MARTIN MARIETTA MATERIALS INC
Form DEF 14A
April 18, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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:

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(2) Aggregate number of securities to which transaction applies:

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(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):

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(4) Proposed maximum aggregate value of transaction:

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(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:

Notice of 2007 Annual Meeting of Shareholders and Proxy Statement

April 18, 2007

Dear Fellow Shareholder:

The Directors and Officers of Martin Marietta Materials, Inc. join me in inviting you to attend the Corporation s Annual Meeting of Shareholders on May 22nd. 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 and
Chief Executive Officer

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

Notice of Annual Meeting of Shareholders
To Be Held May 22, 2007

To our Shareholders:

The Annual Meeting of Shareholders of Martin Marietta Materials, Inc. will be held on Tuesday, May 22, 2007, at 11:30 a.m. at the Corporation s principal office, 2710 Wycliff Road, Raleigh, North Carolina. At the meeting, the holders of the Corporation s outstanding common stock will act on the following matters:

(1) election of three (3) Directors, each to serve for a term of three (3) years until the Annual Meeting of Shareholders in 2010, and until their successors are duly elected and qualified;

(2) ratification of the appointment of independent auditors; and

(3) 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 16, 2007 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 18, 2007

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 Tuesday, May 22, 2007, at 11:30 a.m. at the Corporation s principal office, 2710 Wycliff Road, Raleigh, North Carolina. The Corporation s Annual Report for the fiscal year ended December 31, 2006, including audited financial statements, is 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 20, 2007 to shareholders of record on March 16, 2007.

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 16, 2007 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 s 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 16, 2007, there were 43,790,318 shares outstanding of the Corporation s common stock, $.01 par value per share.

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

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authority to vote on a particular matter and specific instructions are not received from the shareholder regarding that matter, those shares represented by the proxy will not be considered as present and entitled to vote with respect to that matter.

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 Secretary an instrument revoking the proxy prior to the meeting, (ii) by the timely delivery to the Corporation s Secretary, or at the meeting, of a subsequently dated and executed proxy, or (iii) if you attend the meeting, by voting your shares in person. Attendance at the 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. 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 election of Directors and the ratification of the appointment of independent auditors are not such proposals, so any broker holding shares for you may vote your shares at their discretion unless you give them specific instructions on how you wish for them to vote.

What vote is required to approve each item?

The Corporation s Bylaws generally require the affirmative vote of either a plurality or majority of the votes cast for or against a proposal at the meeting to authorize action on any matter to be considered at the annual meeting.

The election of Directors requires a plurality of the votes cast with a quorum present. 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, 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.

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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; and

FOR ratification of the selection of Ernst & Young LLP as independent auditors.

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.

SECURITY OWNERSHIP OF CERTAIN 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 16, 2007. 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 16, 2007, except for those shown below.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Davis Selected Advisers, L.P.(1) 2949 East Elvira Road, Suite 101 Tucson, AZ 85706	6,490,820	14.4%
Lone Pine Capital LLC(2) Steven F. Mandel, Jr. Two Greenwich Plaza Greenwich, CT 06830	3,061,474	6.8%
Third Point LLC(3) Daniel S. Loeb 390 Park Avenue New York, NY 10022	3,000,000	6.6%

(1) As reported in Schedule 13G/A dated December 31, 2006 filed with the Securities and Exchange Commission on January 11, 2007.
(2) As reported in Schedule 13G/A dated February 14, 2007 filed with the Securities and Exchange Commission by Stephen F. Mandel, Jr., individually and as part of a group of affiliates including Lone Pine Capital LLC, as of December 31, 2006.
(3) As reported in Schedule 13D (Amendment No. 1) dated February 12, 2007 filed with the Securities and Exchange Commission by Third Point LLC and Daniel S. Loeb on their behalf and as investment manager or

advisor to a variety of hedge funds and managed accounts (collectively the Funds), consisting of 2,750,000 shares of Common Stock held by the Funds and 250,000 shares of Common Stock acquirable upon exercise of options held by the Funds as of February 8, 2007.

How much stock do the Corporation s Directors and executive officers own?

The following table sets forth information as of March 16, 2007 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 four other most highly compensated executive officers, individually, and by all Directors and executive officers of the Corporation as a group.

Name of Beneficial Owner	**Amount and Nature of Beneficial Ownership** (1)
Marcus C. Bennett	31,853(2)
Sue W. Cole	24,896(2)(3)
Anne H. Lloyd	50,562(4)
David G. Maffucci	7,692(2)
William E. McDonald	20,812(2)
Frank H. Menaker, Jr.	32,690(2)
Donald M. Moe	64,916(4)
Laree E. Perez	7,381(2)
Dennis L. Rediker	12,360(2)
Daniel G. Shephard	25,695(4)
Philip J. Sipling	143,642(4)
Bruce A. Vaio	24,346(4)
Richard A. Vinroot	24,877(2)
Stephen P. Zelnak, Jr.	146,499(4)(5)
All Directors and executive officers as a group (17 individuals including those named above)	719,307(2)(3)(4)(5)

(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 1.64% of the shares of common stock outstanding as of March 16, 2007. None of the shares reported are pledged as security.

(2) Amounts reported include 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. 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 16, 2007 is as follows: Mr. Bennett, 12,353; Ms. Cole, 7,646; Mr. Maffucci, 1,692; Mr. McDonald, 9,812; Mr. Menaker, 11,690; Ms. Perez, 1,381; Mr. Rediker, 3,360; and Mr. Vinroot, 10,377. Amounts reported also include options for common stock for each Director, as follows: Mr. Bennett, 15,500; Ms. Cole, 13,000; Mr. Maffucci, 6,000; Mr. McDonald, 11,000; Mr. Menaker, 19,500; Ms. Perez, 6,000; Mr. Rediker, 9,000; and Mr. Vinroot, 14,500.

(3) Includes an approximation of the number of shares in Ms. Cole s IRA.

(4) The number of shares owned for each of Ms. Lloyd and Messrs. Moe, Shephard, Sipling, Vaio, and Zelnak 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 16, 2007, have been exercised: Ms. Lloyd, 24,166; Mr. Moe, 26,171; Mr. Shephard, 1,171; Mr. Sipling, 82,343; Mr. Vaio, 1,171; Mr. Zelnak, 9,762; and all Directors and executive officers as a group 261,626. 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: Ms. Lloyd,

2,166 and 15,519, respectively; Mr. Moe, 1,610 and 27,471, respectively; Mr. Shephard, 3,992 and 12,222, respectively; Mr. Sipling, 4,397 and 35,527, respectively; Mr. Vaio, 4,150 and 12,287, respectively; Mr. Zelnak, 23,382 and 113,355, respectively; and all Directors and executive officers as a group, 54,571 and 265,580, respectively. 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 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% 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, 2006, the Corporation believes that no Director, officer, or 10% shareholder failed to timely file in 2006 any report required by Section 16(a).

THE BOARD OF DIRECTORS

The Board of Directors currently consists of nine members, eight 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 2010. 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.

One vacancy currently exists on the Board. The Board, and its Nominating and Corporate Governance Committee, will continue to review and evaluate potential candidates to fill such vacancy as promptly as practicable, but do not intend at this time to nominate an additional person for election at the annual meeting to fill the current vacancy. If a vacancy on the Board is filled by the Board after the 2007 annual meeting but before the 2008 annual meeting, such Director would stand for election by shareholders at the 2008 annual meeting of shareholders. 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.

PROPOSAL 1 ELECTION OF DIRECTORS

Nominees for Election to the Board of Directors
For a Term Continuing Until 2010:

Marcus C. Bennett (71)
Director (since 1993), *Chair of the Audit Committee, member of the Executive Committee and the Finance Committee.*

Mr. Bennett served as Executive Vice President and Chief Financial Officer of Lockheed Martin Corporation, a defense, aeronautics, and aerospace company, from 1996 until his retirement in 1999. He continues to be a Director of Lockheed Martin Corporation, a position he has held since 1995. From 1993 to 2002, Mr. Bennett served as a Director of Carpenter Technology Corporation and chaired its Audit Committee from 1998 to 1999.

Laree E. Perez (53)
Director (since 2004), member of the Audit Committee and the Ethics, Environment, Safety and Health Committee.

Ms. Perez has served 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. From 1996 to 2002, she served as Vice President of Loomis, Sayles & Company, L.P. Ms. Perez is a Director of Reliant Energy, Inc. and chairs its Audit Committee.

Dennis L. Rediker (63)
Director (since 2003), member of the Finance Committee and the Ethics, Environment, Safety and Health Committee.

Mr. Rediker has served as President and Chief Executive Officer of The Standard Register Company, a document services company, since 2000 and as a Director of that company since 1995.

The Board unanimously recommends a vote FOR all nominees for election to the Board of Directors.

Directors Whose Terms Continue Until 2008:

Sue W. Cole (56)
Director (since 2002), Chair of the Nominating and Corporate Governance Committee and member of the Management Development and Compensation Committee.

Ms. Cole is a principal of Granville Capital Inc., a registered investment advisor. Previously she served as Regional Chief Executive Officer of the Mid-Atlantic Region of United States Trust Company, N.A., an integrated wealth management firm, from 2003 to 2006. Prior to that, she served as Chief Executive Officer and a Director of U.S. Trust Company of North Carolina and its predecessor, North Carolina Trust Company, from 2001 to 2003 and as President from 1997 to 2003. She is a Director of Unifi, Inc. and serves on its Nominating and Governance and Compensation Committees.

Stephen P. Zelnak, Jr. (62)
Chairman of the Board (since 1997) and Director (since 1993), Chair of the Executive Committee.

Mr. Zelnak has served as Chief Executive Officer of the Corporation since 1993. He previously served as President of the Corporation from 1993 to 2006. Mr. Zelnak is also a Director of Beazer Homes USA, Inc.

Directors Whose Terms Continue Until 2009:

David G. Maffucci (56)
Director (since 2005), Chair of the Finance Committee and member of the Audit Committee.

Mr. Maffucci served as Executive Vice President and President-Newsprint Division of Bowater Incorporated, a manufacturer of newsprint and other specialty paper, pulp, and solid wood products, from 2005 until 2006. Previously, from 2002 to 2005, he was Executive Vice President and Chief Financial Officer, and from 1995 to 2002, he was Senior Vice President and Chief Financial Officer of Bowater Incorporated.

William E. McDonald (64)
Director (since 1996), Chair of the Management Development and Compensation Committee, member of the Executive Committee and the Nominating and Corporate Governance Committee.

Mr. McDonald served as Senior Vice President, Customer Service Operations, Sprint Corporation, a telecommunications company, until his retirement in 2000.

Frank H. Menaker, Jr. (66)
Director (since 1993), Chair of the Ethics, Environment, Safety and Health Committee, member of the Audit Committee and the Management Development and Compensation Committee.

Mr. Menaker is a partner in the DLA Piper international law firm, based in Washington, D.C. 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. He retired from Lockheed Martin in 2006.

Richard A. Vinroot (66)
Director (since 1996), member of the Ethics, Environment, Safety and Health Committee and 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. From 1991 to 1995, Mr. Vinroot served as Mayor of Charlotte, North Carolina.

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, 2006, all of the Directors, except Mr. Zelnak, who is the Chief Executive Officer of the Corporation 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 $8,000 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 $4,000. 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 2006.

Equity Compensation Paid to Board Members

All of the Directors in 2006, except Mr. Zelnak, were granted 3,000 non-qualified stock option awards pursuant to the Amended and Restated Stock-Based Award Plan. The stock options granted to the Directors in 2006 were immediately exercisable and expire ten years from the date of grant. The exercise price of the shares of the Corporation s common stock subject to the options was set at the closing price of the common stock on the New York Stock Exchange on the date the options were granted. Until an option is exercised, shares subject to option cannot be voted nor do they receive dividends or dividend equivalents.

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 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 non-employee Directors for the fiscal year ended December 31, 2006.

Name[1] (a)	Fees Earned or Paid in Cash($)[2] (b)	Stock Awards($) (c)	Option Awards($)[3] (d)	Non-Equity Incentive Plan Compensation($) (e)	Change in Pension Value and Nonqualified Deferred Compensation Earnings[4] (f)	All Other Compensation($)[5] (g)	Total($) (h)
Marcus C. Bennett	73,000		98,370	N/A	3,330	30,657	205,357
Sue W. Cole	64,000		98,370	N/A	1,233	23,619	187,222
David G. Maffucci	66,500		98,370	N/A	63	18,237	183,170
William E. McDonald	57,750		98,370	N/A	2,461	24,227	182,808
Frank H. Menaker, Jr.	70,250		98,370	N/A	3,167	29,290	201,077
Laree E. Perez	61,250		98,370	N/A	87	9,209	168,916
Dennis L. Rediker	53,750		98,370	N/A	1,687	16,802	170,609
William B. Sansom[1]	56,500		98,370	N/A	2,757	24,984	182,611
Richard A. Vinroot	50,000		98,370	N/A	2,964	22,952	174,286

(1) Mr. Zelnak, who is the Chairman of the Board of Directors and the Chief Executive Officer of the Corporation, is not included in this table because he is not compensated separately for his service as a Director. The compensation received by Mr. Zelnak as an employee of the Corporation is shown in the Summary Compensation Table on page 32. Mr. Sansom served as a Director until his resignation on August 8, 2006.

(2) The amounts in column (b) reflect fees earned in 2006. 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 2006 to each of the Directors under the Common Stock Purchase Plan for Directors and the

grant date fair value for these awards in accordance with FAS 123(R), which includes the 20% discount, are as follows: Mr. Bennett, 1,014 units and $90.28 value, respectively; Ms. Cole, 883 units and $90.84 value, respectively; Mr. Maffucci, 932 units and $89.47 value, respectively; Mr. McDonald, 802 units and $90.22 value, respectively; Mr. Menaker, 974 units and $90.45 value, respectively; Ms. Perez, 429 units and $89.97 value, respectively; Mr. Rediker, 745 units and $90.52 value, respectively; Mr. Sansom, 786 units and $90.11 value, respectively; and Mr. Vinroot, 698 units and $89.87 value, respectively. The number of units credited to each of the Directors as of December 31, 2006, including units accumulated under the plan for all years of service as a Director, is as follows: Mr. Bennett, 12,353; Ms. Cole, 7,646; Mr. Maffucci, 1,692; Mr. McDonald, 9,812; Mr. Menaker, 11,690; Ms. Perez, 1,381; Mr. Rediker, 3,360; Mr. Sansom, 9,837; and Mr. Vinroot, 10,377. 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 3,000 options in 2006. The amounts in column (d) reflect the dollar amount recognized by the Corporation for financial statement reporting purposes for the fiscal year ended December 31, 2006 in accordance with FAS 123(R) for option awards granted in 2006 (3,000 options at a fair value of $32.79 per option). As of December 31, 2006, each Director held options for common stock in the amounts as follows: Mr. Bennett, 15,500; Ms. Cole, 13,000; Mr. Maffucci, 6,000; Mr. McDonald, 11,000; Mr. Menaker, 19,500; Ms. Perez, 6,000; Mr. Rediker, 9,000; and Mr. Vinroot, 14,500.

(4) The amounts in column (f) reflect interest paid on fees deferred in cash under the plan.

(5) 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 deferred fees into common stock units pursuant to the Common Stock Purchase Plan for Directors, and (ii) the dollar value of dividend equivalents paid in 2006 on common stock units held under the plan that were not included in the FAS 123(R) value reflected in column (d). The Directors did not receive perquisites or other personal benefits in 2006.

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 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.* 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.

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

Eight out of nine Board members are non-employee Directors.

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

The Board has endeavored to replace retiring Directors with independent directors and has, since 2002, added four Directors who are both independent and financially literate.

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 nine 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.

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.*

Who are the Corporation s independent Directors?

All of the Corporation s Directors are independent, non-employee Directors except Mr. Zelnak. Mr. Zelnak 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. The Board of Directors has determined that no Director (except Mr. Zelnak), 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 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.* A copy may also be obtained upon request from the Corporation s Corporate Secretary. 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, are independent under these Guidelines.

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 partner in the law firm of Robinson, Bradshaw & Hinson, P.A. located in Charlotte, North Carolina, which provided certain legal services to the Corporation in 2006. 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 was less than $50,000 and less than 0.1% 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.

William B. Sansom served as a Director of the Corporation during 2006 until he resigned on August 8, 2006. Mr. Sansom indicated that his reason for resignation was the demanding time commitment he had made in connection with his appointment to the Board of Directors for the Tennessee Valley Authority and subsequent election as Chairman of the TVA Board. The Board of Directors had determined that neither Mr. Sansom nor any person or organization with which Mr. Sansom had any affiliation, had a relationship with the Corporation that might have interfered with Mr. Sansom s independence from the Corporation and its management. The Board of Directors had also determined that Mr. Sansom was independent under the Corporation s *Guidelines for Director s Independence.* In making these independence determinations, the Board considered the business the Corporation did with the TVA and with Astec Industries, Inc. (on whose

board of directors Mr. Sansom sat), which business was done in the ordinary course of the Corporation s business and was not considered material.

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 Chief Executive Officer. In 2006, the Corporation s non-employee Directors met 6 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 Ms. Cole, 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.

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

The Board of Directors provides a process for shareholders 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 Officer 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.*

How often did the Board meet during 2006?

The Corporation s Board of Directors held 9 meetings during 2006, five of which were regularly scheduled meetings. There were also a total of 23 committee meetings in 2006. 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 2006, all Directors attended 100% of the meetings of the Board of Directors except for Messrs. Sansom and Maffucci, who attended 89% of such meetings. All directors attended more than 91% 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 2006 annual meeting of shareholders.

How are Directors compensated?

A table showing the compensation paid by the Corporation to its Directors other than Mr. Zelnak for the year ended December 31, 2006 is included in the section of this proxy statement entitled DIRECTOR COMPENSATION *Director Compensation Table.* Mr. Zelnak s compensation as an executive officer of the Corporation is shown in the section entitled EXECUTIVE COMPENSATION and he receives no additional compensation for service as a Director.

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 2006. 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 guidelines, policies, and other 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

The Committee s current members are Directors Bennett (Chair), Maffucci, Menaker, and Perez. The Board of Directors has determined that the Chair of the Audit Committee, Mr. Bennett, qualifies as an audit committee financial expert as defined in rules adopted by the SEC. The Board has also determined that Mr. Bennett, 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 2006. 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 Menaker (Chair), Perez, Rediker, and Vinroot.

The **Executive Committee** held no meetings during 2006. 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), Bennett, and McDonald.

The **Finance Committee** held 5 meetings during 2006. 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 Maffucci (Chair), Bennett, and Rediker.

The **Management Development and Compensation Committee** held 5 meetings during 2006. 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 in this proxy statement

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 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 McDonald (Chair), Cole, and Menaker.

The **Nominating and Corporate Governance Committee** held 3 meetings in 2006. 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 management (along with the Management Development and Compensation Committee). 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 Cole (Chair), McDonald, 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.* 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 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 2006 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 2008 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 Committee seeks a diverse group of candidates who possess the background, skills, expertise, and time to make a significant contribution to the Board, to the Corporation, and to its shareholders.

Each nominee approved by the Nominating and Corporate Governance Committee and recommended for election at the 2007 annual meeting is a current Director standing for re-election. The Committee received no additional recommendations for Director nominees for consideration at the annual meeting.

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

The Corporation 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 are posted on the Corporation s website at *www.martinmarietta.com*, along with copies of the Corporation s *Corporate Governance Guidelines, Code of Ethics and Standards of Conduct*, and *Guidelines for Director s Independence.* A copy of each of these items may also be obtained free of charge by any shareholder upon request by writing to: Martin Marietta Materials, Inc., Attn: Corporate Secretary, 2710 Wycliff Road, Raleigh, North Carolina 27607-3033.

How are transactions with persons related to the Corporation reviewed?

The SEC requires the Corporation to disclose in this proxy statement certain transactions in which the Corporation participates and in which certain persons considered related persons of the Corporation have a direct or indirect material interest. These related persons would include the directors and executive officers of the Corporation, nominees for director, certain control persons, and their immediate family members.

Each director, executive officer, and nominee for director of the Corporation receives and agrees to abide by the Corporation s *Code of Ethics and Standards of Conduct.* The Corporation considers that any transaction in which the Corporation participates and in which any related person of the Corporation has a direct or indirect material interest will be subject to the Corporation s *Code of Ethics and Standards of Conduct* and subject to review, approval or ratification, as appropriate under the circumstances, by the Corporation under the standards enumerated in the Corporation s *Code of Ethics and Standards of Conduct.* If a proposed transaction is one in which a Director of the Corporation 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 Ethics and Standards of Conduct* for Directors and executive officers may be made only by the Corporation 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 Ethics and Standards of Conduct* will be promptly disclosed to the Corporation s shareholders.

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

PROPOSAL 2 INDEPENDENT AUDITORS

The Board of Directors recommends that the shareholders ratify the appointment of Ernst & Young LLP, an independent registered public accounting firm, to audit the consolidated financial statements of the Corporation and the effectiveness of the Corporation s internal control over financial reporting for the fiscal year 2007. The ratification of the appointment of Ernst & Young 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 Board of Directors and its Audit Committee will review the matter.

Ernst & Young LLP served as the Corporation s independent auditors for 2006 and audited the consolidated financial statements of the Corporation for the year ended December 31, 2006 and the effectiveness of the Corporation s internal control over financial reporting as of December 31, 2006. In connection with the audit of the Corporation s 2006 financial statements, the Corporation entered into an engagement letter with Ernst & Young LLP that set forth the terms by which Ernst & Young LLP would perform audit services for the Corporation. Ernst & Young LLP required that the audit engagement agreement be subject to alternative dispute resolution procedures and an exclusion of punitive damages.

The Audit Committee is solely responsible for retaining or terminating the Corporation s independent auditors in 2007. Representatives of Ernst & Young LLP are expected to attend the annual meeting of shareholders of the Corporation, 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 ratification of the selection of Ernst & Young LLP as independent auditors.

Summary of Fees

The following table summarizes the aggregate fees billed for professional services rendered to the Corporation by Ernst & Young LLP in 2006 and 2005. A description of these various fees and services follows the table. None of the audit hours conducted by Ernst & Young LLP in 2006 and 2005 were performed by people other than full time, permanent Ernst & Young LLP employees.

	2006	**2005**
Audit Fees	$ 1,244,000	$ 1,243,000
Audit-Related Fees	130,000	189,000
Tax Fees	121,000	37,000
All Other Fees	0	0
TOTAL	$ 1,495,000	$ 1,469,000
Percentage of Audit & Audit-Related Fees to Total Fees	91.9%	97.5%

Audit Fees

The aggregate fees billed for professional services rendered by Ernst & Young LLP to the Corporation for each of 2006 and 2005 in connection with the annual financial statement audit, the annual internal controls audit, and reviews of the Corporation s financial statements included in the quarterly reports on Form 10-Q were $1,244,000 and $1,243,000, respectively.

Audit-Related Fees

The aggregate fees billed for professional services rendered by Ernst & Young LLP to the Corporation for each of 2006 and 2005 in connection with audit-related services, including pension and subsidiary audits, accounting consultations, internal audit, and Securities and Exchange Commission filings were $130,000 and $189,000, respectively.

Tax Fees

The aggregate fees billed for professional services rendered by Ernst & Young LLP to the Corporation for each of 2006 and 2005 in connection with tax advice, including consultation on transfer pricing issues, and other tax-related activities were $121,000 and $37,000, respectively.

All Other Fees

There were no other fees billed for other professional services rendered or products provided by Ernst & Young LLP to the Corporation for 2006 and 2005.

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 Ernst & Young LLP. 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 Ernst & Young LLP 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 Ernst & Young LLP, 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 does not compromise such independence.

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 the Corporation (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 the Corporation that may interfere with the Director s independence from the Corporation and its management. Copies of the Audit Committee s charter and the Corporation s *Guidelines for Director s Independence* can be viewed on the Corporation 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 the Corporation s financial reporting, accounting systems, and internal controls. The Corporation s independent auditors and the director 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 the Corporation s audited financial statements for fiscal year 2006. In addition, the Committee has discussed with the independent auditors matters such as the quality (in addition to acceptability), clarity, consistency, and completeness of the Corporation s financial reporting, as required by Statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1, AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

The Audit Committee has received from the independent auditors written disclosures and a letter concerning the independent auditors independence from the Corporation, as required by Independence Standards Board Standard No. 1, (Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*), as adopted by the Public Company Accounting Oversight Board in Rule 3600T, and has discussed with the independent auditors the independent auditors independence. The Audit Committee also received from the independent auditors a letter indicating there were no material issues raised by the independent auditors most recent internal quality control review, or by any inquiry or investigation by governmental or professional authorities within the preceding five years. 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 that the audited financial statements be included in the Corporation s 2006 Annual Report on Form 10-K for filing with the Securities and Exchange Commission.

February 27, 2007

AUDIT COMMITTEE

Marcus C. Bennett, *Chair*
David G. Maffucci
Frank H. Menaker, Jr.
Laree E. Perez

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Philosophy and Objectives

We believe that our employees are the Corporation s most important resource. In developing our executive compensation policies, the Board of Directors, through the Management Development and Compensation Committee, focuses on two primary objectives: compensating our executive officers in a manner that is fair, reasonable and competitive and structuring executive compensation programs to provide incentives consistent with our strategic goals. The executive compensation program is designed to reward high performance in achieving both annual and long-term goals that have the ultimate objective of improving shareholder value. We measure the achievement of goals not only in terms of financial performance, but also by evaluating ethical conduct, safety performance, effectiveness of our internal controls and other factors as determined by the Committee. In 2006, as in prior years, the Committee evaluated financial performance by reference to our operating performance rather than short-term changes in stock price based on its view that our long-term operating performance will be reflected by stock price performance over the long-term. 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. The types of compensation and benefits provided to the named executive officers are similar to those provided to other executive officers.

The Role of the Management Development and Compensation 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 the Corporation. The Committee has the authority to determine compensation and benefits for the Corporation 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 the Corporation s website at *www.martinmarietta.com.*

The performance of the Chief Executive Officer 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 Chief Executive Officer are based in part on recommendations by the Chief Executive Officer 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 Chief Executive Officer, the Committee sets the levels of annual adjustments and awards based on the criteria it deems to be appropriate under the circumstances. There are no employment agreements between the Corporation and any executive officer of the Corporation, including the Chief Executive Officer.

The Committee uses a mix of annual and long-term compensation to provide a total compensation structure that is designed to motivate executives to achieve the business goals set by the Corporation and reward the Corporation s executives when they achieve those goals. Although the Committee has no specific pre-established policy or target for the allocation between either cash and non-cash or short-term and long-term compensation, the pay mix is largely dictated by competitive market practice combined with a philosophy of calibrating incentive levels to performance results. The Committee determines the percentage mix of compensation that it believes is appropriate for each of the executive officers based on their judgment and experience, compensation information compiled by management, recommendations of the Chief Executive Officer (except for his own compensation) and information provided by independent compensation

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consultants. The Committee has engaged Watson Wyatt Worldwide as its independent compensation consultant to assist it in reviewing the Corporation s executive compensation program to ensure that the program is consistent with the Board s philosophy and to provide valuable information and insight as to market pay practices. Watson Wyatt conducts an annual review of the Corporation s executive compensation program as well as a review of each component and total compensation for the Chief Executive Officer of the Corporation. Watson Wyatt provides the Committee with relevant market data and alternatives to consider when making compensation decisions for the Chief Executive Officer. Watson Wyatt also provides feedback to management on proxy information and published surveys which are then used by the Chief Executive Officer in making recommendations to the Committee with respect to compensation for executive officers other than the Chief Executive Officer.

The Use of Benchmarking Information

The Committee reviews compensation information drawn from various sources, including proxy statements of a peer group of the following companies that we selected primarily from the Standards and Poors 1500 Basic Materials Index with other companies added to the group, that are in the aggregates, cement, natural resources and specialty chemical industries based on similarities in revenue and business characteristics: Albermarle Corporation, Arch Coal Inc., Bowater Inc., Cabot Corporation, Carpenter Technology Corp., Crane Company, Cytec Industries Inc., Florida Rock Industries, FMC Corporation, Granite Construction Inc., Headwaters Inc., Louisiana Pacific Corp., Lubrizol Corp., Minerals Technologies, Inc., Mosaic Company, Packaging Corp of America, Rinker Group Ltd., RPM International, Inc., Sigma Aldrich Corp., Sonoco Products Co., Texas Industries Inc., Universal Forest Products Inc., Valspar Corporation and Vulcan Materials Company. Because the information in the proxy statements of these companies generally does not provide precise comparisons by position to our executive officers, the Committee also takes into consideration published independent compensation surveys as to median levels for each executive officer. As to the Chief Executive Officer s compensation, the Committee reviews relevant market data prepared by Watson Wyatt and the advice of Watson Wyatt.

In 2006, the Committee compared annual base salaries to the median compensation levels or the 50th percentile of executive officers performing similar job functions at the companies in the data it reviewed. It also compared targets for all variable pay, which is compensation other than base salaries, to the median level. The variable pay is based on specific performance measurements as discussed below for each component of compensation and is therefore commensurate with actual performance. In structuring variable pay, the Committee sought to give each executive officer the opportunity to earn more than the median of the total compensation paid to executive officers performing similar job functions at the peer companies for outstanding performance. The Committee used the median level for benchmarking purposes because it believes that is the appropriate level to attract and retain executive officers. Coupled with the opportunity to earn higher amounts commensurate with performance, the Committee believes high performing executives are given appropriate incentives and rewards for performance that results in improved shareholder value.

Although the Committee used the benchmark standards as its starting point in setting compensation levels, the compensation packages for executive officers may vary materially from the 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 the Corporation 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. Long-term compensation to executive officers is based on specific performance measurements as discussed below for each component of compensation.

Compensation Structure and Awards for 2006

The Committee periodically reviews the components of the Corporation s executive compensation program to ensure that pay levels are competitive and that incentive opportunities are effective in attracting and retaining talented employees. Consistent with the Committee s approach in prior years, the 2006 executive compensation program was based on the following principles:

Base salaries that provide a base level of compensation targeted to the median level of salaries paid to officers in comparable companies with perceived comparable responsibilities.

Annual cash bonuses that award recipients if they achieve or exceed performance results against established targeted corporate and personal goals.

Stock purchase awards that encourage stock ownership and reward future stock price appreciation by permitting the recipients to purchase stock at a discount with cash from bonus awards.

Long-term equity compensation that links officers rewards directly to the return realized by the Corporation s shareholders. This component includes both stock options and restricted stock awards, some of which are based on the Corporation s performance and some of which are granted in connection with executive succession planning for the Corporation s management.

Retirement and other benefits that are designed to attract and retain employees. The level of retirement payments reward employees who remain with the Corporation for longer periods of employment.

When setting total compensation for each of the named executive officers, the Committee reviews tally sheets that show the executive s current compensation, including equity and non-equity based compensation. In establishing specific award levels in 2006, the Committee reviewed award amounts granted in past years but it did not adjust amounts or otherwise take into account other award amounts or prior awards that vested because all of the components are targeted at median levels with the opportunity to exceed such levels for superior performance. When the performance is achieved, we believe that the executive officers should be rewarded and that this approach is consistent with achieving sustained value for the shareholders.

Base Salary

The Corporation provides the named executive officers with base salaries to provide minimum compensation for services rendered during the fiscal year. Salary levels for executive officers are typically considered by the Committee annually as part of each executive officer s performance review as well as upon a promotion or other change in job responsibility, and may be increased or decreased at that time based on: (1) the Committee s agreement on the individual s contribution to the Corporation, and (2) changes in median competitive pay levels. The competitive market rate and proposed individual salary for each executive are presented by the Chief Executive Officer to the Committee, along with data supporting the recommendations, other than for himself. In assessing the Chief Executive Officer s base salary for 2006, the Committee reviewed base salary data for chief executive officers in the compensation studies described above. It also considered the advice of Watson Wyatt and certain other qualitative factors including the Committee s belief in Mr. Zelnak s continued superior stewardship of the Corporation and his accomplishment of positioning the Corporation to derive long-term value for the Corporation s shareholders.

Annual Bonus Compensation

We award annual cash bonuses based on corporate performance objectives and the achievement of individualized targeted goals. This furthers the Corporation s compensation philosophy in that it encourages superior performance and rewards the achievement of the Corporation s annual goals. In 2006, under the Corporation s Executive Incentive Plan, the amount of bonus that an executive could receive was based upon a percentage of that executive s base salary. All of the executive officers participate in the plan, except for Mr. Zelnak, for whom bonus compensation is awarded outside of the plan.

In determining awards granted under the plan, the Committee first reviews the achievements of the Corporation for the past year as compared to its targeted goals set at the end of the previous year. 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 the Corporation s *Code of Ethics and Standards of Conduct*, safety, customer satisfaction, and product quality.

The amount awarded to each executive officer is based upon the Committee s objective and subjective assessment of each individual s achievement of individualized targeted goals, including standard objective measures of financial performance such as earnings, cash flow, and other key sales and production metrics for the Corporation as a whole and for individual business units, and subjective measures, such as the individual s overall contribution to the Corporation, personal or organizational development and overall effectiveness of the executive. The target for these goals, which is a percentage of base salary depending upon the executive s position, is set at or about the median level. The maximum is 150% of target commensurate with performance at that level. There is no threshold since there is no guaranteed bonus if the performance goals are not met. The objective goals are established at the beginning of each plan year and are based upon the Corporation 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 the Corporation s performance and 50% is based on the individual s performance against established objectives. For executives with operating unit responsibility 50% of the determination is made with respect to the operating unit s performance, 25% is based on the Corporation s performance and 25% is based on the individual s performance against established objectives.

The factors that the Committee took into account in determining the Corporation s performance in 2006 included a detailed assessment of the Corporation s overall financial performance and each segment s financial performance, the Corporation s continuing cost reduction and automation initiatives that resulted in record sales and earnings, record safety results with an improved injury incident rate improvement over the prior year s record low rate, and continuing achievement of excellent management of working capital.

Mr. Zelnak does not participate in the Corporation s Executive Incentive Plan and his bonus, if any, is determined at the discretion of the Committee. The Committee did not attempt to set Mr. Zelnak s 2006 bonus in any particular relationship to peer compensation survey data. The Committee awarded him an annual incentive bonus of $1,450,000 for 2006 after considering many diverse factors. Consistent with its compensation philosophy that focuses on long-term performance, the Committee considers whether there are factors in addition to quantitative ones that should be taken into account in establishing the overall level of Mr. Zelnak s compensation. In this regard, the Committee considered accomplishments that benefit shareholders in the longer term. In determining the amount of Mr. Zelnak s bonus for 2006, the Committee took into account the same type of objective performance measures and qualitative measures, such as the effectiveness and quality of Mr. Zelnak s leadership of the Corporation, as it would typically consider for executive officers who receive awards under the plan.

The following achievements were considered by the Committee in determining Mr. Zelnak s 2006 bonus: the continued significant improvement in the Corporation s overall financial performance during the year, including record net sales up 11% and earnings up 27% compared to 2005, earnings per share up 30% compared with the prior year and up 277% over the past three years; the continued strengthening of the Corporation s balance sheet, including strong cash generation, continued reduction in working capital as a percentage of net sales, increase in dividends of 20% on an annualized basis, return of $219 million in cash to shareholders including repurchase of $173 million of the Corporation s common stock and payment of $46 million in dividends; the continued successful implementation of key strategic internal growth and improvement initiatives that resulted in significant operating margin improvement of 260 basis points from 17.3% to 19.9% for the Corporation; record share price performance of an increase of 35% at year-end following an increase of 43% in 2005; the innovative use of the Corporation s information systems to achieve new and improved applications to enhance customer service and management s ability to analyze and manage the business; no material deficiencies in the Corporation s system of internal control over financial reporting; and the continued successful implementation of the Corporation s focus on long haul transportation to build competitive advantage, on assembling assets in growth areas and on continuing its disciplined growth strategy, including the divestiture of underperforming assets.

Because subjective performance criteria are used in determining the bonus compensation paid under the Executive Incentive Plan and the bonus compensation paid to Mr. Zelnak, the bonus compensation does not qualify for the performance-based exception to the $1,000,000 limit on deductibility of executive officer compensation under Section 162(m) of the Internal Revenue Code of 1986.

Performance-Based Stock Purchase Awards

The Incentive Stock Plan is intended to give the named executive officers who participate in the Executive Incentive Plan the opportunity to invest up to 50% of their annual cash bonus to purchase units that are subsequently converted into shares of common stock pursuant to the terms of the plan at a 20% discount from the market price of the Corporation s common stock on the date the amount of the bonus is determined. Participation in the plan is elective, except that all senior officers of the Corporation are required to invest a minimum of 20% of their cash bonus towards the crediting of units under the plan, except for the Chief Executive Officer who is required to invest a minimum of 35% of his cash bonus towards the crediting of such units. The units generally vest in three years from the date of the award and are distributed in shares of common stock.

The mandatory contribution requirement directly links a portion of executive officer compensation to shareholder returns. The vesting aspect combined with the yearly stock purchase requirement creates continuous overlapping three-year cycles, which encourage executive officer retention and provide a continuous link of a significant portion of executive officer compensation with shareholder return over the long-term to reward these executive officers in line with our shareholders when our stock price increases.

Long Term Incentive Compensation

The Corporation s long-term compensation in 2006 was equity awards granted in the form of stock options and restricted stock units. When the Committee grants each component of long-term compensation, it first determines the intended cash value of the award based on specific performance metrics described below. It then converts the cash value into an equity award using the closing price of the common stock on the date of award. The equity award is subject to