MARTIN MARIETTA MATERIALS INC
Form DEF 14A
April 17, 2017

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

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))
Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material pursuant to Rule 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):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) 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 pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

Table of Contents

April 17, 2017

Dear Fellow Shareholder:

On behalf of the Martin Marietta Board of Directors and executive officers, it is my pleasure to invite you to our 2017 Annual Meeting of Shareholders.

Strong Financial Performance

2016 was an exceptional year for Martin Marietta. We established several new financial records and demonstrated the earnings power of our strategically-positioned assets, driven by a more durable, construction-centric recovery. Our record performance and market position yielded strong returns for our shareholders, delivering a 64% total shareholder return, the 9th best in the S&P 500. And, as always, we achieved these results while remaining committed to the safety, ethics, integrity and values that are the hallmark of Martin Marietta.

Shareholder Engagement

We held an Investor Day in Dallas, Texas in 2016. Management provided overviews of our accomplishments relative to our five-year Strategic Operating Analysis and Review (SOAR 2020), outlined generally objectives for SOAR 2020 and offered a snapshot of the potential earnings power of the business. However, Texas was, literally, the show s star. Presentations from our regional management provided insight into the fundamental drivers of the Texas economy. Operations tours were provided at both the Bridgeport/Chico Quarry Complex as well as the Midlothian Cement Plant, including facilities that were added in our recent acquisition of Texas Industries.
Our investor outreach in 2016 extended to 127 meetings with 314 investor groups, and conversations with most of our top 20 shareholders. We visited with our shareholders across the United States and in Toronto, Frankfurt, London, Edinburgh and Paris. We also issued our second Sustainability Report in 2016 - *Building Solid Foundations Partnering for Stronger Communities* - in response to our shareholders request that we share our story on the efforts and improvements we are making in this important aspect. From our world-class safety programs and performance, to our targeted and intentional support of education and health, and environmental programs that ensure operational excellence, we have a solid foundation and an exciting opportunity to build upon.

Governance Developments

There were several important changes to our corporate governance in 2016. First, shareholders approved amendments to our Articles of Incorporation that provide for annual elections of directors. Second, the Board did not renew the shareholder rights plan that expired in October 2016. Our Board continues to review our governance policies to ensure we are able to create appropriate value for our shareholders.

Board Member Changes

At this year s meeting, William E. McDonald will retire in accordance with the mandatory retirement provision in our bylaws. We wish Bill well in retirement and are extremely grateful for his steady guidance and thoughtful leadership given generously through his 21 years on our Board.

We also added two new Board members in 2016, namely John J. Koraleski, former Chairman and CEO of Union Pacific Railroad, and Donald W. Slager, President and CEO of Republic Services. We are delighted to have both Jack and Don, who each bring strong backgrounds and experience with publicly-traded companies to provide their insights into our Board mix.

Proxy Voting

Because *your* proxy vote matters, I urge you to cast it promptly even if you plan to attend the Annual Meeting. We encourage you to vote so that your shares will be represented and voted at the meeting.

Thank you for your continued support of Martin Marietta.

Sincerely,

C. Howard Nye

Chairman of the Board, President and Chief Executive Officer

Table of Contents

MARTIN MARIETTA MATERIALS, INC.

2710 Wycliff Road, Raleigh, North Carolina 27607

Notice of Annual Meeting of Shareholders

To Be Held May 18, 2017

To Our Shareholders:

The Annual Meeting of Shareholders of Martin Marietta Materials, Inc. will be held on Thursday, May 18, 2017, at 11:30 a.m. at our principal office located at 2710 Wycliff Road, Raleigh, North Carolina. At the meeting, the holders of our outstanding common stock will act on the following matters:

(1) Election as Directors the four (4) nominees named in the attached proxy statement, each to serve their respective term as described in the attached proxy statement, and until their successors are duly elected and qualified;

(2) Ratification of the appointment of PricewaterhouseCoopers LLP as independent auditors for 2017;

(3) Advisory vote to approve the compensation of our named executive officers;

(4) Advisory vote to select the frequency of future shareholder votes to approve the compensation of our named executive officers;

(5) A shareholder proposal described in the accompanying proxy statement, if properly presented at the Annual Meeting; and

(6) Any other business that may properly come before the meeting.

All holders of record of Martin Marietta common stock (NYSE: MLM) at the close of business on March 10, 2017 are entitled to notice of and to vote at the Annual Meeting and any adjournments or postponements of the meeting.

We have enclosed our 2016 Annual Report to Shareholders. The report is not part of the proxy soliciting materials for the Annual Meeting.

Whether or not you expect to attend the meeting, we hope you will **date and sign the enclosed proxy card** and mail it promptly in the enclosed stamped envelope. Submitting your proxy now will not prevent you from voting your shares at the meeting, as your proxy is revocable at your option.

Sincerely,

Roselyn R. Bar

Executive Vice President, General

Counsel and Secretary

Raleigh, North Carolina

April 17, 2017

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE

ANNUAL SHAREHOLDER MEETING TO BE HELD ON MAY 18, 2017:

Martin Marietta s proxy statement, form of proxy card and 2016 Annual Report to Shareholders are also available at *ir.martinmarietta.com/reports.cfm*.

Table of Contents

Table of Contents

Proxy Summary

This Proxy Summary highlights information about Martin Marietta that can be found elsewhere in this proxy statement. It does not contain all of the information you should consider in voting your shares. We encourage you to read the entire proxy statement for more detailed information on each topic prior to casting your vote. This proxy statement, the proxy card, and the notice of meeting are being sent commencing on approximately April 17, 2017 to shareholders of record on March 10, 2017.

2017 Annual Meeting of Shareholders

Meeting Date:	May 18, 2017	**Place:**	2710 Wycliff Road, Raleigh, NC
Time:	11:30 am ET	**Record Date:**	March 10, 2017

Your vote is important. You may vote in person at the Annual Meeting or submit a proxy over the internet. If you have received a paper copy of the proxy card (or if you request a paper copy of the materials), you may submit a proxy by telephone or by mail.

Via the Internet

www.voteproxy.com.

In Person

Attend the Annual Meeting and vote by ballot.

By Telephone

1-800-PROXIES (1-800-776-9437)

in the United States or 1-718-921-8500 from outside the United States.

By Mail

Sign, date and mail your proxy card in the envelope provided.

If you submit your proxy by telephone or over the internet, you do not need to return your proxy card by mail.

PROPOSALS AND VOTING RECOMMENDATIONS

Proposal	Description	Board Voting Recommendation	Page
1	Election of Four Director Nominees	FOR ALL DIRECTOR NOMINEES	7
2	Ratification of the appointment of PricewaterhouseCoopers LLP as independent auditors	FOR	25
3	Advisory Vote on Company s Executive Compensation	FOR	56
4	Advisory Vote on Frequency of Shareholder Votes on Executive Compensation	EVERY 1 YEAR	57
5	Advisory Vote on Shareholder Proposal Requesting that the Board Amend the Bylaws to Provide for Proxy Access	AGAINST	58

Table of Contents

Shareholders Benefit from Martin Marietta s Strong 2016 Performance

Record net sales of $3.58 billion **up 9.4%** from 2015

Record gross profit of $909 million **up 25.9%**

Record operating earnings of $667.3 million **up 39.2%**

Net earnings attributable to Martin Marietta of $425.4 million, an **increase of 47%** over 2015

Earnings before interest, taxes, depreciation, depletion and amortization (EBITDA) of $971.6 million **up 29.4%** from 2015

Earnings attributable to common shareholders per diluted share of $6.63 compared with $4.29, **up 54.5%**

Notes: Peak and trough years are measured against the reported earnings with no adjustments for unusual or infrequent items. Trough years vary for each measure as follows: Net Sales 2009; Gross Profit 2011; Operating Earnings 2012; Net Earnings 2011; EBITDA - 2012

A reconciliation of Net Earnings Attributable to Martin Marietta to EBITDA is included in Annex B.

Corporate Governance Highlights

Recent Updates

- Declassified Board phase-in begins Directors elected in 2017 to serve one-year terms
- Modifications to our long-term equity compensation and cash incentive programs

Board of Directors

- Lead Independent Director
- 10 Directors; 9 are non-employees; 8 are independent
- Key committee Chairs are independent
- Executive sessions of non-management Directors at each regularly-scheduled meeting
- All Directors attended 100% of all Board and committee meetings in 2016
- Limited membership on other public company boards
- Code of Ethical Business Conduct and ethics program that reports to a Board Committee
- Regular Board self-assessments and Director peer review
- Risk oversight by full Board and Committees

Shareholder Interest

Majority voting standard for uncontested Director elections

No shareholder rights plan

Annual advisory vote to ratify independent auditor

Annual advisory vote to approve executive compensation

Longstanding active shareholder engagement

Table of Contents

Board Composition

In 2016, we elected two new Directors to the Board, each with extensive experience serving as chief executive officers and members of the board of directors of large publicly-traded companies. We were recognized in 2015 at the *Women s Forum of New York at its Biennial Breakfast of Corporate Champions* for our Board diversity.

Board Attendance

In 2016, all directors attended 100% of the total Board and committee meetings to which they were assigned. All incumbent directors attended the May 2016 Annual Meeting, except for Mr. Koraleski who joined the Board in August 2016.

Our Compensation Approach

A substantial portion of compensation paid to our named executive officers (NEOs) is variable and performance-based. We use the 50th percentile of our comparator group to set target compensation, but actual pay realized by our NEOs is dependent on our financial, operational and other related performance. Based on our record levels of performance in 2016, variable compensation payable under both our short-term and long-term incentive plans exceeded the target amounts established for each NEO, which is consistent with our pay-for-performance philosophy.

Table of Contents

Shareholder Rights and Governance Practices

Will any other matters be presented at the Annual Meeting?

At the time this proxy statement was filed with the Securities and Exchange Commission, the Board of Directors was not aware that any matters not referred to herein would be presented for action at the Annual Meeting. If any other matters properly come before the meeting, it is intended that the persons named in the enclosed proxy will vote the shares represented by proxies on such matters in accordance with the recommendation of the Board of Directors, or, if no recommendation is given, in their own discretion. It is also intended that discretionary authority will be exercised with respect to the vote on any matters incident to the conduct of the meeting.

What are the Board s recommendations?

Unless you give other instructions on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of the Board of Directors. The Board s recommendation, as well as a description of each proposal, is set forth in this proxy statement. The Board recommends a vote:

FOR the election of the nominated slate of Directors;

FOR the ratification of the selection of PricewaterhouseCoopers LLP as independent auditors;

FOR the approval, on a non-binding advisory basis, of the compensation of our named executive officers as described in this proxy statement;

FOR the selection of **EVERY 1 YEAR** for the frequency of future non-binding advisory votes on the compensation of our named executive officers; and

AGAINST the advisory vote on the shareholder proposal requesting that the Board amend the Bylaws to provide for proxy access.

Table of Contents

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement contains forward-looking statements as defined in the Securities Exchange Act of 1934 and is subject to the safe harbors created therein. The forward-looking statements contained herein are generally identified by the words believe, project, expect, anticipate, estimate, intend, strategy, future, opportunity, plan, may, should, will, would, will be, will continue, will likely result, and similar expressions. Forward-looking statements are based on the beliefs and assumptions of our management and on currently available information. A detailed discussion of risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in our annual report on Form 10-K for the fiscal year ended December 31, 2016. We undertake no responsibility to publicly update or revise any forward-looking statement.

The Board of Directors

The Board of Directors currently consists of ten members, nine of whom are non-employee Directors. At the 2016 Annual Meeting, shareholders approved the Board of Directors proposal to amend our Articles of Incorporation to phase out the classification of the terms of our Directors and to provide instead for the annual election of our Directors. Prior to the charter amendment, our Board of Directors was divided into three classes, with each class serving three-year terms. Now, commencing with this 2017 Annual Meeting of Shareholders, our Directors will be elected to one-year terms of office after the current terms of the Directors of each class expire at the 2017, 2018 and 2019 Annual Meetings of Shareholders.

The Board of Directors has nominated four persons for election as Directors to serve a one-year term expiring in 2018. Unless otherwise directed, proxies will be voted in favor of these nominees. Each nominee has agreed to serve if elected. Each of the nominees is currently serving as a Director. Mr. Koraleski was appointed as a Director as of August 15, 2016. Should any nominee become unable to serve as a Director, the persons named in the enclosed form of proxy will, unless otherwise directed, vote for the election of such other person for such position as the present Board of Directors may recommend in place of such nominee.

Under our Bylaws, nominations of persons for election to the Board of Directors may be made at an Annual Meeting of Shareholders by the Board of Directors and by any shareholder who complies with the notice procedures set forth in the Bylaws. As described in the proxy statement for our 2016 Annual Meeting, for a nomination to be properly made by a shareholder at the 2017 Annual Meeting, the shareholder s notice must have been sent to, and received by, our Secretary at our principal executive offices between January 20, 2017 and February 19, 2017. No such notice was received during this period. Should any of the following nominees be unavailable for election by reason of death or other unexpected occurrence, the proxy, to the extent permitted by applicable law, may be voted with discretionary authority in connection with the nomination by the Board of Directors and the election of any substitute nominee.

The Bylaws of the Corporation provide that a Director will retire at the Annual Meeting of Shareholders following the Director s 75th birthday. One of our current Directors, William E. McDonald, reached this mandatory retirement age this year and is not eligible for election at the Annual Meeting for a new term. Mr. McDonald has stated that he intends to serve as a Director of the Corporation through the commencement of the 2017 Annual Meeting of Shareholders, after which he will retire from the Board. The Board extends its sincere appreciation to Mr. McDonald for his years of service and thoughtful Board leadership. Mr. McDonald has given generously of his time and has consistently provided the Board with independent insight and advice, which have been invaluable to the Board and to Martin Marietta. In light of the retirement of Mr. McDonald, the Board of Directors has set the size of the Board of Directors at nine effective upon the commencement of the 2017 Annual Meeting.

The recruiting process typically involves either a search firm or a member of the Nominating and Corporate Governance Committee contacting a prospect to gauge his or her interest and availability. A candidate will then meet with several members of the Nominating and Corporate Governance Committee and Board. At the same time, the Nominating and Corporate Governance Committee and the search firm will contact references for the prospect. A background check is completed before a final recommendation is made to the Board to appoint a candidate to the Board. During 2015-2016, the Nominating and Corporate Governance Committee retained a search firm to help identify director prospects, perform candidate outreach, assist in reference checks, and provide other related services. Nominated to the Board in August 2016, Mr. Koraleski was initially identified by the Chairman, President and CEO and was recommended as a Director nominee by the Nominating and Corporate Governance Committee.

Proxies cannot be voted for a greater number of persons than the number of nominees named.

The following sets forth the age and certain other biographical information for each of the nominees for election and for each of the other members of the Board of Directors as of the date of this proxy statement.

Table of Contents

Proposal No. 1

Election of Directors

Nominees for election to the Board of Directors for a Term Continuing Until 2018:

SUE W. COLE **Director Since:** 2002 **Age:** 66 Chair of the Nominating and Corporate Governance Committee and member of the Management Development and Compensation Committee.	Ms. Cole is the managing partner of SAGE Leadership & Strategy, LLC, an advisory firm for businesses, organizations and individuals relating to strategy, governance and leadership development. Ms. Cole was previously a principal of Granville Capital Inc., a registered investment advisor, from 2006 to 2011, and before that she was the Regional CEO, Mid-Atlantic Region, of U.S. Trust Company, N.A., where she was responsible for the overall strategic direction, growth, and leadership of its North Carolina, Philadelphia and Washington, D.C. offices. Ms. Cole previously held various positions in the U.S. Trust Company, N.A. and its predecessors. Ms. Cole has previously served on the public-company board of UNIFI, Inc. She has also been active in community and charitable organizations, including previously serving as Chairman of the North Carolina Chamber, on the Investment Committee of the University of North Carolina at Greensboro and as a member on the North Carolina Economic Development Board. Ms. Cole attended the University of North Carolina at Greensboro where she earned a B.S. in Business Administration and an M.B.A. in Finance.	***Key attributes, experience and skills:*** Valuable experience in executive compensation, corporate governance, human resources, finance and financial statements, and customer service Chief executive officer of several financial services and investment advisory businesses as well as several non-profit organizations Strong leadership skills and familiarity with governmental affairs
MICHAEL J. QUILLEN	Mr. Quillen was the founder and served as Chief Executive Officer of Alpha Natural Resources, Inc. (ANR), a leading Appalachian coal supplier, since its formation in 2004 until its merger with Foundation Coal Holdings, Inc. in July 2009, and served as President and Chairman of ANR from 2006 to 2009, and non-Executive Chairman until May 2012. Mr. Quillen held senior executive positions in the coal industry throughout his career at Pittston/Pittston Coal Sales Corp.,	***Key attributes, experience and skills:*** Valuable business, leadership, management, financial, and mergers and

Director Since: 2008

Age: 68

Lead Independent Director, Chair of the Management Development and Compensation Committee, Member of the Executive Committee and the Nominating and Corporate Governance Committee.

AMVEST Corporation, NERCO Coal Corporation, Addington, Inc. and Mid-Vol Leasing, Inc. He has also served as Chairman (Rector) of the Board of Visitors of Virginia Polytechnic Institute and State University from July 2012 to June 2014 and was reappointed to an additional four-year term on the Board of Governors in July 2014. He was Chairman of the Audit and Finance Committee of Virginia Polytechnic Institute and State University from July 2010 to June 2012. He also served on the Virginia Port Authority from 2003 to 2012 and as Chairman from July 2011 to December 2012. Mr. Quillen attended Virginia Polytechnic Institute and State University, earning both Bachelor s and Master s degrees in Civil Engineering.

acquisitions experience

Extensive experience related to mining companies, governmental and regulatory issues, safety, health and environmental matters

Tremendous insight and expertise with respect to strategic analysis, the natural resources industry, and energy

Wealth of knowledge related to transportation

JOHN J. KORALESKI

Director Since: 2016

Age: 66

Member of the Audit Committee, Executive Committee and Management Development and Compensation Committee.

Mr. Koraleski served from February 2015 through his retirement in September 2015 as executive Chairman of the Board of the Union Pacific Corporation (UP), which through its subsidiaries operates North America s premier railroad franchise, covering 23 states across the western two-thirds of the United States. Prior to that, he was named President and Chief Executive Officer of the UP in March 2012, elected as a Director of the UP in July 2012, and appointed Chairman of the Board in 2014. Since joining the Union Pacific Railroad in 1972, Mr. Koraleski held a number of executive positions in the UP and the Railroad, including, Executive Vice President Marketing and Sales from 1999 to 2012, Executive Vice President Finance and Information Technology, Chief Financial Officer, and Controller. Mr. Koraleski served as the Chairman of The Bridges Investment Fund, Inc., a general equity fund whose primary investment objective is to seek long-term capital appreciation, from 2005 through March 2012 and is a past Chairman of the Association of American Railroads. Mr. Koraleski earned a Bachelor s and Master s degree in business administration from the University of Nebraska at Omaha.

Key attributes, experience and skills:

Experience with the demands and challenges associated with managing a large publicly-traded organization from his experience as Chairman and CEO of Union Pacific

Extensive knowledge of financial system management, public company accounting, disclosure requirements and financial markets

Valuable expertise in talent management, compensation, governance and succession planning

Understanding of complex logistic operations, safety and rail operations

Broad strategic analysis and experience with acquisitions, integration, marketing and information technologies

STEPHEN P. ZELNAK, JR.

Director Since: 1993

Age: 72

Chair of the Finance Committee and Member of the Ethics, Environment, Safety and Health Committee.

Mr. Zelnak currently serves as Chairman of the Board of Beazer Homes USA, Inc., a geographically diversified homebuilder with active operations in 13 states within three geographic regions in the United States. He previously served as Chief Executive Officer of Martin Marietta from 1993 to 2009, President from 1993 to 2006, Chairman of the Board from 1997 through 2009, Executive Chairman from January 2010 to May 2010, and non-Executive Chairman from May 2010 until May 2014. Mr. Zelnak joined Martin Marietta Corporation in 1981 and was responsible for the aggregates operations since 1982. Mr. Zelnak is also Chairman and majority owner of ZP Enterprises, LLC, a private investment firm. In addition to community and charitable organizations, Mr. Zelnak has served as Chairman of the North Carolina Chamber and the National Stone, Sand and Gravel Association. He currently serves on the Advisory Board of the College of Management at North Carolina State University and is a Trustee Emeritus of the Georgia Tech Foundation Board. Mr. Zelnak received a Bachelor s degree from Georgia Institute of Technology and Master s degrees in Administrative Science and Business Administration from the University of Alabama system.

Key attributes, experience and skills:

Former Chairman and CEO of Martin Marietta

Extensive mentorship, business and operating experience

Knowledge of all aspects of Martin Marietta and the construction aggregates industry

Broad strategic and financial experience

Knowledge of the homebuilding industry and factors that impact construction

Corporate governance

The Board Unanimously Recommends a Vote **FOR**

All Nominees for Election to the Board of Directors
on This Proposal 1

Table of Contents

Other Directors Whose Terms Continue Until 2018:

DAVID G. MAFFUCCI

Director Since: 2005

Age: 66

Chair of the Audit Committee and member of the Ethics, Environment, Safety and Health Committee.

Mr. Maffucci is a Director of Domtar Corporation, which designs, manufactures, markets and distributes a wide variety of fiber-based products, including communication papers, specialty and packaging papers, market pulp and absorbent hygiene products. He is currently the Chair of its Audit Committee and a member of its Finance Committee and Nominating and Corporate Governance Committee. Mr. Maffucci previously served as Executive Vice President and Chief Financial Officer of Xerium Technologies, Inc., a manufacturer and supplier of consumable products used in paper production, from 2009 to 2010, as well as on its Board of Directors from 2008 until 2010, serving on its Audit and Compensation Committees from 2008 to 2009. On March 30, 2010, Xerium Technologies, Inc. filed a voluntary petition for relief under Chapter 11 of the Federal bankruptcy laws as part of a pre-arranged restructuring plan with the support of its lenders. On May 25, 2010, Xerium Technologies, Inc. emerged from Chapter 11 protection. Mr. Maffucci also served as Executive Vice President and Chief Financial Officer of Bowater Incorporated. Mr. Maffucci previously worked at KPMG and is a Certified Public Accountant. He received his Bachelor s degree from Sacred Heart University.

Key attributes, experience and skills:

Extensive financial experience with a large public accounting firm

Accounting principles and practices, auditing, internal control over financial reporting, and risk management processes

DONALD W. SLAGER

Director Since: 2016

Donald W. Slager serves as President and Chief Executive Officer of Republic Services, Inc., a service provider in the non-hazardous solid waste industry, holding this position since January 2011. Prior to this, he served as President and Chief Operating Officer of Republic from December 2008 until his promotion to CEO. Prior to that, Mr. Slager served in the same capacity for Allied Waste Industries, Inc. (Allied Waste), from 2005 to 2008, prior to its merger with Republic Services. Mr. Slager was Executive Vice President and Chief Operating Officer of Allied Waste between 2003 and 2004. Prior to that, Mr. Slager held varying positions of increasing

Key attributes, experience and skills:

More than 13 years of C-Suite experience

Age: 55

Member of the Ethics, Environment, Safety and Health Committee and the Finance Committee.

responsibility with Allied Waste. Mr. Slager also has served as a Director of Republic since 2010. Mr. Slager previously served as an independent Director of UTi Worldwide Inc. (UTI) from 2009 to January 2016, where he served as Chairman of the Nominating and Corporate Governance Committee and as a member of both the Compensation and Risk Committees. UTi, a former NYSE listed company, was an international, non-asset-based supply chain services and solutions company providing air and ocean freight forwarding, contract logistics, customs brokerage, distribution, inbound logistics, truckload brokerage and other supply chain management services until it was acquired by DSV A/S a third-party logistics services provider, in January 2016. Mr. Slager has completed the Northwestern University Kellogg School Advanced Executive Program and holds a certificate from the Stanford University Board Consortium Development Program.

More than 26 years of general management experience in a complex, capital intensive and logistics business

Extensive experience in mergers and acquisitions, integration, and strategic development and analysis

Valuable experience from his membership on two publicly-traded board of directors

Other Directors Whose Terms Continue Until 2019:

C. HOWARD NYE

Director Since: 2010

Age: 54

Chairman of the Board (since 2014) and Chair of the Executive Committee (since 2014)

Mr. Nye has served as Chairman of the Board since 2014 and as President and Chief Executive Officer of Martin Marietta since January 1, 2010. He previously served as President and Chief Operating Officer of Martin Marietta from August 2006 to 2009. From 2003 to 2006, Mr. Nye served as Executive Vice President of Hanson Aggregates North America, a producer of aggregates for the construction industry, and in other managerial roles since 1993. Mr. Nye is also currently an independent Director of CREE, Inc., a multi-national manufacturer and market-leading innovator of lighting-class LEDs, LED lighting, and semiconductor solutions for wireless and power applications, where he serves as a member on the Compensation Committee and Chair of the Governance and Nominations Committee. Mr. Nye has also been active in a number of various business, civic, and education organizations, including serving as a member of the Executive Committee and past Chairman of the Board of Directors of the National Stone, Sand & Gravel Association, Vice Chairman of the Board of Directors of the American Road & Transportation Builders Association (ARTBA), and a member of the Board of Directors of the United States Chamber of Commerce. Mr. Nye has also been a gubernatorial appointee to the North Carolina Mining Commission. Mr. Nye received an A.B. degree from Duke University and a J.D. degree from Wake Forest University.

Key attributes, experience and skills:

Extensive knowledge of the construction aggregates industry

Extensive leadership, business, operating, marketing, mergers and acquisitions, legal, customer-relations, and safety and environmental experience

Understands the competitive nature of the business and has strong management skills and broad executive experience

Broad strategic vision for the future growth of Martin Marietta

LAREE E. PEREZ

Director Since: 2004

Age: 63

Chair of the Ethics, Environment, Safety and Health Committee and member of the Audit Committee

Ms. Perez has served as Owner and Managing Partner of The Medallion Company, LLC, a consulting firm, since 2003. In 2015, she became employed as an investment consultant with DeRoy & Devereaux, an independent investment adviser, where she provides client consulting services. Ms. Perez was previously a Director of GenOn Energy, Inc., one of the largest power producers in the United States, from 2002 to 2012, and served as the Chairman of the Audit Committee of GenOn Energy, Inc. from 2002 to 2007 and a member of its Audit and Risk and Finance Oversight Committees from 2008 to 2012. Previously, she was Vice President of Loomis, Sayles & Company, L.P. and co-founder, President and Chief Executive Officer of Medallion Investment Company, Inc. In addition to civic and charitable organizations, Ms. Perez recently served as Vice Chairman of the Board of Regents at Baylor University and previously served on the Board of Trustees of New Mexico State University, where she was also Chairman of the Board. Ms. Perez earned a Bachelor s degree from Baylor University in Finance and Economics.

Key attributes, experience and skills:

Significant business, financial and private investment experience

Significant expertise with respect to financial statements, corporate finance, accounting and capital markets, mergers and acquisitions, and strategic analysis

Insight into auditing best practices

Familiarity with the southwestern United States

DENNIS L. REDIKER

Director Since: 2003

Age: 73

Member of the Audit Committee and the Finance Committee.

Mr. Rediker served as the President and Chief Operating Officer of Utility Composite Solutions International (UCSI), a developer and maker of composite materials for utility and municipal lighting applications, from 2011 until its sale to Highland Industries in 2016. He is currently providing consulting and transition services to Highland Industries. From 2009 to 2011, Mr. Rediker served as the President and Chief Operating Officer of B4C, LLC, a developer and maker of ceramic materials for defense and aerospace applications. He previously served as President and Chief Executive Officer and Director of The Standard Register Company, and as the Chief Executive Officer and a Director of English China Clays, plc. Mr. Rediker received a Bachelor s degree from the University of California at Santa Barbara in electrical engineering.

Key attributes, experience and skills:

- Significant operating, financial, leadership, strategic, audit, and marketing experience
- Extensive experience in mergers and acquisitions, environmental and safety, and customer service
- Expertise in corporate strategy

Director Compensation

Martin Marietta uses a combination of cash and stock-based incentive compensation to attract and retain qualified candidates to serve on the Board of Directors. In setting Director compensation, Martin Marietta considers the significant amount of time that Directors expend in fulfilling their duties to Martin Marietta as well as the skill level required by Martin Marietta of members of the Board. The Board determines reasonable compensation for Directors upon recommendation of the Management Development and Compensation Committee of the Board, which retains independent compensation consultants to assist it.

Cash Compensation Paid to Board Members

For the fiscal year ended December 31, 2016, all the individuals who were then Directors, except Mr. Nye, who was the Chief Executive Officer of Martin Marietta in 2016 and was not and is not compensated separately for his service as a Director, were paid an annual cash retainer, as well as an equity grant of restricted stock units (RSUs), which is discussed below. The annual retainer for Board members was $100,000. Members of the Audit Committee received an additional $5,000 in view of their increased responsibilities. Each committee chair received an additional annual fee of $8,000, except the Chair of the Audit Committee, who received an additional annual fee of $15,000 in light of his increased responsibilities. In his role as Lead Independent Director, Mr. Quillen received an additional annual fee of $25,000. The annual cash retainer and supplemental fees are paid in quarterly installments, measured from the end of the month during which the Annual Meeting of Shareholders is held. Directors were also reimbursed for travel and other

expenses related to attendance at Board and committee meetings. Martin Marietta s plane was used to transport some Directors to and from Board and committee meetings, but no Directors received personal use of Martin Marietta s plane or other perquisites and personal benefits in 2016.

Equity Compensation Paid to Board Members

Non-employee Directors received an award of RSUs with a value of $100,000 (rounded up to the nearest RSU) based on the closing price as of the date of grant, which was generally immediately following the 2016 Annual Meeting of Shareholders in May 2016. In 2016, this award was 541 RSUs. Mr. Koraleski, who was appointed to the Board on August 15, 2016, received 502 RSUs. The RSUs granted to the Directors in 2016 were fully vested upon award. Directors are required to defer at least 50% of the RSUs until retirement from the Board. Directors may choose to voluntarily defer an additional portion of their RSUs, and any RSUs that are not so deferred will settle in shares of common stock of Martin Marietta as soon as practicable following the grant date. The RSUs were awarded under the Martin Marietta Amended and Restated Stock-Based Award Plan (the Stock Plan), which was approved by shareholders on May 19, 2016. The Stock Plan provides that, during any calendar year, no non-employee Director may be granted (i) restricted shares and other full-value stock-based awards, including RSUs, in respect of more than 7,000 shares of common stock of Martin Marietta or (ii) options or stock appreciation rights in respect of more than 20,000 shares of common stock of Martin Marietta.

The Directors do not have voting or investment power for their respective RSUs.

Table of Contents

Proposal 1: Election of Directors Director Compensation

Deferred Compensation Program for Board Members

The Common Stock Purchase Plan for Directors provides that non-employee Directors may elect to receive all or a portion of their fees earned in 2016 in the form of Martin Marietta s common stock units. If deferral is elected, there is a mandatory deferral minimum time of three years with, subject to certain restrictions, redeferrals at each Director s election up to the date the person ceases to be a Director or the date that is one year and one month following the date that the person ceases to be a Director. Directors may elect to receive payment of the deferred amount in a single lump sum or in equal annual installments for a period up to ten years. Directors may also elect to defer their fees paid in cash on the same basis. Amounts

deferred under the plan in cash are credited with interest at the prime rate. Amounts deferred under the plan in common stock are credited toward units of common stock 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 Director fees would otherwise be paid. There are no matching contributions made by Martin Marietta. The units are converted into common stock of Martin Marietta pursuant to the terms of the plan. Dividend equivalents are paid on the units at the same rate as dividends are paid to all shareholders. The Directors do not have voting or investment power for their respective common stock units.

Director Compensation Table

The table below summarizes the compensation paid by Martin Marietta to each person who served as a non-employee Director during the fiscal year ended December 31, 2016.

Name[1] (a)	Fees Earned or Paid in Cash ($)[2] (b)	Stock Awards ($)[3] (c)	Option Awards ($)[4] (d)	Non-Equity Incentive Plan Compensation ($) (e)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)[5] (f)	All Other Compensation ($)[6] (g)	Total ($) (h)
Sue W. Cole	108,000	100,053			9,982	64,603	282,638
John J. Koraleski	52,500	100,129			2	422	153,053
David G. Maffucci	120,000	100,053			5,725	32,923	258,701
William E. McDonald	102,000	100,053			12,238	67,464	281,755

Frank H. Menaker, Jr.[7]	26,250	0		5,201	17,712	49,163
Laree E. Perez	113,000	100,053		4,361	28,366	245,780
Michael J. Quillen	131,000	100,053		3,941	58,395	293,389
Dennis L. Rediker	105,000	100,053		7,669	35,071	247,793
Richard A. Vinroot[7]	27,000	0		4,832	35,663	67,495
Donald W. Slager	75,000	100,053		6	671	175,730
Stephen P. Zelnak, Jr.	106,000	100,053		3,012	34,535	243,600

1 Mr. Nye, who is the Chief Executive Officer of Martin Marietta and a member of the Board of Directors, is not included in this table because he is not compensated separately for his service as a Director. The compensation received by Mr. Nye as an employee of Martin Marietta is shown in the Summary Compensation Table on page 43.

2 The amounts in column (b) reflect fees earned in 2016. Some of these fees were deferred pursuant to the Common Stock Purchase Plan for Directors in the form of common stock units. The number of units of common stock credited in 2016 to each of the Directors under the Common Stock Purchase Plan for Directors and the grant date fair value for these awards determined in accordance with FASB ASC Topic 718, which includes the 20% discount, are as follows: Ms. Cole, 755 units and $108,236 value, respectively; Mr. Koraleski, 0; Mr. Maffucci, 169 units and $24,245 value, respectively; Mr. McDonald, 717 units and $102,289 value, respectively; Mr. Menaker, 231 units and $26,356 value, respectively Ms. Perez, 160 units and $22,956 value, respectively; Mr. Quillen, 912 units and $131,275 value, respectively; Mr. Rediker, 148 units and $21,194 value, respectively; Mr. Vinroot, 237 units and $27,041 value, respectively; Mr. Slager, 0; and Mr. Zelnak, 370 units and $53,297 value, respectively. The number of units credited to each of the Directors as of December 31, 2016, including units accumulated under the plan for all years of service as a Director, is as follows: Ms. Cole, 14,622; Mr. Maffucci, 8,895; Mr. McDonald, 17,223; Mr. Menaker, 0; Ms. Perez, 5,258; Mr. Quillen, 7,359; Mr. Rediker, 9,709; Mr. Vinroot, 15,290; and Mr. Zelnak, 5,881. The 20% discount from the market price of Martin Marietta s common stock used in converting to common stock is reported in column (g).

3 Each Director who was serving immediately following the 2016 Annual Meeting of Shareholder received 541 RSUs in 2016. Mr. Koraleski, who was appointed to the Board on August 15, 2016, received 502 RSUs in 2016. The amounts in column (c) reflect the grant date fair value for these awards determined in accordance with FASB ASC Topic 718. The RSUs fully vested upon award and will be distributed to the Director upon retirement, except Mr. Maffucci received a distribution of 271 unrestricted shares of common stock and deferred the distribution of 270 RSUs until retirement.

4 As of December 31, 2016, each Director held options for common stock in the amounts as follows: Ms. Cole, 6,000; Mr. Koraleski, 0; Mr. Maffucci, 0; Mr. McDonald, 6,000; Mr. Menaker, 6,000; Ms. Perez, 6,000; Mr. Quillen, 3,000; Mr. Rediker, 0; Mr. Slager, 0; Mr. Vinroot, 3,000; and Mr. Zelnak, 0.

5 The amounts in column (f) reflect interest paid on fees deferred in cash under the Common Stock Purchase Plan for Directors.

6

The amounts in column (g) reflect for each Director: (i) an amount equal to the 20% discount from the market price of Martin Marietta s common stock used in converting fees deferred in 2016 into common stock units pursuant to the Common Stock Purchase Plan for Directors, and (ii) the dollar value of dividend equivalents paid in 2016 on common stock units held under the plan. The Directors did not receive perquisites or other personal benefits in 2016.

[7] Messrs. Menaker and Vinroot retired at the 2016 Annual Meeting of Shareholders in accordance with the Bylaws that provide for retirement following the Director s 75th birthday.

Table of Contents

Security Ownership of Certain

Beneficial Owners and Management

How much stock do Martin Marietta s Directors and executive officers own?

The following table sets forth information as of March 10, 2017 with respect to the shares of common stock that are beneficially owned by the Directors, the Chief Executive Officer, the Chief Financial Officer, and the three other named executive officers who are listed in the Summary Compensation Table on page 43 of this proxy statement, individually, and by all Directors and executive officers of Martin Marietta as a group.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership[1]	Deferred and Restricted Units	Total
Roselyn R. Bar	41,799[2]	17,867	59,666
Sue W. Cole	32,912[3,4]		32,912
Daniel L. Grant	971[2]	11,959	12,930
John J. Koraleski	502[3]		502
Anne H. Lloyd	63,245[2]	20,996	84,241
David G. Maffucci	16,658[3]		16,658
Donald A. McCunniff	10,711[2]	13,444	24,155
William E. McDonald	25,875[3]		25,875
C. Howard Nye	124,956[2]	59,306	184,262
Laree E. Perez	16,765[3]		16,765
Michael J. Quillen	19,059[3]		19,059
Dennis L. Rediker	18,247[3]		18,247
Donald W. Slager	541[3]		541
Stephen P. Zelnak, Jr.	6,938[3]		6,938
All Directors and executive officers as a group (15 individuals including those named above)	398,104[3,4]	134,715[5]	532,819[6]

1 As to the shares reported, unless indicated otherwise, (i) beneficial ownership is direct, and (ii) the person indicated has sole voting and investment power. None of the Directors or named executive officers individually own in excess of one percent of the shares of common stock outstanding. All Directors and executive officers as a group own 8.45% of the shares of common stock outstanding as of March 10, 2017. None of the shares reported are pledged as security.

[2] The number of shares owned for each of Mr. Nye, Ms. Lloyd, Ms. Bar, Mr. McCunniff and Mr. Grant 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 March 10, 2017, have been exercised: Mr. Nye, 66,018; Ms. Lloyd, 26,339; Ms. Bar, 14,097; Mr. McCunniff, 8,238; and Mr. Grant, 0.

[3] Amounts reported include (1) compensation paid on an annual basis that Directors have received in common stock units that are deferred pursuant to the Amended and Restated Martin Marietta Materials, Inc. Common Stock Purchase Plan for Directors and (2) RSUs that each Director received in 2016 as part of their compensation. The Directors do not have voting or investment power for their respective common stock units and RSUs. The number of common stock units credited to each of the Directors pursuant to the Common Stock Purchase Plan as of March 10, 2017 is as follows: Ms. Cole, 14,779; Mr. Koraleski, 0; Mr. Maffucci, 8,930; Mr. McDonald, 17,368; Ms. Perez, 5,258; Mr. Quillen, 7,552; Mr. Rediker, 9,740; Mr. Slager, 0; and Mr. Zelnak, 5,960. Amounts reported also include options for common stock for each Director, all of which are currently exercisable, as follows: Ms. Cole, 3,000; Mr. Koraleski, 0; Mr. Maffucci, 0; Mr. McDonald, 0; Ms. Perez, 3,000; Mr. Quillen, 3,000; Mr. Rediker, 0; Mr. Slager, 0; and Mr. Zelnak, 0.

[4] Includes an approximation of the number of shares in IRA account.

[5] The amounts reported include common stock units credited to each of the named executives in connection with (i) their deferral of a portion of their cash bonus under the Martin Marietta Materials, Inc. Incentive Stock Plan, and (ii) RSUs (not including any performance-based share units (PSUs) granted under the Stock Plan that are subject to forfeiture in accordance with the terms of the plan, each in the following amounts: Mr. Nye, 16,992 and 42,314, respectively; Ms. Lloyd, 3,119 and 17,877, respectively; Ms. Bar, 2,856 and 15,011, respectively; Mr. McCunniff, 1,491 and 11,953, respectively; and Mr. Grant, 1,980 and 9,979, respectively. There are no voting rights associated with the stock units.

[6] Amounts reported include: (1) 127,216 options held by Directors and executive officers, which are currently exercisable or exercisable within 60 days of March 10, 2017; (2) 28,086 common stock units credited to executive officers in connection with their deferral of a portion of their cash bonus under the Martin Marietta Materials, Inc. Incentive Stock Plan; (3) 106,629 common stock units credited to executive officers in connection with RSUs granted under the Stock Plan that are subject to forfeiture in accordance with the terms of the Plan; and (4) 58,163 common stock units credited to the Directors in connection with RSUs granted under the Stock Plan. There are no voting rights associated with the stock units.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires Directors and officers of Martin Marietta and persons who own more than 10% of the common stock to file with the Securities and Exchange Commission initial reports of ownership and reports in changes in ownership of the common stock. Directors, officers and more than 10% shareholders are required by Securities and Exchange Commission regulations to furnish to Martin Marietta copies of all Section 16(a) reports filed. Based solely on its review of copies of reports furnished to Martin Marietta and written representations of Directors and officers, the company believes that during fiscal year 2016, such filing requirements were satisfied.

Who are the largest owners of Martin Marietta s stock?

The following table sets forth information with respect to the shares of common stock which are held by persons known to Martin Marietta to be the beneficial owners of more than 5% of such stock as of March 10, 2017. To the best of Martin Marietta s knowledge, based on filings with the Securities and Exchange Commission as noted below, no person beneficially owned more than 5% of any class of Martin Marietta s outstanding voting securities at the close of business on March 10, 2017, except for those shown below.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
The Vanguard Group[1] 100 Vanguard Boulevard V26 Malvern, PA 19355	6,031,329	9.5%
BlackRock, Inc.[2]	3,690,187	5.8%

55 East 52nd Street New York, NY 10055		
T. Rowe Price Associates, Inc.[3] 100 East Pratt St. Baltimore, MD 21202-1009	3,628,096	5.7%

[1] As reported in Schedule 13G/A reporting beneficial ownership as of December 31, 2016 filed with the Securities and Exchange Commission on February 10, 2017, indicating sole power to vote 96,957 shares, shared power to vote 10,329 shares, sole power to dispose of 5,925,589 shares, and shared power to dispose of 105,740 shares.

[2] As reported in Schedule 13G/A reporting beneficial ownership as of December 31, 2016 filed with the Securities and Exchange Commission on January 25, 2017, indicating sole power to vote 3,161,955 shares and sole power to dispose of 3,690,187 shares.

[3] As reported in Schedule 13G/A reporting beneficial ownership as of December 31, 2016 filed with the Securities and Exchange Commission on February 7, 2017, indicating sole power to vote 1,177,200 shares and sole power to dispose of 3,628,096 shares.

Table of Contents

Corporate Governance Matters

Corporate Governance Philosophy

Martin Marietta has a culture dedicated to ethical business behavior and responsible corporate activity, which we believe promotes the long-term interests of shareholders. This commitment is reflected in our *Corporate Governance Guidelines*, posted and available for public viewing on Martin Marietta s website at *www.martinmarietta.com*, which set forth a flexible framework within which the Board, assisted by its Committees, directs the affairs of Martin Marietta. The *Guidelines* address, among other things, the composition and functions of the Board of Directors, director qualifications and independence, Chief Executive Officer performance evaluation and management succession, Board Committees and the selection of new Directors.

Martin Marietta s *Code of Ethical Business Conduct* has been in place since the 1980s, and applies to all Board members, officers, and employees, providing our policies and expectations on a number of topics, including our commitment to good

citizenship, promoting a positive and safe work environment, avoiding conflicts of interest, honoring the confidentiality of sensitive information, preservation and use of Company assets, compliance with all laws, and operating with integrity in all that we do. To implement the *Code of Ethical Business Conduct*, Board members, officers, and employees participate regularly in ethics training. There have been no waivers from any provisions of our *Code of Ethical Business Conduct* to any Board member or executive officer.

In addition, the Board believes that accountability to shareholders is a mark of good governance and critical to Martin Marietta s success. To that end, management regularly engages with shareholders on a variety of topics throughout the year to ensure we are addressing their questions and concerns, to seek input and to provide perspective on Company policies and practices.

The chart below provides a snapshot of Martin Marietta s governance highlights.

Table of Contents

Who are Martin Marietta s Independent Directors?

All of Martin Marietta s Directors are non-employee Directors except Mr. Nye. Mr. Nye does not sit in the executive sessions of the independent Directors unless invited to attend for a specific discussion nor does he participate in any action of the Board relating to any executive compensation which he may receive.

In assessing the independence of its members, the Board has adopted for Martin Marietta a set of *Guidelines for Director s Independence*. The Guidelines are posted and available for public viewing on Martin Marietta s website at *www.martinmarietta.com*. These Guidelines reflect the rules of the New York Stock Exchange, applicable requirements of the SEC, and other standards determined by the Board to be important in assessing the independence of Board members. The Board has determined that all members of the Board, except Mr. Nye and Mr. Zelnak, are independent under these Guidelines, resulting in more than two-thirds of the Board being independent. The Board of Directors has determined that no Director (except Mr. Nye and Mr. Zelnak), or any person or organization with which the Director has any affiliation, has a relationship with Martin Marietta that may interfere with his or her independence from Martin Marietta and its management. In making this independence determination, the Board considered other entities with which the Directors were affiliated and any business Martin Marietta had done with such entities.

Do the independent Directors ever meet without management?

Martin Marietta s *Corporate Governance Guidelines* adopted by the Board provide that at least two Board meetings each year will include an executive session of the non-employee Directors to discuss such topics as they may choose, including a discussion of the performance of Martin Marietta s Chairman and Chief Executive Officer. In 2016, Martin Marietta s non-employee Directors met at each regularly scheduled Board meeting, consisting of four times in executive session without management, in addition to executive sessions held by committees of the Board. In addition, at least once a year the independent Directors meet in executive session.

What is the Board s leadership structure?

Our *Corporate Governance Guidelines* provide that the Board s policy as to whether the Chairman and CEO positions should be separate is to adopt the practice that best serves the Company s needs at any particular time. The Nominating and Governance Committee and the Board discussed board leadership alternatives in connection with combining the Chairman and CEO roles.

The Board believes that, at the present time, the Company is best served by allocating governance responsibilities between a combined Chairman and CEO and a Lead Independent Director with robust responsibilities. This structure allows the Company

to present a single face to our constituencies through the combined Chairman and CEO position while at the same time providing an active role and voice for the independent directors through the Independent Lead Director.

REASONS FOR COMBINED CHAIR AND CEO

Key highlights:

- The independent Board members believe that Mr. Nye has extensive experience in all facets of the construction materials industry, in both the U.S. and with global competitors.

- Mr. Nye has been effective in creating shareholder value through strategic acquisitions and divestitures, with achievement of expected synergies.

- Mr. Nye has in-depth knowledge of safety, environmental, and regulatory considerations that impact the business and oversight of management.

- Mr. Nye has demonstrated his leadership and vision to guide the Board in its oversight of management with the development of two five-year strategic plans, with the current Strategic Operating Analysis and Review (SOAR 2020) discussed with the Board in August 2015.

- Mr. Nye has engaged in an active investor relations program, including the Company s Investor Day in 2016, and leads the Board in understanding the perspective of the Company s shareholders.

- Strong independent directors comprise 80% of the Board, and open communications exist between Mr. Nye and the independent directors.

As a result of Mr. Nye s long tenure at Martin Marietta and strong performance as a leader since his election as CEO, the Board believes he is uniquely qualified through his experience, education and expertise to be the person who promotes strong and visionary leadership for our Board as well as important recognition as the leader of Martin Marietta by our customers, employees and other constituencies. The Board also believes that Mr. Nye s serving as both Chairman and CEO is appropriate taking into consideration the size and nature of our business, Mr. Nye s effective and careful formulation and execution of our strategic plan, his established working relationship and open communication with our other Directors, both during meetings and in the intervals between meetings, the significant board-level experience of our independent Directors as a whole, the strong independent leadership and accountability to shareholders provided by 80% of our Directors being independent, the independent leadership provided by our Committee chairs, and our Board culture in which Mr. Nye and the other Directors are able to thoughtfully debate different points of view and reach consensus in an efficient manner.

Does the Board have a Lead Independent Director?

In deciding that a combined Chairman and Chief Executive Officer position is the appropriate leadership structure for the Company at this time, the Nominating and Corporate Governance Committee and Board also recognized the benefit of independent leadership to enhance the effectiveness of the Board s oversight role and communications between the Board and Mr. Nye. Accordingly, in November 2014, our *Corporate Governance Guidelines* were revised to provide that in the event the Chairman and Chief Executive Officer positions are held by one person, our independent Directors may designate a Lead Independent Director from among the independent Directors. The designation of the Lead Independent Director is to be made annually, although with the expectation of the Board that the Lead Independent Director will be re-appointed for multiple, consecutive one-year terms. Michael J. Quillen currently serves as the Lead Independent Director.

The responsibilities of the Lead Independent Director include:

- Presiding at Board meetings when the Chairman is not present.
- Presiding at executive sessions of the non-management Directors and the independent Directors, with or without the attendance of the Chairman, and meeting separately with the Chairman after executive sessions to review the matters discussed during the executive sessions.
- Acting as a liaison between the Chairman and the independent Directors.
- Suggesting to the Chairman agenda items for Board meetings and consulting with the Chairman regarding Board meeting schedules.
- Calling, where necessary, meetings of independent Directors and executive sessions.
- Being available to meet with shareholders and other key constituents.
- Acting as a resource for, and counsel to, the Chairman.

In addition, the Lead Independent Director attended and met with shareholders at the Company-sponsored Investor Days in 2015 and 2016.

What is the Board s role in risk oversight?

Our Board currently has eight independent members and only two non-independent members, Mr. Nye and Mr. Zelnak. A number of our independent Board members are serving or have served as members of senior management of other public companies, have served as directors of other public companies, and otherwise have experience and/or educational backgrounds that we believe qualify them to effectively assess risk. Each of our Board Committees, including our key committees of Audit, Management Development and Compensation, and Nominating and Corporate Governance Committees, are comprised solely of independent Directors, each with a different independent

Director serving as Chair of the Committee (other than the Executive Committee, which does not meet on a regular basis).

The Board has overall responsibility for oversight of risk management. The Board believes that an effective risk management system will (1) timely identify the material risks that Martin Marietta faces, (2) communicate necessary information with respect to material risks to senior executives and, as appropriate, to the Board or relevant Board Committee, (3) determine whether the risk is excessive or appropriate under the circumstances and designed to achieve a legitimate corporate goal, (4) implement risk management responses consistent with Martin Marietta s risk profile, and (5) integrate risk management into Martin Marietta s decision-making.

The Board delegates certain responsibilities to Board Committees to assist in fulfilling its risk oversight responsibilities. Each of the Committees reports regularly to the full Board of Directors as to actions taken and topics discussed. In addition, the Board regularly reviews with management the most significant risks facing Martin Marietta, the probabilities of those risks occurring, the steps taken to mitigate any impact of risks, and management s general risk management strategy. In addition, the Board encourages management to promote a corporate culture that incorporates risk management into Martin Marietta s day-to-day operations.

The Board has designated the Audit Committee to take the lead in overseeing risks related to financial reporting, financial statements, internal control environment, internal audit, independent audit, and accounting processes. The Finance Committee evaluates risks associated with Martin Marietta s capital structure, including credit and liquidity risks. The Management Development and Compensation Committee oversees aspects of risk related to the annual performance evaluation of our Chief Executive Officer, succession planning and ensuring that executive compensation is appropriate to meet Martin Marietta s objectives. That Committee s assessment of the design features of our executive compensation program that reduce the risk of excessive risk-taking are discussed in the *Compensation Discussion and Analysis* on page 28. The Nominating and Corporate Governance Committee oversees aspects of risk related to the composition of the Board and its Committees, Board performance and best practices in corporate governance. The Ethics, Environment, Safety and Health Committee monitors risks in the areas of Martin Marietta s ethics program, health, safety, and the environment.

While the Board oversees Martin Marietta s risk management, the executive officers are responsible for the day-to-day risk management processes. We believe this division of responsibilities is the most effective approach for addressing the risks facing our Company and is appropriate whether the positions of Chairman and Chief Executive Officer are separate or held by the same individual.

Table of Contents

How would interested parties make their concerns known to the independent Directors?

The Board of Directors provides a process for shareholders and other interested parties to send communications to the Board. Shareholders and other interested parties may communicate anonymously and confidentially with the Board through Martin Marietta s Ethics Hotline at 1-800-209-4508. The Board has also designated the Corporate Secretary to facilitate communications to the Board. Shareholders and other interested parties may communicate directly with the Board of Directors, or directly with non-management Directors, or an individual Director, including the Lead Independent Director, by writing to Martin Marietta, Attn: Corporate Secretary, 2710 Wycliff Road, Raleigh, North Carolina 27607-3033.

All communications by shareholders or other interested parties addressed to the Board will be sent directly to Board members. While Martin Marietta s Ethics Office and the Corporate Secretary may review, sort, and summarize these communications, all direct communications will be presented to the non-management Directors unless there is instruction from them to filter such communications (and in such event, any communication that has been filtered out will be made available to any non-management Director who wishes to review it).

Martin Marietta and its Board of Directors will continue to review and evaluate the process by which shareholders or other

interested persons communicate with Martin Marietta and the Board and may adopt other or further processes and procedures in this regard. If so, Martin Marietta will identify those policies and procedures on our website at *www.martinmarietta.com*.

How often did the Board meet during 2016?

Martin Marietta s Board of Directors held four meetings during 2016, all of which were regularly scheduled meetings. There were also a total of 25 committee meetings in 2016. In addition, management confers frequently with its Directors on an informal basis to discuss Company affairs.

How many times did Directors attend meetings of the Board and its Committees?

In 2016, all Directors attended 100% of the meetings of the Board of Directors. All Directors attended 100% of the meetings of the committees of the Board on which they served (during the periods that they served).

Will the Directors attend the Annual Meeting?

Martin Marietta s Directors are expected to attend Martin Marietta s Annual Meeting of Shareholders. In 2016, all Directors attended the Annual Meeting in May other than Mr. Koraleski, who joined the Board of Directors in August 2016.

Table of Contents

Board Committees

Martin Marietta s Board of Directors has six standing committees: the Audit Committee, the Ethics, Environment, Safety and Health Committee, the Executive Committee, the Finance Committee, the Management Development and Compensation Committee, and the Nominating and Corporate Governance Committee. Each committee has a written charter

that describes its purposes, membership, meeting structure, authority and responsibilities. These charters are reviewed by the respective committee on an annual basis with any recommended changes adopted upon approval by our Board. The charters of our six standing committees are posted on our website.

Below is a summary of our current committee structure and membership information.

Director	Audit Committee	Ethics, Environment, Safety and Health Committee	Executive Committee	Finance Committee	Management Development and Compensation Committee	Nominating and Corporate Governance Committee
ue W. Cole						Chair
avid G. affucci *inancial xpert*	Chair					
ohn J. oraleski *inancial xpert*						
illiam E. cDonald						
Howard ye			Chair			
aree E. erez		Chair				

nancial xpert						
ichael J. uillen *ead dependent irector*					Chair	
ennis L. ediker *nancial xpert*						
onald W. ager						
ephen P. elnak, Jr.				Chair		
umber of leetings 2016	**11**	**2**	**0**	**5**	**5**	**2**

The **Executive Committee** held no meetings during 2016. It has the authority to act during the intervals between the meetings of the Board of Directors and may exercise the powers of the Board in the management of the business and affairs of Martin Marietta as may be authorized by the Board of Directors,

except to the extent such powers are by statute, the Articles of Incorporation or Bylaws reserved to the full Board. The Committee s current members are Directors Nye (Chair), Koraleski, and Quillen.

Table of Contents

The primary responsibilities, membership and meeting information for our other standing committees are summarized below.

Current Members:	*Meetings in 2016:*	*Average Attendance in 2016:*
David G. Maffucci (Chair) John J. Koraleski Laree E. Perez Dennis L. Rediker	11	100%

Primary Responsibilities:

reviews our significant accounting principles, policies and practices in reporting our financial results under generally accepted accounting principles;

reviews our annual audited financial statements and related disclosures;

reviews management letters or internal control reports, and reviews our system of internal control over financial reporting;

appoints, retains and oversees the work of the independent accountants;

reviews the effectiveness of the independent audit effort;

pre-approves audit and permissible non-audit services provided by the independent registered public accounting firm;

reviews our interim financial results for each of the first three fiscal quarters;

reviews the qualifications and the plan and scope of work of the corporate internal audit function;

reviews and discusses the reports of our internal audit group;

reviews and discusses management s assessment of the effectiveness of Martin Marietta s system of internal control over financial reporting;

discusses Martin Marietta s earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies;

discusses matters related to risk assessment and risk management and how the process is handled by management;

reviews and oversees related party transactions;

reviews complaints regarding accounting, internal controls or auditing matters;

considers allegations of possible financial fraud or other financial improprieties;

reviews annually the adequacy of the committee charter and recommends proposed changes to the Board; and

prepares the annual Audit Committee Report to be included in the proxy statement.

Other Governance Matters:

All members satisfy the audit committee experience and independence standards required by NYSE, and have been determined to be financially literate.

Each member of the Audit Committee has been determined to be an audit committee financial expert under applicable SEC regulations.

Table of Contents

Current Members:	*Meetings in 2016:*	*Average Attendance in 2016:*
Laree E. Perez (Chair) David G. Maffucci Donald W. Slager Stephen P. Zelnak, Jr.	2	100%

Primary Responsibilities:

monitors compliance with our *Code of Ethical Business Conduct* and reviews all matters presented to it by the Corporate Ethics Officer concerning the ethical practices of Martin Marietta and its Directors, officers, and employees, including conflicts or potential conflicts of interest between Martin Marietta and any of its Directors, officers, and employees;

reviews and monitors the adequacy of our policies and procedures and organizational structure for ensuring compliance with environmental laws and regulations;

reviews matters relating to our health and safety programs and performance; and

reviews annually the adequacy of the committee charter and recommends proposed changes to the Board.

Current Members:	*Meetings in 2016:*	*Average Attendance in 2016:*
Stephen P. Zelnak, Jr. (Chair) Dennis L. Rediker	5	100%

Donald W. Slager

Primary Responsibilities:

- provides general oversight relating to the management of our financial affairs;
- reviews and approves establishment of lines of credit or other short-term borrowing arrangements and investing excess working capital funds on a short-term basis;
- reviews and makes recommendations to the Board concerning changes to capital structure, including the incurrence of long-term debt, issuance of equity securities, share repurchases, and the payment of dividends, as well as capital expenditures;
- approves our contributions budget; and
- reviews annually the adequacy of the committee charter and recommends proposed changes to the Board.

Current Members:	Meetings in 2016:	Average Attendance in 2016:
Michael J. Quillen (Chair) Sue Cole John J. Koraleski William E. McDonald	5	100%

Primary Responsibilities:

establishes an overall strategy with respect to compensation for officers and management to enable Martin Marietta to attract and retain qualified employees;

reviews and oversees executive succession and management development plans;

reviews and approves management s assessment of the performance of executive officers, and reviews and approves the salary, bonus, and other compensation of such officers;

approves and administers our equity and other plans relating to compensation of Martin Marietta s directors and elected officers;

reviews and discusses the Compensation Discussion and Analysis and produces a compensation committee report as required by the SEC to be included in this proxy statement;

provides oversight of our Benefit Plan Committee, which administers Martin Marietta s defined benefit and contribution plans;

reviews and approves the goals and objectives for the CEO s compensation, evaluates the CEO s performance in light of those goals and objectives, and determines and approves the CEO s compensation;

makes recommendations to the Board on changes in the compensation of non-employee directors;

reviews annually the adequacy of the committee charter and recommends proposed changes to the Board; and

has the authority, in its sole discretion, to retain, pay, and terminate any consulting firm, if any, used to assist in evaluating director, chief executive officer, or senior executive compensation.

Current Members:

Sue W. Cole (Chair)	***Meetings in 2016:***	***Average Attendance in 2016:***
William E. McDonald	2	100%
Michael J. Quillen		

Primary Responsibilities:

develops criteria for nominating and appointing directors, including Board size and composition, corporate governance policies, and individual director expertise, attributes and skills;

recommends to the Board the individuals to be nominated as directors;

recommends to the Board the appointees to be selected for service on the Board committees;

oversees an annual review of the performance of the Board and each committee;

reviews annually the adequacy of the committee charter and recommends proposed changes to the Board; and

oversees the development and implementation of a set of corporate governance principles applicable to Martin Marietta.

Other Governance Matters:

All members are non-employee, independent Directors, as required by the rules of the NYSE.

Upon recommendation of this Committee, the Board of Directors has adopted a set of *Corporate Governance Guidelines* for Martin Marietta. The Guidelines are posted and available for public viewing on our website at www.martinmarietta.com. A copy may also be obtained upon request from Martin Marietta s Corporate Secretary.

Will the Nominating and Corporate Governance Committee consider any Director candidates recommended by shareholders?

The Nominating and Corporate Governance Committee will consider nominees recommended by shareholders for election as a Director at an Annual Meeting of Shareholders of Martin Marietta, if the shareholder making such recommendation complies with the advance notice provisions of the Bylaws of Martin Marietta. The Bylaws of Martin Marietta require advance notice for any proposal for the nomination for election as a Director at an Annual Meeting of Shareholders that is not included in Martin Marietta s notice of meeting or made by or at the direction of the Board of Directors. In general, nominations must be delivered to the Secretary of Martin Marietta at its principal executive offices, 2710 Wycliff Road, Raleigh, North Carolina 27607, not less than 60 days nor more than 90 days prior to the first anniversary of the mailing of the proxy statement in connection with the preceding year s Annual Meeting of Shareholders and must contain specified information concerning the nominee and the shareholder proposing the nomination. Any shareholder desiring a copy of the Bylaws of Martin Marietta will be furnished a copy without charge upon written request to the Secretary of Martin Marietta. Since the 2016 Annual Meeting, Martin Marietta has not made any material changes to the procedures by which shareholders may recommend nominees to Martin Marietta s Board of Directors. Additional information is contained in the section entitled SHAREHOLDERS PROPOSALS FOR 2018 ANNUAL MEETING below.

How does the Board select nominees for the Board?

The Nominating and Corporate Governance Committee will consider candidates for Board membership suggested by its members and other Board members, as well as management and shareholders. The Committee has also retained a third-party executive search firm to identify potential candidates for its consideration from time to time. The Committee makes an initial determination as to whether to conduct a full evaluation of the candidate, and reviews all information provided to the Committee, including the recommendations for the prospective candidate and the Committee s own knowledge of the prospective candidate. If the Committee determines that additional consideration is warranted, interviews are conducted by the members of the Committee, as well as the Chief Executive Officer of Martin Marietta; appropriate inquiries are conducted into the background and qualifications of potential candidates; the Committee meets to discuss its evaluation and feedback from the Chief Executive Officer; and, if the Committee determines to do so, it makes a recommendation to the full Board as to the persons who should be nominated by the Board. The Board of Directors determines the nominees after considering the recommendation and report of the Committee.

In evaluating any potential candidate, the Nominating and Corporate Governance Committee considers the extent to which the candidate has the personal characteristics and core competencies outlined in the *Guidelines for Potential New Board Members* adopted by the Committee, and takes into account all

other factors it considers appropriate. A copy of these *Guidelines* is attached to this proxy statement as Appendix A.

Do the Board Committees have charters? How can shareholders obtain them?

Martin Marietta s Board of Directors has adopted written charters meeting the requirements of the NYSE for the Audit Committee, Management Development and Compensation Committee, and Nominating and Corporate Governance Committee. These charters address the purposes and responsibilities of each committee, as described above, and provide for an annual performance evaluation of each committee. Copies of these charters, and the charters of the other committees of the Board, are posted on Martin Marietta s website at *www.martinmarietta.com*, along with copies of Martin Marietta s *Corporate Governance Guidelines, Code of Ethical Business Conduct*, and *Guidelines for Director s Independence*.

How are transactions with persons related to Martin Marietta reviewed?

The SEC requires Martin Marietta to disclose in this proxy statement certain transactions in which Martin Marietta participates and in which certain persons considered related persons of Martin Marietta have a direct or indirect material interest. These related persons would include the Directors and executive officers of Martin Marietta, nominees for Director, certain control persons, and their immediate family members. Since January 1, 2016, there have been no such transactions.

Each Director, executive officer, and nominee for Director of Martin Marietta receives and agrees to abide by Martin Marietta s *Code of Ethical Business Conduct*. Martin Marietta considers that any transaction in which Martin Marietta participates and in which any related person of Martin Marietta has a direct or indirect material interest will be subject to Martin Marietta s *Code of Ethical Business Conduct* and subject to review, approval or ratification, as appropriate under the circumstances, by Martin Marietta under the standards enumerated in Martin Marietta s *Code of Ethical Business Conduct.* If a proposed transaction is one in which a Director of Martin Marietta has an actual or potential conflict of interest, it will be subject to review by the Chairman of the Board of Directors and the Chairman of the Nominating and Corporate Governance Committee.

Any waivers of the *Code of Ethical Business Conduct* for Directors and executive officers may be made only by Martin Marietta s Board of Directors or any committee to which it delegates that authority. Any waivers for Directors and executive officers and any amendments to the *Code of Ethical Business Conduct* will be promptly disclosed to Martin Marietta s shareholders by posting on our website, *www.martinmarietta.com*.

In assessing the independence of its members, the Board considers any interests a director may have in any transactions in which Martin Marietta participates. The Board also considers other entities with which the Directors are affiliated and any business Martin Marietta has done with such entities.

Table of Contents

Proposal 2

Independent Auditors

(Item 2 on Proxy Card)

The Board of Directors recommends that the shareholders ratify the appointment of PricewaterhouseCoopers LLP (PwC), an independent registered public accounting firm, to audit the consolidated financial statements of Martin Marietta and the effectiveness of Martin Marietta s internal control over financial reporting for the 2017 fiscal year. The ratification of the appointment of PricewaterhouseCoopers LLP is being submitted to the shareholders because management believes this to be good corporate practice. Should the shareholders fail to ratify this appointment, the Audit Committee will review the matter and determine, in its sole discretion, whether PwC or another independent registered public accounting firm should be retained.

PwC served as Martin Marietta s independent auditors for 2016 and audited the consolidated financial statements of Martin Marietta for the year ended December 31, 2016 and the effectiveness of Martin Marietta s internal control over financial reporting as of December 31, 2016. In connection with the audit of Martin Marietta s 2016 consolidated financial statements, Martin Marietta entered into an engagement letter with PwC that sets forth the terms by which PwC would perform audit services for Martin Marietta in 2016.

The Audit Committee conducted a competitive process with multiple firms to determine the Company s independent registered public accounting firm for the fiscal year ending December 31, 2016. The Audit Committee invited several firms to participate in this process, including its then-incumbent independent auditor, Ernst & Young LLP (EY). As a result of this process, on March 14, 2016, the Audit Committee dismissed EY as its independent registered public accounting firm for the fiscal year ending December 31, 2016. During the fiscal years ended December 31, 2015 and 2014 and in the subsequent interim period through March 14, 2016, there were no disagreements (as that term is described in Item 304(a)(1)(iv) of Regulation S-K of the rules and regulations of the SEC and the related instructions) with EY on any matters of accounting principles or practices, financial statement disclosure, or auditing scope or procedure which, if not resolved to the satisfaction of EY, would have caused EY to make reference to the subject matter of such disagreements in their reports on the consolidated financial statements.

The audit reports of EY on the Company s consolidated financial statements as of and for the fiscal years ended December 31, 2015 and 2014 did not contain an adverse opinion or a disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope or accounting principles. During the fiscal years ended December 31, 2015 and 2014 and in the subsequent interim period through March 14, 2016 there were no reportable events as that term is described in Item 304(a)(1)(v) of Regulation S-K of the rules and regulations of the SEC.

On March 14, 2016, the Audit Committee approved the appointment of PwC as the Company s new independent registered public accounting firm for the year ending December 31, 2016. During the fiscal years ended December 31, 2015 and 2014 and in the subsequent interim period through March 14, 2016, neither the Company nor anyone acting on its behalf consulted with PwC regarding (i) the application of accounting principles to a specific transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company s consolidated financial statements, and neither a written report nor oral advice was provided to the Company that PwC concluded was an important factor considered by the Company in reaching a decision as to any accounting, auditing, or financial reporting issue, (ii) any matter that was the subject of a disagreement as defined in Item 304(a)(1)(iv) of Regulation S-K, or (iii) any reportable event as defined in Item 304(a)(1)(v) of Regulation S-K of the rules and regulations of the SEC.

The Audit Committee is solely responsible for retaining or terminating Martin Marietta s independent auditors. Representatives of PwC are expected to attend the Annual Meeting, will have the opportunity to make a statement if they so desire, and will be available to respond to questions from shareholders.

The Board Unanimously Recommends a Vote **FOR**

on this Proposal 2

Summary of Fees

The following table summarizes the aggregate fees billed for professional services rendered to Martin Marietta by PwC in 2016 and EY in 2015. A description of these various fees and services follows the table.

	2016	2015
Audit Fees	$2,473,000	$2,825,000
Audit-Related Fees	103,000	90,000
Tax Fees	40,000	853,000
All Other Fees	0	0
TOTAL	$2,616,000	$3,768,000
Percentage of Audit & Audit-Related Fees to Total Fees	98.5%	77.4%

Audit Fees

The aggregate fees billed for professional services rendered by PwC to Martin Marietta for 2016 in connection with the annual consolidated financial statement audit, the annual internal controls audit, and reviews of Martin Marietta s consolidated financial consolidated statements included in the quarterly reports on Form 10-Q was $2,473,000.

The aggregate fees billed for professional services rendered by EY to Martin Marietta for 2015 in connection with the annual consolidated financial statement audit, the annual internal controls audit, and reviews of Martin Marietta s consolidated financial consolidated statements included in the quarterly reports on Form 10-Q was $2,825,000.

Audit-Related Fees

The aggregate fees billed for professional services rendered by PwC to Martin Marietta for 2016 in connection with audit-related services, including agreed-upon procedures reports, subsidiary audits and continuing education, was $103,000.

The aggregate fees billed for professional services rendered by EY to Martin Marietta for 2015 in connection with audit-related services, including agreed-upon procedures reports, subsidiary audits and continuing education, was $90,000.

Tax Fees

The aggregate fees billed for professional services rendered by PwC to Martin Marietta for 2016 in connection with tax advice related to transfer pricing issues was $40,000.

The aggregate fees billed for professional services rendered by EY to Martin Marietta for 2015 in connection with tax advice, including consultation on tax audits, transaction issues, transfer pricing issues and other tax-related activities and tax compliance was $853,000.

All Other Fees

There were no other fees billed for other professional services rendered or products provided by PwC to Martin Marietta for 2016.

There were no other fees billed for other professional services rendered or products provided by EY to Martin Marietta for 2015.

Pre-Approval Policies and Procedures

The Audit Committee has adopted a policy that requires advance approval of all audit, audit-related, tax services, and other services performed by its independent auditor. The policy provides for pre-approval by the Audit Committee of specifically defined audit and non-audit services. Unless the specific service has been previously pre-approved with respect to that year, the Audit Committee must approve the permitted service before the independent auditor is engaged to perform it. The Audit Committee has delegated to the Chair of the Audit Committee authority to approve permitted services, provided that the Chair reports any decision to the Committee at its next scheduled meeting.

Audit Committee Review

In connection with the Audit Committee s review of services rendered and fees billed by the independent auditor, the Audit Committee has considered whether the provision of the non-audit related services described above is compatible with maintaining the independent auditors independence and has concluded that the provision of these services did not compromise such independence.

Table of Contents

Audit Committee Report

The Audit Committee operates under a written charter adopted by the Board of Directors, which is reassessed at least annually for adequacy by the Audit Committee. The Directors who serve on the Audit Committee have no financial or personal ties to Martin Marietta (other than Director compensation and equity ownership as described in this proxy statement) and are all independent for purposes of the Securities and Exchange Commission s regulations, the New York Stock Exchange listing standards, and the *Guidelines for Director s Independence* adopted by the Board of Directors. The Board of Directors has determined that none of the Audit Committee members has a relationship with Martin Marietta that may interfere with the Director s independence from Martin Marietta and its management. Copies of the Audit Committee s charter and Martin Marietta s *Guidelines for Director s Independence* can be viewed on Martin Marietta s website at *www.martinmarietta.com.*

The Board of Directors has charged the Audit Committee with a number of responsibilities, including review of the adequacy of Martin Marietta s financial reporting, accounting systems, and internal controls. Martin Marietta s independent auditors and the vice president of the internal audit function report directly and are ultimately accountable to the Audit Committee.

In the discharge of its responsibilities, the Audit Committee has reviewed and discussed with management and the independent auditors Martin Marietta s audited consolidated financial statements for fiscal year 2016. In addition, the Committee has discussed with the independent auditors matters such as the quality (in addition to acceptability), clarity, consistency, and completeness of Martin Marietta s financial reporting, as required by Auditing Standard No. 1301, Communications with Audit Committees, as adopted by the Public Company Accounting Oversight Board.

The Audit Committee has received from the independent auditors written disclosures and a letter concerning the independent auditors independence from Martin Marietta, as required by the Public Company Accounting Oversight Board in Rule 3526, *Communication with Audit Committees Concerning Independence*, and has discussed with the independent auditors the independent auditors independence. These disclosures have been reviewed by the Committee and discussed with the independent auditors.

Based on these reviews and discussions, the Audit Committee has recommended to the Board of Directors that the audited financial statements be included in Martin Marietta s 2016 Annual Report on Form 10-K for filing with the Securities and Exchange Commission.

February 22, 2017

AUDIT COMMITTEE

David G. Maffucci, *Chair*

John J. Koraleski

Laree E. Perez

Dennis L. Rediker

Table of Contents

Management Development and Compensation Committee Report

The Management Development and Compensation Committee has reviewed and discussed with management the *Compensation Discussion and Analysis* beginning on page 28 of this Proxy Statement. Based on this review and discussion, the Management Development and Compensation Committee recommended to the Board of Directors that the *Compensation Discussion and Analysis* be included in Martin Marietta s Annual Report on Form 10-K and this Proxy Statement.

February 23, 2017

MANAGEMENT DEVELOPMENT AND

COMPENSATION COMMITTEE

Michael J. Quillen, *Chair*

Sue W. Cole

John J. Koraleski

William E. McDonald

Compensation Committee Interlocks and Insider Participation in Compensation Decisions

The members of Martin Marietta s Management Development and Compensation Committee are Directors Cole, Koraleski, McDonald and Quillen, none of whom has ever been an officer or employee of Martin Marietta or any of its subsidiaries, or had any relationship requiring disclosure by Martin Marietta under Item 404 of Regulation S-K. There are no executive officer-Director interlocks where an executive of Martin Marietta serves on the compensation committee of another corporation that has an executive officer serving on Martin Marietta s Board of Directors.

Table of Contents

Compensation Discussion and Analysis

Introduction

This Compensation Discussion and Analysis, or CD&A, describes our 2016 executive compensation program and the attendant oversight provided by the Management Development and Compensation Committee of the Board of Directors (the Committee). It also summarizes our executive compensation

structure and discusses the compensation earned by Martin Marietta s named executive officers (the CEO, the CFO, and the three other most highly compensated executive officers in 2016) as presented below in the tables under *Executive Compensation* following this CD&A, which contain detailed compensation information quantifying and further explaining our named executive officers compensation.

For 2016, our named executive officers (NEOs) were:

NEO	Title
C. Howard Nye	Chairman of the Board, President and Chief Executive Officer
Anne H. Lloyd	Executive Vice President and Chief Financial Officer
Roselyn R. Bar	Executive Vice President, General Counsel and Corporate Secretary
Donald A. McCunniff	Senior Vice President Human Resources
Daniel L. Grant	Senior Vice President Strategy & Development

Executive Summary

By almost any meaningful measure, 2016 was a remarkable year. Record financial performance **delivered a 64 percent total shareholder return (TSR)**, the 9th best in the S&P 500. We continue to focus not only on the operations of the Company, but on the best practices needed to make Martin

Marietta not just the best aggregates company, but rather one of the world s best companies. Our Company performance, coupled with the achievement of key strategic goals, delivered excellent results in 2016, and established an enhanced solid foundation for continued performance and delivery of shareholder value.

Another Record Year: Performance Through Transformation

Record net sales of $3.6 billion

Record gross profit of $908.9 million

Record net sales and gross margin with 80% of peak shipment volumes

Our performance earned us recognition, including being **ranked #57 in Fortune s 100 fastest growing companies in the world** and **ranked #9 in the S&P 500** in 2016. During the period January 1, 2006 to December 31, 2016, **our TSR of**

107.37% represented a 72% premium relative to the performance of the S&P 500 TSR of 20.79%.

In 2016, we continued to execute on our strategic plan, following the $2.8 billion acquisition of Texas Industries, Inc. in 2014, and focused on strategically positioning ourselves in high-growth areas.

Despite significant precipitation in many of our key markets and modest shipment volume increases, we achieved record growth in 2016 that led to increased profits versus the prior year. Effective management provided us the ability to prudently reinvest in our business, pursue strategic opportunities, and return cash to our shareholders. Based on our strategy, we have achieved the number 1 or 2 position in 85% of the regions in which we operate, giving us a foundation for durable growth.

In summary, Martin Marietta continued to execute its strategic plan while delivering strong performance in 2016:

Record net sales of $3.6 billion (compared with $3.3 billion), **an increase of 9.4%** from 2015

Record gross profit of $909 million, an increase of 25.9% from $721.8 million in 2015

Record operating earnings of $667.3 million, **an increase of 39.2%** from 2015
Consolidated gross margin expanded by 340 basis points to 23.8%

Consolidated gross margin (excluding freight and delivery revenues) expanded by 330 basis points to 25.4%

Net earnings attributable to Martin Marietta **of $425.4 million, an increase of 47%** from 2015

- Earnings before interest, taxes, depreciation and amortization (**EBITDA**) **of $971.6 million increased 29.4%** over 2015 EBITDA

- Earnings attributable to Martin Marietta per diluted share (**EPS**) **of $6.63 increased 54.5%** from $4.29 in 2015

- Aggregates product line **pricing up 7.3%** with shipment **volume growth of 1.4%**

- Our **Return on Invested Capital (ROIC) of 8.42% increased 254 basis points** from 5.88% in the prior year. For the first time since 2008, ROIC exceeded the Weighted Average Cost of Capital (WACC) of 7.87%. Our ROIC and invested capital growth also drove shareholder value in 2016.

This financial performance allowed us to achieve our additional strategic objectives, including:

- Pursuing **aggregates-led expansion through** acquisitions that complement existing operations (i.e., bolt-on acquisitions) and acquisitions that provide leadership entry into new markets or similar product lines (i.e., platform acquisitions)

- **Returning nearly $365 million to our shareholders in 2016** through share repurchases and meaningful dividends that were recently increased, and **almost $1 billion** since announcing our repurchase authorization in February 2015

- **Increasing market capitalization 54% to $14.1 billion** in 2016.

2016 Say-On-Pay Vote and Shareholder Outreach

Our shareholders expressed their continued support of our executive compensation programs by approving our non-binding advisory vote on executive compensation at our 2016 Annual Meeting of Shareholders. More than 96% of votes cast supported our executive compensation policies and practices. Management and the Committee considered this strong support by our shareholders that our pay structure aligns our compensation programs with the interests of our shareholders.

The Committee feels strongly that our executive compensation programs should evolve and be adjusted over time to support the achievement of our business goals, to reflect our challenges, and to promote both the near- and long-term profitable growth of Martin Marietta. During 2016, the Committee reviewed and evaluated market trends and best practices in designing and implementing elements to our compensation program. The Committee continues to believe that the goals for our executive compensation programs are to incentivize and reward achievement that creates value for our shareholders.

We view a continuing, constructive dialogue with our long-term shareholders as critically important to ensuring that we remain aligned with their interests. With that in mind:

We regularly talk to long-term shareholders and appreciate the opportunity to gain further insight and understanding into their views. In 2016 our investor relations outreach extended to 127 meetings with 314 investment firms in the United States and Europe.

We held an Investor Day in May 2016 at which shareholders were invited to meet with the entire leadership team of Martin Marietta, including our Lead Independent Director, and visit two of our facilities in the Dallas metroplex, including a quarry and a cement plant.

We speak to almost all of our top 25 shareholders at least annually, which represents approximately 70% of our outstanding shares.

Institutional Investor magazine named Martin Marietta to its 2017 All-America Executive Team. Martin Marietta finished second overall (in the Homebuilders & Building Products category) for the ***Best Investor Relations Program*** and ***Best Analyst Days***.

Pay Decisions in 2016 Made in Light of Performance

WHAT WE DO

Pay for performance. Tie pay to performance by ensuring that a significant portion of NEO compensation is performance-based and at-risk.

Median compensation targets. All compensation elements of our executives are generally targeted at the median of our peer group companies.

PSUs are a substantial portion of LTI. PSU grants, tied to our achievement of specified performance measures, comprised approximately 67% of the total value of annual long-term incentive grants made to our NEOs in 2016. RSUs comprised the remaining 33%.

Independent compensation consultant. The Compensation Committee uses an independent compensation consultant.

Minimal executive perquisites.

WHAT WE DON T DO

No employment contracts. None of our NEOs or other executive officers have employment contracts that guarantee continued employment.

No dividends on unvested awards. Our 2016 RSU and PSU awards require three years to fully vest and dividends paid on shares of common stock of Martin Marietta during the vesting period are only paid to award holders if and when an award vests.

A number of key 2016 compensation-related decisions resulted from these significant events and accomplishments, which are discussed more fully below. The Committee believes that our executive compensation program continues to reflect a strong pay-for-performance philosophy and is well-aligned with the interests of shareholders

Our Compensation Strategy

Our executive compensation program is specifically designed to:

Attract and retain top-caliber, knowledgeable and experienced senior executives.

Motivate our executives to achieve superior results and build long-term value for shareholders.

Reward performance that meets or exceeds established goals consistent with our strategic aims and upholding integrity.

Align individual objectives with the Company s objectives without fostering excessive or inappropriate risk-taking.

Encourage an ownership mentality and align the long-term financial interests of our executives with those of our shareholders.

Be market competitive with our peers.

Provide reward systems that are measurable and easily understood by our managers and shareholders.

Reinforce the succession planning process undertaken on a company-wide basis by building bench strength and by identifying and retaining senior leadership, both capable of achieving the Company s growth, profitability and other objectives.

In 2016, our executive compensation structure consisted of three primary components: base salary, annual incentives, and long-term incentives. Within the long-term incentive component, we changed our program in 2016 to eliminate options and utilized a balanced portfolio of performance-based share units (PSUs) and restricted stock units (RSUs).

Martin Marietta has a long-standing commitment to pay for performance. We fulfill that aim by providing a majority of compensation through programs in which the amounts

ultimately received vary in order to best reflect our financial, operational and strategic performance.

The following table summarizes the key elements of our 2016 executive compensation program:

Element	Primary Purpose	Key Characteristics
Base Salary	To compensate the executive fairly and competitively for the responsibility level of the position.	Fixed compensation that is reviewed annually.
Annual Performance-Based Incentive Awards	To motivate and reward organizational and individual achievement of annual strategic, financial and individual objectives.	Variable compensation component; based on pre-established Company and individual performance goals.
Incentive Stock Plan	To ensure executives invest certain levels of their annual bonus into Martin Marietta stock units.	Executives may invest up to 50% of their annual bonus into stock units, with a mandatory minimum of 35% for our CEO and 20% for other NEOs to be invested in common stock units.
Long-Term Incentive Awards	To align executives with shareholder interests, to reinforce long-term value creation, and to provide a balanced portfolio of long-term incentive opportunity.	Variable compensation component. Reviewed and granted annually. New program in 2016 splits long-term incentives for NEOs at 67% PSUs and 33% RSUs.
Performance Share Units (PSU)	To motivate executives by tying incentives to our multi-year financial goals and relative TSR reinforcing the link between our executive officers and our shareholders.	Grants based on three-year Return on Sales (ROS), EBITDA and TSR performance relative to peers.
Restricted Stock Units (RSUs)	To motivate the appropriate behaviors delivering superior long-term total shareholder return. Also promotes a base-level of executive retention.	Stock price growth.
Health/Welfare Plan and Retirement Benefits	To provide competitive benefits promoting employee health and productivity and support financial security.	Fixed compensation component.
Perquisites and Other Benefits	To provide limited business-related benefits, where appropriate, and to assist in attracting and retaining executive officers.	Fixed compensation component.

Change-in-Control Protection	To provide continuity of management and bridge future employment if terminated following a change-in-control.	Fixed compensation component; only paid in the event the executive s employment is terminated following a change-in-control.
Severance Protection	To bridge future employment if terminated other than for cause.	Fixed compensation component; only paid in the event the executive s employment is terminated other than for cause.

Performance-Related Compensation

A substantial portion of our CEO s and executive officers compensation is at risk and will vary depending upon our performance. Most of the opportunities to achieve long-term equity incentives granted to our CEO and other executive officers in 2016 were performance-related consisting of PSUs that comprised 67% of the long-term equity awards.

Approximately 67% of our CEO s total pay opportunity at target levels is performance-based at risk compensation.

Ongoing Corporate Governance Policies

We endeavor to maintain good corporate governance standards relating to our executive compensation policies and practices, including the following that were in effect during 2016 that directly impacted compensation:

The Committee is composed solely of independent Directors who regularly schedule and meet in executive sessions without management present.

The Committee s independent compensation consultant is retained directly by the Committee.

The Committee conducts an annual review and approval of our compensation strategy, including a review of our compensation-related risk profile, to ensure that our compensation-related risks are not reasonably likely to have a material adverse effect on the Company.

We pay for performance, with approximately 67% of our CEO s total target pay opportunity being performance-based at risk compensation.

We cap PSU payments at target if three-year TSR is negative, regardless of our ranking.

We limit perquisites and other benefits.

Compensation Decision Process

Role of Management and the Committee

The Committee is responsible for carrying out the philosophy and objectives of the Board of Directors related to executive compensation in addition to its responsibilities of overseeing the development and succession of executive management of Martin Marietta. The Committee has the authority to determine

compensation and benefits for Martin Marietta s executive officers. The Committee members are each non-employee, independent Board members pursuant to the New York Stock Exchange rules, and the Committee operates pursuant to a written charter, a copy of which can be viewed on Martin Marietta s website at *www.martinmarietta.com.*

The performance of the CEO and each other executive officer is reviewed regularly by the Committee. Based on this review, the Committee sets compensation for all executive officers. Compensation decisions with respect to the executive officers other than the CEO are based in part on recommendations by the CEO, with input from the Senior Vice President Human Resources, with respect to salary adjustments and annual cash and equity awards. The Committee can accept, reject or modify any recommended adjustments or awards to executive officers. For the CEO, the Committee sets the levels of annual adjustments and awards based on the criteria it deems to be appropriate under the circumstances with input from the independent compensation consultant. There are no employment agreements between Martin Marietta and any executive officer of Martin Marietta, including the CEO.

Role of the Independent Compensation Consultant

The Committee retained an independent compensation consultant in accordance with the Committee s charter. The consultant reports directly to the Committee. The Committee retains sole authority to hire or terminate the consultant, approve its compensation, determine the nature and scope of services, and evaluate performance. A representative of the compensation consultant attends Committee meetings, either in person or by telephone, as requested, and communicates with the Committee Chair between meetings. The Committee makes all final decisions.

The compensation consultant s specific compensation consultation roles include, but are not limited to, the following:

- Advise the Committee on executive compensation trends and regulatory developments.
- Provide a total compensation assessment for executives compared to peer companies and recommendations for executive pay.
- Summarize and report to the Committee on trends, regulatory developments and other factors affecting executive officer compensation, as well as any other areas of concern or risk.
- Serve as a resource to the Committee Chair for meeting agendas and supporting materials in advance of each meeting.
- Review and comment on proxy disclosure items, including this CD&A.
- Advise the Committee on management s pay recommendations.

Based on these activities, the compensation consultant makes recommendations regarding, and proposes adjustments to, our executive officer compensation program as it deems appropriate. While the consultant works closely with the appropriate members of our executive management team in performing these activities, the consultant reports directly to and is retained by the Committee on all executive compensation matters, and speaks to the Committee and the Chair of the Committee on a regular basis without management present. The compensation consultant periodically attends Committee meetings.

Mercer was paid $204,345 for its compensation advisory services in 2016. Also during 2016, Mercer and its Marsh & McLennan affiliates were also retained by management to provide services unrelated to executive compensation, including property/casualty insurance brokerage services and administration of a risk management information system. The aggregate fees paid for those other services for 2016 were $277,095. The Committee and the Board did not review or approve the other services provided to us by Mercer and its Marsh & McLennan affiliates, as those services were approved by management in the normal course of business prior to the Committee s engagement of Mercer to work on its behalf.

We have been advised by Mercer that the reporting relationship and compensation of the individual Mercer consultants who perform executive compensation consulting services for our Committee is separate from, and is not determined by reference to, Mercer s or Marsh & McLennan s other lines of business or their other work for us. The Committee considered these separate reporting relationships and compensation structures, the provision of other services to the Company by Mercer and Marsh & McLennan, the absence of any business or personal relationship between our officers and Directors and the specific Mercer consultants advising the Company (other than the consulting relationship with the Committee), Mercer s Global Business Standards intended to address potential conflict of interests with respect to their executive compensation consulting services, and the other factors required to be considered by applicable SEC and stock exchange rules, in approving the Committee s engagement of Mercer for fiscal 2016. Based on this review, the Committee did not identify that Mercer had any conflicts of interest that would prevent Mercer from independently advising the Committee.

The Committee has considered and assessed all relevant factors, including but not limited to those set forth in Rule 10C-1(b)(4)(i) through (vi) under the Securities Exchange Act of 1934, that could give rise to a potential conflict of interest with respect to the individual independent compensation consultants that provided services in 2016. Based on this review, there are no conflicts of interest raised by the work performed by Mercer.

Role of Peer Companies and Competitive Market Data

The Committee considered peer groups for two elements of the executive compensation program in 2016: the *Compensation Peer Group*, consisting of 17 companies that the Committee believes compete with us for talent, and the *TSR Peer Group*, consisting of a group of 25 companies that the Committee believes compete with us for investors and is used to assess the achievement of TSR measured for the PSU awards.

This section only describes the Compensation Peer Group. The TSR peer group is discussed below in the descriptions of the other elements of our compensation program.

Annually, the Committee studies competitive total compensation market data provided by its independent compensation consultant. To assess competitive pay levels, the Committee reviews and approves the composition of our Compensation Peer Group. The following peer group criteria are considered:

- Company size (approximately 0.4x to 2.5x Martin Marietta s annual revenues);
- Companies in similar industries based on GICS code classifications;
- Direct competitors for business and management talent;
- Companies covered by the investment analysts that track Martin Marietta; and
- Companies that include Martin Marietta in their compensation peer group.

The following companies comprised our Compensation Peer Group for 2016 base salary, bonus, and long-term incentive pay decisions:

Albermarle Corporation	Granite Construction Inc.	Owens Corning	Vulcan Materials Company
Armstrong World Industries	Louisiana-Pacific Corporation	Peabody Energy Corp.	W. R. Grace & Co.
Compass Minerals International	Masco Corporation	USG Corp.	Westlake Chemical Corporation
CONSOL Energy, Inc.	Nucor Corporation	The Valspar Corporation	Weyerhaeuser Company
FMC Corporation			

The Committee studies competitive total compensation data from various sources, including proxy statements of the peer group. Since proxy statements do not provide precise comparisons by position to our executive officers, the Committee also in 2016 took into consideration published independent compensation surveys of companies with revenue in the range of $3.0 billion to $4.0 billion as to median levels for each executive officer as well as private compensation survey data. Where available, size-adjusted market values were developed using regression analysis. This statistical technique accounts for revenue size differences within the peer group and develops an estimated market value for a similar-size company as Martin Marietta. The size-adjusted 50th percentile for total compensation is a key reference point for the Committee. On average, the target for our NEO total compensation opportunities is competitively positioned within a reasonable range of the size-adjusted 50th percentile.

Although the Committee uses the benchmark standards as its starting point in setting compensation levels, the compensation packages for executive officers may vary materially from the Compensation Peer Group benchmarks based on several factors. Market data, position, tenure, individual and organization performance, retention needs and internal pay equity have been the primary factors considered in decisions to increase or decrease compensation opportunities. Specifically, the Committee sets compensation levels below the benchmark levels for executive officers with relatively less relevant experience, less responsibility, less tenure with Martin Marietta and/or lower performance ratings. Conversely, if an officer consistently receives favorable performance ratings, accumulates years of service and expertise in relevant areas, has more responsibility and/or has significant other achievements, his or her compensation will typically be above the peer group median. In 2016, long-term compensation in the form of PSUs to executive officers was based on specific performance measurements as discussed below.

Determination of CEO Compensation

At each February Committee meeting, without the CEO present, the Committee reviews and evaluates CEO performance, and determines achievement level for the prior year. The Committee also reviews competitive compensation data. At this meeting,

the Committee discusses salary and annual incentive pay recommendations for the CEO, as well as an evaluation of the CEO s performance, with the independent members of the Board. The Committee also reviews and discusses an award of RSUs and the target PSU grant size for the CEO at that meeting, which is also discussed with the full Board.

Compensation Program Risk Assessment

We perform a thorough annual review of our compensation program structure, which is reviewed in detail with the Committee. We believe our executive pay is reasonable and provides appropriate incentives to our executives to achieve our financial and strategic goals without encouraging them to take excessive risks in their business decisions. Our compensation structure does not include features that are reasonably likely to have a material adverse effect on the Company. Compensation program features that mitigate against risks include the following:

Our annual bonus plan does not provide payment for poor individual or corporate performance, regardless of whether the failure to achieve target was outside management s control.

There are caps on the long-term equity awards, even if the required performance-related criteria are exceeded.

A majority of the NEOs compensation is long-term, with equity grants vesting over three to five years, depending on the plan.

Our compensation is not based on highly-leveraged short-term incentives that encourage high risk investments at the expense of long-term value.

Long-term compensation to executive officers is based on specific performance measures that balance long-term growth and returns.

The Committee uses benchmarking data and the advice of its independent compensation consultant to keep compensation in line with typical market practices and appropriate to Martin Marietta s needs.

We use a balanced portfolio of long-term incentive programs.

Considerations Regarding 2016 Compensation

The following chart summarizes the **target** compensation in our 2016 executive compensation program:

Pay Component	Summary
Base Salary	At the February 2016 meeting, the Committee reviewed competitive market data and individual performance evaluations. The Committee approved base salary increases as follows: Mr. Nye: 3.1% increase, based on his excellent achievements as CEO since 2010 in an economic environment that resulted in muted shipment volume recovery, and specifically his performance in 2016. Other NEOs: approximately 3.0% increases, based on a review of competitive market data and individual performance evaluations.
Target Annual Cash Incentives	Mr. Nye s target bonus was increased in 2016 to 110% of his base earnings. Other NEO target bonuses (as a % of base earnings) did not change in 2016. Our 2016 Executive Incentive Plan design did not change. Our CEO is required to invest a minimum of 35% of his annual cash bonus into stock units, which are held generally for a period of three years. Other NEOs are required to invest a minimum of 20% of their annual cash bonus into stock units, which are held generally for a period of three years.
Long-Term Incentives	Our structure changed in 2016 to include PSUs and RSUs, and eliminate stock options. The LTI awards for NEOs in 2016 were weighted 2/3 PSUs and 1/3 RSUs. The LTI grant size is based on competitive market data. PSU awards in 2016 are earned based on achievement of performance levels, with 75% based on three-year return on sales and cumulative EBITDA performance, and 25% based on TSR ranking compared to major U.S. companies in similar industries.
Total Compensation	Targeted total compensation opportunity is the size-adjusted 50th percentile of our Compensation Peer Group. Overall, the Committee believes targeted compensation should be more heavily weighted on variable at-risk compensation and longer-term components.

The Committee approved the following **actual** compensation items in 2016.

Base Salary

The Committee determines base salaries for the NEOs and other executives based on a number of factors, including but not limited to, market data, individual performance, the Company s performance, and management recommendations (except for the CEO). At the February 2016 meeting, based on a review of competitive market data and management s recommendations based on individual performance (except for the CEO), and the Committee s assessment of Mr. Nye s performance, the Committee approved the following increases.

NEO	2015 Base Salary	Percentage Increase*	Reason	Effective Date	2016 Base Salary
C. Howard Nye	$980,000	3.1%	Merit Increase	3/1/16	$1,010,000
Anne H. Lloyd	$526,600	3.0%	Merit Increase	3/1/16	$ 543,700
Roselyn R. Bar	$493,000	3.0%	Merit Increase	3/1/16	$ 497,300
Donald A. McCunniff	$360,300	3.0%	Merit Increase	3/1/16	$ 372,000
Daniel L. Grant	$340,000	3.3%	Merit Increase	3/1/16	$ 351,100

* NEO base salaries were increased on March 1, 2016. The percentage increase reflects the annualized amount; actual increases were pro-rated from the last increase date.

Annual Cash Incentive: Executive Incentive Plan

NEOs and other executives are eligible to earn annual bonuses under our Executive Incentive Plan based on the achievement of various performance metrics. Individual NEO targets (as a percent of base salary) are approved by the Committee at the beginning of the year based on a review of competitive market data.

Actual cash bonuses are determined based on compensation peer data and internal pay equity. The Committee awards annual cash bonuses based on corporate performance objectives and the achievement of individualized targeted goals. This furthers Martin Marietta s compensation philosophy to encourage superior performance and reward the achievement of

Martin Marietta s annual goals. In 2016, all of the executive officers participated in the plan, except for Mr. Nye, for whom bonus compensation was awarded outside of the plan. The annual bonus level for 2016 for the NEOs was 152% to 157% of target.

In determining the incentive payments, the Committee first reviews the achievements of Martin Marietta for the past year as compared to its targeted goals set at the end of the previous year. The factors that the Committee took into account in determining Martin Marietta s performance in 2016 include those listed above under *Executive Summary* on pages 28 to 30. The Committee also considered:

- A detailed assessment of Martin Marietta s overall financial performance and each segment s financial performance.
- Shareholder returns, including the consistent delivery of value to Martin Marietta s shareholders.
- Our safety performance, which continues to be industry leading even though we increased hourly headcount and trained new employees hired through our acquisitions made during the year.
- Outstanding environmental and regulatory compliance results.
- Continuing achievement of excellent management of working capital.
- The successful organic and inorganic growth of Martin Marietta.

[1] Total Incident Injury Rate per 200,000 man hours worked.

[2] Reported as of 12.31.14 by Bureau of Labor Statistics. Latest available data.

[3] Reported by Mine Safety and Health Administration for 2010 2015 and by National Stone, Sand and Gravel Association for year to date as of 06.30.16 (latest available data) for the Aggregates Industry.

The Committee also considered our efforts to tell our sustainability story, which is part of our core strategy. We completed and issued the Company s second annual sustainability report. *Building Solid Foundations Partnering for Stronger Communities* represents our latest publication sharing Martin Marietta s sustainability story in 2016 from the perspective of our employees. From our world-class safety programs and performance, to our targeted and intentional support of housing, hunger reduction and healthcare, to environmental programs that ensure operational excellence, we have a solid foundation and an exciting opportunity to build upon.

The Committee then conducts a comparative review of the individual contributions of each of the executive officers towards achieving these goals. The Committee also considers qualitative measures of performance for the executive officers, such as adherence to and implementation of Martin Marietta s *Code of Ethical Business Conduct*, safety, customer satisfaction, and product quality.

Key individual performance criteria are established for each NEO, which are intended to drive strategic and support operational results in the Company and the functional groups. These performance metrics are established at the beginning of each plan year and are based upon Martin Marietta s Long-Range Operating Plan, which is set at the end of the previous year. For executives in corporate staff positions, 50% of the determination is made with respect to Martin Marietta s performance and 50% is based on the individual s performance against established objectives. Similar to the Committee s assessment of financial goals, the Committee s assessment of individual performance goals generally excludes certain non-recurring or extraordinary items. We do not disclose specific individual performance goals due to the potential for competitive harm. Our targeted individual goals are stretch but reasonable.

The individualized target goals are tailored for each executive, his or her specific areas of responsibility and the then-current and longer-term goals of Martin Marietta. In addition, achievement of the goals typically is in part dependent on conditions outside the control of each of the named executive officers. For example, our business may be adversely affected by hurricanes or other weather-related conditions, which could have the result of impeding the achievement of certain performance-based goals.

Although there is substantial uncertainty with respect to achieving the target levels at the time the goals are set and communicated, our NEOs have a reasonable expectation of receiving a cash incentive award at a level that is near their target level.

2016 CEO Annual Incentive Award Earned

The CEO does not participate in Martin Marietta s Executive Incentive Plan and his bonus, if any, is determined at the discretion of the Committee, based on the performance factors discussed above for 2016, including:

- Revenue growth
- Gross profit margin expansion
- EBITDA growth