MARTIN MARIETTA MATERIALS INC

FORM 10-Q
(Quarterly Report)

Filed 11/02/16 for the Period Ending 09/30/16

Address	2710 WYCLIFF ROAD RALEIGH, NC 27607
Telephone	9197814550
CIK	0000916076
Symbol	MLM
SIC Code	1400 - Mining & Quarrying of Nonmetallic Minerals (No Fuels)
Industry	Construction Materials
Sector	Basic Materials
Fiscal Year	12/31

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2016

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 Number)**
2710 Wycliff Road, Raleigh, NC	**27607-3033**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code 919-781-4550

Former name: None

Former name, former address and former fiscal year, if changes since last report.

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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐

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

Yes ☐ No ☑

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock, as of the latest practicable date.

Class	**Outstanding as of October 28, 2016**
Common Stock, $0.01 par value	63,466,170

PA RT I. FINANCIAL INFORMATION

Item 1. Financial Statements.

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
(UNAUDITED) CONSOLIDATED BALANCE SHEETS

	September 30, 2016	December 31, 2015	September 30, 2015
	(Dollars in Thousands, Except Per Share Data)		
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 60,684	$ 168,409	$ 436,429
Accounts receivable, net	566,425	410,921	577,424
Inventories, net	508,199	469,141	464,525
Other current assets	56,217	33,164	37,427
Total Current Assets	1,191,525	1,081,635	1,515,805
Property, plant and equipment	6,013,084	5,613,198	5,488,744
Allowances for depreciation, depletion and amortization	(2,633,471)	(2,457,198)	(2,415,210)
Net property, plant and equipment	3,379,613	3,156,000	3,073,534
Goodwill	2,160,605	2,068,235	2,065,644
Operating permits, net	444,123	444,725	445,855
Other intangibles, net	70,927	65,827	65,556
Other noncurrent assets	126,408	141,189	142,040
Total Assets	$ 7,373,201	$ 6,957,611	$ 7,308,434
LIABILITIES AND EQUITY			
Current Liabilities:			
Bank overdraft	$ —	$ 10,235	$ —
Accounts payable	192,738	164,718	226,837
Accrued salaries, benefits and payroll taxes	33,463	30,939	30,529
Pension and postretirement benefits	9,658	8,168	8,359
Accrued insurance and other taxes	67,822	62,781	70,509
Current maturities of long-term debt and short-term facilities	228,025	18,713	147,003
Accrued interest	23,060	16,156	22,414
Other current liabilities	50,143	54,948	69,208
Total Current Liabilities	604,909	366,658	574,859
Long-term debt	1,536,810	1,550,061	1,553,768
Pension, postretirement and postemployment benefits	200,152	224,538	229,042
Deferred income taxes, net	676,144	583,459	540,079
Other noncurrent liabilities	196,788	172,718	158,106
Total Liabilities	3,214,803	2,897,434	3,055,854
Equity:			
Common stock, par value $0.01 per share	633	643	660
Preferred stock, par value $0.01 per share	—	—	—
Additional paid-in capital	3,326,531	3,287,827	3,283,200
Accumulated other comprehensive loss	(104,511)	(105,622)	(112,742)
Retained earnings	932,679	874,436	1,079,764
Total Shareholders' Equity	4,155,332	4,057,284	4,250,882
Noncontrolling interests	3,066	2,893	1,698
Total Equity	4,158,398	4,060,177	4,252,580
Total Liabilities and Equity	$ 7,373,201	$ 6,957,611	$ 7,308,434

See accompanying notes to the consolidated financial statements (unaudited).

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
(UNAUDITED) CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE EARNINGS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(In Thousands, Except Per Share Data)		*(In Thousands, Except Per Share Data)*	
Net Sales	$ 1,038,344	$ 1,005,218	$ 2,687,740	$ 2,487,342
Freight and delivery revenues	65,557	77,031	182,194	207,672
Total revenues	1,103,901	1,082,249	2,869,934	2,695,014
Cost of sales	745,776	742,713	2,003,837	1,950,424
Freight and delivery costs	65,557	77,031	182,194	207,672
Total cost of revenues	811,333	819,744	2,186,031	2,158,096
Gross Profit	292,568	262,505	683,903	536,918
Selling, general & administrative expenses	56,348	54,887	177,718	161,120
Acquisition-related expenses, net	306	2,087	1,627	5,783
Other operating (income) and expenses, net	(4,441)	26,033	(7,309)	27,963
Earnings from Operations	240,355	179,498	511,867	342,052
Interest expense	20,568	18,926	60,896	57,344
Other nonoperating income, net	(10,560)	(4,489)	(19,690)	(6,607)
Earnings before taxes on income	230,347	165,061	470,661	291,315
Taxes on income	70,869	47,483	144,014	85,600
Consolidated net earnings	159,478	117,578	326,647	205,715
Less: Net (loss) earnings attributable to noncontrolling interests	(1)	34	121	108
Net Earnings Attributable to Martin Marietta Materials, Inc.	$ 159,479	$ 117,544	$ 326,526	$ 205,607
Consolidated Comprehensive Earnings: (See Note 1)				
Earnings attributable to Martin Marietta Materials, Inc.	$ 161,036	$ 117,616	$ 327,637	$ 199,024
Earnings attributable to noncontrolling interests	19	37	173	116
	$ 161,055	$ 117,653	$ 327,810	$ 199,140
Net Earnings Attributable to Martin Marietta Materials, Inc.				
Per Common Share:				
Basic attributable to common shareholders	$ 2.50	$ 1.75	$ 5.10	$ 3.05
Diluted attributable to common shareholders	$ 2.49	$ 1.74	$ 5.08	$ 3.03
Weighted-Average Common Shares Outstanding:				
Basic	63,452	66,830	63,713	67,203
Diluted	63,723	67,108	63,967	67,470
Cash Dividends Per Common Share	$ 0.42	$ 0.40	$ 1.22	$ 1.20

See accompanying notes to the consolidated financial statements (unaudited).

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
(UNAUDITED) CONSOLIDATED STATEMENTS OF CASH FLOWS

	September 30, 2016	September 30, 2015
	(Dollars in Thousands)	
Cash Flows from Operating Activities:		
Consolidated net earnings	$ 326,647	$ 205,715
Adjustments to reconcile consolidated net earnings to net cash provided by operating activities:		
Depreciation, depletion and amortization	211,997	199,935
Stock-based compensation expense	17,167	10,722
Loss on divestitures and sales of assets	158	27,568
Deferred income taxes	59,834	43,286
Excess tax benefits from stock-based compensation transactions	(5,010)	—
Other items, net	(17,797)	(6,554)
Changes in operating assets and liabilities, net of effects of acquisitions and divestitures:		
Accounts receivable, net	(133,848)	(155,054)
Inventories, net	(33,956)	(17,650)
Accounts payable	12,422	22,186
Other assets and liabilities, net	(23,546)	(10,575)
Net Cash Provided by Operating Activities	414,068	319,579
Cash Flows from Investing Activities:		
Additions to property, plant and equipment	(285,481)	(212,447)
Acquisitions, net	(178,689)	(10,748)
Cash received in acquisition	4,246	—
Proceeds from divestitures and sales of assets	5,216	422,045
Repayments from affiliate	—	1,808
Payment of railcar construction advances	(37,370)	(25,341)
Reimbursement of railcar construction advances	37,370	25,234
Net Cash (Used for) Provided by Investing Activities	(454,708)	200,551
Cash Flows from Financing Activities:		
Borrowings of debt	360,000	230,000
Repayments of debt	(168,267)	(111,384)
Payments on capital lease obligations	(2,463)	(5,784)
Debt issuance costs	(213)	—
Change in bank overdraft	(10,235)	(183)
Dividends paid	(78,295)	(81,219)
Issuances of common stock	17,378	33,892
Repurchases of common stock	(190,000)	(257,674)
Excess tax benefits from stock-based compensation transactions	5,010	—
Net Cash Used for Financing Activities	(67,085)	(192,352)
Net (Decrease) Increase in Cash and Cash Equivalents	(107,725)	327,778
Cash and Cash Equivalents, beginning of period	168,409	108,651
Cash and Cash Equivalents, end of period	$ 60,684	$ 436,429
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	$ 48,813	$ 47,069
Cash paid for income taxes	$ 81,589	$ 30,896

See accompanying notes to the consolidated financial statements (unaudited).

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
(UNAUDITED) CONSOLIDATED STATEMENT OF TOTAL EQUITY

(in thousands)	Shares of Common Stock	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2015	64,479	$ 643	$ 3,287,827	$ (105,622)	$ 874,436	$ 4,057,284	$ 2,893	$ 4,060,177
Consolidated net earnings	—	—	—	—	326,526	326,526	121	326,647
Other comprehensive earnings, net of tax	—	—	—	1,111	—	1,111	52	1,163
Dividends declared	—	—	—	—	(78,295)	(78,295)	—	(78,295)
Issuances of common stock for stock award plans	231	2	21,537	—	—	21,539	—	21,539
Repurchases of common stock	(1,244)	(12)	—	—	(189,988)	(190,000)	—	(190,000)
Stock-based compensation expense	—	—	17,167	—	—	17,167	—	17,167
Balance at September 30, 2016	63,466	$ 633	$ 3,326,531	$ (104,511)	$ 932,679	$ 4,155,332	$ 3,066	$ 4,158,398

See accompanying notes to the consolidated financial statements (unaudited).

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies

Organization

Martin Marietta Materials, Inc. (the “Corporation” or “Martin Marietta”) is engaged principally in the construction aggregates business. The aggregates product line accounted for 54% of consolidated net sales for the nine months ended September 30, 2016 (55% of full-year 2015 consolidated net sales) and includes crushed stone, sand and gravel, and is used for construction of highways and other infrastructure projects, and in the nonresidential and residential construction industries. Aggregates products are also used in the railroad, agricultural, utility and environmental industries. The Corporation’s aggregates-related downstream product lines, which accounted for 32% of consolidated net sales for the nine months ended September 30, 2016 (27% of full-year 2015 consolidated net sales) include asphalt products, ready mixed concrete and road paving construction services. Aggregates and aggregates-related downstream product lines are sold and shipped from a network of more than 400 quarries, distribution facilities and plants in 26 states, Nova Scotia and the Bahamas. The aggregates and aggregates-related downstream product lines are reported collectively as the “Aggregates business”.

The Corporation currently conducts the Aggregates business through three reportable segments: the Mid-America Group, the Southeast Group and the West Group.

AGGREGATES BUSINESS

Reportable Segments	Mid-America Group	Southeast Group	West Group
Operating Locations	Indiana, Iowa, northern Kansas, Kentucky, Maryland, Minnesota, Missouri, eastern Nebraska, North Carolina, Ohio, South Carolina, Virginia, Washington and West Virginia	Alabama, Florida, Georgia, Tennessee, Nova Scotia and the Bahamas	Arkansas, Colorado, southern Kansas, Louisiana, western Nebraska, Nevada, Oklahoma, Texas, Utah and Wyoming

The Corporation has a Cement segment, which accounted for 7% of consolidated net sales for the nine months ended September 30, 2016 (11% of full-year 2015 consolidated net sales which included the operations of a California-based cement plant sold in September 2015). The Cement segment has production facilities located in Midlothian, Texas, south of Dallas-Fort Worth and Hunter, Texas, north of San Antonio, which produce Portland and specialty cements. Similar to the Aggregates business, cement is used in infrastructure projects, nonresidential and residential construction, and the railroad, agricultural, utility and environmental industries. The high calcium limestone reserves, used as a raw material, are owned by the Cement business and are adjacent to each of the plants.

The Corporation has a Magnesia Specialties segment with manufacturing facilities in Manistee, Michigan, and Woodville, Ohio. The Magnesia Specialties segment, which accounted for 7% of consolidated net sales for the nine months ended September 30, 2016 (7% of full-year 2015 consolidated net sales), produces magnesia-based chemicals products used in industrial, agricultural and environmental applications and dolomitic lime sold primarily to customers in the steel industry.

1. Significant Accounting Policies (continued)

Basis of Presentation

The accompanying unaudited consolidated financial statements of the Corporation have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to the Quarterly Report on Form 10-Q and in Article 10 of Regulation S-X. The Corporation has continued to follow the accounting policies set forth in the audited consolidated financial statements and related notes thereto included in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2015. In the opinion of management, the interim consolidated financial information provided herein reflects all adjustments, consisting of normal recurring accruals, necessary for a fair statement of the results of operations, financial position and cash flows for the interim periods. The consolidated results of operations for the nine months ended September 30, 2016 are not indicative of the results expected for other interim periods or the full year. The consolidated balance sheet at December 31, 2015 has been derived from the audited consolidated financial statements at that date but does not include all disclosures required by accounting principles generally accepted in the United States. These consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2015.

Debt Issuance Costs

The Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2015-03, *"Simplifying the Presentation of Debt Issuance Costs"* ("ASU 2015-03"), which amends the presentation of debt issuance costs in the financial statements. The ASU requires an entity to present debt issuance costs related to a recognized debt liability in the balance sheet as a direct deduction from the carrying amount of the debt liability, consistent with debt discounts, and does not impact the recognition and measurement guidance for debt issuance costs. The Corporation adopted ASU 2015-03 on January 1, 2016 and has retrospectively adjusted the prior periods presented, resulting in a reclassification of $3,567,000 and $3,848,000 from *Other noncurrent assets* to *Long-term debt* as of December 31, 2015 and September 30, 2015, respectively, and $533,000 from *Other current assets* to *Current maturities of long-term debt and short-term maturities* as of December 31, 2015 and September 30, 2015.

Revenue Recognition Standard

The FASB issued an accounting standard update that amends the accounting guidance on revenue recognition. The new standard intends to provide a more robust framework for addressing revenue issues, improve comparability of revenue recognition practices and improve disclosure requirements. The new standard is effective January 1, 2018 and can be applied on a full retrospective or modified retrospective approach. The Corporation will not early adopt this standard. The Corporation is currently evaluating the impact the provisions of the new standard will have on its financial statements and expects to complete its evaluation by the end of 2016.

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

1. Significant Accounting Policies (continued)

Lease Standard

In February 2016, the FASB issued a new accounting standard, *Accounting Standards Update 2016-2 – Leases,* intending to improve financial reporting of leases and to provide more transparency into off-balance sheet leasing obligations. The guidance requires virtually all leases, excluding mineral interest leases, to be recorded on the balance sheet and provides guidance on the recognition of lease expense and income. The new standard is effective January 1, 2019 and must be applied on a modified retrospective approach. The Corporation is currently evaluating the impact the new standard will have on its financial statements.

Share-based Payment Standard

In March 2016, the FASB issued ASU 2016-09, *Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting* , which simplifies certain aspects of accounting guidance and requirements for share-based transactions. The ASU is effective for reporting periods beginning January 1, 2017. The Corporation is evaluating the impact of the ASU on its financial statements.

Consolidated Comprehensive Earnings/Loss and Accumulated Other Comprehensive Loss

Consolidated comprehensive earnings/loss for the Corporation consist of consolidated net earnings or loss; adjustments for the funded status of pension and postretirement benefit plans; foreign currency translation adjustments; and the amortization of the value of terminated forward starting interest rate swap agreements into interest expense, and are presented in the Corporation's consolidated statements of earnings and comprehensive earnings.

Comprehensive earnings attributable to Martin Marietta is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(Dollars in Thousands)			
Net earnings attributable to Martin Marietta Materials, Inc.	$ 159,479	$ 117,544	$ 326,526	$ 205,607
Other comprehensive earnings (loss), net of tax	1,557	72	1,111	(6,583)
Comprehensive earnings attributable to Martin Marietta Materials, Inc.	$ 161,036	$ 117,616	$ 327,637	$ 199,024

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

1. Significant Accounting Policies (continued)

Consolidated Comprehensive Earnings/Loss and Accumulated Other Comprehensive Loss (continued)

Comprehensive earnings attributable to noncontrolling interests, consisting of net earnings and adjustments for the funded status of pension and postretirement benefit plans, is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(Dollars in Thousands)			
Net (loss) earnings attributable to noncontrolling interests	$ (1)	$ 34	$ 121	$ 108
Other comprehensive earnings, net of tax	20	3	52	8
Comprehensive earnings attributable to noncontrolling interests	$ 19	$ 37	$ 173	$ 116

Accumulated other comprehensive loss consists of unrealized gains and losses related to the funded status of pension and postretirement benefit plans; foreign currency translation; and the unamortized value of terminated forward starting interest rate swap agreements, and is presented on the Corporation's consolidated balance sheets.

Changes in accumulated other comprehensive (loss) earnings, net of tax, are as follows:

	(Dollars in Thousands)			
	Pension and Postretirement Benefit Plans	Foreign Currency	Unamortized Value of Terminated Forward Starting Interest Rate Swap	Accumulated Other Comprehensive Loss
	Three Months Ended September 30, 2016			
Balance at beginning of period	$ (104,114)	$ (381)	$ (1,573)	$ (106,068)
Other comprehensive earnings (loss) before reclassifications, net of tax	—	(198)	—	(198)
Amounts reclassified from accumulated other comprehensive earnings, net of tax	1,547	—	208	1,755
Other comprehensive earnings (loss), net of tax	1,547	(198)	208	1,557
Balance at end of period	$ (102,567)	$ (579)	$ (1,365)	$ (104,511)
	Three Months Ended September 30, 2015			
Balance at beginning of period	$ (111,663)	$ 1,219	$ (2,370)	$ (112,814)
Other comprehensive loss before reclassifications, net of tax	—	(1,757)	—	(1,757)
Amounts reclassified from accumulated other comprehensive earnings, net of tax	1,636	—	193	1,829
Other comprehensive earnings (loss), net of tax	1,636	(1,757)	193	72
Balance at end of period	$ (110,027)	$ (538)	$ (2,177)	$ (112,742)

1. Significant Accounting Policies (continued)

Consolidated Comprehensive Earnings/Loss and Accumulated Other Comprehensive Loss (continued)

	(Dollars in Thousands)			
	Pension and Postretirement Benefit Plans	Foreign Currency	Unamortized Value of Terminated Forward Starting Interest Rate Swap	Accumulated Other Comprehensive Loss
	Nine Months Ended September 30, 2016			
Balance at beginning of period	$ (103,380)	$ (264)	$ (1,978)	$ (105,622)
Other comprehensive loss before reclassifications, net of tax	(3,830)	(315)	—	(4,145)
Amounts reclassified from accumulated other comprehensive earnings, net of tax	4,643	—	613	5,256
Other comprehensive earnings (loss), net of tax	813	(315)	613	1,111
Balance at end of period	$ (102,567)	$ (579)	$ (1,365)	$ (104,511)
	Nine Months Ended September 30, 2015			
Balance at beginning of period	$ (106,688)	$ 3,278	$ (2,749)	$ (106,159)
Other comprehensive loss before reclassifications, net of tax	(10,845)	(3,816)	—	(14,661)
Amounts reclassified from accumulated other comprehensive earnings, net of tax	7,506	—	572	8,078
Other comprehensive (loss) earnings, net of tax	(3,339)	(3,816)	572	(6,583)
Balance at end of period	$ (110,027)	$ (538)	$ (2,177)	$ (112,742)

The other comprehensive loss before reclassifications for pension and postretirement benefit plans is net of tax of $2,405,000 and $6,793,000 for the nine months ended September 30, 2016 and 2015, respectively.

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

1. Significant Accounting Policies (continued)

Consolidated Comprehensive Earnings/Loss and Accumulated Other Comprehensive Loss (continued)

Changes in net noncurrent deferred tax assets recorded in accumulated other comprehensive loss are as follows:

	(Dollars in Thousands)		
	Pension and Postretirement Benefit Plans	Unamortized Value of Terminated Forward Starting Interest Rate Swap	Net Noncurrent Deferred Tax Assets
	Three Months Ended September 30, 2016		
Balance at beginning of period	$ 66,931	$ 1,023	$ 67,954
Tax effect of other comprehensive earnings	(986)	(136)	(1,122)
Balance at end of period	$ 65,945	$ 887	$ 66,832
	Three Months Ended September 30, 2015		
Balance at beginning of period	$ 71,625	$ 1,554	$ 73,179
Tax effect of other comprehensive earnings	(1,042)	(125)	(1,167)
Balance at end of period	$ 70,583	$ 1,429	$ 72,012
	Nine Months Ended September 30, 2016		
Balance at beginning of period	$ 66,467	$ 1,290	$ 67,757
Tax effect of other comprehensive earnings	(522)	(403)	(925)
Balance at end of period	$ 65,945	$ 887	$ 66,832
	Nine Months Ended September 30, 2015		
Balance at beginning of period	$ 68,568	$ 1,799	$ 70,367
Tax effect of other comprehensive earnings	2,015	(370)	1,645
Balance at end of period	$ 70,583	$ 1,429	$ 72,012

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

1. Significant Accounting Policies (continued)

Consolidated Comprehensive Earnings/Loss and Accumulated Other Comprehensive Loss (continued)

Reclassifications out of accumulated other comprehensive loss are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,		Affected line items in the conso statements of earnings an comprehensive earnings
	2016	2015	2016	2015	
	(Dollars in Thousands)				
Pension and postretirement benefit plans					
Settlement charge	$ —	$ —	$ 59	$ —	
Amortization of:					
Prior service credit	(404)	(468)	$ (1,209)	$ (1,407)	
Actuarial loss	2,893	3,146	8,681	13,691	
	2,489	2,678	7,531	12,284	Cost of sales; Selling, general and administrative expenses
Tax benefit	(942)	(1,042)	(2,888)	(4,778)	Taxes on income
	$ 1,547	$ 1,636	$ 4,643	$ 7,506	
Unamortized value of terminated forward starting interest rate swap					
Additional interest expense	$ 344	$ 318	$ 1,016	$ 942	Interest expense
Tax benefit	(136)	(125)	(403)	(370)	Taxes on income
	$ 208	$ 193	$ 613	$ 572	

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

1. Significant Accounting Policies (continued)

Earnings per Common Share

The numerator for basic and diluted earnings per common share is net earnings attributable to Martin Marietta Materials, Inc. reduced by dividends and undistributed earnings attributable to certain of the Corporation's stock-based compensation. If there is a net loss, no amount of the undistributed loss is attributed to unvested participating securities. The denominator for basic earnings per common share is the weighted-average number of common shares outstanding during the period. Diluted earnings per common share are computed assuming that the weighted-average number of common shares is increased by the conversion, using the treasury stock method, of awards to be issued to employees and nonemployee members of the Corporation's Board of Directors under certain stock-based compensation arrangements if the conversion is dilutive. For the three and nine months ended September 30, 2016 and 2015, the diluted per-share computations reflect a change in the number of common shares outstanding to include the number of additional shares that would have been outstanding if the potentially dilutive common shares had been issued.

The following table reconciles the numerator and denominator for basic and diluted earnings per common share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(In Thousands)			
Net earnings attributable to Martin Marietta Materials, Inc.	$ 159,479	$ 117,544	$ 326,526	$ 205,607
Less: Distributed and undistributed earnings attributable to unvested awards	637	479	1,388	897
Basic and diluted net earnings available to common shareholders attributable to Martin Marietta Materials, Inc.	$ 158,842	$ 117,065	$ 325,138	$ 204,710
Basic weighted-average common shares outstanding	63,452	66,830	63,713	67,203
Effect of dilutive employee and director awards	271	278	254	267
Diluted weighted-average common shares outstanding	63,723	67,108	63,967	67,470

2. Goodwill

The following table shows the changes in goodwill by reportable segment and in total:

	(Dollars in Thousands)				
	Mid-America Group	**Southeast Group**	**West Group**	**Cement**	**Total**
	Nine Months Ended September 30, 2016				
Balance at January 1, 2016	$ 281,403	$ 50,346	$ 871,220	$ 865,266	$ 2,068,235
Acquisitions	—	—	92,442	—	92,442
Disposal	—	—	(72)	—	(72)
Balance at September 30, 2016	$ 281,403	$ 50,346	$ 963,590	$ 865,266	$ 2,160,605

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

3. Inventories, Net

	September 30, 2016	December 31, 2015	September 30, 2015
		(Dollars in Thousands)	
Finished products	$ 462,698	$ 433,649	$ 420,027
Products in process and raw materials	61,137	55,194	59,005
Supplies and expendable parts	114,872	110,882	108,759
	638,707	599,725	587,791
Less: Allowances	(130,508)	(130,584)	(123,266)
Total	$ 508,199	$ 469,141	$ 464,525

4. Long-Term Debt

	September 30, 2016	December 31, 2015	September 30, 2015
		(Dollars in Thousands)	
6.6% Senior Notes, due 2018	$ 299,388	$ 299,113	$ 299,020
7% Debentures, due 2025	124,068	124,002	123,981
6.25% Senior Notes, due 2037	227,961	227,917	227,907
4.25 % Senior Notes, due 2024	395,115	394,690	394,575
Floating Rate Notes, due 2017, interest rate of 1.94%, 1.71% and 1.38% at September 30, 2016, December 31, 2015 and September 30, 2015, respectively	298,750	298,868	298,731
Term Loan Facility, due 2018, interest rate of 1.90%, 1.86% and 1.72% at September 30, 2016, December 31, 2015 and September 30, 2015, respectively	209,096	222,521	225,433
Trade Receivable Facility, interest rate of 1.22% and 0.90% at September 30, 2016 and September 30, 2015, respectively	210,000	—	130,000
Other notes	457	1,663	1,124
Total debt	1,764,835	1,568,774	1,700,771
Less: Current maturities	(228,025)	(18,713)	(147,003)
Long-term debt	$ 1,536,810	$ 1,550,061	$ 1,553,768

4. Long-Term Debt (continued)

On September 28, 2016, t he Corporation, through a wholly-owned special-purpose subsidiary, amended its trade receivable securitization facility (the "Trade Receivable Facility") to increase the borrowing capacity from $250,000,000 to $300,000,000 and extend the maturity to September 27, 2017. The Trade Receivable Facility, with SunTrust Bank, Regions Bank, PNC Bank, N.A., The Bank of Tokyo-Mitsubishi UFJ, LTD., New York Branch, and certain other lenders that may become a party to the facility from time to time, is backed by eligible trade receivables, as defined. Borrowings are limited to the lesser of the facility limit or the borrowing base, as defined, of $420,044,000, $282,258,000 and $425,733,000 at September 30, 2016, December 31, 2015 and September 30, 2015, respectively. These receivables are originated by the Corporation and then sold or contributed to the wholly-owned special-purpose subsidiary by the Corporation. The Corporation con tinues to be responsible for the servicing and administration of the receivables purchased by the wholly-owned special-purpose subsidiary . Borrowings under the Trade Receivable Facility bear interest at a rate equal to one-month LIBOR plus 0.725% , subject to change in the event that this rate no longer reflects the lender's cost of lending . The Trade Receivable Facility contains a cross-default provision to the Corporation's other debt agreements.

The Corporation's Credit Agreement, which provides a $250,000,000 (original amount) senior unsecured term loan (the "Term Loan Facility") and a $350,000,000 five-year senior unsecured revolving facility (the "Revolving Facility"), requires the Corporation's ratio of consolidated debt to consolidated earnings before interest, taxes, depreciation, depletion and amortization ("EBITDA"), as defined by the Credit Agreement, for the trailing-twelve months (the "Ratio") to not exceed 3.50x as of the end of any fiscal quarter, provided that the Corporation may exclude from the Ratio debt incurred in connection with certain acquisitions for a period of 180 days so long as the Corporation, as a consequence of such specified acquisition, does not have its rating on long-term unsecured debt fall below BBB by Standard & Poor's or Baa2 by Moody's and the Ratio calculated without such exclusion does not exceed 3.75x. Additionally, if no amounts are outstanding under both the Revolving Facility and the Trade Receivable Facility, consolidated debt, including debt for which the Corporation is a co-borrower, may be reduced by the Corporation's unrestricted cash and cash equivalents in excess of $50,000,000, such reduction not to exceed $200,000,000, for purposes of the covenant calculation.

In accordance with the amended Credit Agreement, the Corporation adjusted consolidated EBITDA to add back any integration or similar costs or expenses related to the TXI business combination incurred in any period prior to the second anniversary of the closing of the TXI business combination, not to exceed $70,000,000. The Corporation was in compliance with the Ratio at September 30, 2016.

Available borrowings under the Revolving Facility are reduced by any outstanding letters of credit issued by the Corporation under the Revolving Facility. At September 30, 2016, December 31, 2015 and September 30, 2015, the Corporation had $2,507,000 of outstanding letters of credit issued under the Revolving Facility.

Current debt maturities consist of borrowings under the Trade Receivable Facility and the current portions of the Term Loan Facility and other notes. The Floating Rate Notes have been classified as a noncurrent liability as the Corporation has the intent and ability to refinance on a long-term basis before or at its maturity of June 30, 2017.

Accumulated other comprehensive loss includes the unamortized value of terminated forward starting interest rate swap agreements. For the three and nine months ended September 30, 2016, the Corporation recognized $344,000 and $1,016,000, respectively, as additional interest expense. For the three and nine months ended September 30, 2015, the Corporation recognized $318,000 and $942,000, respectively, as additional interest expense. The ongoing amortization of the terminated value of the forward starting interest rate swap agreements will increase annual interest expense by approximately $1,400,000 until the maturity of the 6.6% Senior Notes in 2018.

5. Financial Instruments

The Corporation's financial instruments include cash equivalents, accounts receivable, notes receivable, bank overdraft, accounts payable, publicly-registered long-term notes, debentures and other long-term debt.

Cash equivalents are placed primarily in money market funds, money market demand deposit accounts and Eurodollar time deposits. The Corporation's cash equivalents have original maturities of less than three months. Due to the short maturity of these investments, they are carried on the consolidated balance sheets at cost, which approximates fair value.

Accounts receivable are due from a large number of customers, primarily in the construction industry, and are dispersed across wide geographic and economic regions. However, accounts receivable are more heavily concentrated in certain states (namely, Texas, Colorado, North Carolina, Iowa and Georgia). The estimated fair values of accounts receivable approximate their carrying amounts due to the short-term nature of the receivables.

Notes receivable are classified in the line items *Other current assets* and *Other noncurrent assets* on the consolidated balance sheets and are not publicly traded. Management estimates that the fair value of notes receivable approximates the carrying amount due to the variable interest rates of the receivables.

The bank overdraft represents amounts to be funded to financial institutions for checks that have cleared the bank. The estimated fair value of the bank overdraft approximates its carrying value due to the short-term nature of the overdraft.

Accounts payable represent amounts owed to suppliers and vendors. The estimated fair value of accounts payable approximates its carrying amount due to the short-term nature of the payables.

The carrying values and fair values of the Corporation's long-term debt were $1,764,835,000 and $1,876,802,000, respectively, at September 30, 2016; $1,568,774,000 and $1,625,193,000, respectively, at December 31, 2015; and $1,700,771,000 and $1,781,152,000, respectively, at September 30, 2015. The estimated fair value of the publicly-registered long-term notes was estimated based on Level 1 of the fair value hierarchy using quoted market prices. The estimated fair value of other borrowings, which primarily represents variable-rate debt, was based on Level 2 of the fair value hierarchy using quoted market prices for similar debt instruments, and approximates their carrying amounts as the interest rates reset periodically.

6. Income Taxes

The Corporation's effective income tax rates for the nine months ended September 30, 2016 and 2015 were 30.6% and 29.4%, respectively. The estimated effective income tax rates reflect the effect of federal and state income taxes and the impact of differences in book and tax accounting arising from the net permanent benefits associated with the statutory depletion deduction for mineral reserves and the domestic production deduction.

The Corporation records interest accrued in relation to unrecognized tax benefits as income tax expense. Penalties, if incurred, are recorded as other expenses in the consolidated statements of earnings and comprehensive earnings.

7. Pension and Postretirement Benefits

The estimated components of the recorded net periodic benefit cost (credit) for pension and postretirement benefits are as follows:

	Three Months Ended September 30,			
	Pension		Postretirement Benefits	
	2016	2015	2016	2015
	(Dollars in Thousands)			
Service cost	$ 5,542	$ 5,752	$ 22	$ 34
Interest cost	8,970	8,287	216	232
Expected return on assets	(9,425)	(9,095)	—	—
Amortization of:				
Prior service cost (credit)	87	106	(491)	(574)
Actuarial loss (gain)	3,018	3,223	(125)	(77)
Special termination benefit	—	382	—	—
Net periodic benefit cost (credit)	$ 8,192	$ 8,655	$ (378)	$ (385)

	Nine Months Ended September 30,			
	Pension		Postretirement Benefits	
	2016	2015	2016	2015
	(Dollars in Thousands)			
Service cost	$ 16,624	$ 17,257	$ 65	$ 103
Interest cost	26,908	24,863	648	696
Expected return on assets	(28,272)	(27,285)	—	—
Amortization of:				
Prior service cost (credit)	262	317	(1,471)	(1,724)
Actuarial loss (gain)	9,055	13,923	(374)	(232)
Settlement charge	59	—	—	—
Special termination benefit	764	1,844	(8)	—
Net periodic benefit cost (credit)	$ 25,400	$ 30,919	$ (1,140)	$ (1,157)

The Corporation currently estimates that it will contribute $38,752,000 to its pension and SERP plans in 2016.

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

8. Commitments and Contingencies

Legal and Administrative Proceedings

The Corporation is engaged in certain legal and administrative proceedings incidental to its normal business activities. In the opinion of management and counsel, based upon currently-available facts, it is remote that the ultimate outcome of any litigation and other proceedings, including those pertaining to environmental matters, relating to the Corporation and its subsidiaries, will have a material adverse effect on the overall results of the Corporation's operations, its cash flows or its financial position.

Borrowing Arrangements with Affiliate

The Corporation is a co-borrower with an unconsolidated affiliate for a $25,000,000 revolving line of credit agreement with BB&T Bank. The affiliate has agreed to reimburse and indemnify the Corporation for any payments and expenses the Corporation may incur from this agreement. The Corporation holds a lien on the affiliate's membership interest in a joint venture as collateral for payment under the revolving line of credit.

In addition, the Corporation has a $6,000,000 outstanding loan due from this unconsolidated affiliate as of September 30, 2016, December 31, 2015 and September 30, 2015.

Employees

Approximately 10% of the Corporation's employees are represented by a labor union. All such employees are hourly employees. The Corporation maintains collective bargaining agreements relating to the union employees with the Aggregates business and Magnesia Specialties segments. For the Magnesia Specialties segment located in Manistee, Michigan and Woodville, Ohio, 100% of its hourly employees are represented by labor unions. The Manistee collective bargaining agreement expires in August 2019, and the Woodville collective bargaining agreement expires in May 2018.

9. Business Segments

The Aggregates business contains three reportable business segments: Mid-America Group, Southeast Group and West Group. The Corporation also has Cement and Magnesia Specialties segments. Corporate loss from operations primarily includes depreciation on capitalized interest, expenses for certain corporate administrative functions, business development and integration expenses, unallocated corporate expenses and other nonrecurring and/or non-operational adjustments. Intersegment sales represent net sales from one segment to another segment.

9. Business Segments (continued)

The following tables display selected financial data for continuing operations for the Corporation’s reportable business segments. Total revenues and net sales in the table below, as well as the consolidated statements of earnings and comprehensive earnings, exclude intersegment sales, which are eliminated.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(Dollars in Thousands)			
Total revenues :				
Mid-America Group	$ 297,275	$ 289,735	$ 762,297	$ 688,217
Southeast Group	83,814	82,949	243,086	229,144
West Group	595,030	531,256	1,472,943	1,263,063
Total Aggregates Business	976,119	903,940	2,478,326	2,180,424
Cement	62,633	116,135	198,653	324,134
Magnesia Specialties	65,149	62,174	192,955	190,456
Total	$ 1,103,901	$ 1,082,249	$ 2,869,934	$ 2,695,014
Net sales :				
Mid-America Group	$ 275,791	$ 265,653	$ 708,151	$ 632,772
Southeast Group	80,044	78,283	230,005	214,536
West Group	562,175	493,505	1,381,215	1,156,075
Total Aggregates Business	918,010	837,441	2,319,371	2,003,383
Cement	60,090	110,519	189,754	307,489
Magnesia Specialties	60,244	57,258	178,615	176,470
Total	$ 1,038,344	$ 1,005,218	$ 2,687,740	$ 2,487,342
Earnings (Loss) from operations :				
Mid-America Group	$ 91,861	$ 85,693	$ 186,836	$ 148,385
Southeast Group	11,870	7,576	30,389	10,845
West Group	110,854	87,525	227,056	151,201
Total Aggregates Business	214,585	180,794	444,281	310,431
Cement	22,959	2,758	70,584	37,455
Magnesia Specialties	20,378	16,996	60,170	53,537
Corporate	(17,567)	(21,050)	(63,168)	(59,371)
Total	$ 240,355	$ 179,498	$ 511,867	$ 342,052

9. Business Segments (continued)

The decline in the Cement business's total and net sales is primarily attributable to the California cement operations, included in the three and nine months ended September 30, 2015 and divested as of September 30, 2015. For the three months ended September 30, 2015, total revenues, net sales and loss from operations for the California cement operations were $31,866,000, $30,781,000 and $28,947,000, respectively. For the nine months ended September 30, 2015, total revenues, net sales and loss from operations for the California cement operations were $101,541,000, $98,048,000 and $36,853,000, respectively. The California cement operations' loss from operations for the three and nine months ended September 30, 2015 includes the loss on the divestiture of $28,709,000 and $29,888,000, respectively.

Cement intersegment sales, which are to the aggregates and ready mixed concrete product lines in the West Group, were $34,654,000 and $89,291,000 for the three and nine months ended September 30, 2016, respectively, and $25,349,000 and $64,304,000 for the three and nine months ended September 30, 2015, respectively.

The Aggregates business includes the aggregates product line and aggregates-related downstream product lines, which include asphalt and road paving products and ready mixed concrete. All aggregates-related downstream product lines reside in the West Group. The following tables, which are reconciled to consolidated amounts, provide net sales and gross profit by line of business: Aggregates (further divided by product line), Cement and Magnesia Specialties.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(Dollars in Thousands)			
Net sales :				
Aggregates	$ 542,764	$ 529,993	$ 1,465,486	$ 1,343,821
Asphalt and Paving	111,566	97,840	188,532	172,631
Ready Mixed Concrete	263,680	209,608	665,353	486,931
Total Aggregates Business	918,010	837,441	2,319,371	2,003,383
Cement	60,090	110,519	189,754	307,489
Magnesia Specialties	60,244	57,258	178,615	176,470
Total	$ 1,038,344	$ 1,005,218	$ 2,687,740	$ 2,487,342
Gross profit (loss) :				
Aggregates	$ 172,994	$ 166,166	$ 418,428	$ 344,857
Asphalt and Paving	30,400	22,057	37,114	25,173
Ready Mixed Concrete	39,832	23,557	83,210	34,981
Total Aggregates Business	243,226	211,780	538,752	405,011
Cement	29,725	38,244	86,283	87,642
Magnesia Specialties	22,810	19,391	67,472	60,793
Corporate	(3,193)	(6,910)	(8,604)	(16,528)
Total	$ 292,568	$ 262,505	$ 683,903	$ 536,918

For the three months ended September 30, 2015, gross profit for the California cement operations was $3,332,000. For the nine months ended September 30, 2015, the operations' gross profit was $2,685,000.

10. Supplemental Cash Flow Information

The components of the change in other assets and liabilities, net, are as follows:

	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
	(Dollars in Thousands)	
Other current and noncurrent assets	$ (3,997)	$ (4,579)
Accrued salaries, benefits and payroll taxes	413	(11,829)
Accrued insurance and other taxes	5,041	12,152
Accrued income taxes	693	13,143
Accrued pension, postretirement and postemployment benefits	(21,624)	(24,232)
Other current and noncurrent liabilities	(4,072)	4,770
	$ (23,546)	$ (10,575)

The change in accrued salaries, benefit and payroll taxes is primarily attributable to a decrease in severance payments. The change in accrued income taxes is attributable to tax payments made in excess of the estimated tax liability in the current year.

Noncash investing and financing activities are as follows:

	September 30, 2016	September 30, 2015
	(Dollars in Thousands)	
Noncash investing and financing activities:		
Accrued liabilities for purchases of property, plant and equipment	$ 24,453	$ 23,353
Acquisition of assets through capital lease	998	1,445
Acquisition of assets through asset exchange	—	5,000

11. Business Combinations

In the first quarter 2016, the Corporation acquired the outstanding stock of Rocky Mountain Materials and Asphalt, Inc., and Rocky Mountain Premix Inc. The acquisition provides more than 500 million tons of mineral reserves and expands the Corporation's presence along the Front Range of the Rocky Mountains, home to 80% of Colorado's population. The acquired operations are reported through the West Group. The Corporation has recorded preliminary fair values of the assets acquired and liabilities assumed; however, certain amounts are subject to change as additional reviews are performed, including asset and liability verification and review of seller's final tax return. Specific accounts subject to ongoing purchase accounting include property, plant and equipment; goodwill; accrued expenses and deferred income taxes.

During the third quarter 2016, the Corporation acquired the remaining interest in Ratliff Ready-Mix, L.P. ("Ratliff"), which operates ready mixed concrete plants in central Texas. Prior to the acquisition, the Corporation owned a 40% interest in Ratliff which was accounted for under the equity method. The Corporation was required to re-measure the existing 40% interest to fair value upon closing of the transaction, resulting in a gain of $5,863,000, which is recorded in other nonoperating income. These operations are reported in the West Group. The Corporation has recorded preliminary fair values of the assets acquired and the liabilities assumed; however, certain amounts are subject to change as further reviews are performed, including review of the seller's final tax return. Specific accounts subject to ongoing purchase accounting include accounts receivable; property, plant and equipment; intangible assets, including goodwill; accounts payable; accrued expenses; and deferred income taxes.

The impact of these acquisitions on the operating results was not considered material; therefore, pro forma financial information is not included.

12. Stock-Based Compensation

During the quarter ended March 31, 2016, the Corporation awarded its annual grant of stock-based compensation, which included 75,421 of performance stock units and 68,720 of restricted stock units. The grant-date fair value of each award is $142.02 for the performance stock units and $124.41 for the restricted stock units. No stock options are expected to be awarded in 2016. In past years, annual stock-based compensation awards were primarily made in the second quarter of the year. The change in the composition of the awards and the timing of the annual grant resulted in higher expense recorded in the first nine months of the year compared with prior years. For the nine months ended September 30, 2016 and 2015, stock-based compensation expense was $17,167,000 and $10,722,000, respectively.

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

Third Quarter Ended September 30, 2016

It em 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

OVERVIEW

Martin Marietta Materials, Inc. (the "Corporation" or "Martin Marietta") is a leading supplier of aggregates products (crushed stone, sand and gravel) and heavy building materials for the construction industry, including infrastructure, nonresidential, residential, railroad ballast, agricultural and chemical grade stone used in environmental applications. The Corporation's annual consolidated net sales and operating earnings are predominately derived from its Aggregates business, which mines, processes and sells granite, limestone, sand, gravel and other aggregates-related downstream products, including ready mixed concrete, asphalt and road paving construction services for use in all sectors of the public infrastructure, environmental industries, nonresidential and residential construction industries, as well as agriculture, railroad ballast, chemical, utility and other uses. The Aggregates business shipped and delivered aggregates, ready mixed concrete and asphalt products from a network of more than 400 quarries, underground mines, distribution facilities and plants in 26 states, Nova Scotia and the Bahamas. The Aggregates business' products are used primarily by commercial customers principally in domestic construction of highways and other infrastructure projects and for nonresidential and residential building development. Aggregates products are also used in the railroad, agricultural, utility and environmental industries.

The Corporation currently conducts its Aggregates business through three reportable business segments: Mid-America Group, Southeast Group and West Group.

AGGREGATES BUSINESS

Reportable Segments	Mid-America Group	Southeast Group	West Group
Operating Locations	Indiana, Iowa, northern Kansas, Kentucky, Maryland, Minnesota, Missouri, eastern Nebraska, North Carolina, Ohio, South Carolina, Virginia, Washington and West Virginia	Alabama, Florida, Georgia, Tennessee, Nova Scotia and the Bahamas	Arkansas, Colorado, southern Kansas, Louisiana, western Nebraska, Nevada, Oklahoma, Texas, Utah and Wyoming
Product Lines	Aggregates (crushed stone, sand and gravel)	Aggregates (crushed stone, sand and gravel)	Aggregates (crushed stone, sand and gravel), ready mixed concrete, asphalt and road paving
Types of Aggregates Locations	Quarries and Distribution Facilities	Quarries and Distribution Facilities	Quarries, Plants and Distribution Facilities
Modes of Transportation for Aggregates Product Line	Truck and Rail	Truck, Rail and Water	Truck and Rail

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

Third Quarter Ended September 30, 2016
(Continued)

The Cement business produces Portland and specialty cements. Similar to the Aggregates business, cement is used in infrastructure projects, nonresidential and residential construction, and the railroad, agricultural, utility and environmental industries. T he production facilities are located in Midlothian, Texas, south of Dallas-Fort Worth and Hunter, Texas, north of San Antonio. Limestone reserves used as a raw material are owned by the Corporation and located on property adjacent to each of the plants. In addition to the manufacturing facilities, the Corporation operates cement distribution terminals.

The Corporation also has a Magnesia Specialties segment that produces magnesia-based chemicals products used in industrial, agricultural and environmental applications and dolomitic lime sold primarily to customers in the steel industry.

CRITICAL ACCOUNTING POLICIES

The Corporation outlined its critical accounting policies in its Annual Report on Form 10-K for the year ended December 31, 2015. There were no changes to the Corporation's critical accounting policies during the nine months ended September 30, 2016.

RESULTS OF OPERATIONS

Except as indicated, the comparative analysis in this Management's Discussion and Analysis of Financial Condition and Results of Operations is based on net sales and cost of sales. Gross margin and operating margin calculated as percentages of total revenues represent the most directly comparable financial measures calculated in accordance with generally accepted accounting principles ("GAAP"). However, gross margin as a percentage of net sales and operating margin as a percentage of net sales represent non-GAAP measures. The Corporation presents these ratios calculated based on net sales, as it is consistent with the basis by which management reviews the Corporation's operating results. Further, management believes it is consistent with the basis by which investors analyze the Corporation's operating results given that freight and delivery revenues and costs represent pass-throughs and have no profit mark-up. The following tables present the calculations of gross margin and operating margin for the three and nine months ended September 30, 2016 and 2015 in accordance with GAAP and reconciliations of the ratios as percentages of total revenues to percentages of net sales.

Consolidated Gross Margin in Accordance with GAAP

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(Dollars in Thousands)			
Gross profit	$ 292,568	$ 262,505	$ 683,903	$ 536,918
Total revenues	$ 1,103,901	$ 1,082,249	$ 2,869,934	$ 2,695,014
Gross margin	26.5%	24.3%	23.8%	19.9%

Consolidated Gross Margin Excluding Freight and Delivery Revenues

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(Dollars in Thousands)			
Gross profit	$ 292,568	$ 262,505	$ 683,903	$ 536,918
Total revenues	$ 1,103,901	$ 1,082,249	$ 2,869,934	$ 2,695,014
Less: Freight and delivery revenues	(65,557)	(77,031)	(182,194)	(207,672)
Net sales	$ 1,038,344	$ 1,005,218	$ 2,687,740	$ 2,487,342
Gross margin excluding freight and delivery revenues	28.2%	26.1%	25.4%	21.6%

Consolidated Operating Margin in Accordance with GAAP

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(Dollars in Thousands)			
Earnings from operations	$ 240,355	$ 179,498	$ 511,867	$ 342,052
Total revenues	$ 1,103,901	$ 1,082,249	$ 2,869,934	$ 2,695,014
Operating margin	21.8%	16.6%	17.8%	12.7%

Consolidated Operating Margin Excluding Freight and Delivery Revenues

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(Dollars in Thousands)			
Earnings from operations	$ 240,355	$ 179,498	$ 511,867	$ 342,052
Total revenues	$ 1,103,901	$ 1,082,249	$ 2,869,934	$ 2,695,014
Less: Freight and delivery revenues	(65,557)	(77,031)	(182,194)	(207,672)
Net sales	$ 1,038,344	$ 1,005,218	$ 2,687,740	$ 2,487,342
Operating margin excluding freight and delivery revenues	23.1%	17.9%	19.0%	13.8%

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

Third Quarter Ended September 30, 2016
(Continued)

Ready Mixed Concrete Product Line Gross Margin in Accordance with GAAP

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(Dollars in Thousands)			
Gross profit	$ 39,832	$ 23,557	$ 83,210	$ 34,981
Total revenues	$ 263,983	$ 210,058	$ 666,313	$ 487,914
Gross margin	15.1%	11.2%	12.5%	7.2%

Ready Mixed Concrete Product Line Gross Margin Excluding Freight and Delivery Revenues

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(Dollars in Thousands)			
Gross profit	$ 39,832	$ 23,557	$ 83,210	$ 34,981
Total revenues	$ 263,983	$ 210,058	$ 666,313	$ 487,914
Less: Freight and delivery revenues	(303)	(450)	(960)	(983)
Net sales	$ 263,680	$ 209,608	$ 665,353	$ 486,931
Gross margin excluding freight and delivery revenues	15.1%	11.2%	12.5%	7.2%

Cement Business Gross Margin in Accordance with GAAP

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(Dollars in Thousands)			
Gross profit	$ 29,725	$ 38,244	$ 86,283	$ 87,642
Total revenues	$ 62,633	$ 116,135	$ 198,653	$ 324,134
Gross margin	47.5%	32.9%	43.4%	27.0%

Cement Business Gross Margin Excluding Freight and Delivery Revenues

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(Dollars in Thousands)			
Gross profit	$ 29,725	$ 38,244	$ 86,283	$ 87,642
Total revenues	$ 62,633	$ 116,135	$ 198,653	$ 324,134
Less: Freight and delivery revenues	(2,543)	(5,616)	(8,899)	(16,645)
Net sales	$ 60,090	$ 110,519	$ 189,754	$ 307,489
Gross margin excluding freight and delivery revenues	49.5%	34.6%	45.5%	28.5%

Cement Business, Excluding California Cement Operations, Gross Margin in Accordance with GAAP

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(Dollars in Thousands)			
Gross profit	$ 29,725	$ 34,912	$ 86,283	$ 84,957
Total revenues	$ 62,633	$ 84,268	$ 198,653	$ 222,593
Gross margin	47.5%	41.4%	43.4%	38.2%

Cement Business, Excluding California Cement Operations, Gross Margin Excluding Freight and Delivery Revenues

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(Dollars in Thousands)			
Gross profit	$ 29,725	$ 34,912	$ 86,283	$ 84,957
Total revenues	$ 62,633	$ 84,268	$ 198,653	$ 222,593
Less: Freight and delivery revenues	(2,543)	(4,530)	(8,899)	(13,152)
Net sales	$ 60,090	$ 79,738	$ 189,754	$ 209,441
Gross margin excluding freight and delivery revenues	49.5%	43.8%	45.5%	40.6%

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

Third Quarter Ended September 30, 2016
(Continued)

Magnesia Specialties Gross Margin in Accordance with GAAP

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(Dollars in Thousands)			
Gross profit	$ 22,810	$ 19,391	$ 67,472	$ 60,793
Total revenues	$ 65,149	$ 62,174	$ 192,955	$ 190,456
Gross margin	35.0%	31.2%	35.0%	31.9%

Magnesia Specialties Gross Margin Excluding Freight and Delivery Revenues

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(Dollars in Thousands)			
Gross profit	$ 22,810	$ 19,391	$ 67,472	$ 60,793
Total revenues	$ 65,149	$ 62,174	$ 192,955	$ 190,456
Less: Freight and delivery revenues	(4,905)	(4,916)	(14,340)	(13,986)
Net sales	$ 60,244	$ 57,258	$ 178,615	$ 176,470
Gross margin excluding freight and delivery revenues	37.9%	33.9%	37.8%	34.4%

Earnings before interest, income taxes, depreciation, depletion and amortization ("EBITDA") is a widely accepted financial indicator of a company's ability to service and/or incur indebtedness. EBITDA is not defined by generally accepted accounting principles and, as such, should not be construed as an alternative to net earnings or operating cash flow. EBITDA is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollars in thousands)	2016	2015	2016	2015
Consolidated Earnings Before Interest, Income Taxes, Depreciation, Depletion and Amortization	$ 322,796	$ 248,187	$ 741,898	$ 546,294

A reconciliation of Net Earnings Attributable to Martin Marietta Materials, Inc. to Consolidated EBITDA is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(Dollars in thousands)			
Net Earnings Attributable to Martin Marietta Materials, Inc.	$ 159,479	$ 117,544	$ 326,526	$ 205,607
Add back:				
Interest expense	20,568	18,926	60,896	57,344
Income tax expense for controlling interests	70,850	47,468	143,923	85,556
Depreciation, depletion and amortization expense	71,899	64,249	210,553	197,787
Consolidated EBITDA	$ 322,796	$ 248,187	$ 741,898	$ 546,294

The Corporation presents the earnings per diluted share impact and operating earnings impact of the loss on the sale of the California cement operations, including related expenses. This non-GAAP measure is presented for investors and analysts to evaluate and forecast the Corporation's ongoing financial results, as the loss on the divestiture and related expenses are nonrecurring.

The following shows the calculation of the impact of the loss on the sale of the California cement operations and other related expenses on earnings per diluted share for the three and nine months ended September 30, 2015 (in thousands except per share data):

	Three Months Ended	Nine Months Ended
Loss on the sale of the California cement operations and other related expenses	$ 28,709	$ 29,888
Income tax benefit	(11,856)	(12,227)
After-tax impact of the loss on the sale of the California cement operations and other related expenses	$ 16,853	$ 17,661
Diluted average number of common shares outstanding	67,108	67,470
Per diluted share impact of the loss on the sale of the California cement operations and other related expenses	$ (0.25)	$ (0.26)
Per diluted share impact of recording a valuation allowance for certain net operating loss carry forwards as a result of the sale of the California cement operations	(0.05)	(0.05)
Total per diluted share impact of the loss on the sale of the California cement operations and related expenses	$ (0.30)	$ (0.31)

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

Third Quarter Ended September 30, 2016
(Continued)

The following shows the calculation of the impact of the loss on the sale of the California cement operations and related expenses on operation earnings for the three and nine months ended September 30, 2015 (dollars in thousands):

	Three Months Ended	Nine Months Ended
Earnings from operations, as reported	$ 179,498	$ 342,052
Loss on the sale of the California cement operations and other related expenses	28,709	29,888
Adjusted earnings from operations	$ 208,207	$ 371,940

The Corporation presents the change in cement business shipments, excluding shipments attributable to the California cement operations which were divested in September 2015, from the prior-year quarter. Management presents this measure as it presents cement shipments on a comparable basis. (shipments in thousands)

	Three Months Ended September 30,	
	2016	2015
Cement shipments	905	1,337
Less: Cement shipments attributable to the California cement operations	—	(328)
Cement shipments excluding shipments attributable to the California cement operations	905	1,009
Decrease in cement shipments, excluding shipments attributable to the California cement operations	(10.3)%	

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2016

Significant items for the quarter ended September 30, 2016 (unless noted, all comparisons are versus the prior-year quarter):

- Consolidated net sales of $1.04 billion compared with $1.01 billion, an increase of 3.3%
- Aggregates product line price increase of 8.5%; aggregates product line volume decline of 4.7%
- Cement business net sales of $60.1 million and gross profit of $29.7 million
- Magnesia Specialties net sales of $60.2 million and gross profit of $22.8 million
- Consolidated gross margin (excluding freight and delivery revenues) of 28.2%, an increase of 210 basis points
- Consolidated selling, general and administrative expenses ("SG&A") of $56.3 million, or 5.4% of net sales
- Consolidated earnings from operations of $240.4 million compared with adjusted consolidated earnings from operations of $208.2 million (which excludes the loss on the sale of the California cement operations and additional related expenses), an increase of 15.5%
- Earnings per diluted share of $2.49 compared with adjusted earnings per diluted share of $2.04 (which excludes the $0.30 per diluted share impact of the sale of the California cement operations and related expenses)

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

Third Quarter Ended September 30, 2016
(Continued)

The following table presents net sales, gross profit (loss), selling, general and administrative expenses and earnings (loss) from operations data for the Corporation and its reportable segments for the three months ended September 30, 2016 and 2015. In e ach case, the data is stated as a percentage of net sales of the Corporation or the relevant segment, as the case may be.

	Three Months Ended September 30,			
	2016		2015	
	Amount	% of Net Sales	Amount	% of Net Sales
	(Dollars in Thousands)			
Net sales:				
Heritage:				
Mid-America Group	$ 275,791	100.0	$ 265,653	100.0
Southeast Group	80,044	100.0	78,283	100.0
West Group	526,585	100.0	493,505	100.0
Total Heritage Aggregates Business	882,420	100.0	837,441	100.0
Cement	60,090	100.0	110,519	100.0
Magnesia Specialties	60,244	100.0	57,258	100.0
Total Heritage Consolidated	1,002,754	100.0	1,005,218	100.0
Acquisitions:				
Aggregates Business – West Group	35,590	100.0	—	
Total	$ 1,038,344	100.0	$ 1,005,218	100.0
Gross profit (loss):				
Heritage:				
Mid-America Group	$ 103,596	37.6	$ 97,387	36.7
Southeast Group	15,902	19.9	11,468	14.6
West Group	119,896	22.8	102,925	20.9
Total Heritage Aggregates Business	239,394	27.1	211,780	25.3
Cement	29,725	49.5	38,244	34.6
Magnesia Specialties	22,810	37.9	19,391	33.9
Corporate	(3,193)		(6,910)	
Total Heritage Consolidated	288,736	28.8	262,505	26.1
Acquisitions:				
Aggregates Business – Mid-America Group	(25)		—	
Aggregates Business – West Group	3,857	10.8	—	
Total Acquisitions	3,832		—	
Total Consolidated	$ 292,568	28.2	$ 262,505	26.1

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

Third Quarter Ended September 30, 2016
(Continued)

	Three Months Ended September 30,			
	2016		2015	
	Amount	% of Net Sales	Amount	% of Net Sales
	(Dollars in Thousands)			
Selling, general & administrative expenses:				
Heritage:				
Mid-America Group	$ 12,896	4.7	$ 12,937	4.9
Southeast Group	4,294	5.4	4,515	5.8
West Group	15,717	3.0	16,593	3.4
Total Heritage Aggregates Business	32,907	3.7	34,045	4.1
Cement	6,121	10.2	6,809	6.2
Magnesia Specialties	2,406	4.0	2,351	4.1
Corporate	14,115		11,682	
Total Heritage Consolidated	55,549	5.5	54,887	5.5
Acquisitions:				
Aggregates Business – West Group	799	2.2	—	
Total	$ 56,348	5.4	$ 54,887	5.5
Earnings (Loss) from operations:				
Heritage:				
Mid-America Group	$ 91,886	33.3	$ 85,693	32.3
Southeast Group	11,870	14.8	7,576	9.7
West Group	107,766	20.5	87,525	17.7
Total Heritage Aggregates Business	211,522	24.0	180,794	21.6
Cement	22,959	38.2	2,758	2.5
Magnesia Specialties	20,378	33.8	16,996	29.7
Corporate	(17,567)		(21,050)	
Total Heritage Consolidated	237,292	23.7	179,498	17.9
Acquisitions:				
Aggregates Business – Mid-America Group	(25)		—	
Aggregates Business – West Group	3,088	8.7	—	
Total Acquisitions	3,063		—	
Total Consolidated	$ 240,355	23.1	$ 179,498	17.9

For the three months ended September 30, 2015, net sales, gross profit, SG&A and loss from operations for the California cement operations were $30,781,000, $3,332,000, $2,433,000 and $28,947,000, respectively. The loss from operations for the three months ended September 30, 2015 includes a loss on the divestiture of the California cement operations of $28,709,000.

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

Third Quarter Ended September 30, 2016
(Continued)

Aggregates Business

Net sales by product line for the Aggregates business, which reflect the elimination of inter-product line sales, are as follows:

	Three Months Ended September 30, 2016	2015
	(Dollars in Thousands)	
Net sales:		
Heritage:		
Aggregates	$ 538,028	$ 529,993
Asphalt and Paving	110,025	97,840
Ready Mixed Concrete	234,367	209,608
Total Heritage	882,420	837,441
Acquisitions:		
Aggregates	4,736	—
Asphalt and Paving	1,541	—
Ready Mixed Concrete	29,313	—
Total Acquisitions	35,590	—
Total Aggregates Business	$ 918,010	$ 837,441

The following tables present volume and pricing data and shipments data for the aggregates product line.

	Three Months Ended September 30, 2016 Volume	Pricing
Volume/Pricing Variance (1)		
Heritage Aggregates Product Line (2) :		
Mid-America Group	(0.7)%	4.7%
Southeast Group	(5.5)%	7.4%
West Group	(10.9)%	13.7%
Heritage Aggregates Operations (2)	(5.6)%	8.6%
Aggregates Product Line (3)	(4.7)%	8.5%

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015
	(Tons in Thousands)	
Shipments		
Heritage Aggregates Product Line (2) :		
Mid-America Group	21,799	21,958
Southeast Group	5,109	5,405
West Group	17,901	20,096
Heritage Aggregates Operations (2)	44,809	47,459
Acquisitions	430	—
Aggregates Product Line (3)	45,239	47,459

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015
	(Tons in Thousands)	
Shipments		
Heritage Aggregates Product Line (2) :		
Tons to external customers	41,588	44,422
Internal tons used in other product lines	3,221	3,037
Total heritage aggregates tons	44,809	47,459
Acquisitions:		
Tons to external customers	340	—
Internal tons used in other product lines	90	—
Total acquisition aggregates tons	430	—

(1) *Volume/pricing variances reflect the percentage increase/(decrease) from the comparable period in the prior year.*
(2) *Heritage Aggregates Product Line and Heritage Aggregates Operations exclude volume and pricing data for acquisitions that have not been included in operations for a full year.*
(3) *Aggregates Product Line includes all acquisitions from the date of acquisition and divestitures through the date of disposal.*

Aggregates product line shipments to the infrastructure market comprised 42% of quarterly volumes and decreased 7.2%. Infrastructure shipments in the third quarter were impacted by significant rainfall and project start-up delays, primarily in Texas, which deferred shipments and led to reduced public-sector volumes.

The nonresidential market represented 31% of quarterly aggregates product line shipments and declined 4.3%. The Mid-America Group achieved a 5.0% increase, driven by growth in office, retail and industrial development in North Carolina and South Carolina. The Southeast Group and West Group each experienced a decline in nonresidential activity, primarily related to weather deferrals and further reductions in energy demand.

The residential market accounted for 18% of quarterly aggregates product line shipments. Volumes to this segment increased 3.0%, due to the continued housing recovery. While the pace of housing permit growth has slowed, D allas, Atlanta and Denver all continue to rank in the top ten in the country. In fact, the increase in housing permits in Dallas for the trailing-twelve months led the nation. ChemRock/Rail market accounted for the remaining 9% of aggregates product line volumes. The volume decline in this segment principally reflects reduced ballast shipments driven by reduced energy demand, which impacts transportation and results in lower capital and maintenance activity by railroads.

Overall, aggregates product line shipments decreased 4.7%, reflecting various department of transportation delays, weather-driven impacts in addition to reduced energy-related shipments and lower ballast demand.

The average per-ton selling price for the heritage aggregates product line was $12.77 and $11.76 for the three months ended September 30, 2016 and 2015, respectively. The heritage a ggregates product line pricing increase of 8.6% reflects growth in all reportable groups, led by the 13.7% increase in the West Group. The most significant improvement was achieved in the central Texas region. The Southeast Group and Mid-America Group reported increases of 7.4% and 4.7%, respectively. For the three months ended September 30, 2016 the average per-ton selling price for the acquired aggregates product line was $10.86. The acquired locations, which are in the Colorado market, have a lower average selling price due to its inherent trucking market compared with the Corporation's overall aggregates business, which includes markets that have transportation components in the average selling price.

The Corporation's aggregates-related downstream product lines include ready mixed concrete, asphalt and paving businesses in Arkansas, Colorado, Texas and Wyoming. Average selling prices by product line for the Corporation's aggregates-related downstream product lines are as follows:

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015
Heritage:		
Asphalt	$39.18/ton	$43.00/ton
Ready Mixed Concrete	$105.04/yd^3	$98.15/yd^3
Acquisitions:		
Asphalt	$44.18/ton	—
Ready Mixed Concrete	$97.67/yd^3	—

The decline in asphalt pricing is primarily attributable to the divestiture of the San Antonio Asphalt operations sold in fourth quarter 2015, which had a higher average selling price. Additionally, asphalt and paving contracts in the Rocky Mountain Division contain accelerator clauses to reflect cost fluctuations in the raw materials. Liquid asphalt, a key raw material in the manufacturing process, declined during the quarter, resulting in a lower average selling price.

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

Third Quarter Ended September 30, 2016
(Continued)

Unit shipments by product line for the Corporation's aggregates-related downstream product lines are as follows:

	Three Months Ended September 30,	
	2016	2015
Asphalt Product Line (in thousands):		
Heritage:		
Tons to external customers	378	473
Internal tons used in road paving business	755	783
Total heritage asphalt tons	1,133	1,256
Acquisitions:		
Tons to external customers	34	—
Internal tons used in road paving business	193	—
Total acquisitions asphalt tons	227	—
Ready Mixed Concrete (in thousands of cubic yards):		
Heritage	2,188	2,111
Acquisitions	298	—
Total cubic yards	2,486	2,111

The decline in asphalt product line shipments is primarily attributable to the divestiture of San Antonio Asphalt operations, sold in fourth quarter 2015, which contributed 209,000 tons during the three months ended September 30, 2015.

The ready mixed concrete product line continued to benefit from strong demand and better pricing. Inclusive of operations acquired during the quarter, these factors drove a 17.8% increase in shipments and a 6.1% increase in average selling price. Increased sales led to a 380-basis-point improvement in gross margin (excluding freight and delivery revenues). Excluding the results of businesses acquired in 2016, ready mixed concrete volumes and average selling price increased 3.6% and 7.0%, respectively, driving gross margin expansion (excluding freight and delivery revenues) of 415 basis points.

Cement Business

For the quarter, the Cement business generated $60.1 million of net sales and $29.7 million of gross profit. Cement shipments declined while pricing improved by 0.3% (excluding the impact of the California cement operations sold in 2015). The business' reported quarterly gross margin (excluding freight and delivery revenues) of 49.5%, an expansion of 570-basis-points compared to prior year (excluding the impact of the California cement operations sold in 2015). The increase in gross margin is primarily attributable to disciplined cost control, including lower kiln maintenance costs.

During the third quarter 2016, the business incurred $1.8 million in planned cement kiln maintenance costs, and expects to incur $9.7 million in the fourth quarter. Kiln maintenance costs in 2015 for the Texas plants were $3.4 million, $3.5 million, $3.2 million and $9.3 million for the first, second, third and fourth quarters, respectively.

Cement shipments and adjusted average-selling price for the three months ended September 30, 2016 and 2015 were (tons in thousands):

	Three Months Ended September 30,	
	2016	2015
Tons to external customers	574	1,081
Internal tons used in other product lines	331	256
Total cement tons	905	1,337
Less: California cement tons	—	328
Adjusted cement tons	905	1,009
Adjusted average-selling price per ton [1]	$ 103.08	$ 102.78

[1] Excludes the impact of the California cement operations

The decline in 2016 shipments is primarily attributable to the prior-year divestiture of the California operations, which accounted for 328,000 tons in the third-quarter of 2015 coupled with a decline in energy sector demand in southern Texas.

The Portland Cement Association, or PCA, forecasts favorable supply/demand imbalance in Texas over the next several years and growth each year through 2019.

Magnesia Specialties Business

Magnesia Specialties delivered record performance and generated a 5.2% increase in third-quarter net sales of $60.2 million as a result of higher chemical product line sales partially offset by lower shipments of dolomitic lime and periclase. Gross margin (excluding freight and delivery revenues) of 37.9% in the quarter expanded 400 basis points, driven by lower energy and kiln outage costs compared with the prior year. Third-quarter earnings from operations were $20.4 million compared with $17.0 million.

Gross Profit

The following presents a rollforward of consolidated gross profit (dollars in thousands):

Consolidated gross profit, quarter ended September 30, 2015	$	262,505
Heritage aggregates product line:		
Volume		(32,443)
Pricing		45,399
Cost increases, net		(5,833)
Change in heritage aggregates product line gross profit		7,123
Change in gross profit:		
Heritage aggregates-related downstream product lines		20,491
Acquired aggregates business operations		3,832
Cement [1]		(8,519)
Magnesia Specialties		3,419
Corporate		3,717
Change in consolidated gross profit		30,063
Consolidated gross profit, quarter ended September 30, 2016	$	292,568

[1] *Includes impact of California cement operations. Excluding California cement operations, gross profit would have decreased by $5,187,000.*

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

Third Quarter Ended September 30, 2016
(Continued)

Gross profit (loss) by business is as follows:

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015
	(Dollars in Thousands)	
Gross profit (loss):		
Heritage:		
Aggregates	$ 173,289	$ 166,166
Asphalt and Paving	30,038	22,057
Ready Mixed Concrete	36,067	23,557
Total Aggregates Business	239,394	211,780
Cement	29,725	38,244
Magnesia Specialties	22,810	19,391
Corporate	(3,193)	(6,910)
Total Heritage	288,736	262,505
Acquisitions:		
Aggregates	(295)	—
Asphalt and Paving	362	—
Ready Mixed Concrete	3,765	—
Total Acquisitions	3,832	—
Total	$ 292,568	$ 262,505

The consolidated gross margin (excluding freight and delivery revenues) for the quarter was 28.2%, a 210-basis-point improvement compared with the prior-year quarter. The increase reflects pricing growth, management's cost-disciplined approach and divesting the lower-margin California cement operations at the end of the third quarter of 2015.

Consolidated Operating Results

Consolidated SG&A was 5.4% of net sales, flat compared with the prior-year quarter.

Among other items, other operating income and expenses, net, includes gains and losses on the sale of assets; recoveries and writeoffs related to customer accounts receivable; rental, royalty and services income; accretion expense, depreciation expense and gains and losses related to asset retirement obligations. For the third quarter, consolidated other operating income and expenses, net, was income of $4.6 million in 2016 and an expense of $26.0 million in 2015. Operating income and expenses, net, for 2015 reflects the net loss recognized on the disposal of the California cement operations.

Other nonoperating income and expenses, net, includes foreign currency transaction gains and losses, interest and other miscellaneous income and equity adjustments for nonconsolidated affiliates. Consolidated other nonoperating income and expenses, net, was income of $10.6 million and $4.5 million for the quarter ended September 30, 2016 and 2015, respectively. The increase in income in 2016 compared to 2015 is prima rily attributable to a net gain recognized on the purchase of the remaining interest in a joint venture.

The estimated effective income tax rate for the quarter was 30.6%. For the year, the Corporation expects to fully utilize the remaining allowable net operating loss carryforwards of $33 million acquired with TXI.

RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

Significant items for the nine months ended September 30, 2016 (unless noted, all comparisons are versus the prior-year period):

- Consolidated net sales of $2.7 billion compared with $2.5 billion, an increase of 8.1%
- Aggregates product line volume increase of 1.8%; aggregates product line price increase of 7.9%
- Cement business net sales of $189.8 million and gross profit of $86.3 million
- Magnesia Specialties net sales of $178.6 million and gross profit of $67.5 million
- Consolidated gross margin (excluding freight and delivery revenues) of 25.4%, an increase of 380 basis points
- Consolidated SG&A of $177.7 million, or 6.6% of net sales
- Consolidated earnings from operations of $511.9 million compared with $371.9 million (which excludes the loss on the sale of the California cement operations and additional related expenses)
- Earnings per diluted share of $5.08 compared with $3.34 (which excludes the $0.31 per diluted share impact of the sale of the California cement operations and related expenses)

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

Third Quarter Ended September 30, 2016
(Continued)

The following table presents net sales, gross profit (loss), selling, general and administrative expenses and earnings (loss) from operati ons data for the Corporation and its reportable segments for the nine months ended September 30, 2016 and 2015. In each case, the data is stated as a percentage of net sales of the Corporation or the relevant segment, as the case may be.

	Nine Months Ended September 30,			
	2016		2015	
	Amount	% of Net Sales	Amount	% of Net Sales
	(Dollars in Thousands)			
Net sales:				
Heritage:				
Mid-America Group	$ 708,151	100.0	$ 632,772	100.0
Southeast Group	230,005	100.0	214,536	100.0
West Group	1,328,592	100.0	1,156,075	100.0
Total Heritage Aggregates Business	2,266,748	100.0	2,003,383	100.0
Cement	189,754	100.0	307,489	100.0
Magnesia Specialties	178,615	100.0	176,470	100.0
Total Heritage Consolidated	2,635,117	100.0	2,487,342	100.0
Acquisitions:				
Aggregates Business – West Group	52,623	100.0	—	100.0
Total	$ 2,687,740	100.0	$ 2,487,342	100.0
Gross profit (loss):				
Heritage:				
Mid-America Group	$ 223,630	31.6	$ 184,708	29.2
Southeast Group	41,779	18.2	24,060	11.2
West Group	270,947	20.4	196,243	17.0
Total Heritage Aggregates Business	536,356	23.7	405,011	20.2
Cement	86,283	45.5	87,642	28.5
Magnesia Specialties	67,472	37.8	60,793	34.4
Corporate	(8,604)		(16,528)	
Total Heritage Consolidated	681,507	25.9	536,918	21.6
Acquisitions:				
Aggregates Business – Mid-America Group	(25)		—	
Aggregates Business – West Group	2,421	4.6	—	
Total Acquisitions	2,396		—	
Total Consolidated	$ 683,903	25.4	$ 536,918	21.6

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

Third Quarter Ended September 30, 2016
(Continued)

	Nine Months Ended September 30,			
	2016		2015	
	Amount	% of Net Sales	Amount	% of Net Sales
	(Dollars in Thousands)			
Selling, general & administrative expenses:				
Heritage:				
Mid-America Group	$ 39,447	5.6	$ 39,187	6.2
Southeast Group	12,724	5.5	13,307	6.2
West Group	49,968	3.8	48,357	4.2
Total Heritage Aggregates Business	102,139	4.5	100,851	5.0
Cement	18,471	9.7	20,131	6.5
Magnesia Specialties	7,203	4.0	7,109	4.0
Corporate	48,831		33,029	
Total Heritage Consolidated	176,644	6.7	161,120	6.5
Acquisitions:				
Aggregates Business – West Group	1,074	2.0	—	
Total	$ 177,718	6.6	$ 161,120	6.5
Earnings (Loss) from operations:				
Heritage:				
Mid-America Group	$ 186,861	26.4	$ 148,385	23.4
Southeast Group	30,389	13.2	10,845	5.1
West Group (1)	225,683	17.0	151,201	13.1
Total Heritage Aggregates Business	442,933	19.5	310,431	15.5
Cement (2)	70,584	37.2	37,455	12.2
Magnesia Specialties	60,170	33.7	53,537	30.3
Corporate	(63,168)		(59,371)	
Total Heritage Consolidated	510,519	19.4	342,052	13.8
Acquisitions:				
Aggregates Business – Mid-America Group	(25)		—	
Aggregates Business – West Group	1,373	2.6	—	
Total Acquisitions	1,348		—	
Total	$ 511,867	19.0	$ 342,052	13.8

Net sales by product line for the Aggregates business are follows:

	Nine Months Ended September 30,			
	2016		2015	
	(Dollars in Thousands)			
Net sales:				
Heritage:				
Aggregates	$	1,453,702	$	1,343,821
Asphalt and Paving		186,114		172,631
Ready Mixed Concrete		626,932		486,931
Total Heritage		2,266,748		2,003,383
Acquisitions:				
Aggregates		11,784		—
Asphalt and Paving		2,418		—
Ready Mixed Concrete		38,421		—
Total Acquisitions		52,623		—
Total Aggregates Business	$	2,319,371	$	2,003,383

The following tables present volume and pricing data and shipments data for the aggregates product line.

	Nine Months Ended September 30, 2016	
	Volume	Pricing
Volume/Pricing Variance (1)		
Heritage Aggregates Product Line (2) :		
Mid-America Group	7.0%	4.6%
Southeast Group	0.2%	7.0%
West Group	(4.7)%	11.9%
Heritage Aggregates Operations (2)	1.0%	8.0%
Aggregates Product Line (3)	1.8%	7.9%

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

Third Quarter Ended September 30, 2016
(Continued)

	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
	(Tons in Thousands)	
Shipments		
Heritage Aggregates Product Line (2) :		
Mid-America Group	54,809	51,212
Southeast Group	14,802	14,769
West Group	49,878	52,316
Heritage Aggregates Operations (2)	119,489	118,297
Acquisitions	967	—
Aggregates Product Line (3)	120,456	118,297

(1) Volume/pricing variances reflect the percentage increase/(decrease) from the comparable period in the prior year.
(2) Heritage Aggregates Product Line and Heritage Aggregates Operations exclude volume and pricing data for acquisitions that have not been included in operations for a full year.
(3) Aggregates Product Line includes all acquisitions from the date of acquisition and divestitures through the date of disposal.

	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
	(Tons in Thousands)	
Shipments		
Heritage Aggregates Product Line (2) :		
Tons to external customers	111,748	111,204
Internal tons used in other product lines	7,741	7,093
Total heritage aggregates tons	119,489	118,297
Acquisitions:		
Tons to external customers	791	—
Internal tons used in other product lines	176	—
Total acquisition aggregates tons	967	—

The per-ton average selling price for the heritage aggregates product line was $12.85 and $11.90 for the nine months ended September 30, 2016 and 2015, respectively.

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

Third Quarter Ended September 30, 2016
(Continued)

Average selling prices by product line for the Corporation's aggregates-related downstream operations are as follows:

	Nine Months Ended September 30,	
	2016	2015
Heritage:		
Asphalt	\$38.71/ton	\$42.80/ton
Ready Mixed Concrete	\$104.25/yd³	\$94.27/yd³
Acquisitions:		
Asphalt	\$44.03/ton	—
Ready Mixed Concrete	\$101.01/yd³	—

Unit shipments by product line for the Corporation's aggregates-related downstream operations are as follows:

	Nine Months Ended September 30,	
	2016	2015
Asphalt Product Line (in thousands):		
Heritage:		
Tons to external customers	697	1,042
Internal tons used in road paving business	1,289	1,296
Total heritage asphalt tons	1,986	2,338
Acquisitions:		
Tons to external customers	58	—
Internal tons used in road paving business	308	—
Total acquisitions asphalt tons	366	—
Ready Mixed Concrete (in thousands of cubic yards):		
Heritage	5,893	5,088
Acquisitions	376	—
Total cubic yards	6,269	5,088

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

Third Quarter Ended September 30, 2016
(Continued)

Cement shipments and adjusted average-selling price per ton for the nine months ended September 30, 2016 and 2015 were (tons in thousands):

	Nine Months Ended September 30,	
	2016	2015
Tons to external customers	1,837	3,100
Internal tons used in other product lines	879	657
Total cement tons	2,716	3,757
Less: California cement tons	—	1,072
Adjusted cement tons	2,716	2,685
Adjusted average-selling price per ton [1]	$ 101.37	$ 100.94

[1] *Excludes the impact of the divested California cement operations*

For 2016, Magnesia Specialties reported net sales of $178.6 million compared with $176.5 million. Earnings from operations were $60.2 million compared with $53.5 million, an increase of 340 basis points. The increase in earnings from operations was primarily attributable to lower production costs, specifically related to energy and maintenance expenses.

Consolidated gross margin (excluding freight and delivery revenues) was 25.4% for 2016 versus 21.6% for 2015. The following presents a rollforward of the Corporation's gross profit (dollars in thousands):

Consolidated gross profit, nine months ended September 30, 2015	$ 536,918
Heritage aggregates product line:	
Volume	11,067
Pricing	113,669
Cost increases, net	(48,851)
Change in heritage aggregates product line gross profit	75,885
Change in gross profit:	
Heritage aggregates-related downstream product lines	55,460
Acquired aggregates business operations	2,396
Cement [1]	(1,359)
Magnesia Specialties	6,679
Corporate	7,924
Change in consolidated gross profit	146,985
Consolidated gross profit, nine months ended September 30, 2016	$ 683,903

[1] *Includes impact of California cement operations. Excluding California cement operations, gross profit would have increased by $1,326,000.*

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

Third Quarter Ended September 30, 2016
(Continued)

Gross profit (loss) by business is as follows:

	Nine Months Ended September 30,	
	2016	2015
	(Dollars in Thousands)	
Gross profit (loss):		
Heritage:		
Aggregates	$ 420,742	$ 344,857
Asphalt and Paving	36,728	25,173
Ready Mixed Concrete	78,886	34,981
Total Aggregates Business	536,356	405,011
Cement	86,283	87,642
Magnesia Specialties	67,472	60,793
Corporate	(8,604)	(16,528)
Total Heritage	681,507	536,918
Acquisitions:		
Aggregates	(2,314)	—
Asphalt and Paving	386	—
Ready Mixed Concrete	4,324	—
Total Acquisitions	2,396	—
Total	$ 683,903	$ 536,918

Consolidated SG&A expenses were 6.6% of net sales, up 10 basis points compared with the prior-year period, driven by higher incentive compensation, including share based compensation.

For the first nine months, consolidated other operating income and expenses, net, was income of $7.9 million in 2016 compared with expense of $28.0 million in 2015. Income in 2016 reflects a favorable settlement of commodity contracts assumed in a 2014 acquisition in the Cement business that were priced above market at that date. In 2015, the Corporation recognized a net loss on the disposal of the California cement operations.

In addition to other offsetting amounts, other nonoperating income and expenses, net, are comprised generally of interest income and net equity earnings from nonconsolidated investments. Consolidated other nonoperating income and expenses, net, for the nine months ended September 30, 2016 was income of $19.7 million compared with income of $6.6 million in 2015, primarily driven by a net gain recognized on the purchase of the remaining interest in a joint venture and higher earnings from nonconsolidated equity investees.

LIQUIDITY AND CAPITAL RESOURCES

Cash provided by operating activities for the nine months ended September 30, 2016 was $414.1 million compared with $319.6 million for the same period in 2015. The increase was primarily attributable to higher earnings before depreciation, depletion and amortization expense. Operating cash flow is primarily derived from consolidated net earnings before deducting depreciation, depletion and amortization, and the impact of changes in working capital. Depreciation, depletion and amortization were as follows:

	Nine Months Ended September 30,	
	2016	2015
	(Dollars in Thousands)	
Depreciation	$ 188,603	$ 176,634
Depletion	11,666	10,529
Amortization	11,728	12,772
	$ 211,997	$ 199,935

The seasonal nature of the construction aggregates business impacts quarterly operating cash flow when compared with the full year. Full-year 2015 net cash provided by operating activities was $573.2 million compared with $319.6 million for the first nine months of 2015.

During the first nine months ended September 30, 2016, the Corporation invested $285.5 million of capital into its business. Full-year capital spending is expected to approximate $350 million.

In the first quarter of 2016, the Corporation acquired the outstanding stock of Rocky Mountain Materials and Asphalt, Inc., and Rocky Mountain Premix Inc. The acquisition included four aggregates plants, two asphalt plants and two ready mixed concrete operations, and provides more than 500 million tons of mineral reserves and expands the Corporation's presence along the Front Range of the Rocky Mountains, home to 80% of Colorado's population.

During the third quarter 2016, the Corporation acquired the remaining interest in Ratliff Ready-Mix, L.P. ("Ratliff"), which operates ready mixed concrete plants in central Texas. Prior to the acquisition, the Corporation owned a 40% interest in Ratliff which was accounted for under the equity method. The Corporation was required to re-measure the existing 40% interest to fair value upon closing of the transaction, resulting in a gain of $5,863,000, which is recorded in other nonoperating income. These operations are reported in the West Group.

The Corporation can repurchase its common stock through open-market purchases pursuant to authority granted by its Board of Directors or through private transactions at such prices and upon such terms as the Chief Executive Officer deems appropriate. During the first nine months, the Corporation repurchased 1,244,000 shares of common stock for $190 million. At September 30, 2016, 15,471,000 shares of common stock were remaining under the Corporation's repurchase authorization.

The Credit Agreement (which consists of a $250 million (original amount) Term Loan Facility and a $350 million Revolving Facility) requires the Corporation's ratio of consolidated debt to consolidated earnings before interest, taxes, depreciation, depletion and amortization ("EBITDA"), as defined, for the trailing-twelve month period (the Ratio) to not exceed 3.50x as of the end of any fiscal quarter, provided that the Corporation may exclude from the Ratio debt incurred in connection with certain acquisitions for a period of 180 days so long as the Corporation, as a consequence of such specified acquisition, does not have its ratings on long-term unsecured debt fall below BBB by Standard & Poor's or Baa2 by Moody's and the Ratio calculated without such exclusion does not exceed 3.75x. Additionally, if there are no amounts outstanding under the Revolving Facility, consolidated debt, including debt for which the Corporation is a co-borrower, will be reduced for purposes of the covenant calculation by the Corporation's unrestricted cash and cash equivalents in excess of $50 million, such reduction n ot to exceed $200 million.

The Ratio is calculated as debt, including debt for which the Corporation is a co-borrower, divided by consolidated EBITDA, as defined by the Credit Agreement, for the trailing-twelve months. Consolidated EBITDA is generally defined as earnings before interest expense, income tax expense, and depreciation, depletion and amortization expense for continuing operations. Additionally, stock-based compensation expense is added back and interest income is deducted in the calculation of consolidated EBITDA. Certain other nonrecurring noncash items, if they occur, can affect the calculation of consolidated EBITDA.

In accordance with the amended Credit Agreement, the Corporation adjusted consolidated EBITDA to add back any integration or similar costs or expenses related to the TXI business combination incurred in any period prior to the second anniversary of the closing of the TXI business combination, not to exceed $70,000,000.

At September 30, 2016, the Corporation's ratio of consolidated debt to consolidated EBITDA, as defined, for the trailing-twelve months EBITDA was 1.89 times and was calculated as follows:

		October 1, 2015 to September 30, 2016
		(Dollars in thousands)
Earnings from continuing operations attributable to Martin Marietta	$	409,711
Add back:		
Interest expense		79,839
Income tax expense		183,160
Depreciation, depletion and amortization expense		274,672
Stock-based compensation expense		20,034
Deduct:		
Interest income		(525)
Nonrecurring gains, net, on divestitures and acquisition-related expenses, net		(18,296)
Consolidated EBITDA, as defined	$	948,595
Consolidated debt, including debt for which the Corporation is a co-borrower, at September 30, 2016	$	1,788,702
Consolidated debt to consolidated EBITDA, as defined, at September 30, 2016 for the trailing-twelve months EBITDA		1.89X

The Trade Receivable Facility contains a cross-default provision to the Corporation's other debt agreements. In the event of a default on the Ratio, the lenders can terminate the Credit Agreement and Trade Receivable Facility and declare any outstanding balances as immediately due. Outstanding amounts on the Trade Receivable Facility have been classified as a current liability on the Corporation's consolidated balance sheet. On September 28, 2016, the Corporation increased the borrowing capacity from $250,000,000 to $300,000,000 and extended the maturity to September 27, 2017.

Cash on hand, along with the Corporation's projected internal cash flows and availability of financing resources, including its access to debt and equity capital markets, is expected to continue to be sufficient to provide the capital resources necessary to support a nticipated operating needs, cover debt service requirements, meet capital expenditures and discretionary investment needs, fund certain acquisition opportunities that may arise, allow for payment of dividends for the foreseeable future and enable the buyba ck of shares through the share repurchase program. At September 30, 2016, the Corporation had $438 million of unused borrowing capacity under its Revolving Facility and Trade Receivable Facility, subject to complying with the related leverage covenant. Th e Revolving Facility expires on November 29, 2018 and the Trade Receivable Facility expires on September 27, 2017.

The Floating Rate Notes have been classified as a noncurrent liability as the Corporation has the intent and ability to refinance on a long-term basis before or at its maturity of June 30, 2017.

The Corporation may be required to obtain financing to fund certain strategic acquisitions, if any such opportunities arise, or to refinance outstanding debt. Any strategic acquisition of size for cash would likely require an appropriate balance of newly-issued equity with debt in order to maintain a composite investment-grade credit rating. Furthermore, the Corporation is exposed to the credit markets, through the interest cost related to its variable-rate debt, which included borrowings under its Term Loan Facility and Trade Receivable Facility at September 30, 2016. The Corporation is currently rated by three credit rating agencies; two of those agencies' credit ratings are investment-grade level and the third agency's credit rating is one level below investment grade. The Corporation's composite credit rating remains at investment-grade level, which facilitates obtaining financing at lower rates than noninvestment-grade ratings.

TRENDS AND RISKS

The Aggregates business, both production and demand, and the demand in the Cement business are significantly affected by erratic weather patterns, seasonal changes and other weather-related conditions. Production and shipment levels for aggregates, asphalt, ready mixed concrete and road paving materials correlate with general construction activity levels, most of which occurs in the spring, summer and fall. Thus, production and shipment levels vary by quarter. Operations concentrated in the northern and midwestern United States generally experience more severe winter weather conditions than operations in the southeast and southwest. Excessive rainfall, and conversely excessive drought, can also jeopardize shipments, production and profitability in all markets served by the Corporation. Because of the potentially significant impact of weather on the Corporation's operations, current-period and year-to-date results are not indicative of expected performance for other interim periods or the full year.

The Corporation outlined the risks associated with its business in its Annual Report on Form 10-K for the year ended December 31, 2015. Management continues to evaluate its exposure to all operating risks on an ongoing basis.

OUTLOOK

The Corporation is encouraged by positive trends in the markets it serves and its ability to execute its strategic business plans. Notably:

- For the public sector, continued modest growth is expected in 2016 as new monies begin to flow into the system, particularly in the second half of the year. Additionally, state initiatives to finance infrastructure projects, including support from the *Transportation Infrastructure Finance and Innovation Act* ("TIFIA"), are expected to grow and continue to play an expanded role in public-sector activity.
- Nonresidential construction is expected to increase in both the heavy industrial and commercial sectors. The Dodge Momentum Index is near its highest level since 2009 and signals continued growth. Additionally,

en ergy-related economic activity, including follow-on public and private construction activities in the Corporation's primary markets, will be mixed with overall strength in large downstream construction projects, providing a counterbalance to declines in sh ale exploration-related volumes.

- Residential construction is expected to continue to experience good growth metrics, driven by positive employment gains, historically low levels of construction activity over the previous several years, low mortgage rates, significant lot absorption, and higher multi-family rental rates.

RISKS TO OUTLOOK

The 2016 outlook includes management's assessment of the likelihood of certain risks and uncertainties that will affect performance, including but not limited to: both price and volume, and a recurrence of widespread decline in aggregates volume negatively affecting aggregates price; the termination, capping and/or reduction of the federal and/or state gasoline tax(es) or other revenue related to infrastructure construction; a significant change in the funding patterns for traditional federal, state and/or local infrastructure projects; the United States Congress' inability to reach agreement on the federal budget and this impact on federal highway spending; the volatility in the commencement of infrastructure projects; a reduction in defense spending, and the subsequent impact on construction activity on or near military bases; a decline in nonresidential construction; a further decline in energy-related construction activity resulting from a sustained period of low global oil prices or changes in oil production patterns in response to this decline and certain regulatory or other economic factors; a slowdown in the residential construction recovery, or some combination thereof; a reduction in economic activity in the Corporation's Midwest states resulting from reduced funding levels provided by the Agricultural Act of 2014 and a sustained reduction in capital investment by the railroads; an increase in the cost of compliance with governmental laws, rules and regulations; and unexpected equipment failures, unscheduled maintenance, industrial accident or other prolonged and/or significant disruption to its cement production facilities. Further, increased highway construction funding pressures resulting from either federal or state issues can affect profitability. If these negatively affect transportation budgets more than in the past, construction spending could be reduced. Cement is subject to cyclical supply and demand and price fluctuations. The Magnesia Specialties business essentially runs at capacity; therefore any unplanned changes in costs or realignment of customers introduce volatility to the earnings of this segment.

The Corporation's principal business serves customers in aggregates-related construction markets. This concentration could increase the risk of potential losses on customer receivables; however, payment bonds normally posted on public projects, together with lien rights on private projects, mitigate the risk of uncollectible receivables. The level of aggregates demand in the Corporation's end-use markets, production levels and the management of production costs will affect the operating leverage of the Aggregates business and, therefore, profitability. Production costs in the Aggregates business are also sensitive to energy and raw material prices, both directly and indirectly. Diesel fuel and other consumables change production costs directly through consumption or indirectly by increased energy-related input costs, such as steel, explosives, tires and conveyor belts. Fluctuating diesel fuel pricing also affects transportation costs, primarily through fuel surcharges in the Corporation's long-haul distribution network. The Cement business is also energy intensive and fluctuation in the price of coal affects costs. The Magnesia Specialties business is sensitive to changes in domestic steel capacity utilization as well as the absolute price and fluctuation in the cost of natural gas.

Transportation in the Corporation's long-haul network, particularly the supply of rail cars and locomotive power and condition of rail infrastructure to move trains, affects the Corporation's efficient transportation of aggregate into certain markets, most notably Texas, Colorado, Florida and the Gulf Coast. In addition, availability of rail cars and locomotives affects the Corporation's movement of essential dolomitic lime for magnesia chemicals, to both the Corporation's plant in Manistee, Michigan, and customers. The av ailability of trucks, drivers and railcars to transport the Corporation's product, particularly in markets experiencing high growth and increased demand, is also a risk and pressures the associated costs.

All of the Corporation's businesses are also subject to weather-related risks that can significantly affect production schedules and profitability. The first and fourth quarters are most adversely affected by winter weather. Hurricane activity in the Atlantic Ocean and Gulf Coast generally is most active during the third and fourth quarters. In fact, in early October 2016, Hurricane Matthew generated winds and significant amounts of rainfall disrupting operations from the Bahamas, Florida, Georgia and the Carolinas. Management expects operations, particularly in eastern North Carolina to be affected throughout the fourth quarter. However, after hurricane-related flood waters recede, management expects an increase in construction activity as roads, homes and businesses are repaired.

Risks to the outlook also include shipment declines resulting from economic events beyond the Corporation's control. In addition to the impact on nonresidential and residential construction, the Corporation is exposed to risk in its estimated outlook from credit markets and the availability of and interest cost related to its debt.

The Corporation's future performance is also exposed to risks from tax reform at the federal and state levels.

OTHER MATTERS

If you are interested in Martin Marietta Materials, Inc. stock, management recommends that, at a minimum, you read the Corporation's current annual report and Forms 10-K, 10-Q and 8-K reports to the Securities and Exchange Commission ("SEC") over the past year. The Corporation's recent proxy statement for the annual meeting of shareholders also contains important information. These and other materials that have been filed with the SEC are accessible through the Corporation's website at www.martinmarietta.com and are also available at the SEC's website at www.sec.gov. You may also write or call the Corporation's Corporate Secretary, who will provide copies of such reports.

Investors are cautioned that all statements in this Form 10-Q that relate to the future involve risks and uncertainties, and are based on assumptions that the Corporation believes in good faith are reasonable but which may be materially different from actual results. Forward-looking statements give the investor management's expectations or forecasts of future events. You can identify these statements by the fact that they do not relate only to historical or current facts. They may use words such as "anticipate," "expect," "should be," "believe," "will," and other words of similar meaning in connection with future events or future operating or financial performance. Any or all of management's forward-looking statements here and in other publications may turn out to be wrong.

Factors that the Corporation currently believes could cause actual results to differ materially from the forward-looking statements in this Form 10-Q include the performance of the United States economy and the resolution and impact of the debt ceiling and sequestration issues; widespread decline in aggregates pricing; the history of both cement and ready mixed concrete being subject to significant changes in supply, demand and price; the termination, capping and/or reduction or suspension of the federal and/or state gasoline tax(es) or other revenue related to infrastructure construction; the level and timing of federal and state transportation funding, most particularly in Texas, North Carolina, Iowa, Colorado and Georgia; the ability of states and/or other entities to finance approved projects either with tax revenues or alternative financing structures; levels of construction spending in the markets the Corporation serves; a reduction in defense spending, and the subsequent impact on construction activity on or near military bases; a decline in the commercial component of the nonresidential construction market, notably office and retail space; a further

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

Third Quarter Ended September 30, 2016
(Continued)

slowdown in energy-related construction activity, particularly in Texas; a slowdown in residential construction recovery; a reduction in construction activity and related shipments due to a decline in funding under the domestic farm bill ; unfavorable weather conditions, particularly Atlantic Ocean hurricane activity, the late start to spring or the early onset of winter and the impact of a drought or excessive rainfall in the markets served by the Corporation; the volatility of fuel costs , particularly diesel fuel, and the impact on the cost of other consumables, namely steel, explosives, tires and conveyor belts, and with respect to the Magnesia Specialties business, natural gas; continued increases in the cost of other repair and supply parts; unexpected equipment failures, unscheduled maintenance, industrial accident or other prolonged and/or significant disruption to cement production facilities; increasing governmental regulation, including environmental laws; transportation availabili ty, notably the availability of railcars and locomotive power to move trains to supply the Corporation's Texas, Florida and Gulf Coast markets; increased transportation costs, including increases from higher passed-through energy and other costs to comply with tightening regulations as well as higher volumes of rail and water shipments; availability of trucks and licensed drivers for transport of the Corporation's materials, particularly in areas with significant energy-related activity, such as Texas and C olorado; availability and cost of construction equipment in the United States; weakening in the steel industry markets served by the Corporation's dolomitic lime products; proper functioning of information technology and automated operating systems to mana ge or support operations; inflation and its effect on both production and interest costs; ability to successfully integrate acquisitions quickly and in a cost-effective manner and achieve anticipated profitability to maintain compliance with the Corporatio n's leverage ratio debt covenant; changes in tax laws, the interpretation of such laws and/or administrative practices that would increase the Corporation's tax rate; violation of the Corporation's debt covenant if price and/or volumes return to previous l evels of instability; downward pressure on the Corporation's common stock price and its impact on goodwill impairment evaluations; reduction of the Corporation's credit rating to non-investment grade resulting from strategic acquisitions; and other risk fa ctors listed from time to time found in the Corporation's filings with the SEC. Other factors besides those listed here may also adversely affect the Corporation, and may be material to the Corporation. The Corporation assumes no obligation to update any such forward-looking statements.

INVESTOR ACCESS TO COMPANY FILINGS

Shareholders may obtain, without charge, a copy of Martin Marietta's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission for the fiscal year ended December 31, 2015, by writing to:

Martin Marietta
Attn: Corporate Secretary
2710 Wycliff Road
Raleigh, North Carolina 27607-3033

Additionally, Martin Marietta's Annual Report, press releases and filings with the Securities and Exchange Commission, including Forms 10-K, 10-Q, 8-K and 11-K, can generally be accessed via the Corporation's website. Filings with the Securities and Exchange Commission accessed via the website are available through a link with the Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system. Accordingly, access to such filings is available upon EDGAR placing the related document in its database. Investor relations contact information is as follows:

Telephone: (919) 510-4776
Website address: www.martinmarietta.com

Information included on the Corporation's website is not incorporated into, or otherwise create a part of, this report.

It em 3. Quantitative and Qualitative Disclosures About Market Risk.

The Corporation's operations are highly dependent upon the interest rate-sensitive construction and steelmaking industries. Consequently, these marketplaces could experience lower levels of economic activity in an environment of rising interest rates or escalating costs.

Management has considered the current economic environment and its potential impact to the Corporation's business. Demand for aggregates and cement products, particularly in the infrastructure construction market, is affected by federal and state budget and deficit issues. Further, delays of large-scale infrastructure projects could occur if Departments of Transportation take longer than expected to move projects from the letting to the commencement stage. Additionally, delays or cancellations of 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.

Demand in the residential construction market is affected by interest rates. The Federal Reserve have maintained the federal funds rate near zero percent during the nine months ended September 30, 2016, unchanged since 2008. The residential construction market accounted for 17% of the Corporation's aggregates product line shipments in 2015.

Aside from these inherent risks from within its operations, the Corporation's earnings are also affected by changes in short-term interest rates. However, rising interest rates are not necessarily predictive of weaker operating results. In fact, since 2007, the Corporation's profitability increased when interest rates rose, based on the last twelve months quarterly historical net income regression versus a 10-year U.S. government bond. In essence, the Corporation's underlying business generally serves as a natural hedge to rising interest rates.

Variable-Rate Borrowing Facilities. At September 30, 2016, the Corporation had a $600 million Credit Agreement, comprised of a $350 million Revolving Facility and $250 million (original amount) Term Loan Facility, and a $300 million Trade Receivable Facility. Borrowings under these facilities bear interest at a variable interest rate. A hypothetical 100-basis-point increase in interest rates on borrowings of $419 million, which was the collective outstanding balance at September 30, 2016, would increase interest expense by $4.2 million on an annual basis.

Pension Expense. The Corporation's results of operations are affected by its pension expense. Assumptions that affect pension expense include the discount rate and, for the qualified pension plans only, the expected long-term rate of return on assets. Therefore, the Corporation has interest rate risk associated with these factors. The impact of hypothetical changes in these assumptions on the Corporation's annual pension expense is discussed in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2015.

Energy Costs . Energy costs, including diesel fuel, natural gas, coal and liquid asphalt, represent significant production costs of the Corporation. The Corporation entered into a fixed price arrangement, which expires December 31, 2016, for approximately 40% of its diesel fuel to reduce its diesel fuel price risk. The Magnesia Specialties business has fixed price agreements covering half of its 2016 coal requirements and the cement business has fixed pricing agreements on 100% of its 2016 coal requirements. A hypothetical 10% change in the Corporation's energy prices in 2016 as compared with 2015, assuming constant volumes, would change 2016 energy expense by $25.7 million. However, the impact would be partially offset by the change in the amount capitalized into inventory standards.

Commodity risk . Cement is a commodity and competition is based principally on price, which is highly sensitive to changes in supply and demand. Prices are often subject to material changes in response to relatively minor fluctuations in supply and demand, general economic conditions and other market conditions beyond the Corporation's control. Increases in the production capacity of industry parti cipants or increases in cement imports tend to create an oversupply of such products leading to an imbalance between supply and demand, which can have a negative impact on product prices. There can be no assurance that prices for products sold will not dec line in the future or that such declines will not have a material adverse effect on the Corporation's business, financial condition and results of operations. Based on forecasted net sales for the Cement business for full-year 2016 of $250 million to $260 million, a hypothetical 10% change in sales price would impact net sales by $25 million to $26 million .

Item 4. Controls and Procedures

As of September 30, 2016, an evaluation was performed under the supervision and with the participation of the Corporation's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and the operation of the Corporation's disclosure controls and procedures. Based on that evaluation, the Corporation's management, including the Chief Executive Officer and Chief Financial Officer, concluded that the Corporation's disclosure controls and procedures were effective as of September 30, 2016. There were no changes in the Corporation's internal control over financial reporting during the most recently completed fiscal quarter that materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting. As permitted by the Securities and Exchange Commission, in making this assessment of changes in internal control over financial reporting as of September 30, 2016, management has excluded the internal controls of its newly-acquired Ratliff ready mixed concrete operations, which are included in the consolidated financial statements for the period ending September 30, 2016. The excluded assets constituted less than 1% of consolidated total assets as of September 30, 2016 and less than 1% of net revenues for the nine months ended September 30, 2016.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

Reference is made to *Part I . Item 3. Legal Proceedings* of the Martin Marietta Annual Report on Form 10-K for the year ended December 31, 2015.

Item 1A. Risk Factors.

Reference is made to *Part I. Item 1A. Risk Factors and Forward-Looking Statements* of the Martin Marietta Annual Report on Form 10-K for the year ended December 31, 2015.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds .

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	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs
July 1, 2016 - July 31, 2016	—		—	15,470,959
August 1, 2016 - August 31, 2016	—		—	15,470,959
September 1, 2016 - September 30, 2016	—		—	15,470,959
Total for the period ended September 30, 2016	—	—	—	

Reference is made to the press release dated February 10, 2015 for the December 31, 2014 fourth-quarter and full-year results and announcement of the share repurchase program. The Corporation's Board of Directors authorized a maximum of 20 million shares to be repurchased under the program. The program does not have an expiration date.

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 Quarterly Report on Form 10-Q.

PART II – OTHER INFORMATION
(Continued)

Item 6. Exhibits.

Exhibit No.	Document
31.01	Certification dated November 2, 2016 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 November 2, 2016 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	Written Statement dated November 2, 2016 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	Written Statement dated November 2, 2016 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 Disclosures
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

SIGNATURES

Pursuant to the requirements 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.
(Registrant)

Date: November 2, 2016

By: /s/ Anne H. Lloyd
Anne H. Lloyd
Executive Vice President and
Chief Financial Officer

EXHIBIT INDEX

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EXHIBIT 31.01

CERTIFICATION PURSUANT TO SECURITIES AND EXCHANGE ACT OF 1934 RULE 13a-14 AS ADOPTED PURSUANT TO SECTION 302 OF SARBANES-OXLEY ACT OF 2002

I, C. Howard Nye, certify that:

1. I have reviewed this Form 10-Q of Martin Marietta Materials, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the consolidated financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant’s other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 2, 2016

By: /s/ C. Howard Nye
C. Howard Nye
Chairman, President and
Chief Executive Officer

EXHIBIT 31.02

CERTIFICATION PURSUANT TO SECURITIES AND EXCHANGE ACT OF 1934 RULE 13a-14 AS ADOPTED PURSUANT TO SECTION 302 OF SARBANES-OXLEY ACT OF 2002

I, Anne H. Lloyd, certify that:

1. I have reviewed this Form 10-Q of Martin Marietta Materials, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the consolidated financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant’s other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a. A ll significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 2, 2016

By: /s/ Anne H. Lloyd
Anne H. Lloyd
Executive Vice President and
Chief Financial Officer

EXHIBIT 32.01

Written Statement Pursuant to 18 U.S.C. 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q for the period ended September 30, 2016 (the “Report”) of Martin Marietta Materials, Inc. (the “Registrant”), as filed with the Securities and Exchange Commission on the date hereof, I, C. Howard Nye, the Chief Executive Officer of the Registrant, certify, to the best of my knowledge, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ C. Howard Nye
C. Howard Nye
Chairman, President and
Chief Executive Officer

Dated: November 2, 2016

A signed original of this written statement required by Section 906 has been provided to Martin Marietta Materials, Inc. and will be retained by Martin Marietta Materials, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.02

Written Statement Pursuant to 18 U.S.C. 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q for the period ended September 30, 2016 (the “Report”) of Martin Marietta Materials, Inc. (the “Registrant”), as filed with the Securities and Exchange Commission on the date hereof, I, Anne H. Lloyd, the Chief Financial Officer of the Registrant, certify, to the best of my knowledge, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Anne H. Lloyd
Anne H. Lloyd
Executive Vice President and
Chief Financial Officer

Dated: November 2, 2016

A signed original of this written statement required by Section 906 has been provided to Martin Marietta Materials, Inc. and will be retained by Martin Marietta Materials, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

MINE SAFETY DISCLOSURES

The operation of the Corporation's domestic aggregates quarries and mines is subject to regulation by the federal Mine Safety and Health Administration (MSHA) under the Federal Mine Safety and Health Act of 1977 (the "Mine Act"). MSHA inspects the Corporation's quarries and mines on a regular basis and issues various citations and orders when it believes a violation has occurred under the Mine Act. Whenever MSHA issues a citation or order, it also generally proposes a civil penalty, or fine, related to the alleged violation. Citations or orders may be contested and appealed, and as part of that process, are often reduced in severity and amount, and are sometimes dismissed.

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), the Corporation is required to present information regarding certain mining safety and health citations which MSHA has issued with respect to its aggregates mining operations in its periodic reports filed with the Securities and Exchange Commission (SEC). In evaluating this information, consideration should be given to factors such as: (i) the number of citations and orders will vary depending on the size of the quarry or mine and types of operations (underground or surface), (ii) the number of citations issued will vary from inspector to inspector and location to location, and (iii) citations and orders can be contested and appealed, and in that process, may be reduced in severity and amount, and are sometimes dismissed.

The Corporation has provided the information below in response to the SEC's rules and regulations issued under the provisions of the Dodd-Frank Act. The disclosures reflect U.S. mining operations only, as the requirements of the Dodd-Frank Act and the SEC rules and regulations thereunder do not apply to the Corporation's quarries and mines operated outside the United States.

The Corporation presents the following items regarding certain mining safety and health matters for the three months ended September 30, 2016:

- Total number of violations of mandatory health or safety standards that could significantly and substantially contribute to the cause and effect of a mine safety or health hazard under section 104 of the Mine Act for which the Corporation has received a citation from MSHA (hereinafter, "Section 104 S&S Citations"). If MSHA determines that a violation of a mandatory health or safety standard is likely to result in a reasonably serious injury or illness under the unique circumstance contributed to by the violation, MSHA will classify the violation as a "significant and substantial" violation (commonly referred to as a "S&S" violation). MSHA inspectors will classify each citation or order written as a "S&S" violation or not.

- Total number of orders issued under section 104(b) of the Mine Act (hereinafter, " Section 104(b) Orders"). These orders are issued for situations in which MSHA determines a previous violation covered by a Section 104(a) citation has not been totally abated within the prescribed time period, so a further order is needed to require the mine operator to immediately withdraw all persons (except authorized persons) from the affect ed area of a quarry or mine.

- Total number of citations and orders for unwarrantable failure of the mine operator to comply with mandatory health or safety standards under Section 104(d) of the Mine Act (hereinafter, "Section 104(d) Citations and Orders"). These violations are similar to those described above, but the standard is that the violation could significantly and substantially contribute to the cause and effect of a safety or health hazard, but the conditions do not cause imminent danger, and the MSHA inspector finds that the violation is caused by an unwarranted failure of the operator to comply with the health and safety standards.

- Total number of flagrant violations under section 110(b)(2) of the Mine Act (hereinafter, "Section 110(b)(2) Violations"). These violations are penalty violations issued if MSHA determines that violations are "flagrant", for which civil penalties may be assessed. A "flagrant" violation means a reckless or repeated failure to make reasonable efforts to eliminate a known violation of a mandatory health or safety standard that substantially and proximately caused, or reasonably could have been expected to cause, death or serious bodily injury.

- Total number of imminent danger orders issued under section 107(a) of the Mine Act (hereinafter, "Section 107(a) Orders"). These orders are issued for situations in which MSHA determines an imminent danger exists in the quarry or mine and results in orders of immediate withdrawal of all persons (except certain authorized persons) from the area of the quarry or mine affected by its condition until the imminent danger and the underlying conditions causing the imminent danger no longer exist.

- Total dollar value of proposed assessments from MSHA under the Mine Act. These are the amounts of proposed assessments issued by MSHA with each citation or order for the time period covered by the reports. Penalties are assessed by MSHA according to a formula that considers a number of factors, including the mine operator's history, size, negligence, gravity of the violation, good faith in trying to correct the violation promptly, and the effect of the penalty on the operator's ability to continue in business.

- Total number of mining-related fatalities. Mines subject to the Mine Act are required to report all fatalities occurring at their facilities unless the fatality is determined to be "non-chargeable" to the mining industry. The final rules of the SEC require disclosure of mining-related fatalities at mines subject to the Mine Act. Only fatalities determined by MSHA not to be mining-related may be excluded.

- Receipt of written notice from MSHA of a pattern (or a potential to have such a pattern) of violations of mandatory health or safety standards that are of such nature as could have significantly and substantially contributed to the cause and effect of other mine health or safety hazards under Section 104(e) of the Mine Act. If MSHA determines that a mine has a “pattern” of these types of violations, or the potential to have such a pattern, MSHA is required to notify the mine operator of the existence of such a thing.

- Legal actions before the Federal Mine Safety and Health Review Commissions pending as of the last day of period.

- Legal actions before the Federal Mine Safety and Health Review Commissions initiated during period.

- Legal actions before the Federal Mine Safety and Health Review Commissions resolved during period.

The Federal Mine Safety and Health Review Commission (the “Commission”) is an independent adjudicative agency that provides administrative trial and appellate review of legal disputes arising under the Mine Act. The cases may involve, among other questions, challenges by operators to citations, orders and penalties they have received from MSHA, or complaints of discrimination by miners under Section 105 of the Mine Act. Appendix 1 shows, for each of the Corporation’s quarries and mines identified, as of September 30, 2016, the number of legal actions pending before the Commission, along with the number of legal actions initiated before the Commission during the quarter as well as resolved during the quarter. In addition, Appendix 1 includes a footnote to the column for legal actions before the Commission pending as of the last day of the period, which footnote breaks down that total number of legal actions pending by categories according to the type of proceeding in accordance with various categories established by the Procedural Rules of the Commission.

Appendix 1 attached.

Location	MSHA ID	Section 104 S&S Citations (#)	Section 104(b) Orders (#)	Section 104(d) Citations and Orders (#)	Section 110(b)(2) Violations (#)	Section 107(a) Orders (#)	Total Dollar Value of MSHA Assessment/$ Proposed	Total Number of Mining Related Fatalities (#)	Received Notice of Pattern of Violation Under Section 104(e) (yes/no)	Received Notice of Potential to have Pattern under Section 104(e) (yes/no)	Legal Actions Pending as of Last Day of Period (#)*	Legal Actions Instituted During Period (#)	Legal Actions Resolved During Period (#)
Alexander Quarry	BN5	0	0	0	0	0	$ —	0	no	no	0	0	0
American Stone Quarry	3100189	0	0	0	0	0	$ —	0	no	no	0	0	0
Anderson Creek	4402963	1	0	0	0	0	$ 836	0	no	no	0	0	0
Arrowood Quarry	3100059	1	0	0	0	0	$ —	0	no	no	0	0	0
Asheboro Quarry	3100066	0	0	0	0	0	$ —	0	no	no	0	0	0
Bakers Quarry	3100071	0	0	0	0	0	$ —	0	no	no	0	0	0
Belgrade Quarry	3100064	0	0	0	0	0	$ —	0	no	no	0	0	0
Benson Quarry	3101979	1	0	0	0	0	$ —	0	no	no	0	0	0
Berkeley Quarry	3800072	0	0	0	0	0	$ —	0	no	no	0	0	0
Bessemer City Quarry	3101105	0	0	0	0	0	$ —	0	no	no	0	0	0
Black Ankle Quarry	3102220	0	0	0	0	0	$ —	0	no	no	0	0	0
Bonds Gravel Pit	3101963	0	0	0	0	0	$ —	0	no	no	0	0	0
Boonsboro Quarry	1800024	0	0	0	0	0	$ —	0	no	no	0	0	0
Burlington Quarry	3100042	0	0	0	0	0	$ —	0	no	no	0	0	0
Caldwell Quarry	3101869	0	0	0	0	0	$ —	0	no	no	0	0	0
Castle Hayne Quarry	3100063	0	0	0	0	0	$ —	0	no	no	0	0	0
Cayce Quarry	3800016	0	0	0	0	0	$ —	0	no	no	0	0	0
Central Rock Quarry	3100050	0	0	0	0	0	$ —	0	no	no	0	0	0
Charlotte Quarry	3100057	0	0	0	0	0	$ —	0	no	no	0	0	0
Clarks Quarry	3102009	0	0	0	0	0	$ —	0	no	no	0	0	0
Cumberland Quarry	3102237	0	0	0	0	0	$ —	0	no	no	0	0	0
Denver	3101971	1	0	0	0	0	$ 200	0	no	no	0	0	0
Doswell Quarry	4400045	1	0	0	0	0	$ —	0	no	no	1	0	0
East Alamance	3102021	0	0	0	0	0	$ —	0	no	no	0	0	0
Fountain Quarry	3100065	0	0	0	0	0	$ —	0	no	no	0	0	0
Franklin Quarry	3102130	0	0	0	0	0	$ —	0	no	no	0	0	0

Fuquay Quarry	3102055	0	0	0	0	0	$	—	0	no	no	0	0	0
Garner Quarry	3100072	0	0	0	0	0	$	—	0	no	no	0	0	0
Georgetown II Quarry	3800525	0	0	0	0	0	$	—	0	no	no	0	0	0
Hickory Quarry	3100043	0	0	0	0	0	$	—	0	no	no	0	0	0
Hicone Quarry	3102088	0	0	0	0	0	$	—	0	no	no	0	0	0
Jamestown Quarry	3100051	0	0	0	0	0	$	114	0	no	no	0	0	0
Kannapolis Quarry	3100070	0	0	0	0	0	$	—	0	no	no	0	0	0
Kings Mountain Quarry	3100047	0	0	0	0	0	$	—	0	no	no	0	0	0
Lemon Springs Quarry	3101104	0	0	0	0	0	$	—	0	no	no	0	0	0
Loamy Sand and Gravel	3800721	0	0	0	0	0	$	—	0	no	no	0	0	0
Maiden Quarry	3102125	0	0	0	0	0	$	—	0	no	no	0	0	0
Mallard Creek Quarry	3102006	0	0	0	0	0	$	—	0	no	no	0	0	0
Matthews Quarry	3102084	0	0	0	0	0	$	373	0	no	no	0	0	0
Midlothian Quarry	4403767	0	0	0	0	0	$	—	0	no	no	0	0	0
North Columbia Quarry	3800146	0	0	0	0	0	$	—	0	no	no	0	0	0
Onslow Quarry	3102120	0	0	0	0	0	$	—	0	no	no	0	0	0
Pinesburg	1800021	0	0	0	0	0	$	—	0	no	no	0	0	0
Pomona Quarry	3100052	0	0	0	0	0	$	—	0	no	no	0	0	0
Raleigh Durham Quarry	3101941	0	0	0	0	0	$	—	0	no	no	0	0	0
Red Hill Quarry	4400072	0	0	0	0	0	$	—	0	no	no	0	0	0
Reidsville Quarry	3100068	0	0	0	0	0	$	—	0	no	no	0	0	0
Rock Hill Quarry	3800026	0	0	0	0	0	$	—	0	no	no	0	0	0
Rocky Point Quarry	3101956	0	0	0	0	0	$	—	0	no	no	0	0	0
Salem Stone Company	3102038	0	0	0	0	0	$	—	0	no	no	0	0	0
Statesville Quarry	3100055	0	0	0	0	0	$	—	0	no	no	0	0	0
Thomasville Quarry	3101475	1	0	0	0	0	$	324	0	no	no	0	0	0
Wilmington Sand	3101308	0	0	0	0	0	$	—	0	no	no	0	0	0
Woodleaf Quarry	3100069	0	0	0	0	0	$	—	0	no	no	0	0	0
(45) North Indianapolis SURFACE	1200002	0	0	0	0	0	$	—	0	no	no	0	0	0

Apple Grove	3301676	0	0	0	0	0	$	—	0	no	no	0	0	0
Belmont Sand	1201911	0	0	0	0	0	$	—	0	no	no	0	0	0
Burning Springs	4608862	0	0	0	0	0	$	114	0	no	no	0	0	0
Carmel SandG	1202124	0	0	0	0	0	$	—	0	no	no	0	0	0
Cedarville	3304072	0	0	0	0	0	$	—	0	no	no	0	0	0
Cloverdale	1201744	0	0	0	0	0	$	—	0	no	no	0	0	0
Cook Road	3304534	0	0	0	0	0	$	—	0	no	no	0	0	0
E-Town SandG	3304279	0	0	0	0	0	$	—	0	no	no	0	0	0
Fairfield	3301396	0	0	0	0	0	$	—	0	no	no	0	0	0
Kentucky Ave Mine	1201762	1	0	0	0	0	$	853	0	no	no	0	0	2
Kokomo Mine	1202105	0	0	0	0	0	$	—	0	no	no	0	0	0
Kokomo Sand	1202203	0	0	0	0	0	$	—	0	no	no	0	0	0
Kokomo Stone	1200142	0	0	0	0	0	$	—	0	no	no	0	0	0
Noblesville SandG	1201994	0	0	0	0	0	$	—	0	no	no	0	0	0
Noblesville Stone	1202176	1	0	0	0	0	$	2,115	0	no	no	2	0	0
North Indianapolis	1201993	3	1	0	0	0	$	3,681	0	no	no	2	2	0
Petersburg	1516895	0	0	0	0	0	$	—	0	no	no	0	0	0
Phillipsburg	3300006	0	0	0	0	0	$	—	0	no	no	0	0	0
Shamrock SG	3304011	0	0	0	0	0	$	—	0	no	no	0	0	0
Troy Gravel	3301678	0	0	0	0	0	$	—	0	no	no	0	0	0
Waverly Sand	1202038	0	0	0	0	0	$	—	0	no	no	0	0	0
Xenia	3301393	0	0	0	0	0	$	—	0	no	no	0	0	0
Appling Quarry	901083	0	0	0	0	0	$	—	0	no	no	0	0	0
Auburn, Al Quarry	100006	1	0	0	0	0	$	—	0	no	no	0	0	0
Auburn, GA Quarry	900436	0	0	0	0	0	$	—	0	no	no	0	0	0
Augusta Quarry-GA	900065	0	0	0	0	0	$	—	0	no	no	0	0	0
Chattanooga Quarry	4003159	0	0	0	0	0	$	—	0	no	no	0	0	0
Forsyth Quarry	901035	0	0	0	0	0	$	271	0	no	no	0	0	0
Jefferson Quarry	901106	0	0	0	0	0	$	—	0	no	no	0	0	0
Junction City Quarry	901029	0	0	0	0	0	$	—	0	no	no	0	0	0
Lithonia Quarry	900023	0	0	0	0	0	$	228	0	no	no	0	0	0
Maylene Quarry	100634	0	0	0	0	0	$	—	0	no	no	0	0	0
Morgan Co Quarry	901126	0	0	0	0	0	$	—	0	no	no	0	0	0
Newton Quarry	900899	0	0	0	0	0	$	—	0	no	no	0	0	0

ONeal Quarry Co19	103076	0	0	0	0	0	$	—	0	no	no	0	0	0
Paulding Quarry	901107	0	0	0	0	0	$	—	0	no	no	0	0	0
Perry Quarry	801083	0	0	0	0	0	$	—	0	no	no	0	0	0
Red Oak Quarry	900069	0	0	0	0	0	$	—	0	no	no	0	0	0
Ruby Quarry	900074	0	0	0	0	0	$	—	0	no	no	0	0	0
Six Mile Quarry	901144	0	0	0	0	0	$	—	0	no	no	0	0	0
Tyrone Quarry	900306	0	0	0	0	0	$	—	0	no	no	0	0	0
Vance Quarry Co19	103022	0	0	0	0	0	$	—	0	no	no	0	0	0
Warrenton Quarry	900580	0	0	0	0	0	$	—	0	no	no	0	0	0
Alden Portable Sand	1302037	0	0	0	0	0	$	—	0	no	no	0	0	0
Alden Portable Plant 1	1302031	0	0	0	0	0	$	114	0	no	no	0	0	0
Alden Portable Plant 2	1302033	0	0	0	0	0	$	—	0	no	no	0	0	0
Alden Portable Wash	1302122	0	0	0	0	0	$	—	0	no	no	0	0	0
Alden Quarry - Shop	1300228	0	0	0	0	0	$	—	0	no	no	0	0	0
Ames Mine	1300014	0	0	0	0	0	$	228	0	no	no	1	0	0
Cedar Rapids Quarry	1300122	0	0	0	0	0	$	—	0	no	no	0	0	0
Des Moines Portable	1300150	2	0	0	0	0	$	1,476	0	no	no	0	0	0
Des Moines Shop	1300932	0	0	0	0	0	$	—	0	no	no	0	0	0
Dubois Quarry	2501046	0	0	0	0	0	$	—	0	no	no	0	0	0
Durham Mine	1301225	0	0	0	0	0	$	—	0	no	no	0	0	0
Earlham Quarry	1302123	0	0	0	0	0	$	—	0	no	no	1	1	0
Environmental Crew (Plant 854)	1302126	0	0	0	0	0	$	—	0	no	no	0	0	0
Ferguson Quarry	1300124	0	0	0	0	0	$	—	0	no	no	0	0	0
Fort Calhoun	2500006	0	0	0	0	0	$	—	0	no	no	2	2	0
Fort Dodge Mine	1300032	0	0	0	0	0	$	—	0	no	no	0	0	0
Greenwood	2300141	0	0	0	0	0	$	—	0	no	no	0	0	0
Iowa Grading	1302316	0	0	0	0	0	$	—	0	no	no	0	0	0
Linn County Sand	1302208	0	0	0	0	0	$	—	0	no	no	0	0	0
Malcom Mine	1300112	1	0	0	0	0	$	1,046	0	no	no	0	0	0
Marshalltown Sand	1300718	0	0	0	0	0	$	—	0	no	no	0	0	0
Moore Quarry	1302188	0	0	0	0	0	$	—	0	no	no	0	0	0
New Harvey Sand	1301778	0	0	0	0	0	$	—	0	no	no	0	0	0

Northwest Division														
OH	A2354	0	0	0	0	0	$	—	0	no	no	0	0	0
Ottawa Quarry	1401590	0	0	0	0	0	$	—	0	no	no	0	0	0
Pacific Quarry	4500844	0	0	0	0	0	$	—	0	no	no	0	0	0
Parkville Mine	2301883	0	0	0	0	0	$	290	0	no	no	0	0	0
Pederson Quarry	1302192	1	0	0	0	0	$	314	0	no	no	0	0	0
Raccoon River Sand	1302315	0	0	0	0	0	$	—	0	no	no	0	0	0
Randolph Deep Mine	2302308	1	0	0	0	0	$	—	0	no	no	0	0	0
Reasoner Sand	1300814	0	0	0	0	0	$	—	0	no	no	0	0	0
Saylorville Sand	1302290	0	0	0	0	0	$	—	0	no	no	0	0	0
St Cloud Quarry	2100081	0	0	0	0	0	$	—	0	no	no	0	0	0
Stamper Mine	2302232	1	0	0	0	0	$	—	0	no	no	0	0	1
Sully Mine	1300063	3	0	0	0	0	$	1,452	0	no	no	0	0	0
Sunflower	1401556	1	0	0	0	0	$	608	0	no	no	0	0	0
Weeping Water Mine	2500998	3	0	0	0	0	$	3,211	0	no	no	4	1	0
Yellow Medicine Quarry	2100033	0	0	0	0	0	$	—	0	no	no	0	0	0
211 Quarry	4103829	0	0	0	0	0	$	—	0	no	no	0	0	0
Augusta Quarry-KS	1400126	0	0	0	0	0	$	—	0	no	no	0	0	0
Beckman Quarry	4101335	0	0	0	0	0	$	—	0	no	no	0	0	0
Bedrock Plant	4103283	0	0	0	0	0	$	228	0	no	no	0	0	0
Bells Savoy SG TXI	4104019	1	0	0	0	0	$	1,076	0	no	no	0	0	0
Black Rock Quarry	300011	0	0	0	0	0	$	114	0	no	no	0	0	1
Black Spur Quarry	4104159	0	0	0	0	0	$	—	0	no	no	0	0	0
Blake Quarry	1401584	0	0	0	0	0	$	—	0	no	no	0	0	0
Bridgeport Stone TXI	4100007	1	0	0	0	0	$	—	0	no	no	0	0	0
Broken Bow SandG	3400460	0	0	0	0	0	$	—	0	no	no	0	0	0
Chico	4103360	0	0	0	0	0	$	370	0	no	no	0	0	0
Davis	3401299	0	0	0	0	0	$	114	0	no	no	0	0	0
Garfield SG TXI	4103909	0	0	0	0	0	$	—	0	no	no	0	0	0
Garwood	4102886	0	0	0	0	0	$	114	0	no	no	0	0	0
GMS - TXI	C335	0	0	0	0	0	$	—	0	no	no	0	0	0
Hatton Quarry	301614	0	0	0	0	0	$	—	0	no	no	0	0	0
Helotes	4103137	0	0	0	0	0	$	114	0	no	no	0	0	0
Hondo	4104708	0	0	0	0	0	$	—	0	no	no	0	0	0

Hondo-1	4104090	0	0	0	0	0	$	—	0	no	no	0	0	0
Hugo	3400061	0	0	0	0	0	$	—	0	no	no	0	0	0
Idabel	3400507	0	0	0	0	0	$	—	0	no	no	0	0	0
Jena Aggregates TXI	1601298	0	0	0	0	0	$	—	0	no	no	0	0	0
Jones Mill Quarry	301586	0	0	0	0	0	$	—	0	no	no	0	0	0
Koontz McCombs Pit	4105048	0	0	0	0	0	$	238	0	no	no	0	0	0
Medina Rock and Rail	4105170	0	0	0	0	0	$	—	0	no	no	1	1	0
Mill Creek	3401285	0	0	0	0	0	$	—	0	no	no	0	0	0
Mill Creek TXI	3401859	0	0	0	0	0	$	—	0	no	no	0	0	0
New Braunfels Quarry	4104264	0	0	0	0	0	$	—	0	no	no	1	0	0
Perryville Aggregates TXI	1601417	0	0	0	0	0	$	—	0	no	no	0	0	0
Poteet (Sand Plant)	4101342	0	0	0	0	0	$	—	0	no	no	0	0	0
Rio Medina	4103594	0	0	0	0	0	$	—	0	no	no	0	0	0
San Pedro Quarry	4101337	0	0	0	0	0	$	—	0	no	no	0	0	0
Sawyer	3401634	0	0	0	0	0	$	—	0	no	no	0	0	0
Snyder	3401651	2	0	0	0	0	$	1,867	0	no	no	0	0	0
South Texas Port No.2	4104204	0	0	0	0	0	$	—	0	no	no	0	0	0
Tin Top SG TXI	4102852	0	0	0	0	0	$	342	0	no	no	0	0	0
Washita Quarry	3402049	0	0	0	0	0	$	—	0	no	no	0	0	0
Webberville TXI	4104363	0	0	0	0	0	$	—	0	no	no	0	0	0
Woodworth Aggregates TXI	1601070	0	0	0	0	0	$	—	0	no	no	0	0	0
Cottonwood Sand and Gravel	504418	1	0	0	0	0	$	444	0	no	no	0	0	0
Fountain Sand and Gravel	503821	0	0	0	0	0	$	—	0	no	no	0	0	0
Granite Canyon Quarry	4800018	0	0	0	0	0	$	—	0	no	no	0	0	0
Greeley 35th Ready Mix	503215	0	0	0	0	0	$	—	0	no	no	0	0	0
Greeley 35th Sand and Gravel	504613	0	0	0	0	0	$	—	0	no	no	0	0	0
Guernsey	4800004	0	0	0	0	0	$	656	0	no	no	0	0	0

Milford	4202177	0	0	0	0	0	$	385	0	no	no	0	0	0
Northern Portable Plant #1	504359	0	0	0	0	0	$	—	0	no	no	0	0	0
Northern Portable Plant #19	504382	0	0	0	0	0	$	—	0	no	no	0	0	0
Northern Portable Plant #3	504361	0	0	0	0	0	$	—	0	no	no	0	0	0
Parkdale Quarry	504635	0	0	0	0	0	$	—	0	no	no	0	0	0
Penrose SG	504509	0	0	0	0	0	$	—	0	no	no	0	0	0
Portable Crushing	503984	0	0	0	0	0	$	—	0	no	no	0	0	0
Portable Recycle 21	504520	0	0	0	0	0	$	—	0	no	no	0	0	0
Red Canyon Quarry	504136	1	0	0	0	0	$	848	0	no	no	0	0	0
Riverbend Sand and Gravel	504841	0	0	0	0	0	$	—	0	no	no	0	0	0
Sokol SG	504977	0	0	0	0	0	$	—	0	no	no	0	0	0
Spanish Springs Co 2	2600803	0	0	0	0	0	$	—	0	no	no	6	6	0
Spec Agg Sand and Gravel	500860	1	0	0	0	0	$	—	0	no	no	0	0	0
Taft Sand and Gravel	504526	0	0	0	0	0	$	—	0	no	no	0	0	0
Taft Shop	504735	0	0	0	0	0	$	—	0	no	no	0	0	0
Three Bells Ditullio Sand and Gravel	504361	0	0	0	0	0	$	—	0	no	no	0	0	0
Hunter Cement TXI	4102820	0	0	0	0	0	$	6,549	0	no	no	0	0	0
Midlothian Cement TXI	4100071	0	0	0	0	0	$	—	0	no	no	0	0	0
Salisbury Shop	3101235	0	0	0	0	0	$	—	0	no	no	0	0	0
Woodville	3300156	0	0	0	0	0	$	2,919	0	no	no	0	0	0
TOTALS:		**32**	**1**	**0**	**0**	**0**	**$**	**34,226**	**0**			**21**	**13**	**4**

*Of the 21 legal actions pending on September 30, 2016, 13 were contests of citations or orders referenced in Subpart B of CFR Part 2700, which includes contests of citations and orders issued under Section 104 of the Mine Act and contests of imminent danger orders under Section 107 of the Mine Act and eight were contests of proposed penalties referenced in Subpart C of 29 CFR Part 2700, which are administrative proceedings before the Commission challenging a civil penalty that MSHA has proposed for the violation contained in a citation or order.