

MARTIN MARIETTA MATERIALS INC

Form DEF 14A

April 08, 2011

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**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  x

Filed by a Party other than the Registrant  o

Check the appropriate box:

- o Preliminary Proxy Statement
- o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o 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):

- x No fee required.
- o 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:
- o Fee paid previously with preliminary materials:
- o 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:
-

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Annual Meeting of  
Shareholders and  
Proxy Statement**

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April 8, 2011

Dear Fellow Shareholder:

The Directors and Officers of Martin Marietta Materials, Inc. join us in inviting you to attend the Corporation's Annual Meeting of Shareholders on May 12, 2011. The formal notice of this meeting and the proxy statement describing the matters to be acted upon at the meeting accompany this letter.

Your vote is important. Whether or not you plan to attend the Annual Meeting in person, 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 Materials.

Sincerely,

Stephen P. Zelnak, Jr.  
*Chairman of the Board*

C. Howard Nye  
*President and Chief Executive Officer*

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**MARTIN MARIETTA MATERIALS, INC.  
2710 Wycliff Road, Raleigh, North Carolina 27607**

**Notice of Annual Meeting of Shareholders  
To Be Held May 12, 2011**

To our Shareholders:

The Annual Meeting of Shareholders of Martin Marietta Materials, Inc. will be held on Thursday, May 12, 2011, 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) To elect as Directors the three (3) nominees named in the attached proxy statement, each to serve for a term of three (3) years until the Annual Meeting of Shareholders in 2014, and until their successors are duly elected and qualified;
- (2) To ratify the appointment of independent auditors for 2011;
- (3) To approve, by a non-binding advisory vote, the compensation of our named executive officers;
- (4) To approve, by a non-binding advisory vote, the frequency of the shareholder vote on the compensation of our named executive officers; and
- (5) Any other business as may properly come before the meeting.

All holders of record of shares of Martin Marietta Materials common stock (NYSE: MLM) at the close of business on March 4, 2011 are entitled to vote at the annual meeting and any adjournments or postponements of the 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.

By Order of the Board of Directors,

Roselyn R. Bar  
*Senior Vice President, General  
Counsel and Secretary*

Raleigh, North Carolina  
April 8, 2011

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS  
FOR THE ANNUAL SHAREHOLDER MEETING TO BE HELD ON MAY 12, 2011**

The Corporation's proxy statement, form of proxy card and 2010 Annual Report to Shareholders are also available for review on the Internet at [ir.martinmarietta.com/annuals.cfm](http://ir.martinmarietta.com/annuals.cfm).

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**PROXY STATEMENT**

**GENERAL INFORMATION**

This proxy statement contains information related to the annual meeting of shareholders of Martin Marietta Materials, Inc., a North Carolina corporation, to be held on Thursday, May 12, 2011, at 11:30 a.m. at the Corporation's principal office, 2710 Wycliff Road, Raleigh, North Carolina. The Corporation's audited financial statements and portions of the Annual Report on Form 10-K for the fiscal year ended December 31, 2010 are being mailed to shareholders with this proxy statement.

This proxy statement, the proxy card, and the notice of meeting are being sent commencing on approximately April 8, 2011 to shareholders of record on March 4, 2011.

***What is the purpose of the annual meeting?***

At our annual meeting, shareholders will act on the matters outlined in the accompanying notice of annual meeting of shareholders. This statement is furnished in connection with the solicitation by the Board of Directors of the Corporation of proxies to be used at the meeting and at any and all adjournments or postponements of the meeting.

Whether or not you plan to attend the meeting, we encourage you to date, sign, and return your proxy in the enclosed envelope.

***Who is entitled to vote at the meeting?***

Only shareholders of record at the close of business on March 4, 2011 are entitled to notice of and to participate in the annual meeting. If you were a shareholder of record on that date, you will be entitled to vote all the shares that you held on that date at the meeting, or any adjournments or postponements of the meeting.

***What are the voting rights of the holders of Martin Marietta Materials common stock?***

Each share of Martin Marietta Materials common stock is entitled to one vote on each matter considered at the meeting.

***Who can attend the meeting?***

All shareholders as of the record date, or their duly appointed proxies, beneficial owners presenting satisfactory evidence of ownership as of the record date, and invited guests of the Corporation may attend the meeting.

***What constitutes a quorum?***

The presence at the meeting, in person or by proxy, of the holders of a majority of the common stock outstanding on the record date constitutes a quorum, permitting shareholders to take action at the meeting. On March 4, 2011, there were 45,496,606 shares outstanding of the Corporation's common stock, \$.01 par value per share.



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***Who will oversee the voting results?***

Votes cast by proxy or in person at the annual meeting will be tabulated by an independent inspector of election appointed by the Corporation's Board of Directors for the annual meeting from American Stock Transfer & Trust Company, the Corporation's transfer agent. The inspector of election will determine whether a quorum is present. For purposes of determining the presence of a quorum, abstentions will be counted as shares that are present and entitled to vote. If a broker indicates on the proxy that it does not have discretionary authority to vote on a particular matter and specific instructions are not received from the shareholder regarding that matter, but has discretionary authority to vote on other matters at the annual meeting, then those shares represented by the proxy will be counted as present and entitled to vote for the purposes of determining the presence of a quorum for the meeting.

***How do I vote?***

If you complete and properly sign the accompanying proxy card and return it to the Corporation, it will be voted as you direct. If you are a registered shareholder and attend the meeting, you may deliver your completed proxy card or vote in person. Shareholders whose shares are held by brokers, banks, or other nominees who wish to vote at the meeting will need to obtain a proxy form from the institution that holds its shares.

***Can I change my vote after I return my proxy card?***

Yes. Even after you have submitted your vote, you may revoke your proxy at any time prior to its exercise at the annual meeting (i) by filing with the Corporation's Corporate Secretary an instrument revoking the proxy prior to the meeting, (ii) by the timely delivery to the Corporation's Corporate Secretary, including at the meeting, of a subsequently dated and executed proxy, or (iii) if you attend the meeting, by voting your shares in person. Attendance at the meeting will not in and of itself constitute a revocation of a proxy.

***How do I vote my 401(k) shares?***

Each participant in the Corporation's Performance Sharing Plan and the Savings and Investment Plan may direct the trustee as to the manner in which shares of common stock allocated to the plan participant's account are to be voted. If the plan participant does not return a signed voting instruction card to the trustee in a timely manner or returns a card without indicating any voting instructions, the trustee will vote the shares in the same proportion as shares for which the trustee receives voting instructions for that plan.

***How are brokers required to vote? What are broker non-votes ?***

Brokers holding shares for beneficial owners must vote those shares according to the specific instructions they receive from the beneficial owners. If specific instructions are not received, brokers may generally vote these shares at their discretion. However, the New York Stock Exchange rules preclude brokers from exercising their voting discretion on certain proposals, such as the election of Directors. In such cases, absent specific instructions from the beneficial owner, the broker may not vote on those proposals. This results in what is known as a broker non-vote. The ratification of the appointment of independent auditors is not such a proposal. Accordingly, if you want your broker to vote your shares on the election of Directors, the approval on an advisory basis of the compensation of our named executive officers, or the approval on an advisory basis of a particular frequency for a shareholder vote on the compensation of our named executive officers, you must provide specific voting instructions to your broker. Conversely, any broker holding shares for you may vote your shares at their discretion with respect to the ratification of the appointment of independent auditors unless you give them specific instructions on how you wish for them to vote.



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***Will my broker vote my shares for me on the election of Directors?***

Under the New York Stock Exchange rules, the election of Directors and the advisory votes on executive compensation are not considered routine matters and your broker will **not** be able to vote your shares with respect to those matters if you have not provided directions to your broker. We strongly encourage you to submit your proxy card and exercise your right to vote as a shareholder.

***What vote is required to approve each item?***

The election of Directors requires a plurality of the votes cast. Withheld votes are not counted in determining whether a plurality of votes was received by a Director nominee.

The ratification of the selection of independent auditors, the approval on an advisory basis of the compensation of our named executive officers, and the approval on an advisory basis of a particular frequency for a shareholder vote on the compensation of our named executive officers, and any other proposal presented at the meeting, will be approved if more votes are cast by proxy or in person in favor of the proposal than are cast against it. Abstentions and broker non-votes will not be counted for or against the proposal.

With respect to any other matters that may properly be introduced at the annual meeting, the Corporation's Bylaws generally require the affirmative vote of a majority of the votes cast for or against a proposal at the meeting to authorize action by the shareholders at the annual 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 Ernst & Young LLP as independent auditors;

**FOR** the approval, by a non-binding advisory vote, of the compensation of our named executive officers as described in this Proxy Statement; and

**FOR** the approval, by a non-binding advisory vote, of conducting an advisory vote on the compensation of our named executive officers every three (3) years.

With respect to any other matter that properly comes before the meeting, the proxy holders will vote as recommended by the Board of Directors or, if no recommendation is given, in their own discretion.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS  
FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 12, 2011**

This proxy statement, form of proxy card and the accompanying annual report are also available at [ir.martinmarietta.com/annuals.cfm](http://ir.martinmarietta.com/annuals.cfm).



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BENEFICIAL OWNERS AND MANAGEMENT*****Who are the largest owners of the Corporation's stock?***

The following table sets forth information with respect to the shares of common stock which are held by persons known to the Corporation to be the beneficial owners of more than 5% of such stock as of March 4, 2011. To the best of the Corporation's knowledge, based in part on filings with the Securities and Exchange Commission as noted below, no person beneficially owned more than 5% of any class of the Corporation's outstanding voting securities at the close of business on March 4, 2011, except for those shown below.

<b>Name and Address of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership</b>	<b>Percent of Class</b>
Davis Selected Advisers, L.P. <sup>(1)</sup> 2949 East Elvira Road, Suite 101 Tucson, AZ 85706	6,147,395	13.50%
SPO Advisory Corp. <sup>(2)</sup> 591 Redwood Highway, #3215 Mill Valley, CA 94941	5,381,235	11.83%
Southeastern Asset Management <sup>(3)</sup> 6410 Poplar Ave., Suite 900 Memphis, TN 38119	4,478,670	9.80%
RS Investment Management Co. LLC <sup>(4)</sup> 388 Market Street, Suite 1700 San Francisco, CA 94111	3,155,012	6.90%
Blackrock, Inc. <sup>(5)</sup> 40 East 52nd Street New York, NY 10022	2,496,237	5.48%
CI Investments, Inc. <sup>(6)</sup> 2 Queen Street East, 20th Floor Toronto, ON M5C 3G7 Canada	2,400,000	5.28%

(1) As reported in Schedule 13G/A dated December 31, 2010 filed with the Securities and Exchange Commission on February 14, 2011.

(2)

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As reported in Schedule 13F dated December 31, 2010 filed with the Securities and Exchange Commission on February 14, 2011.

- (3) As reported in Schedule 13G dated December 31, 2010 filed with the Securities and Exchange Commission on February 7, 2011.
- (4) As reported in Schedule 13G dated December 31, 2010 filed with the Securities and Exchange Commission on February 9, 2011.
- (5) As reported in Schedule 13G/A dated December 31, 2010 filed with the Securities and Exchange Commission on February 7, 2011.
- (6) As reported in Schedule 13F dated December 31, 2010 filed with the Securities and Exchange Commission on January 27, 2011.

**Table of Contents*****How much stock do the Corporation's Directors and executive officers own?***

The following table sets forth information as of March 4, 2011 with respect to the shares of common stock that are beneficially owned by the Directors and nominees, the Chief Executive Officer, the Chief Financial Officer, and the other executive officers listed in the Summary Compensation Table on page 42 of this proxy statement, individually, and by all Directors and executive officers of the Corporation as a group.

<b>Name of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership<sup>(1)</sup></b>
Sue W. Cole	36,290 <sup>(2,3)</sup>
Anne H. Lloyd	79,339 <sup>(4)</sup>
David G. Maffucci	19,942 <sup>(2)</sup>
William E. McDonald	32,063 <sup>(2)</sup>
Frank H. Menaker, Jr.	39,961 <sup>(2)</sup>
C. Howard Nye	80,176 <sup>(4)</sup>
Laree E. Perez	17,676 <sup>(2)</sup>
Michael J. Quillen	7,791 <sup>(2)</sup>
Dennis L. Rediker	23,203 <sup>(2)</sup>
Daniel G. Shephard	78,987 <sup>(4)</sup>
Bruce A. Vaio	78,326 <sup>(4)</sup>
Richard A. Vinroot	34,386 <sup>(2)</sup>
Stephen P. Zelnak, Jr.	194,353 <sup>(2,4,5)</sup>
All Directors and executive officers as a group (14 individuals including those named above)	791,232 <sup>(2,3,4)</sup>

(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 1.74% of the shares of common stock outstanding as of March 4, 2011. None of the shares reported are pledged as security.

(2) Amounts reported include (1) compensation paid on an annual basis that Directors have received in common stock units that is deferred pursuant to the Amended and Restated Martin Marietta Materials, Inc. Common Stock Purchase Plan for Directors and (2) 1,155 restricted stock units that each Director received in 2010 as part of their compensation. The Directors do not have voting or investment power for their respective share units. The number of common stock units credited to each of the Directors as of March 4, 2011 is as follows: Ms. Cole, 13,040; Mr. Maffucci, 7,942; Mr. McDonald, 15,063; Mr. Menaker, 17,461; Ms. Perez, 5,676; Mr. Quillen, 4,791; Mr. Rediker, 8,903; Mr. Vinroot, 15,386; and Mr. Zelnak, 2,271. Amounts reported also include options for common stock for each Director, as follows: Ms. Cole, 19,000; Mr. Maffucci, 12,000; Mr. McDonald, 17,000; Mr. Menaker, 21,000; Ms. Perez, 12,000; Mr. Quillen, 3,000; Mr. Rediker, 14,300; Mr. Vinroot, 19,000; and Mr. Zelnak, 118,763.

- (3) Includes an approximation of the number of shares in Ms. Cole's IRA.
- (4) The number of shares owned for each of Messrs. Nye, Shephard, Vaio, and Zelnak and Ms. Lloyd and all Directors and executive officers as a group assumes that options held by each of them covering shares of common stock in the amounts indicated, which are currently exercisable within 60 days of March 4, 2011, have been exercised: Mr. Nye, 21,485; Mr. Shephard, 31,295; Mr. Vaio, 32,295; Mr. Zelnak, 118,763; Ms. Lloyd, 38,974; and all Directors and executive officers as a group, 413,302. The amounts reported also 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) restricted stock awards granted under the Martin Marietta Materials, Inc. Amended and Restated Stock-Based Award Plan that are subject to forfeiture in accordance with the terms of the plan, each in the following amounts: Mr. Nye, 5,743 and 45,960, respectively; Mr. Shephard, 3,986 and 21,081, respectively; Mr. Vaio, 3,699 and 21,081, respectively; Mr. Zelnak, 0 and 73,319, respectively; Ms. Lloyd, 2,217 and 21,200, respectively; and all Directors and executive officers as a group, 18,211 and 236,686, respectively. There are no voting rights associated with the stock units.
- (5) Mr. Zelnak retired as Executive Chairman on May 27, 2010. He continues to serve as non-executive Chairman of the Board.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires directors and officers of the Corporation 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%



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shareholders are required by Securities and Exchange Commission regulations to furnish to the Corporation copies of all Section 16(a) reports filed.

Based solely on its review of the copies of reports furnished to the Corporation and written representations that no other reports were required for the year ended December 31, 2010, the Corporation believes that no Director, officer, or 10% shareholder failed to timely file in 2010 any report required by Section 16(a).

**THE BOARD OF DIRECTORS**

The Board of Directors currently consists of ten members, nine of whom are non-employee Directors. The Board is divided into three classes with three-year terms.

The Board of Directors has nominated three persons for election as Directors to serve three-year terms expiring in 2014. 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. 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 2010 annual meeting, for a nomination to be properly made by a shareholder at the 2011 annual meeting, the shareholder's notice must have been sent to, and received by, our Secretary at our principal executive offices between January 23, 2011 and February 22, 2011. 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 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.

**PROPOSAL 1  
ELECTION OF DIRECTORS  
(Item 1 on Proxy Card)**

***Nominees for Election to the Board of Directors for a Term Continuing Until 2014:***

**Sue W. Cole (60)**

*Director (since 2002), Chair of the Management Development and Compensation Committee and member of the Nominating and Corporate Governance Committee.*

Ms. Cole has been a principal of Granville Capital Inc., a registered investment advisor, since 2006. Ms. Cole has more than 37 years experience in financial services and investment management. Before joining Granville Capital, she served as Regional Chief Executive Officer of the Mid-Atlantic Region of U.S. Trust Company, N.A., an integrated wealth management firm, from 2003 to 2006, and as Chief Executive Officer for U.S. Trust Company of North Carolina and North Carolina Trust Company. Previously she was Head of Corporate Lending for the Greensboro, North Carolina Region of NNCB. Ms. Cole also previously served as a Director of UNIFI, Inc., and has been active in the community and charitable organizations including serving on the Investment Committees of UNC-Greensboro, the Cone Health Foundation, and the Weaver Foundation; Chair of



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the Management Development and Compensation Committee and member of the Executive Committee of the North Carolina Biotechnology Center; member of the Board of Directors of the North Carolina Economic Development Board; and member of the Board of Governors of the Center for Creative Leadership.

***Key attributes, experience and skills:*** Ms. Cole brings to the Board valuable experience in executive compensation, corporate governance, human resources, finance and financial statements, and customer service in connection with her role as chief executive officer of several financial services and investment advisory businesses as well as several non-profit organizations. She also has strong leadership skills and familiarity with governmental affairs from her service on the boards of various business associations and non-profit organizations in North Carolina, an important state to the Corporation.

**Michael J. Quillen (62)**

*Director (since 2008), Member of the Ethics, Environment, Safety and Health Committee, Finance Committee and the Management Development and Compensation Committee.*

Mr. Quillen has served as Chief Executive Officer and a member of the Board of Directors of Alpha Natural Resources, Inc., a leading Appalachian coal supplier, since its formation in 2004 until its merger with Foundation Coal Holdings, Inc. on July 31, 2009. He continued to serve as Executive Chairman until December 31, 2009. Mr. Quillen now serves as non-Executive Chairman of the combined entity, also named Alpha Natural Resources, Inc. He was named Chairman of the Board of Alpha in 2006. Mr. Quillen served as President of Alpha until 2006. In 2002, Mr. Quillen joined the Alpha management team as President and the sole manager of Alpha's operating subsidiary, Alpha Natural Resources, LLC, where he had served as Chief Executive Officer since 2003. From 2002 to 2005 he also served in senior executive capacities with other former affiliates of Alpha. From September 1998 to December 2002, Mr. Quillen was Executive Vice President - Operations of AMCI Metals and Coal International Inc., a mining and marketing company ( AMCI ). While at AMCI, he was also responsible for the development of AMCI's Australian properties. He has held senior executive positions in the coal industry throughout his career, including Vice President-Operations of Pittston, President of Pittston Coal Sales Corp., Vice President of AMVEST Corporation, Vice President-Operations of NERCO Coal Corporation, President and Chief Executive Officer of Addington, Inc. and manager of Mid-Vol Leasing, Inc. Mr. Quillen has over 30 years of experience in the coal industry starting as an engineer.

***Key attributes, experience and skills:***

Mr. Quillen brings to the Board valuable business, leadership, management, financial, and mergers and acquisitions experience through his service of more than 30 years in senior positions, including chief executive officer and chairman, of publicly-traded companies. He also has extensive experience related to mining companies, governmental and regulatory issues, and safety, health and environmental matters. Mr. Quillen also brings tremendous insight and expertise with respect to strategic analysis, the natural resources industry, and energy. In addition, Mr. Quillen has a wealth of knowledge related to transportation, which is a key factor in our business.

**Stephen P. Zelnak, Jr. (66)**

*Director (since 1993), Chairman of the Executive Committee, member of the Audit Committee, Ethics, Environment, Safety and Health Committee, Management Development and Compensation Committee, and the Nominating and Corporate Governance Committee.*

Mr. Zelnak has served as non-Executive Chairman since May 27, 2010. He served as Executive Chairman from January 1, 2010 to May 27, 2010. He previously served as Chief



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Executive Officer of the Corporation since 1993 and as President of the Corporation from 1993 to 2006. Mr. Zelnak joined Martin Marietta Corporation in 1981 and he had been responsible for the Aggregates operations since 1982. Mr. Zelnak is also a Director of Beazer Homes USA, Inc., and Pace Industries. Mr. Zelnak is also Chairman and majority owner of ZP Enterprises, a private investment firm engaged in the purchase of small manufacturing companies. Mr. Zelnak has served as Chairman of the North Carolina Chamber, North Carolina Community College Foundation, National Stone, Sand and Gravel Association, Peace College Board of Trustees, North Carolina Foundation For Research And Economic Education, North Carolina Aggregates Association and the NC State Physical and Mathematical Sciences Foundation. He currently serves on the Advisory Boards of North Carolina State University and Georgia Institute of Technology.

***Key attributes, experience and skills:***

As the longstanding Chairman of the Board of the Corporation and previous Chief Executive Officer, Mr. Zelnak brings extensive leadership, business and operating experience to the Board, as well as knowledge of all aspects of the Corporation and the construction aggregates industry. He also brings his broad strategic and financial experience to the Board, knowledge of the home building industry and factors that impact construction from his service on the board of a large homebuilder, and corporate governance from serving on the boards and various committees of other companies.

**THE BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR  
ALL NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS**

***Directors Whose Terms Continue Until 2012:***

**David G. Maffucci (60)**

*Director (since 2005), Chair of the Audit Committee and member of the Finance Committee.*

Mr. Maffucci 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. He served on its Board of Directors from 2008 until 2010, serving on its Audit and Compensation Committees from 2008 to 2009. From 2005 to 2006, Mr. Maffucci served as Executive Vice President of Bowater Incorporated and President of its Newsprint Division. He served as Chief Financial Officer of Bowater Incorporated from 1995 to 2005. On October 29, 2007, Bowater Incorporated combined with Abitibi-Consolidated Inc. to form AbitibiBowater Inc. (NYSE: ABH). AbitibiBowater produces a wide range of newsprint and commercial printing papers, market pulp and wood products. It is the eighth largest publicly-traded pulp and paper manufacturer in the world. 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 previously worked at KPMG.

***Key attributes, experience and skills:***

Mr. Maffucci brings to the Board extensive financial experience gained through his positions as chief financial officer, a member of the audit committees of publicly-traded companies, and formerly with a large public accounting firm. This experience enables him to provide insight into the Corporation's financial statements, accounting principles and practices, auditing, internal control over financial reporting, and risk management processes.

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**William E. McDonald (68)**

*Director (since 1996), Chair of the Nominating and Corporate Governance Committee, member of the Executive Committee and the Management Development and Compensation Committee.*

Mr. McDonald served as President and Chief Executive Officer of Sprint Mid-Atlantic Telecom and Sprint Mid-Atlantic Operations from 1993 to 1998, and was President and Chief Executive Officer for the United Telephone-Eastern in Carlisle, PA. Mr. McDonald began working with Sprint in 1968 when he joined Sprint United Telephone-Southeast. He progressed through various management positions until 1980, when he was named Vice President-Revenue Requirements. In 1981, he became Vice President-Operations for Sprint United Telephone-Midwest in Kansas City, MO. Mr. McDonald became President of Uninet in 1982 and in 1984 served as Senior Vice President-Network Development for what is now Sprint Long Distance. He was named President of Sprint United Telephone-Northwest in Hood River, OR, in 1986, before becoming President of Sprint United Telephone-Eastern. Mr. McDonald served as Senior Vice President, Customer Service Operations, Sprint Corporation, a telecommunications company, until his retirement in 2000.

***Key attributes, experience and skills:***

Mr. McDonald brings to the Board leadership, corporate governance, executive compensation, customer service, marketing, sales, and human resources experience from his service as chief executive officer of large business regions with significant operations. His 15-year tenure on the Board gives him a valuable perspective into our business, its strategy and industry leadership.

**Frank H. Menaker, Jr. (70)**

*Director (since 1993), Member of the Audit Committee, the Ethics, Environment, Safety and Health Committee, the Executive Committee and the Management Development and Compensation Committee.*

Mr. Menaker is Of Counsel in the DLA Piper international law firm, based in Washington, D.C., where he practices in the areas of internal investigations, corporate governance and regulatory matters. Mr. Menaker is also a member of the McCammon Group, a mediation, arbitration, facilitation, training and consulting group providing conflict resolution services throughout the mid-Atlantic region. Mr. Menaker previously served as Senior Vice President and General Counsel of Lockheed Martin Corporation, a defense, aeronautics, and aerospace company, from 1996 until 2005, and previously was General Counsel of Martin Marietta Corporation since 1981. During his tenure, Mr. Menaker helped guide Lockheed Martin Corporation and Martin Marietta Corporation through a period of consolidation in the defense industry, beginning with Martin Marietta Corporation's successful Pac Man defense of Bendix Corporation's attempted hostile takeover of Martin Marietta Corporation in 1980. He retired from Lockheed Martin Corporation in 2006. Mr. Menaker's professional activities include previously serving as past chair and fellow of the ABA Public Contract Law Section, as a board member of the Atlantic Legal Foundation, and as an advisor to Human Rights First. During the past five years, Mr. Menaker served as a Director and as Member of the Audit Committee of North American Galvanizing and Coatings, Inc., which merged with AZZ Incorporated in 2010.

***Key attributes, experience and skills:***

Mr. Menaker brings to the Board his experience as general counsel of an S&P 100 corporation, with responsibility for legal, compliance, corporate governance, among other matters, as well as his experience in management, leadership, executive compensation,



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financial affairs, governmental and regulatory issues, safety, health and environmental matters, and mergers and acquisitions. As one of the original members of the Corporation's Board, Mr. Menaker also brings an important perspective on the Corporation's business, strategy, and culture. In addition, Mr. Menaker is a recognized leader in corporate ethics programs.

**Richard A. Vinroot (69)**

*Director (since 1996), Chair of the Ethics, Environment, Safety and Health Committee and member of the Nominating and Corporate Governance Committee.*

Mr. Vinroot has been a member of the law firm of Robinson, Bradshaw & Hinson, P.A. in Charlotte, North Carolina since 1969, where he practices in the areas of civil litigation including construction, labor, employment discrimination, securities and commercial contract disputes and controversies. He has appeared and served as lead trial counsel in the successful prosecution, defense and resolution of numerous actions in the federal and state courts during the past several years. Mr. Vinroot has also been active in civic and community activities, including serving on the Board of Trustees of Sugar Creek Charter School and the Board of Trustees of the Charlotte-Mecklenburg County YMCA. From 1991 to 1995, Mr. Vinroot served as Mayor of Charlotte, North Carolina and from 1983 to 1991; he served on the Charlotte City Council.

***Key attributes, experience and skills:***

Mr. Vinroot brings tremendous experience to the Board from both private practice of law and his elected position as Mayor of Charlotte, North Carolina related to leadership, corporate governance, legal, mergers and acquisitions, governmental and regulatory issues, safety, health and environmental matters. His familiarity with North Carolina, which is one of the Corporation's most important states, has been very valuable to the Board, as well as his involvement with non-profit organizations to give the Board perspective on diversity and corporate citizenship.

***Directors Whose Terms Continue Until 2013:***

**C. Howard Nye (48)**

*Director (since 2010)*

Mr. Nye has served as President and Chief Executive Officer of the Corporation since January 1, 2010. He previously served as President and Chief Operating Officer of the Corporation 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 has also been active in a number of various business, civic, and education organizations, including serving as a member of the Board of Directors for the National Stone, Sand & Gravel Association, the American Road & Transportation Builders Association, and Romeo Guest Associates, Inc. Mr. Nye is also a member of the Duke University Alumni Board, as well as a former gubernatorial appointee to the North Carolina Mining Commission.

***Key attributes, experience and skills:***

Mr. Nye has extensive knowledge of the construction aggregates industry from his 27 years of experience in all facets of the construction materials business. He brings to the Board extensive leadership, business, operating, mergers and acquisitions, legal, customer-relations, and safety and environmental experience. He understands the competitive nature of the business and has strong management skills and broad executive experience. In addition, Mr. Nye brings to the Board his broad strategic vision for the future growth of the Corporation.





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**Laree E. Perez (57)**

*Director (since 2004), Chair of the Finance Committee and member of the Audit Committee and the Ethics, Environment, Safety and Health Committee.*

Ms. Perez serves as the Managing Partner in The Medallion Company, LLC, an investment management company, since 2003 and as an independent financial consultant with that company since 2002. Ms. Perez is a Director of GenOn Energy, Inc. (previously named RRI Energy, Inc.), one of the largest power producers in the United States, and is currently a member of its Audit and Risk and Finance Oversight Committees. She previously served as the Chairman of the Audit Committee of GenOn Energy, Inc. from 2002 to 2007. From 1996 to 2002, she was Vice President of Loomis, Sayles & Company, L.P. Ms. Perez was co-founder of Medallion Investment Company, Inc. and served as President and Chief Executive Officer from 1991 until it was acquired by Loomis Sayles in 1996. 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 has also served on the Leadership Council and as Chair of the Development Committee for the Mayo Clinic Arizona. Ms. Perez has over 30 years experience in finance and investments.

***Key attributes, experience and skills:***

Ms. Perez brings to the Board significant business, financial and private investment experience. She has significant expertise with respect to financial statements, corporate finance, accounting and capital markets, mergers and acquisitions, and strategic analysis. Ms. Perez also brings insight into auditing best practices from her experience serving as a Board member on the audit and finance committees of other publicly-traded companies. Her familiarity with the southwestern United States has been very valuable to the Board since the Corporation has important operations in that region and to give the Board perspective on diversity.

**Dennis L. Rediker (67)**

*Director (since 2003), Member of the Audit Committee, the Finance Committee and the Ethics, Environment, Safety and Health Committee.*

Mr. Rediker serves as the President and Chief Operating Officer of B4C, LLC, a developer and maker of composite materials for defense and aerospace applications. He previously served as President and Chief Executive Officer of The Standard Register Company, a document services company, from 2000 until his retirement in 2008. Mr. Rediker was also previously the Chief Executive Officer and a Director of English China Clays, plc. During the past five years, Mr. Rediker served as Director of The Standard Register Company. Mr. Rediker is past volunteer Chairman of the Board of Trustees of the National Composites Center, and previously served on the Dayton Development Coalition and on the Board of Managers for the National Museum of the U.S. Air Force Foundation.

***Key attributes, experience and skills:***

Mr. Rediker brings to the Board significant operating, financial, leadership, strategic, audit, and marketing experience as a result of his tenure as chief executive officer of publicly-traded companies and service on their boards. He also has extensive experience in mergers and acquisitions, environmental and safety, and customer service that has been valuable to the Board. In addition, Mr. Rediker has considerable expertise in corporate strategy from his various roles, including his former association with McKinsey & Co.

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**DIRECTOR COMPENSATION**

The Corporation 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, the Corporation considers the significant amount of time that Directors expend in fulfilling their duties to the Corporation as well as the skill-level required by the Corporation 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, 2010, all of the individuals who were then Directors, except Mr. Nye, who was the Chief Executive Officer of the Corporation in 2010 and was not and is not compensated separately for his service as a Director, received an annual retainer of \$32,500. Directors received \$1,250 for each regular or special meeting of the Board and Board committees attended. Members of the Audit Committee received an additional \$5,000 in view of their increased responsibilities. The Chair of the Audit Committee received an annual fee of \$15,000 in light of his increased responsibilities. Each committee chair (other than the Chairs of the Audit and the Executive Committees) received an annual fee of \$8,000. Directors were also reimbursed for travel and other expenses related to attendance at Board and committee meetings. The Corporation's plane was used to transport some Directors to and from Board and committee meetings, but no Directors received personal use of the Corporation's plane or other perquisites and personal benefits in 2010. Mr. Zelnak did not receive compensation for his service as a Director while serving as Executive Chairman from January 1 through May 27, 2010. In his role as non-executive Chairman, Mr. Zelnak received \$125,000 in addition to the annual retainer in lieu of receiving meeting attendance fees.

***Equity Compensation Paid to Board Members***

All of the individuals who were Directors in 2010, except Mr. Nye, were granted 1,155 restricted stock units pursuant to the Amended and Restated Stock-Based Award Plan. The restricted stock units granted to the Directors in 2010 were fully vested upon award and will be distributed upon retirement. This component of Director compensation replaced annual awards of non-qualified stock options for 3,000 shares that had been made to Directors in previous years. The Board believes that the use of restricted stock units is more appropriate because of its lower impact on the Corporation's financial statements and made this determination after input from its independent compensation consultant. The value of the restricted stock unit awards to the Directors is approximately the same as the value of 3,000 shares of stock options at the time of grant.

***Deferred Compensation Program for Board Members***

Pursuant to the Common Stock Purchase Plan for Directors, non-employee Directors may elect to receive all or a portion of their fees in the form of the Corporation's common stock, which must be deferred until, at the Director's election, 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. The Board of Directors unanimously agreed that a minimum of 50% of each Director's fees would be paid in common stock and deferred pursuant to the terms of the plan. 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 the Corporation. The units are converted into common stock of the Corporation

pursuant to the terms of the

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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 units.

**Director Compensation Table**

The table below summarizes the compensation paid by the Corporation to each person who served as a non-employee Directors during the fiscal year ended December 31, 2010.

Name <sup>(1)</sup> (a)	Fees Earned or Paid in Cash(\$) <sup>(2)</sup> (b)	Stock Awards(\$) <sup>(3)</sup> (c)	Option Awards(\$) <sup>(4)</sup> (d)	Non-Equity Incentive Plan Compensation(\$) <sup>(5)</sup> (e)	Change in Pension Value and Nonqualified Earnings(\$) <sup>(5)</sup> (f)	All Other Compensation(\$) <sup>(6)</sup> (g)	Total(\$) (h)
Sue W. Cole	56,750	110,037			2,513	36,844	206,144
David G. Maffucci	77,500	110,037			717	31,998	220,252
William E. McDonald	55,500	110,037			3,632	40,870	210,039
Frank H. Menaker, Jr.	63,750	110,037			4,442	47,625	225,854
Laree E. Perez	73,000	110,037			534	18,330	201,901
Michael J. Quillen	53,750	110,037			220	20,582	184,589
Dennis L. Rediker	62,500	110,037			1,921	31,145	205,603
Richard A. Vinroot	51,750	110,037			4,011	40,924	206,722
Stephen P. Zelnak, Jr.	169,250	110,037			22	24,087	303,396

(1) Mr. Nye, who is the Chief Executive Officer of the Corporation 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. Mr. Zelnak, who is the Chairman of the Board of Directors and was the Executive Chairman of the Corporation until May 27, 2010, is included in this table commencing May 27, 2010 because he was not previously compensated separately for his service as a Director. The compensation received by Mr. Nye and Mr. Zelnak in 2010 as employees of the Corporation is shown in the Summary Compensation Table on page 42.

(2) The amounts in column (b) reflect fees earned in 2010. 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 2010 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, 1,932 units and \$86.31 value, respectively; Mr. Maffucci, 2,215 units and \$84.65 value, respectively; Mr. McDonald, 1,913 units and \$86.51 value, respectively; Mr. Menaker, 2,039 units and \$85.21 value, respectively; Ms. Perez, 1,661 units and \$88.20 value, respectively; Mr. Quillen, 1,898 units and \$86.28 value, respectively; Mr. Rediker, 2,019 units and \$85.44 value, respectively; Mr. Vinroot, 1,856 units and \$87.15 value, respectively; and Mr. Zelnak, 2,271 units and \$85.70, respectively. The number of units credited to each of the Directors as of December 31, 2010, including units accumulated under the plan for

all years of service as a Director, is as follows: Ms. Cole, 13,040; Mr. Maffucci, 7,972; Mr. McDonald, 15,063; Mr. Menaker, 17,461; Ms. Perez, 5,676; Mr. Quillen, 4,791; Mr. Rediker, 8,903; Mr. Vinroot, 15,386; and Mr. Zelnak, 2,271. The 20% discount from the market price of the Corporation's common stock used in converting to common stock is reported in column (g).

- (3) Each Director received 1,155 restricted stock units in 2010. The amounts in column (c) reflect the grant date fair value for these awards determined in accordance with FASB ASC Topic 718.
- (4) As of December 31, 2010, each Director held options for common stock in the amounts as follows: Ms. Cole, 19,000; Mr. Maffucci, 12,000; Mr. McDonald, 17,000; Mr. Menaker, 21,000; Ms. Perez, 12,000; Mr. Quillen, 3,000; Mr. Rediker, 14,300; Mr. Vinroot, 19,000; and Mr. Zelnak, 118,763.
- (5) The amounts in column (f) reflect interest paid on fees deferred in cash under the plan.
- (6) The amounts in column (g) reflect for each Director: (i) an amount equal to the 20% discount from the market price of the Corporation's common stock used in converting fees deferred in 2010 into common stock units pursuant to the Common Stock Purchase Plan for Directors, and (ii) the dollar value of dividend equivalents paid in 2010 on common stock units held under the plan. The Directors did not receive perquisites or other personal benefits in 2010.

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**CORPORATE GOVERNANCE MATTERS**

***Corporate Governance Philosophy***

The Board of Directors has long believed that good corporate governance is important to ensure the Corporation is managed for the long-term benefit of its shareholders. The Corporation's business is managed under the direction of the Board of Directors. The Board delegates the conducting of business to the Corporation's senior management team. The corporate governance standards established by the Board provide a structure within which Directors and management can effectively pursue the Corporation's objectives for the benefit of its shareholders. Even before the adoption of the Sarbanes-Oxley Act of 2002, one of the most critical components that has governed the way the business affairs of the Corporation are conducted has been the Corporation's *Code of Ethics and Standards of Conduct*, which has been in place for more than two decades.

With that backdrop, the Board has endeavored to choose Board and Committee members who are distinguished by a depth of knowledge and experience, to elect a qualified and dedicated management team, and to direct the business affairs of the Corporation to achieve long-term value for shareholders. The Board believes this purpose is particularly important in overseeing the management of a company such as the Corporation that is engaged in a cyclical business where the long-term value for shareholders may not be reflected in current stock prices and which may be temporarily depressed by short-term factors, such as recessionary economies and operating markets.

In furtherance of these goals, in 2002, the Board created a Nominating and Corporate Governance Committee, which consists of three independent Directors. Upon the recommendation of the Nominating and Corporate Governance Committee, the Board of Directors has adopted a set of *Corporate Governance Guidelines* for the Corporation. The Nominating and Corporate Governance Committee is responsible for overseeing the guidelines and making recommendations to the Board relating to corporate governance matters.

The New York Stock Exchange has adopted rules that require listed companies like the Corporation to adopt governance guidelines and comply with certain standards regarding corporate governance. The Corporation voluntarily implemented these corporate governance rules even prior to their effective date in 2004. The Corporation's Chief Executive Officer certifies annually to the NYSE that he is not aware of any violation by the Corporation of the NYSE corporate governance listing standards. This certification is in addition to the certification by the Corporation's Chief Executive Officer and Chief Financial Officer included with the Corporation's periodic reports filed with the Securities and Exchange Commission. The Corporation also submits written affirmations to the NYSE annually regarding details of the Corporation's compliance with the corporate governance rules of the NYSE.

The Corporation's *Corporate Governance Guidelines* are posted and available for public viewing on the Corporation's website at [www.martinmarietta.com](http://www.martinmarietta.com). The guidelines address a wide array of governance issues. Among other matters, the corporate governance principles of Martin Marietta Materials include the following:

***Ethics***

A comprehensive *Code of Ethics and Standards of Conduct* applicable to all Directors, officers, and employees of the Corporation, including the Corporation's executive officers, has been in place since the 1980's.

A confidential telephone hotline for anonymous reporting of complaints and concerns was established in 1994 when the Corporation's common stock became publicly traded.





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The Board has had, since 1994, an Ethics, Environment, Safety and Health Committee that is responsible for reviewing and monitoring the Corporation's program on business ethics and conduct, compliance with environmental laws and regulations and matters concerning health and safety.

The Corporation will also disclose on its website any amendments to its *Code of Ethics and Standards of Conduct* and waivers, if any, of such code as applicable to the Corporation's Directors and executive officers. Any waiver of the *Code of Ethics and Standards of Conduct* for Directors or executive officers will be made only by the full Board and promptly disclosed to shareholders within four business days.

### ***Board Independence***

Nine out of ten Board members are non-employee Directors.

Eight out of ten Board members are independent Directors, as defined in the rules of the NYSE, and are not affiliated with the Corporation.

The Corporation's *Corporate Governance Guidelines* adopted by the Board reflect the Board's belief that at least two-thirds of all Directors should consist of independent Directors.

The Board has adopted *Guidelines for Director's Independence* for the Corporation and has determined that eight of the ten Board members are independent under these Guidelines.

The Board has adopted a policy of regularly scheduled executive sessions where the independent Directors meet without management.

### ***Independent Board Committees***

The Corporation has had, since it went public in 1994, an Audit Committee and a Compensation Committee. In 2004, the Compensation Committee was renamed the Management Development and Compensation Committee to more accurately reflect the Committee's responsibilities. Both Committees consist entirely of independent Directors, as defined in the rules of the NYSE and the applicable requirements of the SEC.

The Nominating and Corporate Governance Committee also consists entirely of independent Directors. Included in the responsibilities of the Nominating and Corporate Governance Committee is oversight of Board nominations and Board committee assignments. The Committee recommends to the Board nominees and committee assignments based on the skills and expertise of the individual nominees and Directors, as well as the needs of the Corporation, among other things.

The Audit Committee meets privately with each of management, representatives of the Corporation's independent auditors, and the Corporation's internal audit department.

The members of the Audit Committee do not receive any consulting or advisory fees or other compensation from the Corporation, other than Directors fees.

The members of the Audit Committee have no affiliation with the Corporation other than as a Director of the Corporation.

The Board of Directors has determined that the Audit Committee includes at least one member who is an audit committee financial expert as defined in SEC rules.

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### ***General***

The Board and its members are subject to self-assessments of their performance and the Board's performance.

Directors have access to members of the Corporation's management team and, as necessary and appropriate, to independent advisors.

At least annually, the Board evaluates the performance of the Chief Executive Officer.

The Board has adopted charters for each of its Audit Committee, Management Development and Compensation Committee, and Nominating and Corporate Governance Committee, which meet the requirements of the rules of the NYSE and are available on the Corporation's website at [www.martinmarietta.com](http://www.martinmarietta.com).

### ***Who are the Corporation's Independent Directors?***

All of the Corporation's Directors are non-employee Directors except Mr. Nye. Mr. Nye was elected to the Board as of January 1, 2010. 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 plan in which he may participate.

In assessing the independence of its members, the Board has adopted for the Corporation a set of *Guidelines for Director's Independence*. The Guidelines are posted and available for public viewing on the Corporation's website at [www.martinmarietta.com](http://www.martinmarietta.com). These Guidelines reflect the rules of the NYSE, 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. Zelnak and Mr. Nye, are independent under these Guidelines. The Board of Directors has determined that no Director (except Mr. Zelnak and Mr. Nye), or any person or organization with which the Director has any affiliation, has a relationship with the Corporation that may interfere with the Director's independence from the Corporation and its management.

In making this independence determination, the Board considered other entities with which the Directors were affiliated and any business the Corporation had done with such entities. In that regard, Mr. Vinroot is a member of the law firm of Robinson, Bradshaw & Hinson, P.A. located in Charlotte, North Carolina, which provided certain legal services to the Corporation in 2010. Mr. Vinroot did not work on any of the legal matters for the Corporation. The amount of fees paid to Robinson, Bradshaw & Hinson, P.A. for such services in 2010 was approximately \$84,000, representing less than 0.2% of the firm's gross revenues for the last fiscal year. Accordingly, the Board determined that Mr. Vinroot's relationship with the Corporation, directly and as a partner of Robinson, Bradshaw & Hinson, P.A., was not material for purposes of the independence determination.

### ***Do the independent Directors ever meet without management?***

The Corporation'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 the Corporation's Chairman and its Chief Executive Officer. In 2010, the Corporation's non-employee Directors met 4 times in executive session without management, in addition to executive sessions held by committees of the Board. The Chair of the Nominating and Corporate Governance Committee,

currently Mr. McDonald, a non-employee Director, presides at these executive sessions of non-employee Directors. In the absence of such Chair, the non-employee Directors would elect from among themselves a chair for such an executive session.

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***What is the Board's leadership structure?***

As of January 1, 2010, the role of Chairman and Chief Executive Officer are separate. The Board believes this structure is best currently for the Corporation as Mr. Zelnak's continuance as Chairman helps provide a seamless transition in connection with the succession of Mr. Nye as Chief Executive Officer. The Corporation also believes that the Board leadership structure wherein the Chairman of the Nominating and Corporate Governance Committee presides at executive sessions of the Board, at which Mr. Nye does not attend unless specifically invited, facilitates communication among the non-employee Directors. We believe our Chief Executive Officer and our Chairman have an excellent working relationship that has allowed Mr. Nye to make a strong transition into his new role and will allow him to focus on the challenges the Corporation is facing in the current business environment. We believe Mr. Zelnak's continuation as Chairman provides strong leadership for our Board, while also positioning our Chief Executive Officer as the leader of the Corporation as recognized by our customers, employees and other constituencies.

***What is the Board's role in risk oversight?***

Our Board currently has eight independent members and only two non-independent members, the non-executive Chairman and the Chief Executive Officer. 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 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 the Corporation 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 the Corporation's risk profile, and (5) integrate risk management into the Corporation'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 reviews with management regularly the most significant risks facing the Corporation, 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 the Corporation'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 the Corporation'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 the Corporation's objectives. 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 the Corporation's ethics program, health, safety, and the environment.



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While the Board oversees the Corporation'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 Corporation and is appropriate whether the positions of Chairman and Chief Executive Officer are separate or held by the same individual.

### ***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 the Corporation'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 Chair of the Nominating and Corporate Governance Committee, by writing to Martin Marietta Materials, Inc., 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 the Corporation'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).

The Corporation and its Board of Directors will continue to review and evaluate the process by which shareholders or other interested persons communicate with the Corporation and the Board and may adopt other or further processes and procedures in this regard. If so, the Corporation will identify those policies and procedures on its website at [www.martinmarietta.com](http://www.martinmarietta.com).

### ***How often did the Board meet during 2010?***

The Corporation's Board of Directors held 5 meetings during 2010, all of which were regularly scheduled meetings. There were also a total of 22 committee meetings in 2010. In addition, management confers frequently with its Directors on an informal basis to discuss Corporation affairs.

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

In 2010, all Directors attended all of the meetings of the Board of Directors. All directors attended all 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?***

The Corporation's Directors are expected to attend the Corporation's Annual Meeting of Shareholders. All Directors then serving on the Board attended the 2010 Annual Meeting of Shareholders.

### ***How are Directors compensated?***

A table showing the compensation paid by the Corporation to the individuals serving as Directors in 2010, other than Mr. Nye, is included in the section of this proxy statement entitled "DIRECTOR COMPENSATION" *Director Compensation Table*. Mr. Nye, who was elected a Director as of January 1, 2010, is not included in the table. Mr. Zelnak, who served as Executive Chairman through May 27, 2010 and thereafter serves as non-executive

Chairman, is included in the table for compensation received as non-executive Chairman and Board member. Mr. Zelnak's and Mr. Nye's compensation as executive officers of the



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Corporation is shown in the section entitled EXECUTIVE COMPENSATION and they received no additional compensation for service as a Director during that time.

***What Committees has the Board established?***

The Corporation'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.

The **Audit Committee**, which is composed entirely of non-employee, independent Directors, held 8 meetings during 2010. The Audit Committee meets periodically and separately in executive sessions with management, the independent auditors, and the Corporation's internal auditors to review the activities of each. The Audit Committee possesses and may exercise the powers of the Board of Directors relating to accounting, auditing, and financial reporting matters of the Corporation, except when such powers are by statute or the Articles of Incorporation or Bylaws reserved to the full Board or delegated to another committee of the Board. The Audit Committee reports regularly to the full Board on these matters. The Audit Committee is directly responsible for the appointment, compensation, and oversight of the Corporation's independent auditors. Among other duties, the Audit Committee:

- selects the independent auditors

- pre-approves all audit and non-audit services provided to the Corporation by the independent auditors

- monitors the independence of the independent auditors

- reviews and approves:

- ◇ the scope and timing of work to be performed by the independent auditors

- ◇ compensation to be paid to the independent auditors

- ◇ financial accounting and reporting principles used by the Corporation

- ◇ policies and procedures concerning audits, accounting, and financial controls

- ◇ recommendations to improve existing practices

- ◇ results of the audit and the reports of the independent auditors

- reviews and discusses the Corporation's annual audited financial statements and quarterly financial statements with management and the independent auditors

- reviews and discusses management's assessment of the effectiveness of the Corporation's system of internal control over financial reporting

- discusses the Corporation'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

considers allegations, if ever made, of possible financial fraud or other financial improprieties

sets clear hiring policies for employees or former employees of the independent auditors

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

prepares an audit committee report as required by the SEC to be in this proxy statement

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The Committee's current members are Directors Maffucci (Chair), Menaker, Perez, and Rediker. The Board of Directors has determined that the Chair of the Audit Committee, Mr. Maffucci, qualifies as an audit committee financial expert as defined in rules adopted by the SEC. The Board has also determined that Mr. Maffucci, and the other members of the Audit Committee, are independent of management, as required by the rules of the NYSE, SEC, and the Board's *Guidelines for Director's Independence*.

The **Ethics, Environment, Safety and Health Committee** held 2 meetings during 2010. It monitors compliance with the Corporation's *Code of Ethics and Standards of Conduct* and reviews all matters presented to it by the Corporate Ethics Officer concerning the ethical practices of the Corporation and its Directors, officers, and employees, including conflicts or potential conflicts of interest between the Corporation and any of its Directors, officers, and employees. The Committee also reviews and monitors the adequacy of the Corporation's policies and procedures and organizational structure for ensuring compliance with environmental laws and regulations, and matters relating to health and safety. The Committee's current members are Directors Vinroot (Chair), Menaker, Perez, Quillen, and Rediker.

The **Executive Committee** held no meetings during 2010. 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 the Corporation 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 Zelnak (Chair), McDonald, and Menaker.

The **Finance Committee** held 5 meetings during 2010. It has been delegated general oversight powers related to the management of the financial affairs of the Corporation, including but not limited to, establishing lines of credit or other short-term borrowing arrangements and investing excess working capital funds on a short-term basis. The Committee reviews and makes recommendations to the Board of Directors 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 and the contributions budget. The Committee's current members are Directors Perez (Chair), Maffucci, Quillen, and Rediker.

The **Management Development and Compensation Committee** held 5 meetings during 2010. It is composed entirely of non-employee, independent Directors, as required by the rules of the NYSE, who are also non-employee and outside Directors as those terms are defined by Rule 16b-3 promulgated under the Securities and Exchange Act of 1934 and Section 162(m) of the Internal Revenue Code of 1986. The Committee possesses and may exercise the powers of the Board of Directors relating to management development and compensation matters of the Corporation, except when such powers are by statute, the Articles of Incorporation or Bylaws reserved to the full Board or delegated to another committee of the Board. The Committee reports regularly to the full Board on these matters. The purposes of the Committee are to:

establish an overall strategy with respect to compensation for officers and management to enable the Corporation to attract and retain qualified employees

oversee executive succession and management development plans

discharge the Board's responsibilities relating to compensation of the Corporation's directors and elected officers

administer the Corporation's equity and other compensation plans, as amended from time to time

review and discuss the Compensation Discussion and Analysis and produce a compensation committee report as required by the SEC to be included in this proxy statement

provide oversight of the Corporation's Benefit Plan Committee, which administers the Corporation's defined benefit and contribution plans

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The Committee has the power, in its sole discretion, to determine the compensation and benefits to be paid for all elected officers and employees. The Committee also approves and administers the grants of stock options and any other equity-based awards that may be granted by the Corporation.

The Committee reviews and approves the Corporation's goals and objectives for Chief Executive Officer's compensation, evaluates the Chief Executive Officer's performance in light of those goals and objectives, and determines and approves the Chief Executive Officer's compensation level based on the Committee's evaluation, which includes executive sessions with the independent directors of the Board of Directors. The Committee also reviews management's assessment of the performance of other elected officers, and reviews and approves the salary, bonus, and other compensation of such elected officers. The Committee 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. The Committee has authority to delegate any of its duties under its charter, including to the Chair of the Committee, as it deems appropriate. The Committee also reviews with management at least annually plans for the orderly development and succession of executive management of the Corporation. The Committee's current members are Directors Cole (Chair), McDonald, Menaker and Quillen.

The **Nominating and Corporate Governance Committee** held 2 meetings in 2010. The Committee is composed entirely of non-employee, independent Directors, as required by the rules of the NYSE. The Committee possesses and may exercise the powers of the Board of Directors relating to the process of governance of the Corporation, except when such powers are by statute, the Articles of Incorporation or Bylaws reserved to the full Board or delegated to another committee of the Board. The Committee reports regularly to the full Board on these matters. The purposes of the Committee are to:

oversee the identification and selection of qualified Board and Committee members

recommend to the Board director nominees for the next annual meeting of shareholders

oversee the development and implementation of a set of corporate governance principles applicable to the Corporation

The Committee also oversees the evaluation of the Board and its committees. The Committee has the sole authority to retain, pay, and terminate search firms, if any, used to identify Director candidates. The Committee's current members are Directors McDonald (Chair), Cole, and Vinroot.

Upon the recommendation of this Committee, the Board of Directors has adopted a set of *Corporate Governance Guidelines* for the Corporation. The Guidelines are posted and available for public viewing on the Corporation's website at [www.martinmarietta.com](http://www.martinmarietta.com). A copy may also be obtained upon request from the Corporation's Corporate Secretary. Additional information concerning the corporate governance process of the Corporation is contained in the section entitled "CORPORATE GOVERNANCE MATTERS" above.

***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 the Corporation, if the shareholder making such recommendation complies with the advance notice provisions of the Bylaws of the Corporation. The Bylaws of the Corporation 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 the Corporation'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 the Corporation 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

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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 the Corporation will be furnished a copy without charge upon written request to the Secretary of the Corporation. Since the 2010 annual meeting, the Corporation has not made any material changes to the procedures by which shareholders may recommend nominees to the Corporation's Board of Directors. Additional information is contained in the section entitled "SHAREHOLDERS' PROPOSALS FOR 2012 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 the Corporation; 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.

The Board of Directors, acting through the