

Northbridge Materials Corporation - Form 10-K

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FORM TYPE	10-K
FILED	2018-02-23
PERIOD	2017-12-31
ACCESSION NO.	0001193125-18-055887
FILER	Northbridge Materials Corporation (CIK 0000916076)

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from

to

Commission file number 1-12744

MARTIN MARIETTA MATERIALS, INC.

(Exact name of registrant as specified in its charter)

North Carolina

56-1848578

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer

Identification No.)

2710 Wycliff Road, Raleigh, North Carolina

27607-3033

(Address of principal executive offices)

(Zip Code)

(919) 781-4550

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each

class

Name of each exchange on

which registered

Common Stock (par value \$.01 per share)

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities

Act. Yes No

Indicate by check mark if the registrant

is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the

Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90

days. Yes No

Indicate by check mark whether the

registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding

12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is

not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any

amendment to this Form 10-K.

Indicate by check mark whether the

registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See the definitions of large accelerated filer,

accelerated filer, smaller reporting company, and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended

transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the

Exchange Act). Yes No

As of June 30, 2017, the

last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was

\$11,664,571,328.26 based on the closing sale price as reported on the New York Stock Exchange.

Indicate the number of shares outstanding

of each of the issuer's classes of common stock on the latest practicable date.

Class

Outstanding at

February 9, 2018

Common Stock, \$.01 par value per share

62,803,002 shares

DOCUMENTS INCORPORATED BY REFERENCE

Document

Parts Into Which Incorporated

Excerpts from Annual Report to Shareholders for the Fiscal Year Ended December 31, 2017 (Annual Report)

Parts I, II, and IV

Proxy Statement for the Annual Meeting of Shareholders to be held May 17, 2018 (Proxy Statement)

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PART I

ITEM 1.

BUSINESS

General

Martin Marietta Materials, Inc. (the Company or Martin Marietta) is a natural-resource-based building materials company. The Company supplies aggregates (crushed stone, sand and gravel) through its network of 282 quarries and distribution yards to customers in 30 states, Canada, the Bahamas and the Caribbean Islands. In the western United States, Martin

Marietta also provides cement and downstream products, namely, ready mixed concrete, asphalt and paving services in markets where the Company has a leading aggregates position. Specifically, the Company has two cement plants in Texas, and ready

mixed concrete and asphalt operations in Texas, Colorado, Louisiana and Arkansas. Paving services are exclusively in Colorado. The Company's heavy-side building materials are used in infrastructure, nonresidential and residential construction projects. Aggregates are also used in agricultural, utility and environmental applications and as railroad ballast. The aggregates, cement, ready mixed concrete, asphalt and paving product lines are reported collectively as the Building Materials business. The Company also operates a Magnesia Specialties business with production facilities in Michigan and Ohio. The Magnesia Specialties business produces magnesia-based chemicals products which are used in industrial, agricultural and environmental applications. It also produces dolomitic lime sold primarily to customers in the steel and mining industries. Magnesia Specialties products are shipped to customers worldwide.

The Company was formed in 1993 as a North Carolina corporation to serve as successor to the operations of the materials group of the

organization that is now Lockheed Martin Corporation. An initial public offering of a portion of the Company's Common Stock was completed in 1994, followed by a tax-free exchange transaction in 1996 that resulted in 100% of the Company's Common Stock being publicly traded.

The Company completed over 85 smaller acquisitions from the

time of its initial public offering until the present, which allowed the Company to enhance and expand its presence in the aggregates marketplace. This included an exchange of certain assets in 2011 with Lafarge North America Inc.

(Lafarge), pursuant to which it received aggregates quarry sites, ready mixed concrete and asphalt plants, and a road paving business in and around the metropolitan Denver, Colorado, and the I-25

corridor, in exchange for which Lafarge received properties consisting of quarries, an asphalt plant and distribution yards operated by the Company along the Mississippi River (called the Company's River District Operations) and a cash payment.

The business has developed further through the following transactions over the past five years.

In 2013, the Company acquired three aggregates quarries in the greater Atlanta, Georgia, area. The transaction provided over 800 million

tons of permitted aggregates reserves and enhanced the Company's existing long-term position in this market.

In 2014, the Company

completed the acquisition of Texas Industries, Inc. (TXI), further augmenting its position as a leading supplier of aggregates and heavy building materials. TXI, as a stand-alone entity, was a leading supplier of heavy construction

materials in the southwestern United States and a major supplier of natural aggregates and ready mixed concrete in Texas, northern Louisiana and, to a lesser extent, in Oklahoma

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and Arkansas. TXI was the largest supplier of cement, ready mixed concrete, and concrete products in Texas. TXI enhanced the Company's position as an

aggregates-led, low-cost operator in large and fast-growing geographies in the United States and provided high-quality assets in cement and ready mixed concrete.

In addition to the cement operations, the Company acquired as part of the TXI acquisition nine quarries and six aggregates distribution

terminals located in Texas, Louisiana and Oklahoma. The Company also acquired approximately 120 ready mixed concrete plants, situated primarily in three areas of Texas (the Dallas/Fort Worth/Denton area of north Texas; the Austin area of central Texas; and from Beaumont to Texarkana in east Texas), in north and central Louisiana and in Southwestern Arkansas. As part of an agreement in conjunction with the United States Department of Justice's review of the transaction, the Company divested its North Troy Quarry in Oklahoma and two related rail distribution yards in Dallas and Frisco, Texas.

TXI was also a cement

producer in California. In 2015, the Company divested its California cement operations acquired from TXI. These operations were not in close proximity to aggregates and other core assets of the Company and, unlike other marketplace competitors, were

not vertically integrated with ready mixed concrete production. The divestiture primarily included a cement plant, two distribution terminals, mobile equipment, intangible assets and inventory. The Company also completed the integration of the TXI

operations in 2015, and completed three smaller acquisitions, which included three aggregates operations and related assets.

In 2016, the

Company acquired aggregates, ready mixed concrete and asphalt and paving operations in southern Colorado that provided more than 500 million tons of mineral reserves and expanded the Company's presence along the Front Range of the Rocky Mountains, home to 80% of Colorado's population. The Company also acquired the remaining interest it had not previously owned in a ready mixed concrete company that serves the I-35 corridor in central

Texas between Dallas and Austin, which enhanced the Company's position and provided additional vertical integration benefits with the Company's cement product line.

Between 2001 and 2017, the Company disposed of or idled a number of underperforming operations, including aggregates, ready mixed concrete,

trucking, and asphalt and road paving operations of its Building Materials business and the refractories business of its Magnesia Specialties business. In some of its divestitures, the Company concurrently entered into supply agreements to provide

aggregates at market rates to certain of these divested businesses. During 2015, the Company disposed of certain non-core asphalt operations in San Antonio, Texas and divested its California cement operations.

The Company will continue to evaluate opportunities to divest underperforming assets, if appropriate, during 2018 in an effort to redeploy capital for other opportunities.

On June 26, 2017, the Company announced a definitive agreement to acquire Bluegrass Materials Company (Bluegrass Materials)

for \$1.625 billion in cash. The Company will not acquire any of Bluegrass Materials cash and cash equivalents nor will it assume any of Bluegrass Materials outstanding debt. Bluegrass Materials is the largest privately held, pure-play aggregates business in the United States and has a portfolio of 23 active sites with more than 125 years of strategically-located, high-quality reserves, in Maryland, Georgia, South Carolina, Kentucky, Tennessee and Pennsylvania. These

operations complement the Company's existing southeastern footprint and provide a new growth platform within the southern portion of the Northeast megaregion. The Company and Bluegrass Materials are continuing to work closely and cooperatively with the Department of Justice in its review of the proposed transaction. The parties currently anticipate that the proposed acquisition will be completed in the first half of 2018.

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Business Segment Information

The Company conducts its Building Materials business through three reportable segments, organized by geography:

Mid-America Group, Southeast Group and West Group. The Mid-America and Southeast Groups provide aggregates products only. The West Group provides aggregates, cement and

downstream products. The following states accounted for 74% of the Building Materials business net sales in 2017: Texas, Colorado, North Carolina, Iowa and Georgia. The Company also has the Magnesia Specialties segment, which includes its magnesia-based chemicals and dolomitic lime businesses. Information concerning the Company's total revenues, net sales, gross profit, earnings from operations, assets employed, and certain additional information attributable to each reportable business segment for each year in the three-year period ended December 31, 2017 is included in Note O: Business Segments of the Notes to Financial Statements of the Company's 2017 consolidated financial statements

(the 2017 Financial Statements), which are included under Item 8 of this Form 10-K, and are part of the Company's 2017 Annual Report to Shareholders (the 2017 Annual Report), which

information is incorporated herein by reference.

Building Materials Business

This section describes the product lines of the Building Materials business undertaken by the Company within its Mid-America Group, Southeast Group, and West Group. The Company undertakes its aggregates product line of business in all of these geographic segments within its Building Materials business. In 2017, the aggregates product line represented 59% of the Company's consolidated total revenues. The Company's cement, ready mixed concrete, and asphalt and paving operations are conducted within the Company's West Group, with its two cement plants in Texas, and the remaining ready mixed concrete and asphalt product lines in Texas, Colorado, Louisiana, and Arkansas. Paving services are exclusively in Colorado. The Company's cement product line is described below and in greater detail in the next section. Collectively, in 2017 the Building Materials business generated total revenues and earnings from operations of \$3.7 billion and \$707 million, respectively.

The Building Materials business serves customers in the construction marketplace. The business profitability is sensitive to national,

regional and local economic conditions and cyclical swings in construction spending, which are in turn affected by fluctuations in interest rates; access to capital markets; levels of public-sector infrastructure funding; and demographic, geographic, employment and population dynamics. The heavy- side construction business, inclusive of much of the Company's operations, is conducted outdoors. Therefore, precipitation and other weather-related conditions, including flooding, hurricanes, snowstorms and droughts, can significantly affect production schedules, shipments, costs, efficiencies and profitability. Generally, the financial results for the first and fourth quarters are significantly lower than the second and third quarters due to winter weather.

Aggregates are an engineered granular material consisting of crushed stone, sand and gravel of

varying mineralogies, manufactured to specific sizes, grades and chemistry for use primarily in construction applications. The Company's operations consist primarily of open pit quarries; however, the Company is the largest operator of underground aggregates mines in the United States with 14 active underground mines located in the Mid-America Group. On average, the Company's aggregates reserves exceed 60 years based on normalized production levels and approximate 100 years at current production rates.

Cement is the basic binding agent used to bind water, aggregates

and sand, in the production of ready mixed concrete. The Company has a strategic and leading cement position in Texas, with production facilities in Midlothian, Texas, south of Dallas-Fort Worth, and Hunter, Texas, north of San Antonio. These plants

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produce Portland and specialty cements, have a combined annual capacity of 4.5 million tons, and operated at 75% to 80% utilization in 2017. The Midlothian plant permit would allow the

Company to expand production by up to 800,000 additional tons. In addition to the two production facilities, the Company operates several cement distribution terminals. Calcium carbonate in the form of limestone is the principal raw material used in

the production of cement. The Company owns more than 600 million tons of limestone reserves adjacent to its cement production plants.

Ready mixed concrete, a mixture primarily of cement, water, aggregates, and sand, is measured in cubic yards and specifically batched or

produced for customers construction projects and then transported and poured at the project site. The aggregates used for ready mixed concrete is a washed material with limited amounts of fines (such as dirt and clay). The Company owns 143 ready mix operations in Texas, Colorado, Louisiana and Arkansas. Asphalt is most commonly used in surfacing roads and parking lots and consists of liquid asphalt, the binding medium, and aggregates. Similar to ready mixed concrete, each asphalt

batch is produced to customer specifications. The Company's asphalt operations are located primarily in Colorado; additionally, paving services are offered in Colorado. Market dynamics for these product lines include a highly competitive environment and lower barriers to entry compared with aggregates and cement.

The Building Materials business markets its products

primarily to the construction industry, with approximately 40% of the aggregates product line shipments in 2017 made to contractors in connection with highway and other public infrastructure projects and the balance of its shipments made primarily

to contractors in connection with nonresidential and residential construction projects. The Company believes public-works projects have historically accounted for approximately 50% of the total annual aggregates and cement consumption in the United

States. Therefore, these businesses benefit from public-works construction projects. The Company also believes exposure to fluctuations in nonresidential and residential, or private-sector, construction spending is lessened by the business mix of public sector-related shipments. However, after uncertainty regarding the status of the highway bill in 2014, the Company experienced a slight retraction in aggregates product line shipments to the infrastructure

end-use market. Consistent with this trend, the infrastructure market accounted for a lower percentage of the Company's aggregates product line shipments for the past three years compared with the most recent five-year average of 43%.

As a result of dependence upon the construction industry, the profitability of aggregates and cement

producers is sensitive to national, regional and local economic conditions, and particularly to cyclical swings in construction spending, which is affected by fluctuations in interest rates, demographic and population shifts, and changes in the level of infrastructure spending funded by the public sector.

The Company's aggregates product line shipments increased in each of

the three years prior to 2017, including a 1.4% increase in 2016, reflecting degrees of stability and modest growth. This trend reversed, however, in 2017, as the Company's aggregates product line shipments declined 0.6%, reflecting continuing uncertainty about federal infrastructure spending, labor constraints, and project delays. Despite some volume growth in recent years, aggregates volumes are still below historically normal levels. Prior to 2011, the economic recession resulted in United States aggregates consumption declining by almost 40% from peak volumes in 2006. Aggregates product line shipments had also suffered as states continued to balance their construction spending with the uncertainty related to long-term federal

highway funding and budget shortfalls caused by decreasing tax revenues. However, most state budgets began to improve starting in 2013 as increased tax revenues helped states resolve or begin to resolve budget deficits.

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The federal highway bill provides annual funding for public-sector highway construction projects.

After a decade of 36 short-term funding provisions since the expiration of the prior federal highway bill, Moving Ahead for Progress in the 21st Century (MAP-21), the five-year, \$305 billion highway bill, Fixing America's Surface Transportation Act (the FAST Act or the Act), was signed into law on December 4,

2015. The FAST Act reauthorizes federal highway and public transportation programs and stabilizes the Highway Trust Fund. The FAST Act retains the programs supported under the predecessor bill, MAP-21,

but with some changes. Specifically, Transportation Infrastructure and Innovation Act (TIFIA), a U.S. Department of Transportation (DOT) alternative funding mechanism, which under

MAP-21 provided three types of federal credit assistance for nationally or regionally significant surface transportation projects, now allows more diversification of projects. TIFIA is designed to fill market

gaps and leverage substantial private co-investment by providing projects with supplemental or subordinate debt that is not subject to national debt ceiling challenges or sequestration. Since inception, TIFIA

has provided more than \$25 billion of credit assistance to over 50 projects representing over \$90 billion in infrastructure investment. Under the FAST Act, TIFIA annual funding ranges from \$275 million to \$300 million and no

longer requires the 20% matching funds from state DOTs. Consequently, states can advance construction projects immediately with potentially zero upfront outlay of local state DOT dollars. TIFIA requires projects to have a revenue source to pay back

the credit assistance within a 30 to 40 year period. Moreover, TIFIA funds may represent up to 49% of total eligible project costs for a TIFIA-secured loan and 33% for a TIFIA standby line of credit. Therefore, the TIFIA program has the ability to significantly leverage construction dollars. Each dollar of federal funds can provide up to \$10 in TIFIA credit assistance and support up to \$30 in transportation infrastructure investment. Private investment in transportation projects funded

through the TIFIA program is particularly attractive, in part due to the subordination of public investment to private.

Management believes TIFIA could provide a substantial boost for state DOT construction programs well above what is currently

budgeted. As of January 2018, TIFIA funded projects for the Company's top five sales-generating states (Texas, Colorado, North Carolina, Iowa and Georgia) exceeded \$25 billion.

Public infrastructure activity has not yet experienced the anticipated benefits from funding provided by the FAST Act and the TIFIA program.

State and local initiatives that support infrastructure funding, including gas tax increases and other ballot initiatives, are increasing in size and number as these governments recognize the need to play an expanded role in public infrastructure funding. Specifically, in the November 2017 election, \$3.7 billion of transportation funding initiatives were approved in Texas, Colorado, Georgia, South Carolina and Kansas. The pace of construction should accelerate and shipments to the public infrastructure market should return to historical levels as monies from both the federal government and state and local governments become available. A return to historical levels is also predicated on state DOTs and contractors addressing their labor constraints.

The federal highway bill provides spending authorizations, which represent the maximum financial obligation that will result from the immediate or future outlays of federal funds for highway and transit programs. The federal government's surface transportation programs are financed mostly through the receipts of highway user taxes placed in the Highway Trust Fund, which is divided into the Highway Account and the Mass Transit Account. Revenues credited to the Highway Trust Fund are primarily derived from a federal gas tax, a federal tax on certain other motor fuels and interest on the accounts accumulated balances. Of the currently imposed federal gas tax of \$0.184 per gallon, which has been static since 1993, \$0.15 is allocated to the Highway Account of the Highway Trust Fund.

Transportation investments generally boost the national economy by enhancing mobility and access and by creating jobs, which is a priority of

many of the government's economic plans. According to the Federal Highway Administration, every \$1 billion in federal highway investment creates approximately 28,000 jobs. The number of jobs created is dependent on the nature and aggregates intensity of the projects. Approximately half of the Building Materials business net sales to the infrastructure market come from federal funding

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authorizations, including matching funds from the states. For each dollar spent on road, highway and bridge improvements, the Federal Highway Administration estimates an average benefit of \$5.20

is recognized in the form of reduced vehicle maintenance costs, reduced delays, reduced fuel consumption, improved safety, reduced road and bridge maintenance costs and reduced emissions as a result of improved traffic flow.

The Company's Building Materials business covers a wide geographic area. The Company's five largest sales-generating states (Texas,

Colorado, North Carolina, Iowa and Georgia) accounted for 74% of total 2017 net sales by state of destination. The Company's Building Materials business is accordingly affected by the economies in these regions and has been adversely affected in part by recessions and weaknesses in these economies from time to time. Recent improvements in the national economy and in some of the states in which the Company operates have led to improvements in profitability in the Company's Building Materials business.

Climate change is defined as a change in global or regional climate patterns. Changes to the climate have been occurring for centuries due to minor shifts in the Earth's orbit, ultimately changing the amount of solar energy received. More recently, however, this rate of change has accelerated, and climate change is considered a leading cause of erratic weather. Production and shipment levels for the Building Materials business correlate with general construction activity, most of which occurs outdoors and, as a result, is affected by erratic weather patterns, seasonal changes and other unusual or unexpected weather-related conditions, which can significantly affect the business.

Excessive rainfall jeopardizes production, shipments

and profitability in all markets served by the Company. In particular, the Company's operations in the southeastern and Gulf Coast regions of the United States and the Bahamas are at risk for hurricane activity, most notably in August,

September and October. Nationally, 2017 marked the 20th wettest year on record, and the fifth consecutive year with above-average precipitation. The last few years brought an unprecedented amount of precipitation to the United States and particularly to Texas. In fact, 2015 set a new rainfall record for Texas; the 24-month period ending September 2016 set a new two-year record for the state, with an

average annual rainfall of 75 inches. Hurricane Harvey, a Category 4 storm that made landfall in Houston in August 2017, brought nearly 20 trillion gallons of precipitation. In the Southeast, Hurricane Irma, also a Category 4 storm, made landfall in Florida in September 2017 and brought excessive rainfall to the southeastern United States, notably Florida and Georgia. Additionally, in 2017, Colorado experienced its fifteenth wettest nine-months for the period January through September. In October 2016, rainfall along the eastern seaboard of the United States from Hurricane Matthew, a Category 5 hurricane, approximated 13.6 trillion gallons. Hurricane Matthew was the first major hurricane on record to make landfall in the Bahamas. NOAA reports that since 1895, the contiguous United States has experienced an average temperature increase of 1.5°F per

century, with

2017 averaging 2.6°F above the 20th century average and marking it the third warmest year on record, behind 2012 and 2016. In fact, 2017 marked the 21st consecutive warmer-than-average year for the contiguous United States, and five states, including North Carolina and South Carolina, had a record warmest year. Temperature plays a significant role in the months of March and November, meaningfully affecting the first- and fourth-quarter results, respectively. Warm and/or moderate temperatures in March and November allows the construction season to start earlier and end later, respectively. In 2017, the nation experienced the ninth warmest March on record while Colorado and Texas reported its warmest and its second warmest

March, respectively. The weather was also favorable in November 2017, as Colorado set another record and Texas reported its fifth warmest November.

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Natural aggregates sources can be found in relatively homogeneous deposits in certain areas of the United States. As a general rule, truck shipments from an individual quarry are limited because the cost of transporting processed aggregates to customers is high in relation to the price of the product itself. As described below, the Company's distribution system mainly uses trucks, but also has access to a river barge and ocean vessel network where the per-mile unit cost of transporting aggregates is much lower. In addition, acquisitions have enabled the Company to extend its customer base through increased access to rail transportation. Proximity of quarry facilities to customers or to long-haul transportation corridors is an important factor in competition for aggregates businesses.

Product shipments are moved by rail and water through the Company's long-haul distribution network. The Company's rail network primarily serves its Texas, Florida and Gulf Coast markets while the Company's Bahamas and Nova Scotia locations transport materials via oceangoing ships. The Company's strategic focus includes expanding inland and offshore capacity and acquiring distribution yards and port locations to offload transported material. At December 31, 2017, the Company had 81 distribution yards. In 2017, 24.1 million tons of aggregates were sold from distribution yards. The long-haul distribution network can diversify market risk for locations that engage in long-haul transportation of their aggregates products. Particularly where a producing quarry serves a local market and transports products via rail and/or water to be sold in other markets, the risk of a downturn in one market may be somewhat mitigated by other markets served by the location.

The Company generally acquires contiguous property around existing quarry locations. This property can serve as buffer property or additional

mineral reserve capacity, assuming the underlying geology supports economical aggregates mining. In either instance, the acquisition of additional property around an existing quarry allows the expansion of the quarry footprint and extension of quarry life. Some locations having limited reserves may be unable to expand.

A long-term capital focus for the Company, primarily in the midwestern United States due to the nature of its indigenous aggregates supply, is underground limestone aggregates mines. The Company operates 14 active underground mines, located in the Mid-America Group, and is the largest operator of underground limestone aggregate mines in the United States. Production costs are generally higher at underground mines than surface quarries since the depth of the aggregate deposits and the access to the reserves result in higher costs related to development, explosives and depreciation costs. However, these locations often possess transportation advantages that can lead to higher average selling prices than more distant surface quarries.

The Company's acquisitions and capital projects have expanded its ability to move material by rail, as discussed in more detail below.

The Company has added additional capacity in a number of locations that can now accommodate larger unit train movements. These expansion projects have enhanced the Company's long-haul distribution network. The Company's process improvement

efforts have also improved operational effectiveness through plant automation, mobile fleet modernization, right-sizing and other cost control improvements. Accordingly, the Company has enhanced its reach

through its ability to provide cost-effective coverage of coastal markets on the east and gulf coasts, as well as geographic areas that can be accessed economically by the Company's expanded distribution system. This distribution network moves aggregates materials from domestic and offshore sources, via rail and water, to markets where aggregates supply is limited.

As the

Company continues to move more aggregates by rail and water, internal freight costs are expected to reduce gross margin. This typically occurs where the Company transports aggregates from a production location to a distribution location by rail or water, and the customer pays a selling price that includes a freight component. Margins are negatively affected because the Company typically does not charge the customer a profit associated with the transportation component of the selling price of the materials. Moreover, the Company's expansion of its rail-based distribution network, coupled with the extensive use of rail service in the Southeast and West Groups, increases the Company's dependence on and exposure to railroad performance,

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including track congestion, crew availability, railcar availability, and power availability, and the ability to renegotiate favorable railroad shipping contracts. The waterborne distribution

network, primarily located within the Southeast Group, also increases the Company's exposure to certain risks, including, among other items, meeting minimum tonnage requirements of shipping contracts, demurrage costs, fuel costs, ship availability and weather disruptions. The Company has long-term agreements with shipping companies to provide ships to transport the Company's aggregates to various coastal ports.

The Company's long-term shipping contracts for shipment by water are generally take-or-pay contracts with minimum and maximum shipping requirements. These contracts have varying expiration dates ranging from 2023 to 2027 and generally contain renewal options. However, there can be no

assurance that these contracts can be renewed upon expiration or that terms will continue without significant increases. If the Company fails to ship the annual minimum tonnages under the agreement, it is still obligated to pay the shipping company the contractually-stated minimum amount for that year. In 2017, the Company did not incur these freight costs; however a charge is possible in 2018 if shipment volumes do not meet the contractually-stated minimums.

From time to time, the Company has experienced rail transportation shortages, particularly in the Southwest and Southeast. These shortages

were caused by the downsizing in personnel and equipment by certain railroads during economic downturns. Further, in response to these issues, rail transportation providers focused on increasing the number of cars per unit train under transportation

contracts and are generally requiring customers, through the freight rate structure, to accommodate larger unit train movements. A unit train is a freight train moving large tonnages of a single bulk product between two points without intermediate

yarding and switching. Certain of the Company's sales yards have the system capabilities to meet the unit train requirements. Over the last few years, the Company has made capital improvements to a number of its sales yards in order to better accommodate unit train unloadings. Rail availability is seasonal and can impact aggregates shipments depending on competing demands for rail service.

From time to time, we have also experienced rail and trucking shortages due to competition from other products. If there are material changes

in the availability or cost of rail or trucking services, we may not be able to arrange alternative and timely means to ship our products at a reasonable cost, which could lead to interruptions or slowdowns in our businesses or increases in our costs.

The Company's management expects the multiple transportation modes that have been developed with various rail carriers

and

via deep-water ships should provide the Company with the flexibility to effectively serve customers in the Southwest and Southeast coastal markets.

The construction aggregates industry has been consolidating, and the Company has actively participated in the consolidation of the industry.

When acquired, new locations sometimes do not satisfy the Company's internal safety, maintenance and pit development standards, and may require additional resources before benefits of the acquisitions are fully realized. Industry consolidation slowed several years ago as the number of suitable small to mid-sized acquisition targets in high-growth markets declined. During that period of fewer acquisition opportunities, the Company focused on

investing in internal expansion projects in high-growth markets. The number of acquisition opportunities has increased in the last few years as the economy recovered from the protracted recession. Opportunities include public and larger private, family-owned businesses, as well as asset swaps and divestitures from companies executing their strategic plans, rationalizing non-core assets, and repairing financially-constrained balanced sheets. The

Company's Board of Directors and management continue to review and monitor the Company's strategic long-term plans, which include assessing business combinations and arrangements with other companies engaged in similar businesses, increasing the Company's presence in its core businesses, investing in internal expansion projects in high-growth markets, and pursuing new opportunities related to the Company's existing markets.

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The Company became more vertically integrated through various acquisitions, including the 2014

TXI acquisition, in the West Group, pursuant to which the Company acquired cement, ready mixed concrete, asphalt and paving construction operations, trucking, and other businesses, which complement the Company's aggregates operations. The

Company reports vertically-integrated operations within the Building Materials business segment, and their results are affected by volatile factors, including fuel costs, operating efficiencies, and weather, to an even greater extent than the

Company's aggregates operations. Liquid asphalt and cement serve as key raw materials in the production of hot mix asphalt and ready mixed concrete, respectively. Therefore, fluctuations in prices for these raw materials directly affect the

Company's operating results. During 2017, prices for liquid asphalt were slightly higher than 2016. Liquid asphalt prices may not always follow other energy products (e.g., oil or diesel fuel) because of complexities in the refining process

which converts a barrel of oil into other fuels and petrochemical products. We expect the Company's gross margin to continue to improve for the legacy TXI aggregates-related downstream operations, similar to the pattern experienced at the

Colorado aggregates-related downstream operations.

While aggregates-led, the Company continues to

review its operational portfolio to determine if there are opportunities to divest underperforming assets in an effort to redeploy capital for other opportunities. The Company also reviews other independent Building Materials operations to determine

if they might present attractive acquisition opportunities in the best interest of the Company, either as part of their own independent operations or operations that might be vertically integrated with other operations owned by the Company. Based on

these assessments, the Company completed the acquisitions described under General above, which included ready mixed concrete and asphalt and paving businesses in the Denver, Colorado, and San Antonio, Texas, markets. The 2014 business combination with TXI described under General above further expanded the Company's downstream operations with the addition of TXI's aggregates and ready mixed concrete operations. The TXI combination also added the cement operations, included in the West Group as the cement product line of the Company. The 2016 transactions described under General above further added ready mixed concrete and asphalt and paving operations along the Front Range in Colorado and ready mixed

concrete operations in central Texas.

Environmental and zoning regulations have made it increasingly difficult for the aggregates

industry to expand existing quarries and to develop new quarry operations. Although it cannot be predicted what policies will be adopted in the future by federal, state, and local governmental bodies regarding these matters, the Company anticipates that future restrictions will likely make zoning and permitting more difficult, thereby potentially enhancing the value of the Company's existing mineral reserves.

Management believes the aggregates product line's raw materials, or aggregates reserves, are sufficient to permit production at present

operational levels for the foreseeable future. The Company does not anticipate any material difficulty in obtaining the raw materials that it uses for current production in its aggregates product line. The Company's aggregates reserves on the average exceed 60 years, based on normalized levels of production. However, certain locations may be subject to more limited reserves and may not be able to expand. Moreover, as noted above, environmental and zoning regulations will likely make it

harder for the Company to expand its existing quarries or develop new quarry operations. The Company generally sells its aggregates, ready mixed concrete and asphalt products upon receipt of orders or requests from customers. The Company generally

maintains inventories of aggregates products in sufficient quantities to meet the requirements of customers.

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Less than 1% of the total revenues from the Building Materials business are from foreign

jurisdictions, principally Canada and the Bahamas, with total revenues from customers in foreign countries totaling \$10.7 million, \$12.2 million, and \$13.0 million during 2017, 2016, and 2015, respectively.

Cement Product Line

The cement

product line of the Building Materials business produces Portland and specialty cements. Cement is the basic binding agent for concrete, a primary construction material. The principal raw material used in the production of cement is calcium carbonate in the form of limestone. The Company owns more than 600 million tons of limestone reserves adjacent to its two cement production plants in Texas. Similar to aggregates, cement is used in infrastructure projects, nonresidential and residential construction, and the railroad, agricultural, utility and environmental industries. Consequently, the cement industry is cyclical and dependent on the strength of the construction sector.

The Company has a strategic cement position in Texas, with production facilities in Midlothian, Texas, south of Dallas-Fort Worth, and in

Hunter, Texas, north of San Antonio. These plants have a combined annual capacity of 4.5 million tons, as well as a current permit that would allow the Company to expand production by up to 800,000 additional tons at the Midlothian plant. In addition to these production facilities, the Company also operates, directly or through third parties, five cement distribution terminals in Texas.

Cement consumption is dependent on the time of year and prevalent weather conditions. According to the Portland Cement Association, nearly two-thirds of U.S. cement consumption occurs in the six months between May and October. Approximately 70% of all cement shipments are sent to ready-mix concrete operators. The

rest are shipped to manufacturers of concrete related products, contractors, materials dealers, oil well/mining/drilling companies, as well as government entities.

Energy, including electricity and fossil fuels, accounted for approximately 22% of the cement production cost profile in 2017. Therefore,

profitability of the cement product line is affected by changes in energy prices and the available supply of these products. The Company currently has fixed-price supply contracts for coal but also consumes natural gas, alternative fuel and

petroleum coke. Further, profitability of the cement product line is also subject to kiln maintenance. This process typically requires a plant to be shut down for a period of time as repairs are made. In 2017 and 2016, the cement product line

incurred ordinary kiln maintenance shutdown costs of \$12.6 million and \$20.9 million, respectively.

The cement product line is

benefitting from continued strength in the Texas markets, where current demand exceeds local supply, a trend that is expected to continue for the near future. The Company shipped a total of 3.5 million tons of cement in 2017, with 2.3 million tons shipped to external customers in five states and 1.2 million tons consumed by the Company internally in the Company's ready mixed concrete product line. Cement shipments in the last two years were negatively affected by significant amounts of rain in Texas. For 2017, the cement product line generated total revenues and earnings from operations of \$384 million and \$123 million, respectively.

The limestone reserves used as a raw material for cement are located on property, owned by the Company, adjacent to each of the cement plants.

Management believes that its reserves of limestone are sufficient to permit production at the current operational levels for the foreseeable future.

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The cement product line generally delivers its products upon receipt of orders or requests from customers. Inventory for products is generally maintained in sufficient quantities to meet rapid delivery requirements of customers.

From time to time a small percentage of the Company's cement sales may be to customers located outside the United States. The Company,

however, had no such sales during the last three years.

Magnesia Specialties Business

The Magnesia Specialties business produces and sells dolomitic lime from its Woodville, Ohio facility. Additionally, at its Manistee, Michigan

facility, Magnesia Specialties manufactures magnesia-based chemical products for industrial, agricultural and environmental applications. These chemical products have varying uses, including flame retardants, wastewater treatment, pulp and paper production and other environmental applications. In 2017, 71% of Magnesia Specialties total revenues were attributable to chemical products, 28% to lime, and 1% to stone sold as construction materials. For 2017, the Magnesia Specialties business generated record total revenues and earnings from operations of \$270 million and \$79 million, respectively.

In 2017,

82% of the lime produced was sold to third-party customers, while the remaining 18% was used internally as a raw material in making the business chemical products. Dolomitic lime products sold to external customers are used primarily by the steel industry. Products used in the steel industry, either directly as dolomitic lime or indirectly as a component of other industrial products, accounted for 37% of the Magnesia Specialties total revenues in 2017, attributable primarily to the sale of dolomitic lime products. Accordingly, a portion of the revenues and profitability of the Magnesia Specialties business is affected by production and inventory trends in the steel industry. These trends are guided by the rate of consumer consumption, the flow of offshore imports, and other economic factors. The dolomitic lime business runs most profitably at 70% or greater steel capacity utilization; domestic capacity utilization averaged 74% in 2017, according to the American Iron and Steel Institute. Average steel production in 2017 increased 4.3% versus 2016.

In the Magnesia Specialties

business, a significant portion of costs related to the production of dolomitic lime and magnesia chemical products is of a fixed or semi-fixed nature. The production process requires the use of natural gas, coal and petroleum coke. Therefore, fluctuations in their pricing directly affect operating results. To help mitigate this risk, the Magnesia Specialties business has fixed price agreements for 100% of its 2018 coal needs, approximately 33% of its 2018 natural gas needs and 100% of its 2018 petroleum coke needs. For 2017, the Company's average cost per MCF (thousand cubic feet) for natural gas increased 33% over 2016.

Given high fixed costs, low capacity utilization can negatively affect the segment's results from operations. Management expects future

organic growth to result from increased pricing, rationalization of the current product portfolio and/or further cost reductions. Management has shifted the strategic focus of the magnesia-based business to specialty chemicals that can be produced at volume levels that support efficient operations. Accordingly, that product line is not as dependent on the steel industry as the dolomitic lime product line.

The principal raw materials used in the Magnesia Specialties business are dolomitic limestone and alkali-rich brine. Management believes that

its reserves of dolomitic limestone and brine are sufficient to permit production at the current operational levels for the foreseeable future.

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After the brine is used in the production process, the Magnesia Specialties business must dispose

of the processed brine. In the past, the business did this by reinjecting the processed brine back into its underground brine reserve network around its facility in Manistee, Michigan. The business has also sold a portion of this processed brine to third parties. In 2003, Magnesia Specialties entered into a long-term processed brine supply agreement with The Dow Chemical Company (Dow) pursuant to which Dow purchases processed brine from Magnesia Specialties, at market rates, for

use in Dow's production of calcium chloride products. Magnesia Specialties also entered into a venture with Dow to construct, own and operate a processed brine supply pipeline between the Magnesia Specialties facility in Manistee, Michigan, and Dow's facility in Ludington, Michigan. Construction of the pipeline was completed in 2003, and Dow began purchasing processed brine from Magnesia Specialties through the pipeline. In 2010, Dow sold the assets of Dow's facility in Ludington, Michigan to Occidental Chemical Corporation (Occidental) and assigned to Occidental its interests in the long-term processed brine supply agreement and the pipeline venture with Magnesia Specialties.

Magnesia Specialties generally delivers its products upon receipt of orders or requests from customers. Inventory for products is generally

maintained in sufficient quantities to meet rapid delivery requirements of customers. A significant portion of the 275,000 ton dolomitic lime capacity from a lime kiln completed in 2012 at Woodville, Ohio is committed under a long-term supply contract.

The Magnesia Specialties business is highly dependent on rail transportation, particularly for movement of dolomitic lime from Woodville to Manistee and direct customer shipments of dolomitic lime and magnesia chemicals products from both Woodville and Manistee. The segment can be affected by the specific transportation and other risks and uncertainties outlined under Item

1A., Risk Factors, of this Form 10-K.

The revenues of the Magnesia Specialties business in 2017

were predominantly from North America, but a small amount was derived from overseas. No single foreign country accounted for 10% or more of the total revenues of the Company. Total revenues from customers in foreign countries were

\$53.5 million, \$44.9 million, and \$32.7 million, in 2017, 2016, and 2015, respectively. As a result of these foreign market sales, the financial results of the Magnesia Specialties business could be affected by foreign currency

exchange rates or weak economic conditions in the foreign markets. To mitigate the short-term effects of currency exchange rates, the Magnesia Specialties business sales are predominately denominated in the United States dollar. However, the current strength of the United States dollar in foreign markets is negatively affecting the overall price of Magnesia Specialties products when compared with foreign-domiciled competitors.

Patents and Trademarks

As of

February 9, 2018, the Company owns, has the right to use, or has pending applications for approximately 22 patents pending

or granted by the United States and various countries and approximately 98 trademarks related to business. The Company believes that its rights under its existing patents, patent applications and trademarks are of value to its operations, but no one patent or trademark or group of patents or trademarks is material to the conduct of the Company's business as a whole.

Customers

No material

part of the business of any segment of the Company is dependent upon a single customer or upon a few customers, the loss of any one of which would have a material adverse effect on the segment. The Company's products are sold principally to commercial customers in private industry. Although large amounts of construction materials are used in public works projects, relatively insignificant sales are made directly to federal, state, county, or municipal governments, or agencies thereof.

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Competition

Because of the impact of transportation costs on the aggregates industry, competition in the aggregates product line tends to be limited to

producers in proximity to each of the Company's facilities. Although all of the Company's locations experience competition, the Company believes that it is generally a leading producer in the areas it serves. Competition is based primarily on quarry or distribution location and price, but quality of aggregates and level of customer service are also factors.

There are over

5,500 companies in the United States that produce construction aggregates. These include active crushed stone companies and active sand and gravel companies. The largest ten producers account for approximately 35% of the total market. The Company's ready mixed concrete and asphalt and paving operations are also in markets with numerous operators. A national trade association estimates there are about 5,500 ready mixed concrete plants in the United States owned by over 2,200 companies, with approximately 55,000 mixer trucks delivering ready mixed concrete. Similarly, a national trade association estimates there are approximately 3,700 asphalt plants in the United States owned by over 800 companies. The Company, with its

Building Materials business, including its ready mixed concrete and asphalt and paving operations, competes with a number of other large and small producers. The Company believes that its ability to transport materials by ocean vessels and rail have enhanced the Company's ability to compete in the building materials industry.

The Company's Magnesia Specialties business

competes with various companies in different geographic and product areas principally on the basis of quality, price, technological advances, and technical support for its products. While the revenues of the Magnesia Specialties business in 2017

were predominantly from North America, a small amount was derived from customers located outside the United States.

According to the

Portland Cement Association, United States cement production is widely dispersed with the operation of 107 cement plants in 36 states. The top five companies collectively operate 49.6% of U.S. clinker capacity with the largest company representing 14.2% of all domestic clinker capacity. An estimated 76.7% of U.S. clinker capacity is owned by companies headquartered outside of the United States. In reviewing these figures for cement plants, capacity is often stated in terms of clinker capacity. Clinker is the initial product of cement production. Cement producers mine materials such as limestone, shale, or other materials, crush and screen the materials, and place them in a cement kiln. After being heated to extremely high temperatures, these materials form marble-sized balls or pellets called clinker that are then very finely ground to produce Portland cement.

The Company's cement product line competes with various companies in different geographic and product areas principally on the basis of

proximity, quality and price for its products, but level of customer service is also a factor. The cement product line also competes with imported cement because of the higher value of the product and the existence of major ports in some of our markets. Certain of the Company's competitors in the cement product line have greater financial resources than the Company.

The

nature of the Company's competition varies among its product lines due to the widely differing amounts of capital necessary to build production facilities. Crushed stone production from stone quarries or mines, or sand and gravel production by dredging, is moderately capital intensive. The Company's major competitors in the aggregates markets are typically large, vertically-integrated companies, with international operations. Ready mixed concrete production requires relatively small amounts of capital to build a concrete batching plant and acquire delivery trucks. Accordingly, economics can lead to lower barriers to entry in some

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markets. As a result, depending on the local market, the Company may face competition from small producers as well as large, vertically-integrated companies with facilities in many markets.

Construction of cement production facilities is highly capital intensive and requires long lead times to complete engineering design, obtain regulatory permits, acquire equipment and construct a plant. Most domestic producers of cement are owned by large foreign companies operating in multiple international markets. Many of these producers maintain the capability to import cement from foreign production facilities.

Research and Development

The

Company conducts research and development activities, principally for its magnesia-based chemicals business, at its plant in Manistee, Michigan. In general, the Company's research and development efforts are directed to applied technological development for the use of its chemicals products. The amounts spent by the Company in each of the last two years on research and development activities were not material.

Environmental and Governmental Regulations

The Company's operations are subject to and affected by federal, state, and local laws and regulations relating to the environment, health

and safety, and other regulatory matters. Certain of the Company's operations may from time to time involve the use of substances that are classified as toxic or hazardous substances within the meaning of these laws and regulations.

Environmental operating permits are, or may be, required for certain of the Company's operations, and such permits are subject to modification, renewal and revocation.

The Company records an accrual for environmental remediation liabilities in the period in which it is probable that a liability has been

incurred and the amounts can be reasonably estimated. Such accruals are adjusted as further information develops or circumstances change. The accruals are not discounted to their present value or offset for potential insurance or other claims or

potential gains from future alternative uses for a site.

The Company regularly monitors and reviews its operations, procedures, and

policies for compliance with existing laws and regulations, changes in interpretations of existing laws and enforcement policies, new laws that are adopted, and new laws that the Company anticipates will be adopted that could affect its operations.

The Company has a full time staff of environmental engineers and managers that perform these responsibilities. The direct costs of ongoing environmental compliance were approximately \$23.4 million in 2017 and approximately \$21.5 million in 2016 and are related to the Company's environmental staff, ongoing monitoring costs for various matters (including those matters disclosed in this Annual Report on Form 10-K), and asset retirement costs.

Capitalized costs related to environmental control facilities were approximately \$20 million in 2017 and are expected to be approximately \$20 million in 2018 and 2019. The Company's capital expenditures for environmental matters were not material to its results of operations or financial condition in 2017 and 2016. However, our expenditures for environmental matters generally have increased over time and are likely to increase in the future. Despite our compliance efforts, risk of environmental liability is inherent in the operation of the Company's businesses, as it is with other companies engaged in similar businesses, and there can be no assurance that environmental liabilities will not have a material adverse effect on the Company in the future.

Many of the requirements of the environmental laws are satisfied by procedures that the Company adopts as best business practices in the ordinary course of its operations. For example, plant equipment that is used to crush aggregates products may, as an ordinary course of operations, have an attached water spray bar

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that is used to clean the stone. The water spray bar also suffices as a dust control mechanism that complies with applicable environmental laws. The Company does not break out the portion of the cost, depreciation, and other financial information relating to the water spray bar that is only attributable to environmental purposes, as it would be derived from an arbitrary allocation methodology. The incremental portion of such operating costs that is attributable to environmental compliance rather than best operating practices is impractical to quantify. Accordingly, the Company expenses costs in that category when incurred as operating expenses.

The environmental accruals recorded by the Company are based on internal studies of the required remediation costs and estimates of potential

costs that arise from time to time under federal, state and/or local environmental protection laws. Many of these laws and the regulations promulgated under them are complex, and are subject to challenges and new interpretations by regulators and the courts from time to time. In addition, new laws are adopted from time to time. It is often difficult to accurately and fully quantify the costs to comply with new rules until it is determined the type of operations to which they will apply and the manner in which they will be implemented is more accurately defined. This process often takes years to finalize, and the rules often change significantly from the time they are proposed to the time they are final. The Company typically has several appropriate alternatives available to satisfy compliance requirements, which could range from nominal costs to some alternatives that may be satisfied in conjunction with equipment replacement or expansion that also benefits operating efficiencies or capacities and carry significantly higher costs.

Management believes that its current accrual for environmental costs is reasonable, although those amounts may increase or decrease depending on the impact of applicable rules as they are finalized or amended from time to time and changes in facts and circumstances. The Company believes that any additional costs for

ongoing environmental compliance would not have a material adverse effect on the Company's obligations or financial condition.

Future reclamation costs are estimated using statutory reclamation requirements and management's experience and knowledge in the

industry, and are discounted to their present value using a credit-adjusted, risk-free rate of interest. The future reclamation costs are not offset by potential recoveries. For additional information regarding compliance with legal requirements, see Note N: Commitments and Contingencies of the Notes to Financial Statements of the 2017 Financial Statements and the 2017 Annual Report. The Company is generally required by state or local laws or pursuant to the terms of an applicable lease to reclaim quarry sites after use. The Company performs activities on an ongoing basis that may reduce the ultimate reclamation obligation. These activities are performed as an integral part of the normal quarrying process. For example, the perimeter and interior walls of an open pit quarry are sloped and benched as they are developed to prevent erosion and provide stabilization. This sloping and benching meets dual objectives safety regulations required by the Mine Safety and Health Administration for ongoing operations and final reclamation requirements. Therefore, these types of

activities are included in normal operating costs and are not a part of the asset retirement obligation. Historically, the Company

has not incurred substantial reclamation costs in connection with the closing of quarries. Reclaimed quarry sites owned by the Company are available for sale, typically for commercial development or use as reservoirs.

The Company believes that its operations and facilities, both owned or leased, are in substantial compliance with applicable laws and

regulations and that any noncompliance is not likely to have a material adverse effect on the Company's operations or financial condition. See Legal Proceedings under Item 3 of this Form 10-K,

Note N: Commitments and Contingencies of the Notes to Financial Statements of the 2017 Financial Statements included under Item 8 of this Form 10-K and the 2017 Annual Report, and

Management's Discussion and Analysis of Financial Condition and Results of Operations - Environmental Regulation and Litigation included under Item 7 of this Form 10-K and the 2017 Annual

Report. However,

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future events, such as changes in or modified interpretations of existing laws and regulations or enforcement policies, or further investigation or evaluation of the potential health hazards of

certain products or business activities, may give rise to additional compliance and other costs that could have a material adverse effect on the Company.

In general, quarry, mining and production facilities for cement, ready mixed concrete, and asphalt must comply with air quality, water

quality, and noise regulations, zoning and special use permitting requirements, applicable mining regulations, and federal health and safety requirements. As new quarry and mining sites and production facilities are located and acquired, the Company

works closely with local authorities during the zoning and permitting processes to design new quarries, mines and production facilities in such a way as to minimize disturbances. The Company frequently acquires large tracts of land so that quarry, mine, and production facilities can be situated substantial distances from surrounding property owners. Also, in certain markets the Company's ability to transport material by rail and ship allows it to locate its facilities further away from residential areas. The Company has established policies designed to minimize disturbances to surrounding property owners from its operations.

As is the case with other companies in the same industry, some of the Company's products contain varying amounts of crystalline silica, a

common mineral also known as quartz. Excessive, prolonged inhalation of very small-sized particles of crystalline silica has been associated with lung diseases, including silicosis, and several scientific

organizations and some states, such as California, have reported that crystalline silica can cause lung cancer. The Mine Safety and Health Administration and the Occupational Safety and Health Administration have established occupational thresholds

for crystalline silica exposure as respirable dust. The Company monitors occupational exposures at its facilities and implements dust control procedures and/or makes available appropriate respiratory protective equipment to maintain the occupational

exposures at or below the appropriate levels. The Company, through safety information sheets and other means, also communicates what it believes to be appropriate warnings and cautions its employees and customers about the risks associated with

excessive, prolonged inhalation of mineral dust in general and crystalline silica in particular.

As is the case with others in the cement

industry, the Company's cement operations produce varying quantities of cement kiln dust (CKD). This production

by-product consists of fine-grained, solid, highly alkaline material removed from cement kiln exhaust gas by air pollution control devices. Because much of the CKD is actually unreacted raw materials, it is generally permissible to recycle the CKD back into the production process, and large amounts often are treated in such manner. CKD that is not returned to the production process or sold as a product itself is disposed in landfills. CKD is currently exempted from federal hazardous waste regulations under Subtitle C of the Resource Conservation and Recovery Act.

In 2010, the United States Environmental Protection Agency (USEPA) included the lime industry as a national enforcement priority

under the federal Clean Air Act (CAA). As part of the industry wide effort, the USEPA issued Notices of Violation/Findings of Violation (NOV) to the Company in 2010 and 2011 regarding the Company s compliance with the

CAA New Source Review (NSR) program at the Magnesia Specialties dolomitic lime manufacturing plant in Woodville, Ohio. The Company has been providing information to the USEPA in response to these NOV s and has had several meetings

with the USEPA. Although the Company believes it is in substantial compliance with the NSR program, it anticipates that it will reach a settlement of this matter with the USEPA. The Company believes that any costs related to any required

upgrades will be spread over time and that those costs and any related penalties will not have a material adverse effect on the Company s operations or its financial condition.

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In October 2014, the Company received a CAA Section 114 request for information regarding

the Manistee, Michigan, operations from the USEPA, similar to the one initially received at the Woodville, Ohio, plant. The letter seeks information regarding the Company s compliance with the NSR program at the Magnesia Specialties

manufacturing plant in Manistee, Michigan. No notices of violation have been received by the Company relating to alleged non-compliance at the Manistee plant. The Company believes it is in substantial

compliance with the NSR program and has submitted information to the USEPA for review and is awaiting a response or additional questions. The Company cannot at this time reasonably estimate the costs, if any, that may be incurred relating to this

matter.

The Company has been reviewing its operations with respect to climate change matters and its sources of greenhouse gas emissions.

In December 2009, the USEPA made an endangerment finding under the Clean Air Act that the current and projected concentrations of the six key greenhouse gases (GHG or GHGs) in the atmosphere threaten the public health and welfare of current and future generations. The six GHGs are carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulfur hexafluoride. As of 2010, facilities that emitted 25,000 metric tons or more per year of GHGs are required to annually report GHG generation to comply with the USEPA s Mandatory Greenhouse Gas Reporting Rule. In May 2010, the USEPA issued a final rule (known as the Greenhouse Gas Tailoring Rule) that would have required the Company to incorporate best available GHG control technology in any new plant that it might propose to build and in its existing plants if it modified them in a manner that would increase GHG emissions (in the Company s case, principally carbon dioxide emissions) by more than 75,000 tons per year. This rule was challenged in court by various public and private parties, and was upheld in part and invalidated in part by the United States Supreme Court in an opinion issued in June 2014. The Court concluded that the USEPA may in fact require best available control technology for GHG, but only if the plant is otherwise subject to Prevention of Significant Deterioration or Title V air permitting under the USEPA s rules. It is not known whether the USEPA will revise its rules in response to the Court s decision and, if so, what the impact will be on the Company s operations. No technologies or methods of operation for reducing or capturing GHGs such as carbon dioxide have been proven successful in large scale applications other than improvements in fuel efficiency, and it is not known what the USEPA will require as best available control technology for plants or conditions it will require for operating permits in the event of modifications to plants or construction of new plants.

In Congress, both the House and Senate had considered

climate change legislation, including the cap-and-trade approach.

Cap-and-trade is an environmental policy tool that delivers results with a mandatory cap on emissions while providing sources flexibility in how they comply by trading

credits with other sources whose emissions are below the cap. Another approach that had been proposed was a tax on emissions. The Company believes that climate change legislation is not a priority item in Congress in the near future and that the

primary method that greenhouse gases will be regulated is through the USEPA using its rule-making authority. It is not known whether this will be a priority of the USEPA during President Trump's administration. Various states where the Company has operations are also considering climate change initiatives, and the Company may be subject to state regulations in addition to any federal laws and rules that are passed.

The operations of the Company's aggregates, ready mixed concrete and asphalt and paving product lines are not major sources of GHG

emissions. Most of the GHG emissions from aggregates operations are tailpipe emissions from mobile sources such as heavy construction and earth-moving equipment. The manufacturing operations of the Company's Magnesia Specialties business in Woodville, Ohio, releases carbon dioxide, methane and nitrous oxide during the production of lime. The Magnesia Specialties operation in Manistee, Michigan, releases carbon dioxide, methane and nitrous oxides in the manufacture of magnesium oxide

and hydroxide products. Both of these operations are filing annual reports of their GHG emissions in accordance with the USEPA's Mandatory Greenhouse Gas Reporting Rule.

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Cement production worldwide is estimated to comprise approximately 5% to 10% of CO₂ or GHG emissions, and the USEPA has indicated that CO₂ emitted from cement production is the second largest source of CO₂ emissions in the United States. The Company has two cement plants. During 2016, the Company, through its TXI subsidiary, filed annual reports of the GHG emissions relating to its two cement

operations in Texas.

If and when Congress passes legislation on GHGs, the Woodville and Manistee operations, as well as the

Company's two cement operations, will likely be subject to the new program. In addition, any additional regulatory restrictions on emissions of GHGs imposed by the USEPA will likely impact the Company's Woodville, Manistee, and cement

operations. The Company anticipates that any increased operating costs or taxes relating to GHG emission limitations at the Woodville or cement operations would be passed on to customers. The magnesium oxide products produced at the Manistee operation compete against other products that emit a lower level of GHGs in their production. Therefore, the Manistee facility may be required to absorb additional costs due to the regulation of GHG emissions in order to remain competitive in

pricing in that market. The Company is also continuing to review the obligations of our Manistee facility's global customer base with regards to climate change treaties and accords. The Company at this time cannot reasonably predict what the costs of compliance will be, but does not believe it will have a material adverse effect on the financial condition or results of the operations of either the Magnesia Specialties or Building Materials businesses.

In 2010, the USEPA issued rules that dramatically reduced the permitted emissions of mercury, total hydrocarbons, particulate matter and

hydrochloric acid from cement plants. The compliance date for these new standards was September 2015, but the USEPA granted various extensions to verify monitoring systems are effective for mercury and hydrogen chloride emissions. The Company has

conducted tests to analyze the current level of compliance of its cement plants with the new standards. All plants required the installation of continuous emissions monitoring (CEMs). The Company, through its subsidiary TXI, identified

and installed new control and monitoring equipment for these purposes and believes that the cement plants meet the emission requirements in these rules. The Company does not believe that the costs relating to these controls and equipment will have a

material adverse effect on the financial condition or results of the operations of either the Company or the cement product line.

Employees

As of January 31, 2018, the Company has approximately 8,406 employees, of which 6,344 are hourly employees and 2,062 are

salaried employees. Included among these employees are 912 hourly employees represented by labor unions (10.9% of the Company's employees). Of such amount, 10.5% of our Building Materials business hourly employees are members of a labor union and 100% of the Magnesia Specialties segment's hourly employees are represented by labor unions. The Company's principal union contracts for the Magnesia Specialties business cover employees at the Manistee, Michigan, magnesia-based chemicals plant and the Woodville, Ohio, lime plant. The Woodville collective bargaining agreement expires in May 2018. The Manistee collective bargaining agreement expires in August 2019. The Company believes it has good relations with all of its employees, including its unionized employees. While the Company's management does not expect significant difficulties in renewing these labor contracts, there can be no assurance that a successor agreement will be reached at any of these locations.

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Available Information

The Company maintains an Internet address at www.martinmarietta.com. The Company makes available free of charge through its Internet web

site its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those

reports, if any, filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act. These reports and any amendments are accessed via the Company's web site through a link with the Electronic Data Gathering, Analysis, and Retrieval

(EDGAR) system maintained by the Securities and Exchange Commission (the SEC) at www.sec.gov. Accordingly, the Company's referenced reports and any amendments are made available as soon as reasonably practicable

after the Company electronically files such material with, or furnishes it to, the SEC, once EDGAR places such material in its database.

The Company has adopted a Code of Ethical Business Conduct that applies to all of its directors, officers, and employees. The

Company's code of ethics is available on the Company's web site at www.martinmarietta.com. The Company intends to disclose on its Internet web site any waivers of or amendments to its code of ethics as it applies to its directors and executive officers.

The Company has adopted a set of Corporate Governance Guidelines to address issues of fundamental importance relating to the corporate governance of the Company, including director qualifications and responsibilities, responsibilities of key board committees, director compensation, and similar issues. Each of the Audit Committee, the Management

Development and Compensation Committee, and the Nominating and Corporate Governance Committee of the Board of Directors of the Company has adopted a written charter addressing various issues of importance relating to each committee, including the

committee's purposes and responsibilities, an annual performance evaluation of each committee, and similar issues. These Corporate Governance Guidelines, and the charters of each of these committees, are available on the Company's web site at www.martinmarietta.com.

The Company's Chief Executive Officer and Chief Financial Officer are required to file

with the SEC each quarter and each year certifications regarding the quality of the Company's public disclosure of its financial condition. The annual certifications are included as Exhibits to this Annual Report on Form 10-K. The Company's Chief Executive Officer is also required to certify to the New York Stock Exchange each year that he is not aware of any

violation by the Company of the New York Stock Exchange corporate governance listing standards.

ITEM 1A.

RISK FACTORS

General Risk Factors

An investment in our common stock or debt securities involves risks and uncertainties. You should consider the following factors carefully, in

addition to the other information contained in this Form 10-K, before deciding to purchase or otherwise trade our securities.

This Form 10-K and other written reports and oral statements made from time to time by the Company

contain statements which, to the extent they are not recitations of historical fact, constitute forward-looking statements within the meaning of federal securities law. Investors are cautioned that all forward-looking statements involve risks and

uncertainties, and are based on assumptions that the Company believes in good faith are reasonable, but which may be materially different from actual results. Investors can identify these statements by the fact that they do not relate only to historic or current facts. The words may, will, could,

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should, anticipate, believe, estimate, expect, forecast, intend, outlook, plan,

project, scheduled, and similar expressions in connection with future events or future operating or financial performance are intended to identify forward-looking statements. Any or all of the Company's forward-looking

statements in this Form 10-K and in other publications may turn out to be wrong.

Statements and

assumptions on future revenues, income and cash flows, performance, economic trends, the outcome of litigation, regulatory compliance, and environmental remediation cost estimates are examples of forward-looking statements. Numerous factors, including potentially the risk factors described in this section, could affect our forward-looking statements and actual performance.

Investors are also cautioned that it is not possible to predict or identify all such factors. Consequently, the reader should not consider any

such list to be a complete statement of all potential risks or uncertainties. Other factors besides those listed may also adversely affect the Company and may be material to the Company. The Company has listed the known material risks it considers

relevant in evaluating the Company and its operations. The forward-looking statements in this document are intended to be subject to the safe harbor protection provided by Sections 27A and 21E of the Securities Exchange Act of 1934. These forward-looking statements are made as of the date hereof based on management's current expectations, and the Company does not undertake an obligation to update such statements, whether as a result of new information, future events, or otherwise.

For a discussion identifying some important factors that could cause actual results to vary materially from those anticipated in the forward-looking statements, see the factors listed below, along with the discussion of Competition under Item 1 of this Form 10-K, Management's Discussion and Analysis of

Financial Condition and Results of Operations under Item 7 of this Form 10-K and the 2017 Annual Report, and Note A: Accounting Policies and Note N: Commitments and Contingencies

of the Notes to Financial Statements of the 2017 Financial Statements included under Item 8 of this Form 10-K and the 2017 Annual Report.

Our business is cyclical and depends on activity within the construction industry.

Economic and political uncertainty can impede growth in the markets in which we operate. Demand for our products, particularly in the

nonresidential and residential construction markets, could fall if companies and consumers are unable to get credit for construction projects or if an economic slowdown causes delays or cancellations of capital projects. State and federal budget issues may also hurt the funding available for infrastructure spending. The lack of available credit may limit the ability of states to issue bonds to finance construction projects. Several of our top sales generating states, from time-to-time, stop or slow bidding projects in their transportation departments.

We sell most of our aggregates products, our primary business, and our cement products, to the construction industry, so our results depend on

the strength of the construction industry. Since our businesses depend on construction spending, which can be cyclical, our profits are sensitive to national, regional, and local economic conditions and the intensity of the underlying spending on aggregates and cement products. Construction spending is affected by economic conditions, changes in interest rates, demographic and population shifts, and changes in construction spending by federal, state, and local governments. If economic

conditions change, a recession in the construction industry may occur and affect the demand for our products. The Great Recession was an example, and our business suffered. Construction spending can also be disrupted by terrorist activity and armed

conflicts.

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While our business operations cover a wide geographic area, our earnings depend on the strength

of the local economies in which we operate because of the high cost to transport our products relative to their price. If economic conditions and construction spending decline significantly in one or more areas, particularly in our top five sales-generating states of our Building Materials business (based on net sales by state of destination) of Texas, Colorado, North Carolina, Iowa, and Georgia, our profitability will decrease. We experienced this situation with the Great Recession. The Great Recession of 2008 resulted in large declines in shipments of aggregates products in our industry. Recent years, however, have

shown a slow turnaround in this trend. The United States is currently experiencing the third-longest economic recovery since the Great Depression. As of December 31, 2017, the current expansion, which started in June 2009, the approximate end of the Great Recession, has lasted 102 months. By comparison, the average trough-to-peak expansionary cycle since 1938 was 60 months and, in May 2018, the current cycle

will become the second-longest economic recovery since the Great Depression. During this current economic expansion, however, governmental uncertainty, labor shortages and record levels of precipitation have slowed the pace of heavy construction

activity, resulting in what we believe to be a slow, steady, extended construction cycle. The Company's overall aggregates product line shipments remain approximately 10% below mid-cycle demand.

Importantly, the level of recovery varies within the Company's geographic footprint. Specifically, North Carolina and Georgia, key states in the Mid-America and Southeast Groups, respectively, are

approximately 20% below mid-cycle demand, while Texas, a key state in the West Group, is modestly above mid-cycle demand. During 2017 our aggregates product line

shipments showed a 0.6% decline compared with 2016 levels, after a 1.4% increase in 2016.

While historical spending on public

infrastructure projects has been comparatively more stable as governmental appropriations and expenditures are typically less interest rate-sensitive than private sector spending, we experienced a slight retraction in aggregates product line shipments to the infrastructure market after uncertainty regarding the solvency of the federal highway bill in 2014. Contractors were not able to get any certainty on the availability of federal infrastructure funding until late 2015 with the

enactment of a new federal highway bill, which has had insignificant impact at the federal level to date. This time lag with commencement of federal infrastructure funding was accompanied by a reduction in some states investment in highway

maintenance.

The public infrastructure market accounted for approximately 40% of the Company's aggregates product line shipments in 2017, consistent with 2016 and 2015. Government uncertainty, attendant project delays and tight labor markets have exerted disproportionate downward pressure on public construction activity and, for the past three years, as these headwinds have worsened, the Company's shipments to this end use market have remained below the most recent five-year average of 43% and ten-year average of 48%. Our aggregates shipments to the infrastructure construction market increased 2% in 2017 compared with 2016.

The nonresidential construction market accounted for approximately 31% of

the Company's aggregates product line shipments in 2017. Our aggregates shipments to the nonresidential construction market decreased 3% in 2017 compared with 2016. According to the U.S. Census Bureau, spending for the private nonresidential

construction market increased in 2017 compared with 2016. The Dodge Momentum Index (DMI), a twelve-month leading indicator of construction spending for nonresidential building compiled by McGraw-Hill Construction and where the year 2000 serves as an

index basis of 100, remained strong at a nine-year high of 153.9 in December 2017, a 21% increase over prior year.

Historically, half of the Company's nonresidential construction shipments have been used for office and retail projects, while the remainder has been used for heavy industrial and capacity-related projects, including energy-related projects. Since the latter part of 2015, low oil prices have suppressed shipments directly into shale exploration activities. In 2017, the Company shipped approximately 1.8 million tons for shale exploration compared with approximately 1.5 million tons in 2016 and 3.6 million tons in 2015.

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The residential construction market accounted for approximately 21% of the Company's

aggregates product line shipments in 2017. Our aggregates shipments to the residential construction market increased 1% in 2017 compared with 2016. Private residential construction spending increased 12% in 2017 compared with 2016, according to the

U.S. Census Bureau. The residential construction market, like the nonresidential construction market, is interest rate-sensitive and typically moves in direct correlation with economic cycles. The Company's exposure to residential construction is split between aggregates used in the construction of subdivisions (including roads, sidewalks, and storm and sewage drainage), aggregates used in new single-family home construction and aggregates used in construction of multi-family units.

Construction of both subdivisions and single-family homes is more aggregates intensive than construction of multi-family units. Through an economic cycle, multi-family construction generally begins early in the cycle and then transitions to single-family construction. Therefore, the timing of new subdivision starts, as well as new single-family housing permits, are strong indicators of residential volumes. While residential housing starts were approximately 1.3 million units in 2017, they still remain below the 50-year historical annual average of 1.5 million units.

Our business

is dependent on funding from a combination of federal, state and local sources.

Our aggregates and cement products are used in

public infrastructure projects, which include the construction, maintenance, and improvement of highways, streets, roads, bridges, schools, and similar projects. Accordingly, our business is dependent on the level of federal, state, and local

spending on these projects. The visibility into future federal infrastructure funding was clarified near the end of 2015 with the passage of the current federal highway bill, the FAST Act, which reauthorizes federal highway and transportation

funding programs. The FAST Act also changes the Transportation Infrastructure and Innovation Act (TIFIA) funding, a federal alternative funding mechanism for transportation projects. Under the FAST Act TIFIA funding ranges from

\$275 million to \$300 million, and no longer requires the 20% matching funds from state DOTs. While the total value of United States overall public-works spending increased in 2017, federal funding through the FAST Act did not impact

highway spending in any meaningful way. This increase in overall public works spending in 2017 demonstrates the commitment of states to address the underlying demand for infrastructure investment. We expect to see some increased infrastructure

spending at the state level in 2018, but no meaningful impact from the FAST Act funding or an enhanced federal infrastructure bill until 2019 or later. Any enhanced federal infrastructure bill will require Congressional approval. We cannot be assured, however, of such approval or of the existence, amount, and timing of appropriations for spending on future projects.

Federal

highway bills provide spending authorizations that represent maximum amounts. Each year, an appropriation act is passed establishing the amount that can actually be used for particular programs. The annual funding level is generally tied to receipts

of highway user taxes placed in the Highway Trust Fund. Once the annual appropriation is passed, funds are distributed to each state based on formulas (apportionments) or other procedures (allocations). Apportioned and allocated funds generally must

be spent on specific programs as outlined in the federal legislation. The Highway Trust Fund has experienced shortfalls in recent years, due to high gas prices, fewer miles driven and improved automobile fuel efficiency. These shortfalls created a significant decline in federal highway funding levels. In response to the projected shortfalls, money has been transferred from the General Fund into the Highway Trust Fund over the past several years. Timely Congressional action is needed to address the funding mechanism for the Highway Trust Fund. We cannot be assured of the existence, timing or amount of federal highway funding levels in the future. We also cannot be assured of the impact of the recent sharp reduction in gasoline prices on the levels of highway user taxes that might be collected in the future and the corresponding levels of funding to the Highway Trust Fund.

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At the state level, each state funds its infrastructure spending from specially allocated amounts

collected from various taxes, typically gasoline taxes and vehicle fees, along with voter-approved bond programs. Shortages in state tax revenues can reduce the amounts spent on state infrastructure projects, even below amounts awarded under legislative bills. Delays in state infrastructure spending can hurt our business. Many states after the Great Recession experienced state-level funding pressures caused by lower tax revenues and an inability to finance approved projects. For example, North Carolina was among the states that experienced these pressures, and this state disproportionately affects our revenues and profits. Most state budgets, including North Carolina, improved in 2014 and later years as increased tax revenues helped resolve budget deficits.

During the past 36 months, many states have taken on a significantly

larger role in funding infrastructure investment, including initiating special-purpose taxes and raising gas taxes. In the November 2017 election, \$3.7 billion of transportation funding initiatives were approved in Texas, Colorado, Georgia, South Carolina and Kansas. We anticipate further growth in state-level funding initiatives, such as bond issues, toll roads, and special purpose taxes, as states address infrastructure needs, particularly in periods of federal funding uncertainty.

Nevertheless, it is a continuing risk to our business that sufficient funding from federal, state, and local sources will not be available to address infrastructure needs.

With most states in recovery or expansion, the sustained decline in energy costs may be the catalyst in some markets to boost construction and

help our business. But those markets that are heavily dependent on the energy sector, namely Oklahoma and West Virginia, may, with the decrease in oil production, experience recessions or continued recessions, which would adversely impact our business.

Our Building Materials business is seasonal and subject to the weather, which can significantly impact operations.

Since the heavy-side construction business is conducted outdoors, erratic weather patterns, seasonal changes and other weather-related

conditions affect our business. Adverse weather conditions, including hurricanes and tropical storms, cold weather, snow, and heavy or sustained rainfall, reduce construction activity, restrict the demand for our products, and impede our ability to efficiently transport material. Adverse weather conditions also increase our costs and reduce our production output as a result of power loss, needed plant and equipment repairs, time required to remove water from flooded operations, and similar events. Severe drought conditions can restrict available water supplies and restrict production. The Building Materials product lines production and shipment levels follow activity in the construction industry, which typically occur in the spring, summer and fall. Because of the weather's effect on the construction industry's activity, the production and shipment levels for the Company's Building Materials business, including all of its aggregates-related downstream operations, vary by quarter. The second and third quarters are generally the most profitable and the first quarter is generally the least profitable. Weather-related hindrances were exacerbated over the last two years by record precipitation in many of our key markets. Nationally, 2017 marked the 20th wettest year on record, and the fifth consecutive year with above-average precipitation. The last few years brought an unprecedented amount of precipitation to the United States and particularly to Texas. Importantly, inclement weather was most significant during the second and third quarters, which represents the zenith of the construction season. For the six-month period from April through September, for the 123 years the National Oceanic Atmospheric Administration (NOAA) has been tracking data, most areas experienced above-average rainfall. These weather events reduced the Company's overall profitability in 2017 and 2016, so our results for those years, or in comparison to other years, may not be indicative of our future operating results.

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The Company's operations in the southeastern and Gulf Coast regions of the United States and the Bahamas are at risk for hurricane activity, most notably in August, September and October. In Texas, Hurricane Harvey, a Category 4 storm that made landfall in Houston in August 2017, brought nearly 20 trillion gallons of precipitation. In the Southeast, Hurricane Irma, also a Category 4 storm, made landfall in Florida in September 2017 and brought excessive rainfall to the southeastern United States, notably Florida and Georgia. In October 2016, rainfall along the eastern seaboard of the United States from Hurricane Matthew, a category-5 hurricane, approximated 13.6 trillion gallons. Hurricane Matthew was the first major hurricane on record to make landfall in the Bahamas, where the Company has a facility. These hurricanes generated winds, rainfall, and flooding which disrupted operations in Texas, Louisiana, Florida, Georgia, the Carolinas, and the Bahamas.

Our Building Materials business depends on the availability of aggregate reserves or deposits and our ability to mine them economically.

Our challenge is to find aggregates deposits that we can mine economically, with appropriate permits, near either growing markets or long-haul transportation corridors that economically serve growing markets. As communities have grown, they have taken up attractive quarrying locations and have imposed restrictions on mining. We try to meet this challenge by identifying and permitting sites prior to economic expansion, buying more land around our existing quarries to increase our mineral reserves, developing underground mines, and developing a distribution network that transports aggregates products by various transportation methods, including rail and water, that allows us to transport our products longer distances than would normally be considered economical, but we can give no assurances that we will be successful.

Our business is a capital-intensive business.

The property and machinery needed to produce our products are very expensive. Therefore, we require large amounts of cash to operate our businesses. We believe that our cash on hand, along with our projected internal cash flows and our available financing

resources, will be enough to give us the cash we need to support our anticipated operating and capital needs. Our ability to generate sufficient cash flow depends on future performance, which will be subject to general economic conditions, industry cycles and financial, business, and other factors affecting our operations, many of which are beyond our control. If we are unable to generate sufficient cash to operate our business, we may be required, among other things, to further reduce or delay planned capital or operating expenditures.

Our businesses face many competitors.

Our businesses have many competitors, some of whom are bigger and have more resources than we do. Some of our competitors also operate on a

worldwide basis. Our results are affected by the number of competitors in a market, the production capacity that a particular market can accommodate, the pricing practices of other competitors, and the entry of new competitors in a market. We also face competition for some of our products from alternative products. For example, our Magnesia Specialties business may compete with other chemical products that could be used instead of our magnesia-based products. As other examples, our aggregates, ready mix concrete, and asphalt and paving product lines may compete with recycled asphalt and concrete products that could be used instead of new products and our cement product line may compete with international competitors who are

importing product to the United States with lower production and regulatory costs.

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Our businesses could be impacted by rising interest rates.

As discussed previously, our operations are highly dependent upon the interest rate-sensitive construction and steelmaking industries.

Therefore, business in these industries and for us may decline if interest rates rise and costs increase.

For example, demand in the

residential construction market in which we sell our aggregate products is affected by interest rates. In 2017, the Federal Reserve raised the federal funds rate to over one percent for the first time in nearly a decade. The residential construction market accounted for 21% of our aggregates product line shipments in 2017.

Aside from these inherent risks from within our operations,

our earnings are also affected by changes in short-term interest rates. However, rising interest rates are not necessarily predictive of weaker operating results. Historically, our profitability increased during period of rising interest rates. In essence, our underlying business generally serves as a natural hedge to rising interest rates.

Rising interest rates could also result in

disruptions in the credit markets, which could affect our business, as described in greater detail under Disruptions in the credit markets could affect our business below.

Our future growth may depend in part on acquiring other businesses in our industry.

We expect to continue to grow, in part, by buying other businesses. We will continue to look for strategic businesses to acquire, like our

acquisition of TXI in 2014 and our pending acquisition of Bluegrass Materials. In the past, we have made acquisitions to strengthen our existing locations, expand our operations and enter new geographic markets. We will continue to make selective

acquisitions, joint ventures or other business arrangements we believe will help our company. However, the continued success of our acquisition program will depend on our ability to find and buy other attractive businesses at a reasonable price and our ability to integrate acquired businesses into our existing operations. We cannot assume there will continue to be attractive acquisition opportunities for sale at reasonable prices that we can successfully integrate into our operations.

We may decide to pay all or part of the purchase price of any future acquisition (excluding Bluegrass Materials) with shares of our common

stock. For example, we used our common stock in our acquisition of TXI. We may also use our stock to make strategic investments in other companies to complement and expand our operations. If we use our common stock in this way, the ownership

interests of our shareholders will be diluted and the price of our stock could fall. We operate our businesses with the objective of maximizing long-term shareholder return.

We cannot be assured our proposed acquisition of Bluegrass Materials will be completed or will be completed in the timeframe or on the terms or in the

manner we currently anticipate.

There are a number of risks and uncertainties relating to our proposed acquisition of Bluegrass

Materials. For example, the acquisition may not be completed, or may not be completed in the timeframe, on the terms or in the manner we currently anticipate, as a result of a number of factors, including the failure of one or more of the conditions

to closing the proposed acquisition. We cannot be assured the conditions to closing the proposed acquisition will be satisfied or waived or that other events will not intervene to delay or result in the failure to close the acquisition. The

acquisition agreement may be terminated by the parties under certain circumstances. Any delay in closing or a failure to close could have a negative impact on our business and the trading prices of our securities.

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We and Bluegrass Materials will be subject to business uncertainties while the proposed acquisition is pending that could adversely affect our and their business.

Uncertainty about the effect of the proposed acquisition of Bluegrass

Materials on employees and customers may have an adverse effect on us and Bluegrass Materials. Although we and Bluegrass Materials intend to take actions to reduce any adverse effects, these uncertainties may impair our and their ability to attract,

retain and motivate key personnel until the proposed acquisition is completed and for a period of time thereafter. These uncertainties could cause customers, suppliers, and others that transact business with us and/or Bluegrass Materials to seek to

change existing business relationships. In addition, employee retention could be reduced during the pendency of the proposed acquisition, as employees may experience uncertainty about their future roles. If, despite our and Bluegrass Materials

retention efforts, key employees depart because of concerns relating to the uncertainty and difficulty of the integration process or a desire not to remain with us, our business could be harmed.

Before the proposed acquisition may be completed, the applicable waiting period must expire or terminate under federal law, and we may be

required to divest certain assets in order to obtain all necessary regulatory approvals. In addition to this regulatory approval, the proposed acquisition is subject to certain other conditions that may prevent, delay, or otherwise materially

adversely affect completion of the transaction. We cannot predict whether and when these other conditions will be satisfied.

The requirements for satisfying such conditions could delay completion of the proposed acquisition of Bluegrass Materials for a period of time, reducing or eliminating some anticipated benefits of the transaction, or prevent completion of the Acquisition from occurring at all.

Our integration of the acquisition of or business combination with other businesses may not be as successful as projected.

We have a successful history of business combinations and integration of these businesses into our heritage operations. Our largest business

acquisition has been our business combination with TXI, which closed in July 2014. In 2015 we completed the integration of TXI's operations into our own operations ahead of schedule, which allowed us to achieve and exceed the synergies, cost savings, and operating efficiencies we had forecasted from the TXI acquisition. However, in connection with the integration of any business that we may acquire, including our proposed acquisition of Bluegrass Materials, it is a risk factor that we

will not be able to achieve such integration in a successful manner or on the time schedule we have projected or in a way that will achieve the level of synergies, cost savings, or operating efficiencies we have forecast from the acquisition.

Any other significant business acquisition or combination we might choose to do, similar to the acquisition of TXI or Bluegrass Materials,

would require that we devote significant management attention and resources to preparing for and then integrating our business practices and operations. We believe we would be successful in this integration process. Nevertheless, we may fail to

realize some of the anticipated benefits of any potential acquisition or other business combination that we might choose to pursue in the future, if the integration process takes longer than expected or is more costly than expected. Potential difficulties we may encounter in the integration process include:

the inability to successfully combine operations in a manner that permits us to achieve the cost savings and revenue synergies anticipated to result from the proposed acquisition or business combination, which would

result in the anticipated benefits of the acquisition or business combination not being realized partly or wholly in the time frame currently anticipated or at all;

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lost sales and customers as a result of certain customers of either the Company or former customers of the acquired or combined company deciding not to do business with the Company;

complexities associated with managing the combined operations;

integrating personnel;

creation of uniform standards, internal controls, procedures, policies and information systems;

potential unknown liabilities and unforeseen increased expenses, delays or regulatory issues associated with integrating the remaining operations; and

performance shortfalls at business units as a result of the diversion of management attention caused by completing the remaining integration of the operations.

Our ready mixed concrete and asphalt and paving product lines have lower profit margins and operating results can be more volatile.

Our ready mixed concrete and asphalt and paving businesses typically provide lower profit margins than our aggregates product line due to

potentially volatile input costs, highly competitive market dynamics, and lower barriers to entry. Therefore, as we expand these operations, our overall gross margin is likely to be adversely affected. Our overall ready mixed concrete and asphalt

and paving operations gross margin was 12.7% for 2017 and 13.1% for 2016. The overall gross margin of our Building Materials business will continue to be reduced by the lower gross margins for our ready mixed concrete and asphalt and paving

product lines.

Short supplies and high costs of fuel, energy and raw materials affect our businesses.

Our businesses require a continued supply of diesel fuel, natural gas, coal, petroleum coke and other energy. The financial results of these

businesses have been affected by the short supply or high costs of these fuels and energy. Changes in energy costs also affect the prices that the Company pays for related supplies, including explosives, conveyor belting and tires. While we can contract for some fuels and sources of energy, such as fixed-price supply contracts for coal and petroleum coke, significant increases in costs or reduced availability of these items have and may in the future reduce our financial results. Moreover, fluctuations in the supply and costs of these fuels and energy can make planning our businesses more difficult. Because of the fluctuating trends in diesel fuel prices, we enter into fixed-price fuel agreements from time to time for a portion of our diesel fuel to reduce our diesel fuel price risk. Our last fixed-price commitment for a portion of our diesel fuel requirements expired at the end of 2016.

To illustrate how diesel fuel price fluctuations and other energy costs have impacted our business, consider the recent years. In 2013 the

average price we paid per gallon of diesel fuel was 4% lower than we paid in 2012, but the average cost of natural gas was 18% higher than 2012. Similarly, in 2014 the average price we paid per gallon of diesel fuel was 8% lower compared to 2013, but the average cost of natural gas increased 24% from 2013. Diesel fuel, which averaged \$2.82 per gallon in 2014 and \$2.98 per gallon in 2013, represents the single largest component of energy costs for our aggregates, ready mixed concrete and asphalt and paving product lines. Diesel fuel prices declined rapidly during December 2014, ending the year at a per

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gallon price that was 26% below the 2014 average. This trend continued in 2015, as the Company's average price per gallon of diesel fuel in 2015 was \$2.05 compared with \$3.02 in 2014.

Natural gas costs also declined in 2015, down 28% from the 2014 average cost. These trends continued in 2016 and 2017 for diesel fuel prices. Average diesel fuel prices per gallon fell to \$1.81 in 2017 compared to \$1.96 in 2016, which compared with \$2.05 in 2015. Our average diesel fuel prices for 2015 and 2016 were higher than spot market prices by \$0.30 per gallon since we purchased approximately 40% of our diesel fuel under a fixed price fuel agreement, which has expired, that had locked in

a higher price at an earlier time. Natural gas costs increased in 2017 approximately 33% from 2016 levels, which had declined in 2016, down 25% from the 2015 average cost.

The Company has fixed price agreements for 100% of its 2018 coal needs, approximately 33% of its 2018 natural gas needs, and 100% of its 2018

petroleum coke needs.

Cement production requires large amounts of energy, including electricity and fossil fuels. Energy costs

represented approximately 22% of the 2017 direct production costs of our cement product line. Therefore, the cost of energy is one of our largest expenses. Prices for energy are subject to market forces largely beyond our control and can be quite volatile. Price increases that we are unable to pass through in the form of price increases for our products, or disruption of the uninterrupted supply of fuel and electricity, could adversely affect us. Accordingly, volatility in energy costs can adversely affect the financial results of our cement product line. Profitability of the cement product line is also subject to kiln maintenance, which requires the plant to be shut down for a period of time as repairs are made. The cement product line incurred shutdown costs of \$12.6 and \$20.9 million during 2017 and 2016, respectively.

Similarly our ready mixed concrete and

asphalt and paving operations also require a continued supply of liquid asphalt and cement, which serve as key raw materials in the production of hot mix asphalt and ready mixed concrete, respectively. Some of these raw materials we can produce internally but most are purchased from third parties. These purchased raw materials are subject to potential supply constraints and significant price fluctuations, which are beyond our control. The financial results of our ready mixed concrete and

asphalt and paving operations have been affected by the short supply or high costs of these raw materials. We generally see frequent volatility in the costs for these raw materials. For 2014, we saw higher prices for these raw materials than 2013.

This trend reversed in 2015, when we saw lower prices for these raw materials than 2014. Liquid asphalt prices in 2016 were again lower than in 2015. The trend reversed itself again in 2017 when liquid asphalt prices were slightly higher than in 2016. Liquid asphalt prices may not always follow other energy products (e.g., oil or diesel fuel) because of complexities in the refining process which converts a barrel of oil into other fuels and petrochemical products.

Cement is a commodity sensitive to supply and price volatility.

Cement is a commodity, and competition is often based mainly on price, which is highly sensitive to changes in supply and demand. Prices

fluctuate significantly in response to relatively minor changes in supply and demand, general economic conditions and other market conditions, which we cannot control. When cement producers increase production capacity or more cement is

imported

into the market, an oversupply of cement in the market may occur if supply exceeds demand. In that case cement prices generally fall. We cannot be assured that prices for our cement products sold will not decline in the future or that such decline will not have a material adverse effect on our cement product line.

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Unexpected equipment failures, catastrophic events and scheduled maintenance may lead to production curtailments or shutdowns.

Our manufacturing processes are dependent upon critical pieces of equipment, such as our kilns and finishing mills. This equipment, on occasion, may be out of service as a result of unanticipated failures or damage during accidents. In addition to equipment failures, our facilities are also subject to the risk of catastrophic loss due to unanticipated events such as fires, explosions or violent weather conditions. We have one to two-week scheduled outages at least once a year to refurbish our cement and dolomitic lime production facilities. In

2017, the cement product line incurred shutdown costs of \$12.6 million during the year. In 2017, the Magnesia Specialties business incurred shutdown costs of \$5.1 million during the year. Any significant interruption in production capability may require us to make significant capital expenditures to remedy problems or damage as well as cause us to lose revenue due to lost production time.

Our cement product line and Magnesia Specialties business may become capacity constrained.

If our cement product line or Magnesia Specialties business becomes capacity constrained, they may be unable to satisfy on a timely basis the

demand for some of their products, and any resulting changes in customers would introduce volatility to the earnings of these segments. We can address capacity needs by enhancing our manufacturing productivity, increasing the operational availability of equipment, reducing machinery down time and extending machinery useful life. Future demand for our products may require us to expand further our manufacturing capacity, particularly through the purchase of additional manufacturing equipment. However, we may not be able to increase our capacity in time to satisfy increases in demand that may occur from time to time. Capacity constraints may prevent us from satisfying customer orders and result in a loss of sales to competitors that are not capacity constrained. In addition, we may suffer excess capacity if we increase our capacity to meet actual or anticipated demand and that demand decreases or does not materialize.

Our cement product line could suffer if cement imports from other countries significantly increase or are sold in the U.S. in violation of U.S. fair trade laws.

The cement industry has in the past obtained antidumping orders imposing duties on imports of cement and clinker from other countries that violated U.S. fair trade laws. Currently, an antidumping order against cement and clinker from Japan is set to expire but is under review for extension by the Federal Trade Commission. As has always been the case, cement operators with import facilities can purchase cement from other countries, such as those in Latin America and Asia, which could compete with domestic producers. In addition, if environmental regulations increase the costs of domestic producers compared to foreign producers that are not subject to similar regulations, imported cement could achieve a significant cost advantage over domestically produced cement. An influx of cement or clinker products from countries not subject to antidumping orders, or sales of imported cement or clinker in violation of U.S. fair trade laws, could adversely affect our cement product line.

Our paving operations present additional risks to our business.

Our paving operations face challenges when our contracts have penalties for late completion. In some instances, including many of our fixed

price contracts, we guarantee that we will complete a project by a certain date. If we subsequently fail to complete the project as scheduled we may be held responsible for costs resulting from the delay, generally in the form of contractually

agreed-upon liquidated damages. Under these circumstances, the total project cost could exceed our original estimate, and we could experience a loss of profit or a loss on the project. In our paving operations, we also have fixed price and fixed unit price contracts where our profits can be adversely affected by a number of factors beyond our control, which can cause our actual costs to materially exceed the costs estimated at the time of our original bid. These same issues and risks can also impact some of our contracts in our asphalt and ready mixed concrete operations. These risks are somewhat mitigated by the fact that a majority of our road paving contracts are for short duration projects.

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Changes in legal requirements and governmental policies concerning zoning, land use, the environment, and other areas of the law, and litigation relating to these matters, affect our businesses. Our operations expose us to the risk of material environmental liabilities.

Many federal, state and local laws and regulations relating to zoning, land use, the environment, health, safety and other regulatory matters

govern our operations. We take great pride in our operations and try to remain in strict compliance at all times with all applicable laws and regulations. Despite our extensive compliance efforts, risk of liabilities, particularly environmental liabilities, is inherent in the operation of our businesses, as it is with our competitors. We cannot assume that these liabilities will not negatively affect us in the future.

We are also subject to future events, including changes in existing laws or regulations or enforcement policies, or further investigation or

evaluation of the potential health hazards of some of our products or business activities, which may result in additional compliance and other costs. We could be forced to invest in preventive or remedial action, like pollution control facilities, which could be substantial.

Our operations are subject to manufacturing, operating, and handling risks associated with the products we produce and the products we use in our operations, including the related storage and transportation of raw materials, products, hazardous substances, and wastes. We are exposed to hazards including storage tank leaks, explosions, discharges or releases of hazardous substances, exposure to dust, and the operation of mobile equipment and manufacturing machinery.

These risks can

subject us to potentially significant liabilities relating to personal injury or death, or property damage, and may result in civil or criminal penalties, which could hurt our productivity or profitability. For example, from time to time we investigate and remediate environmental contamination relating to our prior or current operations, as well as operations we have acquired from others, and in some cases we have been or could be named as a defendant in litigation brought by governmental agencies or private parties.

We are involved from time to time in litigation and claims arising from our operations. While

we do not believe the outcome of pending or threatened litigation will have a material adverse effect on our operations or our financial condition, we cannot assume that an adverse outcome in a pending or future legal action would not negatively affect us.

Labor disputes could disrupt operations of our businesses.

Labor unions represent 10.5% of the hourly employees of our Building Materials business and 100% of the hourly employees of our Magnesia

Specialties business. Our collective bargaining agreements for employees of our Magnesia Specialties business at the Manistee, Michigan magnesia chemicals plant and the Woodville, Ohio, lime plant expire in August 2019 and May 2018, respectively.

Disputes with our trade unions, or the inability to renew our labor agreements, could lead to strikes or other actions that could disrupt

our businesses, raise costs, and reduce revenues and earnings from the affected locations.

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Delays or interruptions in shipping products of our businesses could affect our operations.

Transportation logistics play an important role in allowing us to supply products to our customers, whether by truck, rail or ship. We also

rely heavily on third-party truck and rail transportation to ship coal, natural gas and other fuels to our plants. Any significant delays, disruptions, or the non-availability of our transportation support

system could negatively affect our operations. Transportation operations are subject to capacity constraints, high fuel costs and various hazards, including extreme weather conditions and slowdowns due to labor strikes and other work stoppages. In

Texas, we compete for third-party trucking services with operations in the oil and gas fields, which can significantly constrain the availability of those services to us. If there are material changes in the availability or cost of transportation

services, we may not be able to arrange alternative and timely means to ship our products or fuels at a reasonable cost, which could lead to interruptions or slowdowns in our businesses or increases in our costs.

The availability of rail cars can also affect our ability to transport our products. Rail cars can be used to transport many different types

of products across all of our segments. If owners sell or lease rail cars for use in other industries, we may not have enough rail cars to transport our products.

We have long-term agreements with shipping companies to provide ships to transport our aggregates products from our Bahamas and Nova Scotia

operations to various coastal ports. These contracts have varying expiration dates ranging from 2023 to 2027 and generally contain renewal options. Our inability to renew these agreements or enter into new ones with other shipping companies could affect our ability to transport our products.

When we sold our River District operations in 2011 as part of our asset exchange with

Lafarge, we sold most of our barge long-haul distribution network. As a result, we reduced our risks from distributing our products by barges, especially along the Mississippi River. We still distribute some of our product by barge along

rivers in West Virginia. We may continue to experience, to a lesser degree, risks associated with distributing our products by barges, including significant delays, disruptions or the non-availability of

our barge transportation system that could negatively affect our operations, water levels that could affect our ability to transport our products by barge, and barges that may not be available in quantities that we might need from time to time to support our operations.

Our earnings are affected by the application of accounting standards and our critical accounting policies, which involve subjective judgments and estimates by our management. Our estimates and assumptions could be wrong.

The accounting standards we

use in preparing our financial statements are often complex and require that we make significant estimates and assumptions in interpreting and applying those standards. We make critical estimates and assumptions involving accounting matters

including our goodwill impairment testing, our expenses and cash requirements for our pension plans, our estimated income taxes, and how we account for our property, plant and equipment, and inventory. These estimates and assumptions involve matters

that are inherently uncertain and require our subjective and complex judgments. If we used different estimates and assumptions or used different ways to determine these estimates, our financial results could differ.

While we believe our estimates and assumptions are appropriate, we could be wrong. Accordingly, our financial results could be different,

either higher or lower. We urge you to read about our critical accounting policies in our Management's Discussion and Analysis of Financial Condition and Results of Operations.

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The adoption of new accounting standards may affect our financial results.

The accounting standards we apply in preparing our financial statements are reviewed by regulatory bodies and are changed from time to time.

New or revised accounting standards could, either positively or negatively, affect results reported for periods after adoption of the standards as compared to the prior periods, or require retrospective application changing results reported for prior periods. We urge you to read about our accounting policies in Note A of our 2017 Financial Statements.

Reports from the Public

Company Accounting Oversight Board's (PCAOB) inspections of public accounting firms continue to outline findings and recommendations which could require these firms to perform additional work as part of their financial statement audits. The Company's costs to respond to these additional requirements may increase.

We depend on the recruitment and retention of qualified personnel, and our failure to attract and retain such personnel could affect our business.

Our success depends to a significant

degree upon the continued services of our key personnel and executive officers. Our prospects depend upon our ability to attract and retain qualified personnel for our operations. Competition for personnel is intense, and we may not be successful in

attracting or retaining qualified personnel, which could negatively affect our business.

Disruptions in the credit markets could affect our business.

We have considered the current economic environment and its potential impact to the Company's business. Demand for aggregates products, particularly in the infrastructure construction market, has already been negatively affected by federal and state budget and deficit issues and the uncertainty over future highway funding levels, until the recent enactment of a new federal highway bill. Further, delays or cancellations to capital projects in the nonresidential and residential construction markets could occur if companies and consumers are unable to obtain financing for construction projects or if consumer confidence continues to be eroded by economic uncertainty.

A recessionary construction economy can also increase the likelihood we will not be able to collect on all of our accounts receivable with our customers. We are protected in part, however, by payment bonds posted by many of our customers or end-users. Nevertheless, we experienced a delay in payment from some of our customers during the construction downturn, which can negatively affect operating cash flows. Historically, our bad debt write-offs have not been significant to our operating results, and we believe our allowance for doubtful accounts is adequate.

The credit environment could impact the Company's ability to borrow money in the future.

Additional financing or refinancing might not be available and, if available, may not be at economically favorable terms. Further, an increase in leverage could lead to deterioration in our credit ratings. A reduction in our credit ratings, regardless of the cause, could also limit our ability to obtain additional financing and/or increase our cost of obtaining financing. There is no guarantee we will be able to access the capital markets at financially economical interest rates, which could negatively affect our business.

We may be required to obtain financing in order to fund certain strategic acquisitions, if they arise, or to refinance our outstanding debt. Any large strategic acquisition would require that we issue both newly issued equity and debt securities, like we did with the acquisition of TXI, in order to maintain our investment grade

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credit rating and could result in a ratings downgrade notwithstanding our issuance of equity securities to fund the transaction. We are also exposed to risks from tightening credit markets,

through the interest payable on our outstanding debt and the interest cost on our commercial paper program, to the extent it is available to us. While management believes our credit ratings will remain at a composite investment-grade level, we cannot be assured these ratings will remain at those levels. While management believes the Company will continue to have credit available to it adequate to meet its needs, there can be no assurance of that.

Our Magnesia Specialties business depends in part on the steel industry and the supply of reasonably priced fuels.

Our Magnesia Specialties business sells some of its products to companies in the steel industry. While we have reduced this risk over the last

few years, this business is still dependent, in part, on the strength of the cyclical steel industry. The Magnesia Specialties business also requires significant amounts of natural gas, coal, and petroleum coke, and financial results are negatively affected by increases in fuel prices or shortages.

Our Magnesia Specialties business faces currency risks from its overseas operations.

Our Magnesia Specialties business sells some of its products to companies located outside the United States. Therefore the operations of the Magnesia Specialties business are affected from time to time by the fluctuating values of the currency exchange rates of the countries in which it does business in relation to the value of the U.S. Dollar. The business tries to mitigate the short-term effects of currency exchange rates by primarily denominating sales in the U.S. Dollar. This still leaves the business subject to certain risks, depending on the strength of the U.S. Dollar. In 2017, the strength of the U.S. Dollar in foreign markets negatively affected the overall price of the products of the Magnesia Specialties business when compared to foreign-domiciled competitors.

Our acquisitions could harm our results of operations.

In pursuing our business strategy, we conduct discussions, evaluate opportunities and enter into acquisition agreements. Acquisitions involve

significant challenges and risks, including risks that:

We may not realize a satisfactory return on the investment we make;

We may not be able to retain key personnel of the acquired business;

We may experience difficulty in integrating new employees, business systems and technology;

Our due diligence process may not identify compliance issues or other liabilities that are in existence at the time of our acquisition;

We may have difficulty entering into new geographic markets in which we are not experienced; or

We may be unable to retain the customers and partners of acquired businesses following the acquisition.

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Our articles of incorporation and bylaws and North Carolina law may inhibit a change in control that you may favor.

Our restated articles of incorporation and restated bylaws and North Carolina law contain provisions that may delay, deter or inhibit a future acquisition of us not approved by our Board of Directors. This could occur even if our shareholders are offered an attractive value for their shares or if many or even a majority of our shareholders believe the takeover is in their best interest. These provisions are intended to encourage any person interested in acquiring us to negotiate with and obtain the approval of our Board of Directors in connection with the transaction. Provisions that could delay, deter, or inhibit a future acquisition include the following:

the ability of the Board of Directors to establish the terms of, and issue, preferred stock without shareholder approval;

the requirement that our shareholders may only remove directors for cause;

the inability of shareholders to call special meetings of shareholders; and

super majority shareholder approval requirements for business combination transactions with certain five percent shareholders.

Additionally, the occurrence of certain change-of-control

events could result in an event of default under certain of our existing or future debt instruments.

Increases in our effective income tax rate may

harm our results of operations.

A number of factors may increase our future effective income tax rate, including:

Governmental authorities increasing taxes or eliminating deductions, particularly the depletion deduction;

The jurisdictions in which earnings are taxed;

The resolution of issues arising from tax audits with various tax authorities;

Changes in the valuation of our deferred tax assets and liabilities;

Adjustments to estimated taxes upon finalization of various tax returns;

Changes in available tax credits;

Changes in stock-based compensation;

Other changes in tax laws, and

The interpretation of tax laws and/or administrative practices.

Any significant increase in

our future effective income tax rate could reduce net earnings and free cash flow for future periods.

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The 2017 Tax Act, which was signed into law on December 22, 2017, included a reduction in

the federal corporate tax rate to 21%. In accordance with U.S. generally accepted accounting practices, we performed a provisional re-measurement of our deferred tax assets and liabilities at the new rate as

of December 31, 2017, which resulted in a one-time, non-cash income tax benefit to us of \$258.1 million. We recorded this income tax benefit on a provisional

basis, subject to adjustment, as described below.

In December 2017, the SEC issued guidance to address the application of authoritative

tax accounting guidance in situations where companies do not have the necessary information available, prepared, or analyzed in reasonable detail to complete the accounting for certain income tax effects of the 2017 Tax Act for the reporting period

in which the 2017 Tax Act was enacted. In these instances, the SEC's guidance allows us to record provisional amounts during a measurement period not to extend beyond one year of the enactment date. We have recorded the provisional tax benefit

in our 2017 consolidated financial statements to reflect the impact of the 2017 Tax Act, as we have yet to complete our analysis of the impact. Any adjustment to this provisional amount as we complete our analysis could have a material impact on our

2018 results of operations.

We are dependent on information technology and our systems and infrastructure face certain risks, including cybersecurity risks and data leakage risks.

We are dependent on information technology systems and infrastructure. Any significant

breakdown, invasion, destruction or interruption of these systems by employees, others with authorized access to our systems, or unauthorized persons could negatively impact operations. There is also a risk that we could experience a business

interruption, theft of information or reputational damage as a result of a cyber-attack, such as an infiltration of a data center, or

data leakage of confidential information either internally or at our third-party providers. While we have invested in the protection of our data and information technology to reduce these risks and routinely test the security of our information systems network, there can be no assurance that our efforts will prevent breakdowns or breaches in our systems that could adversely affect our business.

ITEM 1B.

UNRESOLVED STAFF COMMENTS

There are no unresolved written comments that were received from the staff of the SEC one hundred and eighty (180) days or more before the end of our fiscal year relating to our periodic or current reports under the Securities Exchange Act of 1934.

ITEM 2.

PROPERTIES

Building Materials Business

As of December 31, 2017, the Company processed or shipped aggregates from 282 quarries, underground mines, and distribution yards in 26

states, Canada, and the Bahamas, of which 108 are located on land owned by the Company free of major encumbrances, 59 are on land owned in part and leased in part, 107 are on leased land, and eight are on facilities neither owned nor leased, where

raw materials are removed under an agreement. The Company's aggregates reserves, on the average, exceed 60 years based on normalized levels of production, and approximate 100 years at current production rates. However, certain locations may be

subject to more limited reserves and may not be able to expand. In addition, as of December 31, 2017, the Company processed and shipped ready mixed concrete and/or asphalt products from 152 properties in five states, of which 127 are located on

land owned by the Company free of major encumbrances, one is on land owned in part and leased in part, and 24 are on leased land.

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The Company uses various drilling methods, depending on the type of aggregate, to estimate aggregates reserves that are economically mineable. The extent of drilling varies and depends on whether the location is a potential new site (greensite), an existing location, or a potential acquisition. More extensive drilling is performed for potential greensites and acquisitions, and in rare cases, the Company may rely on existing geological data or results of prior drilling by third parties. Subsequent to drilling, selected core samples are tested for soundness, abrasion resistance, and other physical properties relevant to the aggregates industry. If the reserves meet the Company's standards and are economically mineable, then they are either leased or purchased.

The Company estimates proven and probable reserves based on the results of drilling. Proven reserves are reserves of deposits designated using

closely spaced drill data, and based on that data the reserves are believed to be relatively homogenous. Proven reserves have a certainty of 85% to 90%. Probable reserves are reserves that are inferred utilizing fewer drill holes and/or assumptions about the economically mineable reserves based on local geology or drill results from adjacent properties. The degree of certainty for probable reserves is 70% to 75%. In determining the amount of reserves, the Company's policy is to not include calculations that exceed certain depths, so for deposits, such as granite, that typically continue to depths well below the ground, there may be additional deposits that are not included in the reserve calculations. The Company also deducts reserves not available due to property boundaries, set-backs, and plant configurations, as deemed appropriate when estimating reserves. The Company uses the same methods of analysis to evaluate and estimate

the amount of its aggregates reserves used in the cement manufacturing process for its cement product line as it does for its aggregates product line. For additional information on the Company's assessment of reserves, see

Management's Discussion and Analysis of Financial Condition and Results of Operations Other Financial Information - Critical Accounting Policies and Estimates- Property, Plant and Equipment under Item 7 of this Form 10-K and the 2017 Annual Report for discussion of reserves evaluation by the Company.

Set forth in the

tables below are the Company's estimates of reserves of recoverable aggregates of suitable quality for economic extraction, shown on a state-by-state basis, and the

Company's total annual production for the last three years, along with the Company's estimate of years of production available, shown on a segment-by-segment

basis. The number of producing quarries shown on the table includes underground mines. The Company's reserve estimates for the last two years are shown for comparison purposes on a

state-by-state basis. The changes in reserve estimates at a particular state level from year to year reflect the tonnages of reserves on locations that have been opened

or closed during the year, whether by acquisition, disposition, or otherwise; production and sales in the normal course of business; additional reserve estimates or refinements of the Company's existing reserve estimates; opening of additional reserves at existing locations; the depletion of reserves at existing locations; and other factors. The Company evaluates its reserve estimates primarily on a Company-wide, or

segment-by-segment basis, and does not believe comparisons of changes in reserve estimates on a

state-by-state basis from year to year are particularly meaningful. The Company's estimate of reserves shown in the tables below include reserves used in the

Company's cement product line and Magnesita Specialties business.

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Number of

Producing

Quarries

Tonnage of Reserves

for each general type

of aggregate at

12/31/16

(Add 000)

Tonnage of Reserves

for each general type

of aggregate at

12/31/17

(Add 000)

Change in Tonnage

from 2016

(Add 000)

Percentage of aggregate

reserves located at an

existing quarry, and

reserves not located at

an existing quarry.

Percentage of
aggregate
reserves on
land that has
not been
zoned for
quarrying.* **

Percent of
reserves
owned and
percent
leased

State
2017

Hard Rock

S & G

Hard Rock

S & G

Hard Rock

S & G

At Quarry

Not at Quarry

Owned

Leased

Alabama

4

127,485

11,623

126,447

11,623

(1,038

)

0

100

%

0

%

0

%

14

%

86
%
Arkansas
3
218,333
0
223,326
0
4,993
0
100
%
0
%
0
%
47
%
53
%
Colorado
11
754,369
103,346
749,238
98,888
(5,132
)
(4,457
)
99
%
1
%
0
%
22
%
78
%
Florida

1
123,892
0
123,385
0
(507
)
0
100
%
0
%
0
%
35
%
65
%
Georgia
15
2,078,744
0
2,062,738
0
(16,006
)
0
97
%
3
%
0
%
87
%
13
%
Indiana
10
491,197
48,814

486,057
46,530
(5,139
)
(2,284
)
100
%
0
%
0
%
35
%
65
%
Iowa
26
750,749
18,811
738,800
17,150
(11,949
)
(1,661
)
100
%
0
%
0
%
29
%
71
%
Kansas
3
79,250
0
78,102

0
(1,148
)
0
100
%
0
%
8
%
36
%
64
%
Kentucky
1
0
24,891
0
24,595
0
(297
)
100
%
0
%
0
%
100
%
0
%
Louisiana
3
0
8,545
0
8,158
0
(388

)
100
%
0
%
0
%
0
%
100
%
Maryland
2
121,757
0
120,524
0
(1,233
)
0
100
%
0
%
0
%
100
%
0
%
Minnesota
2
325,774
0
323,298
0
(2,476
)
0
67
%

33

%

0

%

64

%

36

%

Mississippi

0

0

67,238

0

67,238

0

0

100

%

0

%

0

%

100

%

0

%

Missouri

4

374,160

0

362,892

0

(11,268

)

0

90

%

10

%

0

%

6
%
94
%
Nebraska
4
176,446
0
171,174
0
(5,272
)
0
100
%
0
%
0
%
53
%
47
%
Nevada
1
136,189
0
135,338
0
(851
)
0
100
%
0
%
0
%
91
%
9

%

North Carolina

37

3,354,993

2,500

3,266,317

1,807

(88,676

)

(693

)

74

%

26

%

0

%

70

%

30

%

Ohio***

10

564,657

124,919

576,166

117,978

11,510

(6,941

)

46

%

54

%

0

%

96

%

4

%

Oklahoma

9
1,213,986
13,101
1,203,406
11,892
(10,580
)
(1,209
)
100
%
0
%
0
%
86
%
14
%
South Carolina
6
702,995
28,123
707,437
27,481
4,442
(642
)
96
%
4
%
0
%
44
%
56
%
Tennessee
1
35,483

0
35,101
0
(381
)
0
100
%
0
%
0
%
100
%
0
%
Texas****
25
2,465,161
145,089
2,462,794
125,561
(2,367
)
(19,528
)
100
%
0
%
0
%
59
%
41
%
Utah
1
23,636
0
22,472

0
(1,165
)
0
100
%
0
%
0
%
0
%
100
%
Virginia
5
357,068
0
337,285
0
(19,783
)
0
100
%
0
%
0
%
60
%
40
%
Washington
1
21,780
0
6,585
17,484
(15,195
)

17,484

100

%

0

%

0

%

73

%

27

%

West Virginia

1

44,087

0

23,956

0

(20,130

)

0

100

%

0

%

0

%

76

%

24

%

Wyoming

2

156,943

0

156,891

0

(52

)

0

100

%

0
%
0
%
41
%
59
%
U. S. Total
188
14,699,134
597,001
14,499,731
576,386
(199,404
)
(20,615
)
90
%
10
%
0
%
63
%
37
%
Non-U. S.
2
855,364
0
848,190
0
(7,175
)
0
100
%
0
%

0
 %
 100
 %
 0
 %
 Grand Total
 190
 15,554,498
 597,001
 15,347,920
 576,386
 (206,578
)
 (20,615
)
 *

The Company calculates its aggregate reserves for purposes of this table based on land that has been zoned for quarrying and land for which the Company has determined zoning is not required.

**

The Company may own additional land adjacent or near existing quarries on which reserves may be located but does not include such reserves in these calculations if zoning is required but has not been obtained.

The Company's reserves presented in the State of Ohio include dolomitic limestone reserves used in the business of the Magnesia Specialties segment.

The Company's reserves presented in the State of Texas include limestone reserves used in the business of the cement product line.

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Total Annual Production (in tons) (add 000)

Number of years of production

available at December 31, 2017

For year ended December 31

Reportable Segment*

2017

2016

2015

Mid-America Group

70,340

67,431

62,846

100.8

Southeast Group

22,274

20,468

21,148

147.0

West Group

74,184

75,421

69,223

75.0

Total Aggregates Product Line

166,798

163,320

153,217

95.5

*

Prior year segment information has been reclassified to conform to the presentation of the Company's current reportable segments.

Cement Product Line

As of

December 31, 2017, the Company, through its subsidiaries, processed or shipped cement from six properties in one state, of which four are located on land owned by the Company free of major encumbrances and two are on leased land. The

Company's cement product line has production facilities located at two sites in Texas: Midlothian, Texas, south of Dallas/Fort Worth; Hunter, Texas, north of San Antonio. The following table summarizes certain information about the

Company's cement manufacturing facilities at December 31, 2017:

Plant

Rated Annual

Productive

Capacity-Tons

of Clinker

Manufacturing

Process

Service Date

Internally

Estimated

Minimum

Reserves Years

Midlothian, TX

2,200,000

Dry

2001

52

Hunter, TX

2,250,000

Dry

2013 and 1981

140

Total

4,450,000

Reserves identified with the facilities shown above are contained on approximately 2,844 acres of land owned by the Company. As of December 31, 2017, the Company estimated its total proven and probable limestone reserves on such land to be approximately 692 million tons.

The Company's cement manufacturing facilities include kilns, crushers, pre-heaters/calciners, coolers, finish mills and other equipment used to process limestone and other raw materials into cement, as well as equipment used to extract and transport the limestone from the adjacent quarries. These cement manufacturing facilities are served by rail and truck.

As of December 31, 2017, the Company, through its subsidiaries, also operated, directly or through third parties, five cement distribution terminals and owned the real estate at the California cement grinding and packaging facility it sold on September 30, 2015, which it expects to sell for non-cement use.

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Magnesia Specialties Business

The Magnesia Specialties business currently operates major manufacturing facilities in Manistee, Michigan, and Woodville, Ohio. Both of these facilities are owned.

Other Properties

The Company's principal corporate office, which it owns, is located in Raleigh, North Carolina. The Company owns and leases various administrative offices for its five reportable business segments.

Condition and Utilization

The Company's principal properties, which are of varying ages and are of different construction types, are believed to be generally in

good condition, are generally well maintained, and are generally suitable and adequate for the purposes for which they are used.

During

2017, the principal properties of the aggregates product line were believed to be utilized at average productive capacities of approximately 65% and were capable of supporting a higher level of market demand. However, during the Great Recession, the

Company adjusted its production schedules to meet reduced demand for its products. For example, the Company has reduced operating hours at a number of its facilities, closed some of its facilities, and temporarily idled some of its facilities. In 2017, the Company's aggregates product line operated at a level significantly below capacity, which restricted the Company's ability to capitalize \$36.5 million of costs that could have been inventoried under normal operating conditions. If demand does not improve over the near term, such reductions and temporary idling could

continue. The Company expects, however, as the economy continues to recover, it will be able to resume production at its normalized levels and increase production again as demand for its products increases.

During 2017 the Texas cement plants operated on

average at 75% to 80% utilization. The Portland Cement Association (PCA) forecasts a 2.6% increase in demand in Texas in 2018 over 2017. The cement product line s leadership, in collaboration with the aggregates and ready mixed concrete teams, have developed strategic plans regarding interplant efficiencies, as well as tactical plans addressing plant utilization and efficiency. Due to the 24/7/365 nature of cement operations, significant gains in plant utilization and efficiency are typically achieved only during plant shutdowns.

The Company expects future organic earnings growth to result from

increased pricing, rationalization of the current product portfolio and/or further cost reductions. In the current operating environment where steel utilization is at levels close to or below 70% and the strength of the United States dollar pressures product competitiveness in international markets, any unplanned change in costs or customers introduces volatility to the earnings of the Magnesita Specialties segment. The dolomitic lime business of the Magnesita Specialties segment operated at 71% utilization in 2017.

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ITEM 3.

LEGAL PROCEEDINGS

From time to time claims of various types are asserted against the

Company arising out of its operations in the normal course of business, including claims relating to land use and permits, safety, health, and environmental matters (such as noise abatement, blasting, vibrations, air emissions, and water discharges). Such matters are subject to many uncertainties, and it is not possible to determine the probable outcome of, or the amount of liability, if any, from, these matters. In the opinion of management of the Company (which opinion is based in part upon consideration of the opinion of counsel), based upon currently-available facts, it is remote that the ultimate outcome of any litigation and other proceedings will have a material adverse effect on the overall results of the Company s operations, its cash flows, or its financial condition. However, there can be no assurance that an adverse outcome in any of such litigation would not have a material adverse effect on the Company or its operating segments.

The Company was not required to pay any penalties in 2017 for failure to disclose certain reportable transactions under Section 6707A of the Internal Revenue Code.

See also Note N: Commitments and Contingencies of the Notes to

Financial Statements of the 2017 Financial Statements included under Item 8 of this Form 10-K and the 2017 Annual Report and Management s Discussion and Analysis of Financial Condition and

Results of Operations - Environmental Regulation and Litigation under Item 7 of this Form 10-K and the 2017 Annual Report.

ITEM 4.

MINE SAFETY DISCLOSURES

The information concerning mine safety violations or other

regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K (17 CFR 229.104) is included in Exhibit 95 to this Annual

Report on Form 10-K.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following sets forth certain information regarding the executive officers of Martin Marietta Materials, Inc. as of February 9, 2018:

Name

Age

Present Position

Year Assumed

Present Position

Other Positions and Other Business

Experience Within the

Last Five Years

C. Howard Nye

55

Chairman of the Board;

2014

Chief Executive Officer;

2010

President;

2006

President of Aggregates

2010

Business;

Chairman of Magnesia

2007

Specialties Business

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James A. J. Nickolas

47

Senior Vice President,

2017

Head, Corporate Development group,

Chief Financial Officer

Caterpillar Inc. (January-July 2017), Group Chief Financial Officer of Caterpillar's Resources Industries segment (October 2014-December 2016), Group Chief Financial Officer of Caterpillar's Global Mining business unit

(December 2012-September 2014)

Roselyn R. Bar

59

Executive Vice President;

2015

Senior Vice President (2005-2015)

General Counsel;

2001

Corporate Secretary

1997

Daniel L. Grant

63

Senior Vice President,

2013

Senior Vice President, Strategy &

Strategy & Development

Development, Lehigh Hanson, Inc., a producer of construction materials, and a subsidiary of Heidelberg Cement (1995-2013)

Dana F. Guzzo

52

Senior Vice President;

2011

Chief Information Officer (2011-2015)

Chief Accounting Officer;

2006

Controller

2005

Donald A. McCunniff

60

Senior Vice President,

2011

Human Resources

PART II

ITEM 5.

MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information, Holders, and Dividends

The Company s Common Stock, \$.01 par value, is traded on the New York Stock Exchange (NYSE) (Symbol: MLM). Information

concerning stock prices and dividends paid is included under the caption Quarterly Performance (Unaudited) of the 2017 Annual Report, and that information is incorporated herein by reference. There were 912 holders of record of the

Company s Common Stock as of February 9, 2018.

Recent Sales of Unregistered Securities

None.

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Issuer Purchases of Equity Securities

Period

Total Number of Shares

Purchased

Average Price

Paid per Share

Total Number of

Shares Purchased as

Part of Publicly

Announced Plans or
 Programs (1)
 Maximum Number
 of Shares that May
 Yet be Purchased
 Under the Plans or
 Programs

October 1, 2017

October 31,

2017

457,742

\$

218.46

457,742

14,668,891

November 1, 2017

November 30,

2017

0

\$

0

14,668,891

December 1, 2017

December 31,

2017

0

\$

0

14,668,891

Total

457,742

\$

218.46

457,742

14,668,891

(1)

The Company's stock repurchase program, which currently authorizes the repurchase of 20 million shares of common stock, is approved by the Company's Board of Directors from time to time, and updated as appropriate by the Board, and announced to the public by press release. The latest announcement on this topic was the Company's press release dated February 10, 2015 that its Board of Directors had authorized the repurchase of up to 20 million shares of its outstanding common stock, which included 5 million shares authorized under the Company's previous share repurchase program. Previous press releases announcing prior share repurchase programs and the related

amounts of common stock included under the share repurchase authorizations were as follows: (i) press release dated August 15, 2007 (5 million shares); (ii) press release dated February 22, 2006 (5 million shares); and (iii) May 6, 1994 (2.5 million shares).

ITEM 6.

SELECTED FINANCIAL DATA

The information required in response to this Item 6 is included under the caption Five Year Summary of the 2017 Annual Report, and that information is incorporated herein by reference.

ITEM 7.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information required in response to this Item 7 is included under the caption Management's Discussion and Analysis of Financial

Condition and Results of Operations in the 2017 Annual Report, and that information is incorporated herein by reference, except that the information contained under the caption Management's Discussion and Analysis of Financial Condition and Results of Operations Outlook 2018 in the 2017 Annual Report is not incorporated herein by reference.

ITEM 7A.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information required in response to this Item 7A is included under the caption Management's Discussion and Analysis of Financial Condition and Results of Operations-Quantitative and Qualitative Disclosures About Market Risk of the 2017 Annual Report, and that information is incorporated herein by reference.

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ITEM 8.

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required in response to this Item 8 is included under the caption Consolidated Statements of Earnings, Consolidated Statements of Comprehensive Earnings, Consolidated Balance Sheets, Consolidated Statements of Cash Flows, Consolidated Statements of Total Equity, Notes to Financial Statements, Management's Discussion and Analysis of Financial Condition and Results of Operations, and Quarterly Performance (Unaudited) of the 2017 Annual Report, and that information is incorporated herein by reference, except that the information contained under the caption Management's Discussion and Analysis of Financial Condition and Results of Operations Outlook 2018 in the 2017 Annual Report is not incorporated herein by reference.

ITEM 9.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A.

CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of December 31, 2017, an evaluation was performed under the supervision and with the participation of the Company's management,

including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on that evaluation, the

Company's CEO and CFO concluded that the Company's disclosure controls and procedures were effective at the reasonable assurance level.

The foregoing evaluation of the Company's disclosure controls and procedures was based on the definition in Exchange Act Rule 13a-15(e), which requires that disclosure controls and procedures are effectively designed to provide reasonable assurance that information required to be disclosed by an issuer in the reports that it files or

submits with the SEC under the Exchange Act is recorded, processed, summarized, and reported, within the time periods specified in the SEC's rules and forms, and is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Our management's report on internal control over financial reporting is included under Item 8 of this Annual Report on Form 10K,

Statement of Financial Responsibility and Management's Report on Internal Controls over Financial Reporting, and is incorporated by reference. The Company's management concluded that the Company's internal control over financial reporting was effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with generally accepted accounting principles as of December 31, 2017.

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Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the most recently completed fiscal quarter ended

December 31, 2017 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations on the Effectiveness of Controls

The Company's management, including the CEO and CFO, does not expect that the Company's control system will prevent all error and all

fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances

of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be

circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the

policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

CEO and CFO Certifications

Included among the Exhibits to this Form 10-K are forms of Certifications of the

Company's CEO and CFO as required in accordance with Section 302 of the Sarbanes-Oxley Act of 2002 (the Section 302 Certification). The Section 302 Certifications refer to this evaluation of the Company's

disclosure policies and procedures and internal control over financial reporting. The information in this section should be read in conjunction with the Section 302 Certifications for a more complete understanding of the topics presented.

ITEM 9B.

OTHER INFORMATION

None.

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PART III

ITEM 10.

DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information concerning

directors of the Company, the Audit Committee of the Board of Directors, and the Audit Committee financial expert serving on the Audit Committee, all as required in response to this Item 10, is included under the captions Corporate Governance

Matters and Section 16(a) Beneficial Ownership Reporting Compliance in the Company's definitive proxy statement to be filed with the SEC pursuant to Regulation 14A within 120 days after the close of the Company's

fiscal year ended December 31, 2017 (the 2018 Proxy Statement), and that information is hereby incorporated by reference in this Form 10-K. Information concerning executive officers of the

Company required in response to this Item 10 is included in Part I, under the heading Executive Officers of the Registrant, of this Form 10-K. The information concerning the Company's code of

ethics required in response to this Item 10 is included in Part I, under the heading Available Information, of this Form 10-K.

ITEM 11.

EXECUTIVE COMPENSATION

The information required in response to this Item 11 is included

under the captions Executive Compensation, Compensation Discussion and Analysis, Corporate Governance Matters, Management Development and Compensation Committee Report, and Compensation Committee

Interlocks and Insider Participation in the Company's 2018 Proxy Statement, and that information is hereby incorporated by reference in this Form 10-K.

ITEM 12.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required in response to this Item 12 is included under the captions General Information, Security Ownership of Certain Beneficial Owners and Management, and Securities Authorized for Issuance Under Equity Compensation Plans in the Company's 2018 Proxy Statement, and that information is hereby incorporated by reference in this Form 10-K.

ITEM 13.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The

information required in response to this Item 13 is included under the captions Compensation Committee Interlocks and Insider Participation in Compensation Decisions and Corporate Governance Matters in the Company's 2018

Proxy Statement, and that information is hereby incorporated by reference in this Form 10-K.

ITEM 14.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required in response to this

Item 14 is included under the caption Independent Auditors in the Company's 2018 Proxy Statement, and that information is hereby incorporated by reference in this Form 10-K.

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PART IV

ITEM 15.

EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) (1) List of financial statements filed as part of this Form 10-K.

The following consolidated financial statements of Martin Marietta Materials, Inc. and consolidated subsidiaries, included in the 2017 Annual Report and incorporated by reference under Item 8 of this Form 10-K:

Consolidated Statements of Earnings

for years ended December 31, 2017, 2016, and 2015

Consolidated Statements of Comprehensive Earnings

for years ended December 31, 2017, 2016, and 2015

Consolidated Balance Sheets

at December 31, 2017 and 2016

Consolidated Statements of Cash Flows

for years ended December 31, 2017, 2016, and 2015

Consolidated Statements of Total Equity

for years ended December 31, 2017, 2016, and 2015

Notes to Financial Statements

(2)

List of financial statement schedules filed as part of this Form 10-K

The following financial statement schedule of Martin Marietta Materials, Inc. and consolidated subsidiaries is included in Item 15(c) of this

Form 10-K.

Schedule II - Valuation and Qualifying Accounts

All other schedules have been omitted because they are not applicable, not required, or the information has been otherwise supplied in the

financial statements or notes to the financial statements.

The report of the Company's independent registered public accounting firm

with respect to the above-referenced financial statements is included in the 2017 Annual Report, and that report is hereby incorporated by reference in this Form 10-K. The report on the financial statement

schedule and the consent of the Company's independent registered public accounting firm are attached as Exhibit 23.01 to this Form 10-K.

(3)

Exhibits

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The list of Exhibits on the accompanying Index of Exhibits included in Item 15(b) of this Form 10-K is hereby incorporated by reference. Each management contract or compensatory plan or arrangement required to be filed as an exhibit is indicated by asterisks.

(b) Index of Exhibits

Exhibit No.

3.01

Restated Articles of Incorporation of the Company, as amended (incorporated by reference to Exhibit 3.01 to the Martin Marietta Materials,

Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 2016, filed on February 24, 2017) (Commission File No. 1-12744)

3.02

Restated Bylaws of the Company (incorporated by reference to Exhibit 3.2 to the Martin Marietta Materials, Inc. Current Report on

Form 8-K, filed on February 22, 2018) (Commission File No. 1-12744)

4.01

Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.01 to the Martin Marietta Materials, Inc. registration statement on Form S-1, filed on December 8, 1993

(SEC Registration No. 33-72648) (P)

4.02

Article 5 of the Company's Restated Articles of Incorporation, as amended (incorporated by reference to Exhibit 3.01 to the Martin Marietta Materials, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 2016, filed on February 24, 2017) (Commission File

No. 1-12744)

4.03

Article 1 of the Company's Restated Bylaws, as amended (incorporated by reference to Exhibit 3.2 to the Martin Marietta Materials,

Inc. Current Report on Form 8-K, filed on February 22, 2018) (Commission File No. 1-12744)

4.04

Indenture dated as of December

1, 1995 between Martin Marietta Materials, Inc. and First Union National Bank of North Carolina (incorporated by reference to Exhibit 4(a) to the Martin Marietta Materials, Inc. registration statement on Form S-3 (SEC

Registration No. 33-99082))

4.05

Form of Martin Marietta Materials, Inc. 7% Debenture due 2025 (incorporated by reference to Exhibit 4(a)(i) to the Martin Marietta Materials, Inc. registration statement on Form S-3 (SEC

Registration No. 33-99082)) (P)

4.06

Indenture dated as of April

30, 2007 between Martin Marietta Materials, Inc. and Branch Banking and Trust Company, Inc., as trustee (incorporated by reference to Exhibit 4.1 to the Martin Marietta Materials, Inc. Current Report on Form 8-K, filed

on April 30, 2007 (Commission File No. 1-12744))

4.07

Second Supplemental Indenture, dated as of April

30, 2007, between Martin Marietta Materials, Inc. and Branch Banking and Trust Company, Inc., as trustee, to that certain Indenture dated as of April

30, 2007 between Martin Marietta Materials, Inc. and Branch Banking and Trust Company, Inc., as trustee, pursuant to which were issued \$250,000,000 aggregate principal amount of 6 1 / 4 % Senior Notes due 2037 of Martin Marietta Materials, Inc. (incorporated by reference to Exhibit 4.3 to the Martin Marietta Materials, Inc. Current Report on Form 8-K, filed on

April 30, 2007 (Commission File No. 1-12744))

4.08

Third Supplemental Indenture, dated as of April

21, 2008, between Martin Marietta Materials, Inc. and Branch Banking and Trust Company, Inc., as trustee, to that certain Indenture dated as of April

30, 2007 between Martin Marietta Materials, Inc. and Branch Banking and Trust Company, Inc., as trustee, pursuant to which were issued \$300,000,000 aggregate principal amount of 6.60% Senior Notes due 2018 of Martin Marietta Materials, Inc. (incorporated

by reference to Exhibit 4.1 to the Martin Marietta Materials, Inc. Current Report on Form 8-K, filed on April 21, 2008 (Commission File No. 1-12744))

4.09

Purchase Agreement dated as of June

23, 2014 among Martin Marietta Materials, Inc. and Deutsche Bank Securities Inc. and J.P. Morgan Securities LLC, as representatives of the several initial purchasers named in Schedule 1 thereto (incorporated by reference to Exhibit

4.1 of the Company's Current Report on Form 8-K, filed on June 24, 2014) (Commission File No. 1-12744)

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4.10

Indenture, dated as of July

2, 2014, between Martin Marietta Materials, Inc. and Regions Bank, as trustee (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K, filed on July

2, 2014) (Commission File No. 1-12744)

4.11

Form of 4.250% Senior Notes due 2024 (included in Exhibit 4.09)

4.12

Indenture, dated as of May

22, 2017, between Martin Marietta Materials, Inc. and Regions Bank, as trustee (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K, filed on May

22, 2017) (Commission File No. 1-12744)

4.13

First Supplemental Indenture, dated as of May

22, 2017, between Martin Marietta Materials, Inc. and Regions Bank, as trustee, governing the Senior Notes issued by the Company on May 22, 2017, in the form of the \$300

million aggregate principal amount of Floating Rate Senior Notes due 2020 and \$300

million aggregate principal amount of 3.450% Senior Notes due 2027 (incorporated by reference to Exhibit 4.2 to the Martin Marietta Materials, Inc. Current Report on Form 8-K, filed on May

22, 2017 (Commission File No. 1-12744))

4.14

Form of Floating Rate Senior Notes due 2020 (included in Exhibit 4.13)

4.15

Second Supplemental Indenture, dated as of December

20, 2017, between Martin Marietta Materials, Inc. and Regions Bank, as trustee, governing the Senior Notes issued by the Company on December 20, 2017, in the form of the \$300

million aggregate principal amount of Floating Rate Senior Notes due 2019, \$500 million aggregate principal amount of 3.500% Senior Notes due 2027, and \$600

million aggregate principal amount of 4.250% Senior Notes due 2047 (incorporated by reference to Exhibit 4.2 to the Martin Marietta Materials, Inc. Current Report on Form 8-K, filed on December

20, 2017 (Commission File No. 1-12744))

4.16

Form of Floating Rate Senior Notes due 2019 (included in Exhibit 4.15)

4.17

Form of 3.500% Senior Notes due 2027 (included in Exhibit 4.15)

4.18

Form of 4.250% Senior Notes due 2047 (included in Exhibit 4.15)

10.01

\$700,000,000 Credit Agreement dated as of December

5, 2016 among Martin Marietta Materials, Inc., JPMorgan Chase Bank, N.A., as Administrative Agent, and Wells Fargo Bank, N.A., Branch Banking and Trust Company, SunTrust Bank, and Deutsche Bank Securities Inc., as Co-Syndication

Agents (incorporated by reference to Exhibit 10.01 to the Martin Marietta Materials, Inc., Current Report on Form 8-K filed on December 7, 2016) (Commission File

No. 1-12744)

10.02

Credit and Security Agreement dated as of April

19, 2013, among Martin Marietta Funding LLC, as borrower, Martin Marietta Materials, Inc., as servicer, and SunTrust Bank, as lender together with the other lenders from time to time party thereto, and SunTrust Bank, as administrative agent for the lenders

(incorporated by reference to Exhibit 10.01 to the Martin Marietta Materials, Inc. Current Report on Form 8-K filed on April 24, 2013) (Commission File

No. 1-12744)

10.03

Commitment Letter dated as of June 20, 2014 to the Credit and Security Agreement, dated as of April

19, 2013 (as last amended April

18, 2014), among Martin Marietta Funding LLC, as borrower, Martin Marietta Materials, Inc., as servicer, and SunTrust Bank, as lender together with the other lenders from time to time party thereto, and SunTrust Bank, as administrative agent for the lenders

(incorporated by reference to Exhibit 10.01 to the Martin Marietta Materials, Inc. Current Report on Form 8-K filed on June 25, 2014) (Commission File

No. 1-12744)

10.04

Second Amendment to Credit and Security Agreement, dated as of April

18, 2014, among Martin Marietta Funding LLC, as borrower, Martin Marietta Materials, Inc., as servicer, and SunTrust Bank, as lender together with the other lenders from time to time party thereto, and SunTrust Bank, as administrative agent for the lenders

(incorporated by reference to Exhibit 10.02 to the Martin Marietta Materials, Inc. Current Report on Form 8-K filed on April 24, 2014) (Commission File

No. 1-12744)

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10.05

Fifth Amendment to Credit and Security Agreement, dated as of September

30, 2014, among Martin Marietta Funding LLC, as borrower, Martin Marietta Materials, Inc., as servicer, and SunTrust Bank, as lender together with the other lenders from time to time party thereto, and SunTrust Bank, as administrative agent for the

lenders

(incorporated by reference to Exhibit 10.01 to the Martin Marietta Materials, Inc. Current Report on Form 8-K filed on October 3, 2014) (Commission File

No. 1-12744)

10.06

Seventh Amendment to Credit and Security Agreement, dated as of September

28, 2016, among Martin Marietta Funding LLC, as borrower, Martin Marietta Materials, Inc., as servicer, and SunTrust Bank, as lender together with the other lenders from time to time party thereto, and SunTrust Bank, as administrative agent for the lenders

(incorporated by reference to Exhibit 10.01 to the Martin Marietta Materials, Inc. Current Report on Form 8-K filed on September 30, 2016) (Commission File

No. 1-12744)

10.07

Purchase and Contribution Agreement dated as of April

19, 2013, between Martin Marietta Materials, Inc., as seller and as servicer, and Martin Marietta Funding LLC, as buyer (incorporated by reference to Exhibit 10.02 to the Martin Marietta Materials, Inc. Current Report on Form 8-K filed on April 24, 2013) (Commission File No. 1-12744)

10.08

Form of Martin Marietta Materials, Inc. Third Amended and Restated Employment Protection Agreement (incorporated by reference to Exhibit

10.01 to the Martin Marietta Materials, Inc. Current Report on Form 8-K, filed on August 19, 2008) (Commission File No. 1-12744)**

10.09

Amended and Restated Martin Marietta Materials, Inc. Common Stock Purchase Plan for Directors (incorporated by reference to Exhibit 10.05

to the Martin Marietta Materials, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 2013) (Commission File No. 1-12744)**

10.10

Martin Marietta Materials, Inc. Amended and Restated Executive Incentive Plan (incorporated by reference to Exhibit 10.05 to the Martin

Marietta Materials, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 2008) (Commission File No. 1-12744)**

10.11

Martin Marietta Materials, Inc. Incentive Stock Plan, as Amended (incorporated by reference to Exhibit 10.06 to the Martin Marietta Materials,

Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 2008) (Commission File No. 1-12744)**

10.12

Martin Marietta Amended and Restated Stock-Based Award Plan last amended and restated February

18, 2016 (incorporated by reference to Exhibit 10.01 to the Martin Marietta Materials, Inc. Quarterly Report on Form 10-Q for the quarter ended June 30, 2016) (Commission File No. 1-12744)**

10.13

Martin Marietta Executive Cash Incentive Plan adopted February

18, 2016 (incorporated by reference to Exhibit 10.02 to the Martin Marietta Materials, Inc. Quarterly Report on Form 10-Q for the quarter ended June 30, 2016) (Commission File No. 1-12744)**

10.14

Martin Marietta Materials, Inc. Amended Omnibus Securities Award Plan (incorporated by reference to Exhibit 10.16 to the Martin Marietta

Materials, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 2000) (Commission File No. 1-12744)**

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10.15

Martin Marietta Materials, Inc. Third Amended and Restated Supplemental Excess Retirement Plan (incorporated by reference to Exhibit 10 to

the Martin Marietta Materials, Inc. Quarterly Report on Form 10-Q for the quarter ended June 30, 2012) (Commission File No. 1-12744)**

10.16

Form of Option Award Agreement under the Martin Marietta Materials, Inc. Amended and Restated Stock-Based Award Plan (incorporated by reference

to Exhibit 10.11 to the Martin Marietta Materials, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 2008) (Commission File

No. 1-12744)**

10.17

Form of Restricted Stock Unit Award Agreement under the Martin Marietta Materials, Inc. Amended and Restated Stock-Based Award Plan (incorporated

by reference to Exhibit 10.01 to the Martin Marietta Materials, Inc. Quarterly Report on Form 10-Q for the quarter ended March 31, 2016) (Commission File

No. 1-12744)**

10.18

Form of Amendment to the Stock Unit Agreement under the Martin Marietta Materials, Inc. Amended and Restated Stock-Based Award Plan (incorporated

by reference to Exhibit 10.13 to the Martin Marietta Materials, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 2008) (Commission File

No. 1-12744)**

10.19

Form of Restricted Stock Unit Agreement for Directors under the Martin Marietta Materials, Inc. Amended and Restated Stock-Based Award

Plan (incorporated by reference to Exhibit 10.14 to the Martin Marietta Materials, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 2013) (Commission File No. 1-12744)**

10.20

Form of Special Restricted Stock Unit Agreement under the Martin Marietta Materials, Inc. Amended and Restated Stock-Based Award Plan (incorporated

by reference to Exhibit 10.19 to the Martin Marietta Materials, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 2014) (Commission File

No. 1-12744)**

10.21

Form of Performance Share Unit Award Agreement under the Martin Marietta Materials, Inc. Amended and Restated Stock-Based Award Plan (incorporated

by reference to Exhibit 10.01 to the Martin Marietta Materials, Inc. Quarterly Report on Form 10-Q for the quarter ended March 31, 2017) (Commission File

No. 1-12744)**

10.22

Form of Performance-Based Restricted Stock Unit Award Agreement under the Martin Marietta Materials, Inc. Amended and Restated Stock-Based

Award Plan (incorporated by reference to Exhibit 10.02 to the Martin Marietta Materials, Inc. Quarterly Report on Form 10-Q for the quarter ended March 31, 2017) (Commission File No. 1-12744)**

10.23

Offer Letter, dated as of June

9, 2017, by and between Martin Marietta Materials, Inc. and James A. J. Nickolas (incorporated by reference to Exhibit 10.01 to the Martin Marietta Materials, Inc. Quarterly Report on Form 10-Q for the quarter ended June 30, 2017) (Commission File No. 1-12744)**

*12.01

Computation of ratio of earnings to fixed charges for the year ended December 31, 2017

*13.01

Excerpts from Martin Marietta Materials, Inc. 2017 Annual Report to Shareholders, portions of which are incorporated by reference in this Form 10-K. Those portions of the 2017 Annual Report to Shareholders that are not incorporated by reference shall not be deemed to be filed as part of this report.

*21.01

List of subsidiaries of Martin Marietta Materials, Inc.

*23.01

Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm for Martin Marietta Materials, Inc. and consolidated subsidiaries

*23.02

Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm for Martin Marietta Materials, Inc. and consolidated subsidiaries

*24.01

Powers of Attorney (included in this Form 10-K immediately following Signatures)

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*31.01

Certification dated February

23, 2018 of Chief Executive Officer pursuant to Securities and Exchange Act of 1934, rule 13a-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

*31.02

Certification dated February

23, 2018 of Chief Financial Officer pursuant to Securities and Exchange Act of 1934, rule 13a-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

*32.01

Certification dated February 23, 2018 of Chief Executive Officer required by 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

*32.02

Certification dated February 23, 2018 of Chief Financial Officer required by 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

*95

Mine Safety Disclosure Exhibit

*101.INS

XBRL Instance Document

*101.SCH

XBRL Taxonomy Extension Schema Document

*101.CAL

XBRL Taxonomy Extension Calculation Linkbase Document

*101.LAB

XBRL Taxonomy Extension Label Linkbase Document

*101.PRE

XBRL Taxonomy Extension Presentation Linkbase Document

*101. DEF

XBRL Taxonomy Extension Definition Linkbase

Other material incorporated by reference:

Martin Marietta Materials, Inc. s 2018 Proxy Statement filed pursuant to Regulation 14A, portions of which are incorporated by reference in this Form 10-K. Those portions of the 2018 Proxy Statement which are not incorporated by reference shall not be deemed to be filed as part of this report.

*

Filed herewith

**

Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 14(c) of Form 10-K

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(c)

Financial Statement Schedule

SCHEDULE II VALUATION AND QUALIFYING ACCOUNTS

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

Col A

Col B

Col C

Col D

Col E

Additions

Description

Balance at

beginning

of period

(1)

Charged

to costs

and

expenses

(2)

Charged

to other

accounts-

describe

Deductions-

describe

Balance at

end of

period

(Amounts in Thousands)

Year ended December 31, 2017

Allowance for doubtful accounts

\$

6,266

\$

\$

\$

3,876

(a)

\$

2,390

Allowance for uncollectible notes receivable

437

210

(a)

227

Inventory valuation allowance

134,862

9,099

143,961

Year ended December 31, 2016

Allowance for doubtful accounts

\$

6,940

\$

\$

\$

674

(a)

\$

6,266

Allowance for uncollectible notes receivable

585

148

(a)

437

Inventory valuation allowance

130,584

4,160

118

(b)

134,862

Year ended December 31, 2015

Allowance for doubtful accounts

\$

4,077

\$

2,863

\$

\$

\$

6,940

Allowance for uncollectible notes receivable

1,486

901

(a)

585

Inventory valuation allowance

119,189

13,365

1,400

(b)

3,370

(c)

130,584

(a)

Write off of uncollectible accounts and change in estimates.

(b)

Application of reserve policy to acquired inventories.

(c)

Divestitures.

ITEM 16.

FORM 10-K SUMMARY

The Company has chosen not to

include an optional summary of the information required by this Form 10-K. For a reference to the information in this Form 10-K, investors should refer to the Table of

Contents to this Form 10-K.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to

be signed on its behalf by the undersigned, thereunto duly authorized.

MARTIN MARIETTA MATERIALS, INC.

By:

/s/ Roselyn R. Bar

Roselyn R. Bar

Executive Vice President, General Counsel and Corporate Secretary

Dated: February 23, 2018

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below appoints Roselyn R. Bar and M. Guy Brooks, III,

jointly and severally, as his or her true and lawful attorney-in-fact, each with full power of substitution and resubstitution, for him or her and in his or her name,

place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with

the Securities and Exchange Commission, granting unto said attorneys-in-fact, jointly and severally, full power and authority to do and perform each in connection

therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact, jointly and

severally, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

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Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been

signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature

Title

Date

/s/ C. Howard Nye

C. Howard Nye

Chairman of the Board,

President and Chief

Executive Officer

February 23, 2018

/s/ James A. J. Nickolas

James A. J. Nickolas

Senior Vice President

and Chief Financial

Officer

February 23, 2018

/s/ Dana F. Guzzo

Dana F. Guzzo

Senior Vice President,

Chief Accounting

Officer

and Controller

February 23, 2018

/s/ Sue W. Cole

Sue W. Cole

Director

February 23, 2018

/s/ John J. Koraleski

John J. Koraleski

Director

February 23, 2018

/s/ David G. Maffucci

David G. Maffucci

Director

February 23, 2018

/s/ Laree E. Perez

Laree E. Perez

Director

February 23, 2018

/s/ Michael J. Quillen

Michael J. Quillen

Director

February 23, 2018

/s/ Dennis L. Rediker

Dennis L. Rediker

Director

February 23, 2018

/s/ Donald W. Slager

Donald W. Slager

Director

February 23, 2018

/s/ Stephen P. Zelnak, Jr.

Stephen P. Zelnak, Jr.

Director

February 23, 2018