VULCAN MATERIALS CO

FORM 8-K
(Current report filing)

Filed 08/03/11 for the Period Ending 08/02/11

Address 1200 URBAN CENTER DRIVE
          BIRMINGHAM, AL 35242
Telephone 2052983000
CIK 0001396009
Symbol VMC
SIC Code 1400 - Mining & Quarrying of Nonmetallic Minerals (No Fuels)
Industry Construction - Raw Materials
Sector Capital Goods
Fiscal Year 12/31
VULCAN MATERIALS COMPANY
(Exact name of registrant as specified in its charter)

1200 Urban Center Drive
Birmingham, Alabama 35242
(Address of principal executive offices) (zip code)

(205) 298-3000
Registrant's telephone number, including area code:

Not Applicable
(Former name or former address if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
Item 2.02  **Results of Operations and Financial Condition.**

On August 2, 2011, the Company announced its financial results for the quarter ended June 30, 2011. The press release announcing the result is furnished as Exhibit 99.1

Item 9.01  **Financial Statements and Exhibits.**

(c)  **Exhibits**

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant had duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Vulcan Materials Company
(Registrant)

Date: August 2, 2011

By: /s/ Robert A. Wason IV
Robert A. Wason IV
Vulcan Announces Second Quarter 2011 Results


(Logo: http://photos.prnewswire.com/prnh/20090710/CL44887LOGO)

Second Quarter Summary and Comparisons with the Prior Year

- The average unit sales price increased in all major product lines.
  - Freight-adjusted aggregates prices increased 2.5 percent, reflecting improved pricing across many markets;
  - Asphalt mix prices increased 8 percent, leading to improved unit materials margin despite higher liquid asphalt costs;
  - Ready-mixed concrete prices increased 8 percent with resultant improvement in unit materials margin; and
  - Cement prices increased 2 percent.
- Aggregates shipments declined 9 percent, reflecting the impact of severe storms in April across many of the Company’s markets. Markets in California, Virginia and Maryland realized increased shipments due primarily to strength in infrastructure projects.
- Unit costs for diesel fuel and liquid asphalt increased 43 percent and 17 percent, respectively, reducing pretax earnings by $19 million.
- Selling, administrative and general (SAG) expenses were $7 million lower than the prior year.
- Earnings from continuing operations were a loss of $7 million, or $0.05 per diluted share, compared to a loss of $23 million, or $0.18 per diluted share, in the prior year.
  - The current year’s loss includes a $0.12 per diluted share charge related to the Company’s tender offer and debt retirement in June;
  - The prior year’s loss includes a $0.21 per diluted share charge due to the settlement of a lawsuit in Illinois; and
  - Excluding these specific charges, earnings from continuing operations were $9 million, or $0.07 per diluted share, compared to $5 million, or $0.03 per diluted share in the prior year.

Commenting for the Company, Don James, Chairman and Chief Executive Officer, stated, “Business conditions remained challenging in the second quarter due to weaker than expected demand, as well as to April’s severe weather, flooding throughout the quarter in our river markets and a significant increase in diesel fuel costs. However, we are encouraged by the improved pricing in the second quarter in each of our segments. Cost control remains a priority – whether it’s lowering plant costs or reducing SAG expenses. In the second quarter, SAG costs decreased 9 percent from the prior year and our aggregates operations continued to enhance production efficiency. These trends in pricing and cost control are consistent with our expectations.”

Second Quarter Operating Results and Commentary

Aggregates segment earnings were $103 million versus $122 million in the prior year’s second quarter due to lower shipments. A number of Vulcan-served markets, most notably markets in the southeast and along the Mississippi River, experienced disruptions in construction activity due to flooding and unusually severe weather. However, aggregates shipments increased versus the prior year’s second quarter in California, Virginia, and Maryland due primarily to stronger demand from public infrastructure projects. More specifically, aggregates shipments in California were up more than 20 percent versus the prior year’s second quarter due to some large project work. The average sales price for aggregates increased 2.5 percent from the prior year due to improvements in many markets. The earnings effect of higher pricing offset the impact of a sharp increase in the unit cost of diesel fuel.

Asphalt mix segment earnings were $8 million in the second quarter versus $7 million in the prior year’s second quarter. Average sales price for asphalt mix increased approximately 8 percent, more than offsetting the earnings effect of higher liquid asphalt costs and leading to higher unit materials margin versus the prior year. Asphalt mix volume increased 3 percent from the prior year’s second quarter.

The Concrete segment reported a loss of $9 million versus a loss of $6 million in the prior year’s second quarter. Ready-mixed concrete average sales price increased 8 percent from the prior year’s second quarter leading to improved unit materials margin. However, the improved materials margin effect was more than offset by a 12 percent decline in volume. Cement segment earnings in the second quarter were a loss of $1 million, flat with the prior year.

SAG expenses in the second quarter were $7 million lower than the prior year’s level. This year-over-year decrease resulted from lower spending in most major categories, including the Company’s legacy IT replacement project.

Net interest expense in the second quarter was $71 million versus $44 million in the prior year due specifically to $26.5 million of charges incurred in connection with the tender offer and debt retirement completed in June. These charges are due primarily to the difference between the purchase price and par value of the senior unsecured notes purchased in the tender offer and the noncash write-off of previously deferred issuance costs related to the debt retired in June.

All results are unaudited.
Aggregates segment earnings are expected to increase in 2011 versus the prior year.
  - Second half aggregates volume is expected to be 2 to 6 percent greater than in the second half of 2010, due in part to large project work in California, Virginia and Georgia;
  - Full year aggregates pricing is anticipated to be 1 to 3 percent higher, reflecting continued improvement across many markets; and
  - Focus on production efficiency gains and cost control measures will continue.

Improved materials margin in asphalt mix should lead to growth in 2011 segment earnings.

Concrete segment earnings are expected to improve somewhat in 2011 due to better pricing.

The Cement segment is expected to report a modestly higher loss in 2011 than in 2010.

SAG costs in the second half of 2011 are anticipated to be lower than in the prior year’s second half with full year expenses of approximately $305 million versus $328 million in the prior year.

Planned 2011 capital spending of $100 million compares to the previous estimate of $125 million and the $86 million spent in 2010.

Highway construction activity in 2011 is supported by strong growth in contract awards in 2010 and early 2011 and increased stimulus spending in key Vulcan states that were slower to start work on stimulus funded projects.

Private construction activity remains hampered by uncertainty regarding the economic recovery.
  - Multi-family construction is increasing due to growth in population and households while single-family construction remains soft due to a weak job market and continuation of the problems that led to the downturn in the housing market; and
  - Nonresidential construction is expected to bottom in 2011.

Commenting on the Company’s outlook for the remainder of the year, Mr. James stated, “Trailing twelve month contract awards for highways in Vulcan-served states, including awards for federal, state and local projects, were up 5 percent in 2010. In 2011, contract awards for highways in our states, after growing modestly in the first quarter, declined in the second quarter due mainly to the uncertainty regarding reauthorization of the federal highway program. Anticipated large project work in certain key markets provides additional support for our outlook for growth in aggregates shipments in the second half of 2011.

“Private construction remains at low levels with indications of improvement in certain categories. In residential construction, single-family housing starts have shown few signs of breaking out of the flat-to-downward trend of recent months. Multi-family starts, on the other hand, have increased sharply since late last year. In Vulcan-served states, multi-family starts have increased 24 percent versus 4 percent in other states – evidence that favorable demographics can provide support for construction activity even with weak economic conditions. Overall, we now expect shipments into residential construction to approximate the prior year.

“While private nonresidential construction remains weak, the rate of decline in contract awards has slowed considerably. Trailing twelve month contract awards for the manufacturing sector have been strong since late last year while awards for the retail and office sectors have increased modestly in 2011. Contract awards for the institutional and government sectors have continued to decline in 2011. Overall, the start of a sustained recovery in nonresidential construction will be influenced by employment growth, capacity utilization, and business investment and lending activity.

“While we are maintaining our aggregates volume growth expectations of 2 to 6 percent for the second half of 2011, we are reducing our full year volume forecast to flat to down 2 percent. Because of uncertainty regarding reauthorization of the federal highway program and lingering softness in single-family residential and nonresidential construction, we anticipate that most of the approximately 4 million tons aggregates volume shortfall in the second quarter will not be recovered in the second half.

“We are seeing some indications of relative stability in demand that should benefit pricing for our products going forward. However, the earnings effect of the increase in aggregates pricing is expected to be offset by the energy-related cost pressures expected throughout the remainder of the year.

“In asphalt mix, the average sales price continues to improve leading to higher unit materials margin despite the higher cost of liquid asphalt. We expect this trend to continue throughout the remainder of 2011. Overall, we expect asphalt earnings to increase from the prior year, reflecting a modest increase in volume as well as improved unit materials margin.

“In concrete, volume is expected to decrease from the prior year due to continuing softness in private construction, particularly single-family construction. However, we expect the loss reported in 2010 to narrow somewhat due mostly to higher pricing as a result of relatively more stable demand.”

Conference Call

Vulcan will host a conference call at 10:00 a.m. CDT on August 3, 2011. Investors and other interested parties in the U.S. may access the teleconference live by calling 866.783.2138 approximately 10 minutes before the scheduled start. International participants can dial 857.350.1597. The access code is 39399653. A live webcast will be available via the Internet through Vulcan's home page at www.vulcanmaterials.com. The conference call will be recorded and available for replay approximately two hours after the call through August 10, 2011.
Vulcan Materials Company, a member of the S&P 500 Index, is the nation’s largest producer of construction aggregates, a major producer of asphalt mix and concrete and a leading producer of cement in Florida.

Certain matters discussed in this release, including expectations regarding future performance, contain forward-looking statements that are subject to assumptions, risks and uncertainties that could cause actual results to differ materially from those projected. These assumptions, risks and uncertainties include, but are not limited to, those associated with general economic and business conditions; the timing and amount of federal, state and local funding for infrastructure; the lack of a multi-year federal highway funding bill with an automatic funding mechanism; the reluctance of state departments of transportation to undertake highway projects without a reliable method of federal funding; the impact of the global economic recession on our business and financial condition and access to capital markets; changes in the level of spending for private residential and nonresidential construction; the highly competitive nature of the construction materials industry; the impact of future regulatory or legislative actions; the outcome of pending legal proceedings; pricing of our products; weather and other natural phenomena; energy costs; costs of hydrocarbon-based raw materials; healthcare costs; the amount of long-term debt and interest expense incurred by the Company; changes in interest rates; the impact of our below investment grade debt rating on our cost of capital; volatility in pension plan asset values which may require cash contributions to the pension plans; the impact of environmental clean-up costs and other liabilities relating to previously divested businesses; the Company’s ability to secure and permit aggregates reserves in strategically located areas; the Company’s ability to manage and successfully integrate acquisitions; the potential impact of future legislation or regulations relating to climate change or greenhouse gas emissions or the definition of minerals; and other assumptions, risks and uncertainties detailed from time to time in the Company’s SEC reports, including the report on Form 10-K for the year. Forward-looking statements speak only as of the date hereof, and Vulcan assumes no obligation to publicly update such statements.

### Table A

<table>
<thead>
<tr>
<th>Vulcan Materials Company and Subsidiary Companies</th>
<th>Three Months Ended</th>
<th>Six Months Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30</td>
<td>June 30</td>
</tr>
<tr>
<td>(Amounts and shares in thousands, except per share data)</td>
<td>2011</td>
<td>2010</td>
</tr>
<tr>
<td>Net sales</td>
<td>$ 657,457</td>
<td>$ 692,758</td>
</tr>
<tr>
<td>Delivery revenues</td>
<td>44,514</td>
<td>43,394</td>
</tr>
<tr>
<td>Total revenues</td>
<td>701,971</td>
<td>736,152</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>556,617</td>
<td>570,423</td>
</tr>
<tr>
<td>Delivery costs</td>
<td>44,514</td>
<td>43,394</td>
</tr>
<tr>
<td>Cost of revenues</td>
<td>601,131</td>
<td>613,817</td>
</tr>
<tr>
<td>Gross profit</td>
<td>100,840</td>
<td>122,335</td>
</tr>
<tr>
<td>Selling, administrative and general expenses</td>
<td>75,893</td>
<td>83,376</td>
</tr>
<tr>
<td>Gain on sale of property, plant &amp; equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>and businesses, net</td>
<td>2,919</td>
<td>1,362</td>
</tr>
<tr>
<td>Recovery (charge) from legal settlement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other operating income (expense), net</td>
<td>(4,378)</td>
<td>889</td>
</tr>
<tr>
<td>Operating earnings (loss)</td>
<td>23,488</td>
<td>1,210</td>
</tr>
<tr>
<td>Other nonoperating income (expense), net</td>
<td>(20)</td>
<td>(1,233)</td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>70,911</td>
<td>43,723</td>
</tr>
<tr>
<td>Loss from continuing operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>before income taxes</td>
<td>(47,443)</td>
<td>(43,746)</td>
</tr>
<tr>
<td>Benefit from income taxes</td>
<td>(40,341)</td>
<td>(21,231)</td>
</tr>
<tr>
<td>Loss from continuing operations</td>
<td>(7,102)</td>
<td>(22,515)</td>
</tr>
<tr>
<td>Earnings (loss) on discontinued operations, net of tax</td>
<td>(1,037)</td>
<td>(1,477)</td>
</tr>
</tbody>
</table>
Net loss

<table>
<thead>
<tr>
<th></th>
<th>$ (8,139)</th>
<th>$ (23,992)</th>
<th>$ (62,872)</th>
<th>$ (62,739)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic earnings (loss) per share:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuing operations</td>
<td>$ (0.05)</td>
<td>$ (0.18)</td>
<td>$ (0.55)</td>
<td>$ (0.53)</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>(0.01)</td>
<td>(0.01)</td>
<td>0.06</td>
<td>0.04</td>
</tr>
<tr>
<td>Net loss per share</td>
<td>$ (0.06)</td>
<td>$ (0.19)</td>
<td>$ (0.49)</td>
<td>$ (0.49)</td>
</tr>
<tr>
<td>Diluted earnings (loss) per share:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuing operations</td>
<td>$ (0.05)</td>
<td>$ (0.18)</td>
<td>$ (0.55)</td>
<td>$ (0.53)</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>(0.01)</td>
<td>(0.01)</td>
<td>0.06</td>
<td>0.04</td>
</tr>
<tr>
<td>Net loss per share</td>
<td>$ (0.06)</td>
<td>$ (0.19)</td>
<td>$ (0.49)</td>
<td>$ (0.49)</td>
</tr>
</tbody>
</table>

Weighted-average common shares outstanding:

<table>
<thead>
<tr>
<th></th>
<th>Basic</th>
<th>Assumed Dilution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>129,446</td>
<td>128,168</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>109</td>
<td>547</td>
</tr>
<tr>
<td>Medium-term investments</td>
<td>-</td>
<td>3,746</td>
</tr>
<tr>
<td>Accounts and notes receivable:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts and notes receivable, gross</td>
<td>397,423</td>
<td>325,303</td>
</tr>
<tr>
<td>Less: Allowance for doubtful accounts</td>
<td>(7,641)</td>
<td>(7,505)</td>
</tr>
<tr>
<td>Accounts and notes receivable, net</td>
<td>389,782</td>
<td>317,798</td>
</tr>
<tr>
<td>Inventories:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finished products</td>
<td>259,109</td>
<td>254,840</td>
</tr>
<tr>
<td>Raw materials</td>
<td>26,300</td>
<td>22,222</td>
</tr>
<tr>
<td>Products in process</td>
<td>4,930</td>
<td>6,036</td>
</tr>
<tr>
<td>Operating supplies and other</td>
<td>38,926</td>
<td>36,747</td>
</tr>
<tr>
<td>Inventories</td>
<td>329,265</td>
<td>319,845</td>
</tr>
<tr>
<td>Current deferred income taxes</td>
<td>44,794</td>
<td>53,794</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>21,659</td>
<td>19,374</td>
</tr>
<tr>
<td>Assets held for sale</td>
<td>-</td>
<td>13,207</td>
</tr>
</tbody>
</table>

Cash dividends declared per share of common stock:

<table>
<thead>
<tr>
<th></th>
<th>Basic</th>
<th>Assumed Dilution</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 0.25</td>
<td>0.25</td>
<td>$ 0.50</td>
</tr>
</tbody>
</table>
| Depreciation, depletion, accretion and amortization:
|                                | $ 92,137  | $ 97,280         |
|                                | $ 182,723  | 191,476          |
| Effective tax rate from continuing operations:
|                                | 85.0%     | 48.5%            |
|                                | 52.0%     | 45.3%            |

Table B

Vulcan Materials Company
and Subsidiary Companies

(Amounts in thousands, except per share data)

Consolidated Balance Sheets

<table>
<thead>
<tr>
<th></th>
<th>June 30 2011</th>
<th>December 31 2010</th>
<th>June 30 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 106,744</td>
<td>$ 47,541</td>
<td>$ 42,173</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>109</td>
<td>547</td>
<td>3,746</td>
</tr>
<tr>
<td>Medium-term investments</td>
<td>-</td>
<td>-</td>
<td>3,910</td>
</tr>
<tr>
<td>Accounts and notes receivable:</td>
<td>397,423</td>
<td>325,303</td>
<td>398,613</td>
</tr>
<tr>
<td>Less: Allowance for doubtful accounts</td>
<td>(7,641)</td>
<td>(7,505)</td>
<td>(9,290)</td>
</tr>
<tr>
<td>Accounts and notes receivable, net</td>
<td>389,782</td>
<td>317,798</td>
<td>389,323</td>
</tr>
<tr>
<td>Inventories:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finished products</td>
<td>259,109</td>
<td>254,840</td>
<td>246,956</td>
</tr>
<tr>
<td>Raw materials</td>
<td>26,300</td>
<td>22,222</td>
<td>23,114</td>
</tr>
<tr>
<td>Products in process</td>
<td>4,930</td>
<td>6,036</td>
<td>3,784</td>
</tr>
<tr>
<td>Operating supplies and other</td>
<td>38,926</td>
<td>36,747</td>
<td>37,486</td>
</tr>
<tr>
<td>Inventories</td>
<td>329,265</td>
<td>319,845</td>
<td>311,340</td>
</tr>
<tr>
<td>Current deferred income taxes</td>
<td>44,794</td>
<td>53,794</td>
<td>57,575</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>21,659</td>
<td>19,374</td>
<td>33,972</td>
</tr>
<tr>
<td>Assets held for sale</td>
<td>-</td>
<td>13,207</td>
<td>14,864</td>
</tr>
<tr>
<td></td>
<td>2011</td>
<td>2010</td>
<td>2011</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>------------</td>
<td>------------</td>
<td>------------</td>
</tr>
<tr>
<td>Total current assets</td>
<td>892,353</td>
<td>772,106</td>
<td>856,903</td>
</tr>
<tr>
<td>Investments and long-term receivables</td>
<td>37,251</td>
<td>37,386</td>
<td>34,078</td>
</tr>
<tr>
<td>Property, plant &amp; equipment:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant &amp; equipment, cost</td>
<td>6,739,908</td>
<td>6,692,814</td>
<td>6,632,580</td>
</tr>
<tr>
<td>Less: Reserve for depr., depl. &amp; amort.</td>
<td>(3,197,163)</td>
<td>(3,059,900)</td>
<td>(2,915,565)</td>
</tr>
<tr>
<td>Property, plant &amp; equipment, net</td>
<td>3,542,745</td>
<td>3,632,914</td>
<td>3,717,015</td>
</tr>
<tr>
<td>Goodwill</td>
<td>3097,016</td>
<td>3097,016</td>
<td>3096,300</td>
</tr>
<tr>
<td>Other intangible assets, net</td>
<td>694,509</td>
<td>691,693</td>
<td>681,059</td>
</tr>
<tr>
<td>Other noncurrent assets</td>
<td>121,736</td>
<td>106,776</td>
<td>101,610</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$ 8,385,610</strong></td>
<td><strong>$ 8,337,891</strong></td>
<td><strong>$ 8,486,965</strong></td>
</tr>
</tbody>
</table>

**Liabilities and Shareholders' Equity**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current maturities of long-term debt</td>
<td>$ 5,230</td>
<td>$ 5,246</td>
<td>$ 425,300</td>
</tr>
<tr>
<td>Short-term borrowings</td>
<td>100,000</td>
<td>285,500</td>
<td>320,000</td>
</tr>
<tr>
<td>Trade payables and accruals</td>
<td>153,729</td>
<td>102,315</td>
<td>168,269</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>162,001</td>
<td>172,495</td>
<td>160,151</td>
</tr>
<tr>
<td>Liabilities of assets held for sale</td>
<td>-</td>
<td>116</td>
<td>409</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td><strong>420,960</strong></td>
<td><strong>565,672</strong></td>
<td><strong>1,074,129</strong></td>
</tr>
<tr>
<td>Long-term debt</td>
<td>2,785,843</td>
<td>2,427,516</td>
<td>2,001,180</td>
</tr>
<tr>
<td>Noncurrent deferred income taxes</td>
<td>762,406</td>
<td>849,448</td>
<td>843,408</td>
</tr>
<tr>
<td>Other noncurrent liabilities</td>
<td>535,136</td>
<td>530,275</td>
<td>538,929</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>4,504,345</strong></td>
<td><strong>4,372,911</strong></td>
<td><strong>4,457,646</strong></td>
</tr>
<tr>
<td>Shareholders' equity:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock, $1 par value</td>
<td>129,224</td>
<td>128,570</td>
<td>128,270</td>
</tr>
<tr>
<td>Capital in excess of par value</td>
<td>2,534,562</td>
<td>2,500,886</td>
<td>2,477,672</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>1,385,208</td>
<td>1,512,863</td>
<td>1,610,835</td>
</tr>
<tr>
<td>Accumulated other comprehensive loss</td>
<td>(167,729)</td>
<td>(177,339)</td>
<td>(187,458)</td>
</tr>
<tr>
<td><strong>Shareholders' equity</strong></td>
<td><strong>3,881,265</strong></td>
<td><strong>3,964,980</strong></td>
<td><strong>4,029,319</strong></td>
</tr>
<tr>
<td><strong>Total liabilities and shareholders' equity</strong></td>
<td><strong>$ 8,385,610</strong></td>
<td><strong>$ 8,337,891</strong></td>
<td><strong>$ 8,486,965</strong></td>
</tr>
</tbody>
</table>

(a) The June 30, 2010 balance sheet reflects corrections of errors related to an understatement of deferred income tax liabilities.

Table C

Vulcan Materials Company
and Subsidiary Companies

(Amounts in thousands)

Consolidated Statements of Cash Flows
(Condensed and unaudited)

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Six Months Ended</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>June 30</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loss</td>
<td>$(62,872)</td>
<td>$(62,739)</td>
</tr>
<tr>
<td>Adjustments to reconcile net loss to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation, depletion, accretion and amortization</td>
<td>182,723</td>
<td>191,476</td>
</tr>
<tr>
<td>Net gain on sale of property, plant &amp; equipment and businesses</td>
<td>(15,657)</td>
<td>(58,527)</td>
</tr>
</tbody>
</table>
### Contributions to pension plans

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(1,995)</td>
<td>(21,075)</td>
</tr>
</tbody>
</table>

### Share-based compensation

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>8,849</td>
<td>10,524</td>
</tr>
</tbody>
</table>

### Deferred tax provision

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(92,031)</td>
<td>(54,755)</td>
</tr>
</tbody>
</table>

### Changes in assets and liabilities before initial effects of business acquisitions and dispositions

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(37,591)</td>
<td>2,585</td>
</tr>
</tbody>
</table>

### Cost of debt purchase

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>19,153</td>
<td>-</td>
</tr>
</tbody>
</table>

### Other, net

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6,437</td>
<td>11,167</td>
</tr>
</tbody>
</table>

### Net cash provided by operating activities

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7,016</td>
<td>18,656</td>
</tr>
</tbody>
</table>

#### Investing Activities

- **Purchases of property, plant & equipment**
  - 2011: (51,512)
  - 2010: (42,158)

- **Proceeds from sale of property, plant & equipment**
  - 2011: 6,717
  - 2010: 3,224

- **Proceeds from sale of businesses, net of transaction costs**
  - 2011: 12,284
  - 2010: 50,954

- **Decrease (increase) in restricted cash**
  - 2011: 437
  - 2010: (3,746)

- **Other, net**
  - 2011: 927
  - 2010: (283)

### Net cash provided by (used for) investing activities

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(31,147)</td>
<td>7,991</td>
</tr>
</tbody>
</table>

#### Financing Activities

- **Net short-term borrowings (payments)**
  - 2011: (185,500)
  - 2010: 83,488

- **Payment of current maturities and long-term debt**
  - 2011: (737,739)
  - 2010: (75,188)

- **Proceeds from issuance of long-term debt**
  - 2011: 1,100,000
  - 2010: -

- **Debt issuance costs**
  - 2011: (17,904)
  - 2010: -

- **Proceeds from issuance of common stock**
  - 2011: 4,936
  - 2010: 35,314

- **Dividends paid**
  - 2011: (64,570)
  - 2010: (63,600)

- **Proceeds from exercise of stock options**
  - 2011: 3,232
  - 2010: 12,597

- **Cost of debt purchase**
  - 2011: (19,153)
  - 2010: -

- **Other, net**
  - 2011: 32
  - 2010: 650

### Net cash provided by (used for) financing activities

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>83,334</td>
<td>(6,739)</td>
</tr>
</tbody>
</table>

### Net increase in cash and cash equivalents

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>59,203</td>
<td>19,908</td>
</tr>
</tbody>
</table>

### Cash and cash equivalents at beginning of year

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>47,541</td>
<td>22,265</td>
</tr>
</tbody>
</table>

### Cash and cash equivalents at end of period

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 106,744</td>
<td>$ 42,173</td>
</tr>
</tbody>
</table>

---

Table D

**Segment Financial Data and Unit Shipments**

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
<th></th>
<th>Six Months Ended</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30</td>
<td>2011</td>
<td>2010</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Revenues</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aggregates segment (a)</td>
<td>$ 478,440</td>
<td>$ 513,844</td>
<td>$ 810,031</td>
<td>$ 855,160</td>
</tr>
<tr>
<td>Intersegment sales</td>
<td>(39,525)</td>
<td>(42,389)</td>
<td>(69,297)</td>
<td>(74,447)</td>
</tr>
<tr>
<td>Net sales</td>
<td>438,915</td>
<td>471,455</td>
<td>740,734</td>
<td>780,713</td>
</tr>
<tr>
<td>Concrete segment (b)</td>
<td>98,185</td>
<td>105,023</td>
<td>180,419</td>
<td>187,979</td>
</tr>
<tr>
<td>Intersegment sales</td>
<td>-</td>
<td>(1)</td>
<td>-</td>
<td>(7)</td>
</tr>
<tr>
<td>Net sales</td>
<td>98,185</td>
<td>105,022</td>
<td>180,419</td>
<td>187,972</td>
</tr>
</tbody>
</table>

(Amounts in thousands, except per unit data)
### Gross Profit

<table>
<thead>
<tr>
<th>Segment</th>
<th>Net Sales 110,888</th>
<th>Net Sales 103,549</th>
<th>Net Sales 175,535</th>
<th>Net Sales 166,521</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Asphalt mix segment</strong></td>
<td>110,888</td>
<td>103,549</td>
<td>175,535</td>
<td>166,521</td>
</tr>
<tr>
<td><strong>Cement segment (c)</strong></td>
<td>16,824</td>
<td>22,903</td>
<td>33,354</td>
<td>40,848</td>
</tr>
<tr>
<td><strong>Intersegment sales</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net sales</strong></td>
<td>110,888</td>
<td>103,549</td>
<td>175,535</td>
<td>166,521</td>
</tr>
<tr>
<td><strong>Asphalt mix segment</strong></td>
<td>9,469</td>
<td>12,732</td>
<td>17,085</td>
<td>22,087</td>
</tr>
<tr>
<td><strong>Cement segment (c)</strong></td>
<td>4,782</td>
<td>5,193</td>
<td>9,049</td>
<td>8,063</td>
</tr>
<tr>
<td><strong>Intersegment sales</strong></td>
<td>(7,355)</td>
<td>(10,171)</td>
<td>(16,269)</td>
<td>(18,761)</td>
</tr>
<tr>
<td><strong>Net sales</strong></td>
<td>9,469</td>
<td>12,732</td>
<td>17,085</td>
<td>22,087</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>657,457</td>
<td>692,758</td>
<td>1,113,773</td>
<td>1,157,293</td>
</tr>
<tr>
<td><strong>Delivery revenues</strong></td>
<td>44,514</td>
<td>43,394</td>
<td>75,398</td>
<td>72,122</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>$701,971</td>
<td>$736,152</td>
<td>$1,189,171</td>
<td>$1,229,415</td>
</tr>
</tbody>
</table>

### Gross Profit

<table>
<thead>
<tr>
<th>Segment</th>
<th>Gross Profit 102,872</th>
<th>Gross Profit 122,017</th>
<th>Gross Profit 113,616</th>
<th>Gross Profit 137,386</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aggregates</strong></td>
<td>$102,872</td>
<td>$122,017</td>
<td>$113,616</td>
<td>$137,386</td>
</tr>
<tr>
<td><strong>Concrete</strong></td>
<td>(9,030)</td>
<td>(5,574)</td>
<td>(23,440)</td>
<td>(21,666)</td>
</tr>
<tr>
<td><strong>Asphalt mix</strong></td>
<td>8,319</td>
<td>7,250</td>
<td>8,126</td>
<td>8,316</td>
</tr>
<tr>
<td><strong>Cement</strong></td>
<td>(1,321)</td>
<td>(1,358)</td>
<td>(4,568)</td>
<td>(806)</td>
</tr>
<tr>
<td><strong>Total gross profit</strong></td>
<td>$100,840</td>
<td>$122,335</td>
<td>$93,734</td>
<td>$123,230</td>
</tr>
</tbody>
</table>

### Depreciation, depletion, accretion and amortization

<table>
<thead>
<tr>
<th>Segment</th>
<th>DDA&amp;A 71,144</th>
<th>DDA&amp;A 74,877</th>
<th>DDA&amp;A 141,215</th>
<th>DDA&amp;A 148,048</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aggregates</strong></td>
<td>$71,144</td>
<td>$74,877</td>
<td>$141,215</td>
<td>$148,048</td>
</tr>
<tr>
<td><strong>Concrete</strong></td>
<td>13,195</td>
<td>13,418</td>
<td>26,233</td>
<td>26,442</td>
</tr>
<tr>
<td><strong>Asphalt mix</strong></td>
<td>1,948</td>
<td>2,327</td>
<td>3,924</td>
<td>4,477</td>
</tr>
<tr>
<td><strong>Cement</strong></td>
<td>4,728</td>
<td>5,193</td>
<td>9,049</td>
<td>9,573</td>
</tr>
<tr>
<td><strong>Corporate and other unallocated</strong></td>
<td>1,122</td>
<td>1,465</td>
<td>2,302</td>
<td>2,936</td>
</tr>
<tr>
<td><strong>Total DDA&amp;A</strong></td>
<td>$92,137</td>
<td>$97,280</td>
<td>$182,723</td>
<td>$191,476</td>
</tr>
</tbody>
</table>

### Unit Shipments

<table>
<thead>
<tr>
<th>Segment</th>
<th>Shipments 36,405</th>
<th>Shipments 39,925</th>
<th>Shipments 60,928</th>
<th>Shipments 65,065</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aggregates customer tons</strong></td>
<td>36,405</td>
<td>39,925</td>
<td>60,928</td>
<td>65,065</td>
</tr>
<tr>
<td><strong>Internal tons (d)</strong></td>
<td>2,825</td>
<td>3,144</td>
<td>4,966</td>
<td>5,434</td>
</tr>
<tr>
<td><strong>Aggregates - tons</strong></td>
<td>39,230</td>
<td>43,069</td>
<td>65,894</td>
<td>70,499</td>
</tr>
<tr>
<td><strong>Ready-mixed concrete - cubic yards</strong></td>
<td>1,009</td>
<td>1,145</td>
<td>1,868</td>
<td>2,028</td>
</tr>
<tr>
<td><strong>Asphalt mix - tons</strong></td>
<td>1,998</td>
<td>1,934</td>
<td>3,239</td>
<td>3,204</td>
</tr>
<tr>
<td><strong>Cement customer tons</strong></td>
<td>74</td>
<td>100</td>
<td>127</td>
<td>174</td>
</tr>
<tr>
<td><strong>Internal tons (d)</strong></td>
<td>96</td>
<td>144</td>
<td>219</td>
<td>243</td>
</tr>
<tr>
<td><strong>Cement - tons</strong></td>
<td>170</td>
<td>244</td>
<td>346</td>
<td>417</td>
</tr>
</tbody>
</table>

### Average Unit Sales Price (including internal sales)

<table>
<thead>
<tr>
<th>Segment</th>
<th>Average Unit Sales Price $10.36</th>
<th>Average Unit Sales Price $10.11</th>
<th>Average Unit Sales Price $10.35</th>
<th>Average Unit Sales Price $10.20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aggregates (freight-adjusted) (e)</strong></td>
<td>$10.36</td>
<td>$10.11</td>
<td>$10.35</td>
<td>$10.20</td>
</tr>
<tr>
<td><strong>Ready-mixed concrete</strong></td>
<td>$92.81</td>
<td>$86.08</td>
<td>$92.00</td>
<td>$86.57</td>
</tr>
<tr>
<td><strong>Asphalt mix</strong></td>
<td>$55.00</td>
<td>$51.13</td>
<td>$53.61</td>
<td>$50.49</td>
</tr>
<tr>
<td><strong>Cement</strong></td>
<td>$78.38</td>
<td>$76.64</td>
<td>$77.23</td>
<td>$80.25</td>
</tr>
</tbody>
</table>

(a) Includes crushed stone, sand and gravel, sand, other aggregates, as well as transportation and service revenues associated with the aggregates business.

(b) Includes ready-mixed concrete, concrete block, precast concrete, as well as building materials purchased for resale.

(c) Includes cement and calcium products.

(d) Represents tons shipped primarily to our downstream operations (e.g., asphalt mix and ready-mixed concrete). Sales from internal shipments are eliminated in net sales presented above and in the accompanying Condensed Consolidated Statements of Earnings.
(e) Freight-adjusted sales price is calculated as total sales dollars (internal and external) less freight to remote distribution sites divided by total sales units (internal and external).

### Table E

#### Supplemental Cash Flow Information

Supplemental information referable to the Condensed Consolidated Statements of Cash Flows for the six months ended June 30 is summarized below:

(Amounts in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash paid</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>$102,984</td>
<td>$90,942</td>
</tr>
<tr>
<td>Income taxes</td>
<td>$(33,070)</td>
<td>1,130</td>
</tr>
</tbody>
</table>

#### Supplemental Schedule of Noncash Investing and Financing Activities

<table>
<thead>
<tr>
<th>Activity</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities assumed in business acquisition</td>
<td>13,774</td>
<td>-</td>
</tr>
<tr>
<td>Accrued liabilities for purchases of property, plant &amp; equipment</td>
<td>6,414</td>
<td>5,165</td>
</tr>
<tr>
<td>Stock issued for pension contribution</td>
<td>-</td>
<td>53,864</td>
</tr>
<tr>
<td>Proceeds receivable from issuance of common stock</td>
<td>-</td>
<td>1,453</td>
</tr>
<tr>
<td>Fair value of equity consideration for business acquisition</td>
<td>18,529</td>
<td>-</td>
</tr>
</tbody>
</table>

### Table F

#### Reconciliation of Non-GAAP Measures

#### EBITDA and Cash Earnings Reconciliations

(Amounts in thousands)

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
<th>Six Months Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30</td>
<td>June 30</td>
</tr>
<tr>
<td></td>
<td>2011</td>
<td>2010</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>$7,016</td>
<td>$18,656</td>
</tr>
<tr>
<td>Purchases of property, plant &amp; equipment</td>
<td>(51,512)</td>
<td>(42,158)</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>$ (44,496)</td>
<td>$ (23,502)</td>
</tr>
</tbody>
</table>

Free cash flow deducts purchases of property, plant & equipment from net cash provided by operating activities. This financial metric is used by the investment community as an indicator of the company's ability to incur and service debt. Generally Accepted Accounting Principles (GAAP) does not define "free cash flow." Thus, it should not be considered as an alternative to net cash provided by operating activities or any other liquidity measure defined by GAAP.

We present this metric for the convenience of investment professionals who use this metric in their analysis, and for shareholders who need to understand how we assess performance and monitor our cash and liquidity positions. We use free cash flow and other such measures to assess the operating performance of our various business units and the consolidated company. We do not use this metric as a measure to allocate resources.
Earnings
Net cash (used for) provided by operating activities $ (37,034) $ 12,216 $ 7,016 $ 18,656

Changes in operating assets and liabilities before initial effects of business acquisitions and disposions 105,964 43,960 37,591 (2,585)
Other net operating items using cash 15,068 17,112 75,244 112,666
(Earnings) loss on discontinued operations, net of tax 1,037 1,477 (8,852) (4,250)
Benefit from income taxes (40,341) (21,231) (77,771) (55,444)
Interest expense, net 70,911 43,723 113,161 87,016
Less: Depreciation, depletion, accretion and amortization (92,137) (97,280) (182,723) (191,476)
EBIT 23,468 (23) (36,334) (35,417)
Plus: Depreciation, depletion, accretion and amortization 92,137 97,280 182,723 191,476
EBITDA $ 115,605 $ 97,257 $ 146,389 $ 156,059
Less: Interest expense, net (70,911) (43,723) (113,161) (87,016)
Current taxes (2,167) (3,715) (13,766) (2,909)
Cash earnings $ 42,527 $ 49,819 $ 19,462 $ 66,134

Reconciliation of Net Loss to EBITDA and Cash Earnings
Net loss $ (8,139) $ (23,992) $ (62,872) $ (62,739)
Benefit from income taxes (40,341) (21,231) (77,771) (55,444)
Interest expense, net 70,911 43,723 113,161 87,016
(Earnings) loss on discontinued operations, net of tax 1,037 1,477 (8,852) (4,250)
EBIT 23,468 (23) (36,334) (35,417)
Plus: Depreciation, depletion, accretion and amortization 92,137 97,280 182,723 191,476
EBITDA $ 115,605 $ 97,257 $ 146,389 $ 156,059
Less: Interest expense, net (70,911) (43,723) (113,161) (87,016)
Current taxes (2,167) (3,715) (13,766) (2,909)
Cash earnings $ 42,527 $ 49,819 $ 19,462 $ 66,134

EBITDA Bridge
(Amounts in millions)

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
<th></th>
<th>Six Months Ended</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>June 30</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>$ 97</td>
<td></td>
<td>$ 156</td>
<td></td>
</tr>
<tr>
<td>Increase / (Decrease) due to:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal settlement ($41 charge Q1, 2010; $25 recovery Q2, 2011)</td>
<td>41</td>
<td></td>
<td>67</td>
<td></td>
</tr>
<tr>
<td>Gain on Virginia divestiture</td>
<td>-</td>
<td></td>
<td>(39)</td>
<td></td>
</tr>
<tr>
<td>Aggregates:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Volumes</td>
<td>(23)</td>
<td></td>
<td>(27)</td>
<td></td>
</tr>
<tr>
<td>Selling prices</td>
<td>10</td>
<td></td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Costs and other items</td>
<td>(11)</td>
<td></td>
<td>(14)</td>
<td></td>
</tr>
<tr>
<td>Concrete</td>
<td>(3)</td>
<td></td>
<td>(2)</td>
<td></td>
</tr>
<tr>
<td>Asphalt mix</td>
<td>1</td>
<td></td>
<td>(1)</td>
<td></td>
</tr>
<tr>
<td>Cement</td>
<td>-</td>
<td></td>
<td>(4)</td>
<td></td>
</tr>
<tr>
<td>Selling, administrative and general expenses (a)</td>
<td>7</td>
<td></td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>All other</td>
<td>(3)</td>
<td></td>
<td>(7)</td>
<td></td>
</tr>
<tr>
<td>Continuing Operations - 2011 Actual</td>
<td>$ 116</td>
<td></td>
<td>$ 146</td>
<td></td>
</tr>
</tbody>
</table>
EBITDA is an acronym for Earnings Before Interest, Taxes, Depreciation and Amortization. Cash earnings adjusts EBITDA for net interest and current taxes. These financial metrics are often used by the investment community as indicators of a company’s ability to incur and service debt. Generally Accepted Accounting Principles (GAAP) does not define “EBITDA” and “cash earnings.” Thus, they should not be considered as an alternative to net cash provided by operating activities, operating earnings or any other liquidity or performance measure defined by GAAP.

We present these metrics for the convenience of investment professionals who use such metrics in their analysis, and for shareholders who need to understand the metrics we use to assess performance and to monitor our cash and liquidity positions. We use EBITDA, cash earnings and other such measures to assess the operating performance of our various business units and the consolidated company. We do not use these metrics as a measure to allocate resources.

CONTACT: Investor Contact: Mark Warren, +1-205-298-3220; Media Contact: David Donaldson, +1-205-298-3220