

Edgar Filing: MARTIN MARIETTA MATERIALS INC - Form 425

MARTIN MARIETTA MATERIALS INC

Form 425

February 21, 2012

FILED BY MARTIN MARIETTA MATERIALS, INC.

PURSUANT TO RULE 425 UNDER THE SECURITIES ACT OF 1933

AND DEEMED FILED PURSUANT TO RULE 14a-12

UNDER THE SECURITIES EXCHANGE ACT OF 1934

SUBJECT COMPANY: VULCAN MATERIALS COMPANY

COMMISSION FILE NO. 001-33841

Update on Martin  
Marietta's Proposed  
Combination with Vulcan  
Materials  
February 21, 2012  
Rock Solid Fundamentals.  
Positioned for the Long Term.

Recent Vulcan Announcements

On February 16, 2012, Vulcan announced:

Fourth quarter and full year 2011 earnings that continue to underperform  
Martin Marietta's

A  
vague  
Profit  
Enhancement  
Plan  
that  
Vulcan  
hopes  
will  
result  
in  
\$100M  
cost savings by 2014

Planned Asset Sales (including low-margin assets) that Vulcan hopes will result in net proceeds of \$500M over the next 12-18 months

2012 EBITDA guidance of \$500M, excluding the impact of Planned Asset Sales

1  
Source:  
Company filings

Martin Marietta has serious reservations about the credibility of Vulcan's announced hope plans, which appear to have been crafted solely in response to Martin Marietta's business combination proposal

**MARTIN MARIETTA MATERIALS**

Vulcan's announcements confirm the compelling nature of Martin Marietta's proposed business combination

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Vulcan Continues to Underperform

2

Earnings Summary

Q4 2011

Full Year 2011

Martin

Marietta

Vulcan

Martin

Marietta

Vulcan

Consolidated

% Y/Y growth in net sales

+8.0%

+5.3%

+3.0%

0.0%

Gross margin

18.6%

12.9%

19.9%

11.8%

Adjusted

EBITDA

margin

1

23.9%

15.6%

23.3%

14.0%

Adjusted

EPS

2

\$0.52

(\$0.16)

\$2.03

(\$0.48)

Aggregates segment

% Y/Y growth in net sales

+6.9%

+4.4%

+1.5%

(1.3%)

% Y/Y change in Aggregates pricing

+6.0%

+1.2%

+2.7%

+1.2%

% Y/Y change in Aggregates volume

(1.2%)

+2.6%

(3.5%)

(3.1%)

Martin Marietta, based on its demonstrated track record of superior cost management and performance, is positioned to create value in a combination

Note 1:

Please see EBITDA reconciliation in the appendix.

Note 2:

Martin Marietta adjusted EPS defined as reported EPS attributable to common shareholders *plus* gain on discontinued operations *minus* expenses (\$0.20 in Q4, \$0.25 in FY2011).

Vulcan adjusted EPS defined as reported EPS from continuing operations *plus* gain/(loss) on discontinued operations (\$0.02 loss in Q4, \$0.06 in FY2011) *plus* exchange offer costs (\$0.01 in Q4 and FY2011).

Source: Company filings

MARTIN MARIETTA MATERIALS

Underwhelming Market Reaction to Vulcan's Q4 '11

Earnings and Cost Savings Release

3

Despite doing better than analyst expectations for Q4 and the announcement of Vulcan's plans, Vulcan's stock showed little reaction (0.6%) relative



under-performance  
vs. the S&P 500 for  
Vulcan<sup>3</sup>  
Q4 vs. the Street  
Revenues of \$615M vs.  
consensus  
of  
\$603M

1  
Headline EPS loss of \$0.14

2  
vs.  
consensus  
estimated  
loss  
of  
\$0.37

1

Note 1: Based on mean analyst estimates immediately prior to Q4 earnings release as per Thomson One. EPS represents EPS f

Note 2: Headline EPS defined as EPS from continuing operations plus organizational restructuring (\$0.05) plus exchange offer

Note 3: Share price return (below) S&P 500 on the day of announcement. Closing prices on 2/16/2012 vs. Closing prices on 2/

Source: FactSet, Thomson One, Company filings

MARTIN MARIETTA MATERIALS  
Vulcan Management Lacks Credibility

4

Vulcan s  
plans  
lack details &  
substance

Vulcan's poor track record and lack of responsiveness  
Reactive timing of Vulcan's new plans

Vulcan has demonstrated a history of poor responsiveness to the challenges of the last several years, and to shareholder concerns

Since 2007 Vulcan's margins have decreased every year, while SG&A as % of net sales has increased, leading to a significant decline in profitability to a loss position

Apparently Vulcan's recent dialogue with its shareholders belatedly has caused Vulcan to *understand their concerns over the last few years* related to [Vulcan's] balance sheet and to [Vulcan's] overhead cost structure.

1  
(emphasis added)

The timing of Vulcan's announcements suggests that its new-found confidence exists only in response to Martin Marietta's value-enhancing proposal

On December 19, 2011, Vulcan announced \$55 million of savings, \$25 million of which had previously been implemented

Since then Vulcan has suddenly found another \$100 million of cost savings to implement over the next three years

Vulcan initiated its ERP project in 2007 (which appears to be critical to Vulcan's new plans), yet it has taken almost 5 years to reveal the purported expected results

The absence of detail about Vulcan's plans clearly warns that they lack substance

Vulcan's plans amount to conclusory statements of what it will do -- without providing any details

However, repeated unqualified assertions of what it will do cannot change a hope plan into a credible business plan

Note 1:  
Vulcan conference call, February 16, 2012

Source:

Company filings; Bloomberg

Martin Marietta believes:

Vulcan Management Lacks Credibility (continued)

5

Vulcan  
management  
lacks credibility  
Vulcan's asset  
sale plan

is flawed

Vulcan's asset sale plan  
is not the best path --  
and may not even be a good  
path --  
to an improved and strengthened balance sheet, a better credit profile  
and restored dividends. By contrast:

A combination with Martin Marietta provides the best deleveraging  
opportunity for Vulcan shareholders

Martin  
Marietta  
specifically  
intends  
to  
pay  
a  
quarterly  
dividend  
20x Vulcan's  
current \$0.01 per share, commencing promptly after closing the business  
combination

Vulcan management's asserted belief in the results promised by Vulcan's hope  
plans  
itself lacks credibility

Source:

Company filings

Martin Marietta believes:

**MARTIN MARIETTA MATERIALS**

Even when compelled to acknowledge the need for proactive steps to  
produce substantial improvement, Vulcan has only been able to offer up  
hope plans  
supported by a trust me  
approach, to be implemented  
over 3 years

Given Vulcan's history, its poor response to serious challenges and  
shareholder concerns, and its lack of meaningful detail to support its  
statements, Vulcan shareholders should carefully consider whether they  
can believe Vulcan management now

Vulcan's Organizational Realignment Program Announced  
on December 19, 2011 is Flawed

6

States with Vulcan Materials locations

New regional headquarters

WA

NV

UT  
WY  
CO  
NE  
KS  
OK  
TX  
MN  
IA  
MO  
AR  
WI  
IN  
OH  
WV  
MD  
VA  
NC  
SC  
TN  
MS  
AL  
GA  
FL  
PA  
KY  
IL  
LA  
NM  
AZ  
CA  
DE  
OR  
ID  
MT  
SD  
ND  
VT  
CT  
NY  
NH  
RI  
ME  
NJ  
MA  
MI

Source:  
Company filings

Vulcan



management  
says  
it  
expects  
the  
realignment  
to  
generate  
an  
ongoing  
annualized  
pre-tax  
cost  
savings of approximately \$30 million

Key highlights of the plan include:

the consolidation of its eight divisions into four operating regions

restructuring of approximately 200 employees in mostly overhead and administrative positions

Fails to eliminate a significant number of high-paying management positions or meaningfully streamline duplicative functions

Martin Marietta believes a company with a national footprint should not locate

three

of

its

four

division

headquarters

in

the

Southeast,

within

easy

driving

distance of each other

New Operating Region HQs

Prior

divisions

New HQ

Southeast,

Mideast

East Region:

Atlanta, GA

Florida Rock,

Southwest,

Yucatan

South Region:

Jacksonville, FL

Midwest,  
Midsouth,  
Southern,  
Gulf Coast  
Central Region:

Birmingham,  
AL

Western  
West Region:

Los Angeles, CA

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Yucatan  
Peninsula

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Overhead  
reduction  
already in place  
\$55M  
Profit  
Enhancement

Plan  
\$100M  
Additional  
opportunity  
(Plant  
operations)  
?  
Total standalone  
savings  
\$155M+

Mr. James informed Mr. Nye that  
he believed the best available  
estimate of potential cost synergies  
was  
between  
\$125  
million  
to  
\$150 million, based on the report  
from Mr. Sansone  
(Vulcan 14D-9, December 22, 2011, as  
amended)

Vulcan  
Only  
Arrived  
at  
its  
Latest  
Hope  
Plan  
Following  
Announcement of Martin Marietta's Business Combination Proposal

7  
Vulcan announced  
\$155M+ standalone  
cost savings

Mr.  
James  
also  
stated  
that  
he  
did  
not  
believe that the cost synergies to be  
achieved in a combination would be  
greater  
than  
\$50  
million...

(Martin Marietta S-4, December 12, 2011, as amended)

Note 1:

See Martin Marietta's Form S-4 initially filed December 12, 2011, as amended. Actual synergies will be based on future performance.

Source:

Company filings

While Martin Marietta has serious doubts as to the ability of Vulcan management to implement its cost savings plan, the announcement of the plan validates Martin Marietta's view that considerably more cost discipline can be applied to Vulcan's business

\$50

60M

\$50

60M

\$100

130M

Martin Marietta proposal

Improved

purchasing

efficiencies from

greater scale

Duplicative

operating

functions

Duplicative SG&A

functions

\$200M -

\$250M

achievable synergies in a combination

1

Vulcan plan

Vulcan commentary

Maximum \$50M synergies

in a combination

FEBRUARY 16, 2012

JUNE 27, 2011

APRIL 5, 2011

MARTIN MARIETTA MATERIALS

Vulcan Management's Lack of Credibility is Underscored  
by its Poor Performance

8

Adjusted EBITDA and % Margin

Given Vulcan management's lack of credibility, Martin Marietta believes shareholders should not trust Vulcan management's ability to deliver significant cost savings over

its projected three year time horizon

Note

1:

Leverage

defined

as

total

debt

/

LTM

adjusted

EBITDA.

Please

see

EBITDA

reconciliation

in

the

appendix.

Source:

Company filings; Bloomberg

(\$M)

Net income

\$451

\$1

\$30

(\$97)

(\$71)

Leverage <sup>1</sup>

4.0x

4.4x

5.3x

7.7x

8.3x

30%

margin

23%

margin

20%

margin

15%

margin

14%

margin

30%

margi

n

Anticipated **average annual EBITDA** of more than \$2 billion over the next 3 years, enabling rapid debt reduction.

(Vulcan Investor Presentation, February 20, 2007)

What Vulcan Delivered Since 2007:

What Vulcan Said in 2007:

EBITDA has fallen by 63% and is currently  
17% of the \$2B goal

Stated focus on cost reduction has  
yielded only a 9% reduction in SG&A costs  
(excluding \$50M Florida Rock synergies)

Failed to accomplish stated goals of  
de-levering the balance sheet and  
maintaining an investment grade rating

Vulcan has missed Street EBITDA  
expectations in 16 of the last 20 quarters



A Comparison of SG&A Margins Demonstrates Superior Cost Management by Martin Marietta

9

Annual SG&A as a % of Net Sales<sup>1</sup>

2007

2011 SG&A as a % of Net Sales

Martin Marietta: 8.4%

Vulcan: 11.3%

Note 1:

Vulcan's SG&A excludes R&D for comparative purposes; except 2011 and 2012, where R&D information is not available. P

Note 2:

Please see EBITDA reconciliation in appendix.

Note 3:

Based

on

Vulcan's

2012

SG&A

guidance

of

\$270M

and

2012

net

sales

based

on

Street

consensus

estimates,

adjusted

for

Delivery

revenues

based

on

actual

figures

for

2011.

Note 4:

Based on Vulcan's 2012 EBITDA guidance of \$500M and 2012 net sales based on Street consensus estimates, adjusted for D

Source:

Company filings

2012E

SG&A (\$M)

1

\$155

\$288

\$151

\$341

\$139

\$320

\$133

\$326

\$124

\$290

\$270

EBITDA margin <sup>2</sup>

29.8%

29.8%

26.7%

23.2%

25.6%

20.3%

24.0%

14.6%

23.3%

14.0%

19.8%

4

3

8.0%

8.1%

9.3%

8.6%

8.2%

9.3%

9.9%

12.6%

13.5%

12.0%

10.7%

2007

2008

2009

2010

2011

Based on Vulcan's 2012 guidance and Martin Marietta's superior cost management track record, Martin Marietta believes Vulcan's costs would be more effectively managed within a combined Vulcan/Martin Marietta

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1

MARTIN MARIETTA MATERIALS  
Vulcan's Plan to Sell Assets is Flawed  
10  
Not the optimal  
strategy to de-risk  
balance sheet  
Selling \$500M of

assets could  
negatively impact  
future profitability  
Vulcan management  
confidence in its  
planned asset sales  
does not appear to  
be well informed

Note 1:

Vulcan conference call, February 16, 2012

Source:

Company filings

Martin Marietta believes:

Vulcan is ignoring an opportunity to more quickly and more effectively strengthen its balance sheet and restore its dividend through a combination with Martin Marietta

There is absolutely no assurance that asset sales of \$500M will be completed, or if completed, will improve Vulcan's credit profile

Vulcan will still be highly leveraged in any event

Given the lack of detail associated with Vulcan management's plan for asset sales, the extent of the impact on future profitability is unclear

However, Vulcan's projected performance and announced EBITDA guidance should be adjusted to reflect the impact of planned asset sales on future profitability

When asked how confident Vulcan could be that they will get the types of valuations

that

underpin

that

\$500M

estimate,

Vulcan

management

answered

by

referencing

third-party interest they have received in buying Vulcan's assets *over the last two*

or

three

or

four

or

five

years.

So

there's

plenty

of  
interest  
in  
them. <sup>1</sup>

However,  
no  
reference  
was  
made  
to  
current  
interest  
in  
purchasing  
assets,  
which  
is  
clearly the most relevant in this situation

And  
when  
asked  
whether  
the  
valuation  
of  
assets  
would  
be  
impacted  
by  
competing  
asset sale announcements, notably CEMEX's intended sale of \$2B in assets by year-  
end, Vulcan management stated:

*I*  
don't  
know  
where  
and  
what  
CEMEX  
is  
proposing  
to  
sell. <sup>1</sup>

Instead, Vulcan management chose to rely on hope, stating: *we believe that*  
there  
will

be  
significant  
buyers  
with  
hopefully  
significant  
synergies  
who  
will  
be  
interested in our assets. <sup>1</sup>

MARTIN MARIETTA MATERIALS

Vulcan Has Completely Failed to Explain How, on What Basis, or When it  
Would Provide its So-Called Competitive  
Dividend

When asked on the February 16, 2012 call to provide some color or some  
metrics



that Vulcan's board looks at when determining a higher dividend, Vulcan management gave a decidedly vague and uninformative answer :

Our board has always looked at cash earnings as a source for dividend payments. That is a very, very important issue for our board. We would very much like to get -- restore dividend and continue to grow a dividend. We will take a look at that at the end of the first quarter. Again, we looked at it very carefully. As you know, in the fourth quarter of last year, we looked at it again in our most recent board meeting and we will continue to look at it very carefully as we move forward. But I think our board's view is we need to restore sooner than later.

1

Contrary to Vulcan management's earlier statements on the February 16, 2012 call that planned asset sales will give the board flexibility to restore a competitive dividend, the importance of cash earnings as a source of dividends, highlighted in the quoted statement above, suggests this may not be so

11

Note 1:

Vulcan conference call, February 16, 2012

MARTIN MARIETTA MATERIALS  
Vulcan Management Ignores Martin Marietta's Superior  
Proposal in Favor of Their Flawed Plan  
12  
Vulcan wants its shareholders to  
ignore the facts:  
Martin Marietta's proposal provides:

History of Vulcan's poor cost management and operational underperformance leading to a history of net losses

Significant hurdles to reinstate meaningful dividend

Deleveraging requires a period of years even under announced plan

Asset sales to be used to deleverage Vulcan's balance sheet and needed to repay debt resulting from poor acquisitions and poor operating performance

It is Martin Marietta's position that:

Vulcan management was unwilling to engage during prior discussions on realistic synergy levels

Note 1:

See Martin Marietta's Form S-4 initially filed December 12, 2011, as amended. Actual synergies will be based on future performance.

Source:

Company filings

Credible plan to achieve

\$200M -

\$250M in synergies<sup>1</sup>

Deleveraging provided by Martin Marietta balance sheet; assets only divested as part of the proposal to build a sustainable, dynamic enterprise

Immediate deleveraging

Intention to immediately restore dividend

Track record of superior cost management and operational excellence leading to a history of net earnings

MARTIN MARIETTA MATERIALS  
Questions Vulcan Shareholders Should Ask Themselves  
13  
How  
can  
Vulcan's  
board

offer  
management's  
standalone

hope

plans

as

the

basis for refusing to negotiate in good faith with Martin Marietta to reach a mutual agreement on the proposed business combination?

Why should Vulcan shareholders. . .

. . . have faith in Vulcan's ability to implement its cost-savings plan, given its history of negative earnings, bloated cost structure and high SG&A margins?

. . . trust Vulcan, given years of unresponsiveness to shareholder concerns, particularly with respect to Vulcan's balance sheet and cost structure?

. . . believe in the promised benefits of the Vulcan plan, which Vulcan asserts will be largely derived from an ERP project that was initiated in 2007? And why has it taken almost five years for Vulcan to reveal the purported expected results of this project?

. . . accept Vulcan management's asset sale plan, or the assurance that it will strengthen Vulcan's credit profile and permit restoration of a competitive dividend?

**MARTIN MARIETTA MATERIALS**

Bottom Line Hasn't Changed: Martin Marietta's Business  
Combination Proposal is Compelling to Vulcan Shareholders

14

Significant benefits to a combination beyond synergies include:

meaningful dividend restoration (20x improvement over the current Vulcan dividend)

participation in the eventual cyclical recovery

significantly de-risked  
balance sheet and improved access to and  
credibility with capital markets

multiple benefits of:

size

scale

geographic footprint

best-in-class management

Vulcan's Board should promptly commence good-faith negotiations in a real effort to reach mutual agreement on a combination with Martin Marietta





MARTIN MARIETTA MATERIALS

Martin Marietta EBITDA & EBIT Reconciliation

16

Note:

Adjusted 2011 EBITDA is preliminary and amounts may change upon finalization of Martin Marietta's Annual Report on Form 10-K.

Source:

Company filings

(dollars in millions)

For the

Quarter Ended

December 31,

For the Year Ended December 31,

2011

2011

2010

2009

2008

2007

Net earnings attributable to entity

\$ 14.8

\$ 82.4

\$ 97.0

\$ 85.5

\$ 176.3

\$ 262.7

Add back:

Interest expense

13.3

58.6

68.5

73.5

74.3

60.9

Income tax expense for controlling interests

3.0

23.1

29.3

27.4

77.3

116.6

Depreciation, depletion and amortization expense

43.3

171.8

179.9

177.7

169.8

150.4

EBITDA

\$ 74.4

\$ 335.9

\$ 374.7

\$ 364.1

\$ 497.7

\$ 590.6

Adjusted for:

Legal settlement

-

-  
-  
11.9  
-  
-  
Reversal of excess legal reserve  
-  
-  
(5.0)  
-  
-  
-  
Nonrecurring reduction in workforce charge  
-  
-  
-  
-  
5.4  
-  
Charge for early retirement benefit  
-  
-  
-  
-  
-  
(Gain) loss on sales of assets  
-  
-  
(4.5)  
3.0  
(12.8)  
-  
Transaction costs  
15.1  
18.6  
1.2  
2.2  
3.6  
-  
Settlement expense for pension plan  
-  
-  
3.5  
-  
2.8  
0.7  
Asset write-offs  
-  
-

-  
 -  
 3.3  
 -  
 Other nonoperating (income) expense  
 -  
 -  
 0.2  
 (1.1)  
 2.0  
 (7.3)  
 Pretax gain on discontinued operations  
 -  
 -  
 (0.3)  
 (0.5)  
 (10.1)  
 (3.7)  
 Income attributable to noncontrolling interests  
 -  
 -  
 1.7  
 2.8  
 3.7  
 0.9  
 Adjusted EBITDA  
 \$ 89.5  
 \$ 354.5  
 \$ 371.5  
 \$ 382.4  
 \$ 495.6  
 \$ 581.2  
 Less:  
 Depreciation, depletion and amortization expense  
 43.3  
 171.8  
 179.9  
 177.7  
 169.8  
 150.4  
 Adjusted EBIT  
 \$ 46.2  
 \$ 182.7  
 \$ 191.6  
 \$ 204.7  
 \$ 325.8  
 \$ 430.8

MARTIN MARIETTA MATERIALS  
Vulcan EBITDA & EBIT Reconciliation  
17  
Note:  
Adjusted  
2011  
EBITDA

is  
 preliminary  
 and  
 amounts  
 may  
 change  
 upon  
 finalization  
 of  
 Vulcan s  
 Annual  
 Report  
 on  
 Form  
 10-K.  
 Source:  
 Company filings  
 (dollars in millions)  
 For the  
 Quarter Ended  
 December 31,  
 For the Year Ended December 31,  
 2011  
 2011  
 2010  
 2009  
 2008  
 2007  
 Net (loss) earnings  
 \$ (27.9)  
 \$  
 (70.8)  
 \$  
 (96.5)  
 \$ 30.3  
 \$ 0.9  
 \$ 450.9  
 Add back:  
 Interest expense  
 53.3  
 217.2  
 180.7  
 173.0  
 169.7  
 41.6  
 Income tax (benefit) expense  
 (30.5)  
 (78.5)  
 (85.7)  
 (30.1)

70.1  
197.2  
Depreciation, depletion and amortization expense  
88.0  
361.7  
382.1  
394.6  
389.1  
271.5  
Goodwill impairment  
-  
-  
-  
-  
252.7  
-  
EBITDA  
83.0  
429.6  
380.6  
567.8  
882.5  
961.2  
Adjusted for:  
Legal settlement  
-  
-  
40.0  
-  
-  
-  
Recovery for legal settlement  
-  
(46.4)  
-  
-  
-  
-  
Legal expense  
-  
-  
3.0  
-  
-  
-  
Transaction expenses  
2.2  
2.2  
-  
-

-  
-  
Restructuring charges  
10.0  
13.0  
-  
-  
-  
-  
Gain on sales of assets  
(2.9)  
(47.8)  
(59.3)  
(27.1)  
(94.2)  
(58.7)  
Asset write-offs  
-  
-  
9.2  
8.5  
10.5  
-  
Accretion expense for asset retirement obligations  
(1.9)  
-  
(8.6)  
(8.8)  
(7.1)  
(5.9)  
Other nonoperating (income) expense  
(2.4)  
(0.0)  
(3.1)  
(5.3)  
4.4  
5.3  
(Earnings) loss on discontinued operations, net of tax  
1.9  
(4.5)  
(10.0)  
(19.5)  
4.1  
19.3  
Income attributable to noncontrolling interests  
-  
-  
-  
-  
-



0.2  
Adjusted EBITDA  
\$  
89.9  
\$ 338.1  
\$ 351.8  
\$ 515.6  
\$ 800.1  
\$ 921.5

Less:

Depreciation, depletion and amortization expense

88.0  
361.7  
382.1  
394.6  
389.1  
271.5

Adjusted EBIT

\$  
1.9  
\$  
(23.6)  
\$  
(30.3)  
\$  
121.0  
\$  
411.0  
\$ 650.0

MARTIN MARIETTA MATERIALS

Vulcan SG&A Reconciliation

18

Note:

Vulcan does not provide interim disclosures of R&D in quarterly financial statements.

Source:

Company filings

(dollars in millions)

For the Year Ended December 31,

2011

2010

2009

2008

2007

SG&A, as reported

\$ 290.0

\$ 327.5

\$ 321.6

\$ 342.6

\$ 289.6

R&D expense, as disclosed in notes to financials

N/A

1.6

1.5

1.5

1.6

Adjusted SG&A

\$

290.0

\$

326.0

\$ 320.1

\$ 341.0

\$ 288.0

Net Sales

\$

2,406.9

\$

2,405.9

\$ 2,543.7

\$ 3,453.1

\$ 3,090.1

Adjusted SG&A as Percentage of Net Sales

12.0%

13.5%

12.6%

9.9%

9.3%



materially from such statements. Risks and uncertainties relating to the proposed transaction with Vulcan include, but are not limited to: the ability of the combined company to accept Martin Marietta's proposal and enter into a definitive transaction agreement reasonably satisfactory to the parties; the need for approval by Martin Marietta's board of directors, shareholder, antitrust and other approvals on the proposed terms and schedule; uncertainty as to the actual premium that will be received in connection with the proposed transaction; uncertainty of the expected financial performance of the combined company following the proposed transaction; Martin Marietta's ability to achieve the cost-savings and synergies contemplated by the proposed transaction within the time frame anticipated; Martin Marietta's ability to promptly and effectively integrate the businesses of Vulcan and Martin Marietta; the combined company's ability to maintain the amount anticipated; a downgrade of the credit rating of Vulcan's indebtedness, which could give rise to an obligation to redeem or refinance the debt; the potential implications of alternative transaction structures with respect to Vulcan, Martin Marietta and/or the combined company; the need for the combined company requiring an offer to repurchase certain of Martin Marietta's existing debt; the implications of the proposed transaction on certain of Vulcan's employee benefit plans; and disruption from the proposed transaction making it more difficult to maintain relationships with customers and suppliers. Additional risks and uncertainties include, but are not limited to: the performance of the United States economy; the possibility of a recession; the inability of the U.S. Congress to pass a successor federal highway bill; the discontinuance of the federal gasoline tax or other revenues; the level and timing of federal and state transportation funding, including federal stimulus projects; the ability of the combined company to finance approved projects either with tax revenues or alternative financing structures; levels of construction spending in the markets served by Vulcan; a decline in the commercial component of the nonresidential construction market, notably office and retail space; the impact of construction recovery; unfavorable weather conditions, particularly Atlantic Ocean hurricane activity, the late start to spring or the impact of a drought or excessive rainfall in the markets served by Martin Marietta and Vulcan; the volatility of fuel costs, particularly the impact on the cost of other consumables, namely steel, explosives, tires and conveyor belts; continued increases in the cost of other resources; the impact of transportation availability, notably barge availability on the Mississippi River system and the availability of railcars and locomotives; Martin Marietta's and Vulcan's long haul distribution markets; increased transportation costs, including increases from higher prices for fuel; higher costs to comply with tightening regulations as well as higher volumes of rail and water shipments; availability and cost of construction materials in the United States; weakening in the steel industry markets served by Martin Marietta's dolomitic lime products; inflation and its effect on the combined company; Martin Marietta's ability to successfully integrate acquisitions and business combinations quickly and in a cost-effective manner; the impact of the combined company's profitability to maintain compliance with Martin Marietta's leverage ratio debt covenants; changes in tax laws, the interpretation and application of tax administrative practices that would increase Martin Marietta's and/or Vulcan's tax rate; violation of Martin Marietta's debt covenants; the impact of the combined company to previous levels of instability; a potential downgrade in the rating of Martin Marietta's or Vulcan's indebtedness; downward pressure on Vulcan's common stock price and its impact on goodwill impairment evaluations; the highly competitive nature of the construction industry; the impact of future regulatory or legislative actions; the outcome of pending legal proceedings; healthcare costs; the amount of long-term debt; the impact of changes in interest rates; volatility in pension plan asset values which may require cash contributions to pension plans; the impact of the combined company's costs and liabilities relating to previously divested businesses; the ability to secure and permit aggregates reserves in strategic markets; the impact on residential construction markets; and the impact on the combined company (after giving effect to the proposed transaction with Vulcan) of the foregoing risks, as well as other risk factors listed from time to time in Martin Marietta's and Vulcan's filings with the SEC.

The foregoing review of important factors should not be construed as exhaustive and should be read in conjunction with the other information included elsewhere, including the Risk Factors section of the Registration Statement and our most recent reports on Form 10-K and other documents of Martin Marietta and Vulcan filed with the SEC. Any forward-looking statements made in this presentation are qualified by these cautionary statements, and there can be no assurance that the actual results or developments anticipated by us will be realized or that they will have the expected consequences to, or effects on, us or our business or operations. Except to the extent required by law, we have no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

MARTIN MARIETTA MATERIALS

Important Additional Information

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This presentation relates to the Exchange Offer by Martin Marietta to exchange each issued and outstanding share of common of Martin Marietta common stock. This presentation is for informational purposes only and does not constitute an offer to exchange, offer to exchange, shares of Vulcan common stock, nor is it a substitute for the Tender Offer Statement on Schedule TO or the to exchange included in the Registration Statement on Form S-4 (the Registration Statement ) (including the letter of transmittal).

as amended and supplemented from time to time, the Exchange Offer Documents ) initially filed by Martin Marietta on Dec 1, 2011. The Registration Statement has not yet become effective. The Exchange Offer will be made only through the Exchange Offer I

**SECURITY HOLDERS ARE URGED TO READ THE EXCHANGE OFFER DOCUMENTS AND ALL OTHER RELEVANT DOCUMENTS THAT MAY FILE WITH THE SEC WHEN THEY BECOME AVAILABLE BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION.**

In connection with the solicitation of proxies for Vulcan's 2012 annual meeting of shareholders (the Vulcan Meeting ), Martin Marietta filed a proxy statement on January 24, 2012 (as amended the Vulcan Meeting Preliminary Proxy Statement ) with the SEC and intends to file a proxy statement in connection therewith (the Vulcan Meeting Definitive Proxy Statement ). When completed, the Vulcan Meeting Definitive Proxy Statement and accompanying proxy card will be mailed to the shareholders of Vulcan. Martin Marietta also intends to file a proxy statement and other relevant documents with the SEC in connection with its solicitation of proxies for a meeting of Martin Marietta shareholders (the Martin Marietta Meeting ) to approve, among other things, the issuance of shares of Martin Marietta common stock pursuant to the Exchange Offer (the Exchange Offer Statement ). **INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE VULCAN MEETING PRELIMINARY PROXY STATEMENT, THE MARTIN MARIETTA MEETING PROXY STATEMENT AND OTHER RELEVANT DOCUMENTS THAT THEY WILL CONTAIN IMPORTANT INFORMATION.**

All documents referred to above, if filed, will be available free of charge at the SEC's website ([www.sec.gov](http://www.sec.gov)) or by directing your request to the SEC at (877) 757-5404 (banks and brokers may call (800) 662-5200).

Martin Marietta, its directors and executive officers and the individuals nominated by Martin Marietta for election to Vulcan's 2012 annual meeting are participants in any solicitation of proxies from Vulcan shareholders for the Vulcan Meeting or any adjournment or postponement thereof. Martin Marietta's directors and executive officers are participants in any solicitation of proxies from Martin Marietta shareholders for the Martin Marietta Meeting or any adjournment or postponement thereof. Information about the participants, including a description of their direct and indirect interests in the companies, or otherwise, is available in the Registration Statement, the proxy statement for Martin Marietta's 2011 annual meeting of shareholders held on April 8, 2011, and the Vulcan Meeting Preliminary Proxy Statement, or will be available in the Vulcan Meeting Definitive Proxy Statement and Martin Marietta Meeting Proxy Statement, as applicable.

Martin Marietta anticipates that some divestitures may be required in connection with the regulatory approval process. The financial statements and other information presented in this prospectus reflect the combined operations of Martin Marietta and Vulcan, but do not reflect the impact of any divestitures that may be required.