has interest rate risk associated with these factors. The impact of hypothetical changes in these assumptions on the Corporation's annual pension expense is discussed in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2015.

Energy Costs. Energy costs, including diesel fuel, natural gas, coal and liquid asphalt, represent significant production costs of the Corporation. The Corporation entered into a fixed price arrangement, which expires December 31, 2016, for approximately 40% of its diesel fuel to reduce its diesel fuel price risk. The Magnesia Specialties business has fixed price agreements covering half of its 2016 coal requirements and the cement business has fixed pricing agreements on 100% of its 2016 coal requirements. A hypothetical 10% change in the Corporation's energy prices in 2016 as compared with 2015, assuming constant volumes, would change 2016 energy expense by \$25.7 million. However, the impact would be partially offset by the change in the amount capitalized into inventory standards.

Commodity risk. Cement is a commodity and competition is based principally on price, which is highly sensitive to changes in supply and demand. Prices are often subject to material changes in response to relatively minor fluctuations in supply and demand, general economic conditions and other market conditions beyond the Corporation's control. Increases in the production capacity of industry participants or increases in cement imports tend to create an oversupply of such products leading to an imbalance between supply and demand, which can have a negative impact on product prices. There can be no assurance that prices for products sold will not decline in the future or that such declines will not have a material adverse effect on the Corporation's business, financial condition and results of operations. Based on forecasted net sales for the Cement business for full-year 2016 of \$300 million to \$320 million, a hypothetical 10% change in sales price would impact net sales by \$30 million to \$32 million.

Item 4. Controls and Procedures

As of June 30, 2016, an evaluation was performed under the supervision and with the participation of the Corporation's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and the operation of the Corporation's disclosure controls and procedures. Based on that evaluation, the Corporation's management, including the Chief Executive Officer and Chief Financial Officer, concluded that the Corporation's disclosure controls and procedures were effective as of June 30, 2016. There were no changes in the Corporation's internal control over financial reporting during the most recently completed fiscal quarter that materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

For the Quarter Ended June 30, 2016

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

Reference is made to *Part I. Item 3. Legal Proceedings* of the Martin Marietta Annual Report on Form 10-K for the year ended December 31, 2015.

Item 1A. Risk Factors.

Reference is made to *Part I. Item 1A. Risk Factors and Forward-Looking Statements* of the Martin Marietta Annual Report on Form 10-K for the year ended December 31, 2015.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs
April 1, 2016 - April 30, 2016	—	\$ —	—	15,686,143
May 1, 2016 - May 31, 2016	—	\$ —	—	15,686,143
June 1, 2016 - June 30, 2016	215,184	\$ 185.89	215,184	15,470,959
Total for the period ended June 30, 2016	215,184	\$ 185.89	215,184	

Reference is made to the press release dated February 10, 2015 for the December 31, 2014 fourth-quarter and full-year results and announcement of the share repurchase program. The Corporation's Board of Directors authorized a maximum of 20 million shares to be repurchased under the program. The program does not have an expiration date.

Item 4. Mine Safety Disclosures.

The information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K (17 CFR 229.104) is included in Exhibit 95 to this Quarterly Report on Form 10-Q.

PART II – OTHER INFORMATION
(Continued)

Item 6. Exhibits.

<u>Exhibit No.</u>	<u>Document</u>
10.01	Martin Marietta Amended and Restated Stock Based Award Plan (File No. 1-12744)*
10.02	Martin Marietta Executive cash Incentive Plan (File No. 1-12744)*
31.01	Certification dated August 4, 2016 of Chief Executive Officer pursuant to Securities and Exchange Act of 1934 rule 13a-14 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.02	Certification dated August 4, 2016 of Chief Financial Officer pursuant to Securities and Exchange Act of 1934 rule 13a-14 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.01	Written Statement dated August 4, 2016 of Chief Executive Officer required by 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.02	Written Statement dated August 4, 2016 of Chief Financial Officer required by 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
95	Mine Safety Disclosures
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase

SIGNATURES

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

MARTIN MARIETTA MATERIALS, INC.
(Registrant)

Date: August 4, 2016

By: /s/ Anne H. Lloyd
Anne H. Lloyd
Executive Vice President and
Chief Financial Officer

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q
For the Quarter Ended June 30, 2016

EXHIBIT INDEX

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**MARTIN MARIETTA
AMENDED AND RESTATED STOCK-BASED AWARD PLAN**

Adopted: May 8, 1998

**As Amended May 8, 1998, August 17, 2000,
May 22, 2001, April 3, 2006 and February 18, 2016**

SECTION 1. Establishment and Purpose

The Martin Marietta Amended and Restated Stock-Based Award Plan (the "Plan") was adopted by the shareholders of Martin Marietta Materials, Inc. (the "Corporation") in a manner that complies with Section 162(m) at the shareholders meeting held on May 8, 1998, and subsequently amended and restated by the Board of Directors at its meetings on May 8, 1998, August 17, 2000, May 22, 2001, April 3, 2006 and February 18, 2016.

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 and directors an opportunity to obtain or increase their proprietary interest in the Corporation's performance and by providing such employees and directors 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, unless otherwise determined by the Board, 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. If the Management Development and Compensation Committee of the Board of Directors satisfies the foregoing criteria, references in this Plan to the Committee shall be deemed to refer to such Committee of the Board of Directors.

"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.

"Eligible Director" means each director of the Corporation who is not an employee of the Corporation or any Subsidiary.

"Employee" means employees of the Corporation or any Subsidiary.

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

"Fair Market Value" means, unless otherwise determined by the Committee, 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 trading day preceding the date of grant (or such other relevant date). 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.

"Family Member" has the meaning given to such term in General Instructions A.1(a)(5) to Form S-8 under the Securities Act of 1933, as amended, and any successor thereto.

"Incumbent Board" means a member of the Board of Directors of the Corporation who is not an Acquiring Person, or an affiliate (as defined in Rule 12b-2 of the Exchange Act) or an associate (as defined in Rule 12b-2 of the Exchange Act) of an Acquiring Person, or a representative or nominee of an Acquiring Person.

“Insider” means any person who is subject to Section 16 of the Exchange Act with respect to the Corporation.

“Option” means Non-Qualified Stock Options and Incentive Stock Options.

“Participant” means an Employee or Eligible Director who has been granted and holds an unexercised or unpaid Award pursuant to this Plan.

“Quantitative Performance Standards” means the goals determined by the Committee, in its discretion, to be applicable to a Participant with respect to an Award. Performance goals for any Award intended to be a Section 162(m) Award (other than stock options) will relate to one or more of the following criteria: stock price (including return on shareholder’s equity or total shareholder return), operating earnings (before or after tax), adjusted operating earnings (before or after tax), operating income, net income, return on equity, return on capital, adjusted return on equity, adjusted return on capital, market share, distributable earnings (before or after holding company expense), improvement in or attainment of level of expenses, revenue, net revenue, growth in revenue, gross profits, gross or net profit margin, operating margin, gross profit growth, earnings before one or more of interest, taxes, depreciation and amortization, cash flow (including operating cash flow and free cash flow), year-end cash, earnings per share, book value, book value per share, return on invested capital, return on assets, sales, net sales, return on sales, economic value added, debt reduction and improvements in or attainment of working capital levels, in each case either in absolute terms or relative to the performance of one or more other companies or a published index covering the performance of a number of companies. As determined by the Committee, the Quantitative Performance Standards applicable to an Award may provide for a targeted level or levels of achievement on a whole company basis or with respect to one or more businesses, business units, segments or Subsidiaries, or on the basis of individual performance. The Quantitative Performance Standards may differ from Participant to Participant and from Award to Award. Any Quantitative Performance Standards that are financial metrics may be determined in accordance with United States Generally Accepted Accounting Principles (“GAAP”), or may be adjusted when established to include or exclude any items otherwise includable or excludable under GAAP. The Committee may provide, in connection with the setting of the Quantitative Performance Standards, that any evaluation of performance may include or exclude certain items that may occur during any fiscal year of the Corporation, including, without limitation, the following: (i) asset write downs; (ii) litigation or claim judgments or settlements; (iii) the effect of changes in tax laws, accounting principles or other laws or provisions affecting reported results; (iv) any reorganization and restructuring programs; (v) extraordinary or nonrecurring items, or other notable items; (vi) acquisitions or divestitures; (vii) foreign exchange gains and losses; (viii) discontinued

operations; (ix) an event either not directly related to the operations of the Corporation or not within the reasonable control of the Corporation’s management; (x) a change in the fiscal year of the Corporation; (xi) costs associated with refinancing or repurchase of bank loans or debt securities; (xii) unbudgeted capital expenditures; and (xiii) business interruption events. In the case of any Award that is not intended to a Section 162(m) Award, the Committee has discretion to establish Quantitative Performance Standards based on other criteria.

“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.

“Section 162(m) Award” means an Award that is granted to an individual who, at the date of grant, is, or is likely to be, as of the end of the tax year in which the Corporation would claim a tax deduction in connection with such Award, a Covered Employee and is designated by the Committee as a Section 162(m) Award at the time of grant.

“Section 422” means Section 422 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.

“Stock Units” has the meaning ascribed in Section 4(e) of this Plan.

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

SECTION 3. Eligibility

Awards may be granted (a) to Employees who are designated from time to time by the Committee or (b) to Eligible Directors.

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 an Award that 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 such Award is granted, other than an Incentive Stock Option.

- (i) The exercise price of the Stock subject to the Non-Qualified Stock Option may be paid in cash. At the discretion of the Committee, the exercise 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 Non-Qualified Stock Options, any other form of payment deemed acceptable to the Committee.
 - (iii) No Non-Qualified Stock Option may be exercisable more than ten years after the date the Award is granted.
- (b) Incentive Stock Options. An Incentive Stock Option is an Award that 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 such award is granted and that complies with the requirements of Section 422.
- (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 a right to purchase Stock that is granted pursuant to this Section 4(b) or pursuant to any other plan of the Corporation, which is intended to comply with Section 422.
 - (ii) No Incentive Stock Option may be exercisable more than ten years after the date the Award is granted.
 - (iii) The Committee may provide that the exercise price under an Incentive Stock Option may be paid by one or more of the methods available for paying the exercise price of a Non-Qualified Stock Option.
- (c) Stock Appreciation Rights. A Stock Appreciation Right is an Award that is the right to receive the excess of (i) the Fair Market Value of a share of

Stock on the date of exercise over (ii) the base price of the right on the date of grant, which shall not be less than 100% of the Fair Market Value of the Stock on the date such award is granted. No Stock Appreciation Right may be exercisable more than ten years after the date the Award is granted.

- (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, including shares that are subject to Quantitative Performance Standards.
- (e) Other Stock-Based Awards. The Committee may from time to time grant Awards under this Plan that (i) are valued in whole or in part by reference to, or are otherwise based on, Stock or other property ("Stock Units"), (ii) provide the Participant with any other right to purchase or receive Stock or (iii) otherwise relate to Stock (including, but not limited to phantom securities or dividend equivalents), including, in each case, awards granted subject to Quantitative Performance Standards. Such Awards shall be in a form determined by the Committee (and may include terms contingent upon a Change in Control of the Corporation), provided that such Awards shall not be inconsistent with the terms and purposes of the Plan.
- (f) Except as provided in Section 9 hereof, no Option or Stock Appreciation Right may be amended to reduce the exercise price of such Option or the base price of such Stock Appreciation Right, as applicable, below the exercise price or base price of such Option or Stock Appreciation Right without shareholder approval. In addition, other than as provided in Section 9 hereof, (i) no Option or Stock Appreciation Right may be granted in exchange for the cancellation or surrender of an Option, Stock Appreciation Right or other award having a lower exercise price or base price and (ii) no Option may be granted with an automatic reload feature whereby the Corporation is obligated to grant a new Award hereunder upon the exercise of the Option, in either case, without shareholder approval. In addition, no action may be taken without shareholder approval with respect to an Option or Stock Appreciation Right that may be treated as a repricing under the rules and regulations of the New York Stock Exchange. In no event shall the Corporation pay cash or other consideration for Options where at the time of payment the exercise price of the Option is less than the Fair Market Value of the Stock underlying the Option or pay cash or other consideration for Stock Appreciation Rights where at the time of payment the base price established in the Award is less than the Fair Market Value of the Stock underlying the Stock Appreciation Right.

(g) The Committee shall determine the time or times at which an Award will vest or become exercisable and the terms on which an Award requiring exercise will remain exercisable, provided that, except in the case of Awards made in connection with Eligible Directors or the recruitment of new Employees (including new officers), or as otherwise provided in Section 10 hereof, or otherwise provided by the Award Agreement in connection with retirement, disability or death of the participant, (i) Non-Qualified Stock Options shall vest in equal annual installments over a period of not less than three years and (ii) Restricted Stock, Stock Units, Incentive Stock Options and Stock Appreciation Rights shall vest not earlier than one year from the grant date of the Award. The Committee may, in its sole discretion, waive, in whole or in part, any remaining conditions to vesting or exercisability, provided that for the avoidance of doubt, such unilateral discretion shall not apply to any Section 162(m) Award to the extent such action would result in such Award not being tax deductible under Section 162(m).

SECTION 5. Shares of Stock and Other Stock-Based Awards Available Under Plan

- (a) Subject to the adjustment provisions of Section 9 hereof:
- (i) the aggregate number of shares of Stock with respect to which Awards payable in securities may be granted under the Plan shall be no more than 5,800,000, provided that all of such shares may be granted under the Plan as Incentive Stock Options;
 - (ii) the aggregate number of shares with respect to which Restricted Stock and Other Stock-Based Awards, including Stock Units, may be granted in any one year to any individual shall be no more than (A) in the case of an Employee, 300,000 and (B) in the case of an Eligible Director, 7,000; and
 - (iii) the aggregate number of shares with respect to which Options or Stock Appreciation Rights may be granted in any one year to any individual shall be no more than (A) in the case of an Employee, 300,000 and (B) in the case of an Eligible Director, 20,000.
- (b) Any unexercised or undistributed portion of any cancelled, terminated or forfeited Award (other than an Award terminated or forfeited by reason of the exercise of any Award granted in tandem therewith) and any shares tendered or withheld in satisfaction of tax withholding obligations in connection with an Award shall be available for further Awards in addition to those available under Section 5(a)

hereof; provided, however, that from and after May 23, 2006 neither (i) shares tendered as full or partial payment to the Corporation upon exercise of a Non-Qualified Stock Option granted under the Plan, nor (ii) shares subject to Stock Appreciation Rights that are not used to settle the Stock Appreciation Right upon exercise, shall become available for further Awards under the Plan.

- (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) 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) each Stock Appreciation Right and each Other Stock-Based Award shall be deemed to be equal to the number of shares to which it relates;
 - (iii) 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; and
 - (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 type of Award, each such tandem Award shall be deemed to cover only the number of shares to be issued under the surviving tandem component.

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.

SECTION 6. Award Agreements

Each Award under this Plan shall be evidenced by an Award Agreement setting forth the number of shares of Stock or Stock Units subject to the Award and such other terms and conditions applicable to the Award as determined by the Committee. Award Agreements may include the following terms:

- (a) Termination of Employment or Service as Director: 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 or service as a Director, including but not limited to terms relating to the vesting, time for exercise, forfeiture or cancellation of an Award in such circumstances.

- (b) **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.
- (c) **Withholding:** A provision requiring the withholding of applicable taxes required by law from all amounts paid in satisfaction of an Award. If such a provision is included, then (i) 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 and (ii) 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 shares of Stock may be deducted from the payment to satisfy the obligation in full or in part, where the number of shares to be deducted shall be specified in the Award Agreement or as determined by the Committee.
- (d) **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, the Chief Executive Officer, or the General Counsel of the Corporation (in each case, or his or her delegate). If such a provision is included, then 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.
- (e) **Exercise and Payment:** The permitted methods of exercising and paying the exercise price with respect to the Award.
- (f) **Replacement and Substitution:** 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 (other than as prohibited by Section 4(f)) or, (B) requiring holders of Awards to surrender outstanding Awards as a condition precedent to the grant of new Awards under the Plan.
- (g) **Dividend Equivalents:** In the case of Stock Units and other appropriate Other Stock-Based Awards, provisions providing for the Participant to receive dividend equivalents in connection with such Award. Such provision shall provide that any dividend equivalents will be paid to the Participant no earlier than the lapsing of restrictions applicable to the Award to which such dividend equivalents relate.

(h) **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. No such action by the Board of Directors or the Committee may, without approval of the shareholders of the Corporation, be effective, if shareholder approval would be required pursuant to applicable law.

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, except with respect to Eligible Directors, 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 terms of any Award Agreements and, except with respect to Eligible Directors, the number of shares of Stock, or units granted, 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) The following provisions shall be applicable to Section 162(m) Awards:

(i) The lapsing of restrictions applicable to such Section 162(m) Awards and the distribution of cash, shares of Stock or other property pursuant thereto, as applicable, shall be conditioned on the attainment of specified levels of achievement under one or more Quantitative Performance Standards established by the Committee (which for purposes of this Section 8(e) shall be deemed to consist solely of those members of the Committee who qualify as "outside directors" within the meaning of Section 162(m)).

(ii) The Quantitative Performance Standards and the specified levels of achievement shall be set by the Committee within the time period prescribed by, and shall otherwise comply with the requirements of, Section 162(m), as determined by the Committee in its sole discretion.

(iii) A Participant shall not be entitled to receive payment for any dividends or dividend equivalents with respect to a Section 162(m) Award unless, until and except to the extent that the Quantitative Performance Standards applicable to such Awards are achieved or are otherwise deemed to be satisfied.

(iv) Following the achievement or satisfaction of the applicable Quantitative Performance Standards, the Committee shall be permitted, unless otherwise prohibited in the applicable Award Agreement, in its sole discretion, to decrease, but in no event increase, the cash, shares of Stock or other property payable in connection with any Section 162(m) Award for any reason.

(v) The Committee shall have the power to impose such other restrictions on Section 162(m) Awards as it may deem necessary or appropriate to ensure that such Awards satisfy all requirements for "performance-based compensation" within the meaning of subsection (4)(C) of Section 162(m).

(vi) To the extent required by Section 162(m), awards that are canceled shall be counted against the applicable per year limitations set forth in Section 5(a).

(f) The Committee may delegate to the officers or Employees of the Corporation the authority to execute and deliver such instruments and documents, including the execution of Award Agreements on behalf of the Corporation by the Chairman, Chief Executive Officer, or the General Counsel of the Corporation, 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 or the value thereof 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 or other property) then remaining subject to this Plan, the limitations on the number of shares that may be issued to anyone pursuant to this Plan and the exercise price or base price of Options and Stock Appreciation Rights, in each case, including those that are then covered by outstanding Awards, shall be adjusted as the Committee, in its sole discretion, deems equitable or appropriate.

(b) The Committee shall make any further adjustments as it deems necessary (including to vesting conditions), in its sole discretion, to ensure equitable treatment of any holder of an Award as the result of any transaction affecting the securities subject to the Plan, including transactions not described in Section 9(a), or as is required or authorized under the terms of any applicable Award Agreement.

(c) Except as provided in this Section 9, 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.

SECTION 10. Change in Control

(a) Subject to Sections 5, 7 and 9, in the event of a Change in Control, in addition to any action required or authorized by the terms of any Award Agreement, upon such Change in Control, all time periods for purposes of vesting in, or realizing gain from, any and all outstanding Awards made pursuant to this Plan

will automatically accelerate and all performance criteria, including Quantitative Performance Standards, shall be deemed achieved at the greater of (i) target levels of achievement and (ii) actual levels of achievement determined by the Committee in its sole discretion as of the date of the Change in Control.

(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 Exchange Act (an "Acquiring 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 in Control: (1) any acquisition by the Corporation or any "affiliate" of the Corporation, within the meaning of 17 C.F.R. § 230.405 (a "CIC Affiliate"), (2) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any CIC 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 Incumbent Board cease for any reason to constitute at least a majority of the Board of Directors; 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 or any Subsidiary (but only to the extent any voting securities of the Corporation entitled to vote generally in the election of directors is issued in such transaction) (such transactions, 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 CIC 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 of Directors, 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 the tenth anniversary of the date the shareholders of the Corporation approve the Plan.

SECTION 15. Section 409A of the Code

All provisions of the Plan shall be interpreted in a manner consistent with Section 409A of the Code, and the regulations and other guidance promulgated thereunder. Notwithstanding the preceding, the Corporation makes no representations concerning the tax consequences of participation in the Plan under Section 409A of the Code or any other federal, state, or local tax law. Tax consequences will depend, in part, upon the application of relevant tax law, including Section 409A of the Code, to the relevant facts and circumstances. Participants should consult a competent and independent tax advisor regarding the tax consequences of the Plan.

SECTION 16. Restrictions on Transferability

No Award granted under the Plan shall be transferable otherwise than by will or the laws of descent and distribution and, during the lifetime of the Participant, shall be exercisable (in the case of an Option) or, in the case of an Award other than an Option, held only by him or for his benefit by his attorney-in-fact or guardian; provided that the Committee or its delegate may, in its discretion, at the time of grant of a Non-Qualified Stock Option or at the time of grant of another type of Award, or by amendment of an Award Agreement for an Incentive Stock Option or another type of Award, provide that Awards granted to or held by a Participant may be transferred, in whole or in part, to one or more transferees and exercised by any such transferee; provided further that (a) any such transfer is without consideration and (b) each transferee is a Family Member with respect to the Participant; and provided further that any Incentive Stock Option granted pursuant to an Award

Agreement which is amended to permit transfers during the lifetime of the optionee shall, upon the effectiveness of such amendment, be treated thereafter as a Non-Qualified Option. No transfer of an Award shall be effective unless the Corporation's Office of the General Counsel is notified of the terms and conditions of the transfer and the Office of the General Counsel determines that the transfer complies with the requirements for transfers of Awards under the Plan and the Award document.

SECTION 17. Clawback

Notwithstanding anything to the contrary contained herein, an Award held by a Participant shall be cancelled if such Participant, without the consent of the Corporation, while employed by or providing services to the Corporation or any Affiliate of the Corporation or after termination of such employment or service, to the extent applicable to the Participant, violates any policy adopted by the Corporation or any Affiliate of the Corporation relating to the recovery of compensation granted, paid, delivered, awarded or otherwise provided to any Participant by the Corporation or any Affiliate of the Corporation as such policy is in effect on the date of grant of the applicable Award or, to the extent necessary to address the requirements of applicable law (including Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as codified in Section 10D of the Exchange Act, Section 304 of the Sarbanes-Oxley Act of 2002 or any other applicable law), as may be amended from time to time. In addition, to the extent provided in any such policy, (i) a Participant will forfeit any gain realized on the vesting or exercise of an Award if the Participant engages in any activity referred to in the preceding sentence, or (ii) a Participant must repay the gain to the Corporation realized under a previously paid Section 162(m) Award or any other Award subject to performance requirements if a financial restatement reduces the amount that would have been earned under such Award.

SECTION 18. Governing Law

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

**MARTIN MARIETTA
EXECUTIVE CASH INCENTIVE PLAN**

Adopted: February 18, 2016

1. BACKGROUND AND PURPOSE

The Martin Marietta Executive Cash Incentive Plan (the “Plan”) was approved by the Board of Directors of Martin Marietta Materials, Inc. on February 18, 2016, subject to approval by its shareholders at the meeting held on May 19, 2016 in a manner that complies with Section 162(m). The Plan will be effective for cash bonuses earned on and after May 19, 2016.

The purpose of the Plan is to provide management employees of Martin Marietta Materials, Inc. and its Affiliates (as defined below) with an incentive to accomplish such business objectives as from time to time may be determined by the Committee (as defined below).

2. DEFINITIONS

(a) “Affiliate” means, with respect to any Person, any other person that, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, the term “control,” including its correlative terms “controlled by” and “under common control with,” mean, with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

(b) “Award” means a cash bonus award granted under the Plan. Except as otherwise provided by the Committee, an Award shall be expressed as the percentage of a Grantee’s base salary payable for a Plan Year that shall become payable if the Targets established by the Committee are satisfied. The portion of an Award that shall be payable to a Grantee shall be determined by the Committee in accordance with the rules established for the Award for each Plan Year.

(c) “Board” means the Board of Directors of the Company.

(d) “Committee” means a committee composed of members of, and designated by, the Board of Directors and, unless otherwise determined by the Board, consisting solely of persons who are “outside directors” within the meaning of Section 162(m), as 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 Section 162(m). If the Management Development and Compensation Committee of the Board of Directors satisfies the foregoing criteria, references in this Plan to the Committee shall be deemed to refer to such Committee of the Board of Directors. All references to the Committee shall be treated as references to the Committee’s delegate with respect to any Award granted within the scope of the delegate’s authority pursuant to Paragraph 3(c).

(e) “Company” means Martin Marietta Materials, Inc., a North Carolina corporation, including any successor thereto by merger, consolidation, acquisition of all or substantially all the assets thereof, or otherwise.

(f) “Covered Employee” means a covered employee within the meaning of section 162(m) or the Treasury Regulations promulgated thereunder.

(g) “Date of Grant” means the date on which an Award is granted.

(h) “Disability” means any physical or mental impairment that would qualify a Grantee for disability benefits under the standards of the long-term disability plan maintained by the Company or under the federal social security system.

(i) “Eligible Employee” means an employee of the Company or an Affiliate.

(j) “Grantee” means an Eligible Employee who is granted an Award.

(k) “Person” means an individual, a corporation, a partnership, an association, a trust, or any other entity or organization.

(l) “Plan” means the Martin Marietta Executive Cash Incentive Plan as set forth herein, and as amended from time to time.

(m) “Plan Year” means the calendar year.

(n) “Qualitative Performance Standards” means performance standards other than Quantitative Performance Standards, including but not limited to regulatory compliance, customer service, management effectiveness, safety, ethics and other qualitative performance standards relevant to the Company’s business, as may be established by the Committee, and the achievement of which shall be determined in the discretion of the Committee.

(o) “Quantitative Performance Standards” means performance standards that relate to one or more of the following criteria: stock price (including return on shareholder’s equity or total shareholder return), operating earnings (before or after tax), adjusted operating earnings (before or after tax), operating income, net income, return on equity, return on capital, adjusted return on equity, adjusted return on capital, market share, distributable earnings (before or after holding company expense), improvement in or attainment of level of expenses, revenue, net revenue, growth in revenue, gross profits, gross or net profit margin, operating margin, gross profit growth, earnings before one or more of interest, taxes, depreciation and amortization, cash flow (including operating cash flow and free cash flow), year-end cash, earnings per share, book value, book value per share, return on invested capital, return on assets, sales, net sales, return on sales, economic value added, debt reduction and improvements in or attainment of working capital levels, in each case either in absolute terms or relative to the performance of one or more other companies or a published index covering the performance of a number of companies. As determined by the Committee, the Quantitative Performance Standards applicable to an Award may provide for a targeted level or levels of achievement on a whole Company basis or with respect to one or more businesses, business units, segments or Subsidiaries, or on the basis of individual performance. The Quantitative Performance Standards may differ from Grantee to Grantee and from Award to Award. Any Quantitative Performance Standards that are financial metrics may be determined in accordance with United States Generally Accepted Accounting Principles (“GAAP”), or may be adjusted when established to include or exclude any items otherwise includable or excludable under GAAP. The Committee may provide, in connection with the setting of the Quantitative Performance Standards, that any evaluation of performance may include or exclude certain items that may occur during any fiscal year of the Company, including, without limitation, the following: (i) asset write downs; (ii) litigation or claim judgments or settlements; (iii) the effect of changes in tax laws, accounting principles or other laws or provisions affecting reported results; (iv) any reorganization and restructuring programs; (v) extraordinary or nonrecurring items, or other notable items; (vi) acquisitions or divestitures; (vii) foreign exchange gains and losses; (viii) discontinued operations; (ix) an event either not directly related to the operations of the Company or not within the

reasonable control of the Company's management; (x) a change in the fiscal year of the Company; (xi) costs associated with refinancing or repurchase of bank loans or debt securities; (xii) unbudgeted capital expenditures; and (xiii) business interruption events.

(p) "Retirement" means termination of a Grantee's employment at a time when the Grantee is eligible to commence receiving retirement benefits under the Martin Marietta Materials, Inc. Pension Plan, or any successor plan, without actuarial reduction. The Committee, in its sole discretion, may classify a Grantee's termination of employment as a "Retirement" under other circumstances.

(q) "Section 16(b) Officer" means an officer of the Company who is subject to the short-swing profit recapture rules of section 16(b) of the 1934 Act.

(r) "Section 162(m)" means Section 162(m) of the Internal Revenue Code of 1986, as amended, or any successor statute and the Treasury Regulations promulgated thereunder, as they may be amended from time to time.

(s) "Section 162(m) Award" means an Award granted to an individual who, at the Date of Grant, is, or is likely to be, as of the end of the tax year in which the Company would claim a tax deduction in connection with such Award, a Covered Employee and is designated by the Committee as a Section 162(m) Award at the time of grant.

(t) "Target" means, for any Plan Year, the Qualitative Performance Standards and the Quantitative Performance Standards established by the Committee, in its discretion. Qualitative Performance Standards, Quantitative Performance Standards and the weighting of such Standards may differ from Plan Year to Plan Year, and within a Plan Year, may differ among Grantees or classes of Grantees.

(u) "Third Party" means any Person, together with such Person's Affiliates, provided that the term "Third Party" shall not include the Company or an Affiliate of the Company.

3. ADMINISTRATION OF THE PLAN

(a) Administration. The Plan shall be administered by the Committee. The Committee shall have the power and duty to do all things necessary or convenient to effect the intent and purposes of the Plan and not inconsistent with any of the provisions hereof, whether or not such powers and duties are specifically set forth herein, and, by way of amplification and not limitation of the foregoing, the Committee shall have the power to:

(i) provide rules and regulations for the management, operation and administration of the Plan, and, from time to time, to amend or supplement such rules and regulations;

(ii) construe the Plan, which construction, as long as made in good faith, shall be final and conclusive upon all parties hereto;

(iii) correct any defect, supply any omission, or reconcile any inconsistency in the Plan in such manner and to such extent as it shall deem expedient to carry the same into effect, and it shall be the sole and final judge of when such action shall be appropriate; and

(iv) determine whether the conditions to the payment of an Award have been satisfied.

The resolution of any questions with respect to payments and entitlements pursuant to the provisions of the Plan shall be determined by the Committee, and all such determinations shall be final and conclusive.

(b) Grants. Subject to the express terms and conditions set forth in the Plan, the Committee shall have the power, from time to time, to select those Eligible Employees to whom Awards shall be granted under the Plan, to determine the amount of cash that may become payable pursuant to each Award, and, pursuant to the provisions of the Plan, to determine the terms and conditions of each Award.

(c) Delegation of Authority. The Committee may delegate its authority with respect to the grant, amendment, interpretation and administration of grants to a person, persons or committee, in its sole and absolute discretion; provided that, with respect to a Section 162(m) Award, the Committee may only delegate its authority to another committee of the Board that satisfies the criteria set forth in Paragraph 2(d). Actions taken by the Committee's duly-authorized delegate shall have the same force and effect as actions taken by the Committee. Any delegation of authority pursuant to this Paragraph 3(c) shall continue in effect until the earliest of:

(i) such time as the Committee shall, in its sole and absolute discretion, revoke such delegation of authority;

(ii) in the case of delegation to a person that is conditioned on such person's continued service as an employee of the Company or as a member of the Board, the date such delegate shall cease to serve in such capacity for any reason; or

(iii) the delegate shall notify the Committee that he or she declines to continue to exercise such authority.

(d) Grantee Information. The Company shall furnish to the Committee in writing all information the Company deems appropriate for the Committee to exercise its powers and duties in administration of the Plan. Such information shall be conclusive for all purposes of the Plan and the Committee shall be entitled to rely thereon without any investigation thereof; provided, however, that the Committee may correct any errors discovered in any such information.

4. ELIGIBILITY

Awards may be granted only to Eligible Employees of the Company and its Affiliates, as determined by the Committee. No Awards shall be granted to an individual who is not an Eligible Employee of the Company or an Affiliate.

5. AWARDS

The Committee may grant Awards in accordance with the Plan. The terms and conditions of Awards shall be as determined from time to time by the Committee, consistent, however, with the following:

(a) Time of Grant. Awards may be granted at any time from the date of adoption of the Plan by the Board until the Plan is terminated by the Board or the Committee.

(b) Non-uniformity of Awards. The provisions of Awards need not be the same with respect to each Grantee.

(c) Establishment of Targets and Conditions to Payment of Awards.

(i) Except as otherwise provided by the Committee, Awards shall be expressed as a percentage of a Grantee's base earnings as of the applicable Date of Grant.

(ii) The Committee shall establish such conditions on the payment of an Award as it may, in its sole discretion, deem appropriate.

(iii) The Award may provide for the payment of Awards in installments or in a lump sum, in each case, upon the satisfaction of Qualitative Performance Standards or Quantitative Performance Standards, on an individual, divisional or Company-wide basis, as determined by the Committee.

(iv) For any Section 162(m) Award, payment of the Award shall be based solely upon the satisfaction of Quantitative Performance Standards; provided that other standards, including Qualitative Performance Standards may be used to reduce, but in no event increase, the amount otherwise payable under such Award. The Quantitative Performance Standards and the related Targets for any Section 162(m) Award shall be set by the Committee within the time period prescribed by, and shall otherwise comply with the requirements of, Section 162(m), as determined by the Committee in its sole discretion.

(v) Each Grantee shall be entitled to receive payment of the Award for a Plan Year only after certification by the Committee of the extent to which the Targets established by the Committee for such Plan Year have been satisfied. The Company shall pay the amounts, if any, earned under the Awards to each Grantee as soon as reasonably practicable following the end of each Plan Year, but not later than 2-1/2 months following the close of such Plan Year, unless otherwise determined by the Committee at the Date of Grant.

(vi) For purposes of calculating whether any Quantitative Performance Standard has been met, in the event there is a significant acquisition or disposition of any assets, business division, company or other business operations of the Company or such division or business unit that is reasonably expected to have an effect on the Quantitative Performance Standard as otherwise determined under the terms of the Plan, the relevant performance objectives shall be adjusted to take into account the impact of such acquisition or disposition by increasing or decreasing such goals in the same proportion as the relevant performance measure of the Company or such division or business unit would have been affected for the prior performance measurement period on a pro forma basis had such an acquisition or disposition occurred on the same date during the prior performance measurement period; provided further that such adjustment shall be based upon the historical equivalent of the relevant performance measure of the business or assets so acquired or disposed of for the prior performance measurement period, as shown by such records as are available to the Company, as further adjusted to reflect any aspects of the transaction that should be taken into account to ensure comparability between amounts in the prior performance measurement period and the current performance measurement period.

(vii) Notwithstanding the determination of the amount of a Grantee's bonus payable with respect to any Plan Year under the Plan, the Committee shall have the discretion to reduce or eliminate the bonus otherwise payable to a Grantee if it determines that such a reduction or elimination of the bonus is in the best interests of the Company. The Committee may not waive, in whole or in part, any remaining conditions to payment of a Section 162(m) Award to the extent such action would result in such Section 162(m) Award not being tax deductible under Section 162(m).

(d) Transfer and Termination of Grantee's Employment.

(i) Transfer of Employment. A transfer of an Eligible Employee between two employers, each of which is the Company or an Affiliate of the Company (a "Transfer"), shall not be deemed a termination of employment. The Committee may grant Awards (other than Section 162(m) Awards) pursuant to which the Committee reserves the right to modify the calculation of an Award in connection with a Transfer. In general, except in connection with a Section 162(m) Award or as otherwise provided by the Committee at the time an Award is granted or in connection with a Transfer, upon the Transfer of a Grantee between divisions while an Award is outstanding and unexpired, a portion of the outstanding Award corresponding to the portion of the Plan Year remaining after the Transfer shall be treated as having terminated and expired, and a new Award shall be treated as having been made, effective as of the effective date of the Transfer, for the portion of the Award which had expired, but subject to the performance and payment conditions applicable generally to Awards for Grantees who are employees of the transferee division, all as shall be determined by the Committee in an equitable manner.

(ii) Termination of Employment.

(1) Termination For Any Reason Other Than Death, Disability or Retirement. An employee must be a full-time employee of the Company or an Affiliate on December 31 of the applicable Plan Year to be eligible to receive payment in respect of his or her Award for such Plan Year, except as otherwise provided by the Committee or in this Plan. Employees in the eligibility group hired during a Plan Year, as determined by the Committee in its sole discretion, will be eligible for an award under the Plan in that year, prorated based on the number of months the Grantee is employed by the Company or an Affiliate. Except as otherwise provided by the Committee, if a Grantee terminates employment with the Company and its Affiliates for any reason other than death, Disability or Retirement, all Awards remaining subject to conditions to payment shall be forfeited by the Grantee and deemed canceled by the Company.

(2) Termination Because of Death. Except as otherwise provided by the Committee, if a Grantee terminates employment with the Company and its Affiliates because of death, the Company shall pay the Award to the Grantee's estate as soon as practicable following the Grantee's death, but not later than the 15th day of the third month beginning after the Plan Year in which the Grantee dies. The Award shall be calculated based on the assumption that the applicable Targets were satisfied, and such amount shall be pro rated based on the portion of the applicable Plan Year elapsed as of the date of such termination of employment.

(3) Termination Because of Disability or Retirement. If a Grantee terminates employment with the Company and its Affiliates because of Disability or Retirement, the Company shall pay the Award to the Grantee at the same time that Awards are payable to Grantees whose employment has not terminated. The Award shall be calculated based on the extent to which the applicable Targets are actually satisfied for the Plan Year in which the Grantee's employment terminated, and such amount shall be pro rated based on the portion of the applicable Plan Year elapsed as of the date of such termination of employment.

(e) Maximum Grant. In no event shall the amount paid to any Grantee pursuant to an Award for any Plan Year exceed \$7.5 million.

(f) Shareholder Approval. The effectiveness of the grants of Section 162(m) Awards under the Plan shall be conditioned on the approval of the Plan by the Company's shareholders in accordance with Section 162(m).

6. AMENDMENT AND TERMINATION

The Plan may be terminated by the Board or the Committee at any time. The Plan may be amended by the Board or the Committee at any time. No Award shall be adversely affected by any such termination or amendment without the written consent of the Grantee.

7. MISCELLANEOUS PROVISIONS

(a) Unsecured Creditor Status. A Grantee entitled to payment of an Award hereunder shall rely solely upon the unsecured promise of the Company, as set forth herein, for the payment thereof, and nothing herein contained shall be construed to give to or vest in a Grantee or any other person now or at any time in the future, any right, title, interest or claim in or to any specific asset, fund, reserve, account, insurance or annuity policy or contract, or other property of any kind whatever owned by the Company, or in which the Company may have any right, title or interest, presently or at any time in the future.

(b) Non-Assignment of Awards. The Grantee shall not be permitted to sell, transfer, pledge or assign any amount payable pursuant to the Plan or an Award, provided that the right to payment of an Award may pass by will or the laws of descent and distribution.

(c) Other Company Plans. It is agreed and understood that any benefits under this Plan are in addition to any and all benefits to which a Grantee may otherwise be entitled under any other contract, arrangement, or voluntary pension, profit sharing or other compensation plan of the Company, whether funded or unfunded, and that this Plan shall not affect or impair the rights or obligations of the Company or a Grantee under any other such contract, arrangement or voluntary pension, profit sharing or other compensation plan.

(d) Separability. If any term or condition of the Plan shall be invalid or unenforceable to any extent or in any application, then the remainder of the Plan, with the exception of such invalid or unenforceable provision, shall not be affected thereby, and shall continue in effect and application to its fullest extent.

(e) Continued Employment. Neither the establishment of the Plan, any provisions of the Plan, nor any action of the Committee shall be held or construed to confer upon any Grantee the right to a continuation of employment by the Company. The Company reserves the right to dismiss any employee (including a Grantee), or otherwise deal with any employee (including a Grantee) to the same extent as though the Plan had not been adopted.

(f) Incapacity. If the Committee determines that a Grantee is unable to care for his affairs because of illness or accident, any benefit due such Grantee under the Plan may be paid to his or her spouse, child, parent, or any other person deemed by the Committee to have incurred expense for such Grantee (including a duly appointed guardian, committee or other legal representative), and any such payment shall be a complete discharge of the Company's obligations hereunder.

(g) Withholding. The Company shall withhold the amount of any federal, state, local or other tax, charge or assessment attributable to the grant of any Award or lapse of restrictions under any Award as it may deem necessary or appropriate, in its sole discretion.

(h) Clawback/Recoupment. Notwithstanding anything to the contrary contained herein, an Award held by a Grantee shall be cancelled if such Grantee, without the consent of the Company, while employed by or providing services to the Company or any Affiliate or after termination of such employment or service, to the extent applicable to the Grantee, violates any policy adopted by the Company or any Affiliate relating to the recovery of compensation granted, paid, delivered, awarded or otherwise provided to any Grantee by the Company or any Affiliate as such policy is in effect on the date of grant of the applicable Award or, to the extent necessary to address the requirements of applicable law (including Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as codified in Section 10D of the Exchange Act, Section 304 of the Sarbanes-Oxley Act of 2002 or any other applicable law), as may be amended from time to time. In addition, to the extent provided in any such policy, (i) a Grantee will forfeit any amount paid under an Award if the Grantee engages in any activity referred to in the preceding sentence, or (ii) a Grantee must repay to the Company the amount previously paid under any Award subject to performance requirements if a financial restatement reduces the amount that would have been earned under such Award.

8. GOVERNING LAW

The Plan and all determinations made and actions taken pursuant to the Plan shall be governed in accordance with North Carolina law.

9. EFFECTIVE DATE

The effective date of this Plan is February 18, 2016.

**CERTIFICATION PURSUANT TO SECURITIES AND EXCHANGE ACT OF 1934 RULE 13a-14 AS ADOPTED PURSUANT TO SECTION
302 OF SARBANES-OXLEY ACT OF 2002**

I, C. Howard Nye, certify that:

1. I have reviewed this Form 10-Q of Martin Marietta Materials, Inc.;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the consolidated financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
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5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2016

By: /s/ C. Howard Nye
C. Howard Nye
Chairman, President and
Chief Executive Officer

**CERTIFICATION PURSUANT TO SECURITIES AND EXCHANGE ACT OF 1934 RULE 13a-14 AS ADOPTED PURSUANT TO SECTION
302 OF SARBANES-OXLEY ACT OF 2002**

I, Anne H. Lloyd, certify that:

1. I have reviewed this Form 10-Q of Martin Marietta Materials, Inc.;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the consolidated financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
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5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a. All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2016

By: /s/ Anne H. Lloyd
Anne H. Lloyd
Executive Vice President and
Chief Financial Officer

**Written Statement Pursuant to 18 U.S.C. 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q for the period ended June 30, 2016 (the "Report") of Martin Marietta Materials, Inc. (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof, I, C. Howard Nye, the Chief Executive Officer of the Registrant, certify, to the best of my knowledge, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ C. Howard Nye

C. Howard Nye
Chairman, President and
Chief Executive Officer

Dated: August 4, 2016

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

**Written Statement Pursuant to 18 U.S.C. 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q for the period ended June 30, 2016 (the "Report") of Martin Marietta Materials, Inc. (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof, I, Anne H. Lloyd, the Chief Financial Officer of the Registrant, certify, to the best of my knowledge, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Anne H. Lloyd

Anne H. Lloyd
Executive Vice President and
Chief Financial Officer

Dated: August 4, 2016

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

MINE SAFETY DISCLOSURES

The operation of the Corporation's domestic aggregates quarries and mines is subject to regulation by the federal Mine Safety and Health Administration (MSHA) under the Federal Mine Safety and Health Act of 1977 (the "Mine Act"). MSHA inspects the Corporation's quarries and mines on a regular basis and issues various citations and orders when it believes a violation has occurred under the Mine Act. Whenever MSHA issues a citation or order, it also generally proposes a civil penalty, or fine, related to the alleged violation. Citations or orders may be contested and appealed, and as part of that process, are often reduced in severity and amount, and are sometimes dismissed.

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), the Corporation is required to present information regarding certain mining safety and health citations which MSHA has issued with respect to its aggregates mining operations in its periodic reports filed with the Securities and Exchange Commission (SEC). In evaluating this information, consideration should be given to factors such as: (i) the number of citations and orders will vary depending on the size of the quarry or mine and types of operations (underground or surface), (ii) the number of citations issued will vary from inspector to inspector and location to location, and (iii) citations and orders can be contested and appealed, and in that process, may be reduced in severity and amount, and are sometimes dismissed.

The Corporation has provided the information below in response to the SEC's rules and regulations issued under the provisions of the Dodd-Frank Act. The disclosures reflect U.S. mining operations only, as the requirements of the Dodd-Frank Act and the SEC rules and regulations thereunder do not apply to the Corporation's quarries and mines operated outside the United States.

The Corporation presents the following items regarding certain mining safety and health matters for the three months ended June 30, 2016:

- Total number of violations of mandatory health or safety standards that could significantly and substantially contribute to the cause and effect of a mine safety or health hazard under section 104 of the Mine Act for which the Corporation has received a citation from MSHA (hereinafter, "Section 104 S&S Citations"). If MSHA determines that a violation of a mandatory health or safety standard is likely to result in a reasonably serious injury or illness under the unique circumstance contributed to by the violation, MSHA will classify the violation as a "significant and substantial" violation (commonly referred to as a "S&S" violation). MSHA inspectors will classify each citation or order written as a "S&S" violation or not.
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- Total number of orders issued under section 104(b) of the Mine Act (hereinafter, “Section 104(b) Orders”). These orders are issued for situations in which MSHA determines a previous violation covered by a Section 104(a) citation has not been totally abated within the prescribed time period, so a further order is needed to require the mine operator to immediately withdraw all persons (except authorized persons) from the affected area of a quarry or mine.
 - Total number of citations and orders for unwarrantable failure of the mine operator to comply with mandatory health or safety standards under Section 104(d) of the Mine Act (hereinafter, “Section 104(d) Citations and Orders”). These violations are similar to those described above, but the standard is that the violation could significantly and substantially contribute to the cause and effect of a safety or health hazard, but the conditions do not cause imminent danger, and the MSHA inspector finds that the violation is caused by an unwarranted failure of the operator to comply with the health and safety standards.
 - Total number of flagrant violations under section 110(b)(2) of the Mine Act (hereinafter, “Section 110(b)(2) Violations”). These violations are penalty violations issued if MSHA determines that violations are “flagrant”, for which civil penalties may be assessed. A “flagrant” violation means a reckless or repeated failure to make reasonable efforts to eliminate a known violation of a mandatory health or safety standard that substantially and proximately caused, or reasonably could have been expected to cause, death or serious bodily injury.
 - Total number of imminent danger orders issued under section 107(a) of the Mine Act (hereinafter, “Section 107(a) Orders”). These orders are issued for situations in which MSHA determines an imminent danger exists in the quarry or mine and results in orders of immediate withdrawal of all persons (except certain authorized persons) from the area of the quarry or mine affected by its condition until the imminent danger and the underlying conditions causing the imminent danger no longer exist.
 - Total dollar value of proposed assessments from MSHA under the Mine Act. These are the amounts of proposed assessments issued by MSHA with each citation or order for the time period covered by the reports. Penalties are assessed by MSHA according to a formula that considers a number of factors, including the mine operator’s history, size, negligence, gravity of the violation, good faith in trying to correct the violation promptly, and the effect of the penalty on the operator’s ability to continue in business.
 - Total number of mining-related fatalities. Mines subject to the Mine Act are required to report all fatalities occurring at their facilities unless the fatality is determined to be “non-chargeable” to the mining industry. The final rules of the SEC require disclosure of mining-related fatalities at mines subject to the Mine Act. Only fatalities determined by MSHA not to be mining-related may be excluded.
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- Receipt of written notice from MSHA of a pattern (or a potential to have such a pattern) of violations of mandatory health or safety standards that are of such nature as could have significantly and substantially contributed to the cause and effect of other mine health or safety hazards under Section 104(e) of the Mine Act. If MSHA determines that a mine has a “pattern” of these types of violations, or the potential to have such a pattern, MSHA is required to notify the mine operator of the existence of such a thing.
- Legal actions before the Federal Mine Safety and Health Review Commissions pending as of the last day of period.
- Legal actions before the Federal Mine Safety and Health Review Commissions initiated during period.
- Legal actions before the Federal Mine Safety and Health Review Commissions resolved during period.

The Federal Mine Safety and Health Review Commission (the “Commission”) is an independent adjudicative agency that provides administrative trial and appellate review of legal disputes arising under the Mine Act. The cases may involve, among other questions, challenges by operators to citations, orders and penalties they have received from MSHA, or complaints of discrimination by miners under Section 105 of the Mine Act. Appendix 1 shows, for each of the Corporation’s quarries and mines identified, as of June 30, 2016, the number of legal actions pending before the Commission, along with the number of legal actions initiated before the Commission during the quarter as well as resolved during the quarter. In addition, Appendix 1 includes a footnote to the column for legal actions before the Commission pending as of the last day of the period, which footnote breaks down that total number of legal actions pending by categories according to the type of proceeding in accordance with various categories established by the Procedural Rules of the Commission.

Appendix 1 attached.

Location	MSHA ID	Section 104 S&S Citations (#)	Section 104(b) Orders (#)	Section 104(d) Citations and Orders (#)	Section 110(b)(2) Violations (#)	Section 107(a) Orders (#)	Total Dollar Value of MSHA Assessment/\$ Proposed	Total Number of Mining Related Fatalities (#)	Received	Received	Legal	Legal Actions Instituted During Period (#)	Legal Actions Resolved During Period (#)
									Notice of Pattern of Violation Under Section 104(e) (yes/no)	Notice of Potential Pattern under Section 104(e) (yes/no)	Actions Pending as of Last Day of Period (#)*		
Alexander Quarry	BN5	0	0	0	0	0	\$ -	0	no	no	0	0	0
American Stone Quarry	3100189	0	0	0	0	0	\$ -	0	no	no	0	0	0
Anderson Creek	4402963	0	0	0	0	0	\$ -	0	no	no	0	0	0
Arrowood Quarry	3100059	0	0	0	0	0	\$ -	0	no	no	0	0	0
Asheboro Quarry	3100066	0	0	0	0	0	\$ -	0	no	no	0	0	0
Bakers Quarry	3100071	0	0	0	0	0	\$ -	0	no	no	0	0	0
Belgrade Quarry	3100064	0	0	0	0	0	\$ -	0	no	no	0	0	0
Benson Quarry	3101979	0	0	0	0	0	\$ -	0	no	no	0	0	0
Berkeley Quarry	3800072	0	0	0	0	0	\$ 100	0	no	no	0	0	0
Bessemer City Quarry	3101105	0	0	0	0	0	\$ -	0	no	no	0	0	0
Black Ankle Quarry	3102220	0	0	0	0	0	\$ -	0	no	no	0	0	0
Bonds Gravel Pit	3101963	0	0	0	0	0	\$ -	0	no	no	0	0	0
Boonsboro Quarry	1800024	0	0	0	0	0	\$ -	0	no	no	0	0	0
Burlington Quarry	3100042	0	0	0	0	0	\$ -	0	no	no	0	0	0
Caldwell Quarry	3101869	0	0	0	0	0	\$ -	0	no	no	0	0	0
Castle Hayne Quarry	3100063	0	0	0	0	0	\$ 100	0	no	no	0	0	0
Cayce Quarry	3800016	1	0	0	0	0	\$ 308	0	no	no	0	0	0
Central Rock Quarry	3100050	0	0	0	0	0	\$ -	0	no	no	0	0	0
Charlotte Quarry	3100057	0	0	0	0	0	\$ -	0	no	no	0	0	0
Clarks Quarry	3102009	0	0	0	0	0	\$ -	0	no	no	0	0	0
Cumberland Quarry	3102237	0	0	0	0	0	\$ -	0	no	no	0	0	0
Denver	3101971	0	0	0	0	0	\$ -	0	no	no	0	0	0
Doswell Quarry	4400045	1	0	0	0	0	\$ -	0	no	no	1	1	0
East Alamance	3102021	0	0	0	0	0	\$ -	0	no	no	0	0	0
Fountain Quarry	3100065	0	0	0	0	0	\$ -	0	no	no	0	0	0

Franklin Quarry	3102130	0	0	0	0	0	\$ -	0	no	no	0	0	0
Fuquay Quarry	3102055	0	0	0	0	0	\$ 217	0	no	no	0	0	0
Garner Quarry	3100072	0	0	0	0	0	\$ -	0	no	no	0	0	0
Georgetown II Quarry	3800525	1	0	0	0	0	\$ 190	0	no	no	0	0	0
Hickory Quarry	3100043	0	0	0	0	0	\$ -	0	no	no	0	0	0
Hicone Quarry	3102088	0	0	0	0	0	\$ -	0	no	no	0	0	0
Jamestown Quarry	3100051	0	0	0	0	0	\$ -	0	no	no	0	0	0
Kannapolis Quarry	3100070	0	0	0	0	0	\$ 117	0	no	no	0	0	0
Kings Mountain Quarry	3100047	0	0	0	0	0	\$ -	0	no	no	0	0	0
Lemon Springs Quarry	3101104	0	0	0	0	0	\$ -	0	no	no	0	0	0
Loamy Sand and Gravel	3800721	0	0	0	0	0	\$ -	0	no	no	0	0	0
Maiden Quarry	3102125	0	0	0	0	0	\$ -	0	no	no	0	0	0
Mallard Creek Quarry	3102006	0	0	0	0	0	\$ 100	0	no	no	0	0	0
Matthews Quarry	3102084	0	0	0	0	0	\$ -	0	no	no	0	0	0
Midlothian Quarry	4403767	0	0	0	0	0	\$ -	0	no	no	0	0	0
North Columbia Quarry	3800146	0	0	0	0	0	\$ -	0	no	no	0	0	0
Onslow Quarry	3102120	0	0	0	0	0	\$ -	0	no	no	0	0	0
Pinesburg	1800021	0	0	0	0	0	\$ -	0	no	no	0	0	0
Pomona Quarry	3100052	0	0	0	0	0	\$ -	0	no	no	0	0	0
Raleigh Durham Quarry	3101941	0	0	0	0	0	\$ -	0	no	no	0	0	0
Red Hill Quarry	4400072	2	0	0	0	0	\$ -	0	no	no	0	0	0
Reidsville Quarry	3100068	0	0	0	0	0	\$ -	0	no	no	0	0	0
Rock Hill Quarry	3800026	0	0	0	0	0	\$ -	0	no	no	0	0	2
Rocky Point Quarry	3101956	0	0	0	0	0	\$ -	0	no	no	0	0	0
Salem Stone Company	3102038	0	0	0	0	0	\$ -	0	no	no	0	0	0
Statesville Quarry	3100055	1	0	0	0	0	\$ -	0	no	no	0	0	0
Thomasville Quarry	3101475	0	0	0	0	0	\$ -	0	no	no	0	0	0
Woodleaf Quarry	3100069	1	0	0	0	0	\$ 822	0	no	no	0	0	0

(45) North Indianapolis													
SURFACE	1200002	0	0	0	0	0	\$ 200	0	no	no	0	0	0
Apple Grove	3301676	1	0	0	0	0	\$ 100	0	no	no	0	0	0
Belmont Sand	1201911	0	0	0	0	0	\$ -	0	no	no	0	0	0
Burning Springs	4608862	2	0	0	0	0	\$ 308	0	no	no	0	0	0
Carmel SandG	1202124	0	0	0	0	0	\$ -	0	no	no	0	0	0
Cedarville	3304072	1	0	0	0	0	\$ -	0	no	no	0	0	0
Cloverdale	1201744	0	0	0	0	0	\$ -	0	no	no	0	0	0
Cook Road	3304534	0	0	0	0	0	\$ -	0	no	no	0	0	0
E-Town SandG	3304279	0	0	0	0	0	\$ -	0	no	no	0	0	0
Fairfield	3301396	0	0	0	0	0	\$ -	0	no	no	0	0	0
Franklin Gravel	3302940	0	0	0	0	0	\$ -	0	no	no	0	0	0
Kentucky Ave Mine	1201762	0	0	0	0	0	\$ -	0	no	no	2	0	0
Kokomo Mine	1202105	0	0	0	0	0	\$ -	0	no	no	0	0	0
Kokomo Sand	1202203	0	0	0	0	0	\$ -	0	no	no	0	0	0
Kokomo Stone	1200142	0	0	0	0	0	\$ -	0	no	no	0	0	0
Noblesville SandG	1201994	0	0	0	0	0	\$ 300	0	no	no	0	0	0
Noblesville Stone	1202176	1	0	0	0	0	\$ 383	0	no	no	2	0	0
North Indianapolis	1201993	0	0	0	0	0	\$ -	0	no	no	0	0	0
Petersburg	1516895	0	0	0	0	0	\$ -	0	no	no	0	0	0
Phillipsburg	3300006	0	0	0	0	0	\$ -	0	no	no	0	0	0
Shamrock SG	3304011	0	0	0	0	0	\$ -	0	no	no	0	0	0
Troy Gravel	3301678	0	0	0	0	0	\$ -	0	no	no	0	0	0
Waverly Sand	1202038	0	0	0	0	0	\$ -	0	no	no	0	0	0
Xenia	3301393	0	0	0	0	0	\$ -	0	no	no	0	0	0
Appling Quarry	901083	0	0	0	0	0	\$ -	0	no	no	0	0	0
Auburn, Al Quarry	100006	0	0	0	0	0	\$ -	0	no	no	0	0	0
Auburn, GA Quarry	900436	0	0	0	0	0	\$ -	0	no	no	0	0	0
Augusta Quarry-GA	900065	0	0	0	0	0	\$ -	0	no	no	0	0	0
Chattanooga Quarry	4003159	0	0	0	0	0	\$ -	0	no	no	0	0	0
Forsyth Quarry	901035	0	0	0	0	0	\$ -	0	no	no	0	0	0
Jefferson Quarry	901106	2	0	0	0	0	\$ 480	0	no	no	0	0	0
Junction City Quarry	901029	0	0	0	0	0	\$ -	0	no	no	0	0	0
Lithonia Quarry	900023	0	0	0	0	0	\$ -	0	no	no	0	0	0

Maylene Quarry	100634	0	0	0	0	0	\$ -	0	no	no	0	0	0
Morgan Co Quarry	901126	0	0	0	0	0	\$ -	0	no	no	0	0	0
Newton Quarry	900899	0	0	0	0	0	\$ -	0	no	no	0	0	0
O'Neal Quarry Co19	103076	0	0	0	0	0	\$ 100	0	no	no	0	0	0
Paulding Quarry	901107	0	0	0	0	0	\$ -	0	no	no	0	0	0
Perry Quarry	801083	0	0	0	0	0	\$ -	0	no	no	0	0	0
Red Oak Quarry	900069	0	0	0	0	0	\$ -	0	no	no	0	0	0
Ruby Quarry	900074	0	0	0	0	0	\$ -	0	no	no	0	0	0
Six Mile Quarry	901144	2	0	0	0	0	\$ -	0	no	no	0	0	0
Tyrone Quarry	900306	0	0	0	0	0	\$ -	0	no	no	0	0	0
Vance Quarry Co19	103022	1	0	0	0	0	\$ -	0	no	no	0	0	0
Warrenton Quarry	900580	0	0	0	0	0	\$ -	0	no	no	0	0	0
Alden Portable Sand	1302037	0	0	0	0	0	\$ -	0	no	no	0	0	0
Alden Portable Plant													
1	1302031	0	0	0	0	0	\$ -	0	no	no	0	0	0
Alden Portable Plant													
2	1302033	0	0	0	0	0	\$ -	0	no	no	0	0	0
Alden Portable Wash	1302122	0	0	0	0	0	\$ -	0	no	no	0	0	0
Alden Quarry - Shop	1300228	1	0	0	0	0	\$ 1,642	0	no	no	0	0	0
Ames Mine	1300014	1	0	0	0	0	\$ 1,838	0	no	no	1	0	0
Beaver Lake Quarry	4503347	0	0	0	0	0	\$ -	0	no	no	0	0	0
Cedar Rapids Quarry	1300122	0	0	0	0	0	\$ -	0	no	no	0	0	0
Des Moines Portable	1300150	0	0	0	0	0	\$ -	0	no	no	0	0	0
Des Moines Shop	1300932	0	0	0	0	0	\$ -	0	no	no	0	0	0
Dubois Quarry	2501046	0	0	0	0	0	\$ 200	0	no	no	0	0	0
Durham Mine	1301225	0	0	0	0	0	\$ 100	0	no	no	0	0	0
Earlham Quarry	1302123	3	0	0	0	0	\$ 646	0	no	no	0	1	1
Environmental Crew													
(Plant 854)	1302126	0	0	0	0	0	\$ -	0	no	no	0	0	0
Ferguson Quarry	1300124	0	0	0	0	0	\$ 100	0	no	no	0	0	0
Fort Calhoun	2500006	2	0	0	0	0	\$ -	0	no	no	0	0	0
Fort Dodge Mine	1300032	0	0	0	0	0	\$ -	0	no	no	0	0	0
Greenwood	2300141	1	0	0	0	0	\$ 1,668	0	no	no	0	0	0
Iowa Grading	1302316	2	0	0	0	0	\$ -	0	no	no	0	0	0
Linn County Sand	1302208	0	0	0	0	0	\$ 108	0	no	no	0	0	0

Malcom Mine	1300112	0	0	0	0	0	\$ 512	0	no	no	0	0	0
Marshalltown Sand	1300718	0	0	0	0	0	\$ -	0	no	no	0	0	0
Moore Quarry	1302188	0	0	0	0	0	\$ -	0	no	no	0	0	0
New Harvey Sand	1301778	0	0	0	0	0	\$ -	0	no	no	0	0	0
Northwest Division													
OH	A2354	0	0	0	0	0	\$ -	0	no	no	0	0	0
Ottawa Quarry	1401590	0	0	0	0	0	\$ -	0	no	no	0	0	0
Pacific Quarry	4500844	0	0	0	0	0	\$ -	0	no	no	0	0	0
Parkville Mine	2301883	1	0	0	0	0	\$ 725	0	no	no	0	0	0
Pederson Quarry	1302192	0	0	0	0	0	\$ -	0	no	no	0	0	0
Raccoon River Sand	1302315	0	0	0	0	0	\$ -	0	no	no	0	0	0
Randolph Deep													
Mine	2302308	0	0	0	0	0	\$ -	0	no	no	0	0	0
Reasoner Sand	1300814	0	0	0	0	0	\$ -	0	no	no	0	0	0
Saylorville Sand	1302290	0	0	0	0	0	\$ 234	0	no	no	0	0	0
St Cloud Quarry	2100081	0	0	0	0	0	\$ -	0	no	no	0	0	0
Stamper Mine	2302232	0	0	0	0	0	\$ -	0	no	no	1	0	0
Sully Mine	1300063	0	0	0	0	0	\$ 576	0	no	no	0	0	0
Sunflower	1401556	0	0	0	0	0	\$ -	0	no	no	0	0	0
Weeping Water Mine	2500998	2	0	0	0	0	\$ 5,559	0	no	no	3	2	1
Yellow Medicine													
Quarry	2100033	0	0	0	0	0	\$ -	0	no	no	0	0	0
211 Quarry	4103829	0	0	0	0	0	\$ 200	0	no	no	0	0	0
Augusta Quarry-KS	1400126	1	0	0	0	0	\$ 663	0	no	no	0	0	0
Beckman Quarry	4101335	2	0	0	0	0	\$ -	0	no	no	0	0	0
Bedrock Plant	4103283	0	0	0	0	0	\$ -	0	no	no	0	0	0
Bells Savoy SG TXI	4104019	0	0	0	0	0	\$ -	0	no	no	0	0	0
Black Rock Quarry	300011	0	0	0	0	0	\$ -	0	no	no	1	1	0
Black Spur Quarry	4104159	1	0	0	0	0	\$ -	0	no	no	0	0	0
Blake Quarry	1401584	0	0	0	0	0	\$ -	0	no	no	0	0	0
Bridgeport Stone													
TXI	4100007	1	0	0	0	0	\$ -	0	no	no	0	0	0
Broken Bow SandG	3400460	0	0	0	0	0	\$ -	0	no	no	0	0	0
Chico	4103360	0	0	0	0	0	\$ -	0	no	no	0	0	0
Davis	3401299	0	0	0	0	0	\$ -	0	no	no	0	0	2
Garfield SG TXI	4103909	0	0	0	0	0	\$ 100	0	no	no	0	0	0
Garwood	4102886	0	0	0	0	0	\$ -	0	no	no	0	0	0

GMS - TXI	C335	0	0	0	0	0	\$ -	0	no	no	0	0	0
Hatton Quarry	301614	0	0	0	0	0	\$ 100	0	no	no	0	0	0
Helotes	4103137	0	0	0	0	0	\$ -	0	no	no	0	0	0
Hondo	4104708	0	0	0	0	0	\$ 200	0	no	no	0	0	0
Hondo-1	4104090	0	0	0	0	0	\$ -	0	no	no	0	0	0
Hugo	3400061	0	0	0	0	0	\$ -	0	no	no	0	0	0
Idabel	3400507	0	0	0	0	0	\$ -	0	no	no	0	0	0
Jena Aggregates TXI	1601298	0	0	0	0	0	\$ -	0	no	no	0	0	0
Jones Mill Quarry	301586	0	0	0	0	0	\$ -	0	no	no	0	0	0
Koontz McCombs Pit	4105048	0	0	0	0	0	\$ -	0	no	no	0	0	0
Medina Rock and Rail	4105170	1	0	0	0	0	\$ 1,100	0	no	no	0	0	0
Mill Creek	3401285	0	0	0	0	0	\$ -	0	no	no	0	0	0
Mill Creek TXI	3401859	1	0	0	0	0	\$ -	0	no	no	0	0	0
New Braunfels Quarry	4104264	0	0	0	0	0	\$ -	0	no	no	1	0	0
Perryville Aggregates TXI	1601417	0	0	0	0	0	\$ -	0	no	no	0	0	0
Poteet (Sand Plant)	4101342	0	0	0	0	0	\$ -	0	no	no	0	0	0
Rio Medina	4103594	0	0	0	0	0	\$ 250	0	no	no	0	0	0
San Pedro Quarry	4101337	0	0	0	0	0	\$ 100	0	no	no	0	0	0
Sawyer	3401634	0	0	0	0	0	\$ -	0	no	no	0	0	0
Snyder	3401651	0	0	0	0	0	\$ -	0	no	no	0	0	0
South Texas Port No.2	4104204	0	0	0	0	0	\$ -	0	no	no	0	0	0
Tin Top SG TXI	4102852	0	0	0	0	0	\$ -	0	no	no	0	0	0
Washita Quarry	3402049	0	0	0	0	0	\$ -	0	no	no	0	0	0
Webberville TXI	4104363	0	0	0	0	0	\$ 100	0	no	no	0	0	1
Woodworth Aggregates TXI	1601070	0	0	0	0	0	\$ -	0	no	no	0	0	0
Cottonwood Sand and Gravel	504418	0	0	0	0	0	\$ -	0	no	no	0	0	0
Fountain Sand and Gravel	503821	1	0	0	0	0	\$ -	0	no	no	0	0	0
Granite Canyon Quarry	4800018	1	0	0	0	0	\$ 1,063	0	no	no	0	0	0

Greeley 35th Ready Mix	503215	0	0	0	0	0	\$ -	0	no	no	0	0	0
Greeley 35th Sand and Gravel	504613	0	0	0	0	0	\$ -	0	no	no	0	0	0
Guernsey	4800004	0	0	0	0	0	\$ -	0	no	no	0	0	0
Milford	4202177	0	0	0	0	0	\$ -	0	no	no	0	0	0
Northern Portable Plant #3	504361	0	0	0	0	0	\$ -	0	no	no	0	0	0
Northern Portable Plant #19	504382	0	0	0	0	0	\$ -	0	no	no	0	0	0
Parkdale Quarry	504635	0	4	0	0	0	\$ -	0	no	no	0	0	0
Penrose SG	504509	0	0	0	0	0	\$ 300	0	no	no	0	0	0
Portable Crushing	503984	0	0	0	0	0	\$ -	0	no	no	0	0	0
Portable Recycle 21	504520	0	0	0	0	0	\$ -	0	no	no	0	0	0
Powers Portable	504531	0	0	0	0	0	\$ -	0	no	no	0	0	0
Red Canyon Quarry	504136	0	0	0	0	0	\$ -	0	no	no	0	0	0
Riverbend Sand and Gravel	504841	0	0	0	0	0	\$ -	0	no	no	0	0	0
Sokol SG	504977	0	0	0	0	0	\$ -	0	no	no	0	0	0
Spanish Springs Co 2	2600803	3	0	0	0	1	\$ -	0	no	no	0	0	0
Spec Agg Sand and Gravel	500860	0	0	0	0	0	\$ -	0	no	no	0	0	0
Taft Sand and Gravel	504526	0	0	0	0	0	\$ -	0	no	no	0	0	0
Taft Shop	504735	0	0	0	0	0	\$ -	0	no	no	0	0	0
Three Bells Ditullio Sand and Gravel	504361	0	0	0	0	0	\$ -	0	no	no	0	0	0
Hunter Cement TXI	4102820	0	0	0	0	0	\$ -	0	no	no	0	0	0
Midlothian Cement TXI	4100071	2	0	0	0	0	\$ 2,335	0	no	no	0	0	0
Salisbury Shop	3101235	0	0	0	0	0	\$ 376	0	no	no	0	0	0
Woodville	3300156	0	0	0	0	0	\$ -	0	no	no	0	0	0
TOTALS:		44	4	0	0	1	\$ 24,620	0			12	5	7

*Of the 12 legal actions pending on June 30, 2016, 8 were contests of citations or orders referenced in Subpart B of CFR Part 2700, which includes contests of citations and orders issued under Section 104 of the Mine Act and contests of imminent danger orders under Section 107 of the Mine Act and four were contests of proposed penalties referenced in Subpart C of 29 CFR Part 2700, which are administrative proceedings before the Commission challenging a civil penalty that MSHA has proposed for the violation contained in a citation or order.