

SCHEDULE 14A INFORMATION  
Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934

Filed by the Registrant  [X]

Filed by a Party other than the Registrant  [ ]

Check the appropriate box:

- [ ] Preliminary Proxy Statement  
Confidential, for Use of the Commission Only (as permitted by  
 [ ] Rule 14a-6(e)(2))
- [X] Definitive Proxy Statement
- [ ] Definitive Additional Materials
- [ ] Soliciting Material Pursuant to ss. 240.14a-11(c) or ss. 240.14a-12

MARTIN MARIETTA MATERIALS, INC.  
(Name of Registrant as Specified In Its Charter)

.....  
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- [ ] \$125 per Exchange Act Rules 0-11(c)(1)(ii), 14a-6(i)(1), or 14a-6(i)(2)  
or Item 22(a)(2) of Schedule 14A.
- [ ] \$500 per each party to the controversy pursuant to Exchange Act  
Rule 14a-6(i)(3).
- [ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

- 1) Title of each class of securities to which transaction applies:
- 2) Aggregate number of securities to which transaction applies:
- 3) Per unit price or other underlying value of transaction computed  
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- [X] Fee paid previously with preliminary materials.
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- 1) Amount Previously Paid:
- 2) Form, Schedule or Registration Statement No.:
- 3) Filing Party:
- 4) Date Filed:

Notice of  
Special Meeting of  
Shareholders and  
Proxy Statement

Martin Marietta Materials  
(logo)

Martin Marietta Materials  
(logo)

2710 Wycliff Road  
Raleigh, North Carolina 27607

August 28, 1996

Dear Fellow Shareholder:

The directors and officers of Martin Marietta Materials, Inc. join us in inviting you to attend a Special Meeting of Shareholders of the Corporation to be held at the offices of the Corporation, 2710 Wycliff Road, Raleigh, North Carolina on Friday, September 27, 1996 at 10:30 a.m., local time. The formal notice of this meeting and related Proxy Statement accompany this letter.

At the Special Meeting, the Corporation's Shareholders will consider and vote on a number of important measures that are proposed to be implemented upon consummation of the recently announced divestiture by Lockheed Martin Corporation of its approximately 81% common stock interest in the Corporation.

By attending the meeting, you will have an opportunity to participate in the business of the meeting. If it is not possible for you to attend, please return the enclosed proxy card immediately to ensure that your shares will be voted.

We look forward to seeing you at the offices of the Corporation in Raleigh, North Carolina at 10:30 a.m. on September 27, 1996.

Sincerely,

MARCUS C. BENNETT  
Chairman of the Board

STEPHEN P. ZELNAK, JR.  
President and Chief  
Executive Officer

## MARTIN MARIETTA MATERIALS, INC.

Notice of Special Meeting of Shareholders  
To Be Held on September 27, 1996

To the Holders of the Common Stock of Martin Marietta Materials, Inc.:

A Special Meeting of Shareholders of Martin Marietta Materials, Inc. (the "Corporation") will be held on Friday, September 27, 1996, at 10:30 a.m., local time, at the offices of the Corporation, 2710 Wycliff Road, Raleigh, North Carolina. Attendance at the Special Meeting of Shareholders of the Corporation will be limited to shareholders of record at the close of business on August 26, 1996 or their proxies, beneficial owners presenting satisfactory evidence of ownership on that date, and invited guests of the Corporation.

The purposes of the meeting are:

- (1) to approve amendments to the Corporation's Articles of Incorporation:
- (a) to change the size of the Board of Directors of the Corporation to a range of between nine and eleven members;
  - (b) to classify the Board of Directors of the Corporation into three classes;
  - (c) to provide that directors of the Corporation may be removed only for cause and to define "cause";
  - (d) to provide that special meetings of shareholders of the Corporation may be called only by the Chairman of the Board of Directors, the President or by the affirmative vote of a majority of the members of the Board of Directors or of the Executive Committee of the Board of Directors;
  - (e) to provide that vacancies on the Board of Directors, other than vacancies resulting from removal from office of a director by the shareholders of the Corporation and the election of a director to such office at the same meeting, may be filled only by the vote of a majority of the directors of the Corporation then remaining in office;
  - (f) to provide that, for purposes of determining whether shareholder approval of certain stock repurchases by the Corporation from "interested shareholders" is required, "market price" will be determined as of the earlier of (i) the date of a stock repurchase and (ii) the date of any agreement with respect thereto;
  - (g) (i) to require that certain business combinations between the Corporation and any "interested shareholder" be approved by not less than (A) 66-2/3% of the voting stock not beneficially owned by any interested shareholder, voting together as a single class, and (B) 80% of all voting stock, voting together as a single class, (ii) to require that any amendment to Article 10

of the Corporation's Articles of Incorporation be similarly approved, and (iii) to eliminate the exception to such shareholder approval requirement with respect to any business combination between the Corporation and any interested shareholder that has beneficially owned its shares of voting stock for two years or more;

- (h) to delete or modify certain provisions of the Corporation's Articles of Incorporation relating to the relationship between Lockheed Martin Corporation and the Corporation that no longer will be necessary following the Split-Off Transaction (as defined in the accompanying Proxy Statement); and
  - (i) to delete or modify certain provisions of the Corporation's Articles of Incorporation in connection with the proposed restatement of the Articles of Incorporation to reflect the amendments described in the accompanying Proxy Statement;
- (2) to approve the Corporation's Shareholder Value Achievement Plan;
  - (3) to approve the Corporation's Common Stock Purchase Plan for Directors; and
  - (4) to approve the Corporation's Amended Omnibus Securities Award Plan.

The Board of Directors has fixed the close of business on August 26, 1996 as the record date for determining shareholders entitled to notice of and to vote at the Special Meeting or any adjournment or postponement thereof.

The accompanying Proxy Statement contains important information concerning the actions proposed to be taken at the Special Meeting. Shareholders should review the Proxy Statement for a more detailed description of such actions.

Whether or not you expect to attend the Special Meeting, we hope you will date and sign the enclosed Proxy Card and mail it promptly in the enclosed, prepaid envelope.

By Order of the Board of Directors

Bruce A. Deerson  
Vice President, Secretary and  
General Counsel

Raleigh, North Carolina  
August 28, 1996

## PROXY STATEMENT

## GENERAL INFORMATION

A Special Meeting of Shareholders of Martin Marietta Materials, Inc., a North Carolina corporation (the "Corporation"), will be held on Friday, September 27, 1996, at the offices of the Corporation, 2710 Wycliff Road, Raleigh, North Carolina, for the purposes set forth in the accompanying Notice of Special Meeting of Shareholders (the "Special Meeting" or "Meeting"). This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of the Corporation of proxies to be used at the Meeting and at any and all adjournments or postponements of the Meeting. This Proxy Statement, the Proxy Card, and the Notice of Special Meeting of Shareholders are being mailed on or about August 28, 1996 to shareholders of record at the close of business on August 26, 1996 (the "Record Date").

Whether or not you plan to attend the Meeting, we urge you to date, sign and return your proxy in the enclosed, prepaid envelope. You may revoke your proxy at any time prior to its exercise at the Special Meeting (i) by filing with the Corporation's Secretary prior to the Meeting an instrument revoking the proxy, (ii) by timely delivery to the Corporation's Secretary, or at the Meeting, of a subsequently dated and executed proxy, or (iii) if you attend the Meeting, by voting your shares in person. Attendance at the Special Meeting will not in and of itself constitute a revocation of a proxy.

The principal office of the Corporation is at 2710 Wycliff Road, Raleigh, North Carolina 27607.

## Voting Securities and Record Date

Only shareholders of record at the close of business on the Record Date are entitled to notice of, and to vote at, the Special Meeting. As of the Record Date, there were outstanding 46,079,300 shares of the Corporation's Common Stock, \$.01 par value per share (the "Common Stock"). Each share of Common Stock is entitled to one vote.

Votes cast by proxy or in person at the Special Meeting will be tabulated by an independent inspector of election appointed by the Corporation's Board of Directors for the Meeting from First Union National Bank of North Carolina, the Corporation's transfer agent. The inspector of election will determine whether a quorum is present. For purposes of determining the presence of a quorum, abstentions will be counted as shares that are present and entitled to vote. If a broker indicates on the proxy that it does not have discretionary authority to vote on a particular matter and specific instructions are not received from the shareholder regarding that matter, those shares represented by the proxy will not be considered as present and entitled to vote with respect to that matter.

Brokers holding shares for beneficial owners must vote those shares according to the specific instructions they receive from the beneficial owners. If specific instructions are not received, brokers may generally vote these shares in their discretion. However, the New York

Stock Exchange rules preclude brokers from exercising their voting discretion on certain proposals. In such cases, absent specific instructions from the beneficial owner, the broker may not vote on those proposals. This results in what is known as a "broker non-vote." Because the Corporation's Bylaws require the affirmative vote of at least a majority of the votes cast at the Meeting to authorize action on the matters to be brought before this Meeting, abstentions and broker non-votes, which will not be counted "for" or "against" proposals, have no effect on the approval of the proposals to be considered at the Special Meeting.

All shares of Common Stock represented by properly executed proxies which are returned and not revoked will be voted in accordance with the instructions, if any, given therein. If no instructions are provided in a proxy, such proxy will be voted FOR each of Proposals 1 through 12 described in this Proxy Statement.

Each of the proposed amendments to the Corporation's Articles of Incorporation (the "Articles of Incorporation" and, as proposed to be amended as described herein, the "Restated Articles of Incorporation") described in Proposals 1 through 5 and Proposals 8 and 9 requires the affirmative vote of the holders of at least a majority of the votes cast by proxy or in person at the Special Meeting. Each of the proposed amendments to the Articles of Incorporation described in Proposals 6 and 7 requires the affirmative vote of the holders of at least 80% of the Common Stock outstanding.

As of the Record Date, Lockheed Martin Corporation ("Lockheed Martin") held voting power over 37,350,000 shares of Common Stock, representing approximately 81% of the shares entitled to be cast for the approval of the proposals to be considered at the Special Meeting. Lockheed Martin has advised the Corporation that it intends to cast an affirmative vote FOR each of Proposals 1 through 12. Accordingly, by virtue of Lockheed Martin's ownership of approximately 81% of the Common Stock outstanding on the Record Date, assuming Lockheed Martin votes its shares as it has indicated, these proposals will be adopted without the vote of any other shareholder. However, each of the proposals described herein (other than Proposal 12 relating to approval of the Corporation's Amended Omnibus Securities Award Plan) will not become effective until the Effective Time (as defined below).

To the best of the Corporation's knowledge, no person (other than as disclosed above) owned more than 5% of the shares of Common Stock outstanding at the close of business on the Record Date. Detailed information with respect to the beneficial ownership of shares of the Corporation's Common Stock is attached as Appendix I to this Proxy Statement and incorporated herein by this reference.

## BACKGROUND OF THE SPECIAL MEETING

## The Split-Off Transaction

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

## Purposes and Effects of the Proposed Charter Amendments

Following consummation of the Split-Off Transaction, Lockheed Martin no longer will own any shares of Common Stock, and the shares of Common Stock formerly owned by Lockheed Martin are expected to be broadly distributed in the market. As a result, the Corporation could become subject to coercive takeover tactics which might impede the long-term business prospects of the Corporation. Therefore, five of the proposals to be considered at the Special Meeting, described in this Proxy Statement as Proposals 1 through 5 (collectively, the "Corporate Governance Proposals"), are intended to reduce the vulnerability of the Corporation to an unsolicited takeover proposal not deemed by the Board of Directors to be in the best interests of the Corporation and its shareholders. The Corporate Governance Proposals contain provisions commonly found in the charters of publicly traded companies that would enable the Corporation (i) to develop its business through long-range planning and to foster its long-term growth, (ii) to attempt to avoid the necessity of sacrificing these plans for the sake of short-term gains and the disruption caused by the threat of a takeover not deemed by the Board to be in the best interests of the Corporation and its shareholders and (iii) to provide the Board with sufficient time to make a reasoned evaluation in the event of an unsolicited takeover proposal and, among other things, to determine if any such proposal reflects the full value of the Corporation and is fair to all shareholders.

The Corporate Governance Proposals, taken as a whole, reduce the vulnerability of the Corporation to an unsolicited takeover proposal, particularly one that is made at an inadequate price or does not contemplate the acquisition of all of the Common Stock, by making it more difficult and time consuming to change, among other things, majority control of the Board. The Board of Directors has observed that the accumulation of substantial common stock positions by third parties is sometimes a prelude to their proposing a takeover, restructuring, sale of all or part of such companies or other similar extraordinary action or to their simply putting such companies "in play." Such actions are often undertaken by the third party without advance notice to, or consultation with, the management of such companies. In many cases, the purchaser seeks representation on the particular company's board of directors in order to increase the likelihood

that its proposal will be implemented by the company. If the company resists such efforts, the purchaser may commence a proxy contest to have its nominees elected to the board in place of certain directors or the entire board. In a number of cases, the purchaser may not be truly interested in acquiring and taking control of the company. Instead, the purchaser may use the threat of a proxy fight and/or a bid to take over the company as a means of forcing the company to repurchase the purchaser's equity position at a substantial premium over the existing market price or as a means to put the company into "play" solely to reap short-term gains from such purchaser's recent accumulation of stock. The Board believes that such practices can be highly disruptive to a company and that the imminent threat of removal of management in such situations could severely curtail the Board's ability to evaluate a takeover proposal and to negotiate effectively with a potential purchaser.

The Board of Directors met to address these concerns and to consider the advantages and disadvantages of adopting various measures that are designed to protect shareholders' rights that have been adopted by publicly traded companies. The Board concluded that, in addition to the Corporate Governance Proposals, implementation of a "shareholder rights plan" would aid significantly in protecting the interests of the shareholders and the Corporation. On July 23, 1996, the Board of Directors unanimously adopted a shareholder rights plan (the "Rights Plan"), which plan will be effective upon the distribution by Lockheed Martin pursuant to the Split-Off Transaction of such number of shares of Common Stock as would result in its owning less than 15% of the Common Stock outstanding (the "Effective Time"). The Rights Plan provides, among other things, that if any person or group of persons becomes the beneficial owner of 15% or more of the Common Stock, all holders of rights issued pursuant to the Rights Plan (other than such 15% or more shareholder and its affiliates and associates) will have the right to acquire shares of Common Stock at 50% of the then current market value, resulting in significant economic and voting dilution to the acquiring shareholder.

The Board recognizes that certain provisions of the Corporation's Articles of Incorporation, unless amended, could permit the Rights Plan to be circumvented by the taking of corporate action by certain shareholders (including the replacement of the Board of Directors and the redemption of the Rights) to defeat the purposes of the Rights Plan. Accordingly, the Board is seeking shareholder approval of the Corporate Governance Proposals in part to enhance the effectiveness of the Rights Plan and to ensure that its provisions cannot easily be circumvented in a coercive takeover situation. The Rights Plan does not require shareholder approval, and is not being submitted to the shareholders of the Corporation for consideration at the Special Meeting.

In addition to the Corporate Governance Proposals, the Board of Directors is proposing amendments to other provisions of the Articles of Incorporation. One of these proposals, described herein as Proposal 6, modifies the manner in which "market price" is determined in determining whether shareholder approval is required with respect to certain repurchases of stock by the Corporation from any "interested shareholder." Another proposal, described herein as Proposal 7, strengthens, among other things, the shareholder approval requirement for business combinations between the Corporation and an interested shareholder. The Board of Directors is also proposing an amendment to the Articles of Incorporation, described herein as Proposal 8, that deletes certain charter provisions that relate to the relationship between Lockheed Martin and

the Corporation that no longer will be necessary after the Effective Time. Finally, in connection with the foregoing amendments and the proposed restatement of the Articles of Incorporation, the Board of Directors is proposing that several technical amendments be made to the Articles of Incorporation that are described under Proposal 9.

Although the Board believes that each of the proposed amendments to the Articles of Incorporation should be adopted for the reasons set forth herein, shareholders should be aware that certain of these proposals may deter certain mergers, tender offers, proxy contests or other future takeover attempts that some shareholders believe are in their best interests and may prevent shareholders from realizing an opportunity to sell their Common Stock at prices higher than then-current market prices. Although these proposals are designed as protective measures for the Corporation's shareholders, certain of these proposals, if adopted by the Corporation's shareholders, will make removal of the Corporation's management more difficult and may have the effect of entrenching the Board of Directors and management.

The Board of Directors has carefully considered the potential adverse effects of certain of the proposed amendments (other than Proposals 8 and 9, which the Board believes to be of a "housekeeping" nature) and has concluded that such adverse effects are substantially outweighed by the benefits these proposed amendments afford the Corporation and its shareholders. These provisions are designed to ensure continuity of management and its policies, to encourage those seeking control of the Corporation to negotiate with management and to ensure fair treatment of the Corporation's shareholders in takeover situations. The proposals described herein are not being recommended in response to any specific effort of which the Corporation is aware to accumulate Common Stock or to obtain control of the Corporation. Although the proposed charter amendments are being submitted to the shareholders for consideration as individual proposals, the Board believes that such proposals will work most effectively to prevent coercive takeovers if all of such proposals are adopted. Accordingly, the Board of Directors unanimously has determined that all of the proposed charter amendments are advisable and in the best interests of the Corporation's shareholders and should be adopted by the shareholders. The Board urges you to approve each of the proposed charter amendments as described in this Proxy Statement under Proposals 1 through 9.

#### Background and Purposes of the Incentive Plan Proposals

The Board of Directors believes that the best interests of the shareholders will be served by providing incentives, in the form of stock ownership, to the employees and non-employee directors of the Corporation. As a result, the Board of Directors has adopted, subject to approval by the Corporation's shareholders, the Martin Marietta Materials, Inc. Shareholder Value Achievement Plan (the "Achievement Plan") and the Martin Marietta Materials, Inc. Common Stock Purchase Plan for Directors (the "Directors' Plan"). The Board of Directors also has adopted the Martin Marietta Materials, Inc. Amended Omnibus Securities Award Plan (the "Amended Omnibus Plan") (the Achievement Plan, the Directors' Plan and the Amended Omnibus Plan are collectively referred to herein as the "Incentive Plans"). If approved by the Corporation's shareholders, the Achievement Plan and the Directors' Plan would become effective at the Effective Time.

The purpose of the Incentive Plans is to encourage 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. The Incentive Plans seek to accomplish this by providing such employees and non-employee directors an opportunity to obtain and increase their proprietary interest in the Corporation's performance. Specifically, the Achievement Plan, described in greater detail below as Proposal 10, authorizes the grant of discretionary performance-based stock awards conditioned upon the Corporation's attainment of specified performance goals. The Directors' Plan, described in greater detail below as Proposal 11, provides non-employee directors the opportunity to defer the receipt of their annual fees, and to receive such fees in the form of Common Stock or cash. Finally, the Amended Omnibus Plan, described in greater detail below as Proposal 12, contemplates the issuance of various types of discretionary stock-based awards to officers and key exempt salaried employees of the Corporation. The Board strongly supports the approval of these Incentive Plans, as it believes they will help foster and promote the growth and success of the Corporation.

#### Effectiveness of Proposals

Each of the proposed charter amendments described herein, the Achievement Plan and the Directors' Plan, if approved by the Corporation's shareholders, will become effective conditioned upon the distribution by Lockheed Martin pursuant to the Split-Off Transaction of such number of shares of Common Stock as would result in its owning less than 15% of the Common Stock outstanding. The Amended Omnibus Plan will become effective immediately upon its approval by the Corporation's shareholders.

## THE PROPOSED RESTATED ARTICLES OF INCORPORATION

The proposed Restated Articles of Incorporation of the Corporation, attached to this Proxy Statement as Appendix II, contains the text of each of the proposed amendments to the Articles of Incorporation and is marked to show clearly the changes proposed to be effected by the adoption of all such amendments. None of these proposals will be effective, however, until the Effective Date and until the Restated Articles of Incorporation are filed with the Secretary of State of the State of North Carolina.

## PROPOSAL 1

## APPROVAL OF NUMBER OF DIRECTORS PROPOSAL

Under the North Carolina Business Corporation Act, a corporation may establish a variable range for the size of its board of directors. The number of directors within such range may be determined by the shareholders or by the Board of Directors. The Number of Directors Proposal would provide for a Board of Directors comprised of a minimum of nine members and a maximum of eleven members, which number may be increased or decreased from time to time within such range by vote of the Board or the shareholders of the Corporation. No decrease in the number of directors, however, may shorten the tenure of office of a director.

Under the Corporation's current Bylaws, the size of the Board of Directors is determined by the Board and may be comprised of not less than three nor more than fifteen members. Currently, the Board consists of seven members. Upon implementation of the Number of Directors Proposal, the Board of Directors will have to be expanded to a minimum of nine members. Since the Number of Directors Proposal will not become effective until the Effective Time, which is expected to occur, if at all, subsequent to the Special Meeting, the Board of Directors will designate the additional directors, whose terms of office will expire at the 1997 Annual Meeting of Shareholders of the Corporation. The Board of Directors currently intends to increase the size of the Board to nine members if the Number of Directors Proposal is adopted. The Board has not yet determined the identity of the two additional directors.

A minimum of nine directors is required under the North Carolina Business Corporation Act in order for a company to have a classified Board. By increasing the minimum size of the Board of Directors to nine directors, the Number of Directors Proposal would permit the immediate implementation of a staggered Board in accordance with the Classified Board Proposal described in more detail under Proposal 2. In addition to permitting implementation of the Classified Board Proposal, the Number of Directors Proposal preserves the effectiveness of the Classified Board Proposal by preventing any shareholder from obtaining control of the Board at a single meeting of shareholders by enlarging the size of the Board and, at the same meeting, filling the newly created directorships with its own nominees. By limiting the size of the Board to eleven members, a person attempting to "pack" the Board could elect only two directors in addition to the three directors to be elected at the annual meeting. As a result, such person would not be able

to gain majority control of, or create a deadlock on, the Board of Directors at a single annual meeting of shareholders.

Implementation of the Number of Directors Proposal would move the range for the size of the Board to the Restated Articles of Incorporation from its current location in the Bylaws. As a result, under the North Carolina Business Corporation Act, the range for the size of the Board of Directors could not be amended by the shareholders without prior action by the Board.

Shareholders should be aware that the Number of Directors Proposal could make more difficult or discourage a change in control of the Board of Directors of the Corporation, which some or a majority of the shareholders of the Corporation may believe to be beneficial, and could discourage or make more difficult or expensive a tender offer or other transaction involving the Common Stock in circumstances that would give shareholders the opportunity to realize a premium on the sale of their shares of Common Stock over then-prevailing market prices.

The text of the Number of Directors Proposal is set forth in Article 5(a) of the Restated Articles of Incorporation attached hereto as Appendix II.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" APPROVAL OF THE NUMBER OF DIRECTORS PROPOSAL.

## PROPOSAL 2

## APPROVAL OF CLASSIFIED BOARD PROPOSAL

Under the Classified Board Proposal, the Board of Directors would be divided into three classes of directors as nearly equal in number as possible, designated Class I, Class II and Class III. Approximately one-third of the directors would be elected at the annual meeting of shareholders each year to serve for a term of three years. The Classified Board Proposal provides that if the number of directors is changed, any increase or decrease will be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible. Directors will hold office until the annual meeting of shareholders in the year in which such director's term expires and until such director's successor is elected, subject to prior death, resignation, retirement, disqualification or removal from office of such director. Any director of any class elected by the directors to fill a vacancy as a result of an increase in the number of directors will, however, only hold office until the next annual meeting of shareholders of the Corporation at which directors are elected. In no case will a decrease in the number of directors shorten the term of office of any incumbent director.

Notwithstanding the foregoing, the Classified Board Proposal provides that if and when holders of any of the Corporation's preferred shares have the right to elect a specified number of directors, then the election, term of office, filling of vacancies and other features of such directorships will be governed by the rights and preferences of such preferred shares as established by the Board of Directors. Any such directors would not be classified pursuant to the Classified Board Proposal unless so provided by the terms of the preferred shares.

Upon implementation of the Number of Directors Proposal and the Classified Board Proposal, the Board of Directors intends to appoint two additional directors to the Board of Directors as Class I directors, whose term of office will expire at the 1997 Annual Meeting of Shareholders. The Board of Directors also will designate one current director of the Corporation as a Class I director to serve until the 1997 Annual Meeting of Shareholders, three current directors as Class II directors to serve until the 1998 Annual Meeting of Shareholders and three current directors as Class III directors to serve until the 1999 Annual Meeting of Shareholders. The Classified Board Proposal would thus result in the Board's extending the term of office of three of the Corporation's current directors by one year and the term of office of three of the Corporation's current directors by two years. In addition, only three directors would be elected by the shareholders at the next annual meeting of shareholders in 1997. At each annual meeting thereafter, successors to the class of directors whose term expires at that annual meeting would be elected for a three-year term.

The Corporation's current Bylaws permit the creation of a staggered Board at the direction of the Board of Directors at any time after the number of directors is fixed at nine or more members. Implementation of the Classified Board Proposal would move the provision relating to the classified Board to the Restated Articles of Incorporation from its current location in the Bylaws. As a result, under the North Carolina Business Corporation Act, the provision

relating to the classified Board could not be amended by the shareholders without prior action by the Board.

The classification of the Corporation's Board of Directors will have the effect of making it more difficult to change the overall composition of the Board of Directors. At least two meetings of shareholders, instead of one, may be required for shareholders to change a majority of the Board. The Classified Board Proposal is intended to encourage persons seeking to acquire control of the Corporation to initiate such an acquisition through arms-length negotiations with the Corporation's management and the Board of Directors, rather than through a proxy contest. A classified Board may enhance the bargaining power of the Board and the ability of the Board to act in the best interests of all shareholders in the event of a hostile takeover situation.

Since directors will be serving for longer terms which expire at different times, a classified Board also promotes continuity of management and experience on the Board and enhances the ability of the Corporation to carry out its long-range plans and goals for the benefit of its shareholders. Although the Corporation has not experienced any lack of continuity or stability of the Corporation's management or policies in the past, the Board of Directors believes that a classified Board will assist the Corporation in maintaining continuity of management in the future.

The Classified Board Proposal could make it more difficult or discourage a third party from making a tender offer or otherwise attempting to obtain control of the Corporation in a transaction that some or a majority of the shareholders of the Corporation may deem to be in their best interests. As a result, shareholders may be deprived of opportunities to sell some or all of their shares of Common Stock in a tender offer at a higher price than the then current market price of the Common Stock. The Board, however, believes that the benefits of seeking to protect its ability to negotiate with an unfriendly acquirer outweigh the disadvantages of discouraging such proposals.

The text of the Classified Board Proposal is set forth in Article 5(b) of the Restated Articles of Incorporation attached hereto as Appendix II.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" APPROVAL OF THE CLASSIFIED BOARD PROPOSAL.

## PROPOSAL 3

## APPROVAL OF REMOVAL OF DIRECTORS PROPOSAL

Under the Removal of Directors Proposal, directors of the Corporation may be removed only for cause by a majority of the votes cast by the shareholders of the Corporation. If a director is elected by a particular group of shareholders, only the shareholders of that voting group may participate in the vote to remove such director. In accordance with the requirements of the North Carolina Business Corporation Act, a director may not be removed by the shareholders at a meeting unless the notice of the meeting states that one of the purposes of the meeting is the removal of directors. If any directors are so removed, new directors may be elected at such meeting. The proposal defines "cause" as the conviction of a director of a felony or an adjudication that a director was liable for fraudulent or dishonest conduct or gross abuse of authority or discretion with respect to the Corporation. Such conviction or adjudication must be made by a court of competent jurisdiction pursuant to a final and non-appealable judgment.

The Corporation's Bylaws currently provide that a director may be removed from office with or without cause. The North Carolina Business Corporation Act permits directors to be removed by shareholders only for cause provided that such provision is contained in a company's articles of incorporation. Implementation of the Removal of Directors Proposal would move the provision regarding the removal of directors to the Restated Articles of Incorporation from its current location in the Bylaws. As a result, under the North Carolina Business Corporation Act, the provision relating to the removal of directors could not be amended by the shareholders without prior action by the Board.

The Removal of Directors Proposal is designed to protect the benefits afforded by a classified Board pursuant to the Classified Board Proposal and the Number of Directors Proposal. The Removal of Directors Proposal would prevent a third party from gaining control of the Board of Directors by removing incumbent directors without cause and filling the resulting vacancies with its own nominees. Under the Removal of Directors and Classified Board Proposals, two successive annual meetings may be needed in order for a third party to gain control of the Board, and three annual meetings may be required in order to replace the entire Board.

The Removal of Directors Proposal would discourage persons whose efforts are not endorsed by the Board of Directors from attempting to acquire control of the Corporation through a proxy contest. By reducing the threat of removal of the Board, the Removal of Directors Proposal may enhance the bargaining power of the Board and the ability of the Board to act in the best interests of all shareholders in the event of a hostile takeover situation.

Shareholders should recognize that this proposal will also make it more difficult for shareholders to remove a director in circumstances which do not constitute a takeover attempt and where, in the belief of the holders of a majority of the Common Stock outstanding, good reason for such removal may exist. Moreover, the Removal of Directors Proposal may have the effect of delaying an ultimate change in existing management which might be desired by a majority

of the shareholders. However, the Board of Directors believes that the benefits of the proposal outweigh its possible disadvantages. It is the belief of the Board that a director who is performing his or her duties in good faith and in the best interests of the Corporation and its shareholders should be able to continue to represent the interests of all the shareholders for the term for which he or she was elected.

The text of the Removal of Directors Proposal is set forth in Article 5(d) of the Restated Articles of Incorporation attached hereto as Appendix II.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" APPROVAL OF THE REMOVAL OF DIRECTORS PROPOSAL.

## PROPOSAL 4

## APPROVAL OF SPECIAL MEETING PROPOSAL

The Special Meeting Proposal provides that special meetings of shareholders may be called only by the Chairman of the Board of Directors or the President of the Corporation, or by the affirmative vote of a majority of the members of the Board of Directors or the Executive Committee of the Board of Directors. No other person or persons, including the shareholders of the Corporation, would be authorized to call a special meeting of shareholders.

Under the North Carolina Business Corporation Act, special meetings of shareholders of a public corporation may be called by the Board of Directors of such corporation or by such persons authorized by the corporation's articles of incorporation or bylaws. Currently, the Bylaws provide that special meetings of shareholders (i) may be called by the Chairman of the Board, the President, the Board of Directors or the Executive Committee of the Board of Directors and (ii) must be called on the written request of shareholders entitled to cast a majority of all the votes entitled to be cast at the meeting.

The Special Meeting Proposal would eliminate the ability of one or more shareholders to require the call of a special shareholder meeting to force shareholder consideration of a proposal to take action over the opposition of the Board of Directors. Accordingly, shareholder proposals opposed by the Board of Directors could only be brought before the shareholders at an annual meeting. The Board believes that the threat of a proxy contest in a hostile takeover situation could be highly disruptive to the Corporation and could interfere with the implementation of the policies of the Board of Directors. In addition, the imminent threat of removal of management in a proxy contest could curtail the Board's ability to evaluate a takeover proposal. The Special Meeting Proposal would encourage persons seeking to acquire the Corporation to deal directly with the Corporation's management.

Implementation of the Special Meeting Proposal would move the provision relating to the call of special meetings of shareholders to the Restated Articles of Incorporation from its current location in the Bylaws. As a result, under the North Carolina Business Corporation Act, the provision relating to the call of special meetings of shareholders could not be amended by the shareholders without prior action by the Board.

Shareholders should recognize that this provision would apply to any purpose for which shareholders may wish to hold a special meeting and may prevent shareholders from calling a special meeting even when a majority desires to do so. The Board of Directors, however, believes that the advantages of the Special Meeting Proposal outweigh its disadvantages and that this proposal would not significantly impair the rights of the Corporation's shareholders. Shareholders would continue to have the opportunity to make proper proposals at duly convened annual shareholders' meetings and to request that any such proposal be presented for consideration to other shareholders in the Corporation's annual proxy statement. The Special Meeting Proposal

would not affect in any way the conduct of annual meetings of shareholders held pursuant to North Carolina law.

The text of the Special Meeting Proposal is set forth in Article 9 of the Restated Articles of Incorporation attached hereto as Appendix II.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" APPROVAL OF THE SPECIAL MEETING PROPOSAL.

## PROPOSAL 5

## APPROVAL OF DIRECTOR VACANCY PROPOSAL

Under the Director Vacancy Proposal, if a vacancy occurs on the Board of Directors, including any vacancy resulting from an increase in the number of directors of the Corporation, such vacancy may be filled only by the affirmative vote of a majority of the remaining directors in office, even though less than a quorum. Under the Director Vacancy Proposal, shareholders are not permitted to fill any vacancy on the Board, other than vacancies that result from the removal of a director from office by the shareholders that is filled by the shareholders at the same meeting at which such removal occurs. Under the Director Vacancy Proposal, the term of office of any director elected by the directors to fill a vacancy expires at the next annual meeting of shareholders at which directors are elected. No decrease in the number of directors may shorten the tenure of office of any incumbent director.

Under the North Carolina Business Corporation Act, unless the articles of incorporation of a company provide otherwise, a vacancy occurring on the board of directors, including any vacancy resulting from an increase in the number of directors, may be filled by the shareholders or the board of directors of a company. Because the Director Vacancy Proposal would, except under certain circumstances, limit the right of shareholders of the Corporation to fill any vacancy on the Board of Directors, it is proposed that the Director Vacancy Proposal be contained in the Restated Articles of Incorporation.

The Director Vacancy Proposal enhances the effectiveness of the Classified Board Proposal by making it more difficult for a shareholder to obtain control of, or to create deadlock on, the Board within a short period of time. Because any vacancy on the Board of Directors, including any vacancy resulting from an increase in the number of directors, would be filled by the Board, the Director Vacancy Proposal makes it more likely that a shareholder would need at least two annual meetings, rather than one, to obtain control of the Board. By vesting in the Board of Directors the power to fill vacancies on the Board, the Director Vacancy Proposal protects against sudden changes in the management of a company that result from sudden changes in shareholdings and provides stability within the management of the Corporation.

The text of the Director Vacancy Proposal is set forth in Article 5(c) of the Restated Articles of Incorporation attached hereto as Appendix II.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" APPROVAL OF THE DIRECTOR VACANCY PROPOSAL.

## PROPOSAL 6

## APPROVAL OF STOCK REPURCHASE PROPOSAL

Article 10(a) of the Articles of Incorporation prevents the Corporation from repurchasing from an "interested shareholder" shares of voting stock of the Corporation that have been beneficially owned for a period of less than two years without the approval of a majority of the voting stock not owned by the interested shareholder, subject to certain exceptions. One of such exceptions occurs if the purchase price for such shares is not greater than the market price of the stock "at the time of such purchase." Market price of the shares is generally determined by reference to the last closing sale price immediately preceding the time in question on the New York Stock Exchange or other principal market on which such shares are listed. An "interested shareholder" is generally defined as any person who beneficially owns, directly or indirectly, 5% or more of the voting stock of the Corporation outstanding.

Under the Stock Repurchase Proposal, Article 10(a) of the Articles of Incorporation would be amended to provide that for purposes of the "fair market value" exception to such stock repurchase provisions, market price will be determined as of the earlier of (i) the date of such stock repurchase or (ii) the date any agreement with respect to such transaction was entered into.

The purpose of the stock repurchase provisions of the Articles of Incorporation is to prevent shareholders from "greenmailing" the Corporation (i.e., pressuring the Corporation to repurchase their shares at more than fair market value), while at the same time establishing price guidelines so that the Board has the ability to repurchase stock if it determines that such a repurchase is in the best interests of the Corporation and its shareholders. The Stock Repurchase Proposal is not intended to, and would not, affect the purposes of the stock repurchase provisions of the Articles of Incorporation. The purpose of the Stock Repurchase Proposal is only to change the manner in which the "fair market value" exception to the stock repurchase provisions is implemented in order to permit such exception to be applied in circumstances in which the Board has determined to effect a stock repurchase for not less than fair market value.

Currently, in connection with any proposed stock repurchase by the Corporation from an interested shareholder, the market price of the repurchased stock must be determined upon the consummation of such purchase to ensure that the purchase price is not greater than the market price of such stock at such time. If the purchase price is greater than the market price at the time of repurchase, the transaction could not be consummated without the approval of a majority of the voting stock not beneficially owned by the interested shareholder. This provision therefore virtually requires that the repurchase occur after the close of the market and be consummated on the same day in which the agreement is entered into since the market price of the stock is subject to continual change during trading hours. If the market price of the stock were to decline at the time the transaction was actually consummated, regardless of whether the purchase price at the time the parties became committed to the repurchase met the "fair market value" criterion, the transaction would not satisfy the "fair market value" exception and would require the approval of the disinterested shareholders of the Corporation in order to be effected. The Board believes that

in many instances it may be necessary or appropriate to enter into an agreement which provides for consummation of the repurchase after the date on which the agreement is entered into.

The Stock Repurchase Proposal is not being recommended in connection with any proposed repurchase of stock held by any interested shareholder. The Board believes that the Stock Repurchase Proposal is necessary to accomplish the purposes of the stock repurchase provisions and the "fair market value" exception thereto set forth in the Articles of Incorporation.

The text of the Stock Repurchase Proposal is set forth in Article 8(a) of the Restated Articles of Incorporation attached hereto as Appendix II.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" APPROVAL OF THE STOCK REPURCHASE PROPOSAL.

## PROPOSAL 7

## APPROVAL OF BUSINESS COMBINATION PROPOSAL

Article 10 of the Articles of Incorporation requires that certain business combinations (including a merger or consolidation or, in certain circumstances, a sale, lease, exchange or other transfer of assets, the issuance, transfer or reclassification of equity securities, or the adoption of a plan of liquidation or dissolution) between the Corporation and any "interested shareholder" be approved by a majority of the voting stock of the Corporation not held by any interested shareholder, except in cases in which either (i) the interested transaction is approved by a majority of the "disinterested directors" of the Corporation or (ii) such interested shareholder has beneficially owned its shares for more than two years.

The purpose of the business combination provisions described above is to prevent persons who own a substantial amount of voting stock from causing or seeking to cause the Corporation to enter into a merger or other business combination without the approval of the members of the Board of Directors or the shareholders that are unaffiliated with such "interested shareholder." In the absence of such provisions, a significant shareholder who acquired control of the Corporation and the Board of Directors could subsequently, by virtue of such control, force the remaining shareholders to sell or exchange their shares at a price that may not reflect any premium attributable to such shareholder's acquisition of a controlling interest in the Corporation. This could occur where a tender offeror has made a two-tiered acquisition, involving a tender offer for cash at a high price for a portion of the Corporation's shares, followed by a merger in which cash or securities are issued for the remainder of the Corporation's shares. The cash or securities issued in the second step may have a value below the cash paid in the initial tender offer. A two-tiered tender offer often coerces shareholders into making a hasty decision as to whether to sell their shares because such an offer takes advantage of shareholders' legitimate fear that they will suffer a disadvantage if the tender offer is successful and they are forced to participate in the lower-valued second tier transaction.

Under the Business Combination Proposal, business combinations between the Corporation and an interested shareholder would require the approval of greater percentages of the outstanding and disinterested shares than currently is required. Such transactions would require the approval of (i) 66-2/3% of the voting stock of the Corporation not held by any interested shareholder, voting together as a single class, and (ii) 80% of all voting stock of the Corporation, voting together as a single class. Similarly, any amendment of the business combination provisions of the Articles of Incorporation would require the approval of (i) 66-2/3% of the voting stock of the Corporation not held by any interested shareholder, voting together as a single class, and (ii) 80% of all voting stock of the Corporation, voting together as a single class.

The Business Combination Proposal would also eliminate the exception to the shareholder approval requirement with respect to business combinations between the Corporation and any interested shareholder that has beneficially owned its shares for two years or more. Under the Business Combination Proposal, business combinations between the Corporation and an

interested shareholder would require the approval of either (i) a supermajority vote of the outstanding and disinterested shareholders or (ii) a majority of the disinterested directors of the Corporation, in each case irrespective of the length of time an interested shareholder has owned its shares.

The purpose of the Business Combination Proposal is to protect shareholders from being treated unfairly in a merger or other business combination by making it more difficult for persons who own a substantial amount of Common Stock to enter into a business combination with the Corporation without negotiating with the Board of Directors or the shareholders of the Corporation. The Business Combination Proposal would encourage persons interested in acquiring the Corporation to negotiate in advance with the Board of Directors. Otherwise, such business combination would require the approval of a supermajority vote of both the outstanding and the disinterested shareholders of the Corporation.

The Business Combination Proposal is not being recommended in connection with any proposed business combination between the Corporation and any interested shareholder. The text of the Business Combination Proposal is set forth in Articles 8(b) and 8(e) of the Restated Articles of Incorporation attached hereto as Appendix II.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" APPROVAL OF THE BUSINESS COMBINATION PROPOSAL.

## PROPOSAL 8

## APPROVAL OF POST SPLIT-OFF CHARTER PROPOSAL

Under the Post Split-Off Charter Proposal, several provisions of the Corporation's current Articles of Incorporation relating to the relationship between Lockheed Martin and the Corporation would be modified or deleted in their entirety. The Board of Directors believes that such provisions no longer will be necessary following consummation of the Split-Off Transaction.

The Board has proposed that Articles 8 and 9 of the Corporation's Articles of Incorporation, which provide guidance and protection to the Corporation's officers, directors and employees in satisfying their fiduciary duties to the Corporation as they may involve Martin Marietta Corporation (one of the predecessors to Lockheed Martin) and its officers, directors and employees, be deleted in their entirety. Articles 8 and 9 were originally adopted upon the formation of the Corporation in November 1993 because many of the officers, directors and employees of the Corporation, as the successor to substantially all of the assets and liabilities of the materials group of Martin Marietta Corporation and its subsidiaries, were also officers, directors or employees of Martin Marietta Corporation. The Board believes that these provisions no longer will be necessary following the divestiture of Lockheed Martin's equity interest in the Corporation. The Board believes that the standards of conduct set forth in the North Carolina Business Corporation Act that govern the fiduciary duty of officers and directors of the Corporation are sufficient to address any potential conflict that may exist between the interests of the Corporation and Lockheed Martin following consummation of the Split-Off Transaction.

The Post Split-Off Charter Proposal also amends the definition of "Interested Shareholder" contained in paragraph (c)(iii) of Article 10 of the Articles of Incorporation to delete any exception therein for Martin Marietta Corporation and any subsidiary or employee benefit plan of Martin Marietta Corporation. The Board believes that the exception for Martin Marietta Corporation and its affiliates within the definition of interested shareholder no longer will be necessary following the Split-Off Transaction.

In addition, under the Post Split-Off Charter Proposal a number of technical amendments would be made to Article 10 of the Articles of Incorporation to correct references necessitated by the change in the numbering of such Article as a result of the deletion of the current Articles 8 and 9 of the Corporation's Articles of Incorporation.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" APPROVAL OF THE POST SPLIT-OFF CHARTER PROPOSAL.

## PROPOSAL 9

## APPROVAL OF MISCELLANEOUS AMENDMENT PROPOSAL

Under the Miscellaneous Amendment Proposal, several provisions of the Corporation's current Articles of Incorporation would be deleted or modified in connection with the proposed restatement of the Articles of Incorporation to reflect the amendments described in this Proxy Statement.

The Miscellaneous Amendment Proposal would (i) delete all references in the charter to the Articles of Incorporation and substitute therefor references to the Restated Articles of Incorporation of the Corporation in the preamble, Article 6, Article 10 and the signature recital of the Articles of Incorporation, (ii) delete references to the "initial" registered office and "initial" registered agent of the Corporation in Article 3 of the Articles of Incorporation, and (iii) capitalize certain terms that are used and already defined in Article 10 of the Articles of Incorporation.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" APPROVAL OF THE MISCELLANEOUS AMENDMENT PROPOSAL.

## PROPOSAL 10

## APPROVAL OF SHAREHOLDER VALUE ACHIEVEMENT PLAN

The Corporation has adopted, subject to approval by the Corporation's shareholders, the Achievement Plan to encourage ownership of Common Stock by key employees of the Corporation. The Corporation is seeking shareholder approval of the Achievement Plan in order to comply with the requirements of the New York Stock Exchange and Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"). If approved by the shareholders of the Corporation, the Achievement Plan will become effective at the Effective Time. The following summary of the Achievement Plan is qualified in its entirety by the terms of the Achievement Plan, a copy of which has been filed with the Securities and Exchange Commission.

## Summary of the Achievement Plan Purpose and Eligibility

The primary purpose of the Achievement Plan is to foster and promote the long-term growth and performance of the Corporation by enhancing the Corporation's ability to attract and retain qualified key employees and motivate key employees through stock ownership and performance-based incentives. To achieve this purpose, the Achievement Plan provides for the granting of stock awards (the "Awards") based on the performance of the Corporation through cycles established by the Committee (as defined below), currently anticipated to be three years. All key employees of the Corporation and any of its subsidiaries (the "Participants") are eligible for discretionary awards. Participation in the Achievement Plan, as well as the level of Awards made to individual Participants, will be determined by the Compensation Committee of the Board of Directors or any other committee of the Board that the Board authorizes to administer the Achievement Plan (the "Committee"). It is anticipated that approximately 11 executives initially will be chosen to participate in the Achievement Plan. The Corporation will reserve 250,000 shares of Common Stock for issuance under the Achievement Plan.

## Administration

The Achievement Plan is administered by the Committee. The Committee, in its sole discretion, has the authority, among other things, to determine the terms of all Awards granted under the Achievement Plan, including any purchase or exercise price for an Award; to determine the employees to whom, and the time or times at which, Awards will be granted and become exercisable and forfeitable; to determine the number of shares covered by an Award; to interpret the Achievement Plan; and to make all other determinations deemed advisable for the administration of the Achievement Plan.

## Awards

An Award granted under the Achievement Plan will provide for the future issuance of shares of Common Stock to the Participant upon the Corporation's attainment of certain performance goals established by the Committee at the time the Award is granted. The goals will be based on a performance cycle (the "Measurement Period") anticipated to be three years, and

will include one or more of (i) total return to shareholders, (ii) cash flow, (iii) return on equity, (iv) return on assets, (v) stock price and (vi) earnings per share. Each Award will have a target number of shares, but more or less than the target number may be issued, depending on the level to which the performance goal has been exceeded or not attained. It is anticipated that no more than 150% of the target number of shares will be issued with respect to an Award, and there will be a threshold performance target below which no shares will be issued. No Participant may be granted Awards during a Measurement Period having a target number of shares of Common Stock greater than the lesser of (i) 20,000 shares or (ii) a dollar value of \$500,000 based on the Fair Market Value (as defined in the Achievement Plan) of the target number of shares of Common Stock as of the first day of the applicable Measurement Period. A written agreement between the Corporation and each Participant will set forth the terms, conditions, and restrictions applicable to an Award.

If a Participant terminates employment during a Measurement Period due to death or disability, his or her Awards will be paid on a pro-rata basis. If a Participant is terminated by the Corporation without Cause (as defined in the Achievement Plan), or retires under the Corporation's retirement plan, the Participant will be paid with respect to his or her Awards after the end of the Measurement Period if the performance goals were attained. However, in that case the Committee will have discretionary authority to reduce or eliminate the payment.

Awards are intended to constitute "performance based" compensation within the meaning of Section 162(m) of the Code. Section 162(m) of the Code denies a deduction by an employer for certain compensation in excess of \$1 million per year paid by a publicly traded corporation to the chief executive officer and the four most highly compensated executive officers other than the chief executive officer. Certain compensation, including "performance based" compensation, is excluded from this deduction limit. Among the requirements for compensation to qualify for this exception is that the material terms pursuant to which the compensation is to be paid be disclosed to and approved by the shareholders prior to the payment.

#### Payment upon Exercise

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

#### Withholding

With respect to any payments made to Participants under the Achievement Plan, the Corporation will withhold all local, state and federal taxes, including withholding of shares of Common Stock otherwise payable to the Participant.

#### Adjustment for Recapitalization, Merger, Etc.

If any change is made to the shares of Common Stock by reason of any recapitalization, merger, consolidation, spin-off, reorganization, combination or exchange of shares, or other corporate change, or any distributions are made of Common Stock to shareholders other than cash dividends, appropriate adjustments will be made by the Committee to the kind and maximum number of shares subject to the Achievement Plan and the kind and number of shares and price per share of stock subject to each outstanding Award.

#### Nonassignability of Awards

No right or interest of a Participant under the Achievement Plan may be subject in any manner to anticipation, alienation, sale, assignment, transfer, or otherwise or may be transferred by the Participant other than by will or the laws of intestate succession. Any attempt to take such action with respect to an Award will render such Award null and void.

#### Termination or Amendment

The Achievement Plan may be amended or terminated at any time by the Board of Directors or the Committee, provided that such termination or amendment does not adversely affect a Participant's rights with respect to Awards previously awarded to him or her, without the consent of the Participant.

#### Change in Control

The Achievement Plan provides that upon the occurrence of a Change in Control (as defined in the Achievement Plan) all conditions applicable to outstanding Awards will be deemed to have been satisfied at the target level as of the date of the Change of Control. Payment with respect to a Participant's awards will be made as soon as practicable after the Change of Control. For purposes of the Achievement Plan, a Change of Control is generally defined as (i) the acquisition by any person, or related group of persons, of 40% or more of either the outstanding Common Stock or the combined voting power of the Corporation's outstanding securities, (ii) a merger of the Corporation following which the Corporation's shareholders before the merger fail to own more than 50% of the resulting entity, (iii) a change in the composition of the Board such that the individuals who constitute the Board on the effective date of the Achievement Plan (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided, however, that generally an individual whose election or nomination was approved by a majority of the Board will be considered to be a member of the Incumbent Board, (iv) a liquidation or dissolution of the Corporation or (v) a sale of all or substantially all of the Corporation's assets.

**New Plan Benefits**

As noted above, the Achievement Plan will become effective at the Effective Time. The Committee will not meet to determine the terms and conditions of the Awards, the Participants of the Achievement Plan or the performance goals applicable to the Awards, until after the occurrence of the Effective Time. As a result, benefits under the Achievement Plan are not yet determinable.

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE "FOR" APPROVAL OF THE ACHIEVEMENT PLAN.

## PROPOSAL 11

## APPROVAL OF COMMON STOCK PURCHASE PLAN FOR DIRECTORS

The Corporation has adopted, subject to approval by the Corporation's shareholders, the Directors' Plan. The Directors' Plan is intended to provide an inducement to obtain and retain the services of qualified persons who are neither employees nor officers of the Corporation to serve as members of the Board of Directors by providing them with an equity interest in the Corporation, more closely aligning their interests with those of the Corporation's shareholders, and providing them with fair and reasonable compensation. The Corporation is seeking shareholder approval of the Directors' Plan in order to comply with the requirements of the New York Stock Exchange. If approved by the Corporation's shareholders, the Directors' Plan will become effective at the Effective Time. The following summary of the Directors' Plan is qualified in its entirety by the terms of the Directors' Plan, a copy of which has been filed with the Securities and Exchange Commission.

## Summary of Directors' Plan

## Eligibility and Participation

All non-employee directors are eligible to participate in the Directors' Plan. Under the terms of the Directors' Plan, each non-employee director of the Corporation is entitled to make an election to receive all or a portion of his or her retainer fees, board meeting fees and committee meeting fees (collectively, "Annual Fees"), in the form of Common Stock. In addition, a non-employee director who participates in the Directors' Plan can make an election to defer up to 100% of his or her Annual Fees, whether received in the form of Common Stock or cash. Such amounts are credited to a Stock Deferral Account and/or a Cash Deferral Account maintained under the Directors' Plan, and paid in accordance with the non-employee director's election. Other than as described in the next sentence, participation in the Directors' Plan is voluntary, and all amounts deferred are fully vested. The Board of Directors, in its sole discretion, may provide for a proportion of each non-employee director's Annual Fees which must be paid in the form of Common Stock for the next following plan year. If the Board of Directors makes such a determination, the participant's elections will remain in effect and apply to the amount of the Annual Fees payable in Common Stock and cash after implementation of the Board of Director's determination. Because participation in the Directors' Plan is generally voluntary, the number of non-employee directors who will participate is unknown.

## Administration

The Directors' Plan will be administered by the Compensation Committee of the Board of Directors (the "Compensation Committee"). The Compensation Committee will interpret the terms and conditions of the Directors' Plan and will have all powers necessary to do so. The Compensation Committee will furnish to each non-employee director participating in the Directors' Plan, promptly after the end of each calendar year, a statement indicating the amounts credited to such director's Stock Deferral Account and/or Cash Deferral Account.

#### Stock and Cash Deferral Accounts

The portion of a non-employee director's Annual Fees that he or she elects to defer in the form of Common Stock will be credited to his or her Stock Deferral Account, and the portion he or she elects to defer in the form of cash will be credited to his or her Cash Deferral Account, in each case as of the date such fees otherwise would have been paid (the "Fee Payment Date"). Amounts so credited to the Stock Deferral Account will be converted on the Fee Payment Date into a number of Stock Equivalents (units of measurement which represent the right to receive one share of Common Stock) calculated by dividing the amounts so credited by the Fair Market Value (as defined in the Directors' Plan) of one share of Common Stock on such date, unless the Board of Directors, in its sole discretion, provides for a percentage discount from the Fair Market Value. Upon payment, a participant will receive one share of Common Stock for each Stock Equivalent credited to his Stock Deferral Account. With respect to each Stock Equivalent so credited, an amount equal to any dividends declared in respect of a share of Common Stock will be credited to the participant's Cash Deferral Account on the date such dividends are paid. In addition, interest at a rate to be determined by the Compensation Committee will be credited to each Cash Deferral Account.

A participant in the Directors' Plan may elect that payments from his or her Stock Deferral Account and Cash Deferral Account be made in the form of a lump sum or in up to five annual installments commencing on any specific day selected by the participant which is not later than two years following such participant's tenure as a non-employee director of the Corporation. Each participant may designate one or more beneficiaries to receive amounts to be distributed from the participant's Stock Deferral Account and Cash Deferral Account. If a participant in the Directors' Plan dies before payment of his or her accounts is complete, the balance remaining in such accounts will be paid to his or her beneficiary as soon as practicable following the participant's death.

#### Amendment and Termination

The Directors' Plan is not scheduled to expire on any particular date. The Board of Directors may amend, modify, suspend or terminate the Directors' Plan without the consent of any participants, provided that such action may not materially and adversely affect a participant's rights with respect to amounts already credited to his or her Stock Deferral Account and Cash Deferral Account.

#### Nonassignability of Awards

The rights and interests of a participant in the Directors' Plan may not be transferred, encumbered or alienated other than by the laws of descent and distribution, provided that a participant may designate a beneficiary.

#### No Rights of a Shareholder or to Continued Election as a Director

No participant has any of the rights or privileges of a shareholder as a result of his or her participation in the Directors' Plan until Common Stock is actually distributed under the plan. Moreover, nothing in the Directors' Plan confers any right upon any participant in the plan to continue as a member of the Board of Directors. All expenses and costs incurred in connection with the Directors' Plan will be borne by the Corporation.

#### New Plan Benefits

Because receipt of Common Stock and the deferral of Common Stock and cash received under the Directors' Plan are completely within the discretion of each participating non-employee director, benefits under the Directors' Plan are not determinable. However, the following individuals currently serve as non-employee directors: Marcus C. Bennett, Richard G. Adamson, Bobby F. Leonard, Frank H. Menaker, Jr., James M. Reed and William B. Sansom.

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE "FOR" APPROVAL OF THE DIRECTORS' PLAN.

## PROPOSAL 12

APPROVAL OF THE AMENDED  
OMNIBUS SECURITIES AWARD PLAN

Effective February 2, 1994, the Corporation adopted the Martin Marietta Materials, Inc. Omnibus Securities Award Plan (the "Omnibus Plan"), and on July 23, 1996 the Corporation adopted amendments to the Omnibus Plan, subject to approval by the Corporation's shareholders. The Amended Omnibus Plan is being submitted to shareholders in view of the proposed amendments and the Corporation's desire that Awards (as defined below) continue to qualify as "performance based compensation" for purposes of Section 162(m) of the Code. If the proposed amendments are not approved by the shareholders, the Omnibus Plan as in effect immediately prior to such amendments will remain in full force and effect. Awards granted prior to the effective date of the amendments will remain outstanding subject to the terms and conditions of the Omnibus Plan as it existed prior to such effective date.

The following summary of the Amended Omnibus Plan is qualified in its entirety by reference to the text of the Amended Omnibus Plan, a copy of which has been filed with the Securities and Exchange Commission.

## Summary of the Amended Omnibus Plan

## Purpose and Eligibility

The primary purpose of the Amended Omnibus Plan is to enable officers and other key exempt salaried employees of the Corporation or any subsidiary to share in the growth and prosperity of the Corporation by encouraging stock ownership by such persons and to attract and retain skilled personnel. The Amended Omnibus Plan contemplates the issuance of incentive stock options within the meaning of Section 422 of the Code ("Incentive Options"), as well as non-qualified stock options ("Non-Qualified Options") (collectively, "Options"), restricted stock, stock appreciation rights ("Stock Appreciation Rights"), and other stock-based incentive awards (collectively, "Awards"). All officers and other key exempt salaried employees of the Corporation and any of its subsidiaries are eligible for discretionary Awards under the Amended Omnibus Plan. However, no individual who beneficially owns Common Stock possessing five percent (5%) or more of the combined voting power of all classes of stock of the Corporation is eligible to participate in the Amended Omnibus Plan. The approximate number of persons currently eligible to participate is 75.

The aggregate number of shares with respect to which Non-Qualified Options, Incentive Options or other Awards payable in securities may be granted under the Amended Omnibus Plan is 2,000,000. The aggregate number of shares with respect to which Non-Qualified Options, Incentive Options or Stock Appreciation Rights may be granted to any Participant is 200,000 in any one year. As of the date of this Proxy Statement, approximately 683,000 shares were subject to outstanding Awards under the Omnibus Plan. Accordingly, approximately 1,317,000 additional shares would be available for issuance under the Amended Omnibus Plan.

#### Administration

The Amended Omnibus Plan will be administered by a committee composed of members of the Board of Directors who are neither employees nor officers of the Corporation (the "Committee"). The members of the Committee must be both "non-employee directors" for purposes of Rule 16b-3 under the Securities Exchange Act of 1934 (the "Exchange Act") and "outside directors" for purposes of Section 162(m) of the Code. The Committee, in its sole discretion, has the authority, among other things: to determine the terms of all Awards granted under the Amended Omnibus Plan, including any purchase or exercise price for an Award; to determine the persons to whom Awards will be granted ("Participants") and the time or times at which grants will be made and become exercisable and forfeitable; to determine the number of shares covered by an Award; to interpret the Amended Omnibus Plan; and to make all other determinations deemed advisable for the administration of the Amended Omnibus Plan.

#### Award Agreements

Each Award under the Amended Omnibus Plan will be evidenced by an agreement between the Corporation and the Participant (an "Award Agreement") which will set forth the number of shares of Common Stock, Stock Appreciation Rights or units subject to the Award and such other terms and conditions as the Committee determines to be applicable to the Award. Under the terms of the Amended Omnibus Plan, each Award Agreement must provide for the following:

(i) Non-assignability: A provision that no Award is assignable or transferable except by will or the laws of descent and distribution and that during the lifetime of a Participant, his or her Awards are exercisable only by the Participant or his or her guardian or legal representative;

(ii) Termination of Employment: A provision describing the treatment of an Award in the event of the retirement, disability, death or other termination of a Participant's employment with the Corporation or its subsidiary;

(iii) Rights as a Shareholder: A provision stating that a Participant will have no rights as a shareholder with respect to any securities covered by an Award until the date the Participant becomes a holder of record of such shares;

(iv) Withholding: A provision requiring the withholding of any taxes required by law to be withheld from all amounts paid in satisfaction of an Award. In the case of Awards paid in shares of Common Stock, a Participant may satisfy the withholding obligation by paying the amount of any taxes in cash, or, with the approval of the Committee, with shares of Common Stock or other securities, having a "Fair Market Value" (as defined in the Amended Omnibus Plan) equal to the withholding amount due on the date the Award is exercised;

(v) Execution: A provision stating that no Award is enforceable until the Award Agreement or a receipt has been signed by the Participant and either the Chairman of the Board or the Chief Executive Officer (or his delegates) of the Corporation;

(vi) Holding Period: A provision stating that an Insider (a person subject to Section 16 of the Exchange Act) must meet the holding period requirements of Rule 16b-3, provided that this requirement does not apply to Awards granted on or after August 15, 1996; and

(vii) Exercise and Payment: A provision describing the permitted methods of exercising and paying the exercise price with respect to the Award.

#### Options

The Committee may from time to time grant Options to any Participant. The terms of Options granted under the Amended Omnibus Plan will be set out in Award Agreements which will contain such provisions as the Committee from time to time deems appropriate, including the exercise price and expiration date of such Options. Award Agreements will specify whether or not an Option is an Incentive Option.

In no event will the exercise price of an Incentive Option be less than 100% of the Fair Market Value of the shares subject to the Option on the date of grant. The term of Incentive Options cannot exceed ten years from the date of grant. To the extent that the aggregate Fair Market Value, determined as of the time the Incentive Option is granted, of the Common Stock which may become exercisable for the first time by any employee during any calendar year exceeds \$100,000, such excess amount will be treated as Non-Qualified Options.

#### Stock Appreciation Rights

The Committee from time to time may grant Stock Appreciation Rights to any Participant. A Stock Appreciation Right is a right to receive, upon exercise of the right, but without payment by the Participant, an amount payable in cash. The amount payable with respect to each right will be equal in value to a percentage of the excess, if any, of the Fair Market Value of a share of Common Stock on the exercise date over the Fair Market Value of a share of Common Stock on the date the Award was made. Upon exercise, a Stock Appreciation Right will be satisfied by the Corporation in cash.

Each Stock Appreciation Right will be evidenced by an Award Agreement containing such other terms and conditions, consistent with the Amended Omnibus Plan, as the Committee deems appropriate.

### Restricted Stock

The Committee from time to time may grant restricted stock ("Restricted Stock") to any Participant. Restricted Stock is Common Stock 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. Each Participant who is awarded Restricted Stock will be required to enter into an Award Agreement, in a form specified by the Committee, agreeing to the terms and conditions of the grant and such other matters consistent with the Amended Omnibus Plan as the Committee determines appropriate.

### Other Awards

The Committee may grant any other stock or stock-related awards to a Participant that the Committee deems appropriate.

### Adjustment for Recapitalization, Merger, Etc.

If any change is made to the shares of Common Stock by reason of any recapitalization, merger, consolidation, spin-off, reorganization, combination or exchange of shares, or other corporate change, or any distributions are made to shareholders other than cash dividends, appropriate adjustments will be made by the Committee to the kind and maximum number of shares subject to the Amended Omnibus Plan and the kind and number of shares and price per share of stock subject to each outstanding Award.

### Termination or Amendment

The Board of Directors may terminate, suspend or discontinue the Amended Omnibus Plan at any time, provided that no such action shall deprive Participants of their rights under outstanding Awards. The Committee may amend or alter the Amended Omnibus Plan from time to time as it deems desirable, to the extent permitted by law. However, no such action may, without approval of the shareholders of the Corporation, be effective if shareholder approval would be required to keep the Amended Omnibus Plan and the Awards made thereunder in compliance with Rule 16b-3 under the Exchange Act and Section 162(m) of the Code.

### Change in Control

The Amended Omnibus Plan provides that the Committee, upon the occurrence of a Change in Control (as defined in the Amended Omnibus Plan), may, in its sole discretion, take any of the following actions: (i) accelerate time periods for purposes of vesting in, or realizing gain from, any outstanding Award; (ii) cancel any outstanding Award and pay to the holder thereof its equivalent cash value, as determined by the Committee based upon the highest price per share of Common Stock received or to be received by other shareholders of the Corporation in the Change in Control, as of the date of the Change in Control; or (iii) make other adjustments to outstanding Awards as it deems appropriate to maintain and protect the rights and interests of Participants following such Change in Control.

## Federal Income Tax Consequences

The following is a brief discussion of the Federal income tax consequences of transactions under the Amended Omnibus Plan based on the Code, as in effect as of the date hereof. The Amended Omnibus Plan is not qualified under Section 401(a) of the Code. This discussion is not intended to be exhaustive and does not describe any state or local tax consequences.

**Incentive Options.** No taxable income is realized by the optionee upon the grant or exercise of an Incentive Option. If Common Stock is issued to an optionee pursuant to the exercise of an Incentive Option, and if no disqualifying disposition of such shares is made by such optionee within two years after the date of grant or within one year after the transfer of such shares to such optionee, then (1) upon sale of such shares, any amount realized in excess of the exercise price will be taxed to such optionee as a long-term capital gain and any loss sustained will be a long-term capital loss, and (2) no deduction will be allowed to the optionee's employer for Federal income tax purposes.

If the Common Stock acquired upon the exercise of an Incentive Option is disposed of prior to the expiration of either holding period described above, generally (1) the optionee will realize ordinary income in the year of disposition in an amount equal to the excess (if any) of the fair market value of such shares at exercise (or, if less, the amount realized on the disposition of such shares) over the exercise price paid for such shares, and (2) the optionee's employer will be entitled to deduct such amount for Federal income tax purposes if the amount represents an ordinary and necessary business expense. Any further gain (or loss) realized by the optionee will be taxed as short-term or long-term capital gain (or loss), as the case may be, and will not result in any deduction by the employer.

**Non-Qualified Options.** Except as noted below, with respect to Non-Qualified Options, (1) no income is realized by the optionee at the time the Option is granted; (2) generally, at exercise, ordinary income is realized by the optionee in an amount equal to the difference between the exercise price paid for the shares and the fair market value of the shares, if unrestricted, on the date of exercise, and the optionee's employer is generally entitled to a tax deduction in the same amount subject to applicable tax withholding requirements; and (3) at sale, appreciation (or depreciation) after the date as of which amounts are includable in income is treated as either short-term or long-term capital gain (or loss) depending on how long the shares have been held.

## New Plan Benefits

Inasmuch as Awards to all Participants under the Amended Omnibus Plan will be granted at the sole discretion of the Committee, such benefits under the Amended Omnibus Plan are not presently determinable.

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE "FOR" APPROVAL OF THE AMENDED OMNIBUS PLAN.

## EXECUTIVE COMPENSATION

The following tables show annual and long-term compensation received from the Corporation and Lockheed Martin for services in all capacities to the Corporation (and prior to its incorporation, to Martin Marietta Corporation), of the Chief Executive Officer and the next four most highly compensated executive officers for the years ended December 31, 1995, 1994 and 1993. Other than compensation paid by the Corporation or Lockheed Martin as set forth below, no annual or long-term compensation of any kind was paid to the Chief Executive Officer or other named executive officers of the Corporation in each of the years in the three-year period ended December 31, 1995. The information set forth in the table captioned "Option Grants in Last Fiscal Year" relates to stock options with respect to the Common Stock of the Corporation. The information set forth in the table captioned "Aggregated Option/SAR Exercises in Last Fiscal Year and Fiscal Year-End Option/SAR Values" relates to stock options and stock appreciation rights ("SARs") under plans sponsored by the Corporation or by Lockheed Martin. Each stock option and SAR outstanding under Martin Marietta Corporation stock option plans at the time of the business combination between Martin Marietta Corporation and Lockheed Corporation (effective as of March 1995), was fully vested (pursuant to the change-in-control provisions in the plans) and converted into an option and SAR with respect to the common stock of Lockheed Martin (pursuant to an agreement entered into in connection with the combination). Accordingly, securities granted under these plans are options exercisable for the common stock of Lockheed Martin.

## Summary Compensation Table

Name and Principal Position	Year	Annual Compensation		Long-Term Compensation			
		Salary	Bonus(1)	Awards		Payouts	
				Restricted Stock Awards(2)(3)	Number of Securities Underlying Options/SARs(4)	LTIP Payouts(5)	All Other Compensation(6)
Stephen P. Zelnak, Jr. President and Chief Executive Officer	1995	\$333,334	\$122,500	\$153,132	43,000	\$166,600	\$915,806
	1994	286,667	210,000	--	30,000	29,840	5,250
	1993	253,333	135,000	288,000(7)	14,000	19,880	5,170
Philip J. Sipling Senior Vice President	1995	176,667	80,000	25,011	12,000	41,650	136,920
	1994	160,834	75,600	--	9,000	16,785	5,250
	1993	143,333	55,000	--	3,600	--	3,158
Robert R. Winchester Senior Vice President	1995	176,667	89,190	12,390	12,000	73,420	129,605
	1994	160,834	73,700	--	9,000	16,785	5,250
	1993	147,500	66,900	--	3,400	--	3,556
Janice K. Henry Vice President, Chief Financial Officer and Treasurer(8)	1995	167,667	61,760	19,320	9,000	58,310	151,550
	1994	156,840	77,000	--	7,000	--	5,225
	1993	146,719	70,000	--	4,000	--	3,231
Bruce A. Deerson Vice President, Secretary and General Counsel	1995	152,333	40,000	37,632	7,000	24,990	78,400
	1994	143,917	62,700	--	6,000	--	5,037
	1993	127,193	59,000	--	2,000	--	2,793

(1) Bonuses for 1993 were paid pursuant to either the Martin Marietta Corporation Executive Incentive Plan -- Corporate or the Martin Marietta Corporation Executive Incentive Plan -- Martin Marietta Materials, Inc. Bonuses for 1995 and 1994 were paid pursuant to the Martin Marietta Materials, Inc. Executive Incentive Plan. A portion of the cash bonus in 1995 paid to the named executive officers and certain other key employees of the Corporation was deferred pursuant to the Martin Marietta Materials, Inc. Incentive Stock Plan. The amounts deferred for each of the named executive officers are as follows: Mr. Zelnak, \$122,500; Mr. Sipling, \$17,500; Mr. Winchester, \$9,910; Ms. Henry, \$15,440; and Mr. Deerson, \$30,100. The amounts reported under "Bonus" do not include such deferred portions which are reported under "Restricted Stock Awards."

(2) The amounts reported under "Restricted Stock Awards" for 1995 represent the value of units that correspond to Common Stock credited to participants under the Martin Marietta Materials, Inc. Incentive Stock Plan (the "Plan"). Pursuant to the Plan, each participant at his or her election is permitted to use up to 50% of the annual incentive bonus earned by the participant to be credited towards units ("Units") that will subsequently be converted into Common Stock of the Corporation pursuant to the terms of the Plan at a 20% discount from the fair market value of the Common Stock (the closing price of the Common Stock as reported in the Wall Street Journal) on the date the amount of the bonus is determined. Each of the executive officers named is required to use a minimum of 10% of the annual incentive bonus towards the crediting of Units under the Plan, except for Mr. Zelnak, who is required to use a minimum of 25% towards the crediting of such Units. Any election to purchase Units under the Plan (in addition to the mandatory purchases) must be made at least six months prior to the date the amount of the annual incentive bonus is determined. The Units credited under the Plan generally vest at the end of the fiscal year in the year that is immediately preceding three years from the date of grant, at which time shares of Common Stock are issued to the participant. Dividend equivalents are paid on the Units at the same rate as dividends are paid to all shareholders. The amounts reported under "Restricted Stock Awards" represent the market value on the date of grant of the Units credited to each named executive officer. The number of Units credited to each of the named executives is as follows: Mr. Zelnak, 7,292; Mr. Sipling, 1,191; Mr. Winchester, 590; Ms. Henry, 920; and Mr.

Deerson, 1,792.

- (3) Restricted stock was granted in 1991 and 1993 pursuant to the Martin Marietta Corporation Restricted Stock Award Plan. Upon consummation of the Martin Marietta Corporation and Lockheed Corporation business combination, the plan was terminated as an active plan and, while existing awards remain in effect, no further

awards will be made. At December 31, 1995, Mr. Zelnak held a total of 3,250 restricted shares of Lockheed Martin common stock having a then current value of \$256,750. Mr. Zelnak will continue to be entitled to his stock if he remains with the Corporation during the operative period of the plan restrictions. Each restricted share of Martin Marietta Corporation common stock was converted into a restricted share of Lockheed Martin common stock in connection with the Martin Marietta Corporation and Lockheed Corporation business combination. The 1991 awards will continue to vest in accordance with the terms of the plan; the 1993 awards became fully vested upon consummation of the business combination. Mr. Zelnak held 8,000 restricted shares that were awarded in 1993 for which vesting was accelerated upon consummation of the business combination. Dividends are paid on restricted stock at the same rate as paid to all stockholders of Lockheed Martin. There were no restricted stock awards granted in 1995 pursuant to the Martin Marietta Corporation Restricted Stock Award Plan.

- (4) Options granted in 1995 and 1994 are for Common Stock of the Corporation.
- (5) Amounts reported under this column represent payouts of awards under the Amended and Restated Martin Marietta Corporation Long Term Performance Incentive Compensation Plan. Upon consummation of the business combination of Martin Marietta Corporation and Lockheed Corporation, the plan was terminated as an active plan and no further awards will be made.
- (6) Amounts reported under "All Other Compensation" represent matching contributions to the Lockheed Martin Performance Sharing Plan and, for Mr. Zelnak, amounts paid under the Martin Marietta Corporation Deferred Compensation and Estate Supplement Plan. Amounts reported in 1995 also represent awards granted in 1993 under the Amended and Restated Martin Marietta Corporation Long Term Performance Incentive Compensation Plan, payment of which was accelerated upon the business combination of Martin Marietta Corporation and Lockheed Corporation. Accelerated payments were in the amounts that follow: Mr. Zelnak, \$512,050; Mr. Sipling, \$131,670; Mr. Winchester, \$124,355; Ms. Henry, \$146,300; and Mr. Deerson, \$73,150.
- (7) Mr. Zelnak borrowed \$55,452.11 from Martin Marietta Corporation in 1994 to satisfy personal income tax obligations associated with the vesting of restricted stock previously granted by Martin Marietta Corporation. The loan and its terms were approved by disinterested members of Martin Marietta Corporation's Board of Directors. No interest was paid on the loan, which was repaid in full in September 1994.
- (8) Compensation reported in the table for Ms. Henry in 1993 and part of 1994 was paid by Martin Marietta Corporation in connection with her employment in another business segment of Martin Marietta Corporation.

## Option Grants in Last Fiscal Year

Shown below is information on grants of options for the Corporation's Common Stock awarded pursuant to the Omnibus Plan to the named executives in the fiscal year ended December 31, 1995.

Name	Individual Grants (1)				Potential Realizable Value at	
	No. of Securities Underlying Options Granted	% of Total Options Granted to Employees In 1995	Exercise or Base Price Per Share	Expiration Date	Assumed Annual Rate of Stock Price Appreciation for Option Term(2)	
					5%	10%
Stephen P. Zelnak, Jr.....	43,000	19.4%	\$20.00	8/3/05	\$540,846	\$1,370,616
Philip J. Sipling.....	12,000	5.4%	20.00	8/3/05	150,933	382,497
Robert R. Winchester.....	12,000	5.4%	20.00	8/3/05	150,933	382,497
Janice K. Henry.....	9,000	4.1%	20.00	8/3/05	113,200	286,873
Bruce A. Deerson.....	7,000	3.2%	20.00	8/3/05	88,044	223,123

(1) Awards are granted at the discretion of a disinterested committee (the "Committee") of the Board of Directors of the Corporation upon the recommendation of management of the Corporation, except for Mr. Zelnak for whom the Committee formulates its own decision, and may be awarded based on past performance or as incentive for future efforts. A maximum of 2,000,000 shares of the Corporation's stock is authorized for grants to key employees. Each award under the Omnibus Plan is evidenced by an award agreement setting forth the number and type of stock-based incentives subject to the award and such other terms and conditions applicable to the award as determined by the Committee. Under the award agreement, options vest and become exercisable in three approximately equal increments on the first, second and third anniversary dates of the grant and expire 10 years from the date of grant. No individual may receive cumulative grants for more than 10 percent of the shares available under the Omnibus Plan. Options awarded in 1995 expire ninety days following termination of employment, except in instances following death, disability or retirement. In the event of death, all outstanding options vest immediately and will expire one year following the date of death. In instances of disability or normal retirement, the award agreement states that the terms of all outstanding options will be unaffected by such retirement or disability. In the event of early retirement, options that are not vested will terminate on the second business day after such retirement and options that are vested will terminate 90 days thereafter unless the Committee determines that all outstanding options will be unaffected by such retirement. The exercise price of the shares of Common Stock subject to options is set by the Committee and must be at least 100% of the fair market value of the shares on the date the option is granted. The award agreement provides that shares to be issued upon exercise of options may be purchased by the Company in the open market.

(2) The dollar amounts set forth in these columns are the result of calculations at the 5 percent and 10 percent rates set by the Securities and Exchange Commission, and therefore are not intended to forecast possible future appreciation, if any, of the price of the Common Stock.

Aggregated Options/SAR Exercises in Last Fiscal Year and Fiscal Year-End  
Options/SAR Values

Shown below is information relating to the exercise of options for the purchase of Lockheed Martin common stock and stock appreciation rights ("SARs") during the last completed fiscal year and the fiscal year-end value of unexercised options for Lockheed Martin common stock and SARs for the named executives, for which the related expenses are paid by Lockheed Martin. Also shown is information relating to options for the Corporation's Common Stock under the Omnibus Plan granted in August 1995, which generally will not become exercisable until August 1996 when one-third of the total award granted in 1995 vests. No options for the Corporation's Common Stock have been exercised.

Name	No. of Shares Acquired on Exercise(1)	Value Realized(1)	Number of Securities Underlying Unexercised Options/SARs at Fiscal Year-End(2)		Value of Unexercised In-The-Money Options/SARs at Fiscal Year-End(2)(3)	
			Exercisable	Unexercisable(4)	Exercisable	Unexercisable(4)
Stephen P. Zelnak, Jr.	20,800	\$ 460,850	--	43,000	--	\$ 26,875
Philip J. Sipling	--	--	18,600	12,000	\$ 879,270	7,500
Robert R. Winchester	--	--	18,400	12,000	852,787	7,500
Janice K. Henry	--	--	39,000	9,000	1,906,032	5,625
Bruce A. Deerson	--	--	3,000	7,000	130,500	4,375

- (1) Includes shares acquired and value realized from exercise of options of the common stock and SARs of Lockheed Martin. No options have been exercised for the Corporation's Common Stock.
- (2) Options granted by the Corporation in 1995 as shown in "Option Grants in Last Fiscal Year", all of which were unexercisable at year-end, are included in this table. Options granted by the Corporation in 1994, one-third of which vested in 1995, were not in-the-money at year-end 1995 and are not included in this table.
- (3) The value presented represents the difference between the closing price of the stock at year-end and the exercise price of the options and SARs.
- (4) The amounts reported represent options granted by the Corporation in 1995, none of which is exercisable.

Long-Term Incentive and Deferred Compensation Plans  
- -- Awards in Last Fiscal Year

The Martin Marietta Corporation Post-Retirement Death Benefit Plan was a death benefit program covering 20 officers and key employees of Martin Marietta Corporation, only one of whom is an executive officer of the Corporation, who held specific positions approved for participation by the board of directors of Martin Marietta Corporation. The plan provided death benefit coverage commencing immediately upon retirement in amounts ranging from 15 percent (upon retirement at age 55) to 150 percent (upon retirement at or after age 64) of final annualized salary, depending upon the age of the participant at retirement. Benefits were grossed up for income tax purposes. This plan has been discontinued as a result of the business combination of Martin Marietta Corporation and Lockheed Corporation. In lieu thereof, a death benefit will be paid calculated based on the applicable percentage (determined by age at retirement) and annualized salary at the time of consummation of the business combination of Martin Marietta Corporation and Lockheed Corporation. If Mr. Zelnak, the only executive officer of the

Corporation who participated in the plan, could retire on March 15, 1995 (the effective date of the business combination) and the applicable percentage was assumed to be 100% for each participant (which is assumed solely for purposes of this calculation), the death benefits payable to Mr. Zelnak's estate would be approximately \$300,000. This benefit will no longer be payable following consummation of the Split-Off Transaction.

#### Performance Sharing Plan

The Martin Marietta Corporation Performance Sharing Plan (the "Performance Plan"), which is currently sponsored by Lockheed Martin, permits eligible employees to make regular savings contributions on a pre-tax or after-tax basis through systematic payroll deductions. For the year ended December 31, 1995, participants could contribute up to 17 percent of their current base salary subject to the limitations imposed by the Code, and direct the investment of such contributions into an Indexed Equity Fund, a Fixed Income Fund, a fund which consisted of Martin Marietta Corporation common stock and is now comprised of Lockheed Martin common stock, an Intermediate-Term Investment Grade Bond Fund and a Long-Term Investment Grade Bond Fund. Effective April 1, 1995, five publicly traded mutual funds were also available to all participants as investment options. In addition, Lockheed Martin makes monthly matching contributions to the participant's account equal to 50 percent of up to the first 7 percent of the compensation contributed by the participant, which expense is passed through to the Corporation. Plan contributions are 100 percent vested.

Full distributions under the Performance Sharing Plan are generally made upon the termination, layoff, retirement, disability or death of the participant. Distributions of account balances invested in Lockheed Martin common stock are automatically distributed in kind unless a recipient requests otherwise. Each share of common stock of Martin Marietta Corporation held by the Performance Sharing Plan was converted into a share of common stock of Lockheed Martin upon consummation of the Martin Marietta Corporation and Lockheed Corporation business combination.

## Pension Plans

The named executives participate in the Martin Marietta Corporation Pension Plan for Salaried Employees (the "Pension Plan"), which covers all of the Corporation's executive officers and substantially all of the salaried employees of the Corporation on a non-contributing basis. Set forth below is a pension plan table which shows the estimated annual benefits payable upon retirement for specified earnings and years of service under the Pension Plan.

Final Average Earnings	Years of Service				
	15(a)	20(b)	25(b)	30(b)	40(b)
\$100,000.....	\$ 21,117	\$ 41,578	\$ 46,775	\$ 51,972	\$ 57,585
\$150,000(c).....	32,367	63,578	71,525	79,472	87,835
\$200,000(c).....	43,617	85,578	96,275	106,972	118,085
\$300,000(c).....	66,117	129,578	145,775	161,972	178,585
\$400,000(c).....	88,617	173,578	195,275	216,972	239,085
\$500,000(c).....	111,117	217,578	244,775	271,972	299,585

- (a) Calculated under the Post-ERISA Formula.  
 (b) Calculated under the Pre-ERISA Formula.  
 (c) The benefits payable under the Pension Plan may be limited by Sections 401(a)(17) and 415(d) of the Code. The maximum earnings amount which may be considered to compute a benefit in accordance with Section 401(a)(17) of the Code is \$150,000. The maximum annual amount payable under the Plan as of December 31, 1995 in accordance with Section 415(b) of the Code is \$120,000.

Compensation covered by the Pension Plan generally includes, but is not limited to, base salary, executive incentive compensation awards including the deferred portion thereof, lump sum payments in lieu of a salary increase, and overtime. The normal retirement age under the Pension Plan is 65, but unreduced early retirement benefits are available at age 62 and reduced benefits are available as early as age 55. The calculation of benefits under the Pension Plan is generally based on an annual accrual rate, average compensation for the highest consecutive five years of the ten years preceding retirement and the participant's number of years of credited service. Maximum benefits payable under the Pension Plan are subject to current Code limitations. The amounts listed in the foregoing table are not subject to any deduction for Social Security benefits or other offset amounts.

Employees who participated prior to October 1, 1975 in a pension plan covering employees of Martin Marietta Corporation's aerospace businesses are eligible for an alternative pension formula (the "Pre-ERISA Formula"). Commencing in 1991, if a highly compensated employee eligible for the Pre-ERISA Formula would receive a higher benefit under the Pre-ERISA Formula than under the formula applicable to other employees (the "Post-ERISA Formula"), the portion of the difference earned in 1991 and thereafter will be paid out of general corporate assets. One executive officer of the Corporation is eligible for the Pre-ERISA Formula.

As of December 31, 1995, the estimated total annual benefits payable upon retirement at age 65 for the individuals named in the compensation table, based on continued employment at current compensation, are as follows: Mr. Zelnak, \$229,481; Mr. Sipling, \$99,808; Mr.

Winchester, \$112,871; Ms. Henry, \$148,209; and Mr. Deerson, \$109,726. These amounts include benefits payable under Lockheed Martin's Supplemental Excess Retirement Plan. The years of credited service upon assumed retirement at age 65 for Mr. Zelnak, Mr. Sipling, Mr. Winchester, Ms. Henry, and Mr. Deerson are 28.75 years, 27.67 years, 31.08 years, 41.67 years, and 36.75 years, respectively.

Sections 401(a) (17) and 415(d) of the Code limit the annual benefits payable under the Pension Plan. As permitted by ERISA, Lockheed Martin maintains the Supplemental Excess Retirement Plan, which provides for the payment of benefits in excess of those limits and payment of amounts equalizing the differences in the accrual method for those certain employees who were not participants in the Pension Plan prior to October 1, 1975.

#### Employment Protection Agreements

The Board has approved, and the Company intends to enter into, Employment Protection Agreements (the "Agreement") with each of the named executive officers.

The purpose of these Agreements is to provide the Company's key executives with payments and benefits upon certain types of terminations within two years and 30 days following a "Change of Control." For purposes of the Agreements, a Change of Control is generally defined as (i) the acquisition by any person, or related group of persons, of 40% or more of either the outstanding common stock of the Company or the combined voting power of the Company's outstanding securities, (ii) a merger of the Company following which the Company's shareholders before the merger fail to own more than 50% of the resulting entity, (iii) a change in the majority membership of the Board, (iv) a liquidation or dissolution of the Company or (v) a sale of all or substantially all of the Company's assets.

The Agreements provide that if, within the two year period following a Change of Control, an executive is terminated without "Cause" (as defined in the Agreements) or terminates his employment with "Good Reason" (as defined in the Agreement), or if the executive voluntarily terminates his employment for any reason during the thirty-day period following the second anniversary of the Change of Control, the Company is obligated to pay the executive, in a lump sum, an amount equal to twice the sum of the executive's "Base Salary" and "Annual Bonus". For purposes of the Agreements, Base Salary means the highest annual rate of base salary that the executive received within the twelve-month period ending on the date of the Change of Control and Annual Bonus means the executive's highest annual bonus paid during the period beginning five years prior to the Change of Control and ending on the date of the executive's termination of employment. In addition, for two years following termination of employment, the Company must provide the executive with welfare benefits that are generally as favorable as those the executive enjoyed prior to the Change of Control. Furthermore, the Agreements provide for "gross-up" payments to compensate the executives for any golden parachute excise taxes imposed by the IRS on account of the severance amounts.

The term of the Agreements is three years following its effective date. On each anniversary date of the effective date, the Agreements are renewed for one additional year, unless either party gives notice of its intent to cancel the automatic extension.

Compensation Committee Interlocks And  
Insider Participation In Compensation Decisions

There are no executive officer-director interlocks where an executive of the Corporation serves on the compensation committee of another corporation that has an executive officer serving on the Corporation's Board of Directors.

Messrs. Bennett, Leonard and Sansom served on the Corporation's Compensation Committee and Messrs. Leonard, Reed and Sansom served on the Corporation's Equity-Related Awards Committee during 1995. Mr. Bennett is Senior Vice President, Chief Financial Officer and a Director of Lockheed Martin which owns approximately 81% of the Corporation's Common Stock. Mr. Leonard was Vice President, Human Resources of Martin Marietta Corporation until his retirement in March 1995. None of such persons was an officer or employee of the Corporation or any of its subsidiaries.

## METHOD OF PROXY SOLICITATION

The entire cost of preparing, assembling, printing and mailing the Notice of Special Meeting of Shareholders, this Proxy Statement and proxies and the cost of soliciting proxies relating to the Meeting, if any, has been or will be paid by the Corporation. In addition to use of the mails, proxies may be solicited by officers, directors and other regular employees of the Corporation by telephone, facsimile or personal solicitation, and no additional compensation will be paid to such individuals. The Corporation will, if requested, reimburse banks, brokerage houses and other custodians, nominees and certain fiduciaries for their reasonable expenses incurred in mailing proxy materials to their principals.

## SHAREHOLDER PROPOSALS FOR 1997 ANNUAL MEETING

Proposals by shareholders intended to be presented at the 1997 Annual Meeting of Shareholders of the Corporation must be received by the Secretary of the Corporation no later than November 23, 1996 in order to be included in the Proxy Statement and on the proxy card that will be solicited by the Board of Directors in connection with that meeting. The inclusion of any proposal will be subject to applicable rules of the Securities and Exchange Commission. In addition, the Bylaws of the Corporation establish an advance notice requirement for any proposal of business to be considered at an annual meeting of shareholders. In general, written notice must be received by the Secretary of the Corporation at its principal executive office, 2710 Wycliff Road, Raleigh, North Carolina 27607, not less than 60 days nor more than 90 days prior to the first anniversary of the preceding year's annual meeting and must contain specified information concerning the matter to be brought before such meeting and concerning the shareholder proposing such a matter. Any waiver by the Corporation of these requirements with respect to the submission of a particular shareholder proposal shall not constitute a waiver with respect to the submission of any other shareholder proposal nor shall it obligate the Corporation to waive these requirements with respect to future submissions of the shareholder proposal or any other shareholder proposal. Any shareholder desiring a copy of the Articles of Incorporation or Bylaws of the Corporation or any of the Incentive Plans will be furnished one without charge upon written request to the Secretary of the Corporation at its principal executive office, 2710 Wycliff Road, Raleigh, North Carolina 27607 or by telephoning the Secretary of the Corporation at (919) 781-4550.

MARTIN MARIETTA MATERIALS, INC.

August 28, 1996





## Appendix I

## BENEFICIAL OWNERSHIP OF SHARES

The following table shows as of August 10, 1996 the number of shares of Common Stock beneficially owned by (i) all persons known to the Corporation to be the beneficial owners of more than 5% of such stock as of August 10, 1996, (ii) the directors of the Corporation, (iii) the Chief Executive Officer of the Corporation, (iv) the four most highly compensated executive officers of the Corporation and (v) all directors and executive officers of the Corporation as a group.

Name of Beneficial Owner	Amount of Common Stock Beneficially Owned(1)(2)	Percent of Class
Lockheed Martin Corporation 6801 Rockledge Drive Bethesda, Maryland 20817	33,278,850	72.2%
Martin Marietta Investments Inc. 3510 Silverside Road Wilmington, Delaware 19810	4,071,150	8.8%
Richard G. Adamson	1,400	*
Marcus C. Bennett	4,000	*
Bruce A. Deerson	7,683	*
Janice K. Henry	9,816	*
Bobby F. Leonard	4,750	*
Frank H. Menaker, Jr.	1,050	*
James M. Reed	2,000	*
William B. Sansom	400	*
Philip J. Sipling	13,000	*
Robert R. Winchester	14,150	*
Stephen P. Zelnak, Jr.	44,333	*
All executive officers and directors as a group (12 individuals including those named above)	110,065	*

\* Less than 1% of the shares of Common Stock outstanding.

- (1) As to the shares reported, (i) beneficial ownership is direct, and (ii) the person indicated has sole voting and investment power.
- (2) The number of shares owned for each of Messrs. Deerson, Sipling, Winchester, Zelnak and Ms. Henry and all executive officers and directors as a group assumes that options held by each of them covering shares of Common Stock in the amounts indicated, which are currently exercisable within 60 days of August 10, 1996, have been exercised: Mr. Deerson, 6,333; Ms. Henry, 7,666; Mr. Sipling, 10,000; Mr. Winchester, 10,000; Mr. Zelnak, 34,333; and all executive officers and directors as a group, 74,665.

## Appendix II

[Additional text is underscored; deleted text is marked by "^"]  
[IN EDGAR VERSION, ADDITIONAL TEXT IS IN BRACKETS; DELETED TEXT  
IS MARKED BY SYMBOL "//"]

[RESTATED]  
ARTICLES OF INCORPORATION  
OF  
MARTIN MARIETTA MATERIALS, INC.

//

1. The name of the corporation is Martin Marietta Materials, Inc. (hereinafter the "Corporation").

2. The number of shares the Corporation is authorized to issue is One Hundred Ten Million (110,000,000), divided into One Hundred Million (100,000,000) Common Shares and Ten Million (10,000,000) Preferred Shares, each with a par value of one cent (\$.01) per share. The preferences, limitations and relative rights of each class and series of shares are as follows:

(a) Common Shares

The common shares shall be entitled to one vote per share and to all other rights of shareholders subject only to any rights granted to Preferred Shares under subparagraph (b) of this Article 2.

(b) Preferred Shares

The Preferred Shares may be issued in one or more series with such designations, preferences, limitations, and relative rights as the board of directors may determine from time to time in accordance with applicable law.

3. The address of the // registered office of the Corporation in the State of North Carolina is 225 Hillsborough Street, Raleigh, Wake County, North Carolina 27603; and the name of its // registered agent at such address is CT Corporation System.

4. The name and address of the incorporator are Russell M. Robinson, II, 1900 Independence Center, Charlotte, Mecklenburg County, North Carolina 28246.

5. [(a) The number of directors of the Corporation shall be not less than nine (9) nor more than eleven (11). By vote of a majority of the Board of Directors or shareholders of the Corporation, the number of directors of the Corporation may be increased or decreased, from time to time, within the range above specified; provided, however, that the tenure of office of a director shall not be affected by any decrease in the number of directors so made by the Board or the shareholders.

(b)(i) The directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the Board of Directors. Prior to the 1997 annual meeting of shareholders, the Board of Directors shall determine which directors shall be designated as Class I, Class II and Class III directors. The term of the initial Class I directors shall terminate on the date of the 1997 annual meeting of shareholders; the term of the initial Class II directors shall terminate on the date of the 1998 annual meeting of shareholders; and the term of the initial Class III directors shall terminate on the date of the 1999 annual meeting of shareholders. At each annual meeting of shareholders beginning in 1997, successors to the class of directors whose term expires at that annual meeting shall be elected for a three-year term. Those persons who receive the highest number of votes at a meeting at which a quorum is present shall be deemed to have been elected.

- (ii) If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, but in no case will a decrease in the number of directors shorten the term of any incumbent director. A director shall hold office until the annual meeting for the year in which his or her term expires and until his or her successor shall be elected and shall qualify, subject, however, to prior death, resignation, retirement, disqualification or removal from office.
- (iii) Notwithstanding the foregoing, whenever the holders of any one or more classes or series of Preferred Shares issued by the Corporation shall have the right, voting separately by class or series, to elect directors at an annual or special meeting of shareholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of these Restated Articles of Incorporation or the resolution or resolutions adopted by the Board of Directors pursuant to Article 2(b) of these Restated Articles of Incorporation applicable thereto, and such directors so elected shall not be divided into classes pursuant to this Article 5(b) unless expressly provided by the terms of such Preferred Shares.

(c) Vacancies in the Board of Directors, except for vacancies resulting from an increase in the number of directors, shall be filled only by a majority vote of the remaining directors then in office, though less than a quorum, except that vacancies resulting from removal from office by a vote of the shareholders may be filled by the shareholders at the same meeting at which such removal occurs. Vacancies resulting from an increase in the number of directors shall be filled only by a majority vote of the Board of Directors. Any director elected to fill a vacancy shall hold office until the next shareholders' meeting at which directors are elected. No decrease in the number of directors constituting the Board of Directors shall affect the tenure of any incumbent director.

(d) Except as otherwise provided herein, any of the directors or the entire Board of Directors, as the case may be, may be removed at any time, but only for cause, by a vote of the shareholders and if the number of votes cast to remove such director(s) or the entire Board of Directors, as the case may be, exceeds the number of votes cast not to remove such director(s) or the entire Board of Directors, as the case may be. Cause for removal shall be deemed to exist only if the director(s) whose removal is proposed has been convicted in a court of competent jurisdiction of a felony or has been adjudged by a court of competent jurisdiction to be liable for fraudulent or dishonest conduct, or gross abuse of authority or discretion, with respect to the Corporation, and such conviction or adjudication has become final and non-appealable. If a director is elected by a voting group of shareholders, only the shareholders of that voting group may participate in the vote to remove such director. A director may not be removed by the shareholders at a meeting unless the notice of the meeting states that the purpose, or one of the purposes, of the meeting is removal of the director. If any directors are so removed, new directors may be elected at the same meeting.]

6. To the fullest extent permitted by the North Carolina Business Corporation Act as it exists or may hereafter be amended, no person who is serving or who has served as a director of the Corporation shall be personally liable to the Corporation or any of its shareholders for monetary damages for breach of duty as a director. No amendment or repeal of this [Article,] nor the adoption of any provision to these [Restated] Articles of Incorporation inconsistent with this [Article,] shall eliminate or reduce the protection granted herein with respect to any matter that occurred prior to such amendment, repeal or adoption.

7. The provision of Article 9 of the North Carolina Business Corporation Act entitled "The North Carolina Shareholder Protection Act" and of Article 9A entitled "The North Carolina Control Share Acquisition Act" shall not be applicable to the Corporation.

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

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

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

after such merger or consolidation would be, an Affiliate (as hereinafter defined) of an Interested Shareholder;

- (ii) Any sale, lease, exchange, mortgage, pledge, transfer, or other disposition (in one transaction or a series of transactions) to or with any Interested Shareholder or any Affiliate of any Interested Shareholder of any assets of the Corporation or any Subsidiary having an aggregate Fair Market Value (as hereinafter defined) of \$10,000,000 or more;
- (iii) The issuance or transfer by the Corporation or any Subsidiary (in one transaction or a series of transactions) of any equity securities (including any securities that are convertible into equity securities) of the Corporation or any Subsidiary having an aggregate Fair Market Value of \$10,000,000 or more to any Interested Shareholder or any [Affiliate] of any Interested Shareholder in exchange for cash, securities, or other property (or combination thereof);
- (iv) The adoption of any plan or proposal for the liquidation or dissolution of the Corporation proposed by or on behalf of an Interested Shareholder or any Affiliate of any Interested Shareholder; or
- (v) Any reclassification of securities (including any reverse stock split), or recapitalization of the Corporation, or any merger or consolidation of the Corporation with any of its Subsidiaries, or any other transaction (whether or not with or into or otherwise involving an Interested Shareholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity (including any securities that are convertible into equity securities) securities of the Corporation or any Subsidiary which is directly or indirectly owned by any Interested Shareholder or any Affiliate of any Interested Shareholder

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

(c) For the purpose of this Article [8]:

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

- (ii) "Voting Stock" shall mean all outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors and each reference to a proportion of shares of Voting Stock shall refer to such proportion of the votes entitled to be cast by such shares.
- (iii) "Interested Shareholder" shall mean any person // who or which:
  - (A) is the beneficial owner, directly or indirectly, of 5% or more of the outstanding Voting Stock;
  - (B) is an Affiliate of the Corporation and at any time within the two-year period immediately prior to the date as of which a determination is being made was the beneficial owner, directly or indirectly, of 5% or more of the outstanding Voting Stock; or
  - (C) is an assignee of or has otherwise succeeded to any shares of Voting Stock which were at any time within the two-year period immediately prior to the date as of which a determination is being made beneficially owned by any person described in subparagraphs (c)(iii)(A) or (B) of this Article [8] if such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933.
- (iv) A person shall be a "beneficial owner" of any Voting Stock:
  - (A) which such person or any of its Affiliates or Associates (as hereinafter defined) beneficially owns, directly or indirectly;
  - (B) which such person or any of its Affiliates or Associates has (a) the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement, or understanding, or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (b) the right to vote pursuant to any agreement, arrangement, or understanding; or
  - (C) which are beneficially owned, directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement, or understanding for the purpose of acquiring, holding, voting, or disposing of any shares of Voting Stock.
- (v) For the purposes of determining whether a person is an Interested Shareholder, the number of shares of Voting Stock deemed to be

outstanding shall include shares deemed owned through application of subparagraph (c)(iv) of this Article [8], but shall not include any other shares of Voting Stock which may be issuable pursuant to any agreement, arrangement, or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

- (vi) "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on November 1, 1993.
- (vii) "Subsidiary" shall mean any corporation of which a majority of the shares thereof entitled to vote generally in the election of directors is owned, directly or indirectly, by the Corporation.
- (viii) "Market Price" shall mean: the last closing sale price immediately preceding the time in question of a share of the stock in question on the Composite Tape for New York Stock Exchange -- Listed Stocks, or if such stock is not quoted on the Composite Tape, on the New York Stock Exchange, Inc., or if such stock is not listed on such Exchange, on the principal United States Securities exchange registered under the Securities Exchange Act of 1934 on which such stock is listed, or if such stock is not listed on any such exchange, the last closing bid quotation with respect to a share of such stock immediately preceding the time in question on the National Association of Securities Dealers, Inc. Automated Quotations System or any system then in use (or any other system of reporting or ascertaining quotations then available), or if such stock is not so quoted, the Fair Market Value at the time in question of a share of such stock as determined by the Board of Directors in good faith.
- (ix) "Fair Market Value" shall mean:
  - (A) in the case of stock, the Market Price, and
  - (B) in the case of property other than cash or stock, the fair market value of such property on the date in question as determined by the Board of Directors in good faith.
- (x) "Disinterested Director" shall mean any member of the Board of Directors of the Corporation who is not an [Affiliate or Associate] of an Interested Shareholder and was a member of the Board of Directors prior to the time that the Interested Shareholder became an Interested Shareholder, and any successor of a Disinterested Director who is not an [Affiliate or Associate] of an Interested Shareholder as is recommended to succeed a Disinterested Director by a majority of Disinterested Directors then on the Board of Directors.

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

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

[9. At any time in the interval between annual meetings, special meetings of the shareholders may be called by the Chairman of the Board, President, or by the Board of Directors or the Executive Committee by vote at a meeting or in writing with or without a meeting. Special meetings of the shareholders may not be called by any other person or persons.]

[10. This the \_\_\_ day of \_\_\_\_\_ 1996.]

[Name:

Title:]

[These restated] articles will become effective upon filing with the Secretary of State of North Carolina.

// MARTIN MARIETTA MATERIALS, INC.

By: [ /s/ Bruce A. Deerson  
Bruce A. Deerson  
Vice President and General Counsel]