Ward Nye
CHAIRMAN, PRESIDENT AND CEO

CEO Earnings Commentary and Market Perspective
For the Second Quarter Ended June 30, 2017

Martin Marietta reported an outstanding second quarter in 2017, achieving a number of significant second quarter financial and operational records. I am extremely proud to report that, through the first six months of the year, the employees of Martin Marietta also posted record safety performance and have a total injury incident rate that is nearing world class, with four of our divisions already at that level.

As you know, weather has a meaningful impact on our industry and business and can serve as an impediment to volumes even with good business conditions. Our operational performance in the quarter, despite lower volumes due to weather, demonstrates the strength of our business model and supports our confidence in our long-term performance capability.

Our second quarter results continue to demonstrate the earnings power of our business, despite near-record precipitation levels in our most profitable markets.

The second quarter provided us the opportunity, once again, to focus on the long-term, while delivering record results despite significant weather events in many of our markets, most notably in the eastern United States. The impact of precipitation on our business was broad, which is discussed more fully in my review of the second-quarter results. As proud as our team is of these record results, we are equally proud of and excited about our announced agreement to acquire Bluegrass Materials Company ("Bluegrass"), which will expand our geographic footprint and serve us well for the future. I will offer further observations related to this acquisition after discussing our second-quarter performance.

8.8% QoQ
NET SALES INCREASE

18.4% QoQ
EARNINGS PER DILUTED SHARE GROWTH

<u>EARNINGS COMMENTARY</u>

Our record second-quarter performance underscores our ability to drive both top- and bottom-line growth in a period of modest-but-steady expansion in construction activity despite challenging, weather-related operating conditions in many of our historically most profitable markets. Our second quarter performance was driven by positive nonresidential and residential construction sectors. We are beginning to see greater levels of single-family housing activity and continue to see solid multi-family activity in many of our top metropolitan areas. Nonresidential volumes in the second quarter were driven primarily by light nonresidential building as we await the start of the next round of major energy-sector construction projects along the Gulf of Mexico. While infrastructure demand has been hindered by project delays and poor operating conditions, we remain steadfast in our belief that state and local initiatives, combined with the potential for a future increase in federal contributions, will generate significantly higher demand as the nation addresses decades of under-investment.

Notably, several southeastern states, including North Carolina, South Carolina, Georgia, and Florida, experienced near-record precipitation during the quarter, adversely impacting both shipments and production levels in April and June. Gross margin (excluding freight and delivery revenues) was negatively affected in the Mid-Atlantic Division by increased operational downtime due to heavy rainfall. This division incurred higher costs following these periods of severe weather in order to safely restore normal operating conditions. Additionally, our North Georgia District operations incurred twice as many days of heavy precipitation in June 2017 as compared with the prior-year month. Despite these weather-related headwinds, we were encouraged by the strength of demand on days that were not hindered by rainfall, where we consistently saw shipment levels that were at or above the District's three-year average.

We were encouraged by robust demand experienced during periods of more normal weather during the quarter, further solidifying our confidence in the underlying market conditions.

Our customers remain positive in their near- and medium-term outlooks for the industry and optimistic in the steady and durable nature of this construction recovery. Ironically, the labor constraints that exist in several of our key markets, notably, Texas, Colorado and Georgia, validate this sense of optimism. In fact, for the first time since the Great Recession, many of our customers are now making plans to address capacity limitations. Our customers' actions and beliefs provide us with confidence that underlying demand is growing and should continue to expand. Accordingly, we continue to have our best profit outlook in years, driven by consistent pricing growth, steady volume expansion and improved cost dynamics throughout our operations.

(2.5%)
APRIL 2017 AGGREGATES VOLUME DECLINE

11.6%
MAY 2017 AGGREGATES VOLUME GROWTH

(2.3%)
JUNE 2017 AGGREGATES VOLUME DECLINE

Our Building Materials business is benefiting from attractive demand fundamentals that have translated into solid pricing growth across our products and geographies. Cement pricing increased 5.2% in the second quarter, driven by activity in the Dallas-Fort Worth region. Aggregates pricing growth of 3.8% was led by a 10.6% improvement in the Southeast Group. We remain confident in the realization of our full-year average selling price expectations for all product lines, supported by mid-year price increases, most notably in cement and ready mix.

Now let me turn to the significant transaction I referenced earlier. Strengthening our geographic footprint with quality assets that provide leadership positions is a focus for our Company, consistent with the long-term nature of our business, and in line with our strategic plan. As a result, our recently announced agreement to purchase Bluegrass for $1.625 billion in cash has been well-received. Bluegrass is the largest privately-owned, pure-play aggregates business in the United States and will be a meaningful addition to our aggregates-led portfolio of high-quality assets. Notably, Bluegrass will add more than 2 billion tons of aggregates reserves in Georgia, South Carolina, Tennessee, Maryland and Kentucky. Bluegrass' Georgia, South Carolina and

Tennessee operations complement Martin Marietta's existing southeastern footprint while expanding the range of products that can be provided to both new and existing customers. As the leading aggregates producer in Maryland, Bluegrass will provide Martin Marietta with a strategic new growth platform within the southern portion of the Northeast Megaregion, serving the Baltimore, Frederick, Hagerstown and Maryland Eastern Shore metropolitan areas as well as Delaware. With aggregates shipments currently 20% to 30% below peak levels, all of these markets are expected to benefit from the accelerating economic recovery in the eastern United States. Additionally, Bluegrass has leading positions in Bowling Green and eastern Kentucky. Bluegrass' strategically located assets, combined with the strength and depth of its personnel, have led to operations with impressive cost profiles and EBITDA margins that are a natural fit with Martin Marietta's eastern operations. We anticipate the transaction to be accretive to earnings per diluted share and cash flow in the first full year after closing, which is currently expected to occur during the fourth quarter of this year, following regulatory approvals and other customary closing conditions.

As supported by third-party forecasts, we believe the fundamental drivers of the broad-based construction recovery, including sustained employment gains in key Martin Marietta metros, remain firmly intact.

MARKET PERSPECTIVE

The foundations of our multi-year outlook are firmly in place. The fundamental drivers of the broad-based construction recovery, including sustained employment gains in key Martin Marietta metros, remain intact.

141.1

JUNE 2017
DODGE MOMENTUM INDEX PORTENDS INCREASED 2017 CONSTRUCTION ACTIVITY

54.2

JUNE 2017
ARCHITECTURAL BILLINGS INDEX FIRMLY IN EXPANSION TERRITORY

- Third-party forecasts indicate increased construction activity over the next several years, supporting our internal outlook for durable, steady growth in demand.
    - Moody's Analytics Economy.com recently updated its U.S. Regional Business Cycle Map, which summarizes the economic status (Expanding, Recovering, At Risk or In Recession) of states and metropolitan areas. The economic climate in Georgia, Ohio and Arkansas improved from Recovering to Expanding, further validating our belief that we are in the middle of a multi-year construction recovery.
    - Dodge Data & Analytics forecasts a 5% increase in total construction starts in 2017 followed by a 7% increase in 2018.
    - The Portland Cement Association, or PCA, remains optimistic about national cement demand and forecasts a 3.4% increase in 2017 and a 3.5% increase in 2018, followed by accelerated growth in 2019 and beyond.
    - The Dodge Momentum Index, or DMI, a monthly measure of initial nonresidential construction planning, measured 141.1 in June 2017, near its highest level since 2009. The DMI's continued upward trend suggests nonresidential construction activity will remain healthy through the balance of 2017 and likely beyond.

- The Architectural Billings Index, or ABI, a nine- to twelve-month planning time indicator for nonresidential construction activity with an index score of 50, reached 54.2 in June with all geographic regions reporting billing growth.

♦ Our business in the southeastern United States continues to benefit from accelerating economic recovery and attractive market drivers including robust employment growth, lower costs of living, affordable housing options and land availability for development.

- Key southeastern states lead the nation in job growth, with Florida ranked 3rd, Georgia 5th and North Carolina 8th. Job growth in all of these states, as well as South Carolina, has accelerated faster than the national average.
- Customer confidence in North Carolina, South Carolina, Georgia and Florida is at its highest level in nearly a decade.

♦ Our West Group states, predominantly Texas and Colorado, continue to demonstrate the sustained, durable nature of the current construction cycle. Texas regained its #1 ranking in employment growth while Colorado currently ranks 9th; job growth in both states is well above the national average.

- Texas manufacturing and service sectors are expanding, driven by strong job growth and a robust housing market, particularly in Dallas, Fort Worth, Austin and San Antonio.
- The Rocky Mountain outlook remains strong with continued growth in all primary end-use markets – infrastructure, residential and nonresidential construction. Denver is among the fastest growing metropolitan economies in the United States, and Martin Marietta has a premier, multi-generational position along the Front Range of the Rocky Mountains, home to 80% of Colorado’s population.

We expect growth in all three primary construction end-use markets over the next several years as the nation in general, and Martin Marietta specifically, enjoys an increasingly robust construction-centric phase of the current economic recovery. Residential activity remains positive with an increasing emphasis on single-family housing, which is more aggregates intensive than multi-family construction. Notably, six of Martin Marietta’s key states - Florida, Texas, North Carolina, Georgia, South Carolina and Colorado - rank in the top ten for single-family housing permits.

Nonresidential construction will benefit from the next wave of major energy projects, the majority of which are expected to begin in 2018, as well as general light nonresidential activity which typically follows employment gains and housing construction.

The most exciting, and at times most frustrating, market in our outlook is public investment for infrastructure projects. It is not a question of “why” or “whether,” but rather “when.” Every level of government – municipal, state and federal – is almost in unanimous agreement that we, as a society, need to address our nation’s aging infrastructure. Martin Marietta will be an increasingly important player when it comes to improving our nation’s highways, bridges, roads and streets. Infrastructure demand is expected to increase in the second half of 2017 and over the next several years supported by the $305 billion *Fixing America’s Surface Transportation Act* (FAST Act) and, perhaps more importantly, by newly-passed state and local funding initiatives, including Texas’ *Proposition 7* and other meaningful initiatives in Georgia, Iowa, South Carolina and Indiana. In addition, we expect to see benefits from regulatory reform on the pace of highway construction activity. The ability to expedite large project approvals, together with the implementation of project scorecards and timelines, will allow states to bring projects forward, generating increased near- and long-term product demand. It is important to note that our current outlook does not include any benefit that may accrue to us from the enactment of any potential increase in federal infrastructure spending. Clearly, the intention is that it will be substantial, and we are remarkably well-positioned to participate.

CONCLUSION

Our strategic leading positions in many of the nation’s fastest-growing, most vibrant markets reinforces our confidence in Martin Marietta’s ability to capitalize on the durable, multi-year construction recovery and benefit from the expected increased demand. With a relentless focus on world-class safety standards, diligent cost discipline and operational excellence, we remain steadfast in our commitment to achieve industry-leading results and enhance long-term shareholder value.