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VULCAN MATERIALS CO

FORM 10-K
(Annual Report)

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Industry	Construction - Raw Materials
Sector	Capital Goods
Fiscal Year	12/31

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the Fiscal Year Ended December 31, 201 3
Commission file number: 001-33841

VULCAN MATERIALS COMPANY
(Exact N ame of R egistrant as S pecified in I ts C harter)

New Jersey	**20-8579133**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1200 Urban Center Drive, Birmingham, Alabama 35242
(Address of P rincipal E xecutive O ffices) (Zip Code)

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

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

Title of each class	Name of each exchange on which registered
Common Stock, $1 par value	**New York Stock Exchange**

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes X No __

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or section 15(d) of the Act. Yes ___ No X

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 X 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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files) . Yes X No __

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10- K. __

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer 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 (Check one):

Large accelerated filer X	Accelerated filer __
Non-accelerated filer __	Smaller reporting company __

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the A ct). Yes __ No X

Aggregate market value of voting and non-voting common sto ck held by non-affiliates as of June 30 , 2013: $ 6,270,045,869

Number of shares of common stock, $1.00 par value, outstanding as of February 12 , 2014: 130,564,191

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's annual proxy statement for the annual meeting of its shareholders to be held on May 9 , 201 4 , are incorporated by reference into Part III of this Annual Report on Form 10-K.

ANNUAL REPORT ON FORM 10-K
FISCAL YEAR ENDED DECEMBER 31, 2013

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Unless otherwise stated or the context otherwise requires, references in this report to " Vulcan , " the " company , " " we, " " our, " or " us " refer to Vulcan Materials Company and its consolidated subsidiar ies .

PART I

" SAFE HARBOR " STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Certain of the matters and statements made herein or incorporated by reference into this report constitute forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. All such statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements reflect our intent, belief or current expectation. Often, forward-looking statements can be identified by the use of words such as "anticipate," "may," "believe," "estimate," "project," "expect," "intend" and words of similar import. In addition to the statements included in this report, we may from time to time make other oral or written forward-looking statements in other filings under the Securities Exchange Act of 1934 or in other public disclosures. Forward-looking statements are not guarantees of future performance, and actual results could differ materially from those indicated by the forward-looking statements. All forward-looking statements involve certain assumptions, risks and uncertainties that could cause actual results to differ materially from those included in or contemplated by the statements. These assumptions, risks and uncertainties include, but are not limited to:

- general economic and business conditions
- the timing and amount of federal, state and local funding for infrastructure
- changes in our effective tax rate that can adversely impact results
- the increasing reliance on information technology infrastructure for our ticketing, procurement, financial statements and other processes can adversely affect operations in the event that the infrastructure does not work as intended, experiences technical difficulties or is subjected to cyber attacks
- the impact of the state of the global econom y on our business and financial condition and access to capital markets
- changes in the level of spending for residential and private 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 we incur
- changes in interest rates
- the impact of our below investment grade debt rating on our cost of capital
- volatility in pension plan asset values and liabilities which may require cash contributions to our pension plans
- the impact of environmental clean-up costs and other liabilities relating to previously divested businesses
- our ability to secure and permit aggregates reserves in strategically located areas
- our ability to manage and successfully integrate acquisitions
- our ability to implement successfully a management succession plan
- the potential of goodwill or long-lived asset impairment
- the potential impact of future legislation or regulations relating to climate change, greenhouse gas emissions or the definition of minerals
- the risks set forth in Item 1A "Risk Factors," Item 3 "Legal Proceedings," Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations," and Note 12 " Commitments and Contingencies" to the consolidated financial statements in Item 8 "Financ ial Statements and Supplementary Data," all as set forth in this report

- other assumptions, risks and uncertainties detailed from time to time in our filings made with the Securities and Exchange Commission

All forward-looking statements are made as of the date of filing or publication. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. Investors are cautioned not to rely unduly on such forward-looking statements when evaluating the information presented in our filings, and are advised to consult any of our future disclosures in filings made with the Securities and Exchange Commission and our press releases with regard to our business and consolidated financial position, results of operations and cash flows.

Vulcan Materials Company is a New Jersey corporation and the nation's largest producer of construction aggregates: primarily crushed stone, san d and gravel. We operated 342 a ggregates facilities during 2013 . We also are a major producer of asphalt mix and ready-mixed concrete as well as a leading producer of cement in Florida .

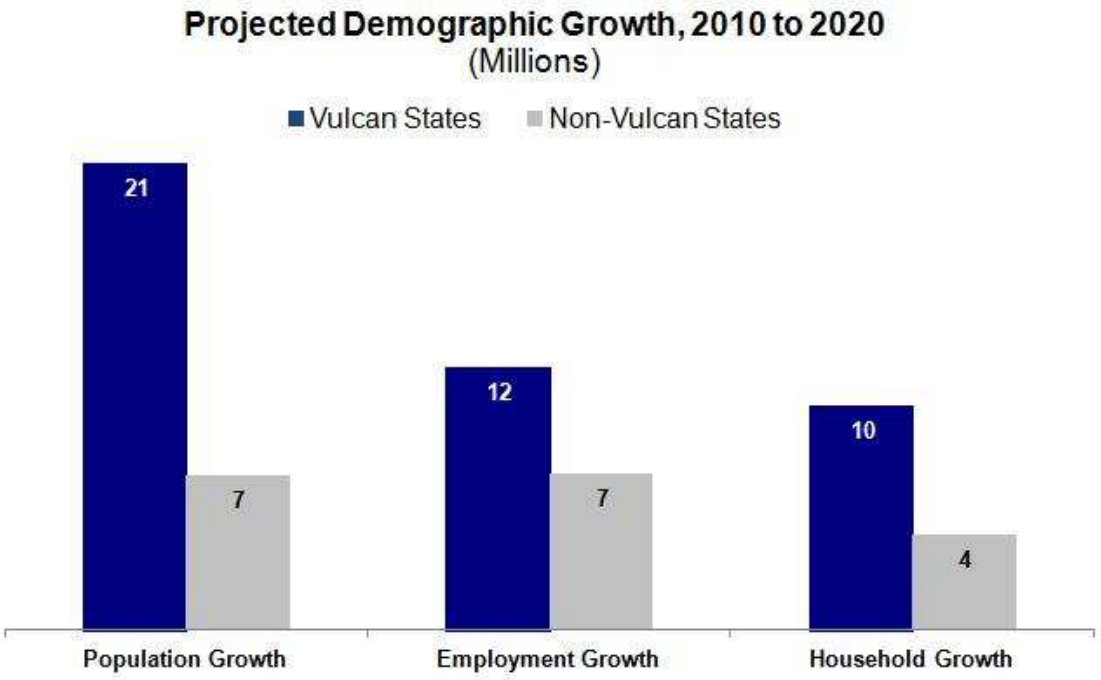
VULCAN'S VALUE PROPOSITION

We are t he leading construction materials business in the country with superior aggregates operations. Our leading position is based upon:

- a favorable geographic footprint that provides attractive long-term growth prospects
- the largest proven and probable reserve base in the United States
- oper ational expertise and pricing disciplin e p rovid ing attractive unit profitability

STRATEGY FOR EXISTING AND NEW MARKETS

- Our aggregates reserves are strategically located throughout the United States i n a reas that are projected to grow faster than the national average and that require large amounts of aggregates to meet construction demand. Vulcan-served states are estimated to generate 75 % of the total growth in U.S. population and 70 % of the total growth in U.S. household formations between 2010 and 2020. Our top ten revenue producing states in 201 3 were Alabama , California , Florida , Georgia , Illinois , North Carolina , South Carolina , Tennessee, Texas and Virginia .



Source: Moody's Analytics as of November 21, 2013

- We take a disciplined approach to strengthening our footprint by increasing our presence in U.S. metropolitan areas that are expected to grow more rapidly and by divesting assets that are no longer considered part of our long-term growth strategy. In 2013, we acquired three aggregates production facilities in fast-growing markets in Georgia and Texas ; added substantially to our reserves in Georgia, Texas and Virginia; considerably improved our reserve position in California and commenced development of a major quarry in California. Conversely, we divested non-strategic assets in Wisconsin.
- W here practical, we have operations located close to our local markets because the cost of trucking materials long distances is prohibitive. Approximately 80 % of our total aggregates shipments are delivered exclusively from the producing location to the customer by truck, and another 13 % are delivered by truck after reaching a sales yard by rail or water . The remaining 7% of aggregates shipments are delivered directly to the customer by rail or water.

COMPETITORS

We operate in an industry that generally is fragmented with a large number of small, privately-held companies. We estimate that the ten largest aggrega tes producers account ed for approximately 25 % to 30 % of to tal U.S. aggregates production in 2013 . Despite being the industry leader, Vulcan's total U.S. market share is less than 10 %. O ther publicly traded companies among the ten largest U.S. aggregates producers include the following:

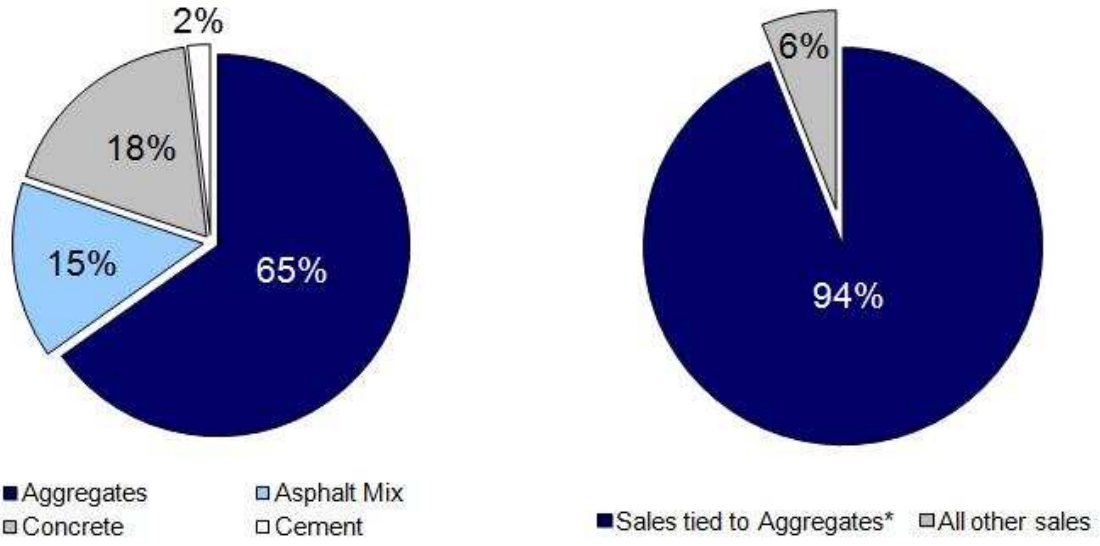
- Cemex S.A.B. de C.V.
- CRH plc
- Heidelberg Cement AG
- Holcim Ltd.
- Lafarge
- Martin Marietta Materials , Inc.
- MDU Resources Group, Inc.

Because the U.S. aggregates industry is highly fragmented, with over 5,000 companies managing almost 9,000 operations during 2013 , many opportunities for consolidation exist. Therefore, companies in the industry tend to grow by acquiring existing facilities to enter new markets or by extending their existing market positions.

BUSINESS STRATEGY

Vulcan provides the basic materials for the infrastructure needed to maintain and expand the U.S. economy. Our strategy is based on our strength in aggregates. Aggregates are used in most types of construction and in the production of asphalt mix and ready-mixed concrete. Our materials are used to build the roads, tunnels, bridges, railroads and a irports that connect us, and to build the hospitals, churches, schools, shopping centers, and factories that are essential to our lives and the economy. The following graphs illustrate the relationship of our four operating segments to sales.

AGGREGATES-LED VALUE CREATION — 2013 NET SALES



**Represents sales to external customers of our aggregates and our downstream products that use our aggregates.*

Our business strategies include: 1) aggregates focus, 2) coast-to-coast footprint, 3) profitable growth, 4) tightly managed operational and overhead costs, and 5) effective land management.

1. AGGREGATES FOCUS

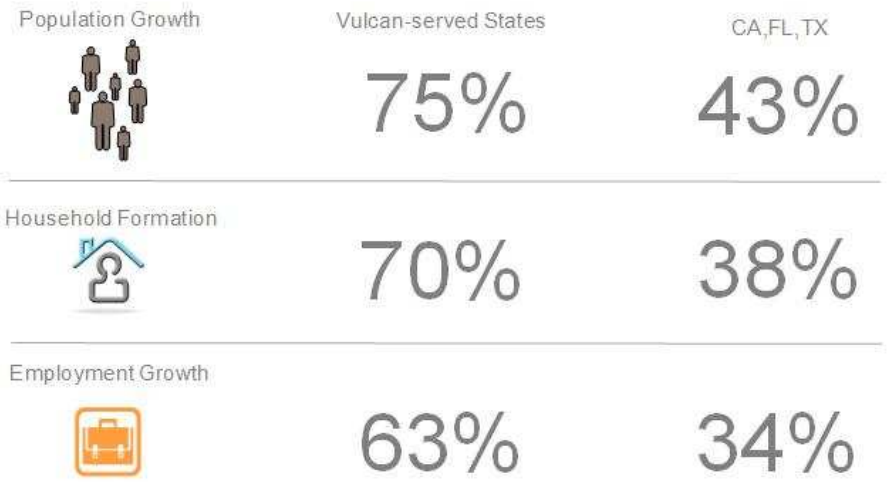
Aggregates are used in virtually all types of public and private constructio n a nd practically no substitutes for quality aggregates exist. Our focus on aggregates allows us to :

- **BUILD AND HOLD SUBSTANTIAL RESERVES** : T he location s of our reserves are critical to our long-term success b ecause of barriers to entry created in many metropolitan markets by zoning and permitting regulations and hig h c osts associated with transporting aggregates . Our reserves are strategically located throughout the United States in high-growth areas that will require large amounts of aggregates to meet future construction demand. Aggregates operations have flexible production capabilities an d, other than energy inputs required to process the materials, require virtually no other raw materi al. O ur downstream businesses (asphalt mix and concrete) u se Vulcan-produced aggregates almost exclusively .
- **TAKE ADVANTAGE OF BEING THE LARGEST PRODUCER** : Each aggregates operation is unique because of its location within a local market with particular geological characteristics. Every operation, however, uses a similar group of assets to produce saleable aggregates and provide customer service. Vulcan is the largest aggregates company in the U.S., whether measured by shipments or by revenues. The 342 ag gregates facilities we operated during 2013 provide d opportunities to standardize operating practices and procure equipment (fixed and mobile), parts, supplies and services in an efficient and cost-effective manner , both regionally and nationally. Additionally, we are able to share best practices across the organization and leverage our size for administrative support, customer service, accounting, accounts receivable and accounts payable, technical support and engineering.

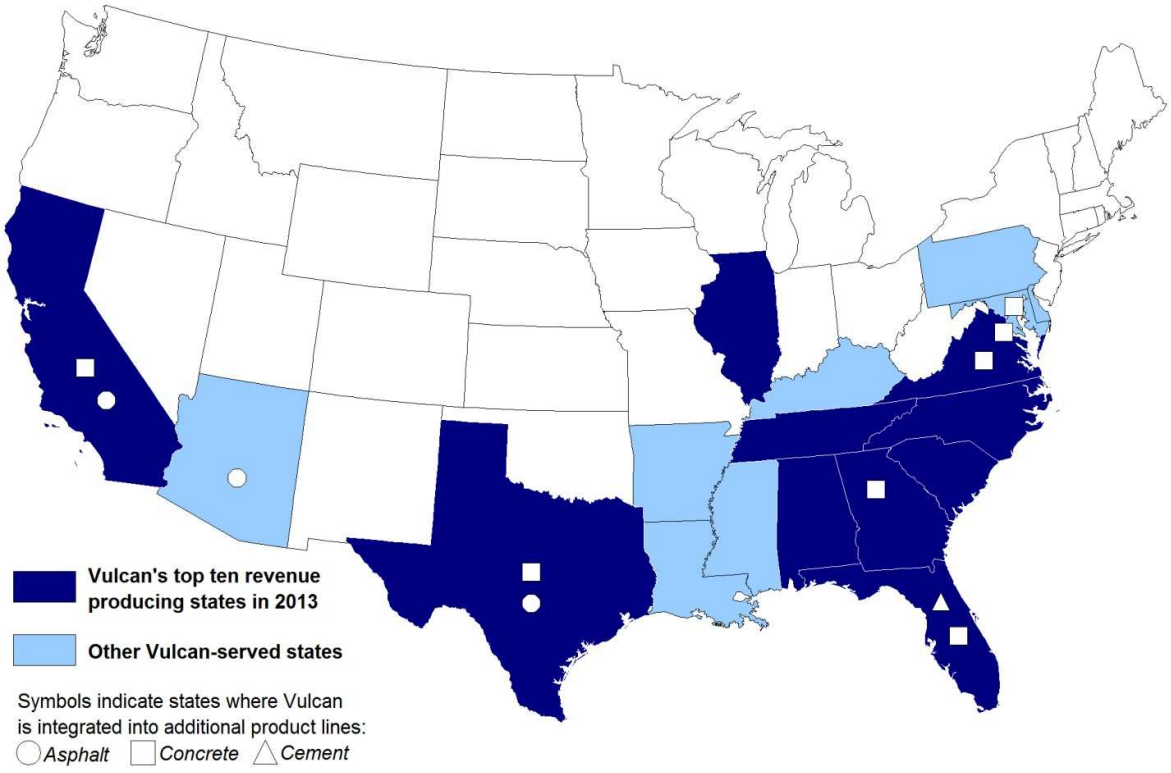
2. LARGE AND STRATEGICALLY LOCATED, COAST-TO-COAST

Demand for construction aggregates correlates positively with changes in population growth, household formation and employment. We have pursued a strategy to increase our presence in U.S. metropolitan areas that are expected to grow the most rapidly. In 2013, we divested non-s trategic assets in Wisconsin ; increased our presence in fast-growing markets in Georgia , Texas and Virginia; considerably improved our reserve position in California; and commenced development of a major quarry in California .

The following graphic illustrates our projected percentage share of the growth by key demographics for the United States :



Source: Moody's Analytics as of November 21, 2013



3. PROFITABLE GROWTH

Our long-term growth is a result of strategic acquisition s a nd investments in key operations .

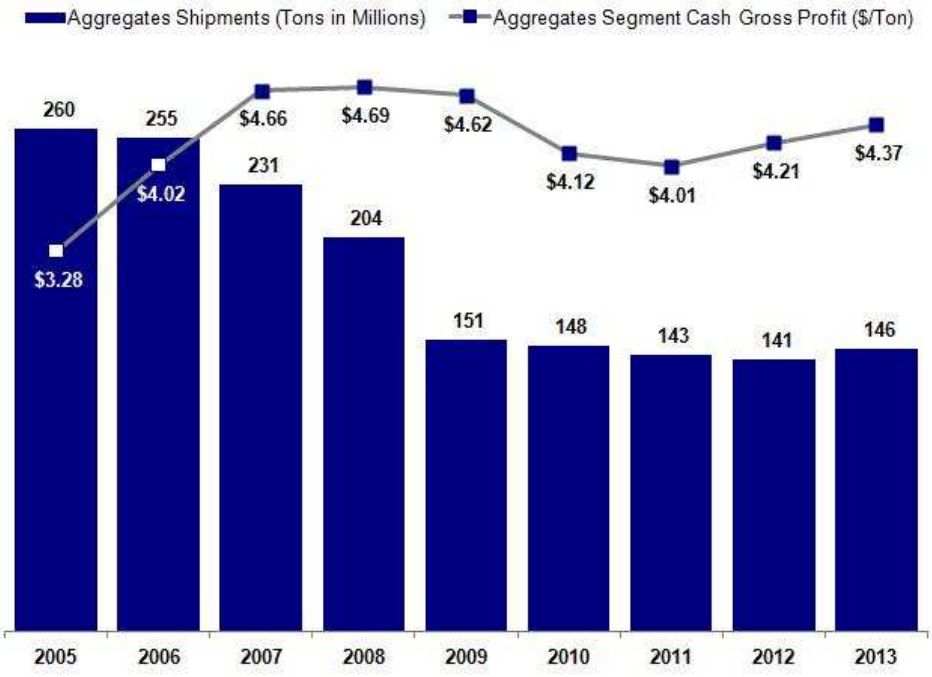
- **STRAT EGIC ACQUISITIONS:** Since becoming a public company in 1956, Vulcan has principally grown by mergers and acquisitions. For example, in 1999 we acquired CalMat Co., thereby expanding our aggregates operations into California and Arizona and making us one of the nation's leading producers of asphalt mix and ready-mixed concrete. In 2007, we acquired Florida Rock Industries, Inc., the largest acquisition in our history. This acquisition expanded our aggregates business in Florida and other southeastern and m id-Atlantic states.
  In addition to these large acquisitions, we have completed many smaller acquisitions that have contributed significantly to our growth.

- **REINVESTMENT OPPORTUNITIES WITH HIGH RETURNS :** During the current decade , Moody's Analytics projects that 75 % of the U.S. population growth , 70% of household formation and 63% of new jobs will occur in Vulcan-served states. The close proximity of our production facilities and our aggregates reserves to this projected population growth crea te ma ny opportunities to invest capital in high-return projects — projects that will add reserves, increase production capacity and improve costs.

4. TIGHTLY MANAGED OPERATIONAL AND OVERHEAD COSTS

W e focus on rigorous cost management throughout the economic cycl e. Sm all savings per ton add up to significant cost reductions. We are able to adjust production levels to meet varying market conditions without jeopardizing our ability to take advanta ge of future increased demand.

Our knowledgeable and experienced workforce and our flexible production capabilities have allowed us to manage operational and overhead costs aggressively during the prolonged recession in the construction industry . In 2012, we initiated a Profit Enhancement Plan that focused on improving profitability through more effective sourcing, reducing general & administrative expenses and improving transportation/logistics programs . W e also reorganized our company structure in 2012 enabling us to make significant reductions in our Selling, Administrative and General (SAG) expense. In addition to cost reduction steps taken in previous years, in 201 3 we continued to control costs aggressively in our operation s. As a result of these cost controls coupled with a disciplined approach to pricing , our cash gross profit for each ton of aggregates sold in 201 3 was 33 % higher than at the peak of demand in 2005 (refer to Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" for Non-GAAP disclosures) .



5. LA ND MANAGEMENT

We believe that effective land management is both a business strategy and a social responsibility that contributes to our success. Good stewardship requires the careful use of existing resources as well as long-term planning because mining, ultimately, is an interim use of the land. Therefore, we strive to achieve a balance between the value we create through our mining activities and the value we create through effective post-mining land management. We continue to expand our thinking and focus our actions on wise decisions regarding the life cycle management of the land we currently hold and will hold in the future.

PRODUCT LINES

We have four operating (and reportable) segments organized around our principal product lines:

1. Aggregates
2. Concrete
3. Asphalt Mix
4. Cement

1. AGGREGATES

A number of factors affect the U.S. aggregates industry and our busines s, i ncluding markets, the location and quality of reserves and demand cycles.

- **LOCAL MARKETS:** Aggregates have a high weight-to-value ratio and, in most cases, are produced near where they are used; if not, transportation can cost more than the material s, r endering them uncompetitive compared to locally produced materials. Exceptions to this typical market structure include areas along the U.S. Gulf Coast and the Eastern Seaboard where there are limited supplies of locally available high quality aggregates. We serve these markets fro m q uarries that have access to long-haul transportation — shipping by barge and rail — and from our quarry on Mexico's Yucatan Peninsula. We transport aggregates from Mexico to the U.S. principally on our three Panamax-class, self-unloading ships.
- **DIVERSE MARKETS :** Large quantities of aggregates are used in virtually all types of public- and private-sector construction project s, su ch as highways, airports, water and sewer systems, industrial manufacturing facilities, residential and nonresidential buildings. Aggregates also are used widely as railroad track ballast.
- **LOCATION AND QUALITY OF RESERVES:** We currently ha ve 15.0 billion tons of permitted and proven or probable aggregates reserves. The bulk of these reserves are located in areas where we expect greater than average rates of growth in population, jobs and households, which require new infrastructure, housing, offices, schools and other development. Such growth depends on aggregates for construction. Zoning and permitting regulations in some markets have made it increasingly difficult for the aggregates industry to expand existing quarries or to develop new quarries. These restrictions could curtail expansion in certain areas, but they also could increase the value of our reserves at existing locations.
- **DEMAND CYCLES:** Long-term growth in demand for aggregates is largely driven by growth in population, jobs and households. While short- and medium-term demand for aggregates fluctuates with economic cycles, declines have historically been followed by strong recoveries, with each peak esta blishing a new historical high.

I n addition, the following factors influence the aggregates market:

- **HIGHLY FRAGMENTED INDUSTRY:** The U.S. aggregates industry is composed of over 5,000 companies that manage almost 9,000 operations. This fragmented structure provides many opportunities for consolidation. Companies in the industry commonly enter new markets or expand positions in existing markets through the acquisition of existing facilities.
- **RELATIVELY STABLE DEMAND FROM THE PUBLIC SECTOR :** Publicly funded construction activity has historically been more stable and less cyclical than privately funded construction , and generally requires more aggregates per dollar of construction spending. Private construction (primarily residential and nonresidential buildings) typically is more affected by general economic cycles than p ublicly funded projects (particularly highways, roads and bridges), w hich tend to receive more consistent levels of funding throughout economic cycles.
- **LIMITED PRODUCT SUBSTITUTION:** T here are limited substitutes for quality aggregates. R ecycled concrete and asphalt have certain applications as a lower-cost alternative to virgin aggregates. However, due to technical specifications many types of construction projects cannot be served by recycled concre te, but require the use of virgin aggregates to meet specifications and performance-based criteria for durability, strength and other qualities . Moreover, the amount of recycled asphalt included in asphalt mix as a substitute for aggregates is limited due to specifications .
- **WIDELY USED IN DOWNSTREAM PRODUCTS:** In the production process, aggregates are processed for specific applications or uses. Two products that use aggregates as a raw material are asphalt mix and ready-mixed concrete. By weight, aggregates comprise approximately 95% of asphalt mix and 78% of ready-mixed concrete.
- **FLEXIBLE PRODUCTION CAPABILITIES:** The production of aggregates is a mechanical process in which stone is crushed and, through a series of screens, separated into various sizes depending on how it will be used. Production capacity can be flexible by adjusting operating hours to meet changing market demand.
- **RAW MATERIAL INPUTS LARGELY UNDER OUR CONTROL :** Unlike typical industrial manufacturing industries, the aggregates industry does not require the input of raw material beyond owned or leased aggregates reserves. Stone, sand and gravel are naturally occurring resources. However, production does require the use of explosives, hydrocarbon fuels and electric power.

AGGREGATES MARKETS

We focus on the U.S. markets with above-average long-term expected population growth and where construction is expected to expand. Because transportation is a significant part of the delivered cost of aggregates, our facilities are typically located in the markets they serve or have access to economical transportation via rail, barge or ship to a particular end market . We serve both the public and the private sectors.

PUBLIC SECTOR CONSTRUCTION

Public sector construction includes spending by federal, state, and local governments for highways, bridges and airports as well as other infrastructure construction for sewer and waste disposal systems, water supply systems, dams, reservoirs and other public construction projects. Construction for power plants and other utilities is funded from both public and private sources. In 2013 , publicly funded construction accounted for approximately 52 % of our total aggregates shipments.

- **PUBLIC SECTOR FUNDING:** Generally, public sector construction spending is more stable than private sector construction because public sector spending is less sensitive to interest rates and has historically been supported by multi-year legislation and programs. For example, the federal surface transportation bill is a principal source of funding for public infrastructure and transportation projects. For over two decades, a portion of transportation projects ha s been funded through a series of multi-year bills. Some 40% of transportation projects are federally-funded, with special emphasis given to the largest and most complex projects. The long-term aspect of these bills is important because it provides state departments of transportation with the ability to plan and execute long- range , com plex highway projects. Federal highway spending is governed by multi-year authorization bills and annual budget appropriations using funds largely from the Federal Highway Trust Fund. This T rust Fund receives funding from taxes on gasoline and other levies. The level of state spending on infrastructure varies across the United States and depends on individual state needs and economies. In 201 3 , approximately 27 % of our aggregates sales by volume was used in highway construction projects.
- **FEDERAL HIGHWAY FUNDING :** In June 2012, Congress passed the Moving Ahead for Progress in the 21 st Century Act (MAP-21) , a new multi-year highway bill. There was overwhelming bipartisan support for this legislation in both the House and the Senate, and it was signed into law by the President on July 6, 2012. MAP-21 has provided state departments of transportation with the funding certainty to move forward on infrastructure programs, and it helps rebuild America's aging infrastructure by modernizing and reforming our current transportation system, while also protecting millions of jobs.
  MAP-21 maintains essentially level f unding through Fiscal Year 201 4, w ith approximately $105 billion of total funding. It extends the Highway Trust Fund and tax collections through Fiscal Year 2016, adding additional stability to the Federal Highway Program. The act's substantial highway provisions are more reform-focused than previous bills, with a strong emphasis on improving project delivery and eliminating red tape that has slowed the construction of highway projects . Funding directly for highways has provided a floor of $82 billion for Fiscal Years 2013 and 2014. In addition, MAP-21 provides a significant increase in funding for the Transportation Infrastructure Finance & Innovation Act (TIFIA) program. Funding for this program will increase to $1.75 billion over the two-year period of this act, from $122 million per year under the previous multi-year highway bill. TIFIA funding is typically leveraged by a factor of 10. The U.S. Department of Transportation estimates this TIFIA funding will support $30 to $50 billion in new construction. However, given administrative requirements and other factors, it is difficult to predict the timing of shipments for TIFIA projects .

  TIFIA is a highly popular program that stimulates private capital investment for projects of national or regional significance in key growth areas throughout the United States, including large portions of our footpri nt. The program provides low-cost credit assistance in the form of secured loans, loan guarantees and lines of credit to major transportation infrastructure projects for up to 49% of a project's estimated cost. Repayment terms are generous and at favorable interest rates. Eligible sponsors for TIFIA projects include state and local governments, private firms, special authorities and transportation improvement districts. Eligible projects include highways and bridges, large multi-modal projects, as well as freight transfer and transit facilities. We are well positioned in states that are likely to get a disproportionate number of TIFIA-funded projects.

  Overall, MAP-21 creates a positive framework for future authorizations through its significant reforms, consolidating and simplifying federal highway programs, accelerating the project delivery process, expanding project financing and promoting public-private partnership opportunities. The fact that Congress was able to pass the bill given the political climate in Washington, maintaining funding levels while also adding an additional year of program funding beyond what was expected, has its own significance and has contributed to our optimism about the ability of Congress to continue to work towards long-term solutions that will rebuild America's infrastructure.

  WATER INFRASTRUCTURE : Congress is currently working to complete the Water Resources Development Act (WRDA), which will provide legal authority for the U.S. Army Corps of Engineers to proceed with major planned improvements on hundreds of navigation, flood control, and ecosystem restoration infrastructure projects along rivers, canals, ports and inland waterways throughout the nation. In 2013, the U.S. House of Representatives and the Senate both passed versions of the bill with sweeping majorities. Negotiators from each chamber are currently working to produce a conference report that could pass both chambers and go to the president for his signature. We, along with our business allies, have been strong supporters of the WRDA bill given its overall importance to the U.S. economy, and the pressing

need to make material improvements to America’s harbors, ports and inland waterways, which are extensively used by us and our customers. The final bill is expected to address a significant backlog of water infrastructure projects, help enable improved dredging at certain ports, and speed up permitting in order to improve the pace of project completion. Many of the large southern ports that would benefit from WRDA, as they gear up for expected increases in freight volumes with the expansion of the Panama Canal, lie within our footprint. Additionally, both the House and Senate bills introduce new innovative public-private financing opportunities; the Senate's proposal is modeled after the Highway program's TIFIA program and is called WIFIA (Water Infrastructure Financing and Innovation Act). It seeks to fund large projects exceeding $25 million that are otherwise unachievable. Further, as with TIFIA, it provides funding for up to 49% of a project's estimated cost, involves low interest rates, and includes favorable repayment terms as well as subrogation of the government's interest in order to encourage other investors.

PRIVATE SECTOR CONSTRUCTION

The private sector construction market s i nclude both nonresidential building construction and residential construction and are considerably more cyclical than public construction. In 201 3 , privately-funded construction accounted for approximately 48 % of our total aggregates shipments.

- **NONRESIDENTIAL CONSTRUCTION:** Private nonresidential building construction includes a wide array of projects. Such projects generally are more aggregates intensive than residential construction . Overall demand in private nonresidential construction generally is driven by job growth, vacancy rates, private infrastructure needs and demographic trends. The growth of the private workforce creates demand for offices, hotels and restaurants. Likewise, population growth generates demand for stores, shopping centers, warehouses and parking decks as well as hospitals, churches and entertainment facilities. Large industrial projects, such as a new manufacturing facility, can increase the need for other manufacturing plants to supply parts and assemblies. Construction activity in this end market is influenced by a firm's ability to finance a project and the cost of such financing.
  C ontract awards are a leading indicator of future construction activity and a continuation of the recent trend in awards should translate to growth in demand for aggrega tes. Af ter bottoming in 2010, trailing twelve-month contract awards for private nonresidential buildings began to improve in 2011, ending the year up 16% from 2010 levels. In 2012, private nonresidential building awards grew another 14%, which was entirely attributable to strength in contract awards for stores and office buildings, up 34% and 17%, respectively . In 2013, contract awards, as measured in square feet, increased for the third year in a row. Total private nonresidential contract awards were up approximately 5 million square feet, or 11%. Stores and office buildings again accounted for all of this growth, up 19% and 20%, respectively. Employment gro wth, att ractive lending standards and general recovery in the economy will help drive continued growth in construction activity in this end market.
- **RESIDENTIAL CONSTRUCTION:** The majority of residential construction is for single-family houses with the remainder consisting of multi-family construction (i.e., two family houses, apartment buildings and condominiums). Public housing comprises only a small portion of housing demand. Household formations in our m arkets continue to outpace household formations in the rest of the U.S. Construction activity in this end market is influenced by the cost and availability of mortgage financing. U.S. housing starts, as measured by McGraw-Hill data, peaked in early 2006 at over 2 million units annually. By the end of 2009, total housing starts had declined to less than 600,000 units, well below prior historical lows of approximately 1 million units annually. In 2013, total annual housing starts increased to 951,000 unit s. The growth in residential construction bodes well for continued recovery in our markets.

ADDITIONAL AGGREGATES PRODUCTS AND MARKETS

We sell aggregates that are used as balla st fo r construction and maintenance of railroad track s . We also sell riprap and jetty stone for erosion control along roads and waterways. In addition, stone can be used as a feedstock for cement and lime plants and for making a variety of adhesives, fillers and extenders. Coal-burning power plants use limestone in scrubbers to reduce harmful emissions. Limestone that is crushed to a fine powder can be sold as agricultural lime.

We sell a relatively small amount of construction aggregates outside of the United States, principally in the areas surrounding our large quarry on the Yucatan Peninsula in Mexico. Nondomestic sales and long-lived assets outside the United States are reported in Note 15 " Segment Reporting " in Item 8 "Financial Statements and Supplementary Data."

OUR COMPETITIVE ADVANTAGES

The competitive advantages of our aggregates focused strategy include:

COAST-TO-COAST FOOTPRINT

- largest aggregates company in the U.S.
- high-growth markets requiring large amounts of aggregates to meet construction demand
- diversified regional exposure
- benefits of scale in operations, procurement and administrative support
- complementary asphalt mix , concrete and cement businesses in select markets
- eff ective land management

PROFITABLE GROWTH

- quality top-line growth that converts to higher-margin earnings and cash flow generation
- tightly managed operational and overhead costs
- more opportunities to manage our portfolio of locations to further enhance long-term earnings growth

STRATEGICALLY LOCATED ASSETS

- our reserves are primarily located in high-growth markets that require large amounts of aggregates to meet construction demand
- z oning and permitting regulations in many metropolitan markets have made it increasingly difficult to expand existing quarr ies or to develop new quarries
  - such regulations, while potentially curtailing expansion in certain areas, could also increase the value of our rese rves at existing locations

2. CONCRETE

We produce and sell ready-mixed concrete in California, Florida, Georgia, Maryland, Texas, Virginia and the District of Columbia and the Bahamas . Additionally, we produce and sell, in a limited number of these markets, other concrete products such as block . We also resell purchased building materials for use with ready-mixed concrete and concrete block.

This segment relies on our reserves of aggregates, functioning essentially as a customer to our aggregates operations. Aggregates are a major component in ready-mixed concrete, comprising approximately 78% by weight of this product . We meet the aggregates requirements of our Concrete segment almost wholly through our Aggregates segment. These product transfers are made at local market prices for the particular grade and quality of material required.

We serve our Concrete segment customers from our local production facilities or by truck. Because ready-mixed concrete hardens rapidly, delivery typically is within close proximity to the producing facility.

Ready- mixed concrete production also requires cement. In the Florida market, cement requirements for ready-mixed concrete production were mostly supplie d b y our Cement segment. In other markets, we purchase cement from third- party suppliers. We do not anticipate any material difficulties in obtaining the raw materials necessary for this segment to operate.

In Januar y 2 014, we entered into an agreement to sell our cement and concrete businesses in the Florida area to Cementos Argos. The transaction is expected to close in the first quarter of 2014. For additional details see Note 21 “Subsequent Events” in Item 8 “Financial Statements and Supplementary Data.”

3. ASPHALT MIX

We produce and sell asphalt mix in Arizona, California, and Texas . This segment relies on our reserves of aggregates, functioning essentially as a customer to our aggregates operations. Aggregates are a major component in asphalt mix, comprising approximately 95% by weight of this product . We meet the aggregates requirements for our Asphalt M ix segment almost wholly through our Aggregates segment. These product transfers are made at local market prices for the particular grade and quality of material required.

Because asphalt mix hardens rapidly, delivery typically is within close proximity to the producing facility. The asphalt mix production process requires liquid asphalt cement , which we purchas e fr om third-party producers. We do not anticipate any material difficulties in obtaining the raw materials necessary for this segment to operate. We serve our Asphalt M ix segment customers from our local production facilities.

4. CEMENT

Our Newberry, Florida cement plant produces Portland and masonry cement that we sell in both bulk and bags to the concrete products industry. Our Tampa, Florida distribution facility can import and export cement and slag. Cement can be resold, blended, bagged, or reprocessed into specialty cements that we then sell. The slag is ground and sold in blended or unblended form. The Cement segment's largest single customer is our own ready-mixed concrete operations within the Concrete segment.

Ou r Brooksville, Florida calcium plant produces calcium products for the animal feed, paint, plastics, water treatment and joint compound industries. This facility is supplied with high quality calcium carbonate material mined at the Brooksville quarry.

An expansion of production capacity at our Newberry, Florida cement plant was completed in 2010. Total annual production capacity is 1.6 million tons per year. This plant is supplied by limestone mined at the facility. As of December 31, 2013, t hese limestone reserves total ed 188.6 milli on tons.

In Januar y 2 014, we entered into an agreement to sell our cement and concrete businesses in the Florida area to Cementos Argos. We will retain our Cement segment's calcium operation in Brooksville. The transaction is expected to close in the first quarter of 2014. For additional details see Note 21 "Subsequent Events" in Item 8 "Financial Statements and Supplementary Data."

OTHER BUSINESS - RELATED ITEMS

SEASONALITY AND CYCLICAL NATURE OF OUR BUSINESS

Almost all of our products are produced and consumed outdoors. Seasonal changes and other weather-related conditions can affect the production and sales volumes of our products. Therefore, the financial results for any quarter do not necessarily indicate the results expected for the year. Normally, the highest sales and earnings are in the third quarter and the lowest are in the first quart er. Fu rthermore, our sales and earnings are sensitive to national, regional and local economic conditions and particularly to cyclical swings in construction spending, primarily in the private sector. The levels of construction spending are affected by changing interest rates and demographic and population fluctuations.

CUSTOMERS

No material part of our business depends upon any single customer whose loss would have a significant adverse effect on our business. In 201 3 , ou r f ive largest customers accounted for 4.8 % of our total revenues (excluding internal sales), and no single customer accounted for more than 1.1 % of our total revenues. Our products typically are sold to private industry and not directly to governmental entities. Although approximately 45% to 55% of our aggregates shipments have historically been used in publicly funded construction, such as highways, airports and government buildings, relatively insignificant sales are made directly to federal, state, county or municipal governments/agencies. Therefore, although reductions in state and federal funding can curtail publicly funded construction, our business is not directly subject to renegotiation of profits or termination of contracts with state or federal governments.

ENVIRONMENTAL COSTS AND GOVERNMENTAL REGULATION

Our operations are subject to numerous federal, state and local laws and regulations relating to the protection of the environment and worker health and saf ety; examples include regulation of facility air emissions and water discharges, waste management, protection of wetlands, listed and threatened species, noise and dust exposure control for workers, and safety regulations under both Mine Safety and Health Administration (MSHA) and Occupational Safety and Health Administration (OSHA). Compliance with these various regulations requires a substantial capital investment, and ongoing expenditures for the operation and maintenance of systems and implementation of programs. We estimate that capital expenditures for environmental control facilities in 201 4 and 201 5 will be approximately $ 10.6 million and $ 22.7 million, respectively . These anticipated expenditures are not expected to have a material impact on our earnings or competitive position.

Frequently, we are required by state and local regulations or contractual obligations to reclaim our former mining sites. These reclamation liabilities are recorded in our financial statements as a liability at the time the obligation arises. The fair value of such obligations is capitalized and depreciated over the estimated useful life of the owned or leased site. The liability is accreted through charges to operating expenses. To determine the fair value, we estimate the cost for a third party to perform the legally required reclamation, which is adjusted for inflation and risk and includes a reasonable profit margin. All reclamation obligations are reviewed at least annually. Reclaimed quarries often have potential for use in commercial or residential development or as reservoirs or landfills. However, no projected cash flows from these anticipated uses have been considered to offset or reduce the estimated reclamation liability.

For additional information regarding reclamation obligations (referred to in our financial statements as asset retirement obligations), see Notes 1 and 17 to the consolidated financial statements in Item 8 "Financial Statements and Supplementary Data."

PATENTS AND TRADEMARKS

We do not own or have a license or other rights under any patents, registered trademarks or trade names that are material to any of our reporting segments.

OTHER INFORMATION REGARDING VULCAN

Vulcan is a New Jersey corporation incorporated on February 14, 2007, while its predecessor company was incorporated on September 27, 1956. Our principal sources of energy are electricity, diesel fuel, natural gas and coal. We do not anticipate any difficulty in obtaining sources of energy required for operation of any of our reporting segments in 2014.

As of January 1, 201 4 , we employed 6,902 people in the U.S. Of these employees, 536 are represented by labor unions. Also, a s of that dat e, we employ ed 308 people in Mexico and 1 in the Bahamas , 243 of whom are represented by a labor union . We do not anticipate any significant issues with any unions in 201 4 .

We do not use a backlog of orders to evaluate and understand our business at a Company level .

EXECUTIVE OFFICERS OF THE REGISTRANT

The names, positions and ages, as of February 20 , 201 4 , of our executive officers are as follows:

Name	Position	Age
Donald M. James	Chairman and Chief Executive Officer	65
Danny R. Shepherd	Vice Chairman	62
J. Thomas Hill	Executive Vice President and Chief Operating Officer	54
John R. McPherson	Executive Vice President and Chief Financial Officer	45
Daniel F. Sansone	Executive Vice President , Strategy	61
S tanley G. Bass	Senior Vice President – W est Regio n	52
D avid P. Clement	Senior Vice President – Central Region	53
J. Wayne Houston	Senior Vice President, Human Resources	64
M ichael R. Mills	Senior Vice President and General Counsel	53
E jaz A. Khan	Vice President, Controller and Chief Information Officer	56

The principal occupations of the executive officers during the past five years are set forth below:

Donald M. James was elected Chief Executive Officer and Chairman of the Board of Directors in 1997.

Danny R. Shepherd was elected Vice Chairman on December 16, 2013. Prior to that he served as Executive Vice President and Chief Operating Office r (Novembe r 2 012 – December 201 3), E xec utive Vice President, Construction Materials (Februar y 2 011 – November 2012) and S enior Vice President, Construction Materials East (February 2007 – February 2011) .

J. Thomas Hill was elected Executive Vice President and Chief Operating Officer on December 16, 2013. Prior to that he served as Senior Vice President – South Region (Decembe r 2 011 – December 2013), P resident, Florida Rock Division (S eptember 2010 – December 2011) and President, Southwest Division (July 2004 – August 2010) .

John R. McPherson was elected Executive Vice President and Chief Financial Officer on December 16, 2013. Prior to that he served as Senior Vice President – East Region (Novembe r 2 012 – December 2013) and S enior Vice President, Strategy and Business Development (October 2011 – November 2012) . Before joining Vulcan in October 2011, Mr. McPherson was a senior partner at McKinsey & Company, a global management consulting fir m, f rom 1995 to 2011.

Daniel F. Sansone was elected Executive Vice President, Strategy as of January 1, 2014. Prior to that he served as Executive Vice President and Chief Financial Officer (February 2011 – December 201 3) and Senior Vice President and Chief Financial Officer (May 2005 – February 2011).

S tanley G. Bass was elected Senior Vice President – W est Region as of September 1, 2013. Prior to that he served as Senior Vice President – Central and West Regions (February 2013 – September 2013), S enior Vice President – Central Region (Decembe r 2 011 – Februar y 2 013), P resident, Midsouth and Southwest Divisions (September 2010 – December 2011) and P resident, Midsouth Division (August 2005 – August 2010) .

D avid P. Clement was elected Senior Vice President – Central Region in September 2013. Over the past five years he has served in a number of positions with Vulcan including Vice President and General Manager, Midwest Division and Vice President of Operations, Midwest Division.

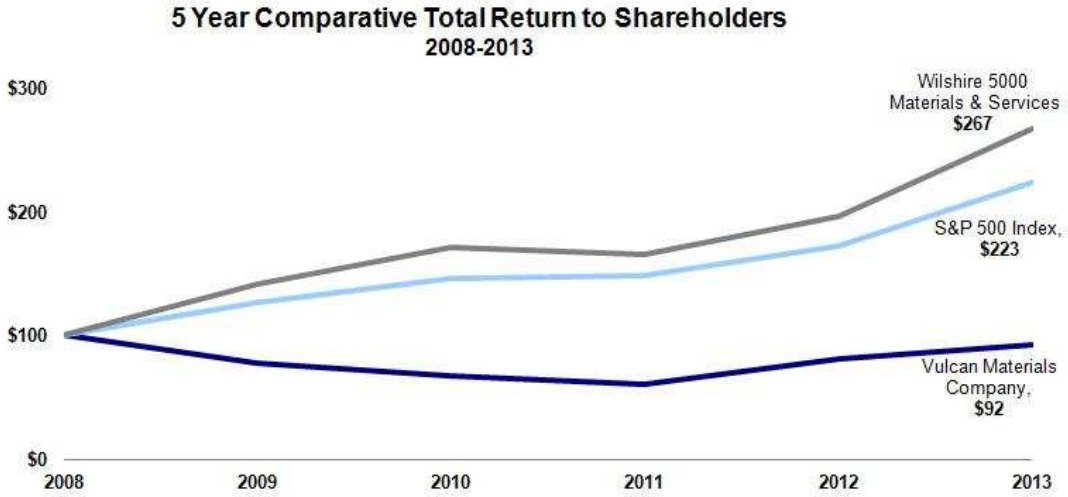
J. Wayne Houston was elected Senior Vice President, Human Resources in February 2004.

M ichael R. Mills was elected Senior Vice President and General Counsel as of November 1, 2012. He most recently served as Senior Vice President – East Region from December 2011. Prior to that, he was President, Southeast Division.

Ejaz A. Khan was elected Vice President and Controller in February 1999. He was elected Chief Information Officer in February 2000.

SHAREHOLDER RETURN PERFORMANCE PRESENTATION

Below is a graph comparing the performance of our common stock, with dividends reinvested, to that of the Standard & Poor's 500 Stock Index (S&P 500) and the Materials and Services Sector of the Wilshire 5000 Index (Wilshire 5000 M&S) from December 31, 200 8 to December 31, 201 3 . The Wilshire 5000 M&S is a market capitalization weighted sector containing public equities of firms in the Materials and Services sector, which includes our company and approximately 1,200 other companies.



INVESTOR INFORMATION

We make available on our website, *www.vulcanmaterials.com* , free of charge, copies of our :

- Annual Report on Form 10-K
- Quarterly Reports on Form 10-Q
- Current Reports on Form 8-K

We also provide amendments to those reports filed with or furnished to the Securities and Exchange Commission (the " SEC ") pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as well as all Forms 3, 4 and 5 filed with the SEC by our executive officers and directors, as soon as the filings are made publicly available by the SEC on its EDGAR database (*www.sec.gov*).

The public may read and copy materials filed with the SEC at the Public Reference Room of the SEC at 100 F Street, NE, Washington, D. C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-732-0330. In addition to accessing copies of our reports online, you may request a copy of our Annual Report on Form 10-K, including financial statements, by writing to Jerry F. Perkins Jr., Secretary, Vulcan Materials Company, 1200 Urban Center Drive, Birmingham, Alabama 35242.

We have a :

- Business Conduct Policy applicable to all employees and directors
- Code of Ethics for the CEO and Senior Financial Officers

Copies of the Business Conduct Policy and the Code of Ethics are available on our website under the heading " Corporate Governance. " If we make any amendment to, or waiver of, any provision of the Code of Ethics, we will disclose such information on our website as well as through filings with the SEC.

Our Boar d of Directors has also adopted:

- Corporate Governance Guidelines
- Charters for its Audit, Compens ation , Financ e, G overnance and Safety Health & Environment Committees

These documents meet all applicable SEC and New York Stock Ex change regulatory requirements.

The Audit, Compensation and Finance Charters are available on our website under the heading, " Corporate Governance, " or you may request a copy of any of these documents by writing to Jerry F. Perkins Jr., Secretary, Vulcan Materials Company, 1200 Urban Center Drive, Birmingham, Alabama 35242.

ITEM 1A
RISK FACTORS

An investment in our common stock involves risks. You should carefully consider the following risks, together with the information included in or incorporated by reference in this report, before deciding whether an investment in our common stock is suitable for you. If any of these risks actually occurs, our business, results of operations or financial condition could be materially and adversely affected. In such an event, the trading prices of our common stock could decline and you might lose all or part of your investment. The following is a list of our risk factors.

EC ONOMIC/POLITICAL RISKS

B oth commercial and residential construction are dependent upon the overall U.S. economy which is recovering at a slow pace — Commercial and residential construction levels generally move with economic cycles. When the economy is strong, construction levels rise and when the economy is weak, construction levels fall. The U.S. economy is recovering from the recession, but the pace of recovery is slow. Since construction activity generally lags the recovery after down cycles, construction projects have not returned to their pre- recession levels.

Changes in legal requirements and governmental policies concerning zoning, land use, environmental and other areas of the law may result in additional liabilities, a reduction in operating hours and additional capital expenditures — Our operations are affected by numerous federal, state and local laws and regulations related to zoning, land use and environmental matters. Despite our compliance efforts, we have an inherent risk of liability in the operation of our business. These potential liabilities could have an adverse impact on our operations and profitability. In addition, our operations are subject to environmental, zoning and land use requirements and require numerous governmental approvals and permits, which often require us to make significant capit al an d operating expenditures to comply with the applicable requirements. Stricter laws and regulations, or more stringent interpretations of existing laws or regulations, may impose new liabilities on us, reduce operating hours, require additional investment by us in pollution control equipment, or impede our opening new or expanding existing plants or facilities.

Climate change and climate change legislation or regulations may adversely impact our business — A number of governmental bodies have introduced or are contemplating legislative and regulatory change in response to the potential impacts of climate change. Such legislation or regulation, if enacted, potentially could include provisions for a "cap and trade" system of allowances and credits or a carbon tax , among other provisions. The Environmental Protection Agency (EPA) promulgated a mandatory reporting rule covering greenhouse gas emissions from sources considered to be large emitters. The EPA has also promulgated a greenhouse gas emissions permitting rule, referred to as the "Tailoring Rule , " which requires permitting of large emitters of greenhouse gases under the Federal Clean Air Act. We have determined that our Newber r y cement plant is subject to both the reporting rule and the permitting rule, although the impacts of the permitting rule are uncertain at this time. The first required greenhouse gas emissions report for the Newberry cement plant w as submitted to the EPA on March 31, 2011.

Other potential impacts of climate change include physical impacts such as disruption in production and product distribution due to impacts from major storm events, shifts in regional weather patterns and intensities, and potential impacts from sea level changes. There is also a potential for climate change legislation and regulation to adversely impact the cost of purchased energy and electricity.

The impacts of climate change on our operations and the company overall are highly uncertain and difficult to estimate. However, climate chang e, l egislation and regulation concerning greenhouse gases could have a material adverse effect on our future financial position, results of operations or cash flows.

GROWTH AND COMPETITIVE RISKS

Within our local markets, we operate in a highly competitive industry which may negatively impact prices, volumes and costs — The construction aggregates industry is highly fragmented with a large number of independent local producers in a number of our markets. Additionally, in most markets, we also compete against large private and public companies, some of which are significantly vertically integrate d. Therefore, there is intense competition in a number of markets in which we operate. This significant competition could lead to lower prices and lower sales volum es in some markets, negatively affecting our earnings and cash flows.

Our long-term success depends upon securing and permitting aggregates reserves in strategically located areas. If we are unable to secure and permit such reserves it could negatively affect our earnings in the future — Construc - tion aggregates are bulky and heavy and, therefore, difficult to transport efficiently. Because of the nature of the products, the freight costs can quickly surpass the production costs. Therefore, except for geographic regions that do not possess commercially viable deposits of aggregates and are served by rail, barge or ship, the markets for our products tend to be localized around our quarry sites and are served by truck. New quarry si tes often take years to develop ; therefore , our strategic planning and new site development must stay ahead of actual growth. Additionally, in a number of urban and suburban areas in which we operate, it is increasingly difficult to permit new sites or expand existing sites due to community resistance. Therefore, our future success is dependent, in part, on our ability to accurately forecast future areas of high growth in order to locate optimal facility sites and on our ability to secure operating and environmental permits to operate at those sites.

Our future growth depends in part on acquiring other businesses in our industry and successfully integrating them with our existing operations. If we are unable to integrate acquisitions successfully, it could lead to higher costs and could negatively affect our earnings — The expansion of our business is dependent in part on the acquisition of existing businesses that own or control aggregates reserves. Disruptions in the availability of financing could make it more difficult to capitalize on potential acquisitions. Additionally, with regard to the acquisitions we are able to complete, our future results w ill depend i n part on our ability to successfully integrate these businesses with our existing operations.

FINANCIAL/ACCOUNTING RISKS

Our industry is capital intensive, resulting in significant fixed and semi-fixed costs. Therefore, our earnings are highly sensitive to changes in volume — Due to the high levels of fixed capital required for extracting and producing construction aggregates, our profits and profit margins are negatively affected by significant decreases in volume.

Uneve n r ecovery in the construction industry may result in an impairment of our goodwill — We test goodwill for impairment on an annual basis or more frequently if events or circumstances change in a manner that would more likely than not reduce the fair value of a reporting unit below its carrying value. While we have not identified any events or changes in circumstances since our annual impairment test on November 1, 20 1 3 tha t indicate the fair value of any of our reporting units is below its carrying value, the timing of a sustained recovery in the construction industry may have a significant effect on the fair value of our reporting units. A significant decrease in the estimated fair value of one or more of our reporting units could result in the recognition of a material, noncash write-down of goodwill.

We incurred considerable short-term and long-term debt to finance the Florida Rock merger. This additional debt significantly increased our interest expense and debt service requirements — The combination of this debt and our reduced operating cash flow over the last several years produced substantially higher financial leverage that has resulted in credit rating downgrades.

Our operating cash flow is burdened by substantial annual interest, and in some years, principal payments. Our ability to make scheduled interest and principal payments, or to refinance the maturing principal of debt, depends on our operating and financial performance. The ability to refinance maturing principal is also dependent upon the state of the capital markets. Operating and financial performance is, in turn, subject to general economic and business conditions, many of which are beyond our control .

Our debt instruments contain various reporting and financial covenants, as well as affirmative covenants (e.g., requirement to maintain proper insurance) and negative covenants (e.g., restrictions on lines of business). If we fail to comply with any of these covenants, the related debt could become due prior to its stated maturity, and our ability to obtain additional or alternative financing could be impaired.

We use estimates in accounting for a number of significant items. Changes in our estimates could adversely affect our future financial results — As discussed more fully in "Critical Accounting Policies" under Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations," we use significant judgment in accounting for :

- g oodwill and goodwill impairment
- impairment of long- lived assets excluding goodwill
- reclamation costs
- pension and other postretirement benefits
- environmental compliance
- claims and liti gation including self-insurance
- income taxes

We believe we have sufficient experience and reasonable procedures to enable us to make appropriate assumptions and formulate reasonable estimates; however, these assumptions and estimates could change significantly in the future and could adversely affect our financial position , results of operations, or cash flows.

PERSONNEL RISKS

Our business depends on a successful succession plan — As a number of our long-serving top executives approach retirement age, effective succession planning has become very important to our long-term success. The Governance and Management Succession Committee of o ur Board of Directors as well as the full Board routinely reviews and updates the Company's management succession plan. In December 2013, we announced several leadership changes, effective January 1, 2014, in furtherance of our management succession plan. Failure to ensure effective transfer of knowledge and smooth transitions involving key employees could hinder our strategic planning and execution. Additionally, this change in management may be disruptive to our business and during the transition period there may be uncertai nty among investors, vendors, customers and others concerning our future direction and performance.

Our future success greatly depends upon attracting and retaining qualified personnel, particularly in sales and operations — A significant factor in our future profitability is our ability to attract, develop and retain qualified personnel. Our success in attracting qualified personnel, particularly in the areas of sales and operations, is affected by changing demographics of the available pool of workers with the training and skills necessary to fill the available positions, the impact on the labor supply due to general economic conditions, and our ability to offer competitive compensation and benefit packages.

OTHER RISKS

Weather can materially affect our operating results — Almost all of our products are consumed outdoors in the public or private construction industry, and our production and distribution facilities are located outdoors. Inclement weather affects both our ability to produce and distribute our products and affects our customers' short-term demand because their work also can be hampered by weather. Therefore, our financial results can be negatively affected by inclement weather.

Our products are transported by truck, rail, barge or ship, often by third-party providers. Significant delays or increased costs affecting these transportation methods could materially affect our operations and earnings — Our products are distributed either by truck to local markets or by rail, barge or oceangoing vessel to remote markets. The c osts of transporting our products could be negatively affected by factors outside of our control, including rail service interruptions or rate increases, tariffs, rising fuel costs and capacity constraints. Additionally, inclement weather, including hurricanes, tornadoes and other weather events, can negatively impact our distribution network.

We use large amounts of electricity, diesel fuel, liquid asphalt and other petroleum-based resources that are subject to potential supply constraints and significant price fluctuation, which could affect our operating results and profitability — In our production and distribution processes, we consume significant amounts of electricity, diesel fuel, liquid asphalt and other petroleum-based resources. The availability and pricing of these resources are subject to market forces that are beyond our control. Our suppliers contract separately for the purchase of such resources and our sources of supply could be interrupted should our suppliers not be able to obtain these materials due to higher demand or other factors that interrupt their availability. Variability in the supply and prices of these resources could materially affect our operating results from period to period and rising costs could erode our profitability.

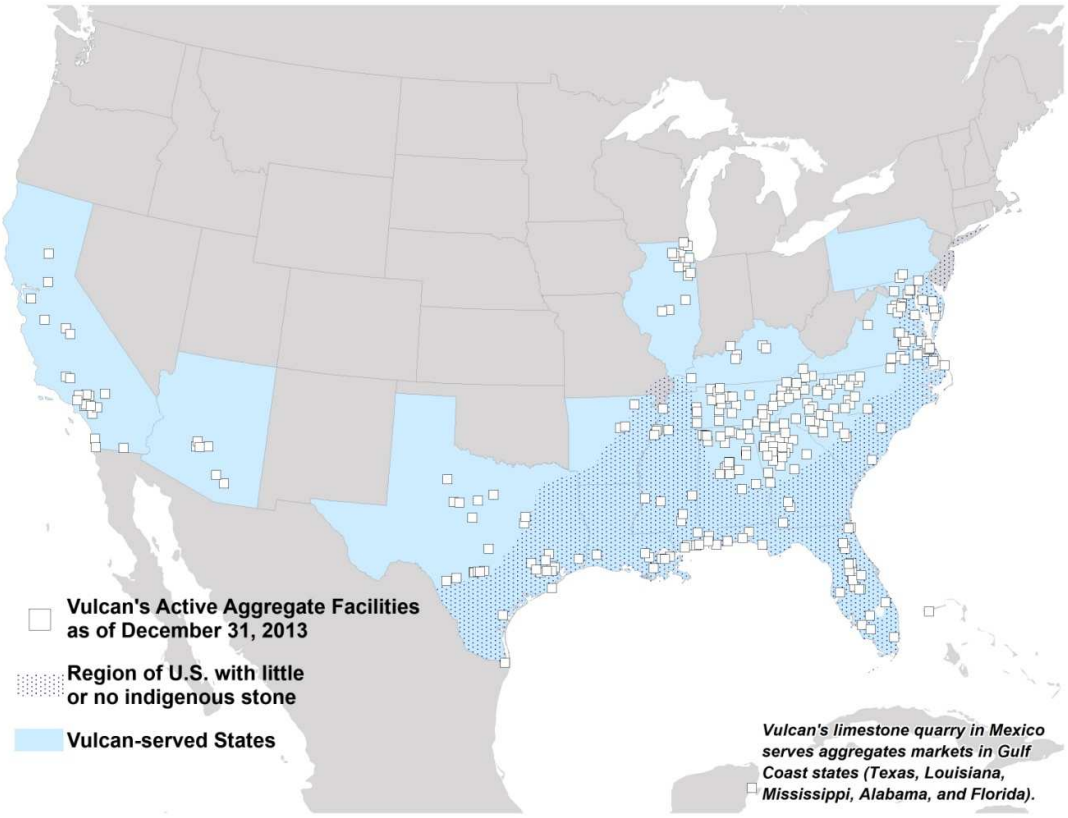
We are involved in a number of legal proceedings. We cannot predict the outcome of litigation and other contingencies with certainty — We are involved in several complex litigation proceedings, some arising from our previous ownership and operation of our Chemicals and Metals business es . Although we divested our Chemicals business in June 2005, we retained certain liabilities related to the business. As required by generally accepted accounting principles, we establish reserves when a loss is determined to be probable and the amount can be reasonably estimated. Our assessment of probability and loss estimates are based on the facts and circumstances known to us at a particular point in time. Subsequent developments in legal proceedings may affect our assessment and estimates of a loss contingency, and could result in an adverse effect on our financial position, results of operations or cash flows. For a description of our current significant legal proceedings see Note 12 " Commitments and Contingencies " in Item 8 " Financial Statements and Supplementary Data. "

We are involved in certain environmental matters. We cannot predict the outcome of these contingencies with certainty — We are involved in environmental investigations and cleanups at sites where we operate or have operated in the past or sent materials for recycling or disposal, primarily in connection with our divested Chemicals and Metals businesses. As required by generally accepted accounting principles, we establish reserves when a loss is determined to be probable and the amount can be reasonably estimated. Our assessment of probability and loss estimates are based on the facts and circumstances known to us at a particular point in time. Subsequent developments related to these matters may affect our assessment and estimates of loss contingency, and could result in an adverse effect on our financial position, results of operations or cash flows. For a description of our current significant environmental matters see Note 12 “Commitments and Contingencies" in Item 8 "Financial Statements and Supplementary Data."

We have not received any written comments from the Securities and Exchange Commission staff regarding our periodic or current reports under the Exchange Act of 1934 that remain unresolved.

AGGREGATES

As the largest U.S. producer of construction aggregates, we have operating facilities across the U.S. and in Mexico and the Bahamas. We principally serve mark ets in 18 sta tes, the District of Columbia and the local markets surrounding our operations in Mexico and the Bahamas. Our primary focus is serving states and metropolitan markets in the U.S. that are expected to experience the most significant growth in population, households and employment. These three demographic factors are significant drivers of demand for aggregates.



Our current estimate of 15.0 billion tons of proven and probable aggregates reserve s i s consistent with the prior year's level . Estimates of reserves are of recoverable stone, sand and gravel of suitable quality for economic extraction, based on drilling and studies by our geologists and engineers, recognizing reasonable economic and operating restraints as to maximum depth of overburden and stone excavation, and subject to permit or other restrictions.

Proven, or measured, reserves are those reserves for which the quantity is computed from dimensions revealed by drill data, together with other direct and measurable observations such as outcrops, trenches and quarry faces. The grade and quality of those reserves are computed from the results of detailed sampling, and the sampling and measurement data are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well established. Probable, or indicated, reserves are those reserves for which quantity and grade and quality are computed partly from specific measurements and partly from projections based on reasonable, though not drilled, geologic evidence. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation .

Reported proven and probable reserves include only quantities that are owned in fee or under lease, and for which all appropriate zoning and permitting have been obtained. Leases, zoning, permits, reclamation plans and other government or industry regulations often set limits on the areas, depths and lengths of time allowed for mining, stipulate setbacks and slopes that must be left in place, and designate which areas may be used for surface facilities, berms, and overburden or waste storage, among other requirements and restrictions. Our reserve estimates take into account these factors. Technical and economic factors also affect the estimates of reported reserves regardless of what might otherwise be considered proven or probable based on a geologic analysis. For example, excessive overburden or weathered rock, rock quality issues, excessive mining depths, groundwater issues, overlying wetlands, endangered species habitats, and rights of way or easements may effectively limit the quantity of reserves considered proven and probable. In addition, computations for reserves in-place are adjusted for estimates of unsaleable sizes and materials as well as pit and plant waste.

The 15.0 billion tons of estimated proven and probable aggregates reserves reported at the end of 201 3 and 2012 i nclude reserves at inactive and greenfield (undeveloped) sites. The table below presents, by region , the tons of proven and probable aggregates reserves as of December 31, 201 3 and the types of facilities operated.

	(millions of tons)				*Number of Aggregates Operating Facilities* [1]		
	Aggregates Reserves			2013			
	Proven	*Probable*	*Total*	*Production*	*Stone*	*Sand and Gravel*	*Sales Yards*
Central [2]	**2,753.7**	899.1	3,652.8	24.3	53	3	4
East [2, 3]	**4,642.1**	1,966.9	6,609.0	47.3	71	3	25
South [2]	**3,566.4**	200.8	3,767.2	48.4	48	16	48
West [2]	**628.2**	364.0	992.2	25.0	4	21	2
Total	**11,590.4**	**3,430.8**	**15,021.2**	**145.0**	**176**	**43**	**79**

[1] *In addition to the facilities included in the table above, we operate 29 recrushed concrete plants which are not dependent on reserves.*

[2] *The regions are defined by states as follows: Central region – Illinois, central Kentucky and Tennessee; East region – Delaware, central Georgia, Maryland, North Carolina, Pennsylvania, South Carolina, Virginia and the District of Columbia; South region – Alabama, Arkansas, Florida, south Georgia, western Kentucky, Louisiana, Mississippi, Texas, the Bahamas and Mexico; and West region – Arizona and California.*

[3] *Includes a maximum of 395.9 million tons of reserves encumbered by vo lumetric production payment s as defined in Note 1 "Summary of Significant Accounting Policies" caption “Deferred Revenue” to the consolidated financial statements in Item 8 "Financial Statements and Supplementary Data."*

Of the 15.0 billion tons of aggregates reserves at December 31, 2013 , 8.6 billion tons or 57 % are located on owned land and 6.4 billion tons or 43 % are located on leased land.

The following table lists our ten largest active aggregates facilities based on the total proven and probable reserves at the sites. None of our aggregates facilities, other than Playa del Carmen, contributed more than 5 % to our net sales in 2013.

(millions of tons)

	Reserves at 12/31/2013			2013
Location (nearest major metropolitan area)	*Proven*	*Probable*	*Total*	*Production*
Playa del Carmen (Cancun), Mexico	632.4	0.0	632.4	10.0
Hanover (Harrisburg), Pennsylvania	278.7	274.4	553.1	2.6
McCook (Chicago), Illinois	122.0	271.2	393.2	3.8
DeKalb (Chicago), Illinois	162.1	193.8	355.9	0.4
Gold Hill (Charlotte), North Carolina	163.0	128.9	291.9	0.7
Macon, Georgia	126.7	128.0	254.7	0.8
Rockingham (Charlotte), North Carolina	76.6	174.6	251.2	2.1
Norcross (Atlanta), Georgia	200.1	27.7	227.8	2.2
1604 Stone (San Antonio), Texas	224.4	0.0	224.4	2.7
Cabarrus (Charlotte), North Carolina	119.2	94.9	214.1	1.4

ASPHALT MIX, CO NC RETE AND CEMENT

We also operate a number of facilities producing other products in several of our Regions:

Region [1]	*Asphalt Mix Facilities*	*Concrete* [2] *Facilities*	*Cement* [3] *Facilities*
East	0	45	0
South	10	69	3
West	24	13	0

[1] *Central Region has no asphalt mix, concrete or cement facilities.*

[2] *Includes ready-mixed concrete, concrete block and other concrete products facilities.*

[3] *Includes one cement manufacturing facility, one cement import terminal and a ground calcium plant.*

The asphalt mix and concrete facilities are able to meet their needs for raw material inputs with a combination of internally sourced and purchased raw materials. Our Cement segment operates a limestone quarr y in Newberry, Florida which provide s our cement production facility with feedstock materials and a quarry at Brooksville, Florida which provides feedstock for the ground calcium operation .

(millions of tons)

	Reserves at 12/31/2013			2013
Location	*Proven*	*Probable*	*Total*	*Production*
Newberry	177.7	10.9	188.6	1.3
Brooksville	5.4	1.2	6.6	0.3

Our Newberry limestone quarry is mined primarily as feedstock for our wholly-owned cement production facility. The p rocess of making cement requires raw materials including high purity limestone to ac hieve the chemical reactions that generate the final prod uct. The Newberry limestone quarry has an average calcium carbonate ($CaCO_3$) content of 97.0%.

Our Brooksville limestone quarry is mined and processed primarily as a supplement for end-use products such as animal feed, plastics and paint. High purity limestone is inert and relatively inexpensive compared to the other components used in these end-use produc ts. The Brooksville limestone quarry has an average calcium carbonate ($CaCO_3$) content of 98.1%.

HEADQUARTERS

Our headquarters are located in an office complex in Birmingham, Alabama. The office space is leased through December 31, 2023, with three five-year renewal periods thereafter, and consists of approximately 184,125 square feet. The annual rental cost for the current term of the lease is $3.4 million.

ITEM 3

LEGAL PROCEEDINGS

We are subject to occasional governmental proceedings and orders pertaining to occupational safety and health or to protection of the environment, such as proceedings or orders relating to noise abatement, air emissions or water discharges. As part of our continuing program of stewardship in safety, health and environmental matters, we have been able to resolve such proceedings and to comply with such orders without any material adverse effects on our business.

We are a defendant in various lawsuits in the ordinary course of business. It is not possible to determine with precision the outcome of, or the amount of liability, if any, under these lawsuits, especially where the cases involve possible jury trials with as yet undetermined jury panels.

See Note 12 " Commitments and Contingencies " in Item 8 " Financial Statements and Supplementary Data " for a discussion of our material legal proceedings.

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 is included in Exhibit 95 of this report.

ITEM 5

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

Our common stock is traded on the New York Stock Exchange (ticker symbol VMC). As of February 12 , 201 4 , the number of shareholders of record was 3,597 . The prices in the following table represent the high and low sales prices for our common stock as reported on the New York Stock Exchange and the quarterly dividends declared by our Board of Directors in 201 3 and 201 2 .

	Common Stock Prices		*Dividends*
	High	*Low*	*Declared*
2013			
First quarter	$ 59.48	$ 49.95	$ 0.01
Second quarter	$ 55.74	$ 45.42	$ 0.01
Third quarter	$ 54.37	$ 46.21	$ 0.01
Fourth quarter	$ 60.14	$ 50.32	$ 0.01
2012			
First quarter	$ 48.09	$ 38.78	$ 0.01
Second quarter	$ 43.91	$ 32.31	$ 0.01
Third quarter	$ 49.99	$ 35.69	$ 0.01
Fourth quarter	$ 53.85	$ 44.19	$ 0.01

The future payment of dividends is within the discretion of our Board of Directors and depends on our profitability, capital requirements, financial condition, debt levels, growth projects, business opportunities and other factors which our Board of Directors deems relevant. We are not a party to any contracts or agreements that currently materially limit our ability to pay dividends.

On February 14 , 201 4 , our Board declared a dividend of five cent s per share for the first quarter of 201 4 . The new quarterly dividend represents a four cent per share increase over quarterly dividends paid in 2013.

ISSUER PURCHASES OF EQUITY SECURITIES

We did not have any repurchases of stock during the fourth quarter of 201 3 . We did not have any unregistered sales of equity securities during the fourth quarter of 201 3 .

The selected earnings data, per share data and balance sheet data for each of the five most recent years ended December 31 set forth belo w, have been derived from our audited consolidated financial statements. The following data should be read in conjunction with our consolidated financial statements and notes to consolidated financial statements in Item 8 "Financial Statements and Supplementary Data."

As of and for the years ended December 31 in millions, except per share data	***2013***	*2012*	*2011*	*2010*	*2009*
Net sales	**$ 2,628.7**	$ 2,411.2	$ 2,406.9	$ 2,405.9	$ 2,543.7
Gross profit	**$ 426.9**	$ 334.0	$ 283.9	$ 300.7	$ 446.0
Gross profit as a percentage of net sales	**16.2%**	13.9%	11.8%	12.5%	17.5%
Earnings (loss) from continuing operations	**$ 20.8**	$ (53.9)	$ (75.3)	$ (102.5)	$ 18.6
Earnings on discontinued operations, net of tax [1]	**$ 3.6**	$ 1.3	$ 4.5	$ 6.0	$ 11.7
Net earnings (loss)	**$ 24.4**	$ (52.6)	$ (70.8)	$ (96.5)	$ 30.3
Basic earnings (loss) per share					
Continuing operations	**$ 0.16**	$ (0.42)	$ (0.58)	$ (0.80)	$ 0.16
Discontinued operations	**0.03**	0.01	0.03	0.05	0.09
Basic net earnings (loss) per share	**$ 0.19**	$ (0.41)	$ (0.55)	$ (0.75)	$ 0.25
Diluted earnings (loss) per share					
Continuing operations	**$ 0.16**	$ (0.42)	$ (0.58)	$ (0.80)	$ 0.16
Discontinued operations	**0.03**	0.01	0.03	0.05	0.09
Diluted net earnings (loss) per share	**$ 0.19**	$ (0.41)	$ (0.55)	$ (0.75)	$ 0.25
Cash and cash equivalents	**$ 193.7**	$ 275.5	$ 155.8	$ 47.5	$ 22.3
Total assets	**$ 8,259.1**	$ 8,126.6	$ 8,229.3	$ 8,339.5	$ 8,526.5
Working capital	**$ 652.4**	$ 548.6	$ 456.8	$ 191.4	$ (138.8)
Current maturities and short-term borrowings	**$ 0.2**	$ 150.6	$ 134.8	$ 290.7	$ 621.9
Long-term debt	**$ 2,522.2**	$ 2,526.4	$ 2,680.7	$ 2,427.5	$ 2,116.1
Equity	**$ 3,938.1**	$ 3,761.1	$ 3,791.6	$ 3,955.8	$ 4,028.1
Cash dividends declared per share	**$ 0.04**	$ 0.04	$ 0.76	$ 1.00	$ 1.48

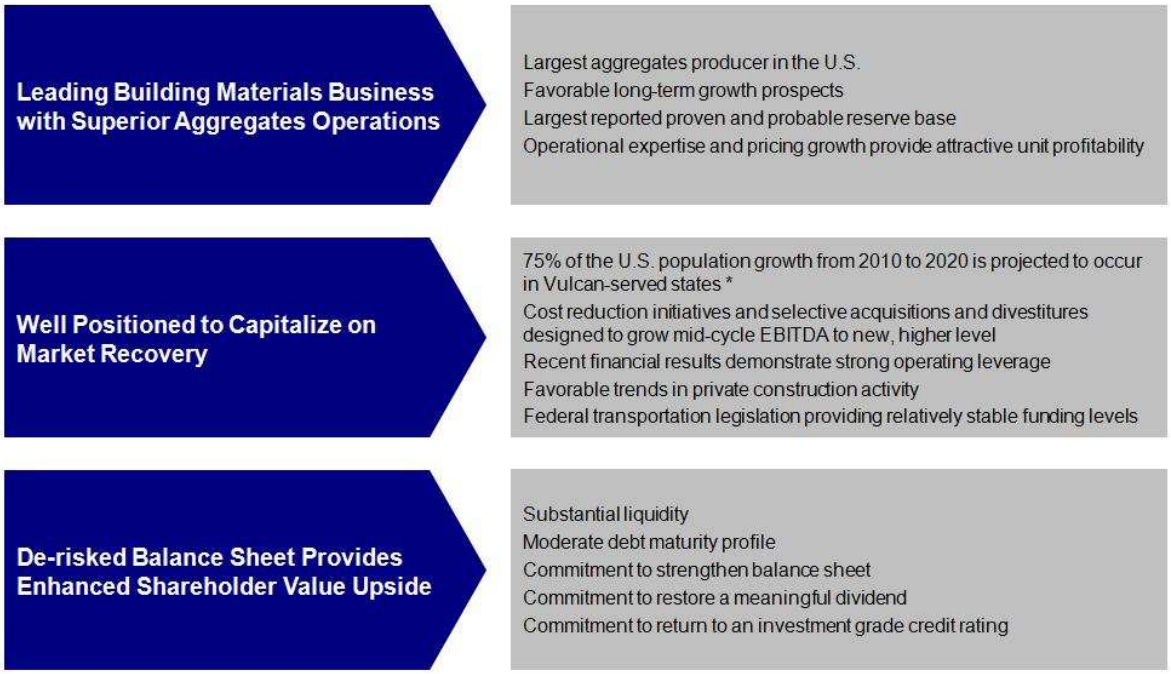
[1] *Discontinued operations include the results from operations attributable to our former Chemicals business.*

EXECUTIVE SUMMARY

FINANCIAL SUMMARY FOR 201 3

- Earnings from continuing operations were $0.16 per diluted share versus a loss of $0.42 per diluted share in the prior year
- Net earnings of $24.4 million improved by $77.0 million and Adjusted EBITDA of $467.8 million increased by $56.5 million
- Gross profit increased $92.9 million and gross profit margin as a percentage of net sales improved 2.3 percentage points (230 basis points) with each operating segment reporting higher earnings
- Aggregates segment gross profit increased $61.2 million and gross profit as a percentage of segment revenues improved 1.4 percentage points (140 basis points)
  - Aggregates volume increased 4 %
  - Aggregates pricing increased 3%
- Selling, Administrative and General (SAG) expenses of $259.4 million were essentially flat compared with the prior year's $259.1 million
- Capital spending was $158.4 million, excluding an investment of $117.0 million for the purchase of land containing 136 million tons of reserves in California that previously were leased
- Gross cash proceeds of $207.2 million were realized from asset sales and the sale of future production

KEY DRIVERS OF VALUE CREATION



**Source: Moody's Analytics*

EARNINGS GROWTH INITIATIVES

In February 2012, our Board of Directors approved a two-part initiative to accelerate earnings and cash flow growth , improve our operating leverage, reduce overhead costs and strengthen our credit profile:

- A Profit Enhancement Plan that include d cost reductions and other earnings enhancements intended to improve our run-rate profitability, as measured by EBITDA, by more than $100 million annually at then current volumes. The Profit Enhancement Pla n f ocused on three areas — sourcing, general & administrative costs and transportation/logistics. During 2012 and 2013 , we achieved more than $100 million of run-rate impr ovement in profitabili ty.
- Planned Asset Sales with targeted net proceeds of approximately $500 million from the sale of non-core assets . Through 2013, we have achieved $ 380.8 million o f gross p roceed s a s outlined in Note 19 “Acquisitions and Divestitures” in Item 8 “Financial Statements and Supplementary Data.” On January 23, 2014, we entered into an agreement to sell our cement and concrete businesses in the Florida area to Cementos Argos for gross cash proceeds of $720.0 million as outlined in Note 21 “Subsequent Events” in Item 8 “Financial Statements and Supplementary Data.” T he asset sales (actual and intended) are consistent with our strategic focus on building leading aggregates positions in markets with above-average long-term demand grow th. Th e p roceeds of these sales, together with the increased earnings resulting from the Profit Enhancement Plan, will be used to st rengthen our balance sheet , unlock capital for more productive uses, improve our operating results an d create value for shareholders. On condition of closing the transaction with Cementos Argos, we initiated a tender offer to purchase $500 .0 million of outstanding debt.

2013 STRATEGIC ACQUISITIONS

- Fourth quarter — purchased previously leased land containing 136 million tons of aggregates reserves at an existing quarry for $117.0 million
- S econd quarte r — acquired an aggregates production facility and four ready-mixed concrete facilities for $30.0 million
- F irst quarte r — acquired two aggregates production facilities for $60.0 million

MARKET DEVELOPMENTS

We believe economic and construction-related fundamentals that drive demand for our products are continuing to improve from the historically low levels created by the economic downturn. Growth in the private construction end markets, particularly residential, continued to drive increased construction activity and demand for our products in 2013. We have seen significant growth in housing starts in Vulcan-served states such as Arizona, California, Florida, Georgia and Texas. Additionally, leading indicators of private nonresidential construction are continuing to improve.

Highway construction is the largest end market for aggregates demand within public construction. Recent growth in highway construction provides evidence that a more stable and predictable highway funding environment leads to improving construction activity. Future demand should also be positively impacted by the large increase in Transportation Infrastructure Finance and Innovation Act (TIFIA) funding contained in the federal highway bill, MAP-21.

UNSOLICITED EXCHANGE OFFER

In December 2011, Martin Marietta commenced an unsolicited exchange offer for all outstanding shares of our common sto ck. Aft er careful consideration, including a thorough review of the offer with its financial and legal advisors, our Board unanimously determined that Martin Marietta's offer wa s inadequate, substantially undervalu ed Vulcan, had substantial execution risk, and therefore wa s not in the best interests of Vulcan and its shareholder s.

In May 2012, the Delaware Chancery Court ruled and the Delaware Supreme Court affirmed that Martin Marietta had breached two confidentiality agreements between the companies, and enjoined Martin Marietta for a period of four months from pursuing its exchange offer for our shares, prosecuting its proxy contest, or otherwise taking steps to acquire control of our shares or assets and from any further violations of the two confidentiality agreements between the parties. As a result of the court ruling, Martin Marietta withdrew its exchange offer and its board nominees.

In response to Martin Marietta's action, we incurred legal, professional and other costs of $ 43.4 million in 2012 and $ 2.2 million in 2011.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

Generally Accepted Accounting Principles (GAAP) does not define "free cash flow , " "cash gross profit" and "Earnings Before Interest, Taxes, Depreciation and Amortization " (EBITDA). Thus, free cash flow should not be considered as an alternative to net cash provided by operating activities or any other liquidity measure defined by GAAP . Likewise, cash gross profit and EBITDA should not be considered as alternatives to earnings measures defined by GAAP . We present these metrics for the convenience of investment professionals who use such metrics in their analyse s a nd for shareholders who need to understand the metrics we use to assess performance and to monitor our cash and liquidity positions. The investment community often uses these metrics as indicators of a company's ability to incur and service debt and to assess the operating performance of a company's businesses . We use free cash flow, cash gross profit, EBITDA and other such measures to assess liquidity and the operating performance of our various business units and the consolidated company. Additionally, we adjust EBITDA for certain items to provide a more consistent comparison of performance from period to period and provide the earnings per share impact of these adjustments for the convenience of the investment community. We do not use these metrics as a measure to allocate resources . Reconciliations of these metrics to their nearest GAAP measures are presented below:

FREE CASH FLOW

Free cash flow is calculated by deduct ing purchases of property, plant & equipment from net cash provided by operating activities.

in millions		***2013***		*2012*		*2011*
Net cash provided by operating activities	**$**	**356.5**	$	238.5	$	169.0
Purchases of property, plant & equipment		**(275.4)**		(93.4)		(98.9)
Free cash flow	**$**	**81.1**	$	145.1	$	70.1

CASH GROSS PROFIT

C ash gross profit adds back noncash charges for depreciation, depletion, accretion and amortization to gross profit.

in millions, except per ton data	***2013***	*2012*	*2011*
Aggregates segment			
Gross profit	**$ 413.3**	$ 352.1	$ 306.2
Depreciation, depletion, accretion and amortization	**224.8**	240.7	267.0
Aggregates segment cash gross profit	**$ 638.1**	$ 592.8	$ 573.2
Unit shipments - tons	**145.9**	141.0	143.0
Aggregates segment cash gross profit per ton	**$ 4.37**	$ 4.21	$ 4.01
Concrete segment			
Gross profit	**$ (24.8)**	$ (38.2)	$ (43.4)
Depreciation, depletion, accretion and amortization	**33.0**	41.3	47.7
Concrete segment cash gross profit	**$ 8.2**	$ 3.1	$ 4.3
Asphalt Mix segment			
Gross profit	**$ 32.7**	$ 22.9	$ 25.6
Depreciation, depletion, accretion and amortization	**8.7**	8.7	7.7
Asphalt Mix segment cash gross profit	**$ 41.4**	$ 31.6	$ 33.3
Cement segment			
Gross profit	**$ 5.7**	$ (2.8)	$ (4.5)
Depreciation, depletion, accretion and amortization	**18.1**	18.1	17.8
Cement segment cash gross profit	**$ 23.8**	$ 15.3	$ 13.3

EBITDA AND ADJUSTED EBITDA

EBITDA is an acronym for Earnings Before Interest, Taxes, Depreciation and Amortization.

in millions	***2013***	*2012*	*2011*
Net earnings (loss)	**$ 24.4**	$ (52.6)	$ (70.8)
Benefit from income taxes	**(24.5)**	(66.5)	(78.5)
Interest expense, net of interest income	**201.7**	211.9	217.3
Earnings on discontinued operations, net of taxes	**(3.6)**	(1.3)	(4.5)
Depreciation, depletion, accretion and amortization	**307.1**	332.0	361.7
EBITDA	**$ 505.1**	$ 423.5	$ 425.2
Gain on sale of real estate and businesses	**$ (36.8)**	$ (65.1)	$ (42.1)
Revenue amortized from deferred revenue	**(2.0)**	0.0	0.0
Recovery from legal settlement	**0.0**	0.0	(46.4)
Restructuring charges	**1.5**	9.5	12.9
Exchange offer costs	**0.0**	43.4	2.2
Adjusted EBITDA	**$ 467.8**	$ 411.3	$ 351.8

RESULTS OF OPERATIONS

Net sales and cost of goods sold exclude intersegment sales and delivery revenues and cost. This presentation is consistent with the basis on which we review our consolidated results of operations . We discuss separately our discontinued operations, which consist s of our former Chemicals business.

The following table highlights significant components of our consolidated operating results including EBITDA and Adjusted EBITDA .

CONSOLIDATED OPERATING RESULT HIGHLIGHTS

For the years ended December 31 *in millions, except per share data*	***2013***	*2012*	*2011*
Net sales	**$ 2,628.7**	$ 2,411.2	$ 2,406.9
Cost of goods sold	**2,201.8**	2,077.2	2,123.0
Gross profit	**$ 426.9**	$ 334.0	$ 283.9
Selling, administrative and general expenses	**$ 259.4**	$ 259.1	$ 290.0
Operating earnings	**$ 190.4**	$ 84.8	$ 63.4
Interest expense	**$ 202.6**	$ 213.1	$ 220.6
Earnings (loss) from continuing operations	**$ 20.8**	$ (53.9)	$ (75.3)
Earnings on discontinued operations, net of income taxes	**3.6**	1.3	4.5
Net earnings (loss)	**$ 24.4**	$ (52.6)	$ (70.8)
Basic earnings (loss) per share			
Continuing operations	**$ 0.16**	$ (0.42)	$ (0.58)
Discontinued operations	**0.03**	0.01	0.03
Basic net earnings (loss) per share	**$ 0.19**	$ (0.41)	$ (0.55)
Diluted earnings (loss) per share			
Continuing operations	**$ 0.16**	$ (0.42)	$ (0.58)
Discontinued operations	**0.03**	0.01	0.03
Diluted net earnings (loss) per share	**$ 0.19**	$ (0.41)	$ (0.55)
EBITDA	**$ 505.1**	$ 423.5	$ 425.2
Adjusted EBITDA	**$ 467.8**	$ 411.3	$ 351.8

OPERATING LEVERAGE IN OUR BUSINESS

The strong recovery in 2013's gross profit demonstrates the operating leverage in our business as demand recovers. We expect this momentum to continue in 2014 due primarily to an improving demand environment, continued improvement in pricing and our continued focus on managing costs. We remain committed to building leading aggregates positions in markets with above average long-term demand growth. As we look ahead to 2014, the operating leverage in our aggregates business sets the stage for even stronger earnings growth and cash generation as volumes continue to grow.

We completed several transactions in 201 3 that provided $ 207.2 million in gross cash proceeds . A n d, in January 2014 we entered into an agreement to sell our cement and concrete businesses in the Florida area for gross cash proceeds of $720.0 million. For details of these 2013 and 2014 transactions refer to Note 19 “Acquisitions and Divestitures” and Note 21 “Subsequent Events” in Item 8 “Financial Statements and Supplementary Data,” respectively. W e remain committed to completing transactions designed to strengthen our balance sheet, unlock capital for more productive uses, improve our operating results and create value for shareholders.

Net earnings for 201 3 wer e $ 24.4 million, or $0.19 per diluted share, compared to a net loss of $52.6 million, or $0.41 per diluted share in 2012. Earnings improved partially as a result of volume growth in each of our operating segments. Our disciplined approach to pricing and effective cost control also positively impacted earnings. Additionally, each year's results were impacted by discrete items as follows:

- The 2013 results include a pretax gain of $ 36.8 million related to the sale of reclaimed real estate and businesses and a pretax charge of $ 1.5 million related t o r estructuring our organization
- The 2012 results include a $65.1 million pretax gain on sale of real estate and businesses, a pretax charge of $ 9.6 million related to our restructuring and a pretax charge of $43.4 million related to the unsolicited exchange offer
- The 2011 results include a $42.1 million pretax gain on sale of real estate and businesses, a $46.4 million recovery from legal settlemen t (settled in 2010 for $40.0 million , see Note 12 “Commitments and Contingencies” in Item 8 “Financial Statements and Supplementary Data), a pretax charge of $12.9 million related to our restructuring and a pretax charge of $2.2 million related to the unsolicited exchange offer

Year-over-year changes in earnings from continuing operations before income taxes are summarized below:

in millions				
	2011	$ (153.7)	*2012*	$ (120.4)
Higher aggregates earnings due to				
Higher (lower) volumes		(11.8)		29.8
Higher selling prices		27.2		52.5
Lower (higher) costs and other items		30.5		(21.1)
Higher concrete earnings		5.2		13.4
Higher (lower) asphalt mix earnings		(2.7)		9.8
Higher cement earnings		1.7		8.5
Lower (higher) selling, administrative and general expenses		30.9		(0.3)
Higher (lower) gain on sale of property, plant & equipment and businesses		20.7		(29.2)
Lower legal settlement (2011 insurance recovery of $46.4 million)		(46.4)		0.0
Lower restructuring charges		3.4		8.0
Lower (higher) exchange offer costs		(41.2)		43.4
Lower interest expense		7.6		10.5
All other		8.2		(8.6)
	2012	$ (120.4)	***2013***	**$ (3.7)**

OPERATING RESULTS BY SEGMENT

We present our results of operations by segment at the gross profit level. We have four operating (and report able) segments organized around our principal product lines: 1) Aggregates, 2) Concrete, 3) Asphalt Mix and 4) Cement. Management reviews earnings for the product line segments principally at the gross profit level.

1. AGGREGATES

Our year-over-year aggregates shipments :

- increased 4 % in 2013
- declined 1 % in 201 2
- declined 3% in 2011

In 2013, our a ggregates volume increased for the first time since the prior peak level of shipments in 2005 . Several key states, including Arizona, California, Florida, North Carolina and Texas reported strong volume growth versus the prior year.

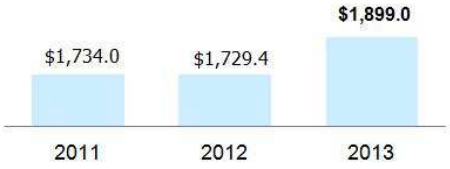
Our year-over- year freight -adjusted selling price for aggregates :

- increased 3% in 2013
- increased 2 % in 201 2
- increas ed 1 % in 201 1

Virtually all of our markets realized pricing improvements in 2013.

AGGREGATES REVENUES

in millions

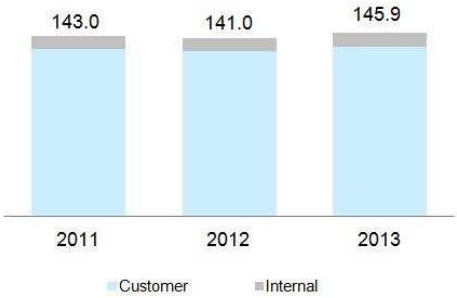


AGGREGATES GROSS PROFIT AND CASH GROSS PROFIT

in millions

AGGREGATES UNIT SHIPMENTS

Customer and internal [1] tons, in millions



AGGREGATES SELLING PRICE AND CASH GROSS PROFIT PER TON

Freight-adjusted average sales price per ton [2]

[1] *Represents tons shipped primarily to our downstream operations (i.e., asphalt mix and ready-mixed concrete)*

[2] *Freight-adjusted sales price is calculated as total sales dollars less freight to remote distribution sites divided by applicable sales units*

Aggregates segment gross profit increased $61.2 million from the prior year and gross profit margin as a percentage of segment revenues increased 1.4 percentage points (140 basis points). The increase in Aggregates segment gross profit resulted from higher volumes and higher selling prices slightly offset by marginally higher costs. Over 90 % of the improvement in aggregates gross profit occurred in the second half of the year. This demonstrates the continued optimism we have for the positive impact of operating leverage in the aggregates business.

Aggregates segment cash gross profit per ton increased 4% to $ 4.37 in 2013. This measure continues to improve , reflecting the cumulative effect of our cost-control efforts and disciplined approach to pricing during the downturn. These efforts resulted in a level of unit pr ofitability that exceeds the level achieved in 2005 (our peak year for volume) further highlighting the earnings potential of our aggregates business.

2. CONCRETE

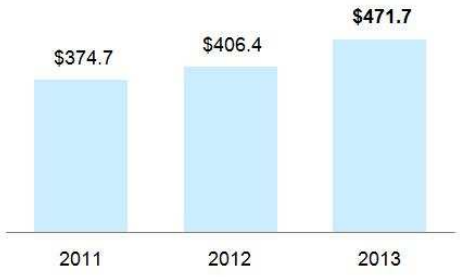
Our year-over-year ready-mixed concrete shipments:

- increased 14 % in 2013
- increased 9 % in 201 2
- declined 6 % in 201 1

The Concrete segment reported a loss of $24.8 million in 2013 compared to a loss of $38.2 million in 2012. Ready-mix concrete shipments were up 14 %, b enefiting from increased private construction activit y, a nd the average sales price increased 1% over the prior year. Volume growth was especially high in states with lower average sales price, thereby, lowering our average sales price. Price increases in Florida, Georgia and Texas exceeded 4%.

CONCRETE REVENUES

in millions



CONCRETE GROSS PROFIT AND CASH GROSS PROFIT

in millions

3. ASPHALT MIX

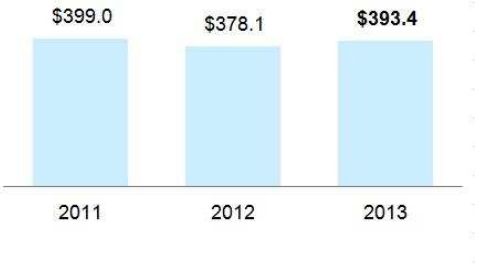
Our year-over-year asphalt mix shipments:

- increased 3 % in 2013
- declined 7 % in 201 2
- increased 1 % in 201 1

Asphalt Mix segment gross profit of $32.7 million was up $9.8 million from the prior year. The increase in Asphalt Mix segment gross profit resulted from higher shipments and lower costs, slightly offset by lower selling prices. A sphalt mix shipments increased 3 % while the average sales price decreased 1% from the prior year. Materials margin increased 10 % from the prior year, benefiting from lower liquid asphalt prices.

ASPHALT MIX REVENUES

in millions



ASPHALT MIX GROSS PROFIT AND CASH GROSS PROFIT

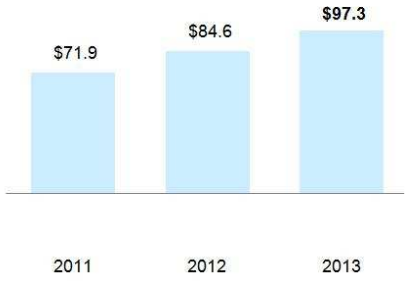
in millions

4. CEMENT

Cement segment gross profit of $5 .7 million was up $8.5 million from the prior year. Cement shipments increased 14% and the averages sales price increased 7% over the prior year.

CEMENT REVENUES

in millions



CEMENT GROSS PROFIT AND CASH GROSS PROFIT

in millions

SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

in millions

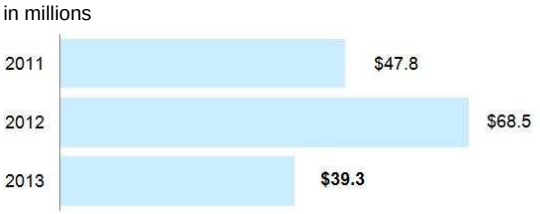
SAG expenses were in line with the prior year. In 2012, we consolidated our eight divisions into four regions as part of an ongoing effort to reduce overhead costs. Additionally, we initiated a Profit Enhancement Plan that further leveraged our streamlined management structure and completed ERP and Shared Services platforms. These actions allowed us to achieve cost reductions and reduce overhead and administrative staff. SAG expenses have remained in line as we continue to leverage our overhead structure with the economic recovery.

Our comparative total company employment levels at year end:

- increased 5% in 2013
- declined 5 % in 2012
- declined 7% in 2011

Severance charges included in SAG expenses were as follows: 201 3 — $ 1.2 million, 201 2 — $ 0.9 million and 2011 — $4.1 million . Severance and other related restructuring charges not included in SAG expenses were as follows: 201 3 — $ 1.5 million , 2012 — $9.6 million and 2011 — $13.0 million.

GA IN ON SALE OF PROPERTY, PLANT & EQUIPMENT AND BUSINESSES, NET



The 2013 gain includes a $24.0 million pretax gain from the sale of five non-strategic aggregates production facilities, a $9.0 million pretax gain from the sale of reclaimed and surplus real estate and a $1.4 million pretax gain from the sale of mitigation credits. The 2012 gain includes a $41.2 million pretax gain from the sale of reclaimed and surplus real estate, a $5.6 million pretax gain from the sale of a non-strategic aggregates production facility, a $ 12.3 million pretax gain from the sale of mitigation credits and a $6.0 million pretax gain on the sale of developed real estate. The 2011 gain includes a $39.7 million pretax gain associated with the sale of four aggregates facilities and a $0.6 million pretax gain associated with an exchange of assets (see Note 19 “Acquisitions and Divestitures” in Item 8 “Financial State ments and Supplementary Data”).

INTEREST EXPENSE

Interest expense in 2013 de creased $ 10.5 million from the 2012 level as a result of scheduled debt payments. Interest expense in 2012 reflects a higher level of fixed-rate debt stemming from the 2011 debt refinancing (bond offering, tender offer and debt retirement) . Interest expense in 2011 included $27.2 million of charges incurred in connection with our aforementioned debt refinancing.

INCOME TAXES

Our income tax benefit from continuing operations for the years ended December 31 is shown below:

dollars in millions	***2013***	*2012*	*2011*
Loss from continuing operations before income taxes	**$ (3.7)**	$ (120.4)	$ (153.7)
Benefit from income taxes	**$ (24.5)**	$ (66.5)	$ (78.5)
Effective tax rate	**660.5%**	55.2%	51.0%

The $ 42.0 million de crease in our 2013 benefit from income taxes is primarily related to the year-over-year improvement in our results from continuing operations. The $12.0 million decrease in our 2012 benefit from income taxes is primarily related to the year-over-year improvement in our results from continuing operation s. A reconciliation of the federal statutory rate of 35% to our effective tax rates for 201 3 , 201 2 and 20 11 is presented in Note 9 “Income Taxes” in Item 8 “Financial Statements and Supplementary Data.”

DISCONTINUED OPERATIONS

Pretax earnings from discontinued operations were:

- $ 6.0 million in 2013
- $ 2.2 million in 201 2
- $ 7.4 million in 201 1

The 2013 and 2012 pretax earnings includ e g ains related primarily to the 5CP earn-out of $ 11.7 and $10. 2 million , respectively . The 2011 pretax earnings includ e g ains totaling $18.6 million related to the 5CP earn-out and insurance recoveries. These gains were partially offset by general and product liability costs, including legal defense costs, and environmental remediation costs. For additional information regarding discontinued operations and the 5CP earn-out, see Note 2 "Discontinued Operations" in Item 8 "Financial Statements and Supplementary Data."

LIQUIDITY AND FINANCIAL RESOURCES

Our primary sources of liquidity are cash provided by our operating activities, a bank line of credit and access to the capital markets. Additional sources of liquidity include the sale of reclaimed and surplus real estate, and dispositions of non-strategic operating assets. We believe these liquidity and financial resources are sufficient to fund our future business requirements, including:

- cash contractual obligations
- capital expenditures
- debt service obligations
- potential future acquisitions
- dividend payments

We actively manage our capital structure and resources in order to minimize the cost of capital while properly managing financial risk. We seek to meet these objectives by adhering to the following principles:

- maintain substantial bank line of credit borrowing capacity
- use the bank line of credit only for seasonal working capital requirements and other temporary funding requirements
- proactively manage our long-term debt maturity schedule such that repayment/refinancing risk in any single year is low
- avoid financial and other covenants that limit our operating and financial flexibility
- opportunistically access the capital markets when conditions and terms are favorable

CASH

Included in our December 31, 2013 cash and cash equivalents balance of $ 193.7 million is $ 72.3 million of cash held at on e of our foreign subsidiaries . Th e m ajority of this $ 72.3 million of cash relates to earnings prior to January 1, 2012 that are permanently reinvested offshore. Use of this permanently reinvested cash is currently limited to our foreign operations.

CASH FROM OPERATING ACTIVITIES

in millions

Net cash provided by operating activities is derived primarily from net earnings before deducting noncash charges for depreciation, depletion, accretion and amortization.

in millions	***2013***	*2012*	*2011*
Net earnings (loss)	**$ 24.4**	$ (52.6)	$ (70.8)
Depreciation, depletion, accretion and amortization (DDA&A)	**307.1**	332.0	361.7
Net earnings before deductions for DDA&A	**$ 331.5**	$ 279.4	$ 290.9
Net gain on sale of property, plant & equipment and businesses	**(51.0)**	(78.7)	(58.8)
Proceeds from sale of future production, net of transaction costs	**153.1**	73.6	0.0
Other operating cash flows, net	**(77.1)**	(35.8)	(63.1)
Net cash provided by operating activities	**$ 356.5**	$ 238.5	$ 169.0

2013 VERSUS 2012 — Net cash provided by operating activities of $ 356.5 million in creased $ 118.0 million from 2012 due primarily to a $79.5 million increase in proceeds from the sale of future production. In September 2013, we entered into a second transaction to sell a percentage of future production from aggregates reserves resulting in net cash proceeds of $ 153.1 million (see Note 19 “Acquisitions and Divestitures” in Item 8 “Financial Statements and Supplementary Data”). Additionally, as noted in the table above, net earnings before noncash deductions for depreciation, depletion, accretion and amortization in creased $ 52.1 million in 2013 compared with 2012.

2012 VERSUS 2011 — Net cash provided by operating activities of $238.5 million increased $69.5 million from 2011 due primarily to proceeds from the sale of future production . In December 2012, we entered into a transaction to sell a percentage of future production from aggregates reserves resulting in net cash proceeds of $73.6 million (see Note 19 “Acquisitions and Divestitures” in Item 8 “Financial Statements and Supplementary Data”).

CASH FROM INVESTING ACTIVITIES

in millions

2013 VERSUS 2012 — Net cash used for investing activities in creased $ 306.6 million in 201 3 . This in crease resulted from a $272.0 million increase in the purchase of property, plant & equipment and businesses and a $32.8 million decrease in proceeds from the sale of property, plant & equipment and businesses. During 2013, we acquired three aggregates production facilities and four ready-mixed concrete facilities for approximately $90.0 million and land containing 136 million tons of reserves for $117.0 million . We also sold five aggregates production facilities, one replacement reserve site and reclaimed land associated with a former site of a ready-mixed concrete facility for approximately $51.1 million. These transactions are consistent with our strategic focus on disposing non-core assets and building aggregates positions in markets with above average long-term demand growth.

2012 VERSUS 2011 — Net cash provided by investing activities increased $29.9 million in 2012. This increase resulted from an increase in proceeds from divestitures of non-core assets (a $13.6 million year-over-year increase in proceeds from the sale of property, plant and equipment and businesses) and a decrease in spending for acquisitions (a $16.1 million year-over-year decrease in purchases of property, plant & equipment and businesses). These divestitures (as outlined in Note 19 "Acquisition and Divestitures" in Item 8 "Financial Statements and Supplementary Data") are consistent with our strategic focus on disposing non-core assets and building leading aggregates positions in markets with above average long-term demand growth.

CASH FROM FINANCING ACTIVITIES

in millions

2013 VERSUS 2012 — Net cash used for financing activities of $142.0 million in creased $ 12.8 million in 2013 compared to 2012. This increase in cash used for financing activities is attributable to a $15. 8 million increase in de bt payments. During 2013, we made scheduled debt payments of $10.0 million in January to retire the 8.70% medium-term note and $140.4 million in June to retire the 6.30% notes.

2012 VERSUS 2011 — Net cash used for financing activities increased $87.9 million in 2012 compared to 2011. In 2011, we restructured our debt portfolio which generated $24.8 million of net cash proceeds. In 2012, we paid $134.8 million of debt as scheduled. This decrease in cash flows related to debt was partially offset by $93.0 million in cash savings derived from the decrease in dividend payments (2012 — $0.04 per share, 2011 — $0.76 per share).

DEBT

Certain debt measures as of December 31 are outlined below:

dollars in millions	***2013***	*2012*
Debt		
Current maturities of long-term debt	**$ 0.2**	$ 150.6
Long-term debt	**2,522.2**	2,526.4
Total debt	**$ 2,522.4**	$ 2,677.0
Capital		
Total debt	**$ 2,522.4**	$ 2,677.0
Equity	**3,938.1**	3,761.1
Total capital	**$ 6,460.5**	$ 6,438.1
Total Debt as a Percentage of Total Capital	**39.0%**	41.6%
Weighted-average Effective Interest Rates		
Bank line of credit [1]	**N/A**	N/A
Long-term debt excluding bank line of credit	**7.73%**	7.71%
Fixed versus Floating Interest Rate Debt		
Fixed-rate debt	**99.4%**	99.5%
Floating-rate debt	**0.6%**	0.5%

[1] *There were no borrowings at December 31, 20 13 and 2012. However, we do pay fees for unused borrowing capacity and standby letters of credit.*

Scheduled debt payments during 2013 included $10.0 million in January to retire the 8.70% medium-term note and $140.4 million in June to retire the 6.30% notes.

A s of December 31, 201 3 , current maturities for the next four quarters an d m aturities for the next five years are due as follows:

in millions	*Current Maturities*
First quarter 2014	$ 0.0
Second quarter 2014	0.0
Third quarter 2014	0.0
Fourth quarter 2014	0.2

in millions	*Debt Maturities*
2014	$ 0.2
2015	150.1
2016	500.2
2017	350.1
2018	650.1

In January 2014, we initiated a tender offer to purchase $500.0 million of outstanding debt as disclosed in Note 21 “Subsequent Events” in Item 8 “Financial Statements and Supplementary Data.” We expect to retir e remaining d ebt m aturities using existing cash, cash generated from operations , by drawing on our bank line of cred it o r accessing the capital markets.

In March 2013, w e a mended our bank line of credit to extend its term from December 15, 2016 to March 12, 2018 and to reduce its capacity from $600.0 million to $500.0 million. The line of credit is secured by certain domestic accounts receivable and inventory. Borrowing capacity fluctuates with the level of eligible accounts receivable and inventory and may be less than $500.0 million at any point in time. As of December 31, 2013, our eligible borrowing capacity was $ 436.0 million and our available borrowing capacity was $382.6 million.

Utilization of the eligible borrowing capacity under the line of credit as of December 31, 201 3 :

- none was dra wn
- $ 53.4 milli on wa s used to provide support for outstanding standby letters of credit

Borrowings under the line of credit bear interest at a rate determined at the time of borrowing equal to the lower of the London Interbank Offered Rate (LIBOR) plus a margin ranging from 1.50 % t o 2 .00 % based on the level of utilizatio n o r an

alternative rate derived from the lender's prime rat e. L etters of credit issued under the line of credit are charged a fee equal to the applicable margin for borrowings. As of December 31, 201 3 , the applicable margin was 1.75%.

The line of credit contains limitations on liens, indebtedness, guarantee s, acq uisitions and divestitures , and certain restricted payments . Restricted payments include dividends to our shareholders. There is no dollar limit or percent of retained earnings limit on restricted payments. However, we must have cash and borrowing capacity, after the restricted payment is made, of at least $1 50 .0 million (or $1 05 .0 million if our fixed charge coverage ratio is above 1.00:1.00). The minimum f ixed charge coverage rati o i s applicable only if usage exceeds 90% of the lesser of $ 5 00 .0 million and the borrowing capacity derived from the sum of eligible accounts receivable and inventory.

DEBT RATINGS

Our debt rating s and outlook s as of December 31, 201 3 are summarized below:

	Rating/Outlook	*Date*	*Description*
Senior Secured Line of Credit			
Moody's	Ba2/negative	7/12/2012[2]	downgraded from Ba1/new
Senior Unsecured [1]			
Moody's	Ba3/negative	7/12/2012[2]	downgraded from Ba2/negative
Standard & Poor's	BB/stable	6/11/2012[3]	outlook changed from watch positive to stable

[1] *Only a small portion of ou r d ebt is not rated .*

[2] *Rating/outlook reaffirmed July 3, 2013 .*

[3] *Rating/outlook reaffirmed June 27, 2013 .*

On January 23, 2014, Standard & Poor's changed its outlook on our senior unsecured debt from stable to positive.

EQUITY

Our common stock issuances are summarized below:

in thousands	***2013***	*2012*	*2011*
Common stock shares at January 1, issued and outstanding	**129,721**	129,245	128,570
Common Stock Issuances			
Acquisitions	**0**	61	373
401(k) savings and retirement plan	**71**	0	111
Share-based compensation plans	**408**	415	191
Common stock shares at December 31, issued and outstanding	**130,200**	129,721	129,245

During 2011 and 2012, we issued a total of 0.4 million shares of our common stock in connection with a business acquisition a s explained in Note 19 " Acquisitions and Divestitures " in Item 8 "Financial St atements and Supplementary Data. "

We occasionally sell shares of common stock to the trustee of our 401(k) savings and retirement plan to satisfy the plan participants' elections to invest in our common stock. This arrangement provides a means of improving cash flow, increasing equity and reducing leverage. Under this arrangement, the stock issuances and resulting cash proceeds for the years ended December 31 were:

- 201 3 — issued 0.1 million shares for cash proceeds of $ 3.8 million
- 201 2 — no shares issued
- 2011 — issued 0.1 million shares for cash proceeds of $4.7 million

There were no shares held in treasury as of December 31, 201 3 , 201 2 and 201 1 . There were 3,411,416 shares remaining under the current purchase authorization of the Board of Directors as of December 31, 201 3 .

OFF-BALANCE SHEET ARRANGEMENTS

We have no off-balance sheet arrangements, such as financing or unconsolidated variable interest entities, that either have or are reasonably likely to have a current or future material eff ect on our:

- results of operations and financial position
- liquidity
- capital expenditures
- capital resources

STANDBY LETTERS OF CREDIT

For a discussion of our standb y letters of credit see Note 12 " Commitments and Contingencies " in Item 8 " Financial Sta tements and Supplementary Data."

CASH CONTRACTUAL OBLIGATIONS

We expect cash requirements for income taxes to be $ 70.6 million during 201 4 assuming closure of the transaction disclosed in Note 21 “Subsequent Events” in Item 8 “Financial Statements and Supplementary Data.” We expect capital spending of $220.0 million. Additionally, we have a number of contracts containing commitments or contingent obligations that are not material to our earnings. These contracts are discrete and it is unlikely that the various contingencies contained within the contracts would be triggered by a common event. Excluding f uture cash requirements for income taxes and capital expenditures, and these immaterial contracts, our obligations to make future contractual payments as of December 31, 201 3 are summarized in the table below:

	Note	*Payments Due by Year*				
in millions	*Reference*	*2014*	*2015-2016*	*2017-2018*	*Thereafter*	*Total*
Cash Contractual Obligations						
Bank line of credit [1]						
Principal payments	Note 6	$ 0.0	$ 0.0	$ 0.0	$ 0.0	$ 0.0
Interest payments and fees [2]		2.7	5.4	3.4	0.0	11.5
Long-term debt excluding bank line of credit						
Principal payments	Note 6	0.2	650.3	1,000.2	860.3	2,511.0
Interest payments	Note 6	186.8	358.5	241.9	440.7	1,227.9
Operating leases	Note 7	28.5	52.0	42.2	133.1	255.8
Mineral royalties	Note 12	17.1	26.4	18.6	123.8	185.9
Unconditional purchase obligations						
Capital	Note 12	5.8	0.0	0.0	0.0	5.8
Noncapital [3]	Note 12	28.0	30.3	9.4	7.4	75.1
Benefit plans [4]	Note 10	11.4	46.0	47.0	58.0	162.4
Total cash contractual obligations [5, 6]		$ 280.5	$ 1,168.9	$ 1,362.7	$ 1,623.3	$ 4,435.4

[1] Bank line of credit represents borrowings under our five-year credit facility which expires March 12, 2018 .

[2] Includes fees for unused borrowing capacity, and fees for letters of credit. The figures for all years assume that the amount of unused borrowing capacity, and the amount of letters of credit, do not change from December 31, 2013.

[3] Noncapital unconditional purchase obligations relate primarily to transportation and electrical contracts.

[4] Payments in "Thereafter" column for benefit plans are for the years 2019-2023.

[5] The above table excludes discounted asset retirement obligations in the amount of $ 228.2 million at December 31, 2013, the majority of which have an estimated settlement date beyond 2018 (see Note 17 "Asset Retirement Obligations" in Item 8 "Financial Statements and Supplementary Data").

[6] The above table excludes unrecogni zed ta x benefits in the amount of $ 12. 2 million at December 31, 2013, as we cannot make a reasonably reliable estimate of the amount and period of related future payment of these uncertain tax positions (for more details, see Note 9 "Income Taxes" in Item 8 "Financial Statements and Supplementary Data").

CRITICAL ACCOUNTING POLICIES

We follow certain significant accounting policies when we prepare our consolidated financial statements. A summary of these policies is included in Note 1 " Summary of Significant Accounting Policies " in Item 8 " Financial Statements and Supplementary Data. "

We prepare these financial statements to conform with accounting principles generally accepted in the United States of America. These principles require us to make estimates and judgments that affect reported amounts of assets, liabilities, revenues and expenses, and the related disclosures of contingent assets and contingent liabilities at the date of the financial statements. We base our estimates on historical experience, current conditions and various other assumptions we believe reasonable under existing circumstances and evaluate these estimates and judgments on an ongoing basis. The results of these estimates form the basis for our judgments about the carrying values of assets and liabilities as well as identifying and assessing the accounting treatment with respect to commitments and contingencies. Our actual results may materially differ from these estimates.

We believe the following seven critical accounting policies require the most significant judgments and estimates used in the preparation of our consolidated financial statements:

1. Goodwill and goodwill impairment
2. Impairment of long-lived assets excluding goodwill
3. Reclamation costs
4. Pension and other postretirement benefits
5. Environmental compliance
6. Claims and litigation including self-insurance
7. Inc ome taxes

1. GOODWILL AND GOODWILL IMPAIRMENT

Goodwill represents the excess of the cost of net assets acquired in business combinations over the fair value of the identifiable tangible and intangible assets acquired and liabilities assumed in a business combination. Goodwill impairment exists when the fair value of a reporting unit is less than its carrying amount. Goodwill is tested for impairment on an annual basis or more frequently whenever events or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The impairment evaluation is a critical accounting policy because goodwill is material to our total assets (as of December 31, 201 3 , goodwill represents 37 % of total assets) and the evaluation involves the use of significant estimates and assumptions and considerable management judgment.

H OW WE TEST GOODWILL FOR IMPAIRMENT

Goodwill is tested for imp airment one level below our operating segments (reporting unit). W e have identified 17 reporting units, of which 9 carry goodwil l. We have the option of either assessing qualitative factors to determine whether it is more likely than not that the carrying value of our reporting units exceeds their respective fair value or proceeding directly to a two-step quantitative test. We elected to perform the quantitative impairment test for all years presented.

STEP 1
We compare the fair value of a reporting unit to its carrying value, including goodwill :

- if the fair value exceeds its carrying value, the goodwill of the reporting unit is not considered impaired
- if the carrying value of a reporting unit exceeds its fair value, we go to step two to measure the amount of impairment loss, if any

STEP 2
We compare the implied fair value of the reporting unit goodwill with the carrying amount of that goodwill. The implied fair value of goodwill is determined by hypothetically allocating the fair value of the reporting unit to its identifiable assets and liabilities in a manner consistent with a business combination, with any excess fair valu e representing implied goodwill:

- if the carrying value of the reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess

HOW WE DETERMINE CARRYING VALUE AND FAIR VALUE

First, we determine the carrying value of each reporting unit by assigning assets and liabilities, including goodwill, to those units as of the measurement date. Then, we estimate the fair values of the reporting units by considering the indicated fair values derived from both an income approach, which involves discounting estimated future cash flows, and a market approach, which involves the application of revenue and EBITDA multiples of comparable companies . Finally, we consider market factors when determining the assumptions and estimates used in our valuation models. To substantiate the fair values derived from these valuations, we reconcile the implied fair values to our market capitalization.

O UR ASSUMPTIONS

We base our fair value estimates on market participant assumptions we believe to be reasonable at the time, but such assumptions are subject to inherent uncertainty. Actual results may differ from those estimates. Changes in key assumptions or management judgment with respect to a reporting unit or its prospects may result from a change in market conditions, market trends, interest rates or other factors outside of our control, or significant underperformance relative to historical or projected future operating results. These conditions could result in a significantly different estimate of the fair value of our reporting units, which could result in an impairment charge in the future.

The significant assumptions in our discounted cash flow models include our estimate of future profitability, capital requirements and the discount rate. The profitability estimates used in the models were derived from internal operating budgets and forecasts for long-term demand and pricing in our industry. Estimated capital requirements reflect replacement capital estimated on a per ton basis and acquisition capital necessary to support growth estimated in the models. The discount rate was derived using a capital asset pricing model.

RESULTS OF OUR IMPAIRMENT TESTS

The results of our annual impairment tests for:

- November 1, 2013 indicated that the fair values of all reporting units with goodwill substantially exceeded (by greater than 25%) their carrying values
- November 1, 201 2 indicated that the fair values of all reporting units with goodwill substantially exceeded (by greater than 25%) their carrying values
- November 1, 2011 indicated that the fair values of one of our reporting units with $1,815.1 million of goodwill exceeded its carrying value by 8% . The fair values of all other reporting units with goodwill substantially exceeded their carrying values (see further discussion below)

The key assumptions used in our 2011 discounted cash flows (DCF) model of the aggregates reporting unit for which the fair value exceeded its carrying value by 8% were growth rates for volume, price and variable costs to produce, capital requirements and the discount rate. Based on our historical experience and macroeconomic forecasts for each of the counties that are served by our operations, we developed projections for volume, price and cost growth rates. Subsequently, projections were revised downwards to reflect assumptions that we believe a market participant, not privy to our internal information, would make based on information available through normal and customary due diligence procedures. Accordingly, the DCF model assumes that over a twenty year projection period volumes, pricing and variable cost grow at inflation-adjusted (real) average annual rates of 4.8%, 0.9% and 0.7%, respectively. Our capital spending assumptions are based on the level of projected volume and our historical experience. For goodwill impairment testing purposes, we utilized a 9.50% discount rate to present value the estimated future cash flows.

The market approach was based on multiples of revenue and EBITDA to enterprise value for comparative public companies. The six data points (derived from the revenue and EBITDA multiples for the past three years, trailing twelve months and analysts' estimates for next year) were averaged to arrive at the estimated fair value of the reporting unit.

For additional information regarding goodwill, see Note 18 "Goodwill and Intangible Assets" in Item 8 "Financial Statements a nd Supplementary Data."

2. IMPAIRMENT OF LONG-LIVED ASSETS EXCLUDING GOODWILL

We evaluate the carrying value of long-lived assets, including intangible assets subject to amortization, when events and circumstances indicate that the carrying value may not be recoverable. The impairment evaluation is a critical accounting policy because long-lived assets are material to our total assets (as of December 31, 201 3 , net p roperty, plant & equipment represents 40 % of total assets, while net other intangible assets represents 8 % of total assets) and the evaluation involves the use of significant estimates and assumptions and considerable management judg ment. Th e carrying value of long-lived assets is considered impaired when the estimated undiscounted cash flows from such assets are less than their carrying value. In that event, we recognize a loss equal to the amount by which the carrying value exceeds the fair value of the long-lived assets.

Fair value is determined primarily by using a discounted cash flow methodology that requires considerable management judgment and long-term assumptions. Our estimate of net future cash flows is based on historical experience and assumptions of future trends, which may be different from actual results. We periodically review the appropriateness of the estimated useful lives of our long-lived assets.

We test long-lived assets for impairment at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets. As a result, our long-lived asset impairment test is at a significantly lower level than the level at which we test goodwill for impairment. In markets where we do not produce downstream products (e.g. ready-mixed concrete and asphalt mix), the lowest level of largely independent identifiable cash flows is at the individual aggregates operation or a group of aggregates operations collectively serving a local market. Conversely, in vertically integrated markets, the cash flows of our downstream and upstream businesses are not largely independently identifiable as the selling price of the upstream products (aggregates and cement) determines the profitability of the downstream business.

We recorded no asset impairments during 2013. During 2012, we recorded a $2.0 million loss on impairment of long-lived assets. This impairment loss related primarily to assets classified as held for sale (see Note 19 “Acquisitions and Divestitures” in Item 8 “Financial Statements and Supplementary Data ”). Long -lived asset impairments during 201 1 were immaterial and related to property abandonments .

We maintain certain long-lived assets that are not currently being utilized in our operations. These assets totaled $ 349.8 million at December 31, 201 3 , representing an approximate 5 % in crease from December 31, 201 2 . Of the total $ 349.8 million , approximately 35 % relates to re al estate held for future development and expansion of o ur op erations. An additional 25 % is comprised of real estate (principally former mining sites) pending development as commercial or residential real estate, reservoirs or landfills. The remaining 40 % is composed of aggregates, ready-mix ed concrete and asphalt mix operating assets idled temporarily as a result of a decline in demand for our products. Of this remaining 40% of temporarily idled assets, $ 15.6 million is composed of assets that we anticipate selling in the first quarter of 2014 (see Note 21 “Subsequent Events” in Item 8 “Financial Statements and Supplementary Data”). We anticipate moving the remaining idled assets back into operation as demand recovers. We evaluate the useful lives and the recoverability of these assets whenever events or changes in circumstances indicate that carrying amounts may not be recoverable.

For additional information regarding long-lived assets and intangible assets, see Note 4 "Property, Plant & Equipment" and Note 18 "Goodwill and Intangible Assets" in Item 8 "Financial Statements and Supplementary Data. "

3. RECLAMATION COSTS

Reclamation costs resulting from normal use of long-lived assets are recognized over the period the asset is in use only if there is a legal obligation to incur these costs upon retirement of the assets. Additionally, reclamation costs resulting from normal use under a mineral lease are recognized over the lease term only if there is a legal obligation to incur these costs upon expiration of the lease. The obligation, which cannot be reduced by estimated offsetting cash flows, is recorded at fair value as a liability at the obligating event date and is accreted through charges to operating expenses. This fair value is also capitalized as part of the carrying amount of the underlying asset and depreciated over the estimated useful life of the asset. If the obligation is settled for other than the carrying amount of the liability, a gain or loss is recognized on settlement.

Reclamation costs are considered a critical accounting policy because of the significant estimates, assumptions and considerable management judgment used to determine the fair value of the obligation and the significant carrying amount of these obligations ($ 228.2 million as of December 31, 201 3 and $15 0 . 1 million as of December 31, 201 2).

HOW WE DETERMINE FAIR VALUE OF THE OBLIGATION

To determine the fair value of the obligation, we estimate the cost for a third party to perform the legally required reclamation tasks including a reasonable profit margin. This cost is then increased for both future estimated inflation and an estimated market risk premium related to the estimated years to settlement. Once calculated, this cost is discounted to fair value using present value techniques with a credit-adjusted, risk-free rate commensurate with the estimated years to settlement.

In estimating the settlement date, we evaluate the current facts and conditions to determine the most likely settlement date. If this evaluation identifies alternative estimated settlement dates, we use a weighted-average settlement date considering the probabilities of each alternative.

We review reclamation obligations at least annually for a revision to the cost or a change in the estimated settlement date. Additionally, reclamation obligations are reviewed in the period that a triggering event occurs that would result in either a revision to the cost or a change in the estimated settlement date. Examples of events that would trigger a change in the cost include a new reclamation law or amendment of an existing mineral lease. Examples of events that would trigger a change in the estimated settlement date include the acquisition of additional reserves or the closure of a facility.

For additional information regarding reclamation obligations (referred to in our financial statements as asset retirement obligations), see Note 17 "Asset Retirement Obligations" in Item 8 "Financial Statements and Supplementary Data."

4. PENSION AND OTHER POSTRETIREMENT BENEFITS

Accounting for pension and postretirement benefits requires that we make significant assumptions regarding the valuation of benefit obligations and the performance of plan assets. Each year we review our assumptions about the discount rate, the expected return on plan assets, the rate of compensation increase (for salary-related plans) and the rate of increase in the per capita cost of covered healthcare benefits.

- DISCOUNT RATE — The discount rate is used in calculating the present value of benefits, which is based on projections of benefit payments to be made in the future
- EXPECTED RETURN ON PLAN ASSETS — We project the future return on plan assets based principally on prior performance and our expectations for future returns for the types of investments held by the plan as well as the expected long-term asset allocation of the plan. These projected returns reduce the recorded net benefit costs
- RATE OF COMPENSATION INCREASE — For salary-related plans only, we project employees' annual pay increases through 2015 , which are used to project employees' pension benefits at retirement
- RATE OF INCREASE IN THE PER CAPITA COST OF COVERED HEALTHCARE BENEFITS — We project the expected increases in the cost of covered healthcare benefits

HOW WE SET OUR ASSUMPTIONS

In selecting the discount rate, we consider fixed-income security yields, specifically high-quality bonds. We also analyze the duration of plan liabilities and the yields for corresponding high-quality bonds. At December 31, 201 3 , the discount rates for our various plans ranged from 3.80 % to 5.15 % (December 31, 201 2 ranged from 3.05 % to 4.35 %).

In estimating the expected return on plan assets, we consider past performance and long-term future expectations for the types of investments held by the plan as well as the expected long-term allocation of plan assets to these investments. At December 31, 201 3 , the expected return on plan assets remained at 7.50% .

In projecting the rate of compensation increase, we consider past experience and future expectations. At December 31, 201 3 , our projected weighted-average rate of compensation increase remained at 3.50% .

In selecting the rate of increase in the per capita cost of covered healthcare benefits, we consider past performance and forecasts of future healthcare cost trends. At December 31, 201 3 , our assumed rate of increase in the per capita cost of covered healthcare benefits remained at 7.50 % for 201 4 , decreasing each year until reaching 5.0 0 % in 20 19 and remaining level thereafter.

Changes to the assumptions listed above would have an impact on the projected benefit obligations, the accrued other postretirement benefit liabilities, and the annual net periodic pension and other postretirement benefit cost. The following table reflects the favorable and unfavorable outcomes associated with a change in certain assumptions:

	(Favorable) Unfavorable			
	0.5 Percentage Point Increase		*0.5 Percentage Point Decrease*	
in millions	*Inc (Dec) in Benefit Obligation*	*Inc (Dec) in Annual Benefit Cost*	*Inc (Dec) in Benefit Obligation*	*Inc (Dec) in Annual Benefit Cost*
Actuarial Assumptions				
Discount rate				
Pension	$ (54.4)	$ (4.2)	$ 60.5	$ 4.7
Other postretirement benefits	(2.8)	(0.0)	3.0	0.0
Expected return on plan assets	not applicable	3.2	not applicable	(3.2)
Rate of compensation increase (for salary-related plans)	1.6	0.3	(1.6)	(0.3)
Rate of increase in the per capita cost of covered healthcare benefits	1.0	0.2	(1.0)	(0.2)

As of the December 31, 201 3 measurement date, the fair value of our pension plan assets in creased from $6 83.1 million to $ 756.6 million du e t o favorable investment returns . No contributions were made to the qualified pension plans in 201 3 .

During 201 4 , we expect to recognize net periodic pension expense of approximately $ 7.3 million and net periodic postretirement expense of approximately $ 2.1 million compared to $ 37.1 million and $ 2.6 million, respectively, in 201 3 . The de crease in pension expense is due in part to a plan change announced in March 2013 which ceased future accruals for salaried pension participants beyond 2013. We do not anticipate contributions will be required to the funded pension plans during 201 4 . However, we anticipate making a $4.1 million discretionary contribution to the plans. We currently do not anticipate that the funded status of any of our plans will fall below statutory thresholds requiring accelerated funding or constraints on benefit levels or plan administration.

For additional information regarding pension and other postretirement benefits, see Note 10 "Benefit Plans" in Item 8 "Financial Statements and Supplementary Data."

5. ENVIRONMENTAL COMPLIANCE

Our environmental compliance costs include the cost of ongoing monitoring programs, the cost of remediation efforts and other similar costs.

HOW WE ACCOUNT FOR ENVIRONMENTAL COSTS

To account for environmental costs , we:

- expense or capitalize environmental costs consistent with our capitalization policy
- expense costs for an existing condition caused by past operations that do not contribute to future revenues
- accrue costs for environmental assessment and remediation efforts when we determine that a liability is probable and we can reasonably estimate the cost

At the early stages of a remediation effort, environmental remediation liabilities are not easily quantified due to the uncertainties of various factors. The range of an estimated remediation liability is defined and redefined as events in the remediation effort occur. When we can estimate a range of probable loss, we accrue the most likely amount. In the event that no amount in the range of probable loss is considered most likely, the minimum loss in the range is accrued. As of December 31, 201 3 , the difference between the amount accrued and the maximum loss in the range for all sites for which a range can be reasonably estimated was $ 3.9 million.

Accrual amounts may be based on technical cost estimations or the professional judgment of experienced environmental managers. Our Safety, Health and Environmental Affairs Management Committee routinely reviews cost estimates, including key assumptions, for accruing environmental compliance costs; however, a number of factors, including adverse agency rulings and encountering unanticipated conditions as remediation efforts progress, may cause actual results to differ materially from accrued costs.

For additional information regarding environmental compliance costs, see Note 8 "Accrued Environmental Remediation Costs" in Item 8 "Financial Statements and Supplementary Data."

6. CLAIMS AND LITIGATION INCLUDING SELF-INSURANCE

We are involved with claims and litigation, including items covered under our self-insurance program . We are self-insured for losses related to workers' compensation up to $2.0 million per occurrence and automotive and general/product liability up to $3.0 million per occurrence. We have excess coverage on a per occurrence basis beyond these retention levels.

Under our self-insurance program, we aggregate certain claims and litigation costs that are reasonably predictable based on our historical loss experience and accrue losses, including future legal defense costs, based on actuarial studies. Certain claims and litigation costs, due to their unique nature, are not included in our actuarial studies. For matters not included in our actuarial studies, legal defense costs are accrued when incurred.

HOW WE ASSESS THE PROBABILITY OF LOSS

We use both internal and outside legal counsel to assess the probability of loss, and establish an accrual when the claims and litigation represent a probable loss and the cost can be reasonably estimated. Significant judgment is used in determining the timing and amount of the accruals for probable losses, and the actual liability could differ materially from the accrued amounts.

For additional information regarding claims and litigation including self-insurance, see Note 1 "Summary of Significant Accounting Policies" in Item 8 "Financial Statements and Supplementary Data" under the caption Claims and Litigation Including Self-insurance.

7. INCOME TAXES

HOW WE DETERMINE OUR CURRENT AND DEFERRED TAX ASSETS AND LIABILITIES

We file various federal, state and foreign income tax returns, including some returns that are consolidated with subsidiaries. We account for the current and deferred tax effects of such returns using the asset and liability met hod. Sign ificant judgments and estimates are required in determining our current and deferred tax assets and liabilities , which reflect our best assessment of the estimated future taxes we will pay . These estimates are updated throughout the year to consider income tax return filings, our geographic mix of earnings, legislative changes and other relevant items.

We recognize deferred tax assets and liabilities based on the differences between the financial statement 's carrying amounts of assets and liabilities and the amounts used for income tax purposes . Deferred tax assets represent items to be used as a tax deduction or credit in future tax returns . Realization of the deferred tax assets ultimately depends on the existence of sufficient taxable income of the appropriate character in either the carryback or carryforward period.

Each quarter we analyze the likelihood that our deferred tax assets will be realized. A valuation allowance is recorded if, based on the weight of all available positive and negative evidence, it is more likely than not (a likelihood of more than 50%) that some portion, or all, of a deferred tax asset will not be realized. A summary of our deferred tax assets is included in Note 9 “Income Taxes” in Item 8 “Financial Statements and Supplementary Data.”

On an annual basis, we perform a comprehensive analysis of all forms of positive and negative evidence based on year end results. During each interim period, we update our annual analysis for significant changes in the positive and negative evidence.

At December 31, 201 3 , we identified the following forms of negative evidence:

- we are in a cumulative loss position based on financial results for the trailing three years (our foreign operations were profitable during this period, but not to the extent necessary to overcome the cumulative loss position)
- certain of our deferred tax assets are carryforwards and have a relatively brief period before expiration (see table below)
- the aggregate s industry has not fully recovered from the most recent economic downturn

The amount of our definite-lived deferred tax asset carryforwards at December 31, 2013, along with their expiration periods , is listed below:

dollars in millions	*Deferred Tax Assets*	*Valuation Allowance*	*Expiration*
Charitable contribution carryforwards	$ 10.8	$ 0	2014 - 2018
Foreign tax credit carryforwards	22.4	0	2018 - 2022
Federal net operating loss carryforwards	65.4	0	2027 - 2033
State net operating loss carryforwards	53.9	46.3	2014 - 2033

The first transaction described in Note 21 “Subsequent Events” in Item 8 “Financial Statements and Supplementary Data” is significant new positive evidence and will provide sufficient taxable income to support the realization of:

- our charitable contribution carryforwards
- the majority of our foreign tax credit carrryforwards
- our federal net operating loss carryforwards
- a portion of our state net operating loss carryforwards

The realization of the remaining balance of our deferred tax assets is supported by the future reversals of our existing temporary differences and the anticipated future earnings from our foreign operations.

Based on the following reasons, our state net operating loss carryforwards require additional consideration:

- the required filing groups in many states are different from the federal filing group
- certain states have brief expiration periods or other limitations on the utilization of net operating loss carryforwards
- we no longer file in certain states for which we have net operating loss carryforwards

Based on this analysis, we have provided a valuation allowance of $ 46.3 million , an increase of $7.5 million from the prior year valuation allowance, against our state net operating loss deferred tax asset carryforward s. O f the $ 46.3 million valuation allowance, $ 44.7 million relate s to our Alabama net operating los s c arryforward. The remaining valuation allowance of $ 1.6 million relate s to other state net operating los s c arryforwa rds.

I f we later determine that realization is more likely than not for deferred tax assets with a valuation allowance, the related valuation allowance will be reduc ed. Con versely, if we determine that it is more likely than not that we will not be able to realize a portion of our deferred tax assets, we will increase the valuation allo wance.

FOREIGN EARNINGS

U.S. income taxes are not provided on foreign earnings when such earnings are indefinitely reinvested offshore. At least annually, we e valuate our investment strategies for each foreign tax jurisdiction in which we operate to determine whether foreign earnings will be indefinitely reinvested offshore .

UNRECOGNIZ ED TA X BENEFITS

We recognize a ta x benefit associated with an uncertain tax position when, in our judgment, it is more likely than not that the position will be sustained based upon the technical merits of the position . For a tax position that meets the more-likely-than-not recognition threshold, we initially and subsequently measure th e t ax benefit as the largest amount that we judge to have a greater than 50% likelihood of being realiz ed. Ou r liability associated with unrecognized tax benefits is adjusted periodically due to changing circumstances, such as the progress of tax audits, case law developments and new or emerging legislation. Such adjustments are recognized entirely in the period in which they are identified. Our income tax provision includes the net impact of changes in the liability for unrecogniz ed ta x benefits.

The years open to tax examinations vary by jurisdiction. While it is often difficult to predict the final outcome or the timing of resolution of any particular tax matter, we believe our liability for unrecogniz ed ta x benefits is adequate.

We consider an issue to be resolved at the earlier of the issue being “effectively settled,” settlement of an examination , or the expiration of the statute of limitati ons. Upon resolution, unrecognized tax benefits will be reversed as a discrete event.

Ou r liability for unrecogniz ed ta x benefits is generally presented as noncurrent. However, if we anticipate paying cash within one year to settle an uncertain tax position, the liability is presented as current. We classify interest and penalties recognized on the liability for unrecogniz ed ta x benefits as income tax expense.

STATUTORY DEPLETION

Our largest permanent item in computing both our taxable income and effective tax rate is the deduction allowed for statutory depletion. The impact of statutory depletion on the effective tax rate is presented in Note 9 "Income Taxes" in Item 8 "Financial Statements and Supplementary Data." The deduction for statutory depletion does not necessarily change proportionately to changes in pretax earnings.

NEW ACCOUNTING STANDARDS

For a discussion of accounting standards recently adopted and pending adoption and the affect such accounting changes will have on our results of operations, financial position or liquidity, see Note 1 " Summary of Significant Accounting Policies " in Item 8 " Financial Statements and Supplementary Data " under the caption New Accounting Standards.

FORWARD-LOOKING STATEMENTS

The foregoing discussion and analysis, as well as certain information contained elsewhere in this Annual Report, contain " forward-looking statements " within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are intended to be covered by the safe harbor created thereby. See the discussion in Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995 in Part I, above.

We are exposed to certain market risks arising from transactions that are entered into in the normal course of business. In order to manage or reduce these market risks, we may utilize derivative financial instruments. We do not enter into derivative financial instruments for speculative or trading purposes.

We are exposed to interest rate risk due to our bank line of credit and other long-term debt instruments. At times, we use interest rate swap agreements to manage this risk.

At December 31, 201 3 , the estimated fair value of our long-term debt instruments including current maturities was $ 2,820.6 million compared to a book value of $ 2,522.4 million. The estimated fair value was determined by discounting expected future cash flows based on credit-adjusted interest rates on U.S. Treasury bills, notes or bonds, as appropriate. The fair value estimate is based on information available as of the measurement date. Although we are not aware of any factors that would significantly affect the estimated fair value amount, it has not been comprehensively revalued since the measurement date. The effect of a decline in interest rates of one percentage point would increase the fair value of our liability by $ 133.2 million.

We are exposed to certain economic risks related to the costs of our pension and other postretirement benefit plans. These economic risks include changes in the discount rate for high-quality bonds, the expected return on plan assets and the rate of increase in the per capita cost of covered healthcare benefits. The impact of a change in these assumptions on our annual pension and other postretirement benefit costs is discussed in greater detail within the Critical Accounting Policies section of this A nnual R eport.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of Vulcan Materials Company:

We have audited the accompanying consolidated balance sheets of Vulcan Materials Company and its subsidiary companies (the "Company") as of December 31, 201 3 and 201 2 , and the related consolidated statements of comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statement s b ased on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Vulcan Materials Company and its subsidiary companies as of December 31, 201 3 and 201 2 , and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013 in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control — Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 26 , 201 4 expressed an unqualified opinion on the Company's internal control over financial reporting.

Deloitte & Touche LLP

Birmingham, Alabama
February 26 , 201 4

Vulcan Materials Company and Subsidiary Companies

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31 in thousands, except per share data	***2013***	*2012*	*2011*
Net sales	**$ 2,628,696**	$ 2,411,243	$ 2,406,909
Delivery revenues	**142,013**	156,067	157,641
Total revenues	**2,770,709**	2,567,310	2,564,550
Cost of goods sold	**2,201,816**	2,077,217	2,123,040
Delivery costs	**142,013**	156,067	157,641
Cost of revenues	**2,343,829**	2,233,284	2,280,681
Gross profit	**426,880**	334,026	283,869
Selling, administrative and general expenses	**259,427**	259,140	289,993
Gain on sale of property, plant & equipment and businesses, net	**39,250**	68,455	47,752
Recovery from legal settlement	**0**	0	46,404
Restructuring charges	**(1,509)**	(9,557)	(12,971)
Exchange offer costs	**0**	(43,380)	(2,227)
Other operating expense, net	**(14,790)**	(5,623)	(9,390)
Operating earnings	**190,404**	84,781	63,444
Other nonoperating income, net	**7,538**	6,727	2
Interest income	**943**	1,141	3,444
Interest expense	**202,588**	213,067	220,628
Loss from continuing operations before income taxes	**(3,703)**	(120,418)	(153,738)
Provision for (benefit from) income taxes			
Current	**9,673**	1,913	14,318
Deferred	**(34,132)**	(68,405)	(92,801)
Total benefit from income taxes	**(24,459)**	(66,492)	(78,483)
Earnings (loss) from continuing operations	**20,756**	(53,926)	(75,255)
Earnings on discontinued operations, net of income taxes (Note 2)	**3,626**	1,333	4,477
Net earnings (loss)	**$ 24,382**	$ (52,593)	$ (70,778)
Other comprehensive income (loss), net of tax			
Reclassification adjustment for cash flow hedges	**2,992**	3,816	7,151
Adjustment for funded status of pension and postretirement benefit plans	**111,883**	(24,454)	(54,366)
Amortization of pension and postretirement benefit plans actuarial loss and prior service cost	**11,011**	11,965	7,710
Other comprehensive income (loss)	**125,886**	(8,673)	(39,505)
Comprehensive earnings (loss)	**$ 150,268**	$ (61,266)	$ (110,283)
Basic earnings (loss) per share			
Continuing operations	**$ 0.16**	$ (0.42)	$ (0.58)
Discontinued operations	**0.03**	0.01	0.03
Net earnings (loss)	**$ 0.19**	$ (0.41)	$ (0.55)
Diluted earnings (loss) per share			
Continuing operations	**$ 0.16**	$ (0.42)	$ (0.58)
Discontinued operations	**0.03**	0.01	0.03
Net earnings (loss)	**$ 0.19**	$ (0.41)	$ (0.55)
Weighted-average common shares outstanding			
Basic	**130,272**	129,745	129,381
Assuming dilution	**131,467**	129,745	129,381

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

VULCAN MATERIALS COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEETS

As of December 31 *in thousands*	***2013***	*2012*
Assets		
Cash and cash equivalents	**$ 193,738**	$ 275,478
Accounts and notes receivable		
Customers, less allowance for doubtful accounts		
2013 — $4,854; 2012 — $6,198	**323,369**	277,539
Other	**16,252**	19,441
Inventories	**344,606**	335,022
Current deferred income taxes	**40,423**	40,696
Prepaid expenses	**22,549**	21,713
Assets held for sale	**10,559**	15,083
Total current assets	**951,496**	984,972
Investments and long-term receivables	**42,387**	42,081
Property, plant & equipment, net	**3,312,017**	3,159,185
Goodwill	**3,081,521**	3,086,716
Other intangible assets, net	**697,578**	692,532
Other noncurrent assets	**174,144**	161,113
Total assets	**$ 8,259,143**	$ 8,126,599
Liabilities		
Current maturities of long-term debt	**$ 170**	$ 150,602
Trade payables and accruals	**139,345**	113,337
Accrued salaries, wages and management incentives	**72,675**	62,695
Accrued interest	**10,954**	11,424
Other accrued liabilities	**75,991**	97,552
Liabilities of assets held for sale	**0**	801
Total current liabilities	**299,135**	436,411
Long-term debt	**2,522,243**	2,526,401
Noncurrent deferred income taxes	**701,075**	657,367
Deferred management incentive and other compensation	**23,657**	21,756
Pension benefits	**146,734**	303,036
Other postretirement benefits	**83,457**	103,134
Asset retirement obligations	**228,234**	150,072
Deferred revenue	**219,743**	73,583
Other noncurrent liabilities	**96,759**	93,777
Total liabilities	**$ 4,321,037**	$ 4,365,537
Other commitments and contingencies (Note 12)		
Equity		
Common stock, $1 par value — Authorized 480,000 shares,		
Issued 130,200 and 129,721 shares, respectively	**130,200**	129,721
Capital in excess of par value	**2,611,703**	2,580,209
Retained earnings	**1,295,834**	1,276,649
Accumulated other comprehensive loss	**(99,631)**	(225,517)
Total equity	**3,938,106**	3,761,062
Total liabilities and equity	**$ 8,259,143**	$ 8,126,599

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

VULCAN MATERIALS COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31 in thousands	***2013***	*2012*	*2011*
Operating Activities			
Net earnings (loss)	**$ 24,382**	$ (52,593)	$ (70,778)
Adjustments to reconcile net earnings to net cash provided by operating activities			
Depreciation, depletion, accretion and amortization	**307,108**	331,959	361,719
Net gain on sale of property, plant & equipment and businesses	**(50,978)**	(78,654)	(58,808)
Contributions to pension plans	**(4,855)**	(4,509)	(4,892)
Share-based compensation	**22,093**	17,474	18,454
Excess tax benefits from share-based compensation	**(161)**	(267)	(121)
Deferred tax provision (benefit)	**(35,063)**	(69,830)	(93,739)
Cost of debt purchase	**0**	0	19,153
(Increase) decrease in assets before initial effects of business acquisitions and dispositions			
Accounts and notes receivable	**(42,260)**	17,412	5,035
Inventories	**(7,700)**	(9,028)	(6,927)
Prepaid expenses	**(765)**	(117)	(1,354)
Other assets	**12,374**	(29,043)	7,673
Increase (decrease) in liabilities before initial effects of business acquisitions and dispositions			
Accrued interest and income taxes	**(10,937)**	(15,709)	5,831
Trade payables and other accruals	**15,485**	27,091	(27,871)
Proceeds from sale of future production, net of transaction costs (Note 19)	**153,095**	73,583	0
Other noncurrent liabilities	**(26,602)**	29,772	5,707
Other, net	**1,283**	934	9,961
Net cash provided by operating activities	**$ 356,499**	$ 238,475	$ 169,043
Investing Activities			
Purchases of property, plant & equipment	**(275,380)**	(93,357)	(98,912)
Proceeds from sale of property, plant & equipment	**17,576**	80,829	13,675
Proceeds from sale of businesses, net of transaction costs	**51,604**	21,166	74,739
Payment for businesses acquired, net of acquired cash	**(89,951)**	0	(10,531)
Other, net	**(39)**	1,761	1,550
Net cash provided by (used for) investing activities	**$ (296,190)**	$ 10,399	$ (19,479)
Financing Activities			
Proceeds from line of credit	**156,000**	0	0
Payment of current maturities of long-term debt and line of credit	**(306,602)**	(134,780)	(1,028,575)
Cost of debt purchase	**0**	0	(19,153)
Proceeds from issuance of long-term debt, net of discounts	**0**	0	1,100,000
Debt issuance costs	**0**	0	(27,426)
Proceeds from settlement of interest rate swap agreements	**0**	0	23,387
Proceeds from issuance of common stock	**3,821**	0	4,936
Dividends paid	**(5,191)**	(5,183)	(98,172)
Proceeds from exercise of stock options	**9,762**	10,462	3,615
Excess tax benefits from share-based compensation	**161**	267	121
Other, net	**0**	(1)	1
Net cash used for financing activities	**$ (142,049)**	$ (129,235)	$ (41,266)
Net increase (decrease) in cash and cash equivalents	**(81,740)**	119,639	108,298
Cash and cash equivalents at beginning of year	**275,478**	155,839	47,541
Cash and cash equivalents at end of year	**$ 193,738**	$ 275,478	$ 155,839

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

VULCAN MATERIALS COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF EQUITY

in thousands	*Common Stock Shares*	*Common Stock Amount*	*Capital in Excess of Par Value*	*Retained Earnings*	*Accumulated Other Comprehensive Income (Loss)*	*Total*
Balances at December 31, 2010	128,570	$ 128,570	$ 2,500,886	$ 1,503,681	$ (177,339)	$ 3,955,798
Net loss	0	0	0	(70,778)	0	(70,778)
Common stock issued						
Acquisitions	373	373	18,347	0	0	18,720
401(k) Trustee (Note 13)	111	111	4,634	0	0	4,745
Share-based compensation plans	191	191	2,041	0	0	2,232
Share-based compensation expense	0	0	18,454	0	0	18,454
Excess tax benefits from share-based compensation	0	0	121	0	0	121
Accrued dividends on share-based compensation awards	0	0	257	(257)	0	0
Cash dividends on common stock ($0.76 per share)	0	0	0	(98,172)	0	(98,172)
Other comprehensive loss	0	0	0	0	(39,505)	(39,505)
Other	0	0	0	2	0	2
Balances at December 31, 2011	129,245	$ 129,245	$ 2,544,740	$ 1,334,476	$ (216,844)	$ 3,791,617
Net loss	0	0	0	(52,593)	0	(52,593)
Common stock issued						
Acquisitions	61	61	(199)	0	0	(138)
Share-based compensation plans	415	415	7,113	0	0	7,528
Share-based compensation expense	0	0	17,474	0	0	17,474
Excess tax benefits from share-based compensation	0	0	267	0	0	267
Reclass deferred compensation liability to equity (Note 13)	0	0	10,764	0	0	10,764
Accrued dividends on share-based compensation awards	0	0	51	(51)	0	0
Cash dividends on common stock ($0.04 per share)	0	0	0	(5,183)	0	(5,183)
Other comprehensive loss	0	0	0	0	(8,673)	(8,673)
Other	0	0	(1)	0	0	(1)
Balances at December 31, 2012	129,721	$ 129,721	$ 2,580,209	$ 1,276,649	$ (225,517)	$ 3,761,062
Net earnings	0	0	0	24,382	0	24,382
Common stock issued						
401(k) Trustee (Note 13)	71	71	3,750	0	0	3,821
Share-based compensation plans	408	408	5,485	0	0	5,893
Share-based compensation expense	0	0	22,093	0	0	22,093
Excess tax benefits from share-based compensation	0	0	161	0	0	161
Accrued dividends on share-based compensation awards	0	0	5	(5)	0	0
Cash dividends on common stock ($0.04 per share)	0	0	0	(5,191)	0	(5,191)
Other comprehensive income	0	0	0	0	125,886	125,886
Other	0	0	0	(1)	0	(1)
Balances at December 31, 2013	**130,200**	**$ 130,200**	**$ 2,611,703**	**$ 1,295,834**	**$ (99,631)**	**$ 3,938,106**

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Vulcan Materials Company (the "Company," "Vulcan," "we," "our"), a New Jersey corporation, is the nation's largest producer of construction aggregates, primarily crushed stone, sand and gravel and a major producer of asphalt mix and ready-mixed concrete.

Due to the 2005 sale of our Chemicals business as described in Note 2, the operating results of the Chemicals business are presented as discontinued operations in the accompanying Consolidated Statements of Comprehensive Income.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Vulcan Materials Company and all our majority or
wholly-owned subsidiary companies. All intercompany transactions and accounts have been eliminated in consolidation.

RESTRUCTURING CHARGES

Costs associated with restructuring our operations include severance and related charges to eliminate a specified number of employee positions, costs to relocate employees, contract cancellation costs and charges to vacate facilities and consolidate operations. Relocation and contract cancellation costs and charges to vacate facilities are recognized in the period the liability is incurred. Severance charges for employee s w ho are required to render service beyond a minimum retention period, generally more than 60 days, are recognized ratably over the retention period; otherwise, the full severance charge is recognized on the date a detailed restructuring plan has been authorized by management and communicated to employees.

In 2011, we substantially completed the implementation of a multi-year project to replace our legacy information technology systems with new ERP and Shared Services platforms. These platforms are help ing us streamline processes enterprise-wide and standardize administrative and support functions while providing enhanced flexibility to monitor and control costs. L everaging this significant investment in technology allowed us to reduce overhead and administrative staff . Additionally, in December 2011, our Board of Directors approved a restructuring plan to consolidate our eight divisions into four regions as part of an ongoing effort to reduce overhead costs and increase operating efficiency. As a result of these two restructuring plans, we recognized $12,971,000 of severance and related charges in 2011. There were no significant charges related to these restructuring plans in 2012 and 2013.

In 2012, our Board approved a Profit Enhancement Plan that further leverages our streamlined management structure and substantially completed ERP and Shared Services platforms to achieve cost reductions and other earnings enhancements. During 2013 and 2012, respectively, we incurred $1,509,000 and $9,557,000 of costs (primarily project design, outside advisory and severance) related to the implementation of this plan. We do not expect to incur any future material charges related to this Profit Enhancement Plan.

E XCHANGE OFFER COSTS

In December 2011, Martin Marietta Materials, Inc. (Martin Marietta) commenced an unsolicited exchange offer for all outstanding shares of our common stock and indicated its intention to nominate a slate of directors to our Boar d. After careful consideration, including a thorough review of the offer with its financial and legal advisors, o ur Board unanimously determined that Martin Marietta’s offer wa s inadequate, substantially undervalue d Vulcan , wa s not in the best interests of Vulcan and its shareholders and had substantial risk.

In May 2012, the Delaware Chancery Court ruled and the Delaware Supreme Court affirmed that Martin Marietta had breached two confidentiality agreements between the companies, and enjoined Martin Marietta through September 15, 2012 from pursuing its exchange offer for our shares, prosecuting its proxy contest, or otherwise taking steps to acquire control of our shares or assets and from any further violations of the two confidentiality agreements between the parties. As a result of the court ruling, Martin Marietta withdrew its exchange offer and its board nominees.

In response to Martin Marietta’s action s , we incurred legal , professional and other costs as follows: 201 2 — $43,380,000 and 201 1 — $2,227,000 . As of December 31, 2013, $43,107,000 of the incurred costs w as paid.

CASH EQUIVALENTS

We classify as cash equivalents all highly liquid securities with a maturity of three months or less at the time of purchase. The carrying amount of these securities approximates fair value due to their short-term maturities.

ACCOUNTS AND NOTES RECEIVABLE

Accounts and notes receivable from customers result from our extending credit to trade customers for the purchase of our products. The terms generally provide for payment within 30 days of being invoiced. On occasion, when necessary to conform to regional industry practices, we sell product under extended payment terms, which may result in either secured or unsecured short-term notes; or, on occasion, notes with durations of less than one year are taken in settlement of existing accounts receivable. Other accounts and notes receivable result from short-term transactions (less than one year) other than the sale of our products, such as interest receivable; insurance claims; freight claims; tax refund claims; bid deposits or rents receivable. Receivables are aged and appropriate allowances for doubtful accounts and bad debt expense are recorded. Bad debt expense for the years ended December 31 was as follows: 201 3 — $602,000 , 201 2 — $2,505,000 and 2011 — $1,644,000 . Write-offs of accounts receivables for the years ended December 31 were as follows: 201 3 — $1,946,000 , 201 2 — $2,805,000 and 2011 — $2,651,000 .

FINANCING RECEIVABLES

Financing receivables are included in accounts and notes receivable and/or investments and long-term receivables in the accompanying Consolidated Balance Sheets. Financing receivables are contractual rights to receive money on demand or on fixed or determinable dates. Trade receivables with normal credit terms are not considered financing receivables. Financing receivables were as follows: December 31, 201 3 — $7,720,000 and December 31, 201 2 — $8,609,000 . Both of these balances include a related-party (Vulcan Materials Company Foundation) receivable in the amount of $1,550,000 due in 2014. None of our financing receivables are individually significant. We evaluate the collectibility of financing receivables on a periodic basis or whenever events or changes in circumstances indicate we may be exposed to credit losses. As of December 31, 201 3 and 201 2 , no a llowances were recorded for these receivables.

INVENTORIES

Inventories and supplies are stated at the lower of cost or market. We use the last-in, first-out (LIFO) method of valuation for most of our inventories because it results in a better matching of costs with revenues. Such costs include fuel, parts and supplies, raw materials, direct labor and production overhead. An actual valuation of inventory under the LIFO method can be made only at the end of each year based on the inventory levels and costs at that time. Accordingly, interim LIFO calculations are based on our estimates of expected year-end inventory levels and costs and are subject to the final year-end LIFO inventory valuation. Substantially all operating supplies inventory is carried at average cost. For additional information regarding our inventories see Note 3.

PROPERTY, PLANT & EQUIPMENT

Property, plant & equipment are carried at cost less accumulated depreciation, depletion and amortization. The cost of properties held under capital leases, if any, is equal to the lower of the net present value of the minimum lease payments or the fair value of the leased property at the inception of the lease.

Capitalized software costs of $10,321,000 and $10,855,000 are reflected in net property, plant & equipment as of December 31, 2013 and 2012, respectively. We capitalized software costs for the years ended December 31 as follows: 2013 — $1,695,000 , 2012 — $408,000 and 2011 — $3,746,000 . During the same periods, $2,230,000 , $2,463,000 and $2,520,000 , respectively, of previously capitalized costs were depreciated. For additional information regarding our property, plant & equipment see Note 4.

REPAIR AND MAINTENANCE

Repair and maintenance costs generally are charged to operating expense as incurred. Renewals and betterments that add materially to the utility or useful lives of property, plant & equipment are capitalized and subsequently depreciated. Actual costs for planned major maintenance activities, related primarily to periodic overhauls on our oceangoing vessels, are capitalized and amortized to the next overhaul.

DEPRECIATION, DEPLETION, ACCRETION AND AMORTIZATION

Depreciation is generally computed by the straight-line method at rates based on the estimated service lives of the various classes of assets, which include machinery and equipment (3 to 30 years), buildings (10 to 20 years) and land improvements (7 to 20 years). Capitalized software costs are included in machinery and equipment and are depreciated on a straight-line basis beginning when the software project is substantially complete. Depreciation for our Newberry, Florida cement production facilities is computed by the unit-of-production method based on estimated output.

Cost depletion on depletable quarry land is computed by the unit-of-production method based on estimated recoverable units.

Accretion reflects the period-to-period increase in the carrying amount of the liability for asset retirement obligations. It is computed using the same credit-adjusted, risk-free rate used to initially measure the liability at fair value.

Leaseholds are amortized over varying periods not in excess of applicable lease terms or estimated useful lives.

Amortization of intangible assets subject to amortization is computed based on the estimated life of the intangible assets.
A significant portion of our intangible assets is contractual rights in place associated with zoning, permitting and other rights to access and extract aggregates reserves. Contractual rights in place associated with aggregates reserves are amortized using the unit-of-production method based on estimated recoverable units. Other intangible assets are amortized principally by the straight-line method.

Depreciation, depletion, accretion and amortization expense for the years ended December 31 is outlined below:

in thousands	***2013***	*2012*	*2011*
Depreciation, Depletion, Accretion and Amortization			
Depreciation	**$ 271,180**	$ 301,146	$ 328,072
Depletion	**13,028**	10,607	11,195
Accretion	**10,685**	7,956	8,195
Amortization of leaseholds	**483**	381	225
Amortization of intangibles	**11,732**	11,869	14,032
Total	**$ 307,108**	$ 331,959	$ 361,719

DERIVATIVE INSTRUMENTS

We periodically use derivative instruments to reduce our exposure to interest rate risk, currency exchange risk or price fluctuations on commodity energy sources consistent with our risk management policies. We do not use derivative financial instruments for speculative or trading purposes. Additional disclosures regarding our derivative instruments are presented in Note 5.

FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as described below:

Level 1: Quoted prices in active markets for identical assets or liabilities
Level 2: Inputs that are derived principally from or corroborated by observable market data
Level 3: Inputs that are unobservable and significant to the overall fair value measurement

Our assets at December 31 subject to fair value measurement on a recurring basis are summarized below:

in thousands	Level 1 2013	2012
Fair Value Recurring		
Rabbi Trust		
Mutual funds	**$ 15,255**	$ 13,349
Equities	**12,828**	9,843
Total	**$ 28,083**	$ 23,192

in thousands	Level 2 2013	2012
Fair Value Recurring		
Rabbi Trust		
Common/collective trust funds	**$ 1,244**	$ 2,265
Total	**$ 1,244**	$ 2,265

We have established two Rabbi Trust s for the purpose of provid ing a level of security for the employee nonqualified retirement and de ferred compensation plans and for the directors' nonqualified deferred compensation plans . The fair values of these investments are estimated using a market approach. The Level 1 investments include mutual funds and equity securities for which quoted prices in active markets are available. Level 2 investments are stated at estimated fair value based on the underlying investments in those funds (short-term, highly liquid assets in commercial paper, short-term bonds and certificates of deposit).

Net trading gains (losses) of the Rabbi Trust investments were $4,398,000, $8,564,000 and $(3,292,000) for the years ended December 31, 201 3 , 201 2 and 2011 , respectively. The portion s of the net trading ga ins (losses) re lated to investments still held by the Rabbi Trust s at December 31, 201 3 , 201 2 and 2011 were $4,234,000, $9,012,000 and $(3,370,000), respectively.

The carrying values of our cash equivalents, accounts and notes receivable, current maturities of long-term debt, short-term borrowings, trade payables and accruals, and all other current liabilities approximate their fair values because of the
short-term nature of these instruments. Additional disclosures for derivative instruments and interest-bearing debt are presented in Notes 5 and 6, respectively.

There were no assets or liabilities subject to fair value measurement on a nonrecurring basis in 201 3 . Assets that were subject to fair value measurement on a nonrecurring basis as of December 3 1, 20 12 are summarized below:

in thousands	2012 Level 3	Impairment Charges
Fair Value Nonrecurring		
Assets held for sale	$ 10,559	$ 1,738
Totals	$ 10,559	$ 1,738

The fair values of the assets classified as held for sale were estimated based on the negotiated transaction value s. T he impairment charges represent the difference between the carrying value and the fair valu e le ss costs to sell of the assets.

GOODWILL AND GOODWILL IMPAIRMENT

Goodwill represents the excess of the cost of net assets acquired in business combinations over the fair value of the identifiable tangible and intangible assets acquired and liabilities assumed in a business combination. Goodwill impairment exists when the fair value of a reporting unit is less than its carrying amount. As of December 31, 201 3, goodwill totaled $3,081,521,000 as compared to $3,086,716,000 at December 31, 201 2 . Total goodwill represents 37% of total assets at December 31, 201 3 compared to 38% as of December 31, 201 2 .

Goodwill is tested for impairment annually, as of November 1, or more frequently whenever events or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Goodwill is tested for imp airment one level below our operating segments (reporting unit). W e have identified 17 reporting units, of which 9 carry goodwil l. We have the option of either assessing qualitative factors to determine whether it is more likely than not that the carrying value of our reporting units exceeds their respective fair value or proceeding directly to a two-step quantitative test.

The first step of the impairment test identifies potential impairment by comparing the fair value of a reporting unit to its carrying value, including goodwill. If the fair value of a reporting unit exceeds its carrying value, goodwill of the reporting unit is not considered impaired and the second step of the impairment test is not required. If the carrying value of a reporting unit exceeds its fair value, the second step of the impairment test is performed to measure the amount of impairment loss, if any.

The second step of the impairment test compares the implied fair value of the reporting unit goodwill with the carrying amount of that goodwill. The implied fair value of goodwill is determined by hypothetically allocating the fair value of the reporting unit to its identifiable assets and liabilities in a manner consistent with a business combination, with any excess fair value representing implied goodwill. If the carrying value of the reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess.

We have four operating segments organized around our principal product lines: aggregates, concrete, asphalt mix and cement. Within these four operating segments, we have identified 17 reporting units based primarily on geographic location. The carrying value of each reporting unit is determined by assigning assets and liabilities, including goodwill, to those reporting units as of the measurement date. We estimate the fair values of the reporting units by considering the indicated fair values derived from both an income approach, which involves discounting estimated future cash flows, and a market approach, which involves the app lication of revenue and EBITDA multiples of comparable companies. We consider market factors when determining the assumptions and estimates used in our valuation models. To substantiate the fair values derived from these valuations, we reconcile the reporting unit fair values to our market capitalization.

We elected to perform the quantitative impairment test for all years presented. The results of the first step of the annual impairment tests performed as of November 1, 201 3 and 2012 indicated that the fair values of all reporting units with goodwill substantially exceeded their carrying values. The results of the first step of the annual impairment tests performed as of November 1, 201 1 indicated that the fair values of the reporting units with goodwill exceeded their carrying values. Accordingly, there were no charges for goodwill impairment in the years ended December 31, 201 3 , 201 2 or 201 1 .

D etermining the fair value of our reporting units involves the use of significant estimates and assumptions and considerable management judgment. We base our fair value estimates on assumptions we believe to be reasonable at the time, but such assumptions are subject to inherent uncertainty. Actual results may differ materially from those estimates. Changes in key assumptions or management judgment with respect to a reporting unit or its prospects, which may result from a change in market conditions, market trends, interest rates or other factors outside of our control, or significant underperformance relative to historical or projected future operating results, could result in a significantly different estimate of the fair value of our reporting units, which could result in an impairment charge in the future.

For additional information regarding goodwill see Note 18.

IMPAIRMENT OF LONG-LIVED ASSETS EXCLUDING GOODWILL

We evaluate the carrying value of long-lived assets, including intangible assets subject to amortization, when events and circumstances indicate that the carrying value may not be recoverable. As of December 31, 201 3 , net p roperty, plant & equipmen t r epresents 40% of total assets, while net other intangible asset s r epresents 8% of total assets. The carrying value of long-lived assets is considered impaired when the estimated undiscounted cash flows from such assets are less than their carrying value. In that event, we recognize a loss equal to the amount by which the carrying value exceeds the fair value of the long-lived assets. Fair value is determined primarily by using a discounted cash flow methodology that requires considerable management judgment and long-term assumptions. Our estimate of net future cash flows is based on historical experience and assumptions of future trends, which may be different from actual results. We periodically review the appropriateness of the estimated useful lives of our long-lived assets.

We test long-lived assets for impairment at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets. As a result, our long-lived asset impairment test is at a significantly lower level than the level at which we test goodwill for impairment. In markets where we do not produce downstream products (e.g. ready-mixed concrete and asphalt mix), the lowest level of largely independent identifiable cash flows is at the individual aggregates operation or a group of aggregates operations collectively serving a local market. Conversely, in vertically integrated markets, the cash flows of our downstream and upstream businesses are not largely independently identifiable as the selling price of the upstream products (aggregates and cement) determines the profitability of the downstream business.

We recorded no asset impairments during 2013. During 2012, we recorded a $2,034,000 loss on impairment of long-lived assets related primarily to a ssets classified as held for sale (see Note 19). Long-lived asset impairments durin g 2 011 were immaterial and related to property abandonments .

For additional information regarding long-lived assets and intangible assets see Notes 4 and 18.

COMPANY OWNED LIFE INSURANCE

We have Company Owned Life Insurance (COLI) policies for which the cash surrender values, loans outstanding and the net values included in other noncurrent assets in the accompanying Consolidated Balance Sheets as of December 31 are as follows:

in thousands		***2013***		*2012*
Company Owned Life Insurance				
Cash surrender value	**$**	**44,586**	$	41,351
Loans outstanding		**44,566**		41,345
Net value included in noncurrent assets	**$**	**20**	$	6

REVENUE RECOGNITION

Revenue is recognized at the time the selling price is fixed, the product's title is transferred to the buyer and collectibility of the sales proceeds is reasonably assured (typically occurs when finished products are shipped to the customer). Total revenues include sales of products to customers, net of any discounts and taxes, and third-party delivery revenues billed to customers. We bill our customers for transportation provided by third-party carriers for delivery of their purchased products.

DEFERRED REVENUE

We have entered into two transactions (September 2013 and December 2012) through which we sold a percentage of the future production from aggregates reserves at eight quarries (seven owned and one leased). These sales were structured as volumetric production payments (VPPs). W e received net cash proceeds of $153,095,000 and $73,644,000 for the 2013 and 2012 transactions, respectively. Concurrently, we entered into marketing agreements with the purchaser through which we are designated the exclusive sales agent for the purchaser's percentage of future production. Our consolidated t otal revenues for 2013 and 2012 exclude the proceeds from these VPP transactions. Th e proceeds were recorded as deferred revenue and are amortized t o revenu e on a unit-of sales basis over the terms of the VPP transactions .

The common key terms of both VPP transactions are:

- the purchaser has a nonoperating interest in reserves entitling them to a percentage of future production
- there is no minimum annual or cumulative production or sales volume, nor any minimum sales price required
- the purchaser has the right to take its percentage of future production in physical product, or receive the cash proceeds from the sale of its percentage of future production under the terms of a separate marketing agreement
- the purchaser's percentage of future production is conveyed free and clear of future costs of production and sales
- we retain full operational and marketing control of the specified quarries
- we retain fee simple interest in the land as well as any residual values that may be realized upon the conclusion of mining

The key terms specific to the 2013 VPP transaction are:

- terminate at the earlier to occur of September 30, 2051 or the sale of 250.8 million tons of aggregates from the specified quarries subject to the VPP; based on historical and projected sales volumes from the specified quarries, it is expected that 250.8 million tons will be sold prior to September 30, 2051
- the purchaser's percentage of the maximum 250.8 million tons of future production is estimated, based on current sales volumes projections, to be 11.5% (approximately 29 million tons); the actual percentage may vary

The key terms specific to the 2012 VPP transaction are:

- terminate at the earlier to occur of December 31, 2052 or the sale of 143.2 million tons of aggregates from the specified quarries subject to the VPP; based on historical and projected volumes from the specified quarries, it is expected that 143.2 million tons will be sold prior to December 31, 2052
- the purchaser's percentage of the maximum 143.2 million tons of future production is estimated, based on current sales volumes projections, to be 10.5% (approximately 15 million tons); the actual percentage may vary

The impact to our net sales and gross margin related to the VPPs is outlined as follows:

in thousands	***2013***	*2012*	*2011*
Revenue amortized from deferred revenue	**$ 1,996**	$ 0	$ 0
Purchaser's proceeds from sale of production	**(6,197)**	0	0
Decrease to net sales and gross profit	**$ (4,201)**	$ 0	$ 0

Based on expected aggregates sales from the specified quarries, we anticipate recognizing a range of $ 4,500,000 to $ 5,500,000 of deferred revenue in our 2014 Consolidated Statement of Comprehensive Income .

STRIPPING COSTS

In the mining industry, the costs of removing overburden and waste materials to access mineral deposits are referred to as stripping costs.

Stripping costs incurred during the production phase are considered costs of extracted minerals under our inventory costing system, inventoried, and recognized in cost of sales in the same period as the revenue from the sale of the inventory. The production stage is deemed to begin when the activities, including removal of overburden and waste material that may contain incidental saleable material, required to access the saleable product are complete. Stripping costs considered as production costs and included in the costs of inventory produced were $41,716,000 in 2013, $37,875,000 in 2012 and $40,049,000 in 2011 .

Conversely, stripping costs incurred during the development stage of a mine (pre-production stripping) are excluded from our inventory cost. Pre-production stripping costs are capitalized and reported within other noncurrent assets in our accompanying Consolidated Balance Sheets. Capitalized pre-production stripping costs are expensed over the productive life of the mine using the unit-of-production method. Pre-production stripping costs included in other noncurrent assets were $ 24,026,000 as of December 31, 2013 and $18,887,000 as of December 31, 201 2 .

OTHER COSTS

Costs are charged to earnings as incurred for the start-up of new plants and for normal recurring costs of mineral exploration and research and development. Research and development costs totaled $0 in 2013, $0 in 2012 and $1,109,000 in 2011, and are included in selling, administrative and general expenses in the Consolidated Statements of Comprehensive Income.

SHARE-BASED COMPENSATION

We account for our share-based compensation awards using fair-value-based measurement methods. These result in the recognition of compensation expense for all share-based compensation awards, including stock options, based on their fair value as of the grant date. Compensation cost is recognized over the requisite service period.

We receive an income tax deduction for share-based compensation equal to the excess of the market value of our common stock on the date of exercise or issuance over the exercise price. Tax benefits resulting from tax deductions in excess of the compensation cost recognized (excess tax benefits) are classified as financing cash flows. The $161,000 , $267,000 and $121,000 in excess tax benefits classified as financing cash inflows for the years ended December 31, 201 3 , 201 2 and 20 11 , respectively, in the accompanying Consolidated Statements of Cash Flows relate to the exercise of stock options and issuance of shares under long-term incentive plans.

A summary of the estimated future compensation cost (unrecognized compensation expense) as of December 31, 201 3 related to share-based awards granted to employees under our long-term incentive plans is presented below:

dollars in thousands	*Unrecognized Compensation Expense*	*Expected Weighted-average Recognition (Years)*
Share-based Compensation		
SOSARs [1]	**$ 2,825**	**1.6**
Performance and restricted shares	**19,498**	**2.6**
Total/weighted-average	**$ 22,323**	**2.5**

[1] *Stock-Only Stock Appreciation Rights (SOSARs)*

Pretax compensation expense related to our employee share-based compensation awards and related income tax benefits for the years ended December 31 are summarized below:

in thousands	***2013***	*2012*	*2011*
Employee Share-based Compensation Awards			
Pretax compensation expense	**$ 20,187**	$ 15,491	$ 17,537
Income tax benefits	**7,833**	6,011	6,976

For additional information regarding share-based compensation, see Note 11 under the caption Share-based Compensation Plans.

RECLAMATION COSTS

Reclamation costs resulting from normal use of long-lived assets are recognized over the period the asset is in use only if there is a legal obligation to incur these costs upon retirement of the assets. Additionally, reclamation costs resulting from normal use under a mineral lease are recognized over the lease term only if there is a legal obligation to incur these costs upon expiration of the lease. The obligation, which cannot be reduced by estimated offsetting cash flows, is recorded at fair value as a liability at the obligating event date and is accreted through charges to operating expenses. This fair value is also capitalized as part of the carrying amount of the underlying asset and depreciated over the estimated useful life of the asset. If the obligation is settled for other than the carrying amount of the liability, a gain or loss is recognized on settlement.

To determine the fair value of the obligation, we estimate the cost for a third party to perform the legally required reclamation tasks including a reasonable profit margin. This cost is then increased for both future estimated inflation and an estimated market risk premium related to the estimated years to settlement. Once calculated, this cost is discounted to fair value using present value techniques with a credit-adjusted, risk-free rate commensurate with the estimated years to settlement.

In estimating the settlement date, we evaluate the current facts and conditions to determine the most likely settlement date. If this evaluation identifies alternative estimated settlement dates, we use a weighted-average settlement date considering the probabilities of each alternative.

We review reclamation obligations at least annually for a revision to the cost or a change in the estimated settlement date. Additionally, reclamation obligations are reviewed in the period that a triggering event occurs that would result in either a revision to the cost or a change in the estimated settlement date. Examples of events that would trigger a change in the cost include a new reclamation law or amendment of an existing mineral lease. Examples of events that would trigger a change in the estimated settlement date include the acquisition of additional reserves or the closure of a facility.

The carrying value of these obligations was $228,234,000 as of December 31, 2013 and $150,072,000 as of December 31, 201 2 . For additional information regarding reclamation obligations (referred to in our financial statements as asset retirement obligations) see Note 17.

PENSION AND OTHER POSTRETIREMENT BENEFITS

Accounting for pension and postretirement benefits requires that we make significant assumptions regarding the valuation of benefit obligations and the performance of plan assets. The primary assumptions are as follows:

- DISCOUNT RATE — The discount rate is used in calculating the present value of benefits, which is based on projections of benefit pa yments to be made in the futur e
- EXPECTED RETURN ON PLAN ASSETS — We project the future return on plan assets based principally on prior performance and our expectations for future returns for the types of investments held by the plan as well as the expected long-term asset allocation of the plan. These projected returns reduce the recorded net benefit cost s
- RATE OF COMPENSATION INCREASE — For salary-related plans only, we project employees' annual pay increases through 2015 , which are used to project employees' pension benefits at retiremen t
- RATE OF INCREASE IN THE PER CAPITA COST OF COVERED HEALTHCARE BENEFITS — We project the expected increases in the cost of covered healthcare benefit s

Accounting standards provide for the delayed recognition of differences between actual results and expected or estimated results. This delayed recognition of actual results allows for a smoothed recognition in earnings of changes in benefit obligations and plan performance over the working lives of the employees who benefit under the plans. The differences between actual results and expected or estimated results are recognized in full in other comprehensive income. Amounts recognized in other comprehensive income are reclassified to earnings in a systematic manner over the average remaining service period of active employees expected to receive benefits under the plan.

For additional information regarding pension and other postretirement benefits see Note 10.

ENVIRONMENTAL COMPLIANCE

Our environmental compliance costs include the cost of ongoing monitoring programs, the cost of remediation efforts and other similar costs. We expense or capitalize environmental costs consistent with our capitalization policy. We expense costs for an existing condition caused by past operations that do not contribute to future revenues. We accrue costs for environmental assessment and remediation efforts when we determine that a liability is probable and we can reasonably estimate the cost. At the early stages of a remediation effort, environmental remediation liabilities are not easily quantified due to the uncertainties of various factors. The range of an estimated remediation liability is defined and redefined as events in the remediation effort occur.

When we can estimate a range of probable loss, we accrue the most likely amount. In the event that no amount in the range of probable loss is considered most likely, the minimum loss in the range is accrued. As of December 31, 201 3 , the spread between the amount accrued and the maximum loss in the range for all sites for which a range can be reasonably estimated was $3,944,000 . Accrual amounts may be based on technical cost estimations or the professional judgment of experienced environmental managers. Our Safety, Health and Environmental Affairs Management Committee routinely reviews cost estimates, including key assumptions, for accruing environmental compliance costs; however, a number of factors, including adverse agency rulings and encountering unanticipated conditions as remediation efforts progress, may cause actual results to differ materially from accrued costs.

For additional information regarding environmental compliance costs see Note 8.

CLAIMS AND LITIGATION INCLUDING SELF-INSURANCE

We are involved with claims and litigation, including items covered under our self-insurance program. We are self-insured for losses related to workers' compensation up to $2,000,000 per occurrence and automotive and general/product liability up to $3,000,000 per occurrence. We have excess coverage on a per occurrence basis beyond these retention levels.

Under our self-insurance program, we aggregate certain claims and litigation costs that are reasonably predictable based on our historical loss experience and accrue losses, including future legal defense costs, based on actuarial studies. Certain claims and litigation costs, due to their unique nature, are not included in our actuarial studies. We use both internal and outside legal counsel to assess the probability of loss, and establish an accrual when the claims and litigation represent a probable loss and the cost can be reasonably estimated. For matters not included in our actuarial studies, legal defense costs are accrued when incurred. The following table outlines our self-insurance program at December 31:

dollars in thousands	***2013***	*2012*
Self-insurance Program		
Self-insured liabilities (undiscounted)	**$ 50,538**	$ 48,019
Insured liabilities (undiscounted)	**17,497**	15,054
Discount rate	**0.98%**	0.51%
Amounts Recognized in Consolidated Balance Sheets		
Investments and long-term receivables	**$ 16,917**	$ 14,822
Other accrued liabilities	**(16,657)**	(17,260)
Other noncurrent liabilities	**(49,148)**	(44,902)
Net liabilities (discounted)	**$ (48,888)**	$ (47,340)

Estimated payments (undiscounted) under our self-insurance program for the five years subsequent to December 31, 201 3 are as follows:

in thousands	
Estimated Payments under Self-insurance Program	
2014	$ 22,151
2015	12,749
2016	8,229
2017	5,579
2018	4,051

Significant judgment is used in determining the timing and amount of the accruals for probable losses, and the actual liability could differ materially from the accrued amounts.

INCOME TAXES

We file various federal, state and foreign income tax returns, including some returns that are consolidated with subsidiaries. We account for the current and deferred tax effects of such returns using the asset and liability meth od. Sig nificant judgments and estimates are required in determining our current and deferred tax assets and liabilities , which reflect our best assessment of the estimated future taxes we will pay . These estimates are updated throughout the year to consider income tax return filings, our geographic mix of earnings, legislative changes and other relevant items.

We recognize deferred tax assets and liabilities based on the differences between the financial statement carrying amounts of assets and liabilities and the amounts used for income tax purposes . Deferred tax assets represent items to be used as a tax deduction or credit in future tax returns . Realization of the deferred tax assets ultimately depends on the existence of sufficient taxable income of the appropriate character in either the carryback or carryforward period.

Each quarter we analyze the likelihood that our deferred tax assets will be realized. A valuation allowance is recorded if, based on the weight of all available positive and negative evidence, it is more likely than not (a likelihood of more than 50%) that some portion, or all, of a deferred tax asset will not be realized. A summary of our deferred tax assets is included in Note 9.

On an annual basis, we perform a comprehensive analysis of all forms of positive and negative evidence based on year end results. During each interim period, we update our annual analysis for significant changes in the positive and negative evidence.

If we later determine that realization is more likely than not for deferred tax assets with a valuation allowance, the related valuation allowance will be reduced. Conversely, if we determine that it is more likely than not that we will not be able to realize a portion of our deferred tax assets, we will increase the valuation allowance.

U.S. i ncome taxes are not provided on foreign earnings when such earnings are indefinitely reinvested offshore. At least annually, w e evaluate our investment strategies for each foreign tax jurisdiction in which we operate to determine whether foreign earnings will be indefinitely reinvested offshore.

We recognize a tax benefit associated with an uncertain tax position when, in our judgment, it is more likely than not that the position will be sustained based upon the technical merits of the position . For a tax position that meets the more-likely-than-not recognition threshold, we initially and subsequently measure the income tax benefit as the largest amount that we judge to have a greater than 50% likelihood of being reali zed. Ou r liability associated with unrecognized t ax benefits is adjusted periodically due to changing circumstances, such as the progress of tax audits, case law developments and new or emerging legislation. Such adjustments are recognized entirely in the period in which they are identified. Our income tax provision includes the net impact of changes in the liability for unrecogniz ed ta x benefits.

The years open to tax examinations vary by jurisdiction. While it is often difficult to predict the final outcome or the timing of resolution of any particular tax matter, we believe our liability for unrecogniz ed ta x benefits is adequate.

We consider an issue to be resolved at the earlier of the issue being “effectively settled,” settlement of an examination, or the expiration of the statute of limitat ions. Upon resolution, unrecognized tax benefits will be reversed as a discrete event.

Our liability for unrecogniz ed ta x b enefits is generally presented as noncurrent. However, if we anticipate paying cash within one year to settle an uncertain tax position, the liability is presented as current. We classify interest and penalties recognized on the liability for unrecogniz ed ta x benefits as income tax expense.

Our largest permanent item in computing both our taxable income and effective tax rate is the deduction allowed for statutory depletion. The impact of statutory depletion on the effective tax rate is presented in Note 9. The deduction for statutory depletion does not necessarily change proportionately to changes in pretax earnings.

COMPREHENSIVE INCOME

We report comprehensive income in our Consolidated Statements of Comprehensive Income and Consolidated Statements of Eq uity. Com prehensive income comprises two subsets: net earnings and other comprehensive income (OCI). OCI includes fair value adjustments to cash flow hedges, actuarial gains or losses and prior service costs related to pension and postretirement benefit plans.

For additional information regarding comprehensive income see Note 14.

EARNINGS PER SHARE (EPS)

We report two earnings per share numbers, basic and diluted. These are computed by dividing net earnings by the weighted-average common shares outstanding (basic EPS) or weighted-average common shares outstanding assuming dilution (diluted EPS), as set forth below:

in thousands	***2013***	*2012*	*2011*
Weighted-average common shares outstanding	**130,272**	129,745	129,381
Dilutive effect of			
Stock options/SOSARs	**461**	0	0
Other stock compensation plans	**734**	0	0
Weighted-average common shares outstanding, assuming dilution	**131,467**	129,745	129,381

All dilutive common stock equivalents are reflected in our earnings per share calculations. Antidilutive common stock equivalents are not included in our earnings per share calculations. In periods of loss, shares that otherwise would have been included in our diluted weighted-average common shares outstanding computation are excluded. These excluded shares for the years ended December 31 are as follows: 2012 — 617,000 and 2011 — 304,000 .

The number of antidilutive common stock equivalents for which the exercise price exceeds the weighted-average market price for the years ended December 31 is as follows:

in thousands	***2013***	*2012*	*2011*
Antidilutive common stock equivalents	**2,895**	4,762	5,845

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and judgments that affect reported amounts of assets, liabilities, revenues and expenses, and the related disclosures of contingent assets and contingent liabilities at the date of the financial statements. We evaluate these estimates and judgments on an ongoing basis and base our estimates on historical experience, current conditions and various other assumptions that are believed to be reasonable under the circumstances. The results of these estimates form the basis for our judgments about the carrying values of assets and liabilities as well as identifying and assessing the accounting treatment with respect to commitments and contingencies. Actual results may differ materially from these estimates.

RECLASSIFICATIONS

Certain items previously reported in specific financial statement captions have been reclassified to conform with the 2013 presentation.

NEW ACCOUNTING STANDARDS

ACCOUNTING STANDARDS RECENTLY ADOPTED

2013 — NEW DISCLOSURE REQUIREMENT ON OFFSETTING ASSETS AND LIABILITIES As of and for the interim period ended March 31, 2013, we adopted Accounting Standards Update (ASU) No. 2011-11, “Disclosures About Offsetting Assets an d Liabilities.” This ASU create d new disclosure requirements about the nature of an entity’s rights of offset and related arrangements associated with its financial and derivative instruments. The scope of instruments covered under this ASU was further clarified in the January 2013 issuance of ASU 2013-01, “Balance Sheet (Topic 210): Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities.” These new disclosures were designed to facilitate comparisons between financial statements prepared under U.S. GAAP and those prepared under International Financial Reporting Standards (IFRS). Our adoption of this standard had no material impact on our financial position, results of operations or liquidity.

2013 — AMENDMENTS ON INDEFINITE-LIVED INTANGIBLE ASSET IMPAIRMENT TESTING As of and for the interim period ended March 31, 2013, we adopted ASU No. 2012-02, “Testing Indefinite-Lived Intangible Assets for Impairment.” This ASU amend ed the impairment testing guidance in Accounting Standards Codification (ASC) 350-30, “General Intangibles Other Than Goodwill.” Under the amended guidance, an entity has the option of performing a qualitative assessment when testing an indefinite-lived intangible asset for impairment. Further testing would be required only if, on the basis of the qualitative factors, an entity determines that the fair value of the intangible asset is more likely than not (a likelihood of more than 50%) less than the carrying amount . Additionally, this ASU revise d the examples of events and circumstances that an entity should consider when determining if an interim impairment test is required. Our adoption of this standard had no material impact on our financial position, results of operations or liquidity.

2013/2012 — PRESENTATION OF OTHER COMPREHENSIVE INCOME As of the annual period ended December 31, 2011, we adopted ASU No. 2011-05, "Presentation of Comprehensive I ncome." This standard eliminate d the option to present components of other comprehensive income (OCI) as part of the statement of equity. The amendments in this standard require d that all nonowner changes in equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In December 2011, the Financial Accounting Standards Board (FASB) issued ASU No. 2011-12, “Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in ASU No. 2011-05.” ASU No. 2011-12 indefinitely defer red the requirement in ASU No. 2011-05 to present reclassification adjustments out of accumulated other comprehensive income by component in the Consolidated Statement of Comprehensive Income. In February 2013, the FASB issued ASU No. 2013-02, “Reporting of Amounts Reclassified Out of Accumulated Other Comprehensiv e Income.” ASU 2013-02 finalize d the requirements of ASU 2011-05 that ASU 2011-12 deferred, clarifying how to report the effect of significant reclassifications out of accumulated other comprehensive income. Our accompanying Consolidated Statements of Comprehensive Income conform to the presentation requirements of these standards.

ACCOUNTING STANDARDS PENDING ADOPTION

GUIDANCE ON FINANCIAL STATEMENT PRESENTATION OF UNRECOGNIZED TAX BENEFIT In July 2013, the FASB issued ASU 2013-11, "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists" which provides explicit presentation guidelines. Under this ASU, an unrecognized tax benefit, or portion thereof, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward except when specific conditions are met as outlined in the ASU. When these specific conditions are met, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. This ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2013, and should be applied prospectively to all unrecognized tax benefits that exist at the effective date. Both early adoption and retrospective application are permitted. We will adopt this standard as of and for the interim period ending March 31, 2014. We do not expect the adoption of this standard to have a material impact on our consolidated financial statements.

GUIDANCE ON THE LIQUIDATION BASIS OF ACCOUNTING In April 2013, the FASB issued ASU 2013-07, “Liquidation Basis of Accounting” which provides guidance on when and how to apply the liquidation basis of accounting and on what to disclose. This ASU is effective for fiscal years beginning after December 15, 2013, with early adoption permitted, and should be applied prospectively from the date liquidation is imminent. We do not expect the adoption of this standard to have a material impact on our consolidated financial statements.

GUIDANCE FOR OBLIGATIONS RESULTING FROM JOINT AND SEVERAL LIABILITY ARRANGEMENTS In February 2013, the FASB issued ASU 2013-04, "Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date" which provides guidance for the recognition, measurement and disclosure of such obligations that are within the scope of the ASU. Obligations within the scope of this ASU include debt arrangements, other contractual obligations and settled litigation and judicial rulings. Under this ASU, an entity (1) recognizes such obligations at the inception of the arrangement, (2) measures such obligations as the sum of (a) the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and (b) any additional amount the reporting entity expects to pay on behalf of its co-obligors and (3) discloses the nature and amount of such obligations as well as other information about those obligations. This ASU is effective for all prior periods in fiscal years beginning on or after December 15, 2013, with retrospective application required. We will adopt this standard as of and fo r the interim period ending March 31 , 2014. We do not expect the adoption of this standard to have a material impact on our consolidated financial statements.

TANGIBLE PROPERTY REGULATIONS In September 2013, the Internal Revenue Service issued final tangible property regulations. These regulations apply to amounts paid to acquire, produce or improve tangible property, as well as dispose of such property and are effective for tax years beginning on or after January 1, 2014. We have considered the effect of these tax law changes to our deferred tax assets and liabilities and do not expect their implementation to have a material impact on our consolidated financial statements.

NOTE 2: DISCONTINUED OPERATIONS

In 2005, we sold substantially all the assets of our Chemicals business to Basic Chemicals, a subsidiary of Occidental Chemical Corporation. In addition to the initial cash proceeds, Basic Chemicals was required to make payments under two earn-out agreements subject to certain conditions. During 2007, we received the final payment under the ECU (electrochemical unit) earn-out , bringing cumulative cash receipts to its $150,000,000 cap.

Proceeds under the second earn-out agreement are based on the performance of the hydrochlorocarbon product HCC-240fa (commonly referred to as 5CP) from the closing of the transaction through December 31, 2012 (5CP earn-out). The primary determinant of the value for this earn-out is the level of growth in 5CP sales volume .

During 201 3 , we received the final payment under the 5CP earn-out of $13,031,000 related to performance during 2012 . During 201 2 and 20 11 , we received payments of $11,369,000 and $12,284,000 , respectively, under the 5CP earn-out related to the respective years 20 11 and 20 10 . Through December 31, 201 3 , we have received a total of $79,391,000 under the 5CP earn-out, a total of $46,290,000 in excess of the receivable recorded on the date of disposition.

We we re liable for a cash transaction bonus payable annually (2009 – 2013) to certain former key Chemicals employees based on the prior year’s 5CP earn-out results. Payments for the transaction bonus were $1,303,000 in 2013, $1,137,000 in 2012 and $1,228,000 in 2011 . We have paid a total of $5,071,000 of these transaction b onuses through December 31, 2013 .

The financial results of the Chemicals business are classified as discontinued operations in the accompanying Consolidated Statements of Comprehensive Income for all periods presented. There were no net sales or revenues from discontinued operations for the years presented. Results from discontinued operations are as follows:

in thousands	***2013***	*2012*	*2011*
Discontinued Operations			
Pretax loss	**$ (5,744)**	$ (8,017)	$ (3,669)
Gain on disposal, net of transaction bonus	**11,728**	10,232	11,056
Income tax provision	**(2,358)**	(882)	(2,910)
Earnings on discontinued operations, net of income taxes	**$ 3,626**	$ 1,333	$ 4,477

The 20 13 and 2012 pretax losses from discontinued operations of $ 5,744,000 and $ 8,017,000 were due primarily to general and product liability costs, including legal defense costs, and environmental remediation costs associated with our former Chemicals business. The 2011 pretax loss from discontinued operations of $3,66 9 ,000 includes a $7,575,000 pretax gain recognized on recovery from an insurer in lawsuits involving perchloroethylene (perc). This gain was offset by general and product liability costs, including legal defense costs, and e nvironmental remediation costs.

NOTE 3: INVENTORIES

Inventories at December 31 are as follows:

in thousands	***2013***	*2012*
Inventories		
Finished products [1]	**$ 270,603**	$ 262,886
Raw materials	**29,996**	27,758
Products in process	**6,613**	5,963
Operating supplies and other	**37,394**	38,415
Total	**$ 344,606**	$ 335,022

[1] *Includes inventories encumbered by the purchaser's percentage of vo lumetric production payment s (see Note 1, Deferred Revenue), as follows: December 31, 2013 — $ 4,492 thousand and December 31, 2012 — $8,726 thousand.*

In addition to the inventory balances presented above, as of December 31, 2013 and December 31, 201 2 , we have $ 27,331,000 and $ 35,477,000 , respectively, of inventory classified as long-term assets (Other noncurrent assets) as we do not expect to sell the inventory within one year. Inventories valued under the LIFO method total $ 268,674,000 at December 31, 2013 and $ 267,591,000 at December 31, 201 2 . During 20 13 , 201 2 and 201 1 , inventory reductions resulted in liquidations of LIFO inventory layers carried at lower costs prevailing in prior years as compared to current-year cost s . The effect of the LIFO liquidation on 201 3 results was to de crease cost of goods sold by $ 1,310,000 and increase net earnings by $ 802,000 .The effect of the LIFO liquidation on 20 12 results was to de crease cost of goods sold by $ 1,124,000 and in crease net earnings by $ 688,000 .The effect of the LIFO liquidation on 2011 results was to decrease cost of goods sold by $1,288,000 and increase net earnings by $776,000.

Estimated current cost exceeded LIFO cost at December 31, 201 3 and 201 2 by $ 184,409,000 and $ 150,654,000 , respectively. We use the LIFO method of valuation for most of our inventories as it results in a better matching of costs with revenues. We provide supplemental income disclosures to facilitate comparisons with companies not on LIFO. The supplemental income calculation is derived by tax-effecting the change in the LIFO reserve for the periods presented. If all inventories valued at LIFO cost had been valued under the methods (substantially average cost) used prior to the adoption of the LIFO method, the approximate effect on net earnings would have been a n in crease of $ 20,812,000 in 2013, a n increase of $5,990,000 in 201 2 and an increase of $10,050,000 in 2011 .

NOTE 4: PROPERTY, PLANT & EQUIPMENT

Balances of major classes of assets and allowances for depreciation, depletion and amortization at December 31 are as follows:

in thousands	***2013***	*2012*
Property, Plant & Equipment		
Land and land improvements	**$ 2,295,087**	$ 2,120,999
Buildings	**149,982**	149,575
Machinery and equipment	**4,248,100**	4,195,165
Leaseholds	**11,692**	10,546
Deferred asset retirement costs	**151,973**	129,397
Construction in progress	**76,768**	60,935
Total, gross	**$ 6,933,602**	$ 6,666,617
Less allowances for depreciation, depletion and amortization	**3,621,585**	3,507,432
Total, net	**$ 3,312,017**	$ 3,159,185

Capitalized interest costs with respect to qualifying construction projects and total interest costs incurred before recognition of the capitalized amount for the years ended December 31 are as follows:

in thousands	***2013***	*2012*	*2011*
Capitalized interest cost	**$ 1,089**	$ 2,716	$ 2,675
Total interest cost incurred before recognition of the capitalized amount	**203,677**	215,783	223,303

NOTE 5: DERIVATIVE INSTRUMENTS

During the normal course of operations, we are exposed to market risks including fluctuations in interest rates, foreign currency exchange rates and commodity pricing. From time to time, and consistent with our risk management policies, we use derivative instruments to hedge against these market risks. We do not utilize derivative instruments for trading or other speculative purposes.

The accounting for gains and losses that result from changes in the fair value of derivative instruments depends on whether the derivatives have been designated and qualify as hedging instruments and the type of hedging relationship. The interest rate swap agreements described below were designated as either cash flow hedges or fair value hedges. The changes in fair value of our interest rate swap cash flow hedges are recorded in accumulated other comprehensive income (AOCI) and are reclassified into interest expense in the same period the hedged items affect earnings. The changes in fair value of our interest rate swap fair value hedges are recorded as interest expense consistent with the change in the fair value of the hedged items attributable to the risk being hedged .

CASH FLOW HEDGES

We have use d interest rate swap agreements designated as cash flow hedges to minimize the variability in cash flows of liabilities or forecasted transactions caused by fluctuations in interest rates. D uring 2007, we entered into fifteen forward starting interest rate swap agreements for a total stated amount of $1,500,000,000. Upon the 2007 and 2008 issuances of the related fixed-rate debt, we terminated and settled these forward starting swaps for cash payments of $89,777,000 . Amounts in AOCI are being amortized to interest expense over the term of the related debt. Th is amortization was reflected in the accompanying Consolidated Statements of Comprehensive Income for the years ended December 31 are as follows:

in thousands	*Location on Statement*	***2013***	*2012*	*2011*
Cash Flow Hedges				
Loss reclassified from AOCI (effective portion)	Interest expense	**$ (5,077)**	$ (6,314)	$ (11,657)

For the 12-month period ending December 31, 201 4 , we estimate that $ 4,827,000 of the pretax loss in AOCI will be reclassified to earnings.

FAIR VALUE HEDGES

We have use d interest rate swap agreements designated as fair value hedges to minimize exposure to changes in the fair value of fixed-rate debt that results from fluctuations in the benchmark interest rates for such debt. In June 2011 , we issued $500,000,000 of 6.50% fixed-rate notes due in 2016. Concurrently, we entered into interest rate swap agreements in the stated amount of $500,000,000. Under these agreements, we paid 6-month LIBOR plus a spread of 4.05% and received a fixed interest rate of 6.50%. Additionally, in June 2011, we entered into interest rate swap agreements on our $150,000,000 of 10.125% fixed-rate notes due in 2015. Under these agreements, we paid 6-month LIBOR plus a spread of 8.03% and received a fixed interest rate of 10.125%. In August 2011, we terminated and settled these interest rate swap agreements for $25,382,000 of cash proceeds. The $23,387,000 forward component of the settlement (cash proceeds less $1,995,000 of accrued interest) was added to the carrying value of the related debt and is being amortized as a reduction to interest expense over the remaining lives of the related debt using the ef fective interest method. This amortization was reflected in the accompanying Consolidated Statements of Comprehensive Income as follows:

in thousands	***2013***	*2012*	*2011*
Deferred Gain on Settlement			
Amortized to earnings as a reduction to interest expense	**$ 4,334**	$ 4,052	$ 1,291

NOTE 6: DEBT

Debt at December 31 is summarized as follows:

in thousands		***2013***		*2012*
Long-term Debt				
6.30% notes due 2013 [1]	**$**	**0**	$	140,413
10.125% notes due 2015 [2]		**151,897**		152,718
6.50% notes due 2016 [3]		**511,627**		515,060
6.40% notes due 2017 [4]		**349,907**		349,888
7.00% notes due 2018 [5]		**399,772**		399,731
10.375% notes due 2018 [6]		**248,843**		248,676
7.50% notes due 2021 [7]		**600,000**		600,000
7.15% notes due 2037 [8]		**239,561**		239,553
Medium-term notes		**6,000**		16,000
Industrial revenue bond		**14,000**		14,000
Other notes		**806**		964
Total long-term debt including current maturities	**$**	**2,522,413**	$	2,677,003
Less current maturities		**170**		150,602
Total long-term debt	**$**	**2,522,243**	$	2,526,401
Estimated fair value of long-term debt	**$**	**2,820,399**	$	2,766,835

[1] *Includes decreases for unamortized discounts, as follows: December 31, 2012 — $30 thousand.*

[2] *Includes an increase for the unamortized portion of the deferred gain realized upon the August 2011 settlement of interest rate swaps, as follows: December 31, 2013 — $ 2,082 thousand and December 31, 2012 — $2,983 thousand. Additionally, includes decreases for unamortized discounts as follows: December 31, 2013 — $ 185 thousand and December 31, 2012 — $265 thousand. The effective interest rate for these notes is 9.59 %.*

[3] *Includes an increase for the unamortized portion of the deferred gain realized upon the August 2011 settlement of interest rate swaps, as follows: December 31, 2013 — $ 11,627 thousand and December 31, 2012 — $15,060 thousand. The effective interest rate for these notes is 6.02 %.*

[4] *Includes decreases for unamortized discounts, as follows: December 31, 2013 — $ 93 thousand and December 31, 2012 — $112 thousand. The effective interest rate for these notes is 7.41 %.*

[5] *Includes decreases for unamortized discounts, as follows: December 31, 2013 — $ 228 thousand and December 31, 2012 — $269 thousand. The effective interest rate for these notes is 7.87 %.*

[6] *Includes decreases for unamortized discounts, as follows: December 31, 2013 — $ 1,157 thousand and December 31, 2012 — $1,324 thousand. The effective interest rate for these notes is 10.62 %.*

[7] *The effective interest rate for these notes is 7.75 %.*

[8] *Includes decreases for unamortized discounts, as follows: December 31, 2013 — $ 627 thousand and December 31, 2012 — $635 thousand. The effective interest rate for these notes is 8.05 %.*

Our long-term debt is presented in the table above net of unamortized discounts from par and unamortized deferred gains realized upon settlement of interest rate swaps. Discounts, deferred gains and debt issuance costs are being amortized using the effective interest method over the respective terms of the notes.

The estimated fair value of long-term debt presented in the table above was determined by averaging the asking price quotes for the notes . The fair value estimates were based on Level 2 information (as defined in Note 1, caption Fair Value Measurements) available to us as of the respective balance sheet dates. Although we are not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued since those dates.

Scheduled debt payments during 201 3 included $10,000,000 in January to retire the 8.70% medium-term note and $140,444,000 in June to retire the 6.30% notes . Scheduled debt payments during 201 2 included $134,557,000 in Nov ember to retire the remaining portion of the 5.60% notes .

In December 2011, we entered into a $600,000,000 bank line of credit expiring on December 15, 2016 . In March 2013, we proactively amended this line of credit to reduce its capacity to $500,000,000 and extend its term to March 12, 2018 . The line of credit is secured by certain domestic accounts receivable and inventory. Borrowing capacity fluctuates with the level of eligible accounts receivable and inventory and may be less than $500,000,000 at any point in time. As of December 31, 2013, our available borrowing capacity was $382,588,000 (net of the $53,393,000 backing for standby letters of credit).

Borrowings under the line of credit bear interest at a rate determined at the time of borrowing equal to the lower of LIBOR plus a margin ranging from 1.50% to 2.00% based on the level of utilization , or an alternative rate derived from the lender's prime rat e. Borrowings on our line of credit are classified as short-term due to our intent to repay within twelve months. As of December 31, 2013 , the applicable margin for LIBOR based borrowing was 1.75% .

In June 2011, we issued $1,100,000,000 of long-term notes in two series, as follows: $500,000,000 of 6.50% notes due in 2016 and $600,000,000 of 7.50% notes due in 2021 . These notes were issued principally to:

- repay and terminate our $450,000,000 floa ting-rate term loan due in 2015
- fund the purchase through a tender offer of $165,443,000 of our outstanding 5.60% notes due in 2012 and $109,556,000 of our outs tanding 6.30% notes due in 2013
- repay $275,000,000 outstanding under our revolving credit facility , and
- f or general corporate purpose s

The terminated $450,000,000 floating-rate term loan due in 2015 was established in July 2010 in order to repay the $100,000,000 outstanding balance of our floating-rate term loan due in 2011 and all outstanding commercial paper. Unamortized deferred financing costs of $2,423,000 were recognized in June 2011 as a component of interest expense upon the termination of this floating-rate term loan.

The June 2011 purchases of the 5.60% and 6.30% notes cost $ 294,533,000 , including a $19,534,000 premium above the $274,999,000 face value of the notes. This premium primarily reflects the trading price of the notes at the time of purchase relative to par value. Additionally, $4,711,000 of expense associated with a proportional amount of unamortized discounts, deferred financing costs and amounts accumulated in OCI was recognized in 2011 upon the partial termination of the notes. The c ombined expense of $24,245,000 was recognized as a component of interest expense for the year 2011.

In February 2009, we issued $400,000,000 of long-term notes in two related series, as follows: $150,000,000 of 10.125% notes due in 2015 and $250,000,000 of 10.375% notes due in 2018 . These notes were issued principally to repay borrowings outstanding under our short- and long-term debt obligations.

The 2008 and 2007 debt issuances described below relate primarily to funding the November 2007 acquisition of Florida Rock and replaced a portion of the short-term borrowings we incurred to initially fund the cash portion of the acquisition.

In June 2008 we issued $650,000,000 of long-term notes in two series, as follows: $250,000,000 of 6.30% notes due in 2013 and $400,000,000 of 7.00% notes due in 2018 . The 6.30% notes due in 2013 were partially terminated in June 2011 with a tender offer (as described above) and the remaining $140,444,000 paid in June 2013 as scheduled.

In December 2007, we issued $1,225,000,000 of long-term notes in four series, as follows: $325,000,000 of floating-rate notes due in 2010 , $300,000,000 of 5.60% notes due in 2012 , $350,000,000 of 6.40% notes due in 2017 and $250,000,000 of 7.15% notes due in 2037 . The floating-rate notes were paid in December 2010 as scheduled. The 5.60% notes due in 2012 were partially terminated in June 2011 with a tender offer (as described above) and the remaining $134,557,000 paid in November 2012 as scheduled .

During 1991, we issued $81,000,000 of medium-term notes ranging in maturity from 3 to 30 years, with interest rates from 7.59% to 8.85% . The $6,000,000 in medium-term notes outstanding as of December 31, 201 3 has a weighted-average maturity of 7.7 years with a weighted-average interest rate of 8.88 %.

The industrial revenue bond was assumed in November 2007 with the acquisition of Florida Rock. This variable-rate
tax-exempt bond matures in November 2022 and is backed by a standby letter of credit.

Other notes of $806,000 as of December 31, 201 3 were issued at various times to acquire land or businesses or were assumed in business acquisitions.

The total scheduled (principal and interest) debt payments, excludi ng dr aws, if any, on the line of credit, for the five years subsequent to December 31, 201 3 are as follows:

in thousands	*Total*	*Principal*	*Interest*
Debt Payments (excluding the line of credit)			
2014	$ 187,010	$ 170	$ 186,840
2015	336,981	150,137	186,844
2016	671,779	500,130	171,649
2017	489,279	350,138	139,141
2018	752,754	650,022	102,732

In January 2014, we initiated a tender offer to purchase $500,000,000 of outstanding debt as described in Note 21.

The line of credit contains limitations on liens, indebtedness, guarantee s, acq uisitions and divestitures , and certain restricted payments . Restricted payments include dividends to our shareholders. There is no dollar limit or percent of retained earnings limit on restricted payments. However, we must have cash and borrowing capacity, after the restricted payment is made, of at least $ 150,000,000 (or $105,000,000 if our fixed charge coverage ratio is above 1 .00:1.00). The minimum f ixed charge coverage rati o i s applicable only if usage exceeds 90% of the lesser of $ 5 00,000,000 and the borrowing capacity derived from the sum of eligible accounts receivable and inventory.

NOTE 7: OPERATING LEASES

Rental expense from continuing operations under nonmineral operating leases for the years ended December 31, exclusive of rental payments made under leases of one month or less, is summarized as follows:

in thousands	***2013***	*2012*	*2011*
Operating Leases			
Minimum rentals	**$ 40,151**	$ 36,951	$ 34,701
Contingent rentals (based principally on usage)	**44,111**	32,705	29,882
Total	**$ 84,262**	$ 69,656	$ 64,583

Future minimum operating lease payments under all leases with initial or remaining noncancelable lease terms in excess of one year, exclusive of mineral leases, as of December 31, 201 3 are payable as follows:

in thousands	
Future Minimum Operating Lease Payments	
2014	$ 28,539
2015	26,903
2016	25,106
2017	22,055
2018	20,129
Thereafter	133,091
Total	$ 255,823

Lease agreements frequently include renewal options and require that we pay for utilities, taxes, insurance and maintenance expense. Options to purchase are also included in some lease agreements.

NOTE 8: ACCRUED ENVIRONMENTAL REMEDIATION COSTS

Our Consolidated Balance Sheets as of December 31 include accrued environmental remediation costs (primarily measured on an undiscounted basis) as follows:

in thousands	***2013***	*2012*
Accrued Environmental Remediation Costs		
Continuing operations	**$ 5,505**	$ 5,666
Retained from former Chemicals business	**5,178**	5,792
Total	**$ 10,683**	$ 11,458

The long-term portion of the accruals noted above is included in other noncurrent liabilities in the accompanying Consolidated Balance Sheets and amounted to $ 7,134,000 at December 31, 2013 and $ 7,299,000 at December 31, 2012 . The short-term portion of these accruals is included in other accrued liabilities in the accompanying Consolidated Balance Sheets.

The accrued environmental remediation costs in continuing operations relate primarily to the former Florida Rock, Tarmac, and CalMat facilities acquired in 2007, 2000 and 1999, respectively. The balances noted above for Chemicals relate to retained environmental remediation costs from the 2003 sale of the Performance Chemicals business and the 2005 sale of the Chloralkali business.

NOTE 9: INCOME TAXES

The components of earnings (loss) from continuing operations before income taxes are as follows:

in thousands	***2013***	*2012*	*2011*
Earnings (Loss) from Continuing Operations before Income Taxes			
Domestic	**$ (34,239)**	$ (134,929)	$ (169,758)
Foreign	**30,536**	14,511	16,020
Total	**$ (3,703)**	$ (120,418)	$ (153,738)

Provision for (benefit from) i ncome tax es from continuing operations consists of the following:

in thousands	***2013***	*2012*	*2011*
Provision for (Benefit from) Income Taxes from Continuing Operations			
Current			
Federal	**$ (3,691)**	$ (5,631)	$ 4,424
State and local	**7,941**	5,271	5,482
Foreign	**5,423**	2,273	4,412
Total	**$ 9,673**	$ 1,913	$ 14,318
Deferred			
Federal	**$ (20,581)**	$ (58,497)	$ (76,558)
State and local	**(13,542)**	(8,464)	(15,397)
Foreign	**(9)**	(1,444)	(846)
Total	**$ (34,132)**	$ (68,405)	$ (92,801)
Total benefit	**$ (24,459)**	$ (66,492)	$ (78,483)

The benefit f rom income taxes differs from the amount computed by applying the federal statutory income tax rate to losses from continuing operations befor e i ncome taxes. The sources and tax effects of the differences are as follows:

dollars in thousands	***2013***		*2012*		*2011*	
Income tax benefit at the federal statutory tax rate of 35%	**$ (1,296)**	**35.0%**	$ (42,146)	35.0%	$ (53,809)	35.0%
Provision for (Benefit from) Income Tax Differences						
Statutory depletion	**(20,875)**	**563.7%**	(19,608)	16.3%	(18,931)	12.3%
State and local income taxes, net of federal income tax benefit	**(3,641)**	**98.3%**	(2,076)	1.7%	(6,445)	4.2%
Fair market value over tax basis of charitable contributions	**0**	**0.0%**	(2,007)	1.7%	0	0.0%
Undistributed foreign earnings	**0**	**0.0%**	0	0.0%	(2,553)	1.7%
Prior year true-up adjustments	**1,883**	**-50.9%**	(657)	0.5%	3,115	-2.1%
Other, net	**(530)**	**14.4%**	2	0.0%	140	-0.1%
Total income tax benefit/Effective tax rate	**$ (24,459)**	**660.5%**	$ (66,492)	55.2%	$ (78,483)	51.0%

Deferr ed ta xes on the balance sheet result from temporary differences between the amount of assets and liabilities recognized for financial reporting and tax purposes. The components of the net deferred income tax liability at December 31 are as follows:

in thousands	***2013***	*2012*
Deferred Tax Assets Related to		
Pensions	**$ 24,185**	$ 84,869
Other postretirement benefits	**35,752**	44,030
Asset retirement obligations and environmental remediation accruals	**41,725**	40,202
Accounts receivable, principally allowance for doubtful accounts	**1,279**	1,910
Deferred compensation, vacation pay and incentives	**108,147**	102,048
Interest rate swaps	**17,371**	19,585
Self-insurance reserves	**18,338**	18,165
Inventory	**8,866**	8,011
Federal net operating loss carryforwards	**65,420**	57,679
State net operating loss carryforwards	**53,946**	45,929
Valuation allowance on state net operating loss carryforwards	**(46,280)**	(38,837)
Foreign tax credit carryforwards	**22,410**	22,409
Alternative minimum tax credit carryforwards	**16,489**	15,711
Charitable contribution carryforwards	**10,814**	9,953
Other	**14,775**	20,561
Total deferred tax assets	**$ 393,237**	$ 452,225
Deferred Tax Liabilities Related to		
Fixed assets	**$ 725,162**	$ 754,697
Intangible assets	**304,972**	295,429
Other	**23,755**	18,770
Total deferred tax liabilities	**$ 1,053,889**	$ 1,068,896
Net deferred tax liability	**$ 660,652**	$ 616,671

The above amounts are reflected in the accompanying Consolidated Balance Sheets as of December 31 as follows:

in thousands	***2013***	*2012*
Deferred Income Taxes		
Current assets	**$ (40,423)**	$ (40,696)
Noncurrent liabilities	**701,075**	657,367
Net deferred tax liability	**$ 660,652**	$ 616,671

On an annual basis, we perform a comprehensive analysis of all forms of positive and negative evidence to determine whether realizability of our deferred tax assets is more likely than not. During each interim period, we update our annual analysis for significant changes in the positive and negative evidence.

As of December 31, 201 3 , in come tax receivable s of $ 1,073,000 are included in accounts and notes receivable in the accompanying Consolidated Balance Sheet. These receivables relate to prior year state overpayments that we have requested to be refunded. There were similar receivables of $ 1,500 ,000 as of December 31, 201 2 .

U nrecogniz ed ta x benefits are discussed in our accounting policy for income taxes (see Note 1, caption Income Taxes). Changes in unrecogniz ed ta x benefits for the years ended December 31, are as follows :

in thousands	***2013***	***2012***	*2011*
Unrecognized tax benefits as of January 1	**$ 13,550**	$ 13,488	$ 28,075
Increases for tax positions related to			
Prior years	**28**	0	389
Current year	**845**	1,356	913
Decreases for tax positions related to			
Prior years	**(86)**	(43)	(411)
Settlements with taxing authorities	**(136)**	(1,456)	(15,402)
Expiration of applicable statute of limitations	**(2,046)**	205	(76)
Unrecognized tax benefits as of December 31	**$ 12,155**	$ 13,550	$ 13,488

We classify interest and penalties recognized on the liability for unrecogniz ed ta x benefits as income tax expense. Interest and penalties recognized as income tax expense (benefit) were $ (788,000) in 2013, $ 218,000 in 2012 and $492,000 in 2011 . The balance of accrued interest and penalties included in our liability for unrecogniz ed ta x benefits as of December 31 was $ 2,032,000 in 2013, $ 2,820,000 in 2012 and $2,602,000 in 2011 .

Our unrecogniz ed ta x benefits at December 31 in the table above include $ 7,910,000 in 2013, $ 9,170,000 in 2012 and $9,205,000 in 2011 that would affect the effective tax rate if recognized.

We are routinely examined by various taxing authorities. By mutual agreement between Vulcan and the IRS, we have extended the statutes of limitations for the examinations o f o ur 2008 , 2009 and 2010 federal income tax return s to December 31, 2014 . We anticipate no single tax position generating a significant increase or decrease in our liability for unrecognized tax benefits within 12 months of this reporting date.

We file income tax returns in U.S. feder al, var ious state and foreign jurisdictions. Generally, we are not subject to significant changes in income taxes by any taxing jurisdiction for the years prior to 200 8 .

As of December 31, 2011, w e did n ot recogniz e deferred income taxes on $ 56, 000 ,000 of accumulated undistributed earnings from one of our foreign subsidiaries . At that time, we consider ed such earnings to be indefinitely reinvested. If we were to distribute the se earnings in the form of dividends, the distribution would be subject to U.S. income taxes resulting in $19, 600 ,000 of previously unrecognized deferred income taxes. On January 1, 2012, we remove d our indefinite reinvestment assertion on future earnings of this foreign subsidiar y a nd began to re cord deferred income taxes on those earnings.

NOTE 10: BENEFIT PLANS

PENSION PLANS

We sponsor three funded, noncontributory defined benefit pension plans. These plans cover substantially all employees hired prior to July 15, 2007, other than those covered by union-administered plans. Normal retirement age is 65, but the plans contain provisions for earlier retirement. Benefits for the Salaried Plan are generally based on salaries or wages and years of service; the Construction Materials Hourly Plan and the Chemicals Hourly Plan provide benefits equal to a flat dollar amount for each year of service. Effective July 15, 2007, we amended our defined benefit pension plans and our then existing defined contribution 401(k) plans to no longer accept new participants. In December 2013, we amended our defined benefit plans so that future service accruals for salaried pension participants would cease effective December 31, 2013. This amendment included a special transition provision which will allow covered compensation through December 31, 2015 to be considered in the participants' benefit calculations. The amendment resulted in a curtailment and remeasurement of the salaried and nonqualified pension plans as of May 31, 2013 that reduced our 2013 pension expense by approximately $7,600,000 (net of the one-time curtailment loss noted below) of which $800,000 relates to discontinued operations.

In addition to these qualified plans, we sponsor three unfunded, nonqualified pension plans. The projected benefit obligation presented in the table below includes $93,600,000 and $92,322,000 , respectively, related to these plans for 201 3 and 201 2 .

The following table sets forth the combined funded status of the plans and their reconciliation with the related amounts recognized in our consolidated financial statements at December 31:

in thousands		***2013***		*2012*
Change in Benefit Obligation				
Projected benefit obligation at beginning of year	**$**	**991,338**	$	867,374
Service cost		**21,904**		22,349
Interest cost		**40,995**		43,194
Plan amendments [1, 2]		**(39,443)**		1,286
Actuarial (gain) loss		**(61,548)**		96,222
Benefits paid		**(41,546)**		(39,087)
Projected benefit obligation at end of year	**$**	**911,700**	$	991,338
Change in Fair Value of Plan Assets				
Fair value of assets at beginning of year	**$**	**683,091**	$	636,648
Actual return on plan assets		**110,224**		81,021
Employer contribution		**4,855**		4,509
Benefits paid		**(41,546)**		(39,087)
Fair value of assets at end of year	**$**	**756,624**	$	683,091
Funded status		**(155,076)**		(308,247)
Net amount recognized	**$**	**(155,076)**	$	(308,247)
Amounts Recognized in the Consolidated Balance Sheets				
Noncurrent assets	**$**	**3,056**	$	0
Current liabilities		**(11,398)**		(5,211)
Noncurrent liabilities		**(146,734)**		(303,036)
Net amount recognized	**$**	**(155,076)**	$	(308,247)
Amounts Recognized in Accumulated Other Comprehensive Income				
Net actuarial loss	**$**	**142,173**	$	325,807
Prior service cost (credit)		**(168)**		1,609
Total amount recognized	**$**	**142,005**	$	327,416

[1] *The 2013 amendment eliminated future accrual s for salaried pension participants effective December 31, 2013.*

[2] *The 2012 amendment to the salaried plan was necessary to maintain compliance with IRS non discrimination requirements .*

The accumulated benefit obligation (ABO) and the projected benefit obligation (PBO) exceeded plan assets for all of our defined benefit plans except the Chemicals Hourly Plan at December 31, 2013 and for all defined benefit plans at December

31, 2012. Assets in the Chemicals Hourly Plan of $91,803,000 exceeded its ABO by $3,919,000 and its PBO by $3,056,000 at December 31, 2013. The ABO for all of our defined benefit pension plans totaled $891,394,000 (unfunded, nonqualified plans of $89,289,000) at December 31, 2013 and $928,059,000 (unfunded, nonqualified plans of $88,643,000) at December 31, 2012.

The following table sets forth the components of net periodic benefit cost, amounts recognized in other comprehensive income and weighted-average assumptions of the plans at December 31:

dollars in thousands	***2013***	*2012*	*2011*
Components of Net Periodic Pension Benefit Cost			
Service cost	**$ 21,904**	$ 22,349	$ 20,762
Interest cost	**40,995**	43,194	42,383
Expected return on plan assets	**(47,425)**	(48,780)	(49,480)
Curtailment loss	**855**	0	0
Amortization of prior service cost	**339**	274	340
Amortization of actuarial loss	**20,429**	19,526	11,670
Net periodic pension benefit cost	**$ 37,097**	$ 36,563	$ 25,675
Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income			
Net actuarial loss (gain)	**$ (163,205)**	$ 63,981	$ 90,886
Prior service cost (credit)	**(583)**	1,286	0
Reclassification of actuarial loss to net periodic pension benefit cost	**(20,429)**	(19,526)	(11,670)
Reclassification of prior service cost to net periodic pension benefit cost	**(1,194)**	(274)	(340)
Amount recognized in other comprehensive income	**$ (185,411)**	$ 45,467	$ 78,876
Amount recognized in net periodic pension benefit cost and other comprehensive income	**$ (148,314)**	$ 82,030	$ 104,551
Assumptions			
Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31			
Discount rate	**4.33%**	4.96%	5.49%
Expected return on plan assets	**7.50%**	8.00%	8.00%
Rate of compensation increase (for salary-related plans)	**3.50%**	3.50%	3.50%
Weighted-average assumptions used to determine benefit obligation at December 31			
Discount rate	**4.91%**	4.19%	4.96%
Rate of compensation increase (for salary-related plans)	**3.50%**	3.50%	3.50%

The estimated net actuarial loss and prior service cost that will be amortized from accumulated other comprehensive income into net periodic pension benefit cost during 201 4 are $ 9,983,000 and $ 187,000 respectively.

Assumptions regarding our expected return on plan assets are based primarily on judgments made by us and the Finance Committee of our Board . These judgments take into account the expectations of our pension plan consultants and actuaries and our investment advisors, and the opinions of market professionals. We base our expected return on long-term investment expectations. The expected return on plan assets used to determine 201 3 pension benefit cost was 7.50 % .

We establish our pension investment policy by evaluating asset/liability studies periodically performed by our consultants. These studies estimate trade-offs between expected returns on our investments and the variability in anticipated cash contributions to fund our pension liabilities. Our policy balances the variability in potential pension fund contributions to expected returns on our investments.

Our current strategy for implementing this policy is to invest in publicly traded equities and in publicly traded debt and private, nonliquid opportunities, such as venture capital, commodities, buyout funds and mezzanine debt. The target allocation ranges for plan assets are as follows: equity securities — 50 % to 77 %; debt securities — 15 % to 27 %; specialty investments — 10 % to 20 %; and cash reserves — 0 % to 5 %. Equity securities include domestic investments and foreign equities in the Europe, Australia and Far East (EAFE) and International Finance Corporation (IFC) Emerging Market Indices. Debt securities primarily include domestic debt instruments, while specialty investments include investments in venture capital, buyout funds, mezzanine debt , private partnerships and an interest in a commodity index fund.

The fair values of our pension plan assets at December 31, 201 3 and 201 2 by asset category are as follows:

Fair Value Measurements at December 31, 201 3

in thousands	*Level 1* [1]	*Level 2* [1]	*Level 3* [1]	*Total*
Asset Category				
Debt securities	$ 0	$ 137,034	$ 0	$ 137,034
Investment funds				
Commodity funds	0	23,773	0	23,773
Equity funds	602	490,355	0	490,957
Short-term funds	0	16,378	0	16,378
Venture capital and partnerships	0	0	88,482	88,482
Total pension plan assets	**$ 602**	**$ 667,540**	**$ 88,482**	**$ 756,624**

[1] *See Note 1 under the caption F air V alue M easurements for a description of the fair value hierarchy.*

Fair Value Measurements at December 31, 201 2

in thousands	*Level 1* [1]	*Level 2* [1]	*Level 3* [1]	*Total*
Asset Category				
Debt securities	$ 0	$ 155,874	$ 0	$ 155,874
Investment funds				
Commodity funds	0	27,906	0	27,906
Equity funds	4,503	388,499	0	393,002
Short-term funds	8,298	0	0	8,298
Venture capital and partnerships	0	0	98,011	98,011
Total pension plan assets	$ 12,801	$ 572,279	$ 98,011	$ 683,091

[1] *See Note 1 under the caption F air V alue M easurements for a description of the fair value hierarchy.*

At each measurement date, we estimate the fair value of our pension assets using various valuation techniques. We utilize, to the extent available, quoted market prices in active markets or observable market inputs in estimating the fair value of our pension assets. When quoted market prices or observable market inputs are not available, we utilize valuation techniques that rely on unobservable inputs to estimate the fair value of our pension assets. The following describes the types of investments included in each asset category listed in the table s above and the valuation techniques we used to determine the fair values as of December 31, 2013 and 201 2 .

The debt securities category consists of bonds issued by U.S. federal, state and local governments, corporate debt securities, fixed income obligations issued by foreign governments, and asset-backed securities. The fair values of U.S. government and corporate debt securities are based on current market rates and credit spreads for debt securities with similar maturities. The fair values of debt securities issued by foreign governments are based on prices obtained from broker/dealers and international indices. The fair values of asset-backed securities are priced using prepayment speed and spread inputs that are sourced from the new issue market.

Investment funds consist of exchange traded and non-exchange traded funds. The commodity funds asset category consists of a single open-end commodity mutual fund. The equity funds asset category consists of index funds for domestic equities and an actively managed fund for international equities. The short-term funds asset category consists of a collective investment trust invested in highly liquid, short-term debt securities. For investment funds publicly traded on a national securities exchange, the fair value is based on quoted market prices. For investment funds not traded on an exchange, the total fair value of the underlying securities is used to determine the net asset value for each unit of the fund held by the pension fund. The estimated fair values of the underlying securities are generally valued based on quoted market prices. For securities without quoted market prices, other observable market inputs are utilized to determine the fair value.

The venture capital and partnerships asset category consists of various limited partnership funds, mezzanine debt funds and leveraged buyout funds. The fair value of these investments has been estimated based on methods employed by the general partners, including consideration of, among other things, reference to third-party transactions, valuations of comparable companies operating within the same or similar industry, the current economic and competitive environment, creditworthiness of the corporate issuer, as well as market prices for instruments with similar maturity, term, conditions and quality ratings. The use of different assumptions, applying different judgment to inherently subjective matters and changes in future market conditions could result in significantly different estimates of fair value of these securities.

A reconciliation of the fair value measurements of our pension plan assets using significant unobservable inputs (Level 3) for the years ended December 31 is presented below:

Fair Value Measurements
Using Significant Unobservable Inputs (Level 3)

in thousands	*Venture Capital and Partnerships*
Balance at December 31, 2011	$ 106,801
Total gains (losses) for the period	(6,858)
Purchases, sales and settlements, net	15,356
Transfers in (out) of Level 3	(17,288)
Balance at December 31, 2012	$ 98,011
Total gains (losses) for the period	10,581
Purchases, sales and settlements, net	(20,110)
Transfers in (out) of Level 3	0
Balance at December 31, 2013	**$ 88,482**

Total employer contributions for the pension plans are presented below:

in thousands	*Pension*
Employer Contributions	
2011	$ 4,906
2012	4,509
2013	4,855
2014 (estimated)	15,539

During 2013, 2012 and 2011, w e made no contributions to our qualified pension plans. We do not anticipate contributions will be required to fund the qualified plans during 201 4 . However, we anticipate making a $4,100,000 discretionary contribution in 2014. For our nonqualified pension plans, w e made benefit payments of $4,855,000 , $4,509,000 and $4,906,000 d uring 2013, 201 2 and 201 1 , respectively, and expect to make payments of $11,400,000 during 201 4 .

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

in thousands	*Pension*
Estimated Future Benefit Payments	
2014	$ 50,147
2015	48,500
2016	50,158
2017	51,407
2018	54,405
2019-2023	286,320

We contribute to a number of multiemployer defined benefit pension plans under the terms of collective-bargaining agreements for union-represented employees. A multiemployer plan is subject to collective bargaining for employees of two or more unrelated companies. Multiemployer plans are managed by boards of trustees on which management and labor have equal representation. However, in most cases, management is not directly represented. The risks of participating in multiemployer plans differ from single employer plans as follows:

- assets contributed to a multiemployer plan by one employer may be used to provide benefits to employees of other participating employers
- if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers
- if we cease to have an obligation to contribute to one or more of the multiemployer plans to which we contribute, we may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability

A summary of each multiemployer pension plan for which we participate is presented below:

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status [1] 2013	Pension Protection Act Zone Status [1] 2012	FIP/RP Status Pending/ Implemented	Vulcan Contributions *in thousands* ***2013***	*2012*	*2011*	Surcharge Imposed	Expiration Date/Range of CBAs
A	36-6042061-001	Red	Red	No	**$ 137**	$ 147	$ 162	Yes	5/31/2013 [3]
B	36-6052390-001	Green	Green	No	**227**	418	408	No	5/31/2015 - 1/31/2016
C	36-6044243-001	Red	Red	No	**183**	302	276	Yes	5/31/2013 - [3] 1/31/2016
D	51-6031295-002	Green	Green	No	**80**	64	52	No	3/31/2014
E	94-6277608-001	Yellow	Yellow	Implemented	**252**	232	177	No	7/15/2016
F	52-6074345-001	Red	Red	Implemented	**1,018**	887	840	No	7/31/2014 - 1/31/2016
G	51-6067400-001	Green	Green	No	**201**	211	166	No	4/30/2014
H	36-6140097-001	Yellow	Green	No	**1,381**	1,392	1,543	No	4/30/2014
I	94-6090764-001	Red	Orange	Implemented	**2,489**	2,082	1,737	No	7/15/2016 - 9/17/2016
J	95-6032478-001	Red	Red	Implemented	**427**	391	313	No	9/30/2015
K	36-6155778-001	Red	Red	No	**217**	216	198	No	4/30/2013 [3]
L [2]	51-6051034-001	Green	Yellow	NA	**0**	0	24		
M	91-6145047-001	Green	Green	No	**968**	885	882	No	3/27/2014 - 4/8/2017
Total contributions					**$ 7,580**	$ 7,227	$ 6,778		

A Automobile Mechanics Local No. 701 Pension Fund
B Central Pension Fund of the IUOE and Participating Employers
C Central States Southeast and Southwest Areas Pension Plan
D IAM National Pension Fund
E Laborers Trust Funds for Northern California
F LIUNA National Industrial Pension Fund
G Local 786 Building Material Pension Trust
H Midwest Operating Engineers Pension Trust Fund
I Operating Engineers Trust Funds - Local 3
J Operating Engineers Pension Trust Funds - Local 12
K Suburban Teamsters of Northern Illinois Pension Plan
L Teamsters Union No 142 Pension Trust Fund
M Western Conference of Teamsters Pension Trust Fund

EIN Employer Identification Number
FIP Funding Improvement Plan
RP Rehabilitation Plan
CBA Collective Bargaining Agreement

1 The Pension Protection Act of 2006 defines the zone status as follows: G reen - healthy, Y ellow - endangered, O range - seriously endangered and R ed - critical.

2 All employees covered under this plan were located at operations divested on 9/30/2011.

3 This plan is c urrently operating under a contract extension.

Our contributions to individual multiemployer pension funds did not exceed 5% of the fund's total contributions in the three years ended December 31, 201 3 , 2012 and 2011 . Additionally, our contributions to multiemployer postretirement benefit plans were immaterial for all periods presented in the accompanying consolidated financial statements.

As of December 31, 201 3 , a total of 18 % of our domestic hourly labor force was covered by collective bargaining agreements. Of such employees covered by collective bargaining agreements, 12 % were covered by agreements that expire in 201 4 . We also employed 243 union employees in Mexico who are covered by a collective bargaining agreement that will expire in 201 4 . None of our union employees in Mexico participate in multiemployer pension plans.

In addition to the pension plans noted above, we had one unfunded supplemental retirement plan as of December 31, 201 3 and 201 2 . The accrued costs for the supplemental retirement plan were $ 1,328,000 at December 31, 2013 and $ 1,243,000 at December 31, 2012 .

POSTRETIREMENT PLANS

In addition to pension benefits, we provide certain healthcare and life insurance benefits for some retired employees. In the fourth quarter of 2012, we amended our postretirement healthcare plan to cap our portion of the medical coverage cost at the 2015 level. Effective July 15, 2007, we amended our salaried postretirement healthcare coverage to increase the eligibility age for early retirement coverage to age 62, unless certain grandfathering provisions were met. Substantially all our salaried employees and where applicable, hourly employees may become eligible for these benefits if they reach a qualifying age and meet certain service requirements. Generally, Company-provided healthcare benefits terminate when covered individuals become eligible for Medicare benefits, become eligible for other group insurance coverage or reach age 65, whichever occurs first.

The following table sets forth the combined funded status of the plans and their reconciliation with the related amounts recognized in our consolidated financial statements at December 31:

in thousands		***2013***		*2012*
Change in Benefit Obligation				
Projected benefit obligation at beginning of year	**$**	**113,500**	$	134,926
Service cost		**2,830**		4,409
Interest cost		**3,260**		5,851
Plan amendments		**0**		(38,414)
Actuarial (gain) loss		**(20,444)**		13,562
Benefits paid		**(6,258)**		(6,834)
Projected benefit obligation at end of year	**$**	**92,888**	$	113,500
Change in Fair Value of Plan Assets				
Fair value of assets at beginning of year	**$**	**0**	$	0
Actual return on plan assets		**0**		0
Fair value of assets at end of year	**$**	**0**	$	0
Funded status	**$**	**(92,888)**	$	(113,500)
Net amount recognized	**$**	**(92,888)**	$	(113,500)
Amounts Recognized in the Consolidated Balance Sheets				
Current liabilities	**$**	**(9,431)**	$	(10,366)
Noncurrent liabilities		**(83,457)**		(103,134)
Net amount recognized	**$**	**(92,888)**	$	(113,500)
Amounts Recognized in Accumulated Other Comprehensive Income				
Net actuarial loss	**$**	**16,405**	$	38,221
Prior service credit		**(36,319)**		(41,182)
Total amount recognized	**$**	**(19,914)**	$	(2,961)

The following table sets forth the components of net periodic benefit cost, amounts recognized in other comprehensive income, weighted-average assumptions and assumed trend rates of the plans at December 31:

dollars in thousands	***2013***	*2012*	*2011*
Components of Net Periodic Postretirement Benefit Cost			
Service cost	**$ 2,830**	$ 4,409	$ 4,789
Interest cost	**3,260**	5,851	6,450
Amortization of prior service credit	**(4,863)**	(1,372)	(674)
Amortization of actuarial loss	**1,372**	1,346	1,149
Net periodic postretirement benefit cost	**$ 2,599**	$ 10,234	$ 11,714
Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income			
Net actuarial (gain) loss	**$ (20,444)**	$ 13,562	$ (2,853)
Prior service credit	**0**	(38,414)	0
Reclassification of actuarial loss to net periodic postretirement benefit cost	**(1,372)**	(1,346)	(1,149)
Reclassification of prior service credit to net periodic postretirement benefit cost	**4,863**	1,372	674
Amount recognized in other comprehensive income	**$ (16,953)**	$ (24,826)	$ (3,328)
Amount recognized in net periodic postretirement benefit cost and other comprehensive income	**$ (14,354)**	$ (14,592)	$ 8,386
Assumptions			
Assumed Healthcare Cost Trend Rates at December 31			
Healthcare cost trend rate assumed for next year	**7.50%**	8.00%	7.50%
Rate to which the cost trend rate gradually declines	**5.00%**	5.00%	5.00%
Year that the rate reaches the rate it is assumed to maintain	**2019**	2019	2017
Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31			
Discount rate	**3.30%**	4.60%	4.95%
Weighted-average assumptions used to determine benefit obligation at December 31			
Discount rate	**4.10%**	3.30%	4.60%

The estimated net actuarial loss and prior service credit that will be amortized from accumulated other comprehensive income into net periodic postretirement benefit cost during 201 4 are $ 634,000 and $ (4,853,000), respectively.

Total employer contributions for the postretirement plans are presented below:

in thousands	*Postretirement*
Employer Contributions	
2011	$ 7,176
2012	6,834
2013	6,258
2014 (estimated)	9,431

The employer contributions shown above are equal to the cost of benefits during the year. The plans are not funded and are not subject to any regulatory funding requirements.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

in thousands	*Postretirement*
Estimated Future Benefit Payments	
2014	$ 9,431
2015	9,662
2016	9,605
2017	9,464
2018	9,417
2019–2023	40,429

Contributions by participants to the postretirement benefit plans for the years ended December 31 are as follows:

in thousands	*Postretirement*
Participants Contributions	
2011	$ 1,933
2012	1,901
2013	2,022

PENSION AND OTHER POSTRETIREMENT BENEFITS ASSUMPTIONS

Each year we review our assumptions about the discount rate, the expected return on plan assets, the rate of compensation increase (for salary-related plans) and the rate of increase in the per capita cost of covered healthcare benefits.

In selecting the discount rate, we consider fixed-income security yields, specifically high-quality bonds. We also analyze the duration of plan liabilities and the yields for corresponding high-quality bonds. At December 31, 201 3 , the discount rates for our various plans ranged from 3.80% to 5.15% (December 31, 2012 ranged from 3.05% to 4.35%) .

In estimating the expected return on plan assets, we consider past performance and long-term future expectations for the types of investments held by the plan as well as the expected long-term allocation of plan assets to these investments. At December 31, 201 3 , the expected return on plan assets remained at 7.50% .

In projecting the rate of compensation increase, we consider past experience and future expectations. At December 31, 201 3 , our projected weighted-average rate of compensation increase remains at 3.50% .

In selecting the rate of increase in the per capita cost of covered healthcare benefits, we consider past performance and forecasts of future healthcare cost trends. At December 31, 201 3 , our assumed rate of increase in the per capita cost of covered healthcare benefits remained at 7.50% for 201 4 , decreasing each year until reaching 5.0 0 % in 20 19 and r emaining level thereafter.

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the healthcare plans. A one-percentage-point change in the assumed healthcare cost trend rate would have the following effects:

in thousands	*One-percentage-point Increase*	*One-percentage-point Decrease*
Effect on total of service and interest cost	$ 1,977	$ (1,905)
Effect on postretirement benefit obligation	175	(170)

DEFINED CONTRIBUTION PLANS

We sponsor three defined contribution plans. Substantially all salaried and nonunion hourly employees are eligible to be covered by one of these plans. Expense recognized in connection with these plans totaled $ 21, 416,000 in 2013, $ 18,460,000 in 2012 and $ 16,057,000 in 2011 .

NOTE 11: INCENTIVE PLANS

SHARE-BASED COMPENSATION PLANS

Our 2006 Omnibus Long-term Incentive Plan (Plan) authorizes the granting of stock options, Stock-Only Stock Appreciation Rights (SOSARs) and other types of share-based awards to key salaried employees and non-employee directors. The maximum number of shares that may be issued under the Plan is 11,900,000 .

PERFORMANCE SHARES — Each performance share unit is equal to and paid in one share of our common stock, but carries no voting or dividend rights. The number of units ultimately paid for performance share awards may range from 0% to 200% of the number of units awarded on the date of grant . P ayment is based upon our Total Shareholder Return (TSR) performance relative to the TSR performance of the S&P 500 ®. A wards granted prior to 2011 vest on December 31 of the third year after date of grant. Awards granted in 2011 and beyond vest on December 31 of the fourth year after date of grant. Vesting is accelerated upon reaching retirement age, death, disability, or change of control, all as defined in the award agreement. Nonvested units are forfeited upon termination for any other reason. Expense provisions referable to these awards amounted to $16,159,000 in 2013, $12,151,000 in 2012 and $8,879,000 in 2011 .

The fair value of performance shares is estimated as of the date of grant using a Monte Carlo simulation model. The following table summarizes the activity for nonvested performance share units during the year ended December 31, 201 3 :

	Target Number of Shares	*Weighted-average Grant Date Fair Value*
Performance Shares		
Nonvested at January 1, 2013	836,366	$ 43.21
Granted	310,610	53.65
Vested	0	0.00
Canceled/forfeited	(26,780)	45.91
Nonvested at December 31, 2013	**1,120,196**	**$ 46.03**

During 2012 and 201 1 , the weighted-average grant date fair value of performance shares granted was $46.22 and $39.38 , respectively.

The aggregate values for distributed performance share awards are based on the closing price of our common stock as of the distribution date. The aggregate values of distributed performance shares for the years ended December 31 are as follows:

in thousands	***2013***	*2012*	*2011*
Aggregate value of distributed performance shares	**$ 9,286**	$ 493	$ 2,548

In addition to the performances shares granted in 2013 as noted above, we granted 60,000 restricted shares in December to certain key executives. These shares vest ratably over four years and had a grant date fair value of $54.35.

STOCK OPTIONS/SOSARS — Stock options/SOSARs granted have an exercise price equal to the market value of our underlying common stock on the date of grant. With the exceptions of the stock option grants awarded in December 2005 and January 2006, the options/SOSARs vest ratably over 3 to 5 years and expire 10 years subsequent to the grant. The options awarded in December 2005 and January 2006 were fully vested on the date of grant and expire 10 years subsequent to the grant date. Vesting is accelerated upon reaching retirement age, death, disability, or change of control, all as defined in the award agreement. Nonvested awards are forfeited upon termination for any other reason.

The fair value of stock options/SOSARs is estimated as of the date of grant using the Black-Scholes option pricing model. Compensation cost for stock options/SOSARs is based on this grant date fair value and is recognized for awards that ultimately vest. The following table presents the weighted-average fair value and the weighted-average assumptions used in estimating the fair value of grants during the years ended December 31:

	2013	*2012* [1]	*2011*
SOSARs			
Fair value	$ 16.96	N/A	$ 10.51
Risk-free interest rate	1.40%	N/A	2.27%
Dividend yield	1.72%	N/A	1.95%
Volatility	33.00%	N/A	31.57%
Expected term	8.00 years	N/A	7.75 years

[1] *No SOSARs were granted in 2012.*

The risk-free interest rate is based on the yield at the date of grant of a U.S. Treasury security with a maturity period approximating the SOSARs expected term. The dividend yield assumption is based on our historical dividend payouts adjusted for current expectations of future payouts . The volatility assumption is based on the historical volatility and expectations about future volatility of our common stock over a period equal to the SOSARs expected term. The expected term is based on historical experience and expectations about future exercises and represents the period of time that SOSARs granted are expected to be outstanding.

A summary of our stock option/SOSAR activity as of December 31, 201 3 and changes during the year are presented below:

	Number of Shares	*Weighted-average Exercise Price*	*Weighted-average Remaining Contractual Life (Years)*	*Aggregate Intrinsic Value (in thousands)*
Stock Options/SOSARs				
Outstanding at January 1, 2013	5,390,607	$ 57.73		
Granted	247,790	55.39		
Exercised	(419,045)	45.68		
Forfeited or expired	(20,606)	57.98		
Outstanding at December 31, 2013	**5,198,746**	**$ 58.59**	**4.09**	**$ 39,799**
Vested and expected to vest	**5,159,177**	**$ 58.71**	**4.06**	**$ 39,134**
Exercisable at December 31, 2013	**4,747,470**	**$ 59.64**	**3.69**	**$ 34,520**

The aggregate intrinsic values in the table above represent the total pretax intrinsic value (the difference between our stock price on the last trading day of 201 3 and the exercise price, multiplied by the number of in-the-money options/SOSARs) that would have been received by the option holders had all options/SOSARs been exercised on December 31, 201 3 . These values change based on the fair market value of our common stock. The aggregate intrinsic values of options /SOSARs exercised for the years ended December 31 are as follows:

in thousands	***2013***	*2012*	*2011*
Aggregate intrinsic value of options/ SOSARs exercised	**$ 4,563**	$ 5,674	$ 164

To the extent the tax deductions exceed compensation cost recorded, the tax benefit is reflected as a component of equity in our Consolidated Balance Sheets. The following table presents cash and stock consideration received and tax benefit realized from stock option/SOSAR exercises and compensation cost recorded referable to stock options/SOSARs for the years ended December 31:

in thousands	***2013***	*2012*	*2011*
Stock Options/SOSARs			
Cash and stock consideration received from exercises	**$ 17,156**	$ 15,787	$ 3,596
Tax benefit from exercises	**1,770**	2,202	66
Compensation cost	**3,936**	2,966	7,968

CASH-BASED COMPENSATION PLANS

We have incentive plans under which cash awards may be made annually to officers and key employees. Expense provisions referable to these plans amounted to $ 19,540,000 in 2013, $16,118,000 in 2012 and $6,938,000 in 2011 .

NOTE 12: COMMITMENTS AND CONTINGENCIES

We have commitments in the form of unconditional purchase obligations as of December 31, 201 3 . These include commitments for the purchase of property, plant & equipment of $5,813,000 and commitments for noncapital purchases of $75,052,000 . These commitments are due as follows:

in thousands	*Unconditional Purchase Obligations*
Property, Plant & Equipment	
2014	$ 5,813
Thereafter	0
Total	$ 5,813
Noncapital	
2014	$ 27,991
2015–2016	30,315
2017–2018	9,380
Thereafter	7,366
Total	$ 75,052

Expenditures under the noncapital purchase commitments totaled $ 83,699,000 in 2013, $ 83,599,000 in 2012 and $89,407,000 in 2011.

We have commitments in the form of minimum royalties under mineral leases as of December 31, 201 3 in the amount of $ 185,868,000 , due as follows:

in thousands	*Mineral Leases*
Mineral Royalties	
2014	$ 17,142
2015–2016	26,425
2017–2018	18,551
Thereafter	123,750
Total	$ 185,868

Expenditures for mineral royalties under mineral leases totaled $ 53,768,000 in 2013, $ 46,007,000 in 2012 and $45,690,000 in 2011 .

Certain of our aggregates reserves are burdened by volumetric production payments (nonoperating interest) as described in Note 1 under the caption Deferred Revenue . As the holder of the working interest, we have responsibility to bear the cost of mining and producing the reserves attributable to this nonoperating interest.

We provide , in the normal course of business, certain third party beneficiaries standby letters of credit to support our obligations to pay or perform according to the requirements of an u nderlying agreement. Such letters of credit typically have an initial term of one year, typically renew automatically, and can only be modified or cancelled with the approval of the beneficiary. All of our letters of credit are issued by banks that participate in our $500,000,000 line of credit, and reduce the borrowing capacity thereunder. We pay a fee for all letters of credit equal to the LIBOR margin (ranges from 1.50% to 2.00%) applicable to borrowings under the line of credit, plus 0.125% . Our standby letters of credit as of December 31, 201 3 are summarized by purpose in the table below:

in thousands	
Standby Letters of Credit	
Risk management insurance	**$ 32,839**
Industrial revenue bond	**14,230**
Reclamation/restoration requirements	**6,324**
Total	**$ 53,393**

As described in Note 9, our liability for unrecogniz ed ta x benefits is $ 12,155,000 as of December 31, 201 3 .

In September 2001, we were named a defendant in a suit brought by the Illinois Department of Transportation (IDOT) alleging damage to a 0.9-mile section of Joliet Road that bisects our McCook quarry in McCook, Illinois, a Chicago suburb. In 2010, we settled this lawsuit for $40,000,000 and recognized the full charge pending arbitration with our insurers. In 2011, we were awarded a total of $49,657,000 in payment of the insurers' share of the settlement amount, attorneys' fees and interest.

We are subject to occasional governmental proceedings and orders pertaining to occupational safety and health or to protection of the environment, such as proceedings or orders relating to noise abatement, air emissions or water discharges. As part of our continuing program of stewardship in safety, health and environmental matters, we have been able to resolve such proceedings and to comply with such orders without any material adverse effects on our business.

We have received notices from the United States Environmental Protection Agency (EPA) or similar state or local agencies that we are considered a potentially responsible party (PRP) at a limited number of sites under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA or Superfund) or similar state and local environmental laws. Generally we share the cost of remediation at these sites with other PRPs or alleged PRPs in accordance with negotiated or prescribed allocations. There is inherent uncertainty in determining the potential cost of remediating a given site and in determining any individual party's share in that cost. As a result, estimates can change substantially as additional information becomes available regarding the nature or extent of site contamination, remediation methods, other PRPs and their probable level of involvement, and actions by or against governmental agencies or private parties.

We have reviewed the nature and extent of our involvement at each Superfund site, as well as potential obligations arising under other federal, state and local environmental laws. While ultimate resolution and financial liability is uncertain at a number of the sites, in our opinion based on information currently available, the ultimate resolution of claims and assessments related to these sites will not have a material effect on our consolidated results of operations, financial position or cash flows, although amounts recorded in a given period could be material to our results of operations or cash flows for that period. Amounts accrued for environmental matters are presented in Note 8.

We are a defendant in various lawsuits in the ordinary course of business. It is not possible to determine with precision the outcome, or the amount of liability, if any, under these lawsuits, especially where the cases involve possible jury trials with as yet undetermined jury panels.

In addition to these lawsuits in which we are involved in the ordinary course of business, certain other material legal proceedings are specifically described below. At this time, we cannot determine the likelihood or reasonably estimate a range of loss pertaining to these matters.

PERCHLOROETHYLENE CASES

We are a defendant in a case involving perchloroethylene (perc), which was a product manufactured by our former Chemicals business. Perc is a cleaning solvent used in dry cleaning and other industrial application s. We are vigorously defending this case:

- SUFFOLK COUNTY WATER AUTHORITY — On July 29, 2010, we were served in an action styled *Suffolk County Water Authority v. The Dow Chemical Company, et al.* , in the Supreme Court for Suffolk County, State of New York. The complaint alleges that the plaintiff "owns and/or operates drinking water systems and supplies drinking water to thousands of residents and businesses, in Suffolk County, New York." The complaint alleges that perc and its breakdown products "have been and are contaminating and damaging Plaintiff's drinking water supply wells." The plaintiff is seeking compensatory and punitive damages. The trial cour t r uled that any detectable amount of perc in a well constitutes a legal injury. We are appealing this and other rulings of the trial court. Discovery is ongoing. At this time, plaintiffs have not established that our perc was used at any specific dry cleaner, or that we are liable for any alleged contamination.
- R.R. STREET INDEMNITY — Street, a former distributor of perc manufactured by us, alleges that we owe Street, and its insurer (National Union), a defense and indemnity in severa l l itigation matters in which Street was named as a defendant . National Union alleges that we are obligated to contribute to National Union's share of defense fees, costs and any indemnity payments made on Street's behalf. We have had discussions with Street about the nature and extent of indemnity obligations, if any, and to date there has been no resolution of these issues.

LOWER PASSAIC RIVER MATTER

- NJDEP LITIGATION — In 2009, Vulcan and over 300 other parties were named as third-party defendants in *New Jersey Department of Environmental Protection, et al. v. Occidental Chemical Corporation, et al.* , a case originally brought by the New Jersey Department of Environmental Protection (NJDEP) in the New Jersey Superior Court. Vulcan was brought into the suit due to alleged discharges to the l ower Passaic River (River) from the former Chemicals Division - Newark Plant. Vulcan owned and operated this site as a chloralkali plant from 1961-1974. In 1974, we sold the plant, although we continued to operate the plant for one additional year. This suit by the NJDEP seeks recovery of past and future clean-up costs, as well as unspecified economic damages, punitive damages, penalties and a variety of other forms of relief. All defendants, with the exception of Occidental Chemical Corporation, have reached a s ettlement agreement with the plaintiffs , which has been approved by the court. Since this matter has been settled, we will not report on it further .
- LOWER PASSAIC RIVER STUDY AREA (SUPERFUND SITE) — Vulcan and approximately 70 other companies are parties to a May 2007 Administrative Order on Consent (AOC) with the U.S. Environmental Protection Agency (EPA) to perform a Remedial Investigation/Feasibility Study (RI/FS) of the lower 17 miles of the River. Separately, the EPA issued a draft Focused Feasibility Study (FFS) that evaluated early action remedial alternatives for a portion of the River. The EPA was given a range of estimated cost s for these alternative s b etween $0.9 billion and $3.5 billion, although estimates of the cost and timing of future environmental remediation requirements are inherently imprecise and subject to revision . T he EPA has not released the final FFS. As an interim step related to the 2007 AOC, Vulcan and 69 other c ompanie s v oluntarily entered into an Administrative Settlement Agreement and Order on Consent on June 18, 2012 with the EPA for remediation actions focused at River Mile 10.9 of th e R iver. Our e stimated costs related to this focused remediation action , based on an interim allocation, are immaterial and have been accrued. On June 25, 2012, the EPA issued a Unilateral Administrative Order for Removal Response Activities to Occidental Chemical Corporation ordering Occidental to participate and cooperate in this remediation action at River Mile 10.9.
  At this time, we cannot reasonably estimate our liability related to this matter because the RI/FS is ongoing; the ultimate remedial approach and associated cost has not been determined; and the parties that will participate in funding the remediation and their respective allocations are not yet known.

OTHER LITIGATION

- TEXAS BRINE MATTER — During the operation of its former Chemicals Division, Vulcan was the lessee to a salt lease from 1976 – 2005 in an underground salt dome formation in Assumption Parish, Louisiana. The Texas Brine Company operated this salt mine for the account of Vulcan. Vulcan sold its Chemicals Division in 2005 and assigned the lease to the purchaser, and Vulcan has had no association with the leased premises or Texas Brine Company since that time. In August 2012, a sinkhole developed near the salt dome and numerous lawsuits were filed in state court in Assumption Parish, Louisiana. Other lawsuits, including class action litigation, were also filed in August 2012 in federal court in the Eastern District of Louisiana in New Orleans. There are numerous defendants to the litigation in state and federal court. Vulcan was first brought into the litigation as a third-party defendant in August 2013 by the Texas Brine Company. Vulcan has since been added as a direct and third-party defendant by other parties, including a direct claim by the State of Louisiana. The damages alleged in the litigation range from individual plaintiffs' claims for property damage, to the State of Louisiana's claim for response costs, to claims for indemnity and contribution from Texas Brine. It is alleged that Vulcan was negligent as a lessee under the salt lease, that Vulcan breached the salt lease, and that Vulcan breached an operating agreement with Texas Brine.
  Vulcan denies any liability in this matter and will vigorously defend the litigation. We cannot reasonably estimate any liability related to this matter.

It is not possible to predict with certainty the ultimate outcome of these and other legal proceedings in which we are involved and a number of factors, including developments in ongoing discovery or adverse rulings, or the verdict of a particular jury, could cause actual losses to differ materially from accrued costs. No liability was recorded for claims and litigation for which a loss was determined to be only reasonably possible or for which a loss could not be reasonably estimated. Legal costs incurred in defense of lawsuits are expensed as incurred. In addition, losses on certain claims and litigation described above may be subject to limitations on a per occurrence basis by excess insurance, as described in Note 1 under the caption Claims and Litigation Including Self-insurance.

NOTE 13: EQUITY

Our capital stock consists solely of common stock, par value $1.00 per share. Holders of our common stock are entitled to one vote per share. Our C ertificate of I ncorporation also authorize s preferred stock, of which no shares have been issued. The terms and provisions of such shares will be determined by our Board of Directors upon any issuance of preferred shares in accordance with our C ertificate of I ncorporation .

In September 2012 and February 2011, we issued 60,855 and 372,992 shares , respectively, of common stock in connection with a business acquisition as described in Note 19.

We periodically issue shares of common stock to the trustee of our 401(k) savings and retirement plan to satisfy the plan participants' elections to invest in our common stock. The resulting cash proceeds provide a means of improving cash flow, increasing equity and reducing leverage. Under this arrangement, the stock issuances and resulting cash proceeds for the years ended December 31 were as follows:

- 201 3 — issued 71,208 share s for cash proceeds of $3,821,000
- 201 2 — issued no share s
- 2011 — issued 110,881 shares for cash proceeds of $4,745,000

During 2012, we reclassified the $ 10,764,000 stock election portion of our directors deferred compensation obligation from liability (current and noncurrent) to equity (capital in excess of par). The participants' elections are irrevocable and the stock component must be settled in shares of our common stock.

There were no shares held in treasury as of December 31, 201 3 , 201 2 and 2011 and no shares purchased during any of these three years. As of December 31, 201 3 , 3,411,416 shares may be repurchased under the current purchase authorization of our Board of Directors.

NOTE 14: OTHER COMPREHENSIVE INCOME

Comprehensive income comprises two subsets: net earnings and other comprehensive income (OCI) . The components of other comprehensive income are presented in the accompanying Consolidated Statements of Comprehensive Income and Consolidated Statements of Equity, net of applicable taxes.

Amounts in accumulated other comprehensive income (AOCI), net of tax, at December 31, are as follows:

in thousands	***2013***	*2012*	*2011*
AOCI			
Cash flow hedges	**$ (25,178)**	$ (28,170)	$ (31,986)
Pension and postretirement plans	**(74,453)**	(197,347)	(184,858)
Total	**$ (99,631)**	$ (225,517)	$ (216,844)

Changes in AOCI, net of tax, are as follows:

in thousands	*Cash Flow Hedges*	*Pension and Postretirement Benefit Plans*	*Total*
AOCI			
Balance as of December 31, 2010	$ (39,137)	$ (138,202)	$ (177,339)
Other comprehensive income (loss) before reclassifications	0	(54,366)	(54,366)
Amounts reclassified from AOCI	7,151	7,710	14,861
Net current year OCI changes	7,151	(46,656)	(39,505)
Balance as of December 31, 2011	$ (31,986)	$ (184,858)	$ (216,844)
Other comprehensive income (loss) before reclassifications	0	(24,454)	(24,454)
Amounts reclassified from AOCI	3,816	11,965	15,781
Net current year OCI changes	3,816	(12,489)	(8,673)
Balance as of December 31, 2012	$ (28,170)	$ (197,347)	$ (225,517)
Other comprehensive income (loss) before reclassifications	0	111,883	111,883
Amounts reclassified from AOCI	2,992	11,011	14,003
Net current year OCI changes	2,992	122,894	125,886
Balance as of December 31, 2013	**$ (25,178)**	**$ (74,453)**	**$ (99,631)**

Amounts reclassified from AOCI to earnings, are as follows:

in thousands	***2013***	*2012*	*2011*
Reclassification Adjustment for Cash Flow Hedge Losses			
Interest expense	**$ 5,077**	$ 6,314	$ 11,657
Benefit from income taxes	**(2,085)**	(2,498)	(4,506)
Total	**$ 2,992**	$ 3,816	$ 7,151
Amortization of Pension and Postretirement Plan Actuarial Loss and Prior Service Cost [1]			
Cost of goods sold	**$ 14,516**	$ 15,665	$ 9,458
Selling, administrative and general expenses	**3,616**	4,109	3,027
Benefit from income taxes	**(7,121)**	(7,809)	(4,775)
Total	**$ 11,011**	$ 11,965	$ 7,710
Total reclassifications from AOCI to earnings	**$ 14,003**	$ 15,781	$ 14,861

[1] *See Note 10 for a breakdown of the 2013 reclassifications among the curtailment loss and amortization of actuarial loss and prior service cost.*

NOTE 15: SEGMENT REPORTING

We have four operating (and reporting) segments organized around our principal product lines: aggregates, concrete, asphalt mix and cement.

The Aggregates segment produces and sells aggregates (crushed stone, sand and gravel, sand, and other aggregates) and related products and services (transportation and other). During 201 3 , the Aggregates segment principally served markets in eighteen states, the District of Columbia, the Bahamas and Mexico with a full line of aggregates, and eleven additional states with railroad ballast. Customers use aggregates primarily in the construction and maintenance of highways, streets and other public works and in the construction of housing and commercial, industrial and other nonresidential facilities. Customers are served by truck, rail and water distribution networks from our production facilities and sales yards. Due to the high weight-to-value ratio of aggregates, markets generally are local in nature. Quarries located on waterways and rail lines allow us to serve remote markets where local aggregates reserves may not be available. We sell a relatively small amount of construction aggregates outside the United States. Nondomestic net sales were $12,339,000 in 2013, $14,733,000 in 2012 and $16,678,000 in 2011 .

The Concrete segment produces and sells ready-mixed concrete in six states and the District of Columbia. Additionally, we produce and sell , in a limited number of these markets, other concrete products such as block and precast and resell purchased building materials related to the use of ready-mixed concrete and concrete block.

The Asphalt Mix segment produces and sells asphalt mix in three states primarily in our southwestern and western markets.

Aggregates comprise approximately 78% of ready-mixed concrete by weight and 95% of asphalt mix by weight. Our Concrete and Asphalt Mix segments are almost wholly supplied with their aggregates requirements from our Aggregates segment. These intersegment sales are made at local market prices for the particular grade and quality of product utilized in the production of ready-mixed concrete and asphalt mix. Customers for our Concrete and Asphalt Mix segments are generally served locally at our production facilities or by truck. Because ready-mixed concrete and asphalt mix harden rapidly, delivery is time constrained and generally confined to a radius of approximately 20 to 25 miles from the producing facility.

The Cement segment produces and sells Portland and masonry cement in both bulk and bags from our Florida cement plant. Other Cement segment facilities in Florida import and export cement, clinker and slag and either resell, grind, blend, bag or reprocess those materials. This segment also includes a Florida facility that mines, produces and sells calcium products. Our Concrete segment is the largest single customer of our Cement segment.

The vast majority of our activities are domestic. Long-lived assets outside the United States, which consist primarily of property, plant & equipment, were $140,504,000 in 2013, $138,415,000 in 2012 and $142,988,000 in 2011 . Equity method investments of $22,962,000 in 2013, $22,965,000 in 2012 and $22,876,000 in 2011 are included below in the identifiable assets for the Aggregates segment.

SEGMENT FINANCIAL DISCLOSURE

in millions	***2013***	*2012*	*2011*
Total Revenues			
Aggregates			
Segment revenues	**$ 1,899.0**	$ 1,729.4	$ 1,734.0
Intersegment sales	**(185.4)**	(148.2)	(142.6)
Net sales	**$ 1,713.6**	$ 1,581.2	$ 1,591.4
Concrete			
Segment revenues	**$ 471.7**	$ 406.4	$ 374.7
Net sales	**$ 471.7**	$ 406.4	$ 374.7
Asphalt Mix			
Segment revenues	**$ 393.4**	$ 378.1	$ 399.0
Net sales	**$ 393.4**	$ 378.1	$ 399.0
Cement			
Segment revenues	**$ 97.3**	$ 84.6	$ 71.9
Intersegment sales	**(47.3)**	(39.1)	(30.1)
Net sales	**$ 50.0**	$ 45.5	$ 41.8
Totals			
Net sales	**$ 2,628.7**	$ 2,411.2	$ 2,406.9
Delivery revenues	**142.0**	156.1	157.7
Total revenues	**$ 2,770.7**	$ 2,567.3	$ 2,564.6
Gross Profit			
Aggregates	**$ 413.3**	$ 352.1	$ 306.2
Concrete	**(24.8)**	(38.2)	(43.4)
Asphalt Mix	**32.7**	22.9	25.6
Cement	**5.7**	(2.8)	(4.5)
Total	**$ 426.9**	$ 334.0	$ 283.9
Depreciation, Depletion, Accretion and Amortization (DDA&A)			
Aggregates	**$ 224.8**	$ 240.7	$ 267.0
Concrete	**33.0**	41.3	47.7
Asphalt Mix	**8.7**	8.7	7.7
Cement	**18.1**	18.1	17.8
Other	**22.5**	23.2	21.5
Total	**$ 307.1**	$ 332.0	$ 361.7
Capital Expenditures			
Aggregates	**$ 253.0**	$ 77.0	$ 67.6
Concrete	**13.1**	9.2	6.3
Asphalt Mix	**17.1**	7.2	16.1
Cement	**0.2**	1.2	3.2
Corporate	**1.2**	1.2	4.7
Total	**$ 284.6**	$ 95.8	$ 97.9
Identifiable Assets [1]			
Aggregates	**$ 7,006.7**	$ 6,717.3	$ 6,837.0
Concrete	**370.1**	412.3	461.1
Asphalt Mix	**195.0**	218.9	234.9
Cement	**413.3**	398.1	417.8
Total identifiable assets	**7,985.1**	7,746.6	7,950.8
General corporate assets	**80.3**	104.5	122.7
Cash items	**193.7**	275.5	155.8
Total assets	**$ 8,259.1**	$ 8,126.6	$ 8,229.3

[1] *Certain temporarily idled assets are included within a segment's Identifiable Assets but the associated DDA&A is shown within Other in the DDA&A section above as the related DDA&A is excluded from segment gross profit.*

NOTE 16: SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental information referable to the Consolidated Statements of Cash Flows is summarized below:

in thousands	***2013***	*2012*	*2011*
Cash Payments (Refunds)			
Interest (exclusive of amount capitalized)	**$ 196,794**	$ 207,745	$ 205,088
Income taxes	**30,938**	20,374	(29,874)
Noncash Investing and Financing Activities			
Accrued liabilities for purchases of property, plant & equipment	**$ 18,864**	$ 9,627	$ 7,226
Fair value of noncash assets and liabilities exchanged	**0**	0	25,994
Amounts referable to business acquisitions			
Liabilities assumed	**232**	0	13,912
Fair value of equity consideration	**0**	0	18,529

NOTE 17: ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations (AROs) are legal obligations associated with the retirement of long-lived assets resulting from the acquisition, construction, development and/or normal use of the underlying assets.

Recognition of a liability for an ARO is required in the period in which it is incurred at its estimated fair value. The associated asset retirement costs are capitalized as part of the carrying amount of the underlying asset and depreciated over the estimated useful life of the asset. The liability is accreted through charges to operating expenses. If the ARO is settled for other than the carrying amount of the liability, we recognize a gain or loss on settlement.

We record all AROs for which we have legal obligations for land reclamation at estimated fair value. Essentially all these AROs relate to our underlying land parcels, including both owned properties and mineral leases. For the years ended December 31, we recognized ARO operating costs related to accretion of the liabilities and depreciation of the assets as follows:

in thousands	***2013***	*2012*	*2011*
ARO Operating Costs			
Accretion	**$ 10,685**	$ 7,956	$ 8,195
Depreciation	**3,527**	5,599	7,242
Total	**$ 14,212**	$ 13,555	$ 15,437

ARO operating costs are reported in cost of goods sold. AROs are reported within other noncurrent liabilities in our accompanying Consolidated Balance Sheets.

Reconciliations of the carrying amounts of our AROs for the years ended December 31 are as follows:

in thousands	***2013***	*2012*
Asset Retirement Obligations		
Balance at beginning of year	**$ 150,072**	$ 153,979
Liabilities incurred	**69,111**	127
Liabilities settled	**(16,203)**	(2,993)
Accretion expense	**10,685**	7,956
Revisions up (down), net	**14,569**	(8,997)
Balance at end of year	**$ 228,234**	$ 150,072

The ARO liabilities incurred during 2013 relate primarily to reclamation activities required under a new development agreement and a conditional use permit at an aggregates facility on owned property in Southern California. The reclamation requirements at this property will result in the restoration and development of mined property into a 90 acre tract suitable for commercial and retail development. U pward revisions to our ARO liability during 2013 are largely attributable to an adjacent aggregates facility on owned propert y. The estimated cost to fill and compact the property increased and the estimated settlement date decreased resulting in an upward revision to the ARO.

Downward r evisions to our ARO liability during 2012 relate primarily to extensions in the estimated settlement dates a t numerous sites .

NOTE 18: GOODWILL AND INTANGIBLE ASSETS

We classify purchased intangible assets into three categories: (1) goodwill, (2) intangible assets with finite lives subject to amortization and (3) intangible assets with indefinite lives. Goodwill and intangible assets with indefinite lives are not amortized; rather, they are reviewed for impairment at least annually. For additional information regarding our policies on impairment reviews, see Note 1 under the captions Goodwill and Goodwill Impairment, and Impairment of Long-lived Assets excluding Goodwill.

GOODWILL

Goodwill is recognized when the consideration paid for a business combination (acquisition) exceeds the fair value of the tangible and other intangible assets acquired. Goodwill is allocated to reporting units for purposes of testing goodwill for impairment. There were no charges for goodwill impairment in the years ended December 31, 201 3 , 201 2 and 201 1 .

We have four reportable segments organized around our principal product lines: aggregates, concrete, asphalt mix and cement. Changes in the carrying amount of goodwill by reportable segment for the years ended December 31, 201 3 , 201 2 and 201 1 are summarized below:

in thousands	*Aggregates*	*Concrete*	*Asphalt Mix*	*Cement*	*Total*
Goodwill, Gross Carrying Amount					
Total as of December 31, 2011	$ 2,995,083	$ 0	$ 91,633	$ 252,664	$ 3,339,380
Total as of December 31, 2012	$ 2,995,083	$ 0	$ 91,633	$ 252,664	$ 3,339,380
Goodwill of divested businesses [1]	(5,195)	0	0	0	(5,195)
Total as of December 31, 2013	**$ 2,989,888**	**$ 0**	**$ 91,633**	**$ 252,664**	**$ 3,334,185**
Goodwill, Accumulated Impairment Losses					
Total as of December 31, 2011	$ 0	$ 0	$ 0	$ (252,664)	$ (252,664)
Total as of December 31, 2012	$ 0	$ 0	$ 0	$ (252,664)	$ (252,664)
Total as of December 31, 2013	**$ 0**	**$ 0**	**$ 0**	**$ (252,664)**	**$ (252,664)**
Goodwill, net of Accumulated Impairment Losses					
Total as of December 31, 2011	$ 2,995,083	$ 0	$ 91,633	$ 0	$ 3,086,716
Total as of December 31, 2012	$ 2,995,083	$ 0	$ 91,633	$ 0	$ 3,086,716
Total as of December 31, 2013	**$ 2,989,888**	**$ 0**	**$ 91,633**	**$ 0**	**$ 3,081,521**

[1] *The goodwill of divested businesses relates to the 2013 divestitures discussed in Note 19.*

We test goodwill for impairment on an annual basis or more frequently if events or circumstances change in a manner that would more likely than not reduce the fair value of a reporting unit below its carrying value. A decrease in the estimated fair value of one or more of our reporting units could result in the recognition of a material, noncash write-down of goodwill.

INTANGIBLE ASSETS

Intangible assets acquired in business combinations are stated at their fair value determined as of the date of acquisition. Costs incurred to renew or extend the life of existing intangible assets are capitalized. These capitalized renewal/extension costs were immaterial for the years presented. Intangible assets consist of contractual rights in place (primarily permitting and zoning rights), noncompetition agreements, favorable lease agreements, customer relationships and trade names and trademarks. Intangible assets acquired individually or otherwise obtained outside a business combination consist primarily of permitting, permitting compliance and zoning rights and are stated at their historical cost, less accumulated amortization, if applicable.

See Note 19 for the details of the intangible assets acquired in business acquisitions during 2013 and 2012 . Amortization of finite-lived intangible assets is computed based on the estimated life of the intangible assets. Contractual rights in place associated with aggregates reserves are amortized using the unit-of-production method based on estimated recoverable units. Other intangible assets are amortized principally by the straight-line method. Intangible assets are reviewed for impairment when events or circumstances indicate that the carrying amount may not be recoverable. There were no charges for impairment of intangible assets in the years ended December 31, 201 3 , 201 2 and 201 1 .

The gross carrying amount and accumulated amortization by major intangible asset class for the years ended December 31 are summarized below:

in thousands		***2013***		*2012*
Gross Carrying Amount				
Contractual rights in place	**$**	**649,506**	$	640,450
Noncompetition agreements		**1,200**		1,450
Favorable lease agreements		**16,677**		16,677
Permitting, permitting compliance and zoning rights		**88,113**		82,596
Customer relationships		**14,393**		14,493
Trade names and trademarks		**5,006**		5,006
Other		**2,014**		3,711
Total gross carrying amount	**$**	**776,909**	$	764,383
Accumulated Amortization				
Contractual rights in place	**$**	**(49,000)**	$	(42,470)
Noncompetition agreements		**(925)**		(985)
Favorable lease agreements		**(3,053)**		(2,584)
Permitting, permitting compliance and zoning rights		**(16,461)**		(14,625)
Customer relationships		**(7,275)**		(5,927)
Trade names and trademarks		**(2,587)**		(2,044)
Other		**(30)**		(3,216)
Total accumulated amortization	**$**	**(79,331)**	$	(71,851)
Total Intangible Assets Subject to Amortization, net	**$**	**697,578**	$	692,532
Intangible Assets with Indefinite Lives		**0**		0
Total Intangible Assets, net	**$**	**697,578**	$	692,532
Amortization Expense for the Year	**$**	**11,732**	$	11,869

Estimated amortization expense for the five years subsequent to December 31, 201 3 is as follows:

in thousands		
Estimated Amortization Expense for Five Subsequent Years		
2014	$	12,994
2015		12,870
2016		13,173
2017		13,785
2018		14,347

NOTE 19: ACQUISITIONS AND DIVESTITURES

201 3 ACQUISITIONS , DIVESTITURES AND PENDING DIVESTITURES

In 2013, we acquired:

- land containing 136 million tons of aggregates reserves at an existing quarry for $117,000,000 . We previously operated this quarry under a lease which was scheduled to expire in 2017
- one aggregates production facility and four ready-mixed concrete facilities for $29,983,000 . As a result, we recognized $5,425,000 of amortizable intangible assets (contractual rights in place). The contractual rights in place will be amortized against earnings using the unit-of-production method over an estimated weighted-average period in excess of 50 years and will be deductible for income tax purposes over 15 years
- two aggregates production facilities for $59,968,000 . After finalizing the purchase price allocation, we recognized $3,620,000 of amortizable intangible assets (contractual rights in place). The contractual rights in place will be amortized against earnings using the unit-of-production method over an estimated weighted-average period in excess of 20 years and will be deductible for income tax purposes over 15 years

In 2013, we sold:

- mitigation credits for net pretax cash proceeds of $1,463,000 resulting in a pretax gain of $1,377,000
- reclaimed land associated with a former site of a ready-mixed concrete facility for net pretax cash proceeds of $11,261,000 resulting in a pretax gain of $9,027,000
- a percentage of the future production from aggregates reserves at certain owned quarries. The sale was structured as a volumetric production payment (VPP) for which we received gross cash proceeds of $154,000,000 and incurred transaction costs of $905,000 . The net proceeds were recorded as deferred revenue and are amortized on a unit-of-sales basis to revenues over the term of the VPP . See Note 1, caption Deferred Revenu e, for the key terms of the VPP
- four aggregates production facilities for net pretax cash proceeds of $34,743,000 resulting in a pretax gain of $21,183,000 . We allocated $4,521,000 of goodwill to these dispositions based on the relative fair values of the businesses disposed of and the portion of the reporting unit retained. Additionally, the dispositions of these facilities will likely result in a partial withdrawal from one of our multiemployer pension plans; therefore, we recognized a $4,000,000 liability related to this plan
- one aggregates production facility and its related replacement reserve land for net pretax cash proceeds of $5,133,000 resulting in a pretax gain of $2,802,000 . W e allocated $674,000 of goodwill to this disposition based on the relative fair value of the business disposed of and the portion of the reporting unit retained
- equipment and other personal property from two idled prestress concrete production facilities for net pretax cash proceeds of $622,000 resulting in a pretax gain of $457,000

Effective land management is both a business strategy and a social responsibility. We strive to achieve value through our mining activities as well as incremental value through effective post-mining land management. Our land management strategy includes routinely reclaiming and selling our previously mined land. Additionally, this strategy includes developing conservation banks by preserving land as a suitable habitat for endangered or sensitive species. These conservation banks have received approval from the United States Fish and Wildlife Service to offer mitigation credits for sale to third parties who may be required to compensate for the loss of habitats of endangered or sensitive species.

Pending divestitur e (Aggregates segment — a previously mined and subsequently reclaimed tract of land) is presented in the accompanying Consolidated Balance Sheet as of December 31, 201 3 as assets held for sale. We expect the sale to occur during 201 4 . Likewise, pending divestitures as of December 31, 2012 (Aggregates segment — a previously mined and subsequently reclaimed tract of land, an aggregates production facilit y a nd its related replacement reserve land, and Concrete segment — reclaimed land associated with a former site of a ready-mix ed concrete facili ty) are presented in the accompanying Consolidated Balance Sheet as of December 31, 2012 as assets held for sale and liabilities of assets held for

sale. The major classes of assets and liabilities of assets classified as held for sale as of December 31 are as follows:

in thousands	***2013***	*2012*
Held for Sale		
Current assets	**$ 0**	$ 809
Property, plant & equipment, net	**10,559**	14,274
Total assets held for sale	**$ 10,559**	$ 15,083
Noncurrent liabilities	**$ 0**	$ 801
Total liabilities of assets held for sale	**$ 0**	$ 801

2012 DIVESTITURES

In 2012, we sold :

- two t racts of lan d t otaling approximately 148 acres for net pretax cash proceeds of $57,690,000 resulting in a pretax gain of $41,155,000
- an aggregates production facility including approximately 197 acres of lan d for net pretax cash proceeds of $10,476,000 resulting in a pretax gain of UPD
- a percentage of the future production from aggregates reserves at certain owned and leased quarries. The sale was structured as a VPP for which we received gross cash proceeds of $75,200,000 and incurred transactions costs of $1,617,000 . The net proceeds were recorded as deferred revenue and are amortized on a unit-of-sales basis to revenues over the term of the VPP . See Note 1, caption Deferred Revenue, for the key terms of the VPP
- mitigation credit s for net pretax cash proceeds of $13,469,000 resulting in a pretax gain of $12,342,000
- real estat e for net pretax cash proceeds of $9,691,000 resulting in a pretax gain of $5,979,000

201 1 ACQUISITIONS AND DIVESTITURES

In 2011, we consummated a transaction resulting in an exchange of assets.

We acquired:

- three aggregates facilities and one distribution yard

In return, we divested:

- two aggregates facilities, one asphalt mix facility, two ready-mixed concrete facilities, one recycling operation and undeveloped real property

Total consideration for the acquired assets of $35,406,000 included the fair value of the divested assets plus $10,000,000 cash paid. We recognized a gain of $587,000 , net of transaction costs of $531,000 , based on the fair value of the divested assets.

Additionally in 201 1 , we acquired:

- ten ready-mixed concrete facilities for 432,407 shares of common stock valued at the closing date price of $42.85 per share (total consideration of $18,529,000 net of acquired cash). We issued 372,992 shares to the seller at closing and retained the remaining shares to fulfill certain working capital adjustments and indemnification obligations. We issued an additional 60,855 shares (including shares accrued for dividends) of common stock to the seller as the final payment during 2012. As a result of this acquisition, we recognized $6,419,000 of amortizable intangible assets, none of which is deductible for income tax purposes. The amortizable intangible assets consist of contractual rights in place and will be amortized over an estimated weighted-average period of 20 years

Additionally in 201 1 , we sold:

- four aggregates facilities for net cash proceeds at closing of $61,774,000 an d a receivable of $2,400,000 resulting in a pretax gain of $39,659,000 . The book value of the divested operations included $10,300,000 of goodwill based on the relative fair value of the divested operations as compared to the relative fair value of the retained portion of the reporting unit

NOTE 20: UNAUDITED SUPPLEMENTARY DATA

The following is a summary of selected quarterly financial information (unaudited) for each of the years ended December 31, 201 3 and 20 12 :

	2013			
	Three Months Ended			
in thousands, except per share data	*March 31*	*June 30*	*Sept 30*	*Dec 31*
Net sales	$ 504,554	$ 696,078	$ 775,183	$ 652,881
Total revenues	538,162	738,733	813,568	680,246
Gross profit	17,655	132,895	158,983	117,347
Operating earnings (loss) [1]	(50,058)	86,866	99,767	53,829
Earnings (loss) from continuing operations [1]	(61,619)	30,128	42,150	10,097
Net earnings (loss) [1]	(54,836)	28,772	41,363	9,083
Basic earnings (loss) per share from continuing operations	$ (0.47)	$ 0.23	$ 0.32	$ 0.08
Diluted earnings (loss) per share from continuing operations	$ (0.47)	$ 0.23	$ 0.32	$ 0.08
Basic net earnings (loss) per share	$ (0.42)	$ 0.22	$ 0.32	$ 0.07
Diluted net earnings (loss) per share	$ (0.42)	$ 0.22	$ 0.31	$ 0.07

[1] *Includes restructuring costs as described in Note 1, as follows (in thousands): Q1 $1,509, Q2 $0, Q3 $ 0 and Q4 $ 0 .*

	2012			
	Three Months Ended			
in thousands, except per share data	*March 31*	*June 30*	*Sept 30*	*Dec 31*
Net sales	$ 499,851	$ 648,890	$ 687,616	$ 574,886
Total revenues	535,882	694,136	728,861	608,431
Gross profit	21,958	105,939	126,923	79,206
Operating earnings (loss) [1, 2]	(46,279)	19,662	55,866	55,532
Earnings (loss) from continuing operations [1, 2]	(57,050)	(16,985)	15,621	4,488
Net earnings (loss) [1, 2]	(52,053)	(18,283)	14,260	3,483
Basic earnings (loss) per share from continuing operations	$ (0.44)	$ (0.13)	$ 0.12	$ 0.03
Diluted earnings (loss) per share from continuing operations	$ (0.44)	$ (0.13)	$ 0.12	$ 0.03
Basic net earnings (loss) per share	$ (0.40)	$ (0.14)	$ 0.11	$ 0.03
Diluted net earnings (loss) per share	$ (0.40)	$ (0.14)	$ 0.11	$ 0.03

[1] *Includes exchange offer costs as described in Note 1, as follows (in thousands): Q1 $10,065, Q2 $32,060, Q3 $1,206 and Q4 $49.*

[2] *Includes restructuring costs as described in Note 1, as follows (in thousands): Q1 $1,411, Q2 $4,551, Q3 $3,056 and Q4 $539.*

NOTE 21: SUBSEQUENT EVENTS

On January 23, 2014, we entered into an agreement to sell our cement and concrete businesses in the Florida area to Cementos Argos for gross cash proceeds of $720,000,000 . We will retain all of our aggregates operations in Florida. As part of the transaction, we have entered into a separate supply agreemen t t o provide aggregates to the divested facilities, at market prices, for a period of 20 years. We will retain our Cement segment’s calcium operation in Brooksville, Florida , as well as real estate associated with certain former ready-mixed concrete facilities. As a result of our continuing involvement (supply agreement) and the retained assets, we will not report the dispositions as discontinued operations. The transaction, which is subject to regulatory approval under the Hart-Scott-Rodino Act and customary closing conditions, is expected to close in the first quarter of 2014.

Concurrent with the announcement of the transaction with Cementos Argos, we initiated a tender offer to purchase $ 500,000,000 of outstanding debt. Based on the results as of the early tender date , the expected note purchases are denominated as follows; $375,000,000 of 6.50% notes due in 2016 and $125,000,000 of 6.40% notes due in 2017. The tender offer is expected to settle in the first quarter of 2014 and is contingent on closing the transaction with Cementos Argos.

ITEM 9

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTA NTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A

CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES

We maintain a system of controls and procedures designed to ensure that information required to be disclosed in reports we file with the SEC is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms. These disclosure controls and procedures (as defined in the Securities and Exchange Act of 1934 Rules 13a - 15(e) or 15d -15(e)), include, without limitation, controls and procedures designed to ensure that information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. Our Chief Executive Officer and Chief Financial Officer, with the participation of other management officials, evaluated the effectiveness of the design and operation of the disclosure controls and procedures as of December 31, 201 3 . Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective.

We are in the process of replacing our legacy information technology systems and hav e co mpleted the implementation of our financial reporting software, which is a major component of the replacement. In addition, we have substantially completed implement ation of our quote to cash software system, which is another significant component of the replacement. The new information technology systems are the source of most of the information presented in this Annual Report on Form 10-K. We are continuing to work toward the full implementation of the quote to cash system and expect the implementation to be completed during the third quarter of 2014.

No other changes were made to our internal controls over financial reporting or other factors that could materially affect these controls during the fourth quarter of 201 3 .

MANAGEMENT 'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining an adequate system of internal control over financial reporting as required by the Sarbanes-Oxley Act of 2002 and as defined in Exchange Act Rule 13a-15(f). A control system can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Under management's supervision, an evaluation of the design and effectiveness of our internal control over financial reporting was conducted based on the framework in *Internal Control — Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 201 3 .

Deloitte & Touche LLP, an independent registered public accounting firm, as auditors of our consolidated financial statements, has issued an attestation report on the effectiveness of our internal control over financial reporting as of December 31, 201 3 . Deloitte & Touche LLP's report, which expresses an unqualified opinion on the effectiveness of our internal control over financial reporting, follows this report.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM – INTERNAL CONTROL OVER FINANCIAL REPORTING

The Board of Directors and Shareholders of Vulcan Materials Company:

We have audited the internal control over financial reporting of Vulcan Materials Company and its subsidiary companies (the "Company") as of December 31, 201 3 based on criteria established in *Internal Control — Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

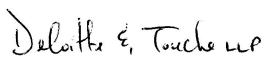
We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 201 3 based on the criteria established in *Internal Control — Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of the Company as of and for the year ended December 31, 201 3 and our report dated February 26 , 201 4 expressed an unqualified opinion on those financial statements .



Birmingham, Alabama
February 26 , 201 4

None.

PART I II

ITEM 10
DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

On or about March 28 , 201 4, we expect to file a definitive proxy statement with the Securities and Exchange Commission pursuant to Regulation 14A (our " 201 4 Proxy Statement "). The information under the headings " Proposal 1 - Election of Director s, " " Co rporate Governance of our Company and Practices of our Board of Directors, " and " General Information - Section 16(a) Beneficial Ownership Reporting Compliance " included in the 201 4 Proxy Statement is incorporated herein by reference. See also the information set forth above in Part I, Item I " Business " of this report.

ITEM 11
EXECUTIVE COMPENSATION

The information under the headings "Compensation Discussion and Analysis," "Director Compensation ," "E xecutive Compensation , " “Corporate Governance of our Company and Practices of our Board of Directors,” and “Compensation Committee Report” included in our 201 4 Proxy Statement is incorporated herein by reference.

ITEM 12
SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information under the headings "Security Ownership of Certain Beneficial Owners and Management," "Equity Compensation Plans" and "Payment Upon Termination and Change in Control" included in our 201 4 Proxy Statement is incorporated herein by reference.

ITEM 13
CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information under the headings " Corporate Governance of our Company and Practices of our Board of Directors " included in our 201 4 Proxy Statement is hereby incorporated by reference.

ITEM 14
PRINCIPAL ACCOUNT ING FEES AND SERVICES

The information required by this section is incorporated by reference from the information under the heading entitled "Independent Registered Public Accounting Firm" in our 201 4 Proxy Statemen t.

PART I V

ITEM 15

EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) (1) Financial statements

The following financial statements are included herein on the pages shown below:

	Page in Report
Report of Independent Registered Public Accounting Firm	52
Consolidated Statements of Comprehensive Income	53
Consolidated Balance Sheets	54
Consolidated Statements of Cash Flows	55
Consolidated Statements of Equity	56
Notes to Consolidated Financial Statements	57 – 104

(a) (2) Financial statement schedules

Financial statement schedule s are omitted because of the absence of conditions under which they are required or because the required information is provided in the financial statements or notes thereto.

Financial statements (and summarized financial information) of 50% or less owned entities accounted for by the equity method have been omitted because they do not, considered individually or in the aggregate, constitute a significant subsidiary.

(a) (3) Exhibits

The exhibits required by Item 601 of Regulation S-K are either incorporated by reference herein or accompany this report. See the Index to Exhibits set forth below.

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on February 2 6 , 201 4 .

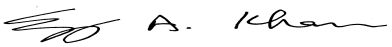
VULCAN MATERIALS COMPANY

By

Donald M. James

Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
Donald M. James	Chairman, Chief Executive Officer and Director (Principal Executive Officer)	February 2 6, 201 4
John R. McPherson	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 2 6, 201 4
 Ejaz A. Khan	Vice President, Controller and Chief Information Officer (Principal Accounting Officer)	February 2 6, 201 4

The following directors:

Phillip W. Farmer	Director
H. Allen Franklin	Director
Ann McLaughlin Korologos	Director
Douglas J. McGregor	Director
Richard T. O'Brien	Director
James T. Prokopanko	Director
Donald B. Rice	Director
Lee J. Styslinger, III	Director
Vincent J. Trosino	Director
Kathleen Wilson-Thompson	Director

By

Michael R. Mills
Attorney-in-Fact

February 2 6, 201 4

Exhibit 2	Asset Purchase Agreement dated January 23, 2014, among Florida Rock Industries, Inc., Florida Cement, Inc., Argos Cement LLC and Argos Ready Mix, with the Company and Cementos Argos S.A. as Guarantors, filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed on January 23, 2014 [1]
Exhibit 3(a)	Certificate of Incorporation (Restated 2007) of the Company (formerly known as Virginia Holdco, Inc.), filed as Exhibit 3.1 to the Company's Current Report on Form 8-K on November 16, 2007 [1]
Exhibit 3(b)	Amended and Restated By-Laws of the Compan y f iled as Exhibit 3 (b) to the Company's Current Report on Form 8-K on March 19, 2013 [1]
Exhibit 4(a)	Supplemental Indenture No. 1 , dated as of November 16, 2007, among the Company, Legacy Vulcan Corp. and The Bank of New York Trust Company, N.A., as Trustee filed as Exhibit 4.1 to the Company's Current Report on Form 8-K on November 21, 2007 [1]
Exhibit 4(b)	Senior Debt Indenture, dated as of December 11, 2007, between the Company and Wilmington Trust Company, as Trustee, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K on December 11, 2007 [1]
Exhibit 4(c)	First Supplemental Indenture, dated as of December 11, 2007, between Vulcan Materials Company and Wilmington Trust Company, as Trustee, to that certain Senior Debt Indenture, dated as of December 11, 2007, between the Company and Wilmington Trust Company, as Trustee, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K on December 11, 2007 [1]
Exhibit 4(d)	Second Supplemental Indenture , dated June 20, 2008 between the Company and Wilmington Trust Company, as Trustee, to that certain Senior Debt Indenture dated as of December 11, 2007, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on June 20, 2008 [1]
Exhibit 4(e)	T hird Supplemental Indenture , dated February 3, 2009, between the Company and Wilmington Trust Company, as Trustee, to that certain Senior Debt Indenture dated as of December 11, 2007 filed as Exhibit 10(f) to the Company's Annual Report on Form 10-K filed on March 2, 2009 [1]
Exhibit 4(f)	Indenture , dated as of May 1, 1991, by and between Legacy Vulcan Corp. (formerly Vulcan Materials Company) and First Trust of New York (as successor trustee to Morgan Guaranty Trust Company of New York) filed as Exhibit 4 to the Form S-3 on May 2, 1991 (Registration No. 33-40284) [1]
Exhibit 10(a)	Underwriting Agreement, dated June 11, 2009, among the Company and Goldman , Sachs & Co., Merrill Lynch, Pierce , Fenner & Smith Incorporated, J . P. Morgan Securities, Inc. and Wachovia Capital Markets, LLC, as representatives of the several underwriters named therein filed as Exhibit 1.1 to the Company's Report on Form 8-K filed on June 17, 2009 [1]
Exhibit 10(b)	Underwriting Agreement, dated June 17, 2008, among the Company and Banc of America Securities, LLC, Goldman, Sachs & Co., J . P . Morgan Securities, Inc. and Wachovia Capital Markets, LLC as Representatives of several underwriters named therein filed as Exhibit 1.1 to the Company's Current Report on Form 8-K filed on June 20, 2008 [1]
Exhibit 10(c)	Credit Agreement, dated as of December 15, 2011, among the Company and SunTrust Bank as administrative agent , and the Lenders and other parties named therein filed as Exhibit 99.1 to the Company's Current Report on Form 8-K filed on December 20, 2011 [1]
Exhibit 10(d)	Amendment No. 1 to Credit Agreement, dated as of January 27, 2012, among the Company and SunTrust Bank, as administrative agent, and the Lenders and other parties named therein filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 31, 2012 [1]
Exhibit 10(e)	Unfunded Supplemental Benefit Plan for Salaried Employees, as amended, filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed on December 17, 2008 [1,2]
Exhibit 10(f)	Amendment No. 1 to the Unfunded Supplemental Benefit Plan for Salaried Employees filed as Exhibit 10 .1 to its Current Report on Form 8-K on January 7, 2014 [1,2]

Exhibit 10(g)	Deferred Compensation Plan for Directors Who Are Not Employees of the Company, as amended, filed as Exhibit 10.5 to the Company's Current Report on Form 8-K filed on December 17, 2008 [1,2]
Exhibit 10(h)	The 2006 Omnibus Long-Term Incentive Plan of the Company filed as Appendix C to Legacy Vulcan Corp.'s 2006 Proxy Statement on Schedule 14A filed on April 13, 2006 [1,2]
Exhibit 10(i)	Amendment to the 2006 Omnibus Long-Term Incentive Plan of the Company filed as Appendix A to the Company's 2011 Proxy Statement on Schedule 14A filed March 31, 2011 [1,2]
Exhibit 10(j)	Amendment to the 2006 Omnibus Long-Term Incentive Plan of the Company dated February 9, 2012, filed as Exhibit 10(l) to the Company's Annual Report on Form 10-K for the year ended December 31, 2011 filed on February 9, 2012
Exhibit 10(k)	Deferred Stock Plan for Nonemployee Directors of the Company filed as Exhibit 10 (f) to Legacy Vulcan Corp.'s Annual Report on Form 10-K for the year ended December 31, 2001 filed on March 27, 2002 [1,2]
Exhibit 10(l)	Restricted Stock Plan for Nonemployee Directors of the Company, as amended, filed as Exhibit 10.6 to the Company's Current Report on Form 8-K filed on December 17, 2008 [1,2]
Exhibit 10(m)	Executive Deferred Compensation Plan, as amended, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 17, 2008 [1,2]
Exhibit 10(n)	Form of Change of Control Employment Agreement (Double Trigger) filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 2, 2008 [1,2]
Exhibit 10(o)	Change of Control and Noncompetition Agreement between the Company and John R. McPherson dated October 7, 2011, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 11, 2011 [1,2]
Exhibit 10(p)	Waiver Agreement to Change of Control Employment Agreement of Donald M. James dated April 29 , 2013, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 29, 2013 [1,2]
Exhibit 10(q)	Waiver Agreement to Change of Control Employment Agreement of J. Thomas Hill dated December 20, 2013, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 20, 2013 [1,2]
Exhibit 10(r)	Waiver Agreement to Change of Control Employment Agreement of Michael R. Mills dated December 20, 2013, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on December 20, 2013 [1,2]
Exhibit 10(s)	Waiver Agreement to Change of Control Employment Agreement of Danny R. Shepherd dated December 20, 2013, filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed on December 20, 2013 [1,2]
Exhibit 10(t)	Waiver Agreement to Change of Control Employment Agreement of Daniel F. Sansone dated December 20, 2013, filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed on December 20, 2013 [1,2]
Exhibit 10(u)	Executive Incentive Plan of the Company, as amended, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on December 17, 2008 [1,2]
Exhibit 10(v)	Supplemental Executive Retirement Agreement filed as Exhibit 10 to Legacy Vulcan Corp.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2001 filed on November 2, 2001 [1,2]
Exhibit 10(w)	Form of Stock Option Agreement filed as Exhibit 10(o) to Legacy Vulcan Corp.'s Report on Form 8-K filed on December 20, 2005 [1,2]
Exhibit 10(x)	Form of Director Deferred Stock Unit Agreement filed as Exhibit 10.9 to the Company's Current Report on Form 8-K filed on December 17, 2008 [1,2]
Exhibit 10(y)	Form of Performance Share Unit Agreement filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 11, 2010 [1,2]

Exhibit 10(z)	Form of Performance Share Unit Agreement (2012) filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 14, 2012 [1,2]
Exhibit 10(aa)	Form of Stock - Only Stock Appreciation Rights Agreement filed as Exhibit 10(p) to Legacy Vulcan Corp.'s Report on Form 10-K filed on February 26, 2007 [1,2]
Exhibit 10(bb)	Stock-Only Stock Appreciation Rights Agreement between the Company and John R. McPherson dated November 9, 2011, filed as Exhibit 10(a) to the Company's Current Report on Form 8-K filed on November 15, 2011 [1,2]
Exhibit 10(cc)	Form of Employee Deferred Stock Unit Amended Agreement filed as Exhibit 10.7 to the Company's Current Report on Form 8-K filed on December 17, 2008 [1,2]
Exhibit 10(dd)	2014 Compensation Decisions filed in the Company's Current Report on Amended Form 8-K filed on February 19 , 2014 [1,2]
Exhibit 21	List of the Company's material subsidiaries as of December 31, 201 3
Exhibit 23	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm
Exhibit 24	Powers of Attorney
Exhibit 31(a)	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act
Exhibit 31(b)	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act
Exhibit 32(a)	Certificate of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act
Exhibit 32(b)	Certificate of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act
Exhibit 9 5	MSHA Citations and Litigation
Exhibit 101.INS	XBRL Instance Document
Exhibit 101.SCH	XBRL Taxonomy Extension Schema Document
Exhibit 101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
Exhibit 101.LAB	XBRL Taxonomy Extension Label Linkbase Document
Exhibit 101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
Exhibit 101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

[1] *Incorporated by reference.*

[2] *Management contract or compensatory plan .*

Our SEC file number for documents filed with the SEC pursuant to the Securities Exchange Act of 1934, as amended, is 001-33841.

EXHIBIT 21

SUBSIDIARIES AS OF DECEMBER 31, 2013

	State or Other Jurisdiction of Incorporation or Organization	% Owned Directly or Indirectly by Vulcan
CalMat Co.	Delaware	100
Florida Rock Industries, Inc.	Florida	100
Harper Bros. Inc.	Florida	100
Legacy Vulcan Corp.	New Jersey	100
The Arundel Corporation	Maryland	100
Virginia Concrete Company, Incorporated	Virginia	100
Vulcan Gulf Coast Materials, Inc.	New Jersey	100
Vulcan Lands, Inc.	New Jersey	100

EXHIBIT 2 3

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-174609 on Form S-3 and Registration Statements No. 333-148993, 333-148238, 333-147450, and 333-147449 on Form S-8 of our reports dated February 2 6 , 201 4 , relating to the consolidated financial statements of Vulcan Materials Company and its subsidiary companies (the "Company") and the effectiveness of the Company's internal control over financial reporting appearing in this Annual Report on Form 10-K of Vulcan Materials Company for the year ended December 31, 201 3.

/s/ DELOITTE & TOUCHE LLP

Birmingham, Alabama

February 26 , 2014

EXHIBIT 24

POWER OF ATTORNEY

The undersigned director of Vulcan Materials Company, a New Jersey corporation, hereby nominates, constitutes and appoints Michael R. Mills, Amy M. Tucker and Jerry F. Perkins Jr. and each of them, the true and lawful attorneys of the undersigned to sign the name of the undersigned as director to the Annual Report on Form 10-K for the year ended December 31, 201 3 of said corporation to be filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, and to any and all amendments to said report.

The undersigned hereby grants to said attorneys full power of substitution, resubstitution and revocation, all as fully as the undersigned could do if personally present, hereby ratifying all that said attorneys or their substitutes may lawfully do by virtue hereof.

IN WITNESS WHEREOF, the undersigned director of Vulcan Materials Company has executed this Power of Attorney this 24 th day of February, 201 4 .

/s/ Phillip W. Farmer
Phillip W. Farmer

/s/ H. Allen Franklin
H. Allen Franklin

/s/ Ann McLaughlin Korologos
Ann McLaughlin Korologos

/s/ Douglas J. McGregor
Douglas J. McGregor

/s/ Richard T. O'Brien
Richard T. O'Brien

/s/ James T. Prokopanko
James T. Prokopanko

/s/ Donald B. Rice
Donald B. Rice

/s/ Lee J. Styslinger, III
Lee J. Styslinger, III

/s/ Vincent J. Trosino
Vincent J. Trosino

/s/ Kathleen Wilson-Thompson
Kathleen Wilson-Thompson

EXHIBIT 31(a)
CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Donald M. James, certify that:

1. I have reviewed this annual report on Form 10- K of Vulcan Materials Company;
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 financial statements, and other financial information included in this report, fairly present in all material respects the 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 officer 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 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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 officer 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 February 2 6, 201 4

Donald M. James
Chairman and Chief Executive Officer

EXHIBIT 31(b)

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, John R. McPherson , certify that:

1. I have reviewed this annual report on Form 10- K of Vulcan Materials Company;
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 financial statements, and other financial information included in this report, fairly present in all material respects the 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 officer 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 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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 officer 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 February 2 6, 201 4

John R. McPherson , Executive Vice President
and Chief Financial Officer

EXHIBIT 32(a)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
OF
VULCAN MATERIALS COMPANY
PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES OXLEY ACT OF 2002

I, Donald M. James, Chairman and Chief Executive Officer of Vulcan Materials Company, certify that the Annual Report on Form 10- K (the "report") for the year ended December 3 1 , 2013, filed with the Securities and Exchange Commission on the date hereof:

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

(ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Vulcan Materials Company.

Donald M. James
Chairman and Chief Executive Officer
February 26, 2014

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Vulcan Materials Company and will be retained by Vulcan Materials Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32(b)

CERTIFICATION OF CHIEF FINANCIAL OFFICER
OF
VULCAN MATERIALS COMPANY
PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES OXLEY ACT OF 2002

I, John R. McPherson , Executive Vice President and Chief Financial Officer of Vulcan Materials Company, certify that the Annual Report on Form 10- K (the “report ”) for the year ended December 31, 2013, filed with the Securities and Exchange Commission on the date hereof:

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

(ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Vulcan Materials Company.

John R. McPherson , Executive Vice President
a nd Chief Financial Officer
February 26, 201 4

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Vulcan Materials Company and will be retained by Vulcan Materials Company and furnished to the Securities and Exchange Commission or its staff upon request.

On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) was enacted. Section 1503 of the Dodd-Frank Act requires companies that are “operators” (as such term is defined in the Federal Mine Safety and Health Act of 1977 (the Mine Act)) to disclose certain mine safety information in each periodic report to the Securities and Exchange Commission. This information is related to the enforcement of the Mine Act by the Mine Safety and Health Administration (MSHA).

The Dodd-Frank Act and the subsequent implementing regulation issued by the SEC require disclosure of the following categories of violations, orders and citations: (1) Section 104 S&S Citations, which are citations issued for 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; (2) Section 104(b) Orders, which are orders issued upon a follow up inspection where the inspector finds the violation previously cited has not been totally abated in the prescribed time period; (3) Section 104(d) Citations and Orders, which are issued upon violations of mandatory health or safety standards caused by an unwarrantable failure of the operator to comply with the standards; (4) Section 110(b)(2) Violations, which result from the reckless and repeated failure to eliminate a known violation; (5) Section 107(a) Orders, which are given when MSHA determines that an imminent danger exists and results in an order of immediate withdrawal from the area of the mine affected by the condition; and (6) written notices from MSHA of 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 mine health or safety hazards under Section 104(e). In addition, the Dodd-Frank Act requires the disclosure of the total dollar value of proposed assessments from MSHA under the Mine Act and the total number of mining related fatalities.

The following disclosures are made pursuant to Section 1503.

During the twelve months ended December 3 1 , 2013, none of our operations: (i) received any orders under Section 104 (b), which are issued upon a follow up inspection where the inspector finds the violation previously cited has not been totally abated in the prescribed time period; (ii) had any flagrant violations under Section 110(b) (2); or (iii) received notice from MSHA of a pattern of violations of mandatory health or safety standards under Section 104(e). One fatality occurred on November 7, 2013 at our Lithia Springs, Georgia quarry w hen a haul truck driver over-traveled a berm and landed in a water-filled settling pon d .

CALENDAR YEAR 2013

The table below sets forth, by mine, the total number of citations and/or orders issued by MSHA during the period covered by this report under the indicated provisions of the Mine Act, together with the total dollar value of proposed assessments, if any, from MSHA, received during the twelve months ended December 31, 2013. Of our 257 active MSHA-regulated facilities during the year, we received 494 federal mine safety inspections at 219 facilities during the reporting period. Of our inspected facilities, 171 did not receive any reportable citations or orders.

Name of Operation	Number of Inspections	Total Number of S&S Citations	Mine Act § 104 (b) Orders	Mine Act § 104(d) Citations and Orders	Mine Act § 110(b) (2) Violations	Mine Act § 107 (a) Orders	Total Dollar Value of Proposed MSHA Assessments (dollars in thousands)	Total Number of Mining Related Fatalities	Received Written Notice under Mine Act § 104(e) (yes/no)
BLACK ANGUS S&G, AZ	3	4	0	0	0	0	0.7	0	No
BOLINGBROOK STONE, IL	5	4	0	0	0	0	3.4	0	No
CALCIUM PLANT, FL	3	1	0	0	0	0	0.6	0	No
CENTRAL, KY	7	3	0	0	0	0	2.1	0	No
COLUMBIA QUARRY- UG, TN	5	1	0	0	0	0	0.4	0	No
COLUMBIA QUARRY, SC	2	1	0	0	0	0	0.2	0	No
COOKEVILLE QUARRY, TN	3	1	0	0	0	0	0.2	0	No
CORONA QUARRY, CA	3	2	0	0	0	0	0	0	No
DALTON, GA	3	1	0	0	0	0	0.2	0	No
DOLCITO STONE, AL	3	2	0	0	0	0	3	0	No
DREYFUS QUARRY, SC	2	1	0	0	0	0	0.2	0	No
FRANKLIN QUARRY, TN	4	1	0	0	0	0	0	0	No
GRAY COURT, SC	3	2	0	0	0	0	1.3	0	No
GREENWOOD, SC	2	2	0	0	0	0	2.7	0	No
GREYSTONE QUARRY, NC	1	1	0	0	0	0	0.3	0	No
HUEBNER RD STONE, TX	5	3	0	1	0	0	0.5	0	No
HUNTSVILLE NORT, AL	3	1	0	0	0	0	0.2	0	No
KANKAKEE, IL	2	2	0	0	0	0	0.7	0	No
KINGSPORT QUARRY, TN	1	2	0	0	0	0	0.4	0	No
LITHIA SPRINGS, GA	2	3	0	0	0	0	0	1	No
LOS BANOS S&G, CA	3	1	0	0	0	0	0	0	No
MACON QUARRY, GA	2	1	0	0	0	0	0.7	0	No
MARYVILLE QUARRY, TN	1	1	0	0	0	0	0.6	0	No
MCCOOK, IL	3	2	0	0	0	0	0	0	No
MECKLENBURG QUARRY, VA	3	2	0	0	0	0	1.2	0	No
MIAMI QUARRY, FL	2	1	0	0	0	0	0.3	0	No
NORCROSS, GA	3	1	0	0	0	0	0.7	0	No
PLEASANTON S&G, CA	2	1	0	0	0	0	0.1	0	No
RELIANCE S&G, CA	2	1	0	0	0	0	0.1	0	No
RICHMOND RD QUARRY, KY	5	2	0	0	0	0	0.4	0	No
SACRAMENTO PLANT, CA	2	1	0	0	0	0	0.2	0	No
SAN EMIDIO S&G, CA	4	1	0	0	0	0	0.2	0	No
SANGER S&G, CA	2	1	0	0	0	0	0.2	0	No
SKIPPERS QUARRY, VA	3	2	0	0	0	0	0.6	0	No
SOUTH RUSSELLVILLE, AL	3	1	0	0	0	0	0.6	0	No
SPICEWOOD, TX	3	1	0	0	0	0	0	0	No
SPRUCE PINE QUARRY, NC	3	1	0	0	0	0	0.1	0	No
STAFFORD QUARRY, VA	1	1	0	0	0	0	0.7	0	No
TABLE MOUNTAIN PLANT, CA	3	1	0	0	0	0	0.6	0	No
TAMPA CEMENT GRINDING PLANT, FL	1	2	0	0	0	0	1.7	0	No
TSB CEMENT PLANT, FL	3	1	0	0	0	0	1.8	0	No
VAL VISTA S&G, AZ	1	2	0	0	0	0	0.3	0	No
VILLA RICA, GA	3	1	0	0	0	0	0.2	0	No
VULCAN DRILL SERVICE SG, AL	2	1	0	0	0	0	0.5	0	No
WEATHERFORD STONE, TX	2	3	0	0	0	1	3.1	0	No
WEST 43RD SAND & GRAVEL, AZ	3	1	0	0	0	0	0.2	0	No
WEST TEXAS PORTABLE 3, TX	3	0	0	1	0	0	0	0	No
WHEELER RIDGE, CA	3	1	0	0	0	0	0.1	0	No
OTHER OPERATIONS - 171	361	0	0	0	0	0	0	0	No
Total	**494**	**73**	**0**	**2**	**0**	**1**	**32.5**	**1**	

The total dollar value of proposed assessments received during the twelve months ended December 31, 2013 for all other citations, as well as proposed assessments received during the reporting period for citations previously issued, is $ 115 , 292 .

The table below sets forth, by mine, category of legal action and number of legal actions pending before the Federal Mine Safety and Health Review Commission as of December 3 1 , 2013.

	Number of Legal Actions		
Name of Operation	Contest Penalty	Contest Citations	Complaint of Discharge, Discrimination
HOUSTON YARD, TX	1	0	0
BOLINGBROOK STONE, IL	3	0	0
ROCKINGHAM, NC	1	0	0
DREYFUS, SC	1	0	0
GREYSTONE QUARRY, NC	1	0	0
MECKLENBURG QUARRY, VA	1	0	0
LAWRENCEVILLE QUARRY, VA	1	0	0
TAMPA CEMENT GRINDING, FL	1	0	0
KEUKA SAND PLANT, FL	1	0	0
NOTASULGA QUARRY, AL	1	0	0
ELKIN QUARRY, NC	1	0	0
ROYAL STONE QUARRY, VA	1	0	0
STAFFORD QUARRY, VA	1	0	0
GRAHAM QUARRY/ OCCOQUAN QUARRY, VA	1	0	0

The table below sets forth, by mine, category of legal action and number of legal actions filed before the Federal Mine Safety and Health Review Commission during the twelve months ended December 3 1 , 2013.

	Number of Legal Actions		
Name of Operation	Contest Penalty	Contest Citations	Complaint of Discharge, Discrimination
SPICEWOOD QUARRY, TX	1	0	0
MCCOOK QUARRY, IL	2	0	0
ROCHESTER S&G, IL	1	0	0
BOLINGBROOK QUARRY, IL	2	0	0
HENDERSONVILLE QUARRY, NC	1	0	0
TUSCUMBIA QUARRY, AL	1	0	0
ROCKINGHAM QUARRY, NC	1	0	0
BLACKSBURG QUARRY, SC	1	0	0
TUSCALOOSA QUARRY, AL	0	3	0
VULCAN DRILL SERVICE SG, AL	0	1	0
NOTASULGA QUARRY, AL	1	0	0
STOCKBRIDGE QUARRY, GA	1	0	0
LITHIA SPRINGS QUARRY, GA	1	0	0
PINEVILLE QUARRY, NC	1	0	0
HENDERSONVILLE QUARRY, NC	1	0	0
ELKIN QUARRY, NC	1	0	0
MANASSAS QUARRY, VA	1	0	0
STAFFORD QUARRY, VA	1	0	0
GRAHAM/OCCOQUAN QUARRY, VA	1	0	0
MECKLENBURG QUARRY, VA	1	0	0
LAWRENCEVILLE QUARRY, VA	1	0	0
FREDERICK QUARRY, VA	1	0	0
TAMPA CEMENT, FL	1	0	0
MIAMI QUARRY, FL	1	0	0
SUN CITY S&G, AZ	1	0	0
WEST 43 RD S&G, AZ	1	0	0

The table below sets forth, by mine, category of legal action and number of legal actions resolved by the Federal Mine Safety and Health Re view Commission during the twelve months ended December 3 1 , 2013.

	Number of Legal Actions		
Name of Operation	Contest Penalty	Contest Citations	Complaint of Discharge, Discrimination
DABNEY ASPHALT QUARRY, TX	1	0	0
HELOTES STONE QUARRY, TX	1	0	0
SPICEWOOD QUARRY, TX	1	0	0
GRAND RIVERS QUARRY, KY	1	0	0
BOLINGBROOK STONE QUARRY, IL	1	1	0
FRANCISVILLE, IN -- SOLD	1	0	0
MANTEO, IL	2	0	0
MACON COUNTY, IL	1	0	0
ROCHESTER S&G, IL	1	0	0
MCCOOK QUARRY, IL	1	0	0
HANOVER QUARRY, PA	1	0	0
BLAIRSVILLE QUARRY, GA	1	1	0
FORT PAYNE QUARRY, AL	1	0	0
WILSON COUNTY, TN	0	10	0
SHELBYVILLE QUARRY, TN	0	6	0
BLACKSBURG QUARRY, SC	1	0	0
FORT PAYNE QUARRY, AL	1	0	0
KENNESAW QUARRY, GA	1	0	0
PACOLET QUARRY, SC	1	0	0
NOTASULGA QUARRY, AL	2	0	0
HENDERSONVILLE QUARRY, NC	1	0	0
TUSCUMBIA QUARRY, AL	1	0	0
ROCKINGHAM QUARRY, NC	1	0	0
BLACKSBURG QUARRY, SC	1	0	0
STOCKBRIDGE QUARRY, GA	1	0	0
LITHIA SPRINGS QUARRY, GA	1	0	0
RICHMOND QUARRY, VA	1	0	0
MANASSAS QUARRY, VA	3	0	0
STAFFORD QUARRY, VA	1	0	0
ROYAL STONE QUARRY, VA	1	0	0
MECKLENBURG QUARRY, VA	1	0	0
FREDERICK QUARRY, MD	2	0	0
MESA S&G, AZ	1	0	0
WEST 43 RD S&G, AZ	1	0	0