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Office of the Secretary
PCAOB
1666 K Street, NW
Washington, D.C. 20006

PCAOB Rulemaking Docket Matter No. 37 Concept Release on Auditor Independence and Audit Firm Rotation

Martin Marietta Materials, Inc. (the “Corporation”) appreciates the opportunity to comment on the PCAOB’s Concept Release on Auditor Independence and Audit Firm Rotation. The Corporation is the second largest producer of construction aggregates in the United States and reported total revenues of \$1.8 billion in 2010 and total assets of \$3.1 billion at December 31, 2010.

The Corporation has engaged Ernst & Young LLP (“E&Y”) as its independent auditors since its initial public offering in 1994. E&Y has gained an invaluable understanding of our company and our industry through its many years of service. This knowledge would be difficult to replicate by the local offices of other Big Four accounting firms, as mining companies are not prevalent in the area.

The Corporation and its Audit Committee are against mandatory audit firm rotation. Our viewpoint is based on the following considerations.

Selection of Independent Audit Firm – Audit Committee’s Responsibility

Section 203 of the Sarbanes-Oxley Act of 2002 provides that a public company’s audit committee is responsible for the hiring and termination of the independent auditors. Throughout the course of an annual audit, audit committees have frequent communications with independent auditors. This dialogue allows an audit committee to assess the independent auditor’s performance. Mandatory audit firm rotation would undermine an audit committee’s authority and potentially not allow the committee to engage the audit firm that they believe is best suited to provide the audit service. Further, it is likely that audit committees would be required to periodically select a new audit firm based on limited interaction and without the benefit of first-hand experience of the firm’s service quality.

Increased Cost of Audits

We believe mandatory audit firm rotation will not only increase the cost of an audit, but will likely lower the quality of the service. A first-year audit engagement requires a significant increase in the hours needed to gain institutional knowledge of a new client and, in many cases, the related industry. The initial year of service is the time when many audit firms are most vulnerable to overlooking an audit issue. Further, efficiencies gained by an audit firm through benchmarking and rotational testing would be negated by a change in audit firms. This would also lead to an increase in audit hours. Finally, each time a new audit firm is engaged, the predecessor auditor would still need to provide consents for various public filings. Each of these considerations will increase the financial cost of audits.

Another type of incremental cost to a public company is the additional personnel time incurred to educate a new auditor regarding a company's accounting processes and policies. The recent economic recession resulted in many public companies reducing their workforce, and many accounting departments were affected by the downsizing. In summary, there are fewer employees available to complete all necessary tasks. The increased time incurred with a new audit firm will create an additional burden on accounting personnel and reduce the time available for their primary function – ensuring that the books and record are prepared accurately and internal controls are functioning at each stage of the process.

Potential Inconsistency of Interpretation of Accounting Guidance

The application and interpretation of generally accepted accounting principles ("GAAP") requires the use of judgment. Inherently, different audit firms interpret various accounting guidance in different ways. Mandatory audit firm rotation may lead to different accounting treatment of similar issues when consulting with auditors. This could lead to inconsistency in a company's application of GAAP when comparing periods that were audited by different audit firms.

Lack of Preferred Options for Audit and Non-Audit Services

There are certain non-audit services that large, worldwide accounting firms are best suited to provide. However, independence rules prohibit audit firms from providing certain non-audit services, including valuation work, to attestation clients. Mandatory audit firm rotation may lead to the large audit firms not providing such non-audit services to avoid jeopardizing their independence and their ability to potentially become a company's primary auditors. If audit firms decline to provide these non-audit services, companies may not be able to obtain the highest quality for these services. Likewise, if an audit firm has provided such non-audit services, mandatory audit firm rotation could severely limit a company's options for selecting a new audit firm.

Current Oversight is Adequate

The creation of the PCAOB resulted in an additional independent level of oversight over the audits of public companies. Ernst & Young's audit of the Corporation has been selected for PCAOB review on two occasions. The PCAOB's inspections are comprehensive and provide for a thorough assessment of the audit quality. Further, the PCAOB review supplements many firms' internal annual quality reviews. These internal reviews typically entail senior-level professionals from different geographic areas of the audit firm (people who did not participate in serving the client) reviewing the audit procedures and conclusions that support the auditor's opinion. The combination of these reviews is adequate oversight to ensure the quality of audits. Further, the SEC continues to review registrants periodically and has the authority to challenge the accounting treatment of any issues and the presentation of a company's financial statements and related disclosures.

Partner Rotation

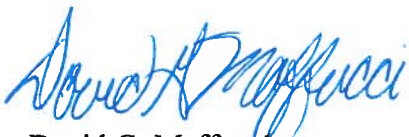
Current rules require any partner providing attestation services to a client to rotate off the account after five years of service. This mandatory rotation of personnel ensures that fresh sets of eyes are periodically evaluating a company's accounting issues as well as the financial statements and disclosures.

The rotation of audit partners represents a challenging transition. The continuity of other personnel on the engagement helps to ensure the quality of the audit service during this period. We believe that an entire new firm and all new engagement personnel would reduce an auditors' understanding of a company and consequently lower the quality of the audit.

We believe the current system of oversight and partner rotation is adequate. We also believe mandatory audit firm rotation could significantly sacrifice the quality of many audits. Therefore, we oppose the provisions of PCAOB Release No. 2011-006.

We appreciate your consideration of our comments.

Respectfully submitted,



David G. Maffucci
Chairman, Audit Committee
Martin Marietta Materials, Inc.



Anne H. Lloyd
Executive Vice President and Chief Financial Officer
Martin Marietta Materials, Inc.