MARTIN MARIETTA MATERIALS INC
Form DFAN14A
May 01, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant ¨ Filed by a Party other than the Registrant x

Check the appropriate box:

¨ Preliminary Proxy Statement

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¨ Definitive Proxy Statement

x Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

VULCAN MATERIALS COMPANY

(Name of Registrant as Specified in its Charter)

MARTIN MARIETTA MATERIALS, INC.
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

Update on Martin Marietta
Materials
Proposed
Combination with Vulcan
Materials
May 1, 2012
Rock Solid Fundamentals.

Positioned for the Long Term.

Introduction: Martin Marietta Continues to Outperform Vulcan
2
Aggregates YoY
Shipments Growth
10%
Gross Margin
4.4%

YoY Net Sales Growth
9.5%
Adj. EBITDA Margin 2
8.5%
10%
6.8%
12.5%
10.0%
Vulcan
Q1 2012 Results
Martin Marietta
Q1 2012 Results
SG&A % of Net Sales 3
13.0%
9.4%
Other Results
Non-aggregates
4
Specialty Products
4
Negative gross margin
Quarterly record for net sales
and earnings from operations
37.5% gross margin
Aggregates YoY Price
Growth
(0.8%)
2.8%
Martin Marietta s net
sales is growing at a
faster rate than
Vulcan s
and generating
stronger margins

Vulcan's earnings
announcement focused on
promises for future
performance but did not
provide a substantive
update on their recently
announced Profit
Enhancement Plan and
Planned Asset Sales

When asked, Vulcan did
not quantify savings in
Q1 associated with their
recently announced
Profit Enhancement Plan

Vulcan still did not
provide detail on which
assets are included in
their Planned Asset Sales
and expected timing
2012 Aggregates
Outlook
Volume growth: 2% -
4%
Price growth: 1% -
3%
Volume growth: 4% -
5%
Price growth: 2% -
4%
1
Note 1:
YoY Net Sales growth reflects Heritage Aggregates business. Inclusive of acquisitions, the YoY Net Sales growth is 20.6%.
Note 2:
Please see EBITDA reconciliation in appendix.
Note 3:
SG&A not adjusted for R&D expense, as item not disclosed in Vulcan's Q1 2012 press release.
Note 4:
Vulcan s non-aggregates
segment
includes
concrete,
asphalt
and
cement.
Martin
Marietta s
Specialty
Products
segment
includes
the
magnesia-based
chemicals and dolomitic lime businesses.
Source:
Company filings

Summary
3

Vulcan Shareholders Should Show Their Support for Martin Marietta's
Compelling Offer
Martin Marietta believes that:

There
is
undeniable

strategic
logic
in
the
combination
of
Martin
Marietta
and
Vulcan

Vulcan s claims of undervaluation ignore the fact that Vulcan shareholders are not cashing out, but rather maintaining ~58% ownership in a stronger entity

Vulcan continues to mask underperformance and value destruction while refusing to accept Martin Marietta s invitation to engage in discussions

Vulcan
shareholders
have
an
opportunity
to
send
a
strong
message
to
their
Board

Elect Martin Marietta s independent nominees to the Vulcan Board

Communicate support for the transaction to fellow shareholders
4

Martin Marietta s Proposal is a 100% Stock-for-Stock Combination,
With Vulcan Shareholders Retaining ~58% Ownership
Note 1:
Vulcan implied TEV/2012E EBITDA based on 0.50 of a Martin Marietta share of common stock for each Vulcan share of con
Thomson median consensus estimates as of 4/27/2012.
Martin Marietta s
Proposed Stock-for-Stock

Combination
Cash Acquisition
Less important as parties ride economic
cycle together
Realized and shared
No incremental leverage related to financing
of transaction
Shared by both parties
Meaningful premium to the unaffected price
Opportunistic timing is critical
Accrue to buyer only
Burden increases for buyer
Seller does not participate in future upside
Typically higher than transactions with stock
or mixed consideration
Vulcan s statements about value for its shareholders fundamentally mischaracterize Martin
Marietta s proposal, ignoring the shared upside of a stock-for-stock combination
The offer:

Does
not
undervalue
Vulcan;
it
provides
an
immediate
premium
to the unaffected price and
values
Vulcan at a 2012 EBITDA
multiple
of
16.7x
while
Martin
Marietta
is
trading
at
12.7x
1

Does not exploit cyclical lows; Vulcan s share price already reflects expected recovery given
current
trading
multiple
and
offer
at

a
fixed
exchange
ratio

Enhances
Vulcan
shareholder
value
through
synergies
and
shared
upside
in
a
tax-free
combination
5
Stock
Cash
Consideration
Leverage
Synergies
Timing
Premium
Future Upside

We Agree With Vulcan s Assertion that It All Comes Down to Value
1

6

Combination
creates

a
world-class
U.S.-based aggregates leader

$200

250
million
expected
annual
cost
synergies
2

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

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

Continued focus on operational excellence

Participation in the eventual cyclical recovery through ~58% continuing ownership in the combined company
Aggregates Leader
Participation in
the Recovery
Synergies
Meaningful
Dividend
Strong Balance
Sheet
Best-in-Class
Management
Shareholders stand to benefit immediately from the powerful combination

Significantly increased scale

Complementary geographic footprint

Outstanding combined asset base, including 28 billion tons of mineral reserves
Note 1:
Source: Vulcan s The Vulcan Value Proposition , March 2012.
Note 2:
Martin Marietta continues to believe that it can achieve $200 to $250 million of annual cost synergies as a result of the combin
Vulcan since December 12, 2011, Martin Marietta believes that Vulcan s programs will be far from fully effective, at best, fo
result in some level of cost reductions during this period. Martin Marietta s belief is based on Martin Marietta s understandi
programs and Martin Marietta s experience in implementing its own fully operational management reporting system. Moreo
demonstrated capability and discipline to be credible to deliver Vulcan s hope plan on a standalone basis, leaving Vulcan s

be based on future performance, as to which there can be no assurance.

But Management Credibility is Essential

Martin Marietta believes that:

Vulcan has masked underperformance and value destruction:

Relied on flawed operating comparisons

Mischaracterized the historical performance of its businesses

Vulcan continues to use smokescreen tactics to impede a transaction:

Ignored its own elevated trading multiple, which Martin Marietta believes already reflects the potential benefits of an eventual economic recovery

Set unrealistic expectations for the relative timing and extent of Vulcan's recovery

Created vague hope plans as a response to Martin Marietta s proposal

Disregarded Vulcan s 26% stock price increase (approximately $1.1 billion in equity value) since 12/9/2011, which appears to have been driven by Martin Marietta s proposal
1
7
Note 1:
Equity value reflects change from 12/9/2011 to 4/27/2012.
Source:
Company filings, Capital IQ

Can You Trust Today s Vulcan to Make the Right Transaction Decision?
8
Essentially a cash out transaction
(~70% cash) with minimal interest in
ongoing entity
$3.2B of additional debt that
ultimately led to near elimination of

the dividend
Destroyed $4.3B of the combined
company s shareholder value
1
The combined company will have
enhanced earnings growth and a strong
cash flow profile to reduce debt while
maintaining Vulcan Materials' historical
dividend practices ...
(Vulcan Press Release, 2/19/2007)
Continuing participation in market
recovery (~58% ownership) through
all-stock merger
Immediate deleveraging for Vulcan
from 7.4x to 4.0x-4.3x with
immediate restoration of meaningful
dividend
3
Expected to create ~$1.8B-$2.2B of
incremental value for the combined
company
2
We do not believe that Martin
Marietta s offer reflects the intrinsic
value of Vulcan s assets or would create
value for our shareholders
(Vulcan Q1 2012 Earnings Conference Call)
Acquisition of Florida Rock in
2007
Martin Marietta s Proposal
Vulcan s View
Value Impact
Transaction
Structure
Leverage
Vulcan shareholders deserve the opportunity to participate in Martin Marietta s
value-enhancing proposal
Note 1:
Reflects change in market capitalization of Vulcan between 12/31/2007 and 12/9/2011.
Note 2:
Assumes $200 - $250M annual synergies at estimated cycle-average EBITDA multiple of 10x, less one-time costs to achieve s
divestitures.
Note 3:
Assumes annual synergies of $200 - $250M, attributable to cost savings related to SG&A, duplicative operating functions, and
note 2 on page 6.
Source:
Company filings

Vulcan s Underperformance Provides Little Evidence that Vulcan
Management Can Deliver on its Hope Plans
9
Vulcan Gross Profit (% of Net Sales)
Vulcan Adj. SG&A (% of Net Sales)
1
Note 1:

Vulcan s SG&A excludes R&D for comparative purposes. Please see SG&A reconciliation in the appendix.
Note 2:
Please see EBIT reconciliation in the appendix.
Note 3:
Reflects net income from continuing operations.
Source:
Company filings
Vulcan Adj. EBIT (% of Net Sales)
2
Vulcan Net Income (% of Net Sales)
3
(1,900 bps)
+270 bps
(2,200 bps)
(1,810 bps)
30.8%
11.8%
2007
2011
21.0%
(1.0%)
2007
2011
15.0%
(3.1%)
2007
2011
9.3%
12.0%
2007
2011

Vulcan s Underperformance Has Destroyed Significant Shareholder
Value
10
Note 1:
Vulcan s
share
price

performance
for
the
period
12/31/2007

12/9/2011.
Source:
Company filings, Capital IQ
Vulcan Share Price Performance
1
Vulcan Dividend Level ($/share)
$1.84
$0.04
2007
Q1 2012 annualized
$20
$30
$40
$50
$60
$70
$80
$90
2008
2009
2010
2011

11
Note:
Note 1:
Source: Vulcan s The Vulcan Value Proposition , March 2012.
Source:
Company filings
Vulcan s Valuation Analysis Appears to be Based on Flawed Assumptions

Regarding its Recovery
($M)
Vulcan cited a mid-cycle EBITDA 50% higher than Vulcan s historical average
Actual
Vulcan Average
EBITDA (05- 11): $780
Vulcan Claimed
Profit-
Enhanced
Mid-Cycle
EBITDA:
1
$1,179
$1,006
$1,306
$1,143
$800
$516
$352
$338
PF2005
PF2006
PF2007
2008
2009
2010
2011
Vulcan EBITDA
Average Vulcan EBITDA ('05-'11)
Vulcan Profit-Enhanced Mid-Cycle EBITDA
Please
see
EBITDA
reconciliation
in
appendix.
2005

2007
pro
forma
for
the
acquisition
of
Florida
Rock.

Timing of Vulcan s Recovery Remains Highly Uncertain
12
Note 1:
2012-2014 based on Thomson median consensus estimates as of 4/27/2012.
Note 2:
Based on Vulcan s The Vulcan Value Proposition , March 2012.
Source:

Company filings, Vulcan s The Vulcan Value Proposition , March 2012
Vulcan
EBITDA
[1]
To calculate its Profit-Enhanced
Mid-Cycle
EBITDA, Vulcan added
$100 million to an estimate that
already appeared aggressive
How long to
achieve
Vulcan s Profit
Enhanced
mid-
cycle
EBITDA?
[2]
Analyst consensus estimates
($M)

Martin Marietta's Proposal, as Reflected in Vulcan's TEV/EBITDA Multiple, Already Incorporates Analysts' Views of the Eventual Cyclical Recovery And Future Performance

13

Note: Market data as of 4/27/2012.

Note
1:

EBITDA projections based on Thomson median consensus estimates as of 4/27/2012.
Source:
Company filings, ThomsonOne
Martin Marietta s proposal provides a significant, real premium to Vulcan shareholders;
Vulcan s contrary claim is demonstrably wrong
Total
Enterprise
Value
/
EBITDA
Multiple
1
At the proposed exchange
ratio, Vulcan is valued at a
premium to Martin Marietta,
even using current 2014 analyst
EBITDA estimates that
incorporate significant recovery
assumptions
1
Estimated cycle-average
EBITDA multiple of 10.0x
12.7x
10.8x
9.1x
16.7x
13.6x
11.1x
2012
2013
2014
Martin Marietta
Vulcan (at Martin Marietta's Proposal)
8.0x
10.0x
12.0x
14.0x
16.0x
18.0x
Vulcan TEV implied based on current proposed exchange ratio of 0.50 of a Martin Marietta share of common stock for each V

Martin Marietta s Proposal, and Not the Profit Enhancement
Plan, Appears to Have Driven Up Vulcan s Stock Price
14
Stock Price Performance Since 12/9/2011
Note:
Market data as of 4/27/2012.
Note 1:

Vulcan share price performance equals Vulcan 1-day change less S&P 500 1-day change.
Note 2:
S&P price indexed to Vulcan share price as of 12/9/2011.
Source:
Company filings, Capital IQ
Following
an
increase
of
~17%
upon
announcement
of
the
proposal,
Vulcan s
share
price
has
traded
in
line
with
Martin
Marietta s
1
12/12/2011:
Change
vs.
S&P
500:
+16.8%
1
Positive price reaction to Martin Marietta proposal
12/19/2011:
Change vs. S&P 500: (2.5%)
1
Vulcan announcement of
ongoing
restructuring efforts
2/16/2012:
Change vs. S&P 500 : (0.6%)
1
Announcement of Vulcan s
hope plans
Martin
Marietta
Vulcan
S&P
500

2

Through a Combination, Vulcan Shareholders Would Realize
Immediate Balance Sheet Improvement
15
Credit
Rating
A3/A-
Baa2/BBB+

Baa2/BBB
Baa3 / BBB-
Ba2/BB
3/31/2012
($M)
MARTIN
MARIETTA
VULCAN
Combined
[2]
Debt
$1,135
$2,814
$3,949
LTM Adj.
EBITDA
[3]
$349
$379
$928-$978
4
Total Debt/
LTM Adj.
EBITDA
[3]
3.3x
7.4x
4.3x
4.0x
4
Vulcan
claims
that
it
will
de-risk
its
balance
sheet
as
EBITDA
grows
but
ignores
the
time
needed
for
Vulcan
to

achieve
a
reasonable
leverage
ratio
on
a
standalone
basis
and the opportunity cost and risk of an extended achievement period
Vulcan
Standalone
Leverage
1
Combined Financials
In the absence of a combination, we
expect credit measures to remain weak
for the rating in the near term, despite
some improvement in 2012 as
aggregates volumes and pricing rise.
(Standard & Poor s, 4/27/2012)
Note 1:
Leverage defined as total debt / LTM adjusted EBITDA. Please see EBITDA reconciliation in the appendix.
Note 2:
Combined financials exclude fees and expenses associated with the proposed combination.
Note 3:
Please see EBITDA reconciliation in the appendix.
Note 4:
Assumes annual synergies of $200 - $250 million, attributable to cost savings related to SG&A, duplicative operating function
Please refer to note 2 on page 6.
Source:
Company filings

16
Vulcan
recently cut
its quarterly
dividend to
$0.01
per share

Vulcan Dividend Per Share ($)

And an Immediate Return to a Meaningful Dividend
Implied annual
dividend after
combination
0.80
1.16
1.48
1.84
1.96
1.48
1.00
0.76
0.04
2005
2006
2007
2008
2009
2010
2011
Q1 2012
Annualized
1
The dramatic 3-year decline in Vulcan s dividend does not inspire confidence in its
stated
commitment
to
restore
a
competitive
dividend
when
prudent
to
do
so
2
Note 1: Reflects Vulcan s October 14, 2011 announcement to cut its quarterly dividend to $0.01.
Note 2:
Source: Vulcan s The Vulcan Value Proposition , March 2012.
Source: Company filings

Vulcan
Shareholders
Should
Send
a
Strong
Message

to
Their
Board
1)
Elect Martin Marietta s independent nominees to the Vulcan Board

Martin Marietta has nominated four highly qualified independent director nominees to replace the four incumbent Vulcan directors seeking re-election

Nominees are independent and have no affiliation with Martin Marietta or Vulcan

Nominees
will
bring
a
fresh
perspective
-
including
an
open
mind
-
to
the
Vulcan Boardroom on whether Vulcan should engage with Martin Marietta on its business combination
2) Don t
wait

promptly
and
publicly
communicate
support
for
the
transaction
to:

The Vulcan Board

Your fellow shareholders
17
Vulcan
shareholders
should
support
the

transaction
by
voting
for
the
four
independent director candidates nominated by Martin Marietta

Addressing Vulcan's Most Recent Mischaracterizations
18

Vulcan s Tactics Are a Smokescreen to Impede the Proposed Transaction

Asked its shareholders to believe in the Profit Enhancement Plan, and overlook the unfulfilled promises following the acquisition of Florida Rock

Refused to acknowledge that the divestiture plan that may be required as part of Martin Marietta s proposed business combination builds a stronger enterprise as opposed to Vulcan s asset sale plan which at best will reduce excessive leverage

resulting from its Florida Rock transaction
Cherry-picked metrics for flawed performance comparisons
Ignored relevant profitability and operating metric comparisons
19
1
2
3
4
In its
March
2012
presentation,
The
Vulcan
Value
Proposition,
Vulcan
appears
to
have:

Vulcan Overpromised and Underdelivered Following the Florida
Rock Acquisition
20
Adjusted EBITDA and % EBITDA Margin
Given Vulcan s lack of credibility, Martin Marietta believes shareholders should not trust Vulcan to deliver significant cost savings over its projected three year time horizon

Note 1:
Compares Vulcan s EBITDA and SG&A for 2007 and 2011.
Source:
Company filings
($M)
30%
margin
23%
margin
20%
margin
15%
margin
14%
margin

EBITDA
has
fallen
by
63%
[1]
and
is
currently
17% of the $2B goal

Stated focus on cost reduction has yielded
only
a
9%
reduction
in
SG&A
costs
[1]
(excluding $50M Florida Rock synergies)

Failed to accomplish stated goals of
de-levering the balance sheet and
maintaining an investment grade rating
What Vulcan Delivered Since 2007:
What Vulcan Said in 2007:
$2B targeted EBITDA
Anticipated **average annual EBITDA of**
more
than
$2
billion
over

the
next
3
years,
enabling rapid debt reduction.
(Vulcan Investor Presentation, February 20, 2007)

Potential Divestitures in the Business Combination Build a Stronger
Enterprise, Versus Vulcan s Planned Asset Sales to Reduce Excessive leverage

Discussions with the DOJ continue; optimistic
that outstanding issues will be resolved in
the next several weeks

Numerous buyers have expressed interest in
assets that may be divested
21
Source: Vulcan s The Vulcan Value Proposition , March 2012
Divestitures

Not the optimal strategy to reduce the excessive leverage from Vulcan s acquisition of Florida Rock

In order to achieve $500M of asset sales, meaningful EBITDA generating assets may need to be divested, further extending the time required to reduce leverage

Vulcan is ignoring an opportunity to strengthen its balance sheet immediately and restore its dividend through a combination with Martin Marietta
Vulcan s Planned Asset Sales

Flawed Comparisons
22
VULCAN CLAIM
MARTIN MARIETTA S POSITION
3
Note 1:
Top 5 states

population growth weighted by 2011 sales.
Source:
Company
filings,
Moody s
2010

2020
population
projections
(April
2012)
Top States
% of 2011 Net
Sales
2010
2020
Estimated
Population Growth
Texas
19%
19.2%
North Carolina
17%
19.1%
Iowa
8%
3.3%
Georgia
8%
18.1%
South Carolina
5%
13.3%
Top 5 total
57%
16.3%
Top States
% of 2011 Net
Sales
2010
2020
Estimated
Population Growth
California
21%
11.6%
Virginia
13%
9.9%

Texas
9%
19.2%
Florida
9%
22.4%
Georgia
7%
18.1%
Top 5 total
59%
14.8%
MARTIN MARIETTA
VULCAN

Both companies well positioned to benefit from estimated long term demographic growth

Weighted average estimated population growth of 16.3% for Martin Marietta and 14.8% for Vulcan
1
1
1

Flawed Comparisons (continued)
23

MARTIN MARIETTA S POSITION
Adj.
SG&A

(%
of
Net
Sales)
1
EBITDA Per Employee Comparison
2
VULCAN CLAIM
126%
119%
134%
183%
163%
2007
2009
2010
2011
3
2008
Over the last 5 years, Martin
Marietta has generated on
average 45% more EBITDA per
employee than Vulcan
8.0%
8.2%
9.3%
12.0%
2007
2011
Martin Marietta
Vulcan
For a meaningful comparison, SG&A should be evaluated
as a percentage of sales rather than on an absolute basis
Vulcan s EBITDA per employee has been significantly
below Martin Marietta s
Note 1: Vulcan s SG&A excludes R&D for comparative purposes. Please see SG&A reconciliation in the appendix.
Note 2: Martin Marietta EBITDA per employee divided by Vulcan EBITDA per employee.
Note 3: 2011 headcount for Martin Marietta adjusted to exclude impact of asset swap transaction closed in December 2011, wi
Source: Company filings
3

Relevant Metrics Show Martin Marietta has Clearly Outperformed
Vulcan
24
Gross Profit (% of Net Sales)
Adj. SG&A (% of Net Sales) [1]
Note 1:
Vulcan s SG&A excludes R&D for comparative purposes. Please see SG&A reconciliation in the appendix.

Note 2:
Please see EBIT reconciliation in the appendix.
Note 3:
Reflects net income from continuing operations.
Source:
Company filings
Adj. EBIT (% of Net Sales) [2]
Net Income (% of Net Sales) [3]
4
Confronted with the same downturn in the construction market,
Martin Marietta has outperformed Vulcan

Revisiting the Compelling Nature of the Proposal
25

Undeniable Strategic Logic for a Combination
26
Martin Marietta believes that a combination:
Aggregates
Leader

Creates

a
world-class
U.S.-based
aggregates
leader

Significantly increased scale

Complementary geographic footprint

Outstanding combined asset base, including 28 billion tons of mineral
reserves
Synergies

Generates
significantly
greater
cost
reduction
through
synergies
than
Vulcan is likely to achieve on its own

$200
250M annual cost synergies vs. Vulcan s unsubstantiated
hope plan
1
Positioned for
Growth

Presents greater growth opportunities than either company on a
standalone basis
Value Creation

Creates
significant
value
for
both
companies
shareholders
Note 1:
Please refer to note 2 on page 6.

Combined Company Will Have the Most Extensive Aggregates Footprint
27
Combined company has extensive geographic coverage and diversity
States with Martin Marietta locations
States with Vulcan locations
States with both companies
locations

Locations served by Martin Marietta
MD
Nova Scotia
Bahamas
Yucatán
Peninsula
MA
Note 1:
Fiscal year 2011 annual shipments measured in millions of short tons and based on publicly available information. Excludes d
Note 2:
Martin Marietta includes shipments from Nova Scotia and the Bahamas which are primarily used to service the U.S.
Note 3:
Vulcan includes shipments from the Yucatán Peninsula and the Bahamas.
Note 4:
Heidelberg reports North American aggregates volumes, which includes production sites in western Canada.
Source:
Company filings
U.S. aggregates producers
(by shipments) [1]
4
2,3
WA
NV
UT
WY
CO
NM
AZ
CA
OR
ID
MT
NE
KS
OK
TX
IA
MO
AR
WI
IN
OH
WV
SC
TN
MS
AL
GA
FL
KY

IL
LA
SD
MI
MN
ND
VT
NH
ME
VA
NC
PA
NY
DE
NJ
CT
RI

U.S.
Global
28
Note:
Fiscal year 2011 annual shipments measured in millions of short tons and based on publicly available information. Excludes d
Note 1:
Vulcan includes shipments from the Yucatán Peninsula and the Bahamas.

Note 2:
Martin Marietta includes shipments from Nova Scotia and the Bahamas which are primarily used to service the U.S.
Note 3:
Heidelberg reports North American aggregates volumes, which includes production sites in Western Canada.
Source:
Company filings
Combination
creates
the
must
own
U.S.
heavy
building
materials
stock
Aggregates Shipments by Tonnage
Creates a World-Class
U.S.-Based Aggregates Leader

Realization of $200 -
250M in Annual Cost Synergies
29
Duplicative SG&A Functions

Management, facility, corporate overhead and information technology integration

Public company costs
Duplicative Operating Functions

Realigned organizational structure

Management, facility, sales force and production overhead integration
Improved Purchasing Efficiencies from Greater Scale

Goods and services

Distribution network
Realization of cost synergies creates significant shareholder value
$50
60M
$50
60M
$100
130M
Realization and Cost to Achieve

Synergies expected to be realized over two to three years

One-time costs to achieve synergies expected to be equal to one times fully achieved annual synergies
Note:
Please refer to note 2 on page 6.

Significant Shareholder Value Creation
30
Estimated
$200 -
$250 million
in annual synergies
1

Meaningful dividend
Balance sheet well-
positioned for
cyclical recovery
and growth
Efficiencies gained
from size and scale
Continued focus on
operational
excellence
Stronger platform
for long term growth
Note 1:
Please refer to note 2 on page 6.
Significant
shareholder
value creation

Martin Marietta is Committed to Making This
Combination a Reality
31

The Election of Martin Marietta s Independent Director Nominees is
The Important Next Step for a Successful Transaction

Martin Marietta has nominated 4 independent director candidates to the Vulcan Board who would replace the 4 incumbent Vulcan directors seeking re-election

Election of Martin Marietta s independent nominees will bring a
fresh perspective

including an open mind

to the Vulcan
Boardroom on whether Vulcan should engage with Martin Marietta
on its business combination
32
This election provides a critical opportunity to the Vulcan shareholders
to show support for a combination of the two companies

In contrast, a vote for the incumbent Board members is a
vote for the status quo, encouraging the current Vulcan Board
to continue to ignore value creating opportunities for
shareholders

Qualified and Independent Board Nominees

Martin Marietta has proposed qualified, independent Board nominees

Each nominee has been carefully screened to ensure independence

No affiliation with Martin Marietta, Vulcan or any of their subsidiaries

Board nominees have a broad set of skills and experience required to ensure the Board functions efficiently and provides appropriate oversight
33
Skills
Experience

Corporate governance

Securities and disclosure

Executive compensation

Finance and accounting

Operations

Current and former directors of public companies

Financial and operating experience

Major corporate M&A transaction experience

34
Vote the blue proxy card or blue voting
instruction form today and communicate
your support for the proposal to the
Vulcan Board
Now is the Time for Vulcan Shareholders to Act

Appendix
35

Qualified Independent Board Nominees
36
Board Nominees
Selected Qualifications
Expertise
Philip R. Lochner, Jr.
-

Senior VP and Chief Administrative Officer of Time Warner, Inc. (1991-1998)
-
Commissioner of the SEC (1990-1991)
-
Currently serves as director on four publicly traded U.S. corporations
Corporate Governance
Securities and
Disclosure
Edward W. Moneypenny
-
Senior VP of Finance and CFO of 7-ELEVEN, Inc. (2002-2006)
-
Executive VP of Finance and CFO of Covanta Energy Corporation (2001)
-
Previously CFO at two former Fortune 500 companies in the energy industry
Finance and Accounting
Karen R. Osar
-
Executive VP and CFO of Chemtura Corporation (2004-2007)
-
Senior VP and CFO of Westvaco Corporation and MeadWestvaco Corporation (1999-2003)
-
Previously Managing Director, investment banking, of JPMorgan Chase & Co.
Executive Compensation
Corporate Governance
Finance and Accounting
V. James Sardo
-
Chairman of the Board of Capstone Infrastructure Corp.
-
Significant prior experience as former director or trustee of multiple institutions
-
Interim CEO of Royal Group Technologies Limited (2005-2006)
Corporate Governance
Operations

Martin Marietta EBITDA & EBIT Reconciliation
37
Note: Adjusted Q1 2012 and LTM EBITDA is preliminary and amounts may change upon finalization of Martin Marietta s Q
Source: Company filings
(dollars in millions)
For the Quarter Ended
March 31,

LTM
For the Year Ended December 31,
2012
2011
3/31/2012
2011
2010
2009
2008
2007
Net earnings attributable to entity
$ (36.7)
$ (17.4)
$ 63.1
$ 82.4
$
97.0
$ 85.5
$ 176.3
$
262.7
Add back:
Interest expense
13.5
18.2
53.9
58.6
68.5
73.5
74.3
60.9
Income tax expense for controlling interests
(10.0)
(6.4)
19.6
23.2
29.3
27.4
77.3
116.6
Depreciation, depletion and amortization expense
43.8
42.9
172.7
171.8
179.9
177.7
169.8
150.4
EBITDA

$ 10.6
$ 37.3
$ 309.3
$ 336.0
$
374.7
$ 364.1
$ 497.7
$
590.6
Adjusted for:
Legal settlement
-
-
-
-
-
11.9
-
-
Reversal of excess legal reserve
-
-
-
-
(5.0)
-
-
-
Nonrecurring reduction in workforce charge
-
-
-
-
-
-
5.4
-
Charge for early retirement benefit
-
-
4.4
4.4
-
-
-
-
Loss (gain) on sales of assets
0.5
(3.0)

(2.0)
(5.5)
(4.5)
3.0
(12.8)
-
Transaction costs
25.9
1.0
43.5
18.6
1.2
2.2
3.6
-
Settlement expense for pension plan
-
-
0.4
0.4
3.5
-
2.8
0.7
Asset write-offs
-
-
-
-
-
-
3.3
-
Other nonoperating (income) expense
(1.8)
(0.2)
0.2
1.8
0.2
(1.1)
2.0
(7.3)
Pretax loss
(gain) on discontinued operations
0.7
1.8
(7.3)
(6.2)
(0.3)
(0.5)

(10.1)
(3.7)
Income attributable to noncontrolling interests
(1.0)
(0.3)
0.5
1.2
1.7
2.8
3.7
0.9
Adjusted EBITDA
$
34.9
$
36.6
$
349.0
$
350.7
$
371.5
$
382.4
$ 495.6
$
581.2
Less:
Depreciation, depletion and amortization expense
43.8
42.9
172.7
171.8
179.9
177.7
169.8
150.4
Adjusted EBIT
$
(8.9)
$
(6.3)
$
176.3
$
178.9
$
191.6
$
204.7

$
325.8
$
430.8

Vulcan EBITDA & EBIT Reconciliation
38
(dollars in millions)
For the Quarter Ended
March 31,
LTM
For the Year Ended December 31,

2012
2011
3/31/2012
2011
2010
2009
2008
2007
2006
2005
Net (loss) earnings
$ (52.1)
$ (54.7)
$ (68.1)
$ (70.8)
$ (96.5)
$ 30.3
$ 0.9
$ 450.9
$ 470.2
$ 470.2
Add back:
Interest expense
52.3
42.3
227.2
217.2
180.7
173.0
169.7
41.6
20.1
20.5
Income tax (benefit) expense
(38.4)
(31.0)
(83.0)
(75.6)
(85.7)
(30.1)
70.1
197.2
216.7
164.1
Depreciation, depletion and amortization expense
85.2
90.6
356.3
361.7
382.1

394.6
389.1
271.5
226.4
222.9
Goodwill impairment
-
-
-
-
-
-
252.7
-
-
-
EBITDA
47.0
47.1
432.4
432.5
380.6
567.8
882.5
961.2
933.4
796.5
Adjusted for:
Legal settlement
-
-
-
-
40.0
-
-
-
-
-
Recovery for legal settlement
-
(25.5)
(20.9)
(46.4)
-
-
-
-
-
-

Legal expense
-
-
-
-
3.0
-
-
-
-
-
Transaction expenses
10.1
-
10.1
(0.0)
-
-
-
-
-
-
Restructuring charges
-
-
15.2
15.2
-
-
-
-
-
-
Gain on sales of assets
(6.5)
(0.5)
(53.8)
(47.8)
(59.3)
(27.1)
(94.2)
(58.7)
(5.6)
(8.3)
Asset write-offs
-
-
-
-
9.2

8.5
10.5
-
-
-
Accretion expense for asset retirement obligations
-
(2.2)
(6.0)
(8.2)
(8.6)
(8.8)
(7.1)
(5.9)
(5.5)
(4.8)
Other nonoperating (income) expense
(3.1)
(1.4)
(1.7)
(0.0)
(3.1)
(5.3)
4.4
5.3
(28.5)
(24.4)
(Earnings) loss on discontinued operations, net of tax
(5.0)
(16.4)
(4.0)
(7.4)
(10.0)
(19.5)
4.1
19.3
16.6
(83.7)
Income attributable to noncontrolling interests
-
-
-
-
-
-
-
0.2
-
11.2
Adjusted EBITDA

$ 42.4
$
1.2
$ 379.2
$ 337.9
$ 351.8
$ 515.6
$ 800.1
$ 921.5
$ 910.4
$ 686.6
Less:
Depreciation, depletion and amortization expense
85.2
90.6
356.3
361.7
382.1
394.6
389.1
271.5
226.4
222.9
Adjusted EBIT
$ (42.7)
$ (89.4)
$ 22.9
$ (23.8)
$ (30.3)
$ 121.0
$ 411.0
$ 650.0
$ 684.0
$ 463.7
Plus:
Florida Rock adjusted EBITDA [1]
221.1
395.2
319.0
Adjusted pro forma EBITDA
$ 1,142.6
$ 1,305.6
$ 1,005.6
Note:
Adjusted Q1 2012 and LTM EBITDA is preliminary and amounts may change upon finalization of Vulcan s Q1 2012 earning
Note 1: Florida Rock financials calendarized to December 31 year-end. 2007 period represents financials for the first 9 months
Source:
Company filings

Florida Rock EBITDA Reconciliation
39
For the 9 months
(dollars in millions)
ended Sept. 30,
For the Year Ended December 31,
2007

2006
2005
Net (loss) earnings
$
$
169.6
Add back:
Interest expense (income)
(1.1)
(3.6)
(0.5)
Income tax (benefit) expense
52.2
119.2
104.7
Depreciation, depletion and amortization expense
63.7
76.9
65.5
EBITDA
211.5
406.2
339.2
Adjusted for:
Recovery for legal expenses
-
-
(0.6)
Transaction expenses
10.1
-
-
Gain on sales of assets
0.0
(6.3)
(7.5)
Life insurance proceeds
-
-
(0.6)
Insurance settlement
-
-
(2.1)
Other nonoperating (income) expense
(0.6)
(4.6)
(9.5)
Adjusted EBITDA
$

$
$
$
319.0
213.7
395.2
96.7
221.1
Note: Florida Rock financials calendarized to December 31 year-end. 2007 period represents financials for the first 9 month
Source: Company filings

Vulcan SG&A Reconciliation
40
Source:
Company filings
(dollars in millions)
For the Year Ended December 31,
2011

2010
2009
2008
2007
SG&A, as reported
$ 290.0
$ 327.5
$ 321.6
$ 342.6
$ 289.6
R&D expense, as disclosed in notes to financials
1.1
1.6
1.5
1.5
1.6
Adjusted SG&A
$ 288.9
$ 326.0
$ 320.1
$ 341.0
$ 288.0
Net Sales
$ 2,406.9
$ 2,405.9
$ 2,543.7
$ 3,453.1
$ 3,090.1
Adjusted SG&A as Percentage of Net Sales
12.0%
13.5%
12.6%
9.9%
9.3%

Cautionary Note Regarding Forward-Looking Statements
41
This presentation may include "forward-looking statements." Statements that include words such as "anticipate," "expect," "sh
of similar meaning in connection with future events or future operating or financial performance are often used to identify forw
in this presentation, other than those relating to historical information or current conditions, are forward-looking statements. Th
subject to a number of risks and uncertainties, many of which are beyond Martin Marietta's control, which could cause actual r
statements. Risks and uncertainties relating to the proposed transaction with Vulcan include, but are not limited to: Vulcan's wi

proposal and enter into a definitive transaction agreement reasonably satisfactory to the parties; Martin Marietta's ability to obt approvals on the proposed terms and schedule; uncertainty as to the actual premium that will be realized by Vulcan shareholde transaction; uncertainty of the expected financial performance of the combined company following completion of the proposed achieve the cost-savings and synergies contemplated by the proposed transaction within the expected time frame; Martin Marie integrate the businesses of Vulcan and Martin Marietta; the combined company s ability to pay dividends in the amounts antic Vulcan's indebtedness, which could give rise to an obligation to redeem Vulcan's existing indebtedness; the potential implicati with respect to Vulcan, Martin Marietta and/or the combined company, including potentially requiring an offer to repurchase c debt; the implications of the proposed transaction on certain of Martin Marietta s and Vulcan s employee benefit plans; and c making it more difficult to maintain relationships with customers, employees or suppliers. Additional risks and uncertainties in performance of the United States economy; decline in aggregates pricing; the inability of the U.S. Congress to pass a successor of the federal gasoline tax or other revenue related to infrastructure construction; the level and timing of federal and state trans stimulus projects; the ability of states and/or other entities to finance approved projects either with tax revenues or alternative f construction spending in the markets that Martin Marietta and Vulcan serve; a decline in the commercial component of the non office and retail space; a slowdown in residential construction recovery; unfavorable weather conditions, particularly Atlantic spring or the early onset of winter and the impact of a drought or excessive rainfall in the markets served by Martin Marietta an particularly diesel fuel, and the impact on the cost of other consumables, namely steel, explosives, tires and conveyor belts; co repair and supply parts; transportation availability, notably barge availability on the Mississippi River system and the availabil move trains to supply Martin Marietta's and Vulcan's long haul distribution markets; increased transportation costs, including i energy and other costs to comply with tightening regulations as well as higher volumes of rail and water shipments; availability the United States; weakening in the steel industry markets served by Martin Marietta's dolomitic lime products; inflation and it costs; Martin Marietta s ability to successfully integrate acquisitions and business combinations quickly and in a cost-effective profitability to maintain compliance with Martin Marietta's leverage ratio debt covenants; changes in tax laws, the interpretatio practices that would increase Martin Marietta's and/or Vulcan's tax rate; violation of Martin Marietta's debt covenant if price an instability; a potential downgrade in the rating of Martin Marietta's or Vulcan s indebtedness; downward pressure on Martin M and its impact on goodwill impairment evaluations; the highly competitive nature of the construction materials industry; the im actions; the outcome of pending legal proceedings; healthcare costs; the amount of long-term debt and interest expense; change plan asset values which may require cash contributions to pension plans; the impact of environmental clean-up costs and liabili businesses; the ability to secure and permit aggregates reserves in strategically located areas; exposure to residential constructi combined company (after giving effect to the proposed transaction with Vulcan) of any of the foregoing risks, as well as other Martin Marietta's and Vulcan's filings with the SEC.

The foregoing review of important factors should not be construed as exhaustive and should be read in conjunction with the ot included elsewhere, including the Risk Factors section of the Registration Statement and our most recent report on Form 10-K, Marietta and Vulcan filed with the SEC. Any forward-looking statements made in this presentation are qualified in their entire there can be no assurance that the actual results or developments anticipated by us will be realized or, even if substantially real consequences to, or effects on, us or our business or operations. Except to the extent required by applicable law, we undertake revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

Important Additional Information

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This presentation relates to the Exchange Offer by Martin Marietta to exchange each issued and outstanding share of common
Marietta common stock. This presentation is for informational purposes only and does not constitute an offer to exchange, or a
shares of Vulcan common stock, nor is it a substitute for the Tender Offer Statement on Schedule TO or the preliminary prospe
Registration Statement on Form S-4 (the "Registration Statement") (including the letter of transmittal and related documents ar
time to time, the "Exchange Offer Documents") initially filed by Martin Marietta on December 12, 2011 with the SEC. The Re

effective. The Exchange Offer will be made only through the Exchange Offer Documents. INVESTORS AND SECURITY HO
DOCUMENTS AND ALL OTHER RELEVANT DOCUMENTS THAT MARTIN MARIETTA HAS FILED OR MAY FILE
CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION.

In connection with the solicitation of proxies for Vulcan's 2012 annual meeting of shareholders (the "Vulcan Meeting"), Martin
on April 25, 2012 (the "Vulcan Meeting Definitive Proxy Statement") with the SEC. The Vulcan Meeting Definitive Proxy Sta
mailed to the shareholders of Vulcan. Martin Marietta also intends to file a proxy statement on Schedule 14A and other relevan
with its solicitation of proxies for a meeting of Martin Marietta shareholders (the "Martin Marietta Meeting") to approve, amon
Martin Marietta common stock pursuant to the Exchange Offer (the "Martin Marietta Meeting Proxy Statement"). INVESTOR
THE VULCAN MEETING DEFINITIVE PROXY STATEMENT, THE MARTIN MARIETTA MEETING PROXY STATEM
BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.

All documents referred to above, if filed, will be available free of charge at the SEC's website (www.sec.gov) or by directing a
757-5404 (banks and brokers may call (203) 658-9400).

Martin Marietta, its directors and executive officers and the individuals nominated by Martin Marietta for election to Vulcan's
solicitation of proxies from Vulcan shareholders for the Vulcan Meeting or any adjournment or postponement thereof. Martin
officers are participants in any solicitation of proxies from Martin Marietta shareholders for the Martin Marietta Meeting or an
Information about the participants, including a description of their direct and indirect interests, by security holdings or otherwi
Statement, the proxy statement for Martin Marietta's 2012 annual meeting of shareholders, filed with the SEC on April 18, 201
Statement, or will be available in the Martin Marietta Meeting Proxy Statement, as applicable.

Martin Marietta anticipates that some divestitures may be required in connection with the regulatory approval process. Certain
the combined operations of Martin Marietta and Vulcan, but does not reflect the impact of any divestitures that may be necessa