VULCAN MATERIALS COMPANY

2011 ANNUAL REPORT

Vulcan
Materials Company

Don James
Chairman and Chief Executive Officer

To our shareholders and friends:

Two thousand eleven was an important year for Vulcan. While the economy continued its slow but steady recovery, your Board of Directors and management team took decisive actions to position Vulcan for better performance in any economic environment and to deliver stronger growth and profitability in the future.

Despite the economic downturn, cash gross profit per ton in our aggregates business today exceeds that at the peak of the last cycle. Our strong operating leverage should enable us to generate significant earnings growth as the economy improves. In addition, our assets are well-positioned in many of the nation's highest-growth markets. Our employees continue to build on their reputation as the best in the industry. As one example of many, our health and safety statistics for 2011 were the best ever recorded in Vulcan's history and our environmental performance resulted in the lowest number of environmental citations since 1999, when we were a much smaller company.

We also are beginning to reap the benefits of critical investments we have made over the past few years to improve operating efficiency, including replacing legacy IT systems and processes with new Enterprise Resource Planning (ERP) and shared services platforms. These state-of-the-art platforms are helping to streamline processes enterprise-wide. They are allowing us to standardize and consolidate administrative and support functions, while providing enhanced flexibility to monitor and control costs. They also have enabled Vulcan to undertake the restructuring actions and Profit Enhancement Plan that I will discuss later in this letter.

OVERVIEW OF RESULTS

Our financial results for 2011 are provided in the attached Form 10-K.

While facing significantly reduced demand due to the recession in construction activity, our aggregates business continues to maintain its high level of unit profitability. Cash earnings per ton are 24 percent higher than at the peak of demand in 2005. Our downstream asphalt and ready-mixed concrete businesses, on the other hand, have been significantly affected during the economic downturn, particularly in California and Florida.

Despite highly challenging market conditions throughout the year, significant improvements in our fourth quarter 2011 results show the benefits of the actions we have been taking, and along with other key indicators from the year, provide fresh indications of improving performance in an improving economy. For example:

- Fourth quarter EBITDA, excluding a restructuring charge and expenses related to an unsolicited exchange offer we received in December, increased 50 percent from the fourth quarter of 2010 due primarily to higher aggregates earnings and a 10 percent reduction in Selling, Administrative and General (SAG) expenses.

- Gross profit in the fourth quarter increased $24 million (47 percent) and gross profit margins improved 360 basis points due primarily to higher aggregates earnings.

- All key labor and energy efficiency metrics for our aggregates segment improved for the fourth quarter and the full year from the prior year, and helped offset increases in the unit cost of diesel fuel (a 25 percent increase for the quarter and 35 percent increase for the full year), demonstrating Vulcan's cost management leadership.

- Full year SAG expenses were $38 million lower (11 percent) than in the prior year.

• In 2011 we strengthened our balance sheet by successfully completing debt refinancings that lengthen our debt maturity profile, assure liquidity and provide financial flexibility to continue investing in our business as the economy recovers. We also put in place a new five-year revolving credit facility.

• Full year EBITDA was $425 million. Reconciliations to GAAP measures can be found on page 32 of our Form 10-K.

• Full year results include $86 million related to pre-tax gains from the sale of non-strategic assets and from insurance recoveries, $13 million in pre-tax charges for restructuring, and $2 million in pre-tax charges relating to the unsolicited exchange offer. In addition, the Company incurred one-time pre-tax charges of $26 million in connection with the debt tender offer and debt retirement completed earlier this year.

We are on the right path and are poised for better results in 2012.

RESTRUCTURING PLAN

One of the significant actions we announced last year was a major restructuring to consolidate our eight divisions into four operating regions. The restructuring plan, developed during the year and approved by our Board on December 9, included streamlining our support functions and reducing related positions and overhead costs. Importantly, our new ERP and shared services platforms enabled us to implement the restructuring initiative efficiently and quickly.

This restructuring plan has now been substantially completed, and along with other actions completed earlier in 2011, has resulted in annualized overhead cost savings of more than $55 million. Vulcan's new organizational structure fits well with our decentralized management approach, and reinforces our long-standing practice of maintaining close, local relationships with our customers, a top priority at Vulcan.

PROFIT ENHANCEMENT PLAN

As part of our ongoing efforts to accelerate earnings growth and enhance our credit profile, in February 2012 we announced a major Profit Enhancement Plan that our senior management team had developed during 2011. This announcement encompasses numerous initiatives that were timed to follow the restructuring plan and the implementation of key components of our ERP platform.

This plan includes cost reductions and other profit enhancements to improve our run-rate profitability as measured by EBITDA, at current volumes, by at least $100 million annually. We expect to achieve the full run rate by the second half of 2013. We are confident this plan will drive improved profitability by leveraging our already robust procurement practices to capture significant incremental savings in production, technology and other capital spending, transportation and logistics. We also will capture gains by improving the efficiency of support functions; standardizing and simplifying workflows; fully leveraging our shared services structure; and retiring legacy IT systems.

PLANNED ASSET SALES

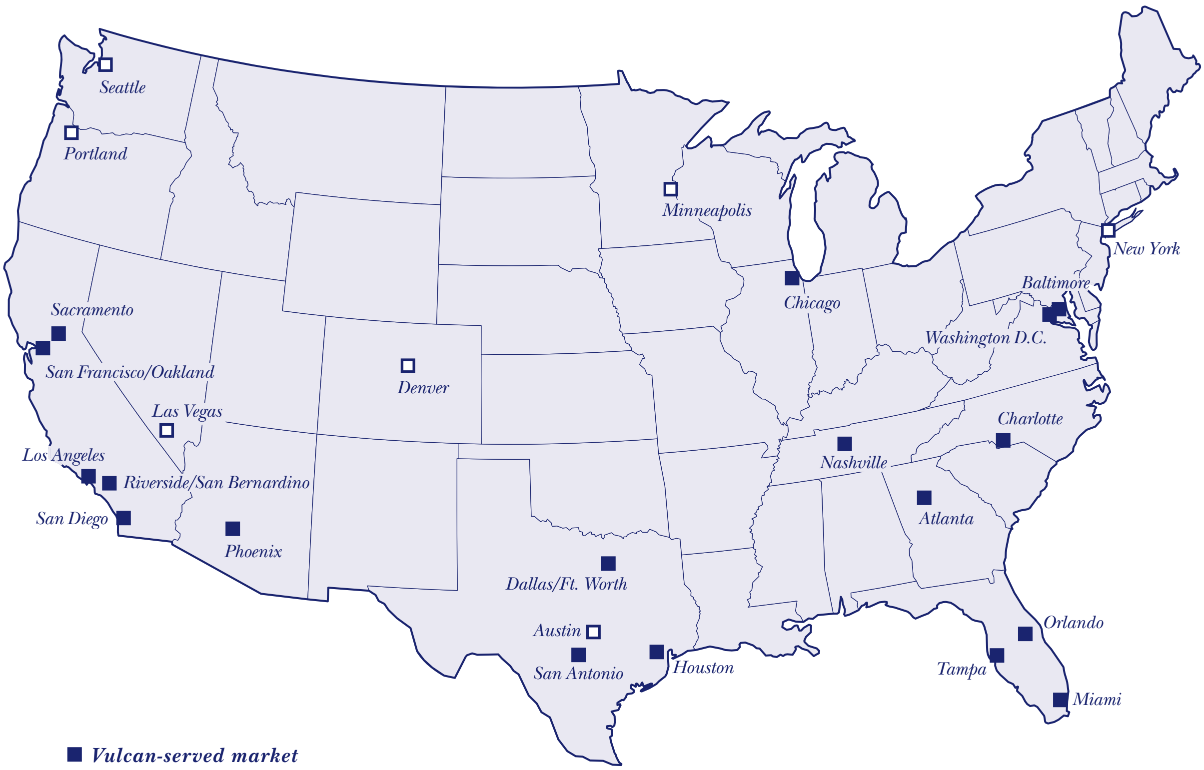
In addition to the Profit Enhancement Plan, we announced our intention to sell assets that are not core to our strategy as the leading aggregates producer in many of the fastest growing regions and urban markets of the United States. We expect that these sales, taking place over the next 12–18 months, will deliver approximately $500 million in net proceeds, which will be used to reduce overall debt levels.

In October 2011, we reduced our dividend as a result of the effects of the recession over the past three years on construction and our end markets. We believe the Profit Enhancement Plan and Planned Asset Sales will enable us to generate higher levels of earnings and cash flows, strengthening our credit profile and giving our Board the flexibility to restore a competitive dividend, which is an important goal for our Company.

BALANCE SHEET RESTRUCTURING AND CREDIT FACILITY

In May 2011, Vulcan completed a $1.1 billion bond offering that was well received by the market. The $3.2 billion of orders for the bonds indicates the capital markets' understanding of the fundamental strengths of our industry and our Company. This bond offering was undertaken to enhance our financial and operating flexibility by refinancing $725 million of term loan and bond maturities between 2012 and 2015, and repaying $275 million of outstanding revolving credit facility borrowings.

Vulcan serves 18 of the 25 highest growth metropolitan areas in the United States.



Shown are the highest growth 25 MSAs based on projected population growth from 2010 to 2020. "Served" is defined as having an aggregates-related facility inside of the MSA boundary.

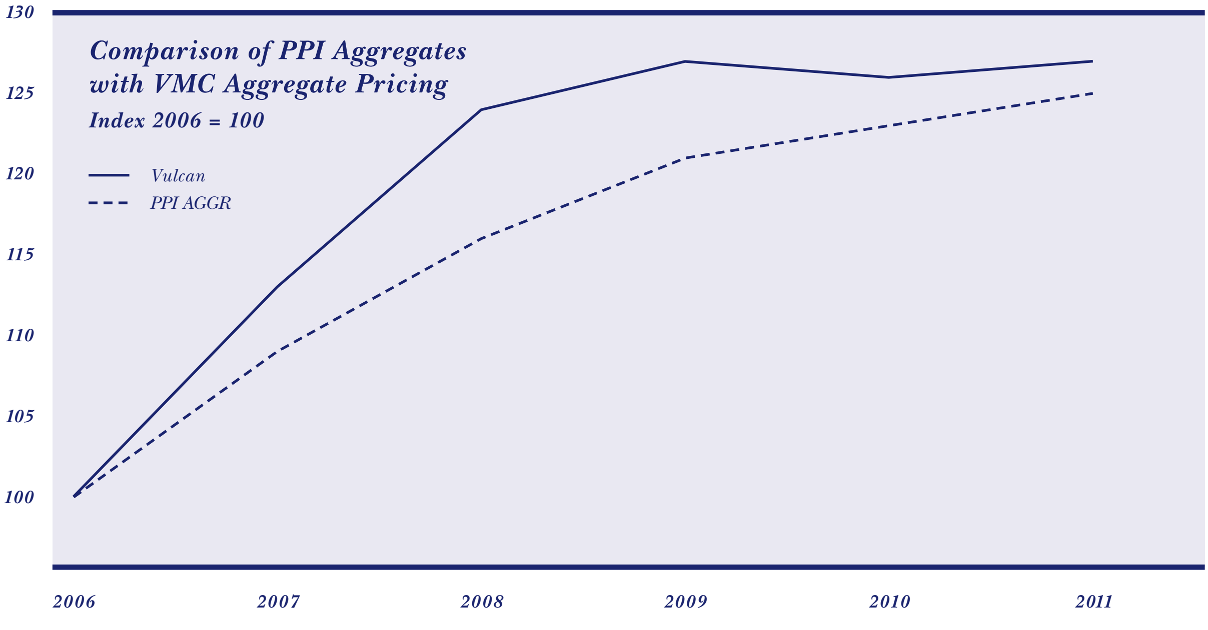
Additionally, we entered into a new $600 million, five-year revolving credit agreement with a syndicate of nine banks. This facility provides ample borrowing capacity to meet our seasonal working capital needs and potential capital investments. At year end, we had no cash borrowings under the facility and $64 million of usage to back letters of credit.

By significantly reducing our debt maturities over the next several years, our liquidity has been markedly enhanced, providing the financial flexibility to continue investing in our business as the economy, and our volumes, recover. Our cash balance as of December 31, 2011 was sufficient to fund all 2012 debt maturities.

POSITIONED FOR THE FUTURE

The steps we are taking reinforce Vulcan's strong market position and, complemented by our operational expertise and ability to generate attractive aggregates unit profitability, enable us to deliver value to shareholders.

Our coast-to-coast footprint of operations and our readily available, proven and probable reserves align with the nation's growth centers.



Additionally, we have a track record of outpacing the industry in aggregates pricing growth, particularly through industry cycles, as exemplified by our continued pricing growth during the current economic downturn.

While we think it is prudent to take a conservative view of the market given the continued challenging economic environment, we have seen some modest signs of continued economic recovery.

Following a period that is unprecedented both in terms of the length and depth of the decline in construction activity, there are some indications of improvement in certain categories of private construction. Multi-family housing starts increased sharply throughout 2011. Trailing 12-month contract awards for private nonresidential construction have been up across the U.S. for four consecutive quarters.

The growth in contract awards in the manufacturing sector has remained strong since late 2010, and awards for new projects in the categories of retail and office buildings have increased modestly for the third consecutive quarter. While the recent growth in contract awards is encouraging, we believe employment growth, as well as an increase in business investment and lending activity, is necessary to sustain a recovery in nonresidential construction activity.

We have also seen encouraging signs with respect to public funding for highways, roads and bridges. There is a rising level of support in Washington for meaningful legislation to address the nation's crumbling infrastructure, with a number of specific actions during the last year that have increased our confidence that federal funds for highways will remain stable.

• In mid-February 2012, President Obama released a new Budget Proposal that called for a six-year, FY 2013–2018 transportation infrastructure investment of $476 billion, with $305 billion dedicated to the federal highway program. Whatever the fate of the President's budget, it is essential to have Executive Branch support in order to secure needed transportation funding levels and ultimately to pass a multi-year highway bill.

• In addition, even with numerous proposed and enacted budget cuts, Congress passed its 2012 appropriations bill for highway funding that is essentially in line with 2011 levels, more than $41 billion annually.

• Finally, with respect to the reauthorization of the multi-year surface transportation bill, both Senate and House leaders have stated their intention to move a highway bill in 2012, and began floor debate on bills in the House and Senate in mid-February, with the Senate setting the pace with passage of a bipartisan bill on March 14, 2012, by a vote of 74 to 22.

In sum, Congress has demonstrated more progress over the last year towards ultimate passage of a new surface transportation bill than at any time since the expiration of the last multi-year bill in September 2009.

In the meantime, the U.S. population continues to grow in our markets, which drives demand for our essential products. As demand rises, we are fully prepared to meet that demand. Our workforce is well trained and highly motivated. Our high-quality reserves are close to end-use projects in dynamic growth markets, and our distribution systems are second to none. Aggregates remain the most essential of basic inputs to private and public construction, infrastructure and growth. Vulcan remains the leading supplier of those aggregates in the United States, with unmatched, easily accessed, permitted reserves, serving more of the nation's high growth areas than any other company in the U.S.

Even with the many adverse impacts of the nation's longest recession since the Great Depression, Vulcan remains a company of enduring, fundamental strengths. These strengths, combined with our completed restructuring initiative, our Profit Enhancement Plan and Planned Asset Sales, position Vulcan well for significant long-term growth and increasing profitability.

MANAGEMENT UPDATE

Among our key initiatives in 2011, we added talent to drive improvement and execute the actions that we are undertaking. Effective February 1, 2011, the Board elected Danny Shepherd, formerly Senior Vice President—East, to the position of Executive Vice President—Construction Materials, and Dan Sansone to the position of Executive Vice President and Chief Financial Officer. Danny is responsible for all of the Company's operating regions and the Corporate Construction Materials functions that support region operations. In addition to continuing as Vulcan's Chief Financial Officer, Dan has also provided strong leadership during the creation and successful implementation of our ERP project.

As previously mentioned, the Board also approved in 2011 a major restructuring plan, so that Vulcan now operates with four regions: East, South, Central and West. The East Region, composed of the Company's former Southeast and Mideast Divisions, is led by Michael Mills, Senior Vice President, East. Michael was formerly President of Vulcan's Southeast Division. The South Region is made up of the Company's former Florida Rock and Southwest Divisions, and includes Vulcan's quarry and harbor on Mexico's Yucatan Peninsula and related shipping assets. Tom Hill leads this Region as Senior Vice President, South. Tom was formerly President of the Company's Florida Rock Division. The Central Region is composed of the Company's former Midwest, Midsouth and Southern-Gulf Coast Divisions, excluding Vulcan's Mexico facilities and related assets. It is led by Stan Bass, Senior Vice President, Central. Stan was previously President of the Midsouth and Southwest Divisions. The West Region, formerly Vulcan's Western Division, is led by Alan Wessel, Senior Vice President, West. Alan was previously President of the Western Division. Michael, Tom, Stan and Alan report to Danny Shepherd.

In November 2011, John McPherson joined the Company as Senior Vice President, Strategy and Business Development. John has over 15 years of experience with realigning and restructuring corporate organizations and cost structures to improve business performance and build value. Prior to joining Vulcan, John was at McKinsey & Company, most recently serving as Senior Partner and Managing Partner for the Dallas office. Together, Danny, John, and Dan, along with the Senior Vice Presidents in our four Regions, are leading the implementation of our Profit Enhancement Plan.

MARTIN MARIETTA MATERIALS' UNSOLICITED EXCHANGE OFFER

I have a few comments on Martin Marietta's unsolicited exchange offer. After an extensive and careful review, in December 2011 our Board of Directors unanimously rejected Martin Marietta's hostile offer to acquire Vulcan, as being inadequate in value to Vulcan's shareholders. We believe Martin Marietta's opportunistic and hostile offer is an acknowledgement of the strength of our competitive positions and our potential for future growth. There were a number of compelling reasons why the Board rejected the unsolicited offer, but they can be boiled down to one thing: It was not and is not in the best interests of Vulcan and our shareholders. We also believe that Martin Marietta's exchange offer and proxy solicitation violate two binding contracts that Martin Marietta entered into with Vulcan and also violate federal securities laws. We are seeking to enforce our rights under the law.

Vulcan has participated in the downturn, given the cyclical nature of our industry, but is now positioned for significant growth as the economy rebounds. We do not think it is in the best interests of our shareholders to forego or dilute this upside. The opportunity for our Company has only improved since December, in light of the unilateral actions Vulcan was planning throughout 2011 and before, the actions that we have taken, and that we will continue taking to achieve savings and improve profitability. Accordingly, we continue to recommend that shareholders not tender any shares to Martin Marietta.

We cannot control Martin Marietta's actions, but we can and will continue to control our own destiny by maintaining our focus on providing the best possible products and services to our customers, and continuing as an outstanding business leader in the communities where we operate throughout the United States. Our employees lead the way. They are the backbone of our Company and their performance commands the greatest respect and gratitude. Through all of the challenges of the last several years, Vulcan employees have maintained their focus, and their efforts have positioned our Company for superior performance and results.

We are optimistic about the future and believe that our track record of strong cash operating profitability, our geographically desirable reserve base in high growth markets, our ability to lead pricing at all points in the economic cycle, and the significant actions we have taken to enhance profitability and accelerate earnings growth will enable us to deliver solid returns to our shareholders.

I look forward to continuing to update you on the business and thank you for your support.

Don James
Chairman and Chief Executive Officer

April 12, 2012

ADDITIONAL INFORMATION

This document does not constitute an offer to buy or solicitation of an offer to sell any securities or a solicitation of any vote, consent or approval. In response to the unsolicited exchange offer commenced by Martin Marietta Materials, Inc., a North Carolina corporation ("Martin Marietta"), Vulcan Materials Company ("Vulcan") has filed a Solicitation/Recommendation statement on Schedule 14D-9 with the U.S. Securities and Exchange Commission ("SEC"). INVESTORS AND SECURITY HOLDERS OF VULCAN ARE URGED TO READ THE SOLICITATION / RECOMMENDATION STATEMENT AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY IN THEIR ENTIRETY BECAUSE THEY CONTAIN IMPORTANT INFORMATION. Investors and security holders may obtain free copies of these documents and other documents filed with the SEC by Vulcan through the website maintained by the SEC at http://www.sec.gov. Copies of the Solicitation/Recommendation Statement, any amendments and supplements to the Solicitation/Recommendation Statement and other Vulcan materials related to Martin Marietta's unsolicited offer will also be available for free under the "Investor Relations" tab of Vulcan's corporate website http://www.vulcanmaterials.com.

ADDITIONAL INFORMATION ABOUT POTENTIAL PARTICIPANTS

In addition, Vulcan has filed a preliminary proxy statement with the SEC with respect to the 2012 Annual Meeting of Shareholders and intends to file a definitive proxy statement as well. The definitive proxy statement will be mailed to shareholders of Vulcan. Vulcan, its directors and certain of its executive officers may be deemed to be participants in the solicitation of proxies from Vulcan shareholders in connection with the matters to be considered at the annual meeting. INVESTORS AND SECURITY HOLDERS OF VULCAN ARE URGED TO READ ANY SUCH PROXY STATEMENT, ACCOMPANYING PROXY CARD AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Investors and security holders will be able to obtain free copies of these documents (when available) and other documents filed with the SEC by Vulcan through the website maintained by the SEC at http://www.sec.gov.

Detailed information regarding the identity of potential participants, and their direct or indirect interests, by security holdings or otherwise, is set forth in the proxy statement and other materials to be filed with the SEC in connection with Vulcan's 2012 Annual Meeting. Information regarding the direct and indirect beneficial ownership of Vulcan's directors and executive officers in Vulcan's securities is included in their SEC filings on Forms 3, 4 and 5, and additional information can also be found in Vulcan's Annual Report on Form 10-K for the year ended December 31, 2011, filed with the SEC on February 29, 2012, and its Quarterly Reports on Form 10-Q for the first three quarters of the fiscal year ended September 30, 2011, filed on May 6, 2011, August 4, 2011, and November 4, 2011, respectively. Relevant information concerning such participants and their potential interests is also contained in the Solicitation/Recommendation on Schedule 14D-9. Shareholders will be able to obtain any proxy statement, any amendments or supplements to the proxy statement and other documents filed by Vulcan with the SEC for no charge at the SEC's website at http://www.sec.gov. Copies will also be available at no charge under the "Investor Relations" tab of our corporate website at http://www.vulcanmaterials.com.

FORWARD-LOOKING STATEMENT DISCLAIMER

This document contains forward-looking statements. Statements that are not historical fact, including statements about Vulcan's beliefs and expectations, are forward-looking statements. Generally, these statements relate to future financial performance, results of operations, business plans or strategies, projected or anticipated revenues, expenses, earnings (including EBITDA and other measures), dividend policy, shipment volumes, pricing, levels of capital expenditures, intended cost reductions and cost savings, anticipated profit improvements and/or planned divestitures and asset sales. These forward-looking statements are sometimes identified by the use of terms and phrases such as "believe," "should," "would," "expect," "project," "estimate," "anticipate," "intend," "plan," "will," "can," "may" or similar expressions elsewhere in this document. These statements are subject to numerous risks, uncertainties, and assumptions, including but not limited to general business conditions, competitive factors, pricing, energy costs, and other risks and uncertainties discussed in the reports Vulcan periodically files with the SEC.

Forward-looking statements are not guarantees of future performance and actual results, developments, and business decisions may vary significantly from those expressed in or implied by the forward-looking statements. The following risks related to Vulcan's business, among others, could cause actual results to differ materially from those described in the forward-looking statements: risks that Vulcan's intentions, plans and results with respect to cost reductions, profit enhancements and asset sales, as well as streamlining and other strategic actions adopted by Vulcan, will not be able to be realized to the desired degree or within the desired time period and that the results thereof will differ from those anticipated or desired; uncertainties as to the timing and valuations that may be realized or attainable with respect to intended asset sales; future events relating to Martin Marietta's unsolicited offer to acquire Vulcan; those associated with general economic and business conditions; the timing and amount of federal, state and local funding for infrastructure; the lack of a multi-year federal highway funding bill with an automatic funding mechanism; the reluctance of state departments of transportation to undertake federal highway projects without a reliable method of federal funding; the impact of a prolonged economic recession on Vulcan's industry, business and financial condition and access to capital markets; changes in the level of spending for private residential and nonresidential construction; the highly competitive nature of the construction materials industry; the impact of future regulatory or legislative actions; the outcome of pending legal proceedings; pricing of Vulcan's products; incurred and potential costs associated with Martin Marietta's unsolicited takeover attempt and proxy contest; weather and other natural phenomena; energy costs; costs of hydrocarbon-based raw materials; healthcare costs; the amount of long-term debt and interest expense incurred by Vulcan; changes in interest rates; the impact of Vulcan's below investment grade debt rating on Vulcan's cost of capital; volatility in pension plan asset values which may require cash contributions to the pension plans; the impact of environmental clean-up costs and other liabilities relating to previously divested businesses; Vulcan's ability to secure and permit aggregates reserves in strategically located areas; Vulcan's ability to manage and successfully integrate acquisitions; the potential of goodwill impairment; the potential impact of future legislation or regulations relating to climate change or greenhouse gas emissions or the definition of minerals; and other assumptions, risks and uncertainties detailed from time to time in the reports filed by Vulcan with the SEC. All forward-looking statements in this communication are qualified in their entirety by this cautionary statement. Vulcan disclaims and does not undertake any obligation to update or revise any forward-looking statement in this document except as required by law. Vulcan notes that forward-looking statements made in connection with a tender offer are not subject to the safe harbors created by the Private Securities Litigation Reform Act of 1995. Vulcan is not waiving any other defenses that may be available under applicable law.

2011 FORM 10-K

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, 2011
Commission file number: 001-33841

VULCAN MATERIALS COMPANY
(Exact Name of Registrant as Specified in Its Charter)

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 Principal Executive Offices) (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. X

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 Act). Yes _ No X

Aggregate market value of voting and non-voting common stock held by non-affiliates as of June 30, 2011:	$4,957,325,746
Number of shares of common stock, $1.00 par value, outstanding as of February 17, 2012:	129,246,844

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's annual proxy statement for the annual meeting of its shareholders are incorporated by reference into Part III of this Annual Report on Form 10-K.

VULCAN MATERIALS COMPANY

ANNUAL REPORT ON FORM 10-K
FISCAL YEAR ENDED DECEMBER 31, 2011

CONTENTS

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 subsidiaries.

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:

- cost reductions, profit improvements and asset sales, as well as streamlining and other strategic actions we adopted, will not be able to be realized to the desired degree or within the desired time period and that the results thereof will differ from those anticipated or desired;
- uncertainties as to the timing and valuations that may be realized or attainable with respect to intended asset sales;
- future events relating to Martin Marietta Materials, Inc.'s (Martin Marietta) unsolicited offer to acquire us;
- general economic and business conditions;
- the timing and amount of federal, state and local funding for infrastructure;
- the lack of a multi-year federal highway funding bill with an automatic funding mechanism;
- the reluctance of state departments of transportation to undertake federal highway projects without a reliable method of federal funding;
- the impact of the global economic recession on our business and financial condition and access to capital markets;
- changes in the level of spending for 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 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;
- the potential of goodwill impairment;

- the potential impact of future legislation or regulations relating to climate change, greenhouse gas emissions or the definition of minerals;
- costs incurred and potential costs associated with Martin Marietta's unsolicited exchange offer and proxy contest;
- 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 "Other Commitments and Contingencies" to the consolidated financial statements in Item 8 "Financial Statements and Supplementary Data," all as set forth in this report; and
- 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.

SUMMARY

Vulcan Materials Company is a New Jersey corporation and the nation's largest producer of construction aggregates: primarily crushed stone, sand, and gravel. We have 323 active aggregates facilities. We also are a major producer of asphalt mix and ready-mixed concrete as well as a leading producer of cement in Florida.

STRATEGY FOR EXISTING AND NEW MARKETS

- Our reserves are strategically located throughout the United States in high growth areas that will require large amounts of aggregates to meet construction demand. Vulcan-served states are estimated to have 75% of the total growth in the U.S. population and 72% of the total growth in U.S. household formations between 2010 and 2020. Our top ten revenue producing states in 2011 were California, Virginia, Texas, Florida, Georgia, Tennessee, Illinois, North Carolina, South Carolina, and Alabama**.**

U.S. DEMOGRAPHIC GROWTH 2010 TO 2020, TOP 10 BY STATE

	POPULATION		HOUSEHOLDS		EMPLOYMENT	
Rank	State	Share of Total U.S. Growth	State	Share of Total U.S. Growth	State	Share of Total U.S. Growth
1	**Texas**	15%	**Florida**	13%	**Texas**	13%
2	**California**	14%	**Texas**	13%	**California**	10%
3	**Florida**	13%	**California**	12%	**Florida**	8%
4	**Arizona**	6%	**Arizona**	5%	New York	6%
5	**North Carolina**	6%	**North Carolina**	5%	**Georgia**	4%
6	**Georgia**	5%	**Georgia**	5%	**North Carolina**	3%
7	**Virginia**	3%	**Virginia**	3%	**Pennsylvania**	3%
8	Nevada	3%	Washington	3%	**Arizona**	3%
9	Washington	2%	Colorado	2%	Ohio	3%
10	Colorado	2%	Oregon	2%	**Virginia**	3%
Top 10 Subtotal		69%		63%		56%
Vulcan-served States		75%		72%		63%

Note: Vulcan-served states shown in bolded, blue text.
Source: Moody's Analytics as of December 15, 2011

- We have pursued a strategy of increasing our presence in metropolitan areas that are expected to grow most rapidly.
- We typically operate in locations 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 by truck, and another 13% are delivered by truck after reaching a sales yard by rail or water.

MAJOR ACQUISITIONS

DATE	ACQUISITION	MATERIALS	STATES
1999	CalMat Co.	Aggregates Asphalt mix Ready-mixed concrete	Arizona California New Mexico
2000	Tarmac Companies	Aggregates	Maryland North Carolina Pennsylvania South Carolina Virginia
2007	Florida Rock Industries, Inc.	Aggregates Ready-mixed concrete Cement	Alabama Florida Georgia Maryland Virginia Washington, DC

- Since becoming a public company in 1956, Vulcan has principally grown by mergers and acquisitions. Since 1991 we have acquired over 280 aggregates operations, including many small bolt-on operations and several large acquisitions.

COMPETITORS

We operate in an industry that is very fragmented with a large number of small, privately-held companies. We estimate that the ten largest aggregates producers account for approximately 30% to 35% of the total U.S. aggregates production. Despite being the industry leader, Vulcan's total U.S. market share is less than 10%. Other publicly traded companies among the ten largest U.S. aggregates producers include the following:

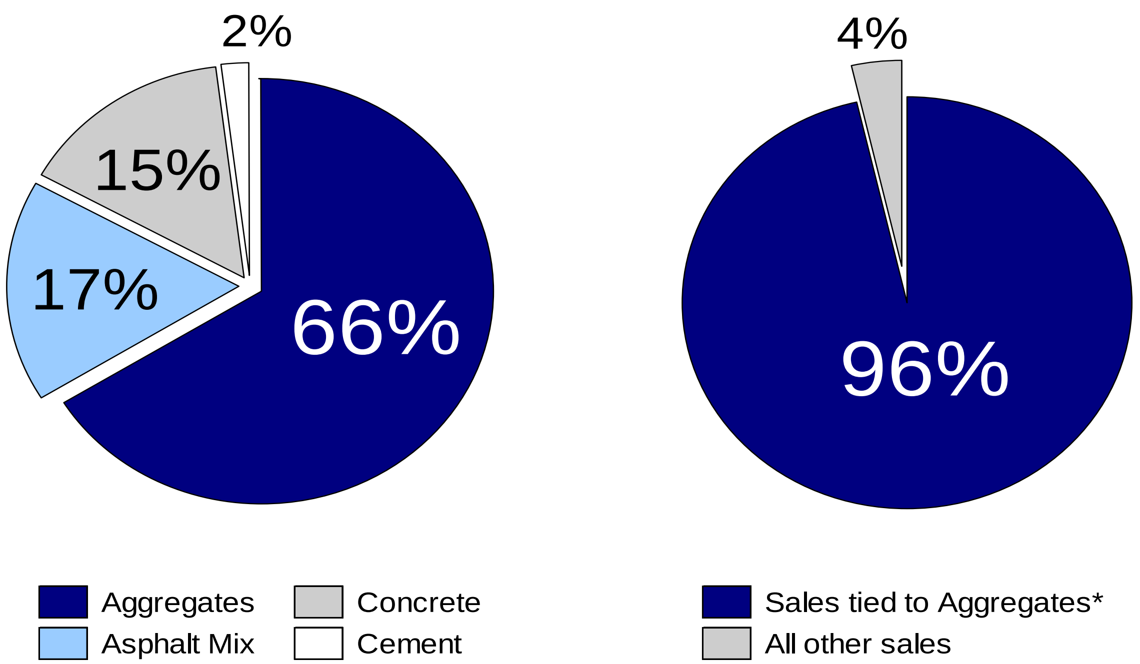
- Cemex S.A.B. de C.V.
- CRH plc
- HeidelbergCement AG
- Holcim Ltd.
- Lafarge
- Martin Marietta Materials, Inc.
- MDU Resources Group, Inc.

Because the U.S. aggregates industry is highly fragmented, with over 5,000 companies managing almost 10,000 operations, many opportunities for consolidation exist. Therefore, companies in the industry tend to grow by entering new markets or enhancing their market positions by acquiring existing facilities.

BUSINESS STRATEGY

Vulcan provides the basic materials for the infrastructure needed to expand the U.S. economy. Our strategy is based on our strength in aggregates. Aggregates are used in all 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 airports that connect us, and to build the hospitals, churches, 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 — 2011 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) focus on cost reduction, and 5) effective land management.

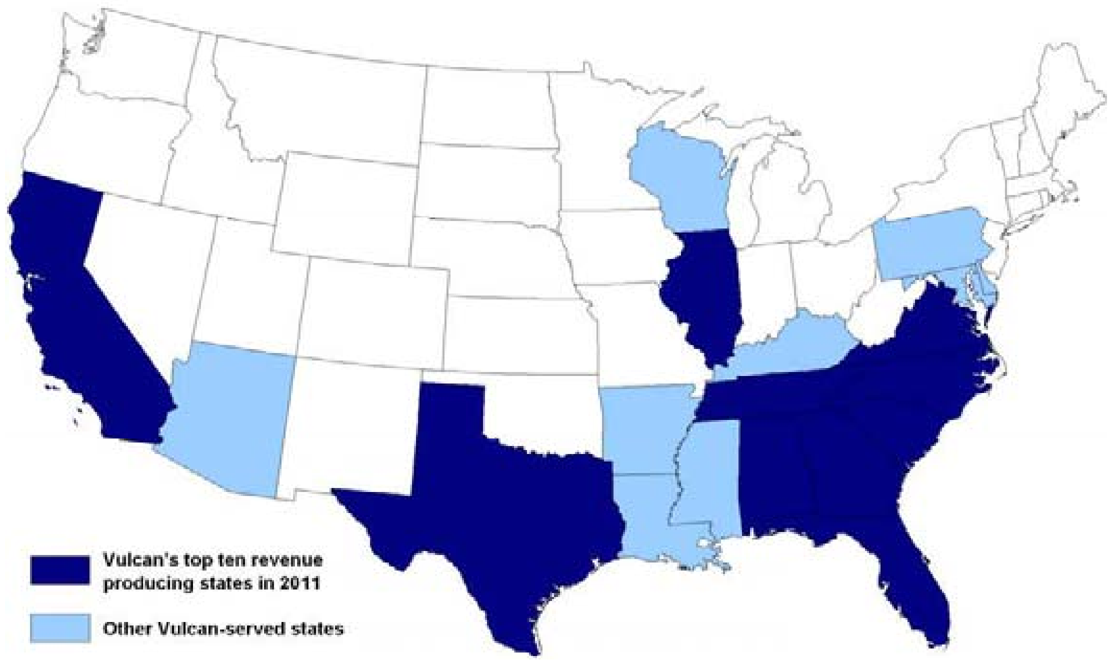
1. AGGREGATES FOCUS

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

- **BUILD AND HOLD SUBSTANTIAL RESERVES**: The locations of our reserves are critical to our long-term success because of barriers to entry created in many metropolitan markets by zoning and permitting regulations and high transportation costs. 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 and require no raw material other than our owned or leased aggregates reserves. Our downstream businesses (asphalt mix and concrete) predominantly use Vulcan-produced aggregates.
- **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 production or by revenues. Our 323 active aggregates facilities provide opportunities to standardize 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, accounts receivable and accounts payable, technical support and engineering.

2. COAST-TO-COAST FOOTPRINT

Demand for construction aggregates positively correlates with changes in population growth, household formation and employment. We have pursued a strategy to increase our presence in metropolitan areas that are expected to grow the most rapidly.



Our top ten revenue-producing states are predicted to have 69% of the total growth in the U.S. population between 2010 and 2020 while all of the Vulcan-served states are predicted to have 75% of such growth. Much of our reserves are located in areas where zoning and permitting laws have made opening new quarries increasingly difficult. Our diversified geographic locations help insulate Vulcan from variations in regional weather and economies. *(Demographic source: Moody's Analytics)*

3. PROFITABLE GROWTH

Our growth is a result of acquisitions, cost management and investment activities.

- **STRATEGIC 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 Mid-Atlantic states, as well as adding to our ready-mixed concrete business and added cement manufacturing and distribution facilities in Florida.

  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 this decade, Moody's Analytics projects that 75% of the U.S. population growth will occur in Vulcan-served states. The close proximity of our production facilities and our aggregates reserves to this projected population growth creates many opportunities to invest capital in high-return projects — projects that will add reserves, increase production capacity and improve costs.

4. FOCUS ON COST REDUCTION

In a business where aggregates sell, on average, for $10.25 per ton, we are accustomed to rigorous cost management throughout economic cycles. Small savings per ton add up to significant cost reductions. We are able to reduce or expand production and adjust employment levels to meet challenging market demands without jeopardizing our ability to take advantage of future increased demand.

Our knowledgeable and experienced workforce and our flexible production capabilities have allowed us to manage costs aggressively during the recession. In addition to cost reduction steps taken in previous years, in 2011 we made additional reductions in our workforce, adjusted plant operating hours and divested operations in non-strategic markets. These steps did not impact our ability to maintain and, in some cases, improve our per-ton margins. As a result, our cash earnings for each ton of aggregates sold in 2011 was 24% higher than at the peak of demand in 2005.

5. EFFECTIVE LAND 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 reporting segments organized around our principal product lines:

- aggregates
- concrete
- asphalt mix
- cement

1. AGGREGATES

Billions of tons of proven and probable aggregates reserves as of December 31, 2011	Aggregates intensity per dollar of spending for highways compared to housing construction	Percentage share of predicted U.S. population growth from 2010 to 2020 in Vulcan-served states
15.0	7x	75%
Source: internal estimates	*Source: internal estimates*	*Source: Moody's Analytics*

A number of factors affect the U.S. aggregates industry and our business including markets, reserves and demand cycles.

- **LOCAL MARKETS:** Aggregates have a high weight-to-value ratio and, in most cases, must be produced near where they are used; if not, transportation can cost more than the 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 from inland quarries — 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 projects such 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 have 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 requires 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 establishing a new historical high. In comparison to all other recent demand cycles, the current downturn has been unusually steep and long, making it difficult to predict the timing or strength of future recovery.

Highway construction is the most aggregates-intensive form of construction and residential construction is the least intensive (see table below) relative to a dollar of construction spending. A dollar spent for highway construction is estimated to consume seven times the quantity of aggregates consumed by a dollar spent for residential construction. Other non-highway infrastructure markets like airports, sewer and waste disposal, or water supply plants and utilities also require large quantities of aggregates in their foundations and structures. These types of infrastructure-related construction can be four times more aggregates-intensive than residential construction. Generally, nonresidential buildings require two to three times as much aggregates per dollar of spending as a new home with most of the aggregates used in the foundations, building structure and parking lots.

U.S. AGGREGATES DEMAND BY END-MARKET

Major End Market	*Aggregates Intensity (per dollar of construction spending)*	*Demand Drivers*
Highways	●●●●●●● High	Federal, State and Local Funding
Airports, Sewers, Water and Utilities	●●●●○○○ Medium	Federal, State and Local Funding; Population Growth
Nonresidential Buildings	●●●○○○○ Low/Medium	Employment; Income; Interest Rates; Vacancy Rates
Residential Buildings	●○○○○○○ Low	Employment; Interest Rates; Population Growth

Source: internal estimates

In 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 10,000 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 than privately funded construction. Public construction also has been considerably less cyclical than private 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 public construction. Publicly funded projects (particularly highways, roads and bridges) tend to receive more consistent levels of funding throughout economic cycles.
- **LIMITED PRODUCT SUBSTITUTION:** With few exceptions, there are no practical substitutes for quality aggregates. In urban locations, recycled concrete has limited applications as a lower-cost alternative to virgin aggregates. However, many types of construction projects cannot be served by recycled concrete but require the use of virgin aggregates to meet specifications and performance-based criteria for durability, strength and other qualities.
- **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. Aggregates plants do not require high start-up costs and typically have lower fixed costs than continuous process manufacturing operations. Production capacity can be flexible by adjusting operating hours to meet changing market demand.
- **NO RAW MATERIAL INPUTS:** 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.

OUR MARKETS

We focus on the U.S. markets with the greatest 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 with access to economical transportation to their markets. We serve both the public and the private sectors.

PUBLIC SECTOR

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 2011, publicly funded construction accounted for approximately 55% 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 transportation bill is a principal source of funding for public infrastructure and transportation projects. For over two decades, a portion of transportation projects have been funded through a series of multi-year bills. The long-term aspect of these bills is critical because it provides state departments of transportation with the ability to plan and execute long-term and complex 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 trust 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 2011, approximately 31% of our aggregates sales by volume were used in highway construction projects.

CHANGES IN MULTI-YEAR FUNDING: The most recent federal transportation bill, known as SAFETEA-LU, expired on September 30, 2009. Congress has yet to pass a replacement bill. As a result, funds for highway construction have been provided by a series of short-term authorized extensions; the most recent will expire on March 31, 2012. Even with the many budget cuts proposed and made by Congress, in 2011 highway funding levels remained essentially even with Fiscal Year 2010 levels of more than $41 billion annually. In addition, Congress passed its 2012 appropriations bill for highway funding essentially in line with 2011 levels. The Senate and House began floor action on new transportation reauthorization bills the week of February 14, 2012 and are to resume debate following the President's Day recess.

NEED FOR PUBLIC INFRASTRUCTURE: A significant need exists for additional and ongoing investments in the nation's infrastructure. In 2009, a report by the American Society of Civil Engineers (ASCE) gave our nation's infrastructure an overall grade of "D" and estimated that an investment of $2.2 trillion over a five-year period is needed for improvements. While the needs are clear, the source of funding for infrastructure improvements is not. In its report, the ASCE suggests that all levels of government, owners and users need to renew their commitment to infrastructure investments in all categories and that all available financing options should be explored and debated.

FEDERAL STIMULUS IMPACT: The American Recovery and Reinvestment Act of 2009 (the Stimulus or ARRA) was signed into law on February 17, 2009 to create jobs and restore economic growth through, among other things, the modernization of America's infrastructure and improving its energy resources. Included in the $787 billion of economic stimulus funding was $50 to $60 billion of heavy construction, including $27.5 billion for highways and bridges. In Vulcan-served states there are approximately $2.8 billion of Stimulus funds remaining to be spent for road construction in 2012 and beyond.

PRIVATE SECTOR

The private sector market includes both nonresidential buildings and residential construction and is more cyclical than public construction. In 2011, privately-funded construction accounted for approximately 45% of our total aggregates shipments.

NONRESIDENTIAL CONSTRUCTION: Private nonresidential construction includes a wide array of projects. Such projects generally are more aggregates intensive than residential construction, but less aggregates intensive than public construction. Overall demand in private nonresidential construction is generally 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.

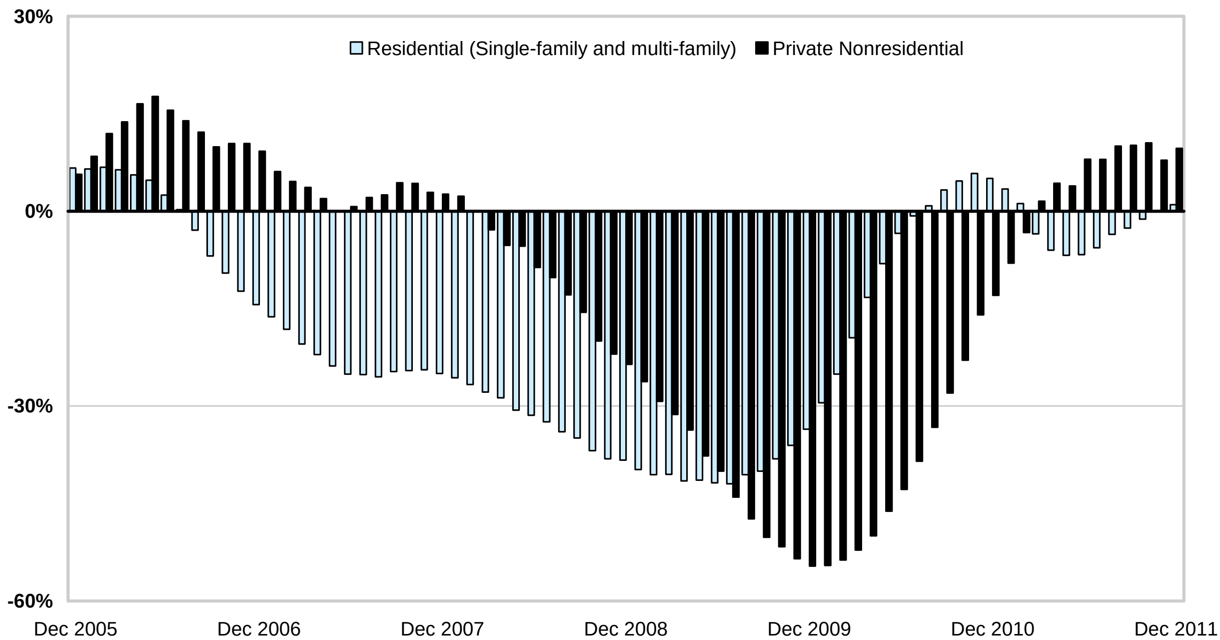
Consistent with past cycles of private sector construction, private nonresidential construction activity remained strong after residential construction peaked in 2006. However, in late 2007, contract awards for nonresidential buildings peaked. In 2008, contract awards in the U.S. declined 24% from the prior year and in 2009 fell sharply, declining 56% from 2008 levels. However, after bottoming in 2010, trailing twelve-month contract awards for private nonresidential buildings began to improve in 2011, ending the year up 10% from 2010 levels. This year-over-year increase was attributable to continued strength throughout the year in manufacturing as well as second-half growth in contract awards for stores and office buildings, up 18% and 15%, respectively, at December 31, 2011. Contract 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 aggregates. Employment growth, more attractive 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 Vulcan's markets have grown faster than household formations in the U.S. as a whole in the past decade. During that time, household growth was 13% in our markets compared to 8% in the remainder of the United States. Construction activity in this end market is influenced by the cost and availability of mortgage financing. Demand for our products generally occurs early in the infrastructure phase of residential construction and later as part of driveways or parking lots.

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.

PRIVATE CONSTRUCTION ACTIVITY COMPARISON

(Year-over-Year Percent Change in Trailing Twelve Month Contract Awards)



Source: McGraw-Hill

In 2011, total U.S. housing starts increased 1% from the prior year due to a 25% increase in multi-family starts. While these results don't necessarily indicate a sustained recovery in residential construction, the modest improvement in construction activity is encouraging. Lower home prices, attractive mortgage interest rates and fewer existing homes for sale provide some optimism for single-family housing construction in 2012 and beyond, albeit from low levels.

ADDITIONAL AGGREGATES PRODUCTS AND MARKETS

We sell ballast to railroads for construction and maintenance of railroad track. We also sell riprap and jetty stone for erosion control along 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.

Our 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.

OUR COMPETITIVE ADVANTAGE

We are the largest producer of construction aggregates in the United States. The aggregates market is highly fragmented with many small, independent producers. Therefore, depending on the market, we may compete with large international, national or regional firms as well as relatively small local producers. Because construction aggregates are expensive to transport relative to their value, markets generally are local in nature. Thus, the cost to deliver product to the location where it is used is an important competitive factor.

We serve many metropolitan areas that demographers expect will experience the largest absolute growth in population in the future. A market often consists of a single metropolitan area or one or more counties where transportation from the producing location to the customer is by truck only. Approximately 80% of our total aggregates shipments are delivered exclusively by truck, and another 13% are delivered by truck after reaching a sales yard. Sales yards and other distribution facilities located on waterways and rail lines allow us to reach markets that do not have locally available sources of aggregates.

Zoning and permitting regulations in many metropolitan markets have made it increasingly difficult to expand existing quarries or to develop new quarries. However, such regulations, while potentially curtailing expansion in certain areas, could also increase the value of our reserves at existing locations.

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."

2. CONCRETE

We produce and sell ready-mixed concrete in California, Florida, Georgia, Maryland, Texas, Virginia and the District of Columbia. Additionally, we produce and sell, in a limited number of these markets, other concrete products such as block and pre-cast beams. 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 are supplied substantially by 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.

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 Mix 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 production process requires liquid asphalt cement, which we purchase entirely from third-party producers. We serve our Asphalt Mix 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. Some of the imported cement is resold, and the balance of the cement is 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.

An expansion of production capacity at our Newberry, Florida cement plant was completed in 2010. Total annual production capacity is now at 1.6 million tons per year. This plant is supplied by limestone mined at the facility. These limestone reserves total 191.0 million tons.

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 quarter because of winter weather in the first quarter. Furthermore, 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 is dependent upon any customers whose loss would have an adverse effect on our business. In 2011, our top five customers accounted for 4.7% of our total revenues (excluding internal sales), and no single customer accounted for more than 1.3% 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.

RESEARCH AND DEVELOPMENT COSTS

We conduct research and development and technical service activities directed toward new and more efficient uses of our products and support customers in pursuing the most efficient use of our products. We spent $1.1 million in 2011, $1.6 million in 2010 and $1.5 million in 2009 on research and development activities.

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 safety; 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 NSHA and OHSA. 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 2012 and 2013 will be approximately $9.2 million and $11.6 million, respectively. These anticipated expenditures are not expected to have any 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, 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, but 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 (i.e., Aggregates, Concrete, Asphalt Mix and Cement).

As of January 1, 2012, we employed 7,124 people in the U.S. Of these employees, 626 are represented by labor unions. As of that date, we also employed 294 people in Mexico, 226 of which are hourly employees represented by a labor union. We do not anticipate any significant issues with any such unions in 2012.

We do not consider our backlog of orders to be material to, or a significant factor in, evaluating and understanding our business.

EXECUTIVE OFFICERS OF THE REGISTRANT

The names, positions and ages, as of February 20, 2012, of our executive officers are as follows:

Name	Position	Age
Donald M. James	Chairman and Chief Executive Officer	63
Daniel F. Sansone	Executive Vice President and Chief Financial Officer	59
Danny R. Shepherd	Executive Vice President, Construction Materials	60
John R. McPherson	Senior Vice President, Strategy and Business Development	43
Robert A. Wason IV	Senior Vice President and General Counsel	60
J. Wayne Houston	Senior Vice President, Human Resources	62
Ejaz A. Khan	Vice President, Controller and Chief Information Officer	54

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

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

Daniel F. Sansone was elected Executive Vice President and Chief Financial Officer effective as of February 1, 2011. Prior to that, he served as Senior Vice President and Chief Financial Officer from May 2005.

Danny R. Shepherd was elected Executive Vice President, Construction Materials effective as of February 1, 2011. From February 2007 through January 2011, he served as Senior Vice President, Construction Materials-East.

John R. McPherson was elected Senior Vice President, Strategy and Business Development effective October 10, 2011. Before that Mr. McPherson was a senior partner at McKinsey & Company, a global management consulting firm. Mr. McPherson joined McKinsey in 1995.

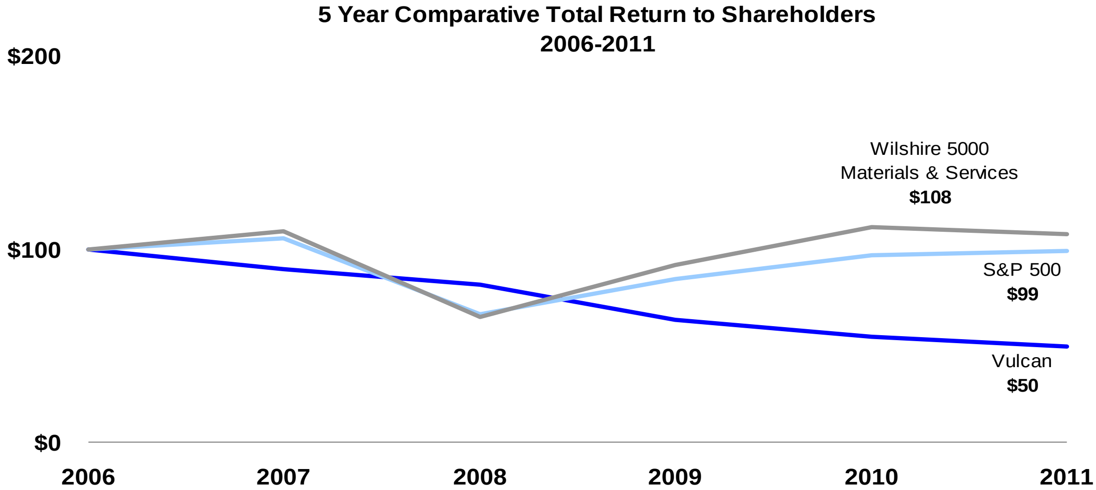
Robert A. Wason IV was elected Senior Vice President and General Counsel in September 2008. Prior to that, he served as Senior Vice President, Corporate Development from December 1998.

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

Ejaz A. Khan was elected Vice President and Controller in February 1999. He was appointed 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, 2006 to December 31, 2011. 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 Board of Directors has also adopted:

- Corporate Governance Guidelines
- Charters for its Audit, Compensation and Governance Committees

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

Each of these documents is 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.

RISKS RELATING TO THE UNSOLICITED EXCHANGE OFFER

Martin Marietta's unsolicited exchange offer and proxy contest may require us to incur significant additional costs and otherwise cause disruption to our business — On December 12, 2011, Martin Marietta commenced an unsolicited exchange offer for all outstanding shares of our common stock at a fixed exchange ratio of 0.50 shares of Martin Marietta common stock for each Vulcan common share and indicated its intention to nominate a slate of directors to our Board. After careful consideration, including a thorough review of the offer with its financial and legal advisors, our Board unanimously determined that Martin Marietta's offer is inadequate, substantially undervalues Vulcan, and is not in the best interests of Vulcan and its shareholders.

In response to Martin Marietta's actions, we have incurred and will continue to incur, substantial legal, investment banking and other professional fees, and may incur significant additional costs, as well as experience a disruption to, and distraction in, our business and operations, which could adversely affect our business and results of operations. Additionally, as a consequence of the uncertainty generated by Martin Marietta's actions as to the future direction of our company, our employees may pursue other employment opportunities or suffer from reduced morale, and our ability to attract and retain key personnel and business partners and realize potential business opportunities may be harmed. If key employees leave as a result of Martin Marietta's actions or have their morale adversely affected, or if we are unable to attract or retain qualified personnel and business partners or realize potential business opportunities, our business and results of operations would be negatively affected.

Moreover, if a takeover were to be consummated and our company's credit ratings were to be downgraded, a change-in-control under certain of our company's indebtedness agreements may result and require some of our indebtedness to be repurchased or result in its acceleration.

In addition, Martin Marietta's actions, including its unsolicited offer, could cause our company's stock price to fluctuate significantly.

FINANCIAL/ACCOUNTING RISKS

Continued slow economic recovery 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, 2011 that 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 that would reduce equity and result in an increase in our total debt as a percentage of total capital (42.6% as of December 31, 2011). The indenture governing our notes contains a covenant limiting our total debt as a percentage of total capital to 65%. We believe that it is highly unlikely that any potential write-down in goodwill would result in a violation of this covenant.

We incurred additional debt to finance the Florida Rock merger which significantly increased our interest expense, financial leverage and debt service requirements — We incurred considerable short-term and long-term debt to finance the Florida Rock merger. This debt, which significantly increased our leverage, has been a significant factor in downgrades in our credit ratings.

Our cash flow is reduced by payments of principal and interest on this debt. Our debt instruments contain various financial and contractual restrictions (or covenants). If we fail to comply with any of these covenants, the related indebtedness (and other unrelated indebtedness) could become due and payable prior to its stated maturity. An event of default under our debt instruments also could significantly affect our ability to obtain additional or alternative financing.

Our ability to make scheduled payments or to refinance our obligations with respect to indebtedness will depend on our operating and financial performance, which, in turn, is subject to prevailing economic conditions and to financial, business and other factors, some of which are beyond our control.

Difficult and volatile conditions in the credit markets could negatively affect our financial position, results of operations and cash flows — The current economic environment has negatively affected the U.S. economy and demand for our products. Commercial and residential construction may continue to decline if companies and consumers are unable to finance construction projects or if the economic slowdown continues to cause delays or cancellations of capital projects.

A slow economic recovery also may increase the likelihood we will not be able to collect on our accounts receivable from our customers. We have experienced payment delays from some of our customers during this economic downturn.

The credit environment could limit our ability to obtain additional financing or refinancing and, if available, it may not be at economically favorable terms. Interest rates on new issuances of long-term public debt in the market may increase due to higher credit spreads and risk premiums. There is no guarantee we will be able to access the capital markets at favorable interest rates, which could negatively affect our financial results.

We may need to obtain financing in order to fund certain strategic acquisitions, if they arise, or refinance our outstanding debt. We also are exposed to risks from tightening credit markets, especially in regard to access to debt and equity capital.

Our new regional alignment and restructuring of our accounting and certain administrative functions may not yield the anticipated efficiencies and may result in a loss of key personnel — In December 2011, we announced a major change in the structure of our business, going from eight geographical divisions to four regions. We have taken steps to consolidate the operations, sales, finance, human resources, engineering and geologic services functions. This consolidation is expected to reduce the cost of overhead support functions going forward. However, the cost of such consolidation, which includes severance, relocation and other costs could exceed our estimates. The administrative efficiencies which we believe will result from the consolidation may not be realized to the extent anticipated thereby reducing the operating income benefit. Additionally, key personnel may decide not to relocate and employees affected by the consolidation may leave us prior to completing the transition efforts, which may slow the restructuring process and increase its cost.

Our recently announced earnings growth initiatives, including a Profit Enhancement Plan and Planned Asset Sales, may not be able to be realized to the desired degree or within the desired time period, and therefore the results of these initiative may differ materially from those anticipated — In February 2012, we announced a two-part initiative to accelerate earnings growth and improve our credit profile. This initiative includes a plan to reduce costs and other earnings enhancements for a $100 million earnings effect over the next 18 months. We also announced a plan to sell certain assets over the next 12 to 18 months for net after-tax proceeds of $500 million. These anticipated results are subject to a number of execution risks that could result in actual results that are much lower than the anticipated results. Additionally, even if the results are achieved, it could take longer than the announced timeframe before such results may be realized.

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, both our dollar profits and our percentage of net sales (margin) could be negatively affected by decreases in volume.

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:

- goodwill and goodwill impairment
- impairment of long-lived assets excluding goodwill
- reclamation costs
- pension and other postretirement benefits
- environmental compliance
- claims and litigation 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.

ECONOMIC/POLITICAL RISKS

Both commercial and residential construction are dependent upon the overall U.S. economy which has been 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 overall U.S. economy has been adversely affected by this recession. Although most economists believe that the U.S. economy is now in recovery, the pace of recovery has been very slow. Since construction activity generally lags the recovery after down cycles, construction projects have not returned to their pre-recession levels.

Above average number of foreclosures, low housing starts and general weakness in the housing market could continue to negatively affect demand for our products — In most of our markets, particularly Florida and California, sales volumes have been negatively impacted by foreclosures and a significant decline in residential construction. Our sales volumes and earnings could continue to be depressed and negatively impacted by this segment of the market until the recovery in residential construction improves.

Lack of a multi-year federal highway bill and changes to the funding mechanism for highway funding could cause states to spend less on roads which may negatively impact our revenues — The last multi-year federal transportation bill, known as SAFETEA-LU, expired on September 30, 2009. Since that time, funding for transportation projects, including highways, has been provided by a series of continuing resolutions. The current continuing resolution expires on March 31, 2012. Additionally, in January 2011 the U.S. House of Representatives passed a new rules package that repealed a longstanding point of order that had protected annual authorized highway funding levels from amendments that could subsequently reduce such authorized levels. The rule change could potentially result in an authorized level of funding being subsequently reduced at some point in the legislative process. Both the lack of a multi-year bill and the change in the funding mechanism increases the uncertainty regarding funds for highway projects. This uncertainty could result in state departments of transportation failing to undertake large multi-year highway projects which could, in turn, negatively affect our sales.

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 capital and maintenance and 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, 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 Newbery 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 was 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 change and legislation 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 more vertically integrated than we are. Therefore, there is intense competition in a number of markets in which we operate. This significant competition could lead to lower prices, lower sales volumes and higher costs in some markets, negatively affecting our earnings and cash flows. In certain markets, vertically integrated competitors have acquired a portion of our asphalt mix and ready-mixed concrete customers and this trend may accelerate.

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 — Construction 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 very localized around our quarry sites and are served by truck. New quarry sites often take a number of 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 successfully integrate acquisitions, 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 will be dependent in part on our ability to successfully integrate these businesses with our existing operations.

PERSONNEL RISKS

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.

The costs of providing pension and healthcare benefits to our employees have risen in recent years. Continuing increases in such costs could negatively affect our earnings — The costs of providing pension and healthcare benefits to our employees have increased substantially over the past several years. We have instituted measures to help slow the rate of increase. However, if these costs continue to rise, we could suffer an adverse effect on our financial position, results of operations or cash flows.

<u>OTHER RISKS</u>

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 costs 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.

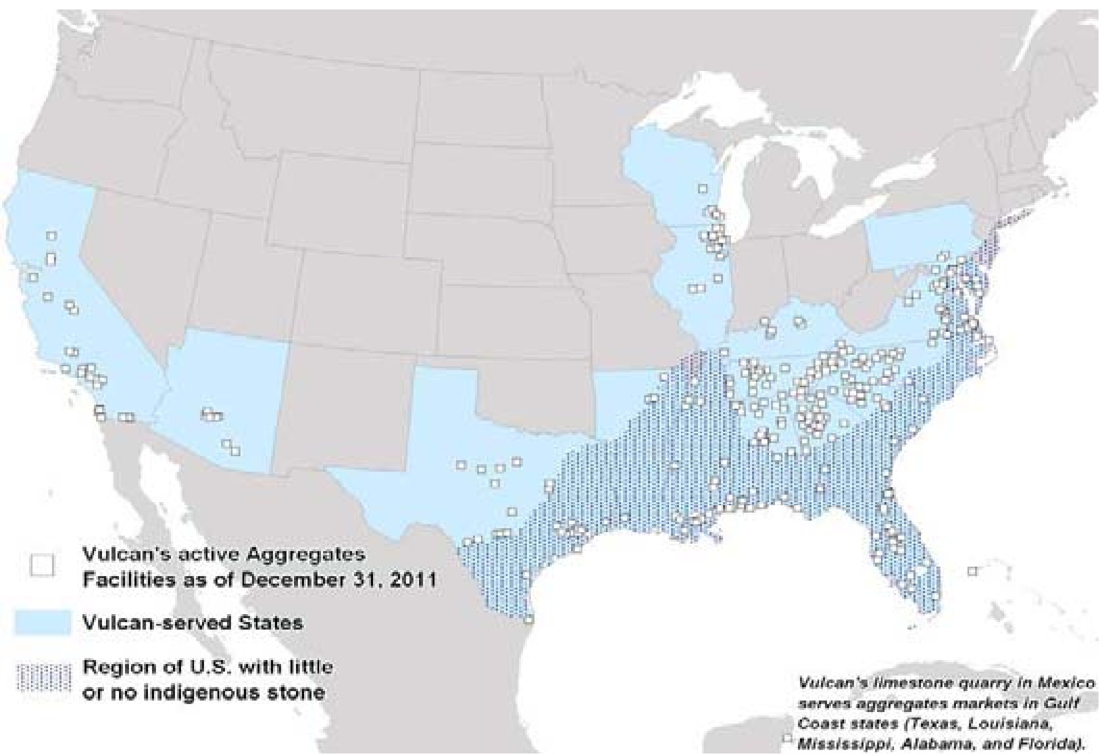
We are involved in a number of legal proceedings. We cannot predict the outcome of litigation and other contingencies with certainty — We are involved in several complex litigation proceedings, some arising from our previous ownership and operation of our Chemicals business. Although we divested our 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 markets in 19 states, 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 reserves reflects an increase of 0.3 billion tons from the estimate at the end of 2010. 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 reserves 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 aggregates reserves reported at the end of 2011 include reserves at inactive and greenfield (undeveloped) sites. We reported proven and probable reserves of 14.7 billion tons at the end of 2010 using the same basis. The table below presents, by division, the tons of proven and probable aggregates reserves as of December 31, 2011 and the types of facilities operated.

		Number of Aggregates Operating Facilities[1]		
	Reserves (billions of tons)	*Stone*	*Sand and Gravel*	*Sales Yards*
By Division:				
Florida Rock	0.5	7	11	7
Mideast	3.7	37	2	23
Midsouth	2.2	43	1	0
Midwest	1.8	14	3	3
Southeast	2.6	34	0	3
Southern & Gulf Coast	2.3	27	1	30
Southwest	0.9	14	1	11
Western	1.0	3	24	2
Total	**15.0**	**179**	**43**	**79**

[1]*In addition to the facilities included in the table above, we operate 22 recrushed concrete plants which are not dependent on reserves.*

Of the 15.0 billion tons of aggregates reserves, 8.6 billion tons or 58% are located on owned land and 6.4 billion tons or 42% are located on leased land. While some of our leases run until reserves at the leased sites are exhausted, generally our leases have definite expiration dates, which range from 2012 to 2159. Most of our leases have renewal options to extend them well beyond their current terms at our discretion.

The following table lists our ten largest active aggregates facilities based on the total proven and probable reserves at the sites. For 2011, none of our aggregates facilities contributed more than 5% to our net sales.

Location (nearest major metropolitan area)	Reserves (millions of tons)
Playa del Carmen (Cancun), Mexico	650.4
Hanover (Harrisburg), Pennsylvania	558.4
McCook (Chicago), Illinois	438.7
Dekalb (Chicago), Illinois	356.3
Gold Hill (Charlotte), North Carolina	293.3
Macon, Georgia	256.3
Rockingham (Charlotte), North Carolina	255.0
1604 Stone (San Antonio), Texas	229.7
Cabarrus (Charlotte), North Carolina	217.0
Grand Rivers (Paducah), Kentucky	170.6

ASPHALT MIX, CONCRETE AND CEMENT

We also operate a number of other facilities in several of our divisions:

Division:	Asphalt Mix Facilities	Concrete[1] Facilities	Cement[2] Facilities
Florida Rock	0	71	2
Northern Concrete	0	35	0
Southeast	0	13	0
Southwest	9	4	0
Western	27	14	0

[1] *Includes ready-mixed concrete, concrete block and other concrete products facilities.*
[2] *Includes one cement manufacturing facility and a distribution facility.*

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 two limestone quarries in Florida which provide our cement production facility with feedstock materials.

Location	*Reserves (millions of tons)*
Newberry	191.0
Brooksville	6.0

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, and consists of approximately 184,125 square feet. The annual rental cost for the current term of the lease is $3.4 million.

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.

In addition, we are involved in a number of legal proceedings related to Martin Marietta's unsolicited exchange offer.

Delaware Litigation

On December 12, 2011, Martin Marietta commenced litigation in the Delaware Court of Chancery against Vulcan seeking declaratory and injunctive relief. The action is captioned Martin Marietta Materials, Inc. v. Vulcan Materials Co., C.A. No. 7102-CS (Del. Ch.). In its complaint, Martin Marietta asks the court to issue a declaration that the May 3, 2010 letter agreement covering confidentiality, use restrictions and other terms between Martin Marietta and Vulcan does not prohibit (1) the exchange offer launched by Martin Marietta on December 12, 2011 or (2) Martin Marietta's anticipated nomination of five candidates for Vulcan's board of directors at the 2012 annual meeting. Martin Marietta also seeks an injunction prohibiting Vulcan from prosecuting any action under the May 3, 2010 letter agreement covering confidentiality, use restrictions and other terms in any jurisdiction other than Delaware.

On December 20, 2011, Vulcan answered the complaint and asserted counterclaims against Martin Marietta. Vulcan alleged that Martin Marietta violated the May 3, 2010 letter agreement covering confidentiality, use restrictions and other terms by using and disclosing confidential material protected by the agreement to launch its exchange offer. On this basis, Vulcan sought (1) a declaration that Martin Marietta is barred from disclosing material received pursuant to the May 3, 2010 letter agreement in connection with its exchange offer, and (2) a decree of specific performance or an injunction prohibiting Martin Marietta from pursuing its exchange offer and requiring Martin Marietta to withdraw the documents it has publicly filed that disclose information covered by the agreement.

In order to ensure efficient and prompt resolution of the contract disputes between Vulcan and Martin Marietta, Vulcan agreed during a conference with the Court to litigate together in the Delaware Court of Chancery its claims under the May 3, 2010 letter agreement covering confidentiality, use restrictions and other terms, and its claims then pending in the United States District Court for the Northern District of Alabama (see *Alabama Litigation*, below) under the May 18, 2010 common interest, joint defense and confidentiality agreement. The Court agreed that swift resolution of all the parties' contract claims was appropriate, and has scheduled a trial to begin at the end of February 2012.

On January 18, 2012, Vulcan filed with the Court its amended answer and counterclaim, alleging that Martin Marietta violated both the May 3, 2010 letter agreement covering confidentiality, use restrictions and other terms and the May 18, 2010 common interest, joint defense, and confidentiality agreement in connection with its exchange offer. To remedy Martin Marietta's breaches of contract, Vulcan seeks (1) an order enjoining Martin Marietta from pursuing its exchange offer, (2) an order enjoining Martin Marietta from pursuing its proposed proxy contest, and (c) a declaration that Martin Marietta may not disclose any further confidential Vulcan information in order to satisfy the requirements of the federal securities laws or otherwise.

Various motions and related items (whether procedural, discovery-related and/or substantive in nature) occur from time to time with respect to these matters.

New Jersey Litigation

On December 12, 2011, Martin Marietta commenced litigation in the Superior Court of New Jersey's Chancery Division for Mercer County against Vulcan seeking declaratory and injunctive relief. The action is captioned Martin Marietta Materials, Inc. v. Vulcan Materials Co., No. C-83-11 (N.J. Super. Ct.). In its complaint, Martin Marietta alleges that it has launched an exchange offer and, if the offer is successful, intends to effect a merger between itself and Vulcan. Martin Marietta asks the court to issue declarations that (1) the New Jersey Shareholders Protection Act will not apply to the proposed merger; (2) simple majority approval of the Vulcan shareholders is all that is required under Article VIII of Vulcan's Certificate of Incorporation with respect to the proposed merger, if either approved by a majority of the continuing directors or the offer price satisfies the price requirements set forth in the charter; (3) Vulcan may not use certain provisions of its bylaws to hinder or frustrate Martin Marietta's anticipated nomination of five candidates for the board of directors at Vulcan's 2012 annual meeting; and (4) that Martin Marietta's December 12, 2011 Registration Statement complies with the requirements of the Securities Act of 1933. In addition, Martin Marietta seeks injunctive orders prohibiting Vulcan from attempting to use the Shareholders Protection Act to bar the proposed merger, from attempting to use Article VIII of its Certificate of Incorporation to require 80% shareholder approval of the proposed merger, and from attempting to use its bylaws to hinder or frustrate Martin Marietta's anticipated nomination of five candidates for the board of directors at Vulcan's 2012 annual meeting.

Simultaneous with the filing of its complaint on December 12, 2011, Martin Marietta sought and obtained an order to show cause why expedited discovery should not be permitted. On December 20, 2011, following briefing and argument, the Court directed Vulcan to file its answer and any motion to dismiss the complaint by January 6, 2012, and to respond to Martin Marietta’s request for discovery by January 31, 2012. On January 6, 2012, Vulcan moved to dismiss Counts VI and VII of the complaint, and answered the remaining allegations; the motion to dismiss was subsequently denied without prejudice.

Various motions and related items (whether procedural, discovery-related and/or substantive in nature) occur from time to time with respect to these matters.

Vulcan and its directors believe Martin Marietta’s lawsuit is meritless.

Alabama Litigation

On December 19, 2011, Vulcan commenced litigation in the United States District Court for the Northern District of Alabama, Southern Division seeking declaratory and injunctive relief. The action is captioned Vulcan Materials Company v. Martin Marietta Materials, Inc., CV-11-CO-4248-S (N.D. Ala.). In its complaint, Vulcan alleged that Martin Marietta violated the common interest, joint defense and confidentiality agreement executed by Vulcan, Martin Marietta and their respective outside counsel on May 18, 2010, by misusing and disclosing information protected by the agreement in connection with its exchange offer. Vulcan further alleged that Martin Marietta violated the Securities Exchange Act of 1934 (the “Exchange Act”) by launching its exchange offer while in possession of material nonpublic information it obtained under the common interest, joint defense and confidentiality agreement. On this basis, Vulcan seeks, among other things, (1) an injunction barring Martin Marietta from pursuing an exchange offer formulated in breach of the common interest, joint defense and confidentiality agreement; (2) a declaration that Martin Marietta may not disclose information received pursuant to the common interest, joint defense and confidentiality agreement in support of its exchange offer; (3) an injunction barring Martin Marietta from pursuing its exchange offer in violation of the Exchange Act; and (4) an injunction requiring that Martin Marietta correct certain of the material omissions and misstatements in its public filings, also as required by the Exchange Act.

On January 13, 2012, Vulcan informed the Court that it had agreed to pursue Counts I and II of its complaint, which asserted claims for breach of contract against Martin Marietta under the May 18, 2010 common interest, joint defense, and confidentiality agreement, in the Delaware Litigation. It also informed the Court that because Vulcan and Martin Marietta were proceeding with expedited discovery in the Delaware Litigation and had agreed that evidence produced in that litigation would be deemed produced in the Alabama Litigation, the Court did not need to grant Vulcan’s request for expedited discovery at that time. The Court then denied certain pending motions for consolidation and expedition. On January 18, 2012, Vulcan voluntarily dismissed Counts I and II of its complaint as it intends to pursue such counts in the Delaware Litigation.

Vulcan intends to continue to pursue vigorously its claims arising under the federal securities laws in the United States District Court for the Northern District of Alabama.

Various motions and related items (whether procedural, discovery-related and/or substantive in nature) occur from time to time with respect to these matters.

Shareholder Litigation

Four putative class-action complaints challenging Vulcan's response to Martin Marietta's exchange offer have been filed against Vulcan and its directors. Three of these complaints were filed in the United States District Court for the District of New Jersey: City of Southfield Police & Fire Retirement Systems v. Carroll, et al., No. 11-cv-07416 (the "Southfield Action"); Louisiana Municipal Police Employees' Retirement System v. Carroll, et al., No. 11-cv-7571 (the "Louisiana Municipal Action"); and Stationary Engineers Local 39 Pension Trust Fund v. Carroll, et al., No. 12-cv-00349 (the "Stationary Engineers Action"). The fourth complaint was filed in the United States District Court for the Northern District of Alabama: KBC Asset Management NV v. James, et al., No. 11-cv-04323 (the "KBC Action").

Each of the above-named putative class-action complaints has been brought on behalf of a putative class of Vulcan shareholders and alleges that the Company's directors breached their fiduciary duties in connection with their response to the Offer. The complaints filed in the KBC and Stationary Engineers Actions also purport to assert claims derivatively on behalf of Vulcan. All four putative class-action complaints seek, among other things, an injunction barring the named defendants from adopting any defensive measures in connection with the Offer, as well as attorneys' fees and costs. Plaintiffs in the Southfield and Louisiana Municipal Actions also seek a declaration that neither the New Jersey Shareholders Protection Act nor Article VIII.A of Vulcan's Charter is applicable to the Offer.

Various motions and related items (whether procedural, discovery-related and/or substantive in nature) occur from time to time with respect to these matters.

Vulcan and its directors believe the lawsuits are meritless.

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 17, 2012, the number of shareholders of record was 4,728. 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 2011 and 2010.

	Common Stock Prices		*Dividends*
	High	*Low*	*Declared*
2011			
First quarter	$47.18	$39.77	$0.25
Second quarter	46.80	36.51	0.25
Third quarter	39.99	27.44	0.25
Fourth quarter	45.00	25.06	0.01
2010			
First quarter	$54.36	$41.80	$0.25
Second quarter	59.90	43.60	0.25
Third quarter	48.04	35.61	0.25
Fourth quarter	48.26	35.40	0.25

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.

In October 2011, our Board of Directors declared a quarterly dividend of one cent per share effective with the fourth quarter 2011 payment. This dividend compares with the 25 cents per share quarterly dividend paid in the third quarter of 2011. On February 15, 2012, our Board declared a dividend of one cent per share for the first quarter of 2012.

ISSUER PURCHASES OF EQUITY SECURITIES

We did not have any repurchases of stock during the fourth quarter of 2011. We did not have any unregistered sales of equity securities during the fourth quarter of 2011.

The selected earnings data, per share data and balance sheet data for each of the five years ended December 31, 2011, set forth below 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	***2011***	*2010*	*2009*	*2008*	*2007*
Net sales	**$2,406.9**	$2,405.9	$2,543.7	$3,453.1	$3,090.1
Gross profit	**$283.9**	$300.7	$446.0	$749.7	$950.9
Gross profit as a percentage of net sales	**11.8%**	12.5%	17.5%	21.7%	30.8%
Earnings (loss) from continuing operations [1]	**($75.3)**	($102.5)	$18.6	$3.4	$463.1
Earnings (loss) on discontinued operations, net of tax [2]	**$4.5**	$6.0	$11.7	($2.4)	($12.2)
Net earnings (loss)	**($70.8)**	($96.5)	$30.3	$0.9	$450.9
Basic earnings (loss) per share					
Earnings from continuing operations	**($0.58)**	($0.80)	$0.16	$0.03	$4.77
Discontinued operations	**0.03**	0.05	0.09	(0.02)	(0.12)
Basic net earnings (loss) per share	**($0.55)**	($0.75)	$0.25	$0.01	$4.65
Diluted earnings (loss) per share					
Earnings from continuing operations	**($0.58)**	($0.80)	$0.16	$0.03	$4.66
Discontinued operations	**0.03**	0.05	0.09	(0.02)	(0.12)
Diluted net earnings (loss) per share	**($0.55)**	($0.75)	$0.25	$0.01	$4.54
Cash and cash equivalents	**$155.8**	$47.5	$22.3	$10.2	$34.9
Total assets [3]	**$8,229.3**	$8,339.5	$8,526.5	$8,909.3	$8,927.4
Working capital [3]	**$456.8**	$191.4	($138.8)	($793.2)	($1,380.0)
Current maturities and short-term borrowings	**$134.8**	$290.7	$621.9	$1,394.2	$2,126.7
Long-term debt	**$2,680.7**	$2,427.5	$2,116.1	$2,153.6	$1,529.8
Equity [3]	**$3,791.6**	$3,955.8	$4,028.1	$3,529.8	$3,770.8
Cash dividends declared per share	**$0.76**	$1.00	$1.48	$1.96	$1.84

[1] *Earnings from continuing operations during 2008 include an after tax goodwill impairment charge of $227.6 million, or $2.05 per diluted share, for our Cement segment.*

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

[3] *As corrected for 2010, 2009 and 2008, see Note 20 "Correction of Prior Period Financial Statement" in Item 8 "Financial Statements ar and Supplementary Data."*

EXECUTIVE SUMMARY

FINANCIAL SUMMARY FOR 2011

- Aggregates gross profit per ton remained relatively stable due primarily to improved pricing and cost containment through productivity gains in labor and energy efficiency
  - Gross profit was $2.14 per ton versus $2.17 per ton in 2010
  - Freight-adjusted aggregates pricing increased 1%
  - Aggregates shipments decreased 3%
- Asphalt mix and ready-mixed concrete pricing increased 8% and 6%, respectively
- Unit costs for diesel fuel and liquid asphalt increased 35% and 17%, respectively, reducing pretax earnings $63.0 million, or $0.29 per diluted share
- Selling, Administrative and General (SAG) costs were down $37.5 million, or 11%, from the prior year
- Net earnings were a loss of $70.8 million, or $0.55 per diluted share, versus a loss of $96.5 million, or $0.75 per diluted share, in 2010
- EBITDA was $425.2 million, an increase of $54.6 million, or 15%, from 2010 and includes:
  - gains totaling $86.1 million from the sale of a business and a legal settlement
  - charges totaling $15.2 million related to restructuring and costs related to Martin Marietta's unsolicited exchange offer
- Capital spending was $98.9 million, up modestly from $86.3 million in the prior year

KEY DRIVERS OF VALUE CREATION

Superior Characteristics of Aggregates Business	15.0 billion tons of aggregates reserves Stable, consistent price growth over time High weight-to-value ratio Used in all major construction end-markets
Recovery in Vulcan's High Population Growth States	75% of predicted share of U.S. population growth from 2010 to 2020 is projected to occur in Vulcan-served states * Powerful operating leverage
U.S. Infrastructure Needs will Drive Vulcan's Core Business	Key end-markets for Vulcan are highways, bridges and other infrastructure, where the need is greatest Greatest aggregates intensity per dollar of construction spending
Streamlined Organizational Structure and ERP and Shared Services Platforms Produced $55 Million of Run-rate Overhead Savings	Consolidation of 8 divisions into 4 regions improved operating efficiencies Substantial completion of ERP and Shared Services platforms allows for greater standardization and best practices

**Source: Moody's Analytics*

EARNINGS GROWTH INITIATIVES

In February 2012, our Board of Directors approved a two-part initiative to accelerate earnings growth and improve our credit profile:

- A Profit Enhancement Plan that includes cost reductions and other earnings enhancements of $100 million. The run-rate earnings effect is expected to be achieved within the next 18 months as we fully leverage our streamlined management structure and substantially completed ERP and Shared Services platforms. These profit enhancements are in addition to the actions announced in 2011, which produced the $55 million in run-rate overhead savings as cited above.
- Planned Asset Sales with net after-tax proceeds of approximately $500 million from the sale of non-core assets over the next 12 to 18 months. The net proceeds of these sales, together with the increased earnings resulting from the Profit Enhancement Plan, will be used to reduce debt and strengthen our balance sheet and credit profile. The intended asset sales are consistent with our strategic focus on building leading aggregates positions in markets with above-average long-term demand growth.

CORRECTION OF PRIOR PERIOD FINANCIAL STATEMENT

In preparation for an Internal Revenue Service (IRS) exam during 2011, we identified improper deductions and errors in the calculation of taxable income for items primarily associated with the 2007 acquisition of Florida Rock. The errors arose during periods prior to 2009 and are not material to previously issued financial statements. As a result, we did not amend previously filed financial statements but have restated the affected Consolidated Balance Sheet and Consolidated Statements of Equity presented in this Form 10-K. See Note 20 “Correction of Prior Period Financial Statement” in Item 8 “Financial Statements and Supplementary Data” for more details.

STABILIZING MARKETS

For the twelve-month period ending December 31, 2011, contract awards for highway construction, which include federal, state and local road and bridge projects, were down 6% from 2010 in Vulcan-served states. However, contract awards for more aggregates-intensive road-related projects were up 2% over 2010 while bridges were down 18% compared to 2010. We believe this sharp contrast between road and bridge contract award activity is due to the types of projects funded with federal stimulus dollars as well as the increase in spending from regular funding programs by state departments of transportation, which in the absence of a new multi-year federal highway bill are currently more focused on maintaining existing capacity.

Several developments in Congress offer encouragement that federal highway funding is moving in a positive direction. The current six-month funding extension, which was signed into law September 16, 2011, is essentially in line with 2011 funding levels. Notably, leaders in Congress in both parties have been working to maintain highway funding at or very near current levels at a time of dramatic proposed or actual cuts in many other areas of the federal budget. The first three appropriations bills of fiscal year 2012 included appropriations for highways at more than $41 billion, consistent with the last two fiscal year funding levels. With respect to the reauthorization of the multi-year surface transportation bill, both Senate and House leaders have stated their intention to move a highway bill in 2012, and began floor debate on bills in the House and Senate the week of February 14, 2012.

Private construction in the U.S. has remained at low levels with some indications of improvement in certain categories. Single-family housing starts remain at historically low levels. Multi-family housing starts, on the other hand, have increased sharply since late last year. Private nonresidential construction has also remained at low levels; however, trailing twelve-month contract awards are up across the U.S. for the fourth quarter in a row. The growth in contract awards in the manufacturing sector has remained strong since late 2010, and awards for new projects in the categories of retail and office buildings have increased modestly for the third consecutive quarter.

UNSOLICITED EXCHANGE OFFER

In December 2011, Martin Marietta commenced an unsolicited exchange offer for all outstanding shares of our common stock at a fixed exchange ratio of 0.50 shares of Martin Marietta common stock for each Vulcan common share and indicated its intention to nominate a slate of directors to our Board. After careful consideration, including a thorough review of the offer with its financial and legal advisors, our Board unanimously determined that Martin Marietta's offer is inadequate, substantially undervalues Vulcan, and is not in the best interests of Vulcan and its shareholders.

More information regarding our Board's recommendation and rationale can be found in the Solicitation/Recommendation Statement on Schedule 14D-9 filed with the Securities and Exchange Commission at *www.sec.gov*.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

Generally Accepted Accounting Principles (GAAP) does not define "free cash flow" and "Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)." Thus, they should not be considered as an alternative to net cash provided by operating activities or any other liquidity or earnings measure defined by GAAP. We present these metrics for the convenience of investment professionals who use such metrics in their analyses, and 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. We use free cash flow, EBITDA and other such measures to assess the operating performance of our various business units and the consolidated company. We do not use these metrics as a measure to allocate resources. Reconciliations of these metrics to their nearest GAAP measures are presented below:

FREE CASH FLOW

Free cash flow deducts purchases of property, plant & equipment from net cash provided by operating activities.

in millions	***2011***	*2010*	*2009*
Net cash provided by operating activities	**$169.0**	$202.7	$453.0
Purchases of property, plant & equipment	**(98.9)**	(86.3)	(109.7)
Free cash flow	**$70.1**	$116.4	$343.3

EBITDA

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

in millions	***2011***	*2010*	*2009*
Net cash provided by operating activities	**$169.0**	$202.7	$453.0
Changes in operating assets and liabilities before initial effects of business acquisitions and dispositions	**11.9**	(20.0)	(90.3)
Other net operating items using cash	**110.0**	102.9	62.2
Earnings on discontinued operations, net of taxes	**(4.5)**	(6.0)	(11.7)
Benefit from income taxes	**(78.5)**	(89.7)	(37.8)
Interest expense, net	**217.3**	180.7	173.0
EBITDA	**$425.2**	$370.6	$548.4

in millions	***2011***	*2010*	*2009*
Net earnings (loss)	**($70.8)**	($96.5)	$30.3
Benefit from income taxes	**(78.5)**	(89.7)	(37.8)
Interest expense, net	**217.3**	180.7	173.0
Earnings on discontinued operations, net of taxes	**(4.5)**	(6.0)	(11.7)
Depreciation, depletion, accretion and amortization	**361.7**	382.1	394.6
EBITDA	**$425.2**	$370.6	$548.4

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 results of operations. We discuss separately our discontinued operations, which consist of our former Chemicals business.

The following table shows net earnings in relationship to net sales, cost of goods sold, operating earnings and EBITDA.

CONSOLIDATED OPERATING RESULTS

For the years ended December 31 *in millions, except per share data*	***2011***	*2010*	*2009*
Net sales	**$2,406.9**	$2,405.9	$2,543.7
Cost of goods sold	**2,123.0**	2,105.2	2,097.7
Gross profit	**$283.9**	$300.7	$446.0
Operating earnings (loss)	**$63.4**	($14.5)	$148.5
Loss from continuing operations before income taxes	**($153.7)**	($192.2)	($19.2)
Earnings (loss) from continuing operations	**($75.3)**	($102.5)	$18.6
Earnings on discontinued operations, net of income taxes	**4.5**	6.0	11.7
Net earnings (loss)	**($70.8)**	($96.5)	$30.3
Basic earnings (loss) per share			
Continuing operations	**($0.58)**	($0.80)	$0.16
Discontinued operations	**0.03**	0.05	0.09
Basic net earnings (loss) per share	**($0.55)**	($0.75)	$0.25
Diluted earnings (loss) per share			
Continuing operations	**($0.58)**	($0.80)	$0.16
Discontinued operations	**0.03**	0.05	0.09
Diluted net earnings (loss) per share	**($0.55)**	($0.75)	$0.25
EBITDA	**$425.2**	$370.6	$548.4

OPERATING LEVERAGE EMBEDDED IN OUR BUSINESS

The EBITDA rebound in 2011 demonstrated the operating leverage embedded in our business as demand recovers. We expect this momentum to continue in 2012 due primarily to the continuation of a stable demand environment, continued improvement in pricing and our continued focus on:

- reducing overhead costs through streamlined management structure
- reducing debt
- improving our liquidity position and earnings through divestitures of non-strategic assets or other strategic alternatives

Since 2007, we have invested $61.7 million in expense and capital to implement our new ERP and Shared Services platforms. We initiated the project to create a common platform for all systems that support our business, and have completed all of the major milestones for the project since then. These platforms are helping to streamline processes enterprise-wide and standardize administrative and support functions while providing enhanced flexibility to monitor and control costs.

These new platforms enabled us to consolidate our eight divisions into four regions, streamline our support function, and reduce related positions and overhead costs — resulting in annualized overhead cost savings of over $55 million. As a result of these restructuring initiatives, we incurred $13.0 million of severance and related charges during 2011.

To position Vulcan for significant earnings growth, we remain focused on taking prudent steps to control costs, improve liquidity and continue to adjust our product mix and geographic footprint.

We completed several transactions in 2011 that increased our aggregates reserves positions in key markets while improving earnings and liquidity by exiting certain non-strategic markets. Over the next 12 to 18 months, we plan to sell noncore assets that will generate after-tax net proceeds of approximately $500 million. The intended asset sales are consistent with our strategic focus on building leading aggregates reserve positions in markets with above-average long-term demand growth.

The 2011 results include a $46.4 million recovery from legal settlements reflecting arbitration awards from insurers related to the Illinois Department of Transportation (IDOT) lawsuit settled last year for $40.0 million. In addition to these recovery amounts, the arbitration awards included $3.2 million of current year legal fees and interest.

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

in millions				
	2009	($19.2)	*2010*	($192.2)
Higher (lower) aggregates earnings due to				
Lower volumes		(20.6)		(26.7)
Higher (lower) selling prices		(25.1)		17.6
Higher costs		(27.4)		(4.9)
Higher (lower) concrete earnings		(30.5)		1.6
Lower asphalt mix earnings		(39.7)		(3.7)
Lower cement earnings		(2.0)		(0.7)
Lower (higher) selling, administrative and general expenses [1]		(5.9)		37.5
Higher (lower) gain on sale of property, plant & equipment and businesses		32.2		(11.5)
IDOT - 2010 settlement charge, 2011 insurance recovery of settlement		(40.0)		86.4
Restructuring charges - 2011		0.0		(13.0)
Exchange offer costs - 2011		0.0		(2.2)
Higher interest expense		(6.3)		(39.0)
All other		(7.7)		(2.9)
	2010	($192.2)	***2011***	**($153.7)**

[1] *Includes expenses for property donations recorded at fair value for each comparative year, as follows: $0.0 million in 2011, $9.2 million in 2010 and $8.5 million in 2009.*

OPERATING RESULTS BY SEGMENT

We present our results of operations by segment at the gross profit level. We have four reporting 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 declined:

- 3% in 2011
- 2% in 2010
- 26% in 2009

Despite the year-over-year decline, shipments in the second half of 2011 trended upward primarily due to strength in California and the Mid-Atlantic markets. The increases in these markets were due mainly to large infrastructure project work (principally highway construction) and favorable weather.

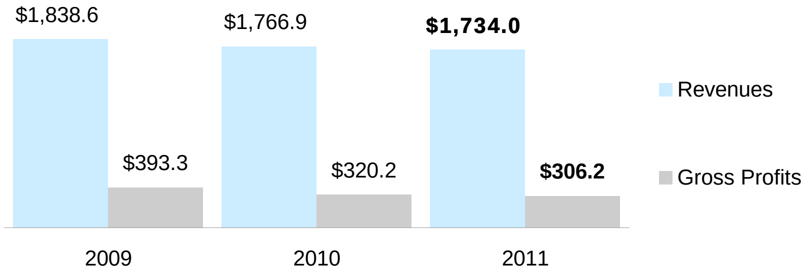
Our year-over-year freight-adjusted selling price for aggregates:

- improved 1% in 2011
- declined 2% in 2010
- improved 3% in 2009

The average sales price for aggregates increased 1% from the prior year due to improvements across a number of markets, including Florida, Tennessee and Texas and certain markets in California.

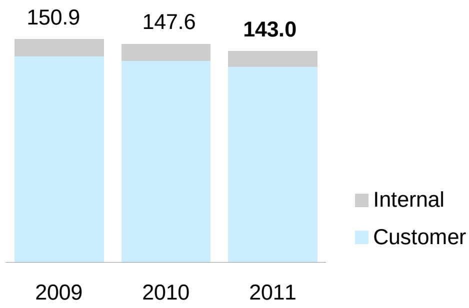
AGGREGATES REVENUES AND GROSS PROFITS

in millions



AGGREGATES UNIT SHIPMENTS

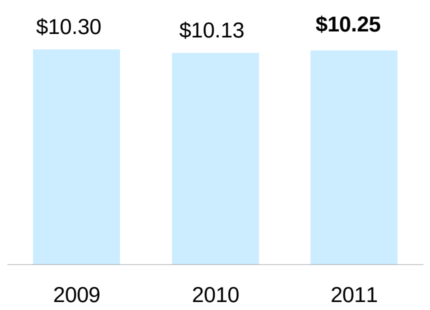
Customer and internal[1] tons, in millions



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

AGGREGATES SELLING PRICE

Freight-adjusted average sales price per ton[2]



[2] *Freight-adjusted sales price is calculated as total sales dollars (internal and external) less freight to remote distribution sites divided by total sales units (internal and external)*

Aggregates gross profit remained relatively stable due mostly to improved pricing and cost containment through productivity gains in labor and energy efficiency. Labor productivity and energy efficiency, both key operating measures, improved from the prior year and more than offset a 35% increase in the unit cost for diesel fuel.

2. CONCRETE

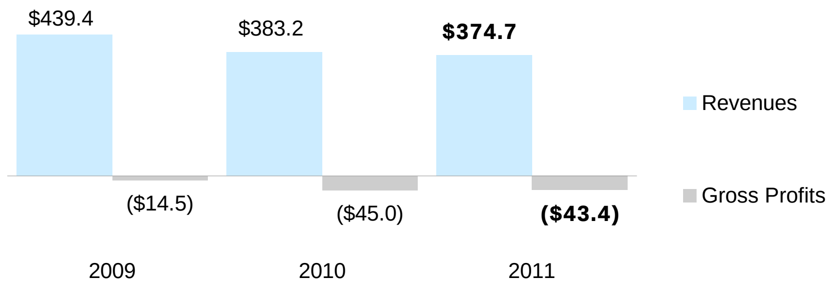
Our year-over-year ready-mixed concrete shipments declined:

- 6% in 2011
- 5% in 2010
- 32% in 2009

The Concrete segment reported a loss of $43.4 million in 2011 compared to a loss of $45.0 million in 2010. Ready-mixed concrete volumes were down 6% while the average sales price increased 6%, contributing to a 10% improvement in unit materials margin.

CONCRETE REVENUES AND GROSS PROFITS

in millions



3. ASPHALT MIX

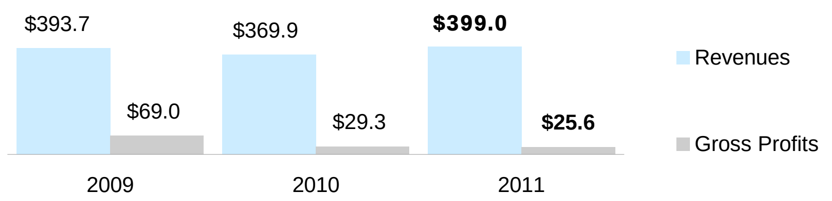
Our year-over-year asphalt mix shipments:

- increased 1% in 2011
- declined 3% in 2010
- declined 22% in 2009

Asphalt Mix gross profit was $25.6 million in 2011 compared to $29.3 million in 2010 due principally to higher liquid asphalt costs. The average sales price for asphalt mix increased 8% while liquid asphalt costs increased 17%.

ASPHALT MIX REVENUES AND GROSS PROFITS

in millions

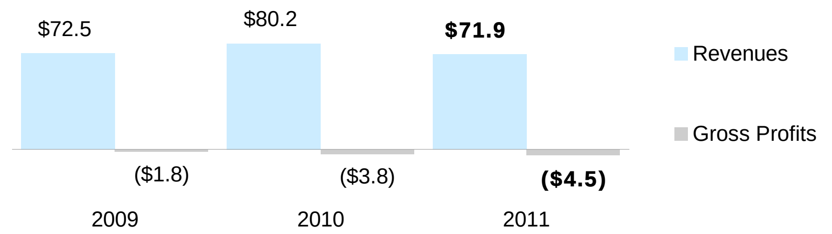


4. CEMENT

The average unit selling price for cement decreased 7% and volumes were down 5% in 2011 compared to 2010 contributing to the $0.7 million reduction in gross profit.

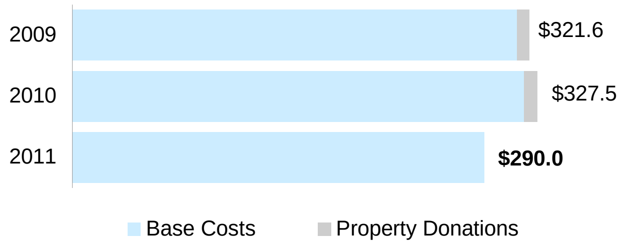
CEMENT REVENUES AND GROSS PROFITS

in millions



SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

in millions



SAG expenses decreased $37.5 million, or 11%, from 2010. This 2011 decrease resulted from lower spending in most major overhead categories, including lower spending for our IT replacement project and the absence of a charge in the current year for property donations. Additionally, the current year expenses included savings from reduced employment levels.

Our comparative company employment levels at year end:

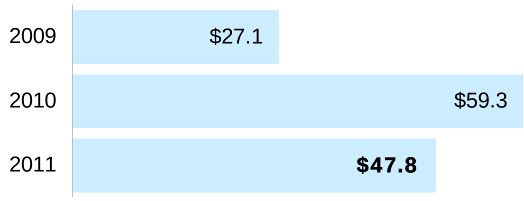
- declined 7% in 2011
- declined 4% in 2010
- declined 11% in 2009

SAG expenses for property donations recorded at fair value were as follows: $0.0 million in 2011, $9.2 million in 2010 and $8.5 million in 2009. The gains from these donations, which are equal to the excess of the fair value over the carrying value, are included in gain on sale of property, plant & equipment and businesses, net in the Consolidated Statements of Comprehensive Income. Excluding the effect of these property donations, SAG expenses decreased $28.3 million in 2011 over 2010 and increased $5.2 million in 2010 over 2009.

Severance charges included in SAG expenses were as follows: 2011 — $4.1 million, 2010 — $6.9 million and 2009 — $7.3 million.

GAIN ON SALE OF PROPERTY, PLANT & EQUIPMENT AND BUSINESSES, NET

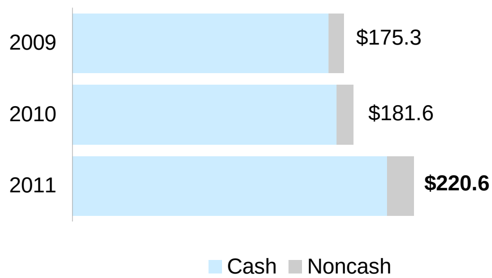
in millions



The 2011 gain includes a $39.7 million pretax gain associated with the sale of four non-strategic 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 Statements and Supplementary Data”). The 2010 gain includes a $39.5 million pretax gain associated with the sale of three non-strategic aggregates facilities. The 2009 gain was primarily related to sales and donations of real estate.

INTEREST EXPENSE

in millions



The 2011 increase in interest expense resulted primarily from our debt refinancing completed in June. In addition to higher effective interest rates on the new debt, we incurred $26.2 million of charges in connection with our tender offer and debt retirement. These charges resulted from the $18.4 million difference between the purchase price and par value of the notes purchased in the tender offer, $0.7 million in transaction fees and $8.1 million of noncash write-offs of unamortized discounts, deferred financing costs and amounts in accumulated other comprehensive income (AOCI) related to the retired debt.

INCOME TAXES

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

dollars in millions	***2011***	*2010*	*2009*
Loss from continuing operations before income taxes	**($153.7)**	($192.2)	($19.2)
Benefit from income taxes	**(78.5)**	(89.7)	(37.9)
Effective tax rate	**51.0%**	46.6%	197.0%

The $11.2 million decrease in our 2011 benefit from income taxes is primarily related to the 2011 decreased loss from continuing operations. The $51.8 million increase in our 2010 benefit from income taxes is primarily related to the increased loss from continuing operations. A reconciliation of the federal statutory rate of 35% to our effective tax rates for 2011, 2010 and 2009 is presented in Note 9 “Income Taxes” in Item 8 “Financial Statements and Supplementary Data.”

DISCONTINUED OPERATIONS

Pretax earnings from discontinued operations were:

- $7.4 million in 2011
- $10.0 million in 2010
- $19.5 million in 2009

The 2011 pretax earnings includes pretax gains totaling $18.6 million related to the 5CP earn-out and insurance recoveries compared to similar pretax gains totaling $13.9 million in 2010. The 2009 pretax earnings from discontinued operations resulted primarily from settlements with two of our insurers in perchloroethylene lawsuits resulting in pretax gains of $23.5 million. 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 financial resources include the sale of reclaimed and surplus real estate, and dispositions of non-strategic operating assets. We believe these financial resources are sufficient to fund our future business requirements, including:

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

On October 14, 2011, our Board of Directors declared a quarterly dividend of one cent per share for the fourth quarter of 2011 compared with the 25 cents per share quarterly dividend paid in the third quarter of 2011. On February 15, 2012, our Board declared a dividend of one cent per share for the first quarter of 2012.

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:

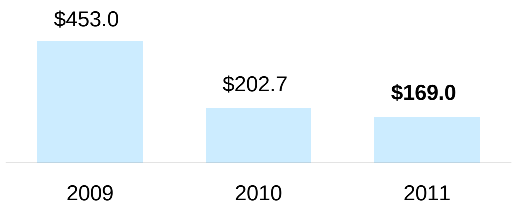
- maintain substantial bank line of credit borrowing capacity
- use the bank line of credit only for seasonal working capital requirements and other temporary funding requirements
- proactively manage our long-term debt maturity schedule such that repayment/refinancing risk in any single year is low
- 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 cash and cash equivalents balance of $155.8 million is $40.1 million of cash held at one of our foreign subsidiaries. This cash is not available to fund domestic operations unless repatriated. We have no plans to repatriate the cash as the earnings from this subsidiary are indefinitely reinvested. If we distribute the earnings in the form of dividends, the distribution would be subject to U.S. income taxes.

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.

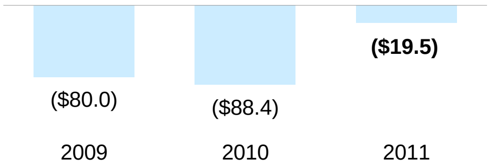
in millions	***2011***	*2010*	*2009*
Net earnings (loss)	**($70.8)**	($96.5)	$30.3
Depreciation, depletion, accretion and amortization	**361.7**	382.1	394.6
Net gain on sale of property, plant & equipment and businesses	**(58.8)**	(68.1)	(27.9)
Deferred tax provision	**(93.7)**	(51.7)	(43.8)
Other operating cash flows, net	**30.6**	36.9	99.8
Net cash provided by operating activities	**$169.0**	$202.7	$453.0

2011 VERSUS 2010 — Although net earnings before noncash deductions for depreciation, depletion, accretion and amortization increased to $290.9 million from $285.6 million, net cash provided by operating activities decreased $33.7 million. Operating cash flows were negatively impacted by changes in our working capital accounts which used $25.3 million in cash in 2011 compared to $37.2 million of cash generated in 2010. This increase in cash outflows was partially offset by a decrease in contributions to pension plans from $24.5 million in 2010 to $4.9 million in 2011.

2010 VERSUS 2009 — Lower net earnings before deducting noncash charges for depreciation, depletion, accretion and amortization caused the majority of the $250.3 million decrease in operating cash flows. Cash received associated with gains on sale of property, plant & equipment and businesses is presented as a component of investing activities and accounts for $40.2 million of the $250.3 million year-over-year decrease in operating cash flows.

CASH FROM INVESTING ACTIVITIES

in millions

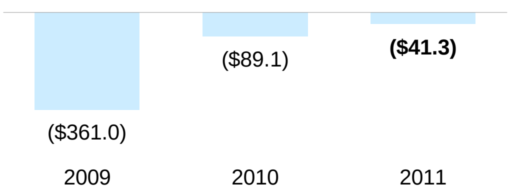


2011 VERSUS 2010 — Net cash used for investing activities of $19.5 million decreased $68.9 million from 2010. Proceeds from the sale of non-strategic businesses increased $23.8 million year-over-year to $74.7 million in 2011. We utilized an asset swap strategy to acquire aggregates facilities in high growth markets while disposing of non-strategic assets. This strategy allowed us to acquire net assets valued at $35.4 million for a cash outlay of $10.5 million. Accordingly, cash used to acquire businesses decreased by $60.0 million compared to 2010. Cash used for the purchase of property, plant & equipment totaled $98.9 million in 2011, compared to $86.3 million in 2010 and $109.7 million in 2009.

2010 VERSUS 2009 — Net cash used for investing activities totaled $88.4 million compared to $80.0 million in 2009, an increase of $8.4 million. The positive cash flows from an increase in proceeds from the sale of non-strategic businesses of $34.9 million and the decrease in cash used for capital projects were more than offset by a $33.6 million increase in payments for businesses acquired and a $33.3 million decrease in the redemption of medium-term investments.

CASH FROM FINANCING ACTIVITIES

in millions



2011 VERSUS 2010 — Net cash used for financing activities of $41.3 million decreased $47.8 million from 2010. Increases in financing cash flows were largely due to an increase in cash flows related to debt of $71.5 million. This net positive cash flow variance includes proceeds and payments of short-term and long-term debt, debt issuance costs, cash paid to purchase our own debt at a premium above par value and proceeds from the settlement of interest rate swap agreements. The positive cash flows from debt-related items and the $29.6 million decrease in dividends paid (largely as a result of the dividend reduction in the fourth quarter of 2011) were partially offset by year-over-year decreases in proceeds from the issuance of common stock and the exercise of stock options totaling $53.7 million.

2010 VERSUS 2009 — Net cash used for financing activities totaled $89.1 million, compared to $361.0 million during 2009. During 2010, we reduced total debt by $19.8 million despite a significant year-over-year decline in cash provided by operating activities. In the third quarter of 2009, we reduced our dividend per share to $0.25 from $0.49 declared and paid in the prior two quarters of 2009, resulting in comparative cash savings of $91.9 million during 2010.

DEBT

dollars in millions	***2011***	*2010*
Debt		
Current maturities of long-term debt	**$134.8**	$5.2
Short-term borrowings	**0.0**	285.5
Long-term debt	**2,680.7**	2,427.5
Total debt	**$2,815.5**	$2,718.2
Capital		
Total debt	**$2,815.5**	$2,718.2
Equity	**3,791.6**	3,955.8
Total capital	**$6,607.1**	$6,674.0
Weighted-average Interest Rate		
Bank line of credit	**n/a**	0.59%
Long-term debt excluding bank line of credit	**7.30%**	7.02%
Total Debt as a Percentage of Total Capital	**42.6%**	40.7%
Total Debt — Percentage of		
Floating-rate debt	**0.5%**	17.9%
Fixed-rate debt	**99.5%**	82.1%

In June 2011, we issued $1.1 billion of long-term notes in two series, as follows: $500.0 million of 6.50% notes due in 2016 and $600.0 million of 7.50% notes due in 2021. These notes were issued principally to:

- repay and terminate our $450.0 million floating-rate term loan due in 2015
- fund the purchase through a tender offer of $165.4 million of our outstanding 5.60% notes due in 2012 and $109.6 million of our outstanding 6.30% notes due in 2013
- repay $275.0 million outstanding under our bank line of credit
- and for general corporate purposes

This debt issuance and retirement transaction lengthens our debt maturity profile and provides financial flexibility to continue investing in our business as the economy recovers.

During the fourth quarter of 2011, we replaced our $1.5 billion bank line of credit that was due to expire on November 16, 2012 with a $600.0 million bank line of credit. We proactively reduced the size of the bank line of credit to match the current and expected needs of the business — the $1.5 billion bank line of credit was established in connection with the acquisition of Florida Rock and the initial borrowings were largely refinanced with other debt instruments.

The $600.0 million bank line of credit expires on December 15, 2016 and 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 $600.0 million at any point in time.

Utilization of the borrowing capacity under our bank line of credit as of December 31, 2011:

- none was drawn
- $63.8 million was used to provide backup for outstanding standby letters of credit

Borrowings under the $600.0 million bank 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 1.75% to 2.25% based on the level of utilization, or an alternative rate derived from the lender's prime rate. Borrowings bearing interest at LIBOR plus the margin are made for periods of 1, 2, 3 or 6 months, and may be extended. Borrowings bearing interest at an alternative rate are made on an overnight basis and may be extended each day. Letters of credit issued under the $600.0 million bank line of credit are charged a fee equal to the applicable margin for borrowings. As of December 31, 2011, the applicable margin was 1.75%.

Borrowings under the $600.0 million bank line of credit are classified as long-term debt due to our ability to extend borrowings at the end of each borrowing period. Previously, we classified bank line of credit borrowings as short-term debt based on our intent to pay outstanding borrowings within one year.

As of December 31, 2011, debt maturities for the next five years were as follows:

in millions	*Debt Maturities*
2012	$134.8
2013	150.6
2014	0.2
2015	150.1
2016	500.1

We expect to retire debt maturities using existing cash, cash generated from operations, by drawing on our bank line of credit, or accessing the capital markets.

DEBT COVENANTS

The $600.0 million bank line of credit contains covenant limitations on liens, indebtedness, guarantees, certain restricted payments, and acquisitions and divestitures, and a minimum fixed charge coverage ratio that is only applicable if utilization exceeds 90% of the lesser of $600.0 million or the borrowing capacity derived from the sum of eligible accounts receivable and inventory.

The indentures governing our notes contain a covenant limiting our total debt as a percentage of total capital to 65%. Our total debt as a percentage of total capital was 42.6% as of December 31, 2011 compared with 40.7% as of December 31, 2010.

DEBT RATINGS

Our short-term debt rating/outlook as of December 31, 2011 was:

- *Moody's* — not prime/negative (rating dated September 16, 2011; outlook changed from stable to negative)

In October 2011, Standard and Poor's withdrew our short-term debt rating/outlook at our request. The rating (B/negative) was deemed unnecessary as we had no outstanding commercial paper and access to the commercial paper market was unavailable at the current credit rating.

Our long-term debt ratings/outlooks as of December 31, 2011 were:

- *Standard and Poor's* — BB/watch positive (rating dated December 13, 2011; outlook changed from negative to watch positive)
- *Moody's* — Ba2/negative (rating dated September 16, 2011; downgraded from Ba1/stable)

Subsequent to the December 2011 unsolicited exchange offer from Martin Marietta, Moody's placed our ratings under review with direction uncertain.

EQUITY

Our common stock outstanding increased 0.7 million shares from January 1, 2011 to December 31, 2011.

in thousands	***2011***	*2010*	*2009*
Common stock shares at January 1, issued and outstanding	**128,570**	125,912	110,270
Common Stock Issuances			
Public offering	**0**	0	13,225
Acquisitions	**373**	0	789
401(k) savings and retirement plan	**111**	882	1,135
Pension plan contribution	**0**	1,190	0
Share-based compensation plans	**191**	586	493
Common stock shares at December 31, issued and outstanding	**129,245**	128,570	125,912

In 2009, we sold 13.2 million shares of common stock (par value of $1 per share) in a public offering for net proceeds of $520.0 million.

As explained in more detail in Note 13 "Equity" in Item 8 "Financial Statements and Supplementary Data," common stock issued in connection with business acquisitions were:

- 2011 — 0.4 million shares
- 2009 — 0.8 million shares

We periodically 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:

- 2011 — issued 0.1 million shares for cash proceeds of $4.7 million
- 2010 — issued 0.9 million shares for cash proceeds of $41.7 million
- 2009 — issued 1.1 million shares for cash proceeds of $52.7 million

In 2010, we issued 1.2 million shares of common stock (par value of $1 per share) to our qualified pension plans as explained in Note 10 "Benefit Plans" in Item 8 "Financial Statements and Supplementary Data." This transaction increased equity by $53.9 million (common stock $1.2 million and capital in excess of par $52.7 million).

There were no shares held in treasury as of December 31, 2011, 2010 and 2009. There were 3,411,416 shares remaining under the current purchase authorization of the Board of Directors as of December 31, 2011.

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 effect on our:

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

STANDBY LETTERS OF CREDIT

For a discussion of our standby letters of credit see Note 12 "Commitments and Contingencies" in Item 8 "Financial Statements and Supplementary Data."

CASH CONTRACTUAL OBLIGATIONS

We expect cash requirements for income taxes of $5.8 million during 2012. 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 future cash requirements for income taxes and these discrete in nature contracts, our obligations to make future contractual payments as of December 31, 2011 are summarized in the table below:

in millions	*Note Reference*	*Payments Due by Year* 2012	*2013-2014*	*2015-2016*	*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		0.0	0.0	0.0	0.0	0.0
Long-term debt excluding bank line of credit						
Principal payments	Note 6	134.8	150.8	650.3	1,860.5	2,796.4
Interest payments	Note 6	200.3	373.7	358.3	673.6	1,605.9
Operating leases	Note 7	26.8	35.6	26.0	110.7	199.1
Mineral royalties	Note 12	19.6	39.2	29.1	127.1	215.0
Unconditional purchase obligations						
Capital	Note 12	3.7	0.0	0.0	0.0	3.7
Noncapital [2]	Note 12	18.9	19.8	7.5	21.3	67.5
Benefit plans [3]	Note 10	4.9	66.6	70.2	44.8	186.5
Total cash contractual obligations [4, 5]		$409.0	$685.7	$1,141.4	$2,838.0	$5,074.1

[1] Bank line of credit represents borrowings under our five-year credit facility which expires December 15, 2016.

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

[3] Payments in "Thereafter" column for benefit plans are for the years 2017-2021.

[4] The above table excludes discounted asset retirement obligations in the amount of $154.0 million at December 31, 2011, the majority of which have an estimated settlement date beyond 2016 (see Note 17 "Asset Retirement Obligations" in Item 8 "Financial Statements and Supplementary Data").

[5] The above table excludes unrecognized income tax benefits in the amount of $13.5 million at December 31, 2011, 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. Income 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, 2011, goodwill represents 38% of total assets) and the evaluation involves the use of significant estimates and assumptions and considerable management judgment. Thus, an impairment charge could be material to our financial condition and results of operations.

OUR 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.

HOW WE TEST GOODWILL FOR IMPAIRMENT

Goodwill is tested for impairment at the reporting unit level using a two-step process. We have identified 13 reporting units that represent operations or groups of operations one level below our operating segments.

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 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

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.

RESULTS OF OUR IMPAIRMENT TESTS

The results of our annual impairment tests for:

- 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)
- November 1, 2010 indicated that the fair values of all reporting units with goodwill substantially exceeded their carrying values
- November 1, 2009 indicated that the fair values of all reporting units with goodwill substantially exceeded their carrying values

The key assumptions used in the 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.

Delays in a sustained recovery in our Gulf Coast markets may result in an impairment of this reporting unit's goodwill.

For additional information regarding goodwill, see Note 18 "Goodwill and Intangible Assets" in Item 8 "Financial Statements and 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, 2011, net property, plant & equipment represents 42% 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 judgment. Thus, an impairment charge could be material to our financial condition and results of operations. 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 by primarily 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.

Long-lived asset impairments during 2011 were immaterial and related to property abandonments. During 2010 we recorded a $3.9 million loss on impairment of long-lived assets. The loss on impairment was a result of the challenging construction environment which impacted non-strategic assets across multiple operating segments. There were no long-lived asset impairments during 2009.

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 ($154.0 million as of December 31, 2011).

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, 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, 2011, the discount rates for our various plans ranged from 4.15% to 5.08%.

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, 2011, the expected return on plan assets remained consistent with 2010 at 8.0% and was down from 8.25% in 2009.

In projecting the rate of compensation increase, we consider past experience and future expectations. At December 31, 2011, our projected weighted-average rate of compensation remained 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, 2011, our assumed rate of increase in the per capita cost of covered healthcare benefits was 7.50% for 2012, decreasing each year until reaching 5.0% in 2017 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 Benefit Cost*	*Inc (Dec) in Benefit Obligation*	*Inc (Dec) in Benefit Cost*
Actuarial Assumptions				
Discount rate				
Pension	($54.0)	($5.1)	$60.3	$5.6
Other postretirement benefits	(5.1)	(0.2)	5.5	0.3
Expected return on plan assets	not applicable	(3.1)	not applicable	3.1
Rate of compensation increase (for salary-related plans)	11.3	2.0	(10.4)	(1.8)
Rate of increase in the per capita cost of covered healthcare benefits	6.0	1.1	(5.3)	(0.9)

As of December 31, 2008, our Master Pension Trust had assets invested at Westridge Capital Management, Inc. (WCM) with a reported fair value of $59.2 million. In February 2009, the New York District Court appointed a receiver over WCM due to allegations of fraud and other violations of federal commodities and securities laws by principals of a WCM affiliate. In light of these allegations, we reassessed the fair value of our investments at WCM and recorded a $48.0 million write-down in the estimated fair value of these assets for the year ended December 31, 2008. During 2011, the fair value of assets increased from $630.3 million to $636.6 million due primarily to the recovery of an additional $22.0 million from WCM's court-appointed receiver. This recovery resulted in the recognition of a $10.8 million return on plan assets (net of the $11.2 million remaining WCM investment). During 2010, WCM receipts included a $6.6 million release from the receiver as a partial distribution and a $15.0 million insurance settlement for the loss.

During 2012, we expect to recognize net periodic pension expense of approximately $37.0 million and net periodic postretirement expense of approximately $11.6 million compared to $25.7 million and $11.7 million, respectively, in 2011. The increase in pension expense is due primarily to the decrease in the discount rate and the change to reflect generational mortality improvement. For the qualified pension plans, the increase in pension expense is also due to lower than expected asset returns in 2011. As a result of our 2010 pension contributions of $72.5 million in March and $1.3 million in July, we do not expect to make any contributions to the funded pension plans during 2012. Assuming actuarial assumptions are realized, existing funding credit balances are sufficient to fund projected minimum required contributions through 2012. 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, 2011, 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 $4.1 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 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 method. Our current and deferred tax assets and liabilities reflect our best assessment of the estimated future taxes we will pay. Significant judgments and estimates are required in determining the current and deferred assets and liabilities. Annually, we compare the liabilities calculated for our federal, state and foreign income tax returns to the estimated liabilities calculated as part of the year end income tax provision. Any adjustments are reflected in our current and deferred tax assets and liabilities.

We recognize deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax basis of assets and liabilities. Deferred tax assets represent items to be used as a tax deduction or credit in future tax returns for which we have already properly recorded the tax benefit in the income statement. At least quarterly, we assess all positive and negative evidence to determine the likelihood that the deferred tax asset balance will be recovered from future taxable income. We take into account such factors as:

- cumulative losses in recent years
- taxable income in prior carryback years, if carryback is permitted under tax law
- future reversal of existing taxable temporary differences against deductible temporary differences
- tax planning strategies
- future taxable income exclusive of reversing temporary differences
- the mix of taxable income in the jurisdictions in which we operate

If we were to determine that we would not be able to realize a portion of our deferred tax assets in the future, we would charge an adjustment to the deferred tax assets to earnings. Conversely, if we were to determine that realization is more likely than not for deferred tax assets with a valuation allowance, the related valuation allowance would be reduced and we would record a benefit to earnings.

FOREIGN EARNINGS

U.S. income taxes are not provided on foreign earnings when such earnings are indefinitely reinvested offshore. We periodically evaluate our investment strategies for each foreign tax jurisdiction in which we operate to determine whether foreign earnings will be indefinitely reinvested offshore and, accordingly, whether U.S. income taxes should be provided when such earnings are recorded.

UNRECOGNIZED INCOME TAX BENEFITS

We recognize an income tax benefit associated with an uncertain tax position when, in our judgment, it is more likely than not that the position will be sustained upon examination by a taxing authority. 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 realized upon ultimate settlement with a taxing authority. Our liability associated with unrecognized income 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 unrecognized income tax benefits and subsequent adjustments as we consider appropriate.

Before a particular matter for which we have recorded a liability related to an unrecognized income tax benefit is audited and finally resolved, a number of years may elapse. The number of years with open tax audits varies 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 unrecognized income tax benefits is adequate. Favorable resolution of an unrecognized income tax benefit could be recognized as a reduction in our income tax provision and effective tax rate in the period of resolution. Unfavorable settlement of an unrecognized income tax benefit could increase the income tax provision and effective tax rate and may require the use of cash in the period of resolution.

We consider an issue to be resolved at the earlier of settlement of an examination, the expiration of the statute of limitations, or when the issue is "effectively settled." Our liability for unrecognized income tax 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 unrecognized income tax benefits as income tax expense.

STATUTORY DEPLETION

Our largest permanent item in computing both our effective tax rate and taxable income 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.

In June 2011, we issued $500.0 million of 6.50% fixed-rate notes due in 2016. Concurrently, we entered into interest rate swap agreements in the stated amount of $500.0 million. 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 $150.0 million 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 $25.4 million of cash proceeds. The $23.4 million forward component of the settlement (cash proceeds less $2.0 million 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 effective interest method.

In December 2007, we issued $325.0 million of floating-rate notes due in 2010 that bore interest at 3-month LIBOR plus 1.25% per annum. Concurrently, we entered into an interest rate swap agreement in the stated amount of $325.0 million. The swap agreement terminated December 15, 2010, coinciding with the maturity of the notes. The realized gains and losses upon settlement related to the swap agreement are reflected in interest expense concurrent with the hedged interest payments on the debt.

At December 31, 2011, the estimated fair value of our long-term debt instruments including current maturities was $2,931.3 million compared to a book value of $2,815.4 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 $157.7 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, the rate of compensation increase for salaried employees 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 annual report.

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, 2011 and December 31, 2010, and the related consolidated statements of comprehensive income, equity, and cash flows for each of the years in the three-year period ended December 31, 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based 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, 2011 and 2010, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the consolidated financial statements, the Company has changed its presentation of earnings (loss) and comprehensive income (loss) to be included in a single, continuous statement of comprehensive income (loss) due to the adoption of *Accounting Standards Update 2011-05, Presentation of Comprehensive Income.*

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, 2011, based on criteria established in *Internal Control — Integrated Framework,* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 29, 2012 expressed an unqualified opinion on the Company's internal control over financial reporting.

Deloitte & Touche LLP

Birmingham, Alabama
February 29, 2012

VULCAN MATERIALS COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31 *in thousands, except per share data*	***2011***	*2010*	*2009*
Net sales	**$2,406,909**	$2,405,916	$2,543,707
Delivery revenues	**157,641**	152,946	146,783
Total revenues	**2,564,550**	2,558,862	2,690,490
Cost of goods sold	**2,123,040**	2,105,190	2,097,745
Delivery costs	**157,641**	152,946	146,783
Cost of revenues	**2,280,681**	2,258,136	2,244,528
Gross profit	**283,869**	300,726	445,962
Selling, administrative and general expenses	**289,993**	327,537	321,608
Gain on sale of property, plant & equipment and businesses, net	**47,752**	59,302	27,104
Recovery from (charge for) legal settlement	**46,404**	(40,000)	0
Restructuring charges	**(12,971)**	0	0
Exchange offer costs	**(2,227)**	0	0
Other operating expense, net	**(9,390)**	(7,031)	(3,006)
Operating earnings (loss)	**63,444**	(14,540)	148,452
Other nonoperating income, net	**2**	3,074	5,307
Interest income	**3,444**	863	2,282
Interest expense	**220,628**	181,603	175,262
Loss from continuing operations before income taxes	**(153,738)**	(192,206)	(19,221)
Provision for (benefit from) income taxes			
Current	**14,318**	(37,805)	6,106
Deferred	**(92,801)**	(51,858)	(43,975)
Total benefit from income taxes	**(78,483)**	(89,663)	(37,869)
Earnings (loss) from continuing operations	**(75,255)**	(102,543)	18,648
Earnings on discontinued operations, net of income taxes (Note 2)	**4,477**	6,053	11,666
Net earnings (loss)	**($70,778)**	($96,490)	$30,314
Other comprehensive income (loss), net of tax			
Fair value adjustments to cash flow hedges	**0**	(481)	(2,748)
Reclassification adjustment for cash flow hedges	**7,151**	10,709	9,902
Adjustment for funded status of pension and postretirement benefit plans	**(54,366)**	3,201	(17,367)
Amortization of pension and postretirement benefit plans actuarial loss and prior service cost	**7,710**	3,590	1,138
Other comprehensive income (loss)	**(39,505)**	17,019	(9,075)
Comprehensive income (loss)	**($110,283)**	($79,471)	$21,239
Basic earnings (loss) per share			
Continuing operations	**($0.58)**	($0.80)	$0.16
Discontinued operations	**$0.03**	$0.05	$0.09
Net earnings (loss) per share	**($0.55)**	($0.75)	$0.25
Diluted earnings (loss) per share			
Continuing operations	**($0.58)**	($0.80)	$0.16
Discontinued operations	**$0.03**	$0.05	$0.09
Net earnings (loss) per share	**($0.55)**	($0.75)	$0.25
Dividends declared per share	**$0.76**	$1.00	$1.48
Weighted-average common shares outstanding			
Basic	**129,381**	128,050	118,891
Assuming dilution	**129,381**	128,050	119,430

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, except per share data	***2011***	*2010*
Assets		
Cash and cash equivalents	**$155,839**	$47,541
Restricted cash	**81**	547
Accounts and notes receivable		
Customers, less allowance for doubtful accounts		
2011 — $6,498; 2010 — $7,505	**299,166**	260,814
Other	**15,727**	56,984
Inventories	**327,657**	319,845
Current deferred income taxes	**43,032**	54,704
Prepaid expenses	**21,598**	20,109
Assets held for sale	**0**	13,207
Total current assets	**863,100**	773,751
Investments and long-term receivables	**29,004**	37,386
Property, plant & equipment, net	**3,418,179**	3,632,914
Goodwill	**3,086,716**	3,097,016
Other intangible assets, net	**697,502**	691,693
Other noncurrent assets	**134,813**	106,776
Total assets	**$8,229,314**	$8,339,536
Liabilities		
Current maturities of long-term debt	**$134,762**	$5,246
Short-term borrowings	**0**	285,500
Trade payables and accruals	**103,931**	102,315
Accrued salaries, wages and management incentives	**60,132**	48,841
Accrued interest	**12,045**	11,246
Other accrued liabilities	**95,383**	129,084
Liabilities of assets held for sale	**0**	116
Total current liabilities	**406,253**	582,348
Long-term debt	**2,680,677**	2,427,516
Noncurrent deferred income taxes	**732,528**	843,599
Deferred management incentive and other compensation	**29,275**	32,393
Pension benefits	**225,846**	127,136
Other postretirement benefits	**124,960**	124,617
Asset retirement obligations	**153,979**	162,730
Other noncurrent liabilities	**84,179**	83,399
Total liabilities	**4,437,697**	4,383,738
Other commitments and contingencies (Note 12)		
Equity		
Common stock, $1 par value — 129,245 shares issued as of 2011 and 128,570 shares issued as of 2010	**129,245**	128,570
Capital in excess of par value	**2,544,740**	2,500,886
Retained earnings	**1,334,476**	1,503,681
Accumulated other comprehensive loss	**(216,844)**	(177,339)
Total equity	**3,791,617**	3,955,798
Total liabilities and equity	**$8,229,314**	$8,339,536

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*	***2011***	*2010*	*2009*
Operating Activities			
Net earnings (loss)	**($70,778)**	($96,490)	$30,314
Adjustments to reconcile net earnings to net cash provided by operating activities			
Depreciation, depletion, accretion and amortization	**361,719**	382,093	394,612
Net gain on sale of property, plant & equipment and businesses	**(58,808)**	(68,095)	(27,916)
Contributions to pension plans	**(4,892)**	(24,496)	(27,616)
Share-based compensation	**18,454**	20,637	23,120
Excess tax benefits from share-based compensation	**(121)**	(808)	(2,072)
Deferred tax provision	**(93,739)**	(51,684)	(43,773)
Cost of debt purchase	**19,153**	0	0
(Increase) decrease in assets before initial effects of business acquisitions and dispositions			
Accounts and notes receivable	**5,035**	(49,656)	79,930
Inventories	**(6,927)**	6,708	39,289
Prepaid expenses	**(1,354)**	22,945	4,127
Other assets	**7,673**	(58,243)	(27,670)
Increase (decrease) in liabilities before initial effects of business acquisitions and dispositions			
Accrued interest and income taxes	**5,831**	12,661	(2,854)
Trade payables and other accruals	**(27,871)**	44,573	(30,810)
Other noncurrent liabilities	**5,707**	40,950	28,263
Other, net	**9,961**	21,611	16,091
Net cash provided by operating activities	**169,043**	202,706	453,035
Investing Activities			
Purchases of property, plant & equipment	**(98,912)**	(86,324)	(109,729)
Proceeds from sale of property, plant & equipment	**13,675**	13,602	17,750
Proceeds from sale of businesses, net of transaction costs	**74,739**	50,954	16,075
Payment for businesses acquired, net of acquired cash	**(10,531)**	(70,534)	(36,980)
Reclassification of cash equivalents from medium-term investments	**0**	3,630	0
Redemption of medium-term investments	**0**	23	33,282
Other, net	**1,550**	273	(400)
Net cash used for investing activities	**(19,479)**	(88,376)	(80,002)
Financing Activities			
Net short-term borrowings (payments)	**(285,500)**	48,988	(847,963)
Payment of current maturities and long-term debt	**(743,075)**	(519,204)	(361,724)
Cost of debt purchase	**(19,153)**	0	0
Proceeds from issuance of long-term debt, net of discounts	**1,100,000**	450,000	397,660
Debt issuance costs	**(27,426)**	(3,058)	(3,033)
Proceeds from settlement of interest rate swap agreements	**23,387**	0	0
Proceeds from issuance of common stock	**4,936**	41,734	606,546
Dividends paid	**(98,172)**	(127,792)	(171,468)
Proceeds from exercise of stock options	**3,615**	20,502	17,327
Excess tax benefits from share-based compensation	**121**	808	2,072
Other, net	**1**	(1,032)	(379)
Net cash used for financing activities	**(41,266)**	(89,054)	(360,962)
Net increase in cash and cash equivalents	**108,298**	25,276	12,071
Cash and cash equivalents at beginning of year	**47,541**	22,265	10,194
Cash and cash equivalents at end of year	**$155,839**	$47,541	$22,265

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, except per share data	*Common Stock [1]* *Shares*	*Common Stock [1]* *Amount*	*Capital in Excess of Par Value*	*Retained Earnings*	*Accumulated Other Comprehensive Income (Loss)*	*Total*
Balances at December 31, 2008 (As Restated, See Note 20)	110,270	$110,270	$1,734,835	$1,869,962	($185,282)	$3,529,785
Net earnings	0	0	0	30,314	0	30,314
Common stock issued						
Public offering	13,225	13,225	506,768	0	0	519,993
Acquisitions	789	789	33,073	0	0	33,862
401(k) Trustee (Note 13)	1,135	1,135	51,556	0	0	52,691
Share-based compensation plans	493	493	16,279	0	0	16,772
Share-based compensation expense	0	0	23,120	0	0	23,120
Excess tax benefits from share-based compensation	0	0	2,072	0	0	2,072
Accrued dividends on share-based compensation awards	0	0	521	(521)	0	0
Cash dividends on common stock	0	0	0	(171,468)	0	(171,468)
Other comprehensive income	0	0	0	0	(9,075)	(9,075)
Other	0	0	4	(14)	(1)	(11)
Balances at December 31, 2009 (As Restated, See Note 20)	125,912	$125,912	$2,368,228	$1,728,273	($194,358)	$4,028,055
Net loss	0	0	0	(96,490)	0	(96,490)
Common stock issued						
401(k) Trustee (Note 13)	882	882	40,852	0	0	41,734
Pension plan contribution	1,190	1,190	52,674	0	0	53,864
Share-based compensation plans	586	586	17,382	0	0	17,968
Share-based compensation expense	0	0	20,637	0	0	20,637
Excess tax benefits from share-based compensation	0	0	808	0	0	808
Accrued dividends on share-based compensation awards	0	0	308	(308)	0	0
Cash dividends on common stock	0	0	0	(127,792)	0	(127,792)
Other comprehensive income	0	0	0	0	17,019	17,019
Other	0	0	(3)	(2)	0	(5)
Balances at December 31, 2010 (As Restated, See Note 20)	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	0	0	(98,172)	0	(98,172)
Other comprehensive income	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**

[1] *Common stock, $1 par value, 480 million shares authorized in 2011, 2010 and 2009*

The accompanying Notes to Consolidated Financial Statements are an integral part of these 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; a major producer of asphalt mix and ready-mixed concrete and a leading producer of cement in Florida.

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.

UNSOLICITED EXCHANGE OFFER

In December 2011, Martin Marietta commenced an unsolicited exchange offer for all outstanding shares of our common stock at a fixed exchange ratio of 0.50 shares of Martin Marietta common stock for each Vulcan common share and indicated its intention to nominate a slate of directors to our Board. After careful consideration, including a thorough review of the offer with its financial and legal advisors, our Board unanimously determined that Martin Marietta’s offer is inadequate, substantially undervalues Vulcan, is not in the best interests of Vulcan and its shareholders and has substantial risk. In response to Martin Marietta’s action, we incurred $2,227,000 of legal, professional and other costs in 2011.

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: 2011 — $1,644,000, 2010 — $3,100,000 and 2009 — $4,173,000. Write-offs of accounts receivables for the years ended December 31 were as follows: 2011 — $2,651,000, 2010 — $4,317,000 and 2009 — $4,162,000.

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, 2011 — $7,471,000 and December 31, 2010 — $8,043,000. 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, 2011 and 2010, no allowances 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 $12,910,000 and $11,662,000 are reflected in net property, plant & equipment as of December 31, 2011 and 2010, respectively. We capitalized software costs for the years ended December 31 as follows: 2011 — $3,746,000, 2010 — $1,167,000 and 2009 — $12,825,000. During the same periods, $2,520,000, $2,895,000 and $2,563,000, 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.

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.

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

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

in thousands	***2011***	*2010*	*2009*
Depreciation, Depletion, Accretion and Amortization			
Depreciation	**$328,072**	$349,460	$361,530
Depletion	**11,195**	10,337	10,143
Accretion	**8,195**	8,641	8,802
Amortization of leaseholds and capitalized leases	**225**	195	180
Amortization of intangibles	**14,032**	13,460	13,957
Total	**$361,719**	$382,093	$394,612

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 that are subject to fair value measurement on a recurring basis are summarized below:

	Level 1	
in thousands	***2011***	*2010*
Fair Value Recurring		
Rabbi Trust		
Mutual funds	**$13,536**	$13,960
Equities	**7,057**	9,336
Total	**$20,593**	$23,296

	Level 2	
in thousands	***2011***	*2010*
Fair Value Recurring		
Rabbi Trust		
Common/collective trust funds	**$2,192**	$2,431
Total	**$2,192**	$2,431

The Rabbi Trust investments provide funding for the executive nonqualified deferred compensation and excess benefit 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. Investments in common/collective trust funds are stated at estimated fair value based on the underlying investments in those funds. The underlying investments are comprised of short-term, highly liquid assets in commercial paper, short-term bonds and treasury bills. Net trading gains (losses) of the Rabbi Trust investments were ($3,292,000) and $1,425,000 for the years ended December 31, 2011 and

2010, respectively. The portion of the net trading gains (losses) related to investments still held by the Rabbi Trust at December 31, 2011 and 2010 were ($3,370,000) and $1,455,000, respectively.

The carrying values of our cash equivalents, restricted cash, accounts and notes receivable, current maturities of long-term debt, short-term borrowings, trade payables and other accrued expenses 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 2011. Assets that were subject to fair value measurement on a nonrecurring basis as of December 31, 2010 are summarized below:

	2010	
in thousands	*Level 3*	*Impairment Charges*
Fair Value Nonrecurring		
Property, plant & equipment	**$1,536**	**$2,500**
Assets held for sale	**9,625**	**1,436**
Totals	**$11,161**	**$3,936**

We recorded a $3,936,000 loss on impairment of long-lived assets in 2010. We utilized an income approach to measure the fair value of the long-lived assets and determined that the carrying value of the assets exceeded the fair value. The loss on impairment represents the difference between the carrying value and the fair value (less costs to sell the assets held for sale) of the impacted long-lived 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, 2011, goodwill totaled $3,086,716,000, as compared to $3,097,016,000 at December 31, 2010. Total goodwill represents 38% of total assets at December 31, 2011, compared to 37% as of December 31, 2010.

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 impairment at the reporting unit level using a two-step process.

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 13 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 application 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.

The results of the first step of the annual impairment tests performed as of November 1, 2011 indicated that the fair value of one of our reporting units with $1,815,094,000 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 results of the first step of the annual impairment tests performed as of November 1, 2010 and 2009 indicated that the fair values of the reporting units with goodwill substantially exceeded their carrying values. Accordingly, there were no charges for goodwill impairment in the years ended December 31, 2011, 2010 or 2009.

The key assumptions used in the 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.

Delays in a sustained recovery in our Gulf Coast markets may result in an impairment of this reporting unit's goodwill.

Determining 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, 2011, net property, plant & equipment represents 42% of total assets, while net other intangible assets represents 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 by primarily 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.

Long-lived asset impairments during 2011 were immaterial and related to property abandonments. During 2010 we recorded a $3,936,000 loss on impairment of long-lived assets. The loss on impairment was a result of the challenging construction environment which impacted certain non-strategic assets across multiple operating segments. We utilized an income approach to measure the fair value of the long-lived assets and determined that the carrying value of the assets exceeded the fair value. The loss on impairment represents the difference between the carrying value and the fair value of the impacted long-lived assets. There were no long-lived asset impairments during 2009.

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	***2011***	*2010*
Company Owned Life Insurance		
Cash surrender value	**$38,300**	$35,421
Loans outstanding	**38,289**	35,410
Net value included in noncurrent assets	**$11**	$11

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. Total revenues include sales of products to customers, net of any discounts and taxes, and third-party delivery revenues billed to customers.

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 $40,049,000 in 2011, $40,842,000 in 2010 and $40,810,000 in 2009.

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 $17,860,000 as of December 31, 2011 and $17,347,000 as of December 31, 2010.

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 $1,109,000 in 2011, $1,582,000 in 2010 and $1,541,000 in 2009, 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 $121,000, $808,000 and $2,072,000 in excess tax benefits classified as financing cash inflows for the years ended December 31, 2011, 2010 and

2009, 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, 2011 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]	$5,857	1.6
Performance shares	11,130	2.6
Total/weighted-average	$16,987	2.3

[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	***2011***	*2010*	*2009*
Employee Share-based Compensation Awards			
Pretax compensation expense	**$17,537**	$19,746	$21,861
Income tax benefits	**6,976**	7,968	8,915

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 $153,979,000 as of December 31, 2011 and $162,730,000 as of December 31, 2010. 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 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, 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

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.

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 employees who 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 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 this consolidation, we recognized $8,906,000 of severance and related charges in 2011, none of which was paid as of December 31, 2011. Future charges related to this restructuring plan are expected to be immaterial.

In 2011, we substantially completed the implementation of our multi-year project to replace our legacy information technology systems with our new ERP and Shared Services platforms. These platforms are helping us streamline processes enterprise-wide and standardize administrative and support functions while providing enhanced flexibility to monitor and control costs. Leveraging this significant investment in technology allowed us to reduce overhead and administrative staff, resulting in $4,065,000 of severance and related charges in 2011, of which $2,970,000 was paid as of December 31, 2011. Future charges related to this restructuring plan are expected to be immaterial.

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, 2011, 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 $4,109,000. 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 liabilities at December 31 under our self-insurance program:

dollars in thousands	***2011***	*2010*
Self-insurance Program		
Liabilities (undiscounted)	**$46,178**	$70,174
Discount rate	**0.65%**	1.01%
Amounts Recognized in Consolidated Balance Sheets		
Other accrued liabilities	**$13,046**	$36,699
Other noncurrent liabilities	**32,089**	31,990
Accrued liabilities (discounted)	**$45,135**	$68,689

The $23,653,000 decrease in other accrued liabilities is primarily attributable to the $20,000,000 payment in 2011 related to a lawsuit brought by the Illinois Department of Transportation (IDOT) as described in Note 12.

Estimated payments (undiscounted) under our self-insurance program for the five years subsequent to December 31, 2011 are as follows:

in thousands	
Estimated Payments under Self-insurance Program	
2012	$14,382
2013	8,371
2014	5,703
2015	3,856
2016	2,737

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 method. Our current and deferred tax assets and liabilities reflect our best assessment of the estimated future taxes we will pay. Significant judgments and estimates are required in determining the current and deferred assets and liabilities. Annually, we compare the liabilities calculated for our federal, state and foreign income tax returns to the estimated liabilities calculated as part of the year end income tax provision. Any adjustments are reflected in our current and deferred tax assets and liabilities.

We recognize deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax basis of assets and liabilities. Deferred tax assets represent items to be used as a tax deduction or credit in future tax returns for which we have already properly recorded the tax benefit in the income statement. At least quarterly, we assess all positive and negative evidence to determine the likelihood that the deferred tax asset balance will be recovered from future taxable income. We take into account such factors as:

- cumulative losses in recent years
- taxable income in prior carryback years, if carryback is permitted under tax law
- future reversal of existing taxable temporary differences against deductible temporary differences
- tax planning strategies
- future taxable income exclusive of reversing temporary differences
- the mix of taxable income in the jurisdictions in which we operate

If we were to determine that we would not be able to realize a portion of our deferred tax assets in the future, we would charge an adjustment to the deferred tax assets to earnings. Conversely, if we were to make a determination that realization is more likely than not for deferred tax assets with a valuation allowance, the related valuation allowance would be reduced and we would record a benefit to earnings.

U.S. income taxes are not provided on foreign earnings when such earnings are indefinitely reinvested offshore. We periodically evaluate our investment strategies for each foreign tax jurisdiction in which we operate to determine whether foreign earnings will be indefinitely reinvested offshore and, accordingly, whether U.S. income taxes should be provided when such earnings are recorded.

We recognize an income tax benefit associated with an uncertain tax position when, in our judgment, it is more likely than not that the position will be sustained upon examination by a taxing authority. 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 realized upon ultimate settlement with a taxing authority. Our liability associated with unrecognized income 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 unrecognized income tax benefits and subsequent adjustments as we consider appropriate.

Before a particular matter for which we have recorded a liability related to an unrecognized income tax benefit is audited and finally resolved, a number of years may elapse. The number of years with open tax audits varies 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 unrecognized income tax benefits is adequate. Favorable resolution of an unrecognized income tax benefit could be recognized as a reduction in our income tax provision and effective tax rate in the period of resolution. Unfavorable settlement of an unrecognized income tax benefit could increase the income tax provision and effective tax rate and may require the use of cash in the period of resolution.

We consider an issue to be resolved at the earlier of settlement of an examination, the expiration of the statute of limitations, or when the issue is "effectively settled." Our liability for unrecognized income tax 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 unrecognized income tax benefits as income tax expense.

Our largest permanent item in computing both our effective tax rate and taxable income 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 Equity. Comprehensive income includes charges and credits to equity from nonowner sources. Comprehensive 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	***2011***	*2010*	*2009*
Weighted-average common shares outstanding	**129,381**	128,050	118,891
Dilutive effect of			
Stock options/SOSARs	**0**	0	269
Other stock compensation plans	**0**	0	270
Weighted-average common shares outstanding, assuming dilution	**129,381**	128,050	119,430

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 are as follows: the year ended December 31, 2011 — 304,000 and the year ended December 31, 2010 — 415,000.

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	***2011***	*2010*	*2009*
Antidilutive common stock equivalents	**5,845**	5,827	3,661

NEW ACCOUNTING STANDARDS

ACCOUNTING STANDARDS RECENTLY ADOPTED

2011 — ENHANCED DISCLOSURES FOR FAIR VALUE MEASUREMENTS As of and for the interim period ended March 31, 2011, we adopted Accounting Standards Update (ASU) No. 2010-06, "Improving Disclosures about Fair Value Measurements" as it relates to separate disclosures about purchases, sales, issuances and settlements applicable to Level 3 measurements. Our adoption of this standard had no impact on our financial position, results of operations or liquidity.

2011 — PRESENTATION OF OTHER COMPREHENSIVE INCOME As of the annual period ended December 31, 2011, we adopted ASU No. 2011-05, "Presentation of Comprehensive Income." This standard eliminates the option to present components of other comprehensive income (OCI) as part of the statement of equity. The amendments in this standard require 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 defers 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. Our accompanying Consolidated Statements of Comprehensive Income conform to the presentation requirements of these standards.

2011 — ENHANCED DISCLOSURE REQUIREMENTS ON MULTIEMPLOYER BENEFIT PLANS As of the annual period ended December 31, 2011, we adopted ASU No. 2011-09, “Disclosures About an Employer’s Participation in a Multiemployer Plan” which increased the quantitative and qualitative disclosures an employer is required to provide about its participation in significant multiemployer plans that offer pension and other postretirement benefits. The ASU’s objective is to enhance the transparency of disclosures about (1) the significant multiemployer plans in which an employer participates, (2) the level of the employer’s participation in those plans, (3) the financial health of the plans and (4) the nature of the employer’s commitments to the plans. As a result of our adoption of this update, we enhanced our annual disclosures regarding multiemployer plans as reflected in Note 10.

2010 — FINANCING RECEIVABLES DISCLOSURES As of and for the annual period ended December 31, 2010, we adopted ASU No. 2010-20, "Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses." This standard requires new disclosures regarding the allowance for credit losses and the credit quality of an entity's financing receivables. The requirements are intended to improve transparency of the nature of an entity's credit risk associated with its financing receivables and how that risk impacts the allowance for credit losses. See the caption Financing Receivables under this Note 1 for these disclosures. The adoption of this standard had no impact on our financial position, results of operations or liquidity.

ACCOUNTING STANDARDS PENDING ADOPTION

AMENDMENTS FAIR VALUE MEASURMENT REQUIREMENTS In May 2011, the FASB issued ASU No. 2011-04, “Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs.” The amendments in the ASU achieve the objectives of developing common fair value measurement and disclosure requirements in U.S. GAAP and International Financial Reporting Standards (IFRSs) and improving their understandability. Some of the requirements clarify the FASB’s intent about the application of existing fair value measurement requirements while other amendments change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. The amendments in this ASU are effective prospectively for interim and annual periods beginning after December 15, 2011, with no early adoption permitted. We will adopt this standard as of and for the interim period ending March 31, 2012. We do not expect the adoption of this standard to have a material impact on our consolidated financial statements.

AMENDMENTS ON GOODWILL IMPAIRMENT TESTING In September 2011, the FASB issued ASU No. 2011-08, “Testing Goodwill for Impairment” which amends the goodwill impairment testing guidance in ASC 350-20, “Goodwill.” Under the amended guidance, an entity has the option of performing a qualitative assessment when testing goodwill for impairment. The two-step impairment test would only be required if, on the basis of the qualitative factors, an entity determines that the fair value of the reporting unit is more likely than not (a likelihood of more than 50%) less than the carrying amount. Additionally, this ASU revises the examples of events and circumstances that an entity should consider when determining if an interim goodwill impairment test is required. The amendments in this ASU are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011, with early adoption permitted. We will adopt this standard as of and for the interim period ending March 31, 2012. We do not expect the adoption of this standard to have a material impact on our consolidated financial statements.

NEW DISCLOSURE REQUIREMENTS ON OFFSETTING ASSETS AND LIABILITIES In December 2011, the FASB issued ASU 2011-11, “Disclosures About Offsetting Assets and Liabilities” which creates new disclosure requirements about the nature of an entity’s rights of setoff and related arrangements associated with its financial and derivative instruments. These new disclosures are designed to facilitate comparisons between financial statements prepared under U.S. GAAP and those prepared under IFRSs. This ASU is effective for annual and interim reporting periods beginning on or after January 1, 2013, with retrospective application required. We will adopt this standard as of and for the interim period ending March 31, 2013. We do not expect the adoption of this standard to have a material impact on our consolidated financial statements.

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 2011 presentation.

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. At the June 7, 2005 closing date, the value assigned to the 5CP earn-out was limited to an amount that resulted in no gain on the sale of the business, as the gain was contingent in nature. A gain on disposal of the Chemicals business is recognized to the extent cumulative cash receipts under the 5CP earn-out exceed the initial value recorded.

During 2011, we received a payment of $12,284,000 under the 5CP earn-out related to performance during the year ended December 31, 2010. Any future payments received pursuant to the 5CP earn-out will be recorded as additional gain on disposal of discontinued operations. During 2010 and 2009, we received payments of $8,794,000 and $11,625,000, respectively, under the 5CP earn-out related to the respective years ended December 31, 2009 and December 31, 2008. Through December 31, 2011, we have received a total of $54,991,000 under the 5CP earn-out, a total of $21,890,000 in excess of the receivable recorded on the date of disposition.

We are liable for a cash transaction bonus payable to certain former key Chemicals employees. This transaction bonus is payable if cash receipts realized from the two earn-out agreements described above exceed an established minimum threshold. The bonus is payable annually based on the prior year's results. Payments for the transaction bonus were $1,228,000 in 2011, $882,000 in 2010 and $521,000 in 2009. We have paid a total of $2,631,000 of these transaction bonuses through December 31, 2011.

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	***2011***	*2010*	*2009*
Discontinued Operations			
Pretax earnings (loss) from results	**($3,669)**	$2,103	$18,872
Gain on disposal, net of transaction bonus	**11,056**	7,912	584
Income tax (provision) benefit	**(2,910)**	(3,962)	(7,790)
Earnings on discontinued operations, net of income taxes	**$4,477**	$6,053	$11,666

The 2011 pretax loss from discontinued operations of ($3,669,000) includes a $7,575,000 pretax gain recognized on recovery from an insurer in lawsuits involving perchlorethylene (perc). This gain was offset by general and product liability costs, including legal defense costs, and environmental remediation costs. The 2010 pretax earnings from results of discontinued operations of $2,103,000 are due primarily to a $6,000,000 pretax gain recognized on recovery from an insurer in perc lawsuits. This gain was offset in part by general and product liability costs, including legal defense costs, and environmental remediation costs associated with our former Chemicals business. The 2009 pretax earnings from results of discontinued operations relate primarily to settlements with two of our insurers in perc lawsuits resulting in pretax gains of $23,500,000. All of these insurance recoveries and settlements represent a partial recovery of legal and settlement costs recognized in prior years.

NOTE 3: INVENTORIES

Inventories at December 31 are as follows:

in thousands	***2011***	*2010*
Inventories		
Finished products	**$260,732**	$254,840
Raw materials	**23,819**	22,222
Products in process	**4,198**	6,036
Operating supplies and other	**38,908**	36,747
Total	**$327,657**	$319,845

In addition to the inventory balances presented above, as of December 31, 2011 and December 31, 2010, we have $19,726,000 and $16,786,000, 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 $251,978,000 at December 31, 2011 and $241,898,000 at December 31, 2010. During 2011, 2010 and 2009, inventory reductions resulted in liquidations of LIFO inventory layers carried at lower costs prevailing in prior years as compared to current-year costs. 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. The effect of the LIFO liquidation on 2010 results was to decrease cost of goods sold by $2,956,000 and increase net earnings by $1,763,000. The effect of the LIFO liquidation on 2009 results was to decrease cost of goods sold by $3,839,000 and increase net earnings by $2,273,000.

Estimated current cost exceeded LIFO cost at December 31, 2011 and 2010 by $140,335,000 and $123,623,000, 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 an increase of $10,050,000 in 2011, a decrease of $3,890,000 in 2010 and an increase of $2,043,000 in 2009.

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	***2011***	*2010*
Property, Plant & Equipment		
Land and land improvements	**$2,122,350**	$2,096,046
Buildings	**163,178**	159,458
Machinery and equipment	**4,206,870**	4,222,242
Leaseholds	**9,238**	7,458
Deferred asset retirement costs	**136,289**	142,441
Construction in progress	**67,621**	65,169
Total, gross	**$6,705,546**	$6,692,814
Less allowances for depreciation, depletion and amortization	**3,287,367**	3,059,900
Total, net	**$3,418,179**	$3,632,914

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	***2011***	*2010*	*2009*
Capitalized interest cost	**$2,675**	$3,637	$10,721
Total interest cost incurred before recognition of the capitalized amount	**223,303**	185,240	185,983

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 fair value hedges or cash flow hedges. 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. 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 item affects earnings.

We use 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. In December 2007, we issued $325,000,000 of floating-rate notes due in 2010 that bore interest at 3-month London Interbank Offered Rate (LIBOR) plus 1.25% per annum. Concurrently, we entered into a 3-year interest rate swap agreement in the stated amount of $325,000,000. Under this agreement, we paid a fixed interest rate of 5.25% and received 3-month LIBOR plus 1.25% per annum. Concurrent with each quarterly interest payment, the portion of this swap related to that interest payment was settled and the associated realized gain or loss was recognized. This swap agreement terminated December 15, 2010, coinciding with the maturity of the notes. For the year ended December 31, 2010, $12,075,000 of the pretax loss in AOCI was reclassified to earnings in conjunction with the retirement of the related debt.

Additionally, during 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. For the 12-month period ending December 31, 2012, we estimate that $6,395,000 of the pretax loss in AOCI will be reclassified to earnings.

The effects of changes in the fair values of derivatives designated as cash flow hedges on the accompanying Consolidated Statements of Comprehensive Income for the years ended December 31 are as follows:

in thousands	*Location on Statement*	***2011***	*2010*	*2009*
Cash Flow Hedges				
Loss recognized in OCI (effective portion)	OCI	**$0**	($882)	($4,633)
Loss reclassified from AOCI (effective portion)	Interest expense	**(11,657)**	(19,619)	(16,776)

We use 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 effective interest method. During 2011, $1,291,000 was amortized into earnings as a reduction to interest expense.

NOTE 6: DEBT

Debt at December 31 is summarized as follows:

in thousands	***2011***	*2010*
Short-term Borrowings		
Bank line of credit	**$0**	$285,500
Total short-term borrowings	**$0**	$285,500
Long-term Debt		
Bank line of credit	**$0**	$0
5.60% notes due 2012 [1]	**134,508**	299,773
6.30% notes due 2013 [2]	**140,352**	249,729
Floating-rate term loan due 2015	**0**	450,000
10.125% notes due 2015 [3]	**153,464**	149,597
6.50% notes due 2016 [4]	**518,293**	0
6.40% notes due 2017 [5]	**349,869**	349,852
7.00% notes due 2018 [6]	**399,693**	399,658
10.375% notes due 2018 [7]	**248,526**	248,391
7.50% notes due 2021 [8]	**600,000**	0
7.15% notes due 2037 [9]	**239,545**	249,324
Medium-term notes	**16,000**	21,000
Industrial revenue bonds	**14,000**	14,000
Other notes	**1,189**	1,438
Total long-term debt including current maturities	**$2,815,439**	$2,432,762
Less current maturities of long-term debt	**134,762**	5,246
Total long-term debt	**$2,680,677**	$2,427,516
Estimated fair value of long-term debt	**$2,796,504**	$2,559,059

[1] *Includes decreases for unamortized discounts, as follows: December 31, 2011 — $49 thousand and December 31, 2010 — $227 thousand. The effective interest rate for these notes is 6.57%.*

[2] *Includes decreases for unamortized discounts, as follows: December 31, 2011 — $92 thousand and December 31, 2010 — $271 thousand. The effective interest rate for these notes is 7.48%.*

[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, 2011 — $3,802 thousand. Additionally, includes decreases for unamortized discounts, as follows: December 31, 2011 — $338 thousand and December 31, 2010 — $403 thousand. The effective interest rate for these notes is 9.59%.*

[4] *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, 2011 — $18,293 thousand. The effective interest rate for these notes is 6.02%.*

[5] *Includes decreases for unamortized discounts, as follows: December 31, 2011 — $131 thousand and December 31, 2010 — $148 thousand. The effective interest rate for these notes is 7.41%.*

[6] *Includes decreases for unamortized discounts, as follows: December 31, 2011 — $307 thousand and December 31, 2010 — $342 thousand. The effective interest rate for these notes is 7.87%.*

[7] *Includes decreases for unamortized discounts, as follows: December 31, 2011 — $1,474 thousand and December 31, 2010 — $1,609 thousand. The effective interest rate for these notes is 10.62%.*

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

[9] *Includes decreases for unamortized discounts, as follows: December 31, 2011 — $643 thousand and December 31, 2010 — $676 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 discounting expected future cash flows based on credit-adjusted interest rates on U.S. Treasury bills, notes or bonds, as appropriate. The fair value estimates were based on information 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.

During 2011, we replaced our $1,500,000,000 bank line of credit that was set to expire on November 16, 2012 with a $600,000,000 bank line of credit. The $600,000,000 bank line of credit expires on December 15, 2016 and 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 $600,000,000 at any point in time.

Borrowings under the $600,000,000 bank 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 1.75% to 2.25% based on the level of utilization, or an alternative rate derived from the lender's prime rate. Borrowings bearing interest at LIBOR plus the margin are made for periods of 1, 2, 3 or 6 months, and may be extended. Borrowings bearing interest at the alternative rate are made on an overnight basis and may be extended each day. As of December 31, 2011, the applicable margin for LIBOR based borrowing was 1.75%.

Borrowings under the $600,000,000 bank line of credit are classified as long-term debt due to our ability to extend borrowings at the end of each borrowing period. Previously, we classified bank line of credit borrowings as short-term debt based on our intent to pay outstanding borrowings within one year.

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 floating-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 outstanding 6.30% notes due in 2013
- repay $275,000,000 outstanding under our bank line of credit
- and for general corporate purposes

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 combined expense of $24,245,000 is presented in the accompanying Consolidated Statements of Comprehensive Income as a component of interest expense for the year 2011.

Scheduled debt payments during 2011 included $5,000,000 due in November to retire a portion of the medium-term notes, and payments under various immaterial notes that either matured at various dates or required monthly payments.

Scheduled debt payments during 2010 included $325,000,000 of floating-rate notes, and payments under various immaterial notes that either matured at various dates or required monthly payments. Additionally, during 2010 we voluntarily prepaid $175,000,000 (the remaining balance) of a floating-rate term loan due in 2011, $15,000,000 (the remaining balance) of our private placement notes and $3,550,000 of our industrial revenue bonds.

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 established a $300,000,000 floating-rate term loan due in 2011. In addition to the quarterly principal payments of $15,000,000 for five quarters, we made prepayments of $50,000,000 in November 2009, $75,000,000 in January 2010 and paid the remaining $100,000,000 balance in August 2010.

Additionally, 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.

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. Concurrent with the issuance of the notes, we entered into an interest rate swap agreement on the $325,000,000 floating-rate notes due in 2010 to convert them to a fixed interest rate of 5.25%. These 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.

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 $16,000,000 in medium-term notes outstanding as of December 31, 2011 has a weighted-average maturity of 4.3 years with a weighted-average interest rate of 8.76%.

The industrial revenue bonds were assumed in November 2007 with the acquisition of Florida Rock. These variable-rate tax-exempt bonds were to have matured as follows: $2,250,000 in June 2012, $1,300,000 in January 2021 and $14,000,000 in November 2022. The first two bond maturities were collateralized by certain property, plant & equipment and were prepaid in September 2010. The remaining $14,000,000 of bonds is backed by a standby letter of credit.

Other notes of $1,189,000 as of December 31, 2011 were issued at various times to acquire land or businesses or were assumed in business acquisitions.

The total (principal and interest) debt payments, excluding any draws, if any, on our bank line of credit, for the five years subsequent to December 31, 2011 are as follows:

in thousands	*Total*	*Principal*	*Interest*
Debt Payments (excluding bank line of credit)			
2012	$335,050	$134,762	$200,288
2013	337,546	150,610	186,936
2014	186,956	177	186,779
2015	336,913	150,145	186,768
2016	671,707	500,134	171,573

The $600,000,000 bank line of credit contains limitations on liens, indebtedness, guarantees, certain restricted payments, and acquisitions and divestitures, and a minimum fixed charge coverage ratio that is only applicable if usage exceeds 90% of the lesser of $600,000,000 and the borrowing capacity derived from the sum of eligible accounts receivable and inventory.

The indentures governing our notes contain a covenant limiting our total debt as a percentage of total capital to 65%. Our total debt as a percentage of total capital was 42.6% as of December 31, 2011 compared with 40.7% as of December 31, 2010.

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	***2011***	*2010*	*2009*
Operating Leases			
Minimum rentals	**$34,701**	$33,573	$36,976
Contingent rentals (based principally on usage)	**29,882**	27,418	25,846
Total	**$64,583**	$60,991	$62,822

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, 2011 are payable as follows:

in thousands	
Future Minimum Operating Lease Payments	
2012	$26,775
2013	19,611
2014	15,993
2015	13,562
2016	12,397
Thereafter	110,732
Total	$199,070

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	***2011***	*2010*
Accrued Environmental Remediation Costs		
Continuing operations	**$6,335**	$6,138
Retained from former Chemicals business	**5,652**	4,645
Total	**$11,987**	$10,783

The long-term portion of the accruals noted above is included in other noncurrent liabilities in the accompanying Consolidated Balance Sheets and amounted to $6,327,000 at December 31, 2011 and $5,820,000 at December 31, 2010. 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	***2011***	*2010*	*2009*
Earnings (Loss) from Continuing Operations before Income Taxes			
Domestic	**($169,758)**	($213,598)	($43,180)
Foreign	**16,020**	21,392	23,959
Total	**($153,738)**	($192,206)	($19,221)

Provision (benefit) for income taxes from continuing operations consists of the following:

in thousands	***2011***	*2010*	*2009*
Provision for (Benefit from) Income Taxes from Continuing Operations			
Current			
Federal	**$4,424**	($46,671)	($3,965)
State and local	**5,482**	3,909	7,034
Foreign	**4,412**	4,957	3,037
Total	**14,318**	(37,805)	6,106
Deferred			
Federal	**(76,558)**	(52,344)	(37,790)
State and local	**(15,397)**	1,422	(5,794)
Foreign	**(846)**	(936)	(391)
Total	**(92,801)**	(51,858)	(43,975)
Total benefit	**($78,483)**	($89,663)	($37,869)

The benefit from income taxes differs from the amount computed by applying the federal statutory income tax rate to losses before provision for income taxes. The sources and tax effects of the differences are as follows:

dollars in thousands		***2011***		*2010*		*2009*
Income tax benefit at the federal statutory tax rate of 35%	**($53,809)**	**35.0%**	($67,272)	35.0%	($6,727)	35.0%
Income Tax Provision (Benefit) Resulting from						
Statutory depletion	**(18,931)**	**12.3%**	(20,301)	10.6%	(19,464)	101.3%
State and local income taxes, net of federal income tax benefit	**(6,445)**	**4.2%**	3,465	-1.8%	1,457	-7.6%
Nondeductible expense	**1,692**	**-1.1%**	1,583	-0.8%	1,694	-8.8%
ESOP dividend deduction	**(1,267)**	**0.8%**	(1,665)	0.9%	(2,408)	12.5%
Recapture U.S. Production Activities deduction	**0**	**0.0%**	2,993	-1.6%	0	0.0%
Fair market value over tax basis of contributions	**0**	**0.0%**	(3,223)	1.7%	(2,931)	15.3%
Undistributed foreign earnings	**(2,553)**	**1.7%**	(3,331)	1.7%	(4,461)	23.2%
Tax loss on sale of stock — divestiture	**0**	**0.0%**	0	0.0%	(4,143)	21.6%
Reversal cash surrender value — COLI plans	**(483)**	**0.3%**	(448)	0.2%	(412)	2.1%
Prior year true up adjustments	**3,115**	**-2.1%**	(1,095)	0.6%	375	-2.0%
Provision (benefit) for uncertain tax positions	**390**	**-0.3%**	1,017	-0.5%	(451)	2.3%
Other, net	**(192)**	**0.2%**	(1,386)	0.6%	(398)	2.1%
Total income tax benefit	**($78,483)**	**51.0%**	($89,663)	46.6%	($37,869)	197.0%

Deferred income taxes 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	***2011***	*2010*
		(As Restated See Note 20)
Deferred Tax Assets Related to		
Pensions	**$58,193**	$21,630
Other postretirement benefits	**52,433**	52,366
Accruals for asset retirement obligations and environmental accruals	**37,145**	28,605
Accounts receivable, principally allowance for doubtful accounts	**2,194**	2,770
Deferred compensation, vacation pay and incentives	**97,741**	89,246
Interest rate swaps	**22,273**	27,022
Self-insurance reserves	**16,467**	31,445
Inventory	**6,984**	
Federal net operating loss carryforwards	**48,496**	25,629
State net operating loss carryforwards	**36,912**	26,663
Valuation allowance on state net operating loss carryforwards	**(29,757)**	(20,721)
Foreign tax credit carryforwards [1]	**22,395**	22,816
Other	**38,866**	35,740
Total deferred tax assets	**410,342**	343,211
Deferred Tax Liabilities Related to		
Inventory	**0**	1,768
Fixed assets [1]	**799,632**	843,630
Intangible assets	**286,317**	273,711
Other	**13,889**	12,997
Total deferred tax liabilities	**1,099,838**	1,132,106
Net deferred tax liability	**$689,496**	$788,895

[1] *The 2010 foreign tax credit carryforwards were previously netted with fixed assets. They are appropriately restated above.*

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

in thousands	***2011***	*2010*
		(As Restated See Note 20)
Deferred Income Taxes		
Current assets	**($43,032)**	($54,704)
Deferred liabilities	**732,528**	843,599
Net deferred tax liability	**$689,496**	$788,895

A deferred tax asset is recognized for deductible temporary differences, operating loss carryforwards and tax credit carryforwards using the applicable enacted tax rate. A valuation allowance is recognized if, based on the analysis of all positive and negative evidence, it is more likely than not that some portion, or all, of the deferred tax asset will not be realized. Future realization of deferred tax assets ultimately depends on the existence of sufficient taxable income of the appropriate character in either the carryback or carryforward period under the tax law.

At December 31, 2011, we had no carryback potential to prior years. Also, since we are in a cumulative loss position for the three-year period ended December 31, 2011, we did not consider any projected future federal taxable income (exclusive of reversing temporary differences) in projecting the future realization of deferred tax assets.

At December 31, 2011, we had significant taxable temporary differences. We scheduled the reversal of these taxable temporary differences against our much smaller deductible temporary differences. This analysis provides the necessary positive evidence to conclude that it is more likely than not that we will realize the benefit of all of our deferred tax assets related to deductible temporary differences.

Details of our definite-lived deferred tax assets at December 31, 2011 are as follows:

in thousands	*Deferred Tax Asset*	*Valuation Allowance*	*Expiration*
Federal net operating loss carryforwards	**$48,496**	**$0**	**2027 - 2031**
State net operating loss carryforwards	**36,912**	**29,757**	**2014 - 2031**
Foreign tax credit carryforwards	**22,395**	**0**	**2019 & 2020**
Charitable contribution carryforwards	**9,523**	**0**	**2013 - 2016**

The reversal of the taxable temporary differences against the deductible temporary differences produces excess taxable income. We projected this excess taxable income to be significant enough to allow us to utilize all of the foreign tax credit and federal net operating loss carryforwards and almost all of the charitable contribution carryforwards. We believe that we would be able to utilize the remainder of the charitable contribution carryforwards through the use of prudent and feasible tax-planning strategies. Thus, we believe it is more likely than not that we will realize the benefit of these three definite-lived deferred tax assets.

At December 31, 2011, we had a valuation allowance of $29,757,000 against our state net operating loss carryforwards of $36,912,000. This conclusion regarding the valuation allowance is supported by the following negative evidence:

- required filing groups in many states are different from the federal filing group
- we no longer file in certain states for which we have net operating losses carryforwards
- certain states have short carryforward periods or unusual limitations on the usage of a net operating loss

Our determination regarding the realizability of our deferred tax assets without a valuation allowance could be impacted in the future if economic conditions deteriorate resulting in unexpected losses or if unanticipated events occur affecting the timing of the reversing temporary differences.

As of December 31, 2011, income tax receivables of $3,000,000 are included in accounts and notes receivable in the accompanying Consolidated Balance Sheet. These receivables relate to prior year state overpayments. There were similar receivables of $39,529,000 as of December 31, 2010. These receivables largely related to prior year federal overpayments and net operating loss carrybacks.

Uncertain tax positions and the resulting unrecognized income tax benefits are discussed in our accounting policy for income taxes (see Note 1, caption Income Taxes). Changes in unrecognized income tax benefits for the years ended December 31, are as follows:

in thousands	***2011***	*2010*	*2009*
Unrecognized income tax benefits as of January 1	**$28,075**	$20,974	$18,131
Increases for tax positions related to			
Prior years	**389**	14,685	1,108
Current year	**913**	1,447	5,667
Acquisitions	**0**	0	0
Decreases for tax positions related to			
Prior years	**(411)**	(8,028)	(9)
Current year	**0**	0	0
Settlements with taxing authorities	**(15,402)**	0	(482)
Expiration of applicable statute of limitations	**(76)**	(1,003)	(3,441)
Unrecognized income tax benefits as of December 31	**$13,488**	$28,075	$20,974

We classify interest and penalties recognized on the liability for unrecognized income tax benefits as income tax expense. Interest and penalties recognized as income tax expense were $492,000 in 2011, $1,525,000 in 2010 and $472,000 in 2009. The balance of accrued interest and penalties included in our liability for unrecognized income tax benefits as of December 31 was $2,602,000 in 2011, $4,496,000 in 2010 and $3,112,000 in 2009.

Our unrecognized income tax benefits at December 31 in the table above include $9,205,000 in 2011, $12,038,000 in 2010 and $12,181,000 in 2009 that would affect the effective tax rate if recognized.

We are routinely examined by various taxing authorities. The U.S. federal statutes of limitations for both 2007 and 2006 were extended to December 31, 2012. In 2011, the Internal Revenue Service began an examination of years 2008 through 2010. The U.S. federal statute of limitations for 2008 was extended to September 14, 2013. 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. federal, various state and foreign jurisdictions. Generally, we are not subject to significant changes in income taxes by any taxing jurisdiction for the years prior to 2006.

We have not recognized deferred income taxes on $61,000,000 of undistributed earnings from one of our foreign subsidiaries because we consider such earnings as indefinitely reinvested. If we distribute the earnings in the form of dividends, the distribution would be subject to U.S. income taxes. In this event, the amount of deferred income taxes to be recognized is $21,400,000.

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. Existing participants continue to accrue benefits under these plans. Salaried and non-union hourly employees hired on or after July 15, 2007 are eligible for a new single defined contribution 401(k)/Profit-Sharing plan established on that date.

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	***2011***	*2010*
Change in Benefit Obligation		
Projected benefit obligation at beginning of year	**$761,384**	$709,783
Service cost	**20,762**	19,217
Interest cost	**42,383**	41,621
Actuarial loss	**81,699**	27,094
Benefits paid	**(38,854)**	(36,331)
Projected benefit obligation at end of year	**$867,374**	$761,384
Change in Plan Assets		
Fair value of assets at beginning of year	**$630,303**	$493,646
Actual return on plan assets	**40,293**	94,629
Employer contribution	**4,906**	78,359
Benefits paid	**(38,854)**	(36,331)
Fair value of assets at end of year	**$636,648**	$630,303
Funded status	**($230,726)**	($131,081)
Net amount recognized	**($230,726)**	($131,081)
Amounts Recognized in the Consolidated Balance Sheets		
Noncurrent assets	**$0**	$1,083
Current liabilities	**(4,880)**	(5,028)
Noncurrent liabilities	**(225,846)**	(127,136)
Net amount recognized	**($230,726)**	($131,081)
Amounts Recognized in Accumulated Other Comprehensive Income		
Net actuarial loss	**$281,352**	$202,135
Prior service cost	**597**	938
Total amount recognized	**$281,949**	$203,073

The accumulated benefit obligation and the projected benefit obligation exceeded plan assets for all defined benefit plans at December 31, 2011. The accumulated benefit obligation and the projected benefit obligation exceeded plan assets for our Salaried Plan and Construction Materials Hourly Plan at December 31, 2010. Assets in the Chemicals Hourly Plan of $85,178,000 exceeded the accumulated benefit obligation by $2,272,000 and the projected benefit obligation by $1,083,000 at December 31, 2010.

The accumulated benefit obligation for all defined benefit pension plans was $812,346,000 at December 31, 2011 and $719,447,000 at December 31, 2010.

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	***2011***	*2010*	*2009*
Components of Net Periodic Pension Benefit Cost			
Service cost	**$20,762**	$19,217	$18,638
Interest cost	**42,383**	41,621	41,941
Expected return on plan assets	**(49,480)**	(50,122)	(46,505)
Amortization of prior service cost	**340**	460	460
Amortization of actuarial loss	**11,670**	5,752	1,651
Net periodic pension benefit cost	**$25,675**	$16,928	$16,185
Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income			
Net actuarial loss (gain)	**$90,886**	($17,413)	$27,811
Reclassification of actuarial loss to net periodic pension benefit cost	**(11,670)**	(5,752)	(1,651)
Reclassification of prior service cost to net periodic pension benefit cost	**(340)**	(460)	(460)
Amount recognized in other comprehensive income	**$78,876**	($23,625)	$25,700
Amount recognized in net periodic pension benefit cost and other comprehensive income	**$104,551**	($6,697)	$41,885
Assumptions			
Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31			
Discount rate	**5.49%**	5.92%	6.60%
Expected return on plan assets	**8.00%**	8.25%	8.25%
Rate of compensation increase (for salary-related plans)	**3.50%**	3.40%	4.75%
Weighted-average assumptions used to determine benefit obligation at December 31			
Discount rate	**4.96%**	5.49%	5.92%
Rate of compensation increase (for salary-related plans)	**3.50%**	3.50%	3.40%

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 2012 are $19,443,000 and $274,000, respectively.

Assumptions regarding our expected return on plan assets are based primarily on judgments made by us and our Board's Finance and Pension Funds Committee. 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 2011 pension benefit cost was 8.00%.

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 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, 2011 and 2010 by asset category are as follows:

FAIR VALUE MEASUREMENTS AT DECEMBER 31, 2011

in thousands	*Level 1* [1]	*Level 2* [1]	*Level 3* [1]	*Total*
Asset Category				
Debt securities	$0	$152,240	$0	$152,240
Investment funds				
Commodity funds	0	26,498	0	26,498
Equity funds	884	346,632	0	347,516
Short-term funds	3,593	0	0	3,593
Venture capital and partnerships	0	0	106,801	106,801
Total pension plan assets	**$4,477**	**$525,370**	**$106,801**	**$636,648**

[1] *See Note 1 under the caption Fair Value Measurements for a description of the fair value hierarchy.*

FAIR VALUE MEASUREMENTS AT DECEMBER 31, 2010

in thousands	*Level 1* [1]	*Level 2* [1]	*Level 3* [1]	*Total*
Asset Category				
Debt securities	$0	$127,193	$308	$127,501
Investment funds				
Commodity funds	0	29,270	0	29,270
Equity funds	128	361,190	0	361,318
Short-term funds	2	15,965	0	15,967
Venture capital and partnerships	0	0	96,244	96,244
Other	0	3	0	3
Total pension plan assets	$130	$533,621	$96,552	$630,303

[1] *See Note 1 under the caption Fair Value Measurements for a description of the fair value hierarchy.*

As of December 31, 2008, our Master Pension Trust had assets invested at Westridge Capital Management, Inc. (WCM) with a reported fair value of $59,245,000. In February 2009, the New York District Court appointed a receiver over WCM due to allegations of fraud and other violations of federal commodities and securities laws by principals of a WCM affiliate. In light of these allegations, we reassessed the fair value of our investments at WCM and recorded a $48,018,000 write-down in the estimated fair value of these assets for the year ended December 31, 2008.

During 2010, the court-appointed receiver released $6,555,000 as a partial distribution and the Master Pension Trust received a $15,000,000 insurance settlement related to our WCM loss. In April 2011, the court-appointed receiver released an additional $22,041,000 to our Master Pension Trust. This recovery resulted in the recognition of a $10,814,000 return on plan assets (net of the $11,227,000 remaining WCM investment).

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 above and the valuation techniques we used to determine the fair values as of December 31, 2011.

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	*Debt Securities*	*Venture Capital and Partnerships*	*Total*
Balance at December 31, 2009	$320	$93,262	$93,582
Actual return on plan assets			
Relating to assets still held at December 31, 2010	1	4,727	4,728
Relating to assets sold during the year ended December 31, 2010	0	0	0
Purchases, sales and settlements, net	(13)	(1,745)	(1,758)
Transfers in (out) of Level 3	0	0	0
Balance at December 31, 2010	$308	$96,244	$96,552
Actual return on plan assets			
Relating to assets still held at December 31, 2011	0	13,696	13,696
Relating to assets sold during the year ended December 31, 2011	0	0	0
Purchases, sales and settlements, net	0	(3,139)	(3,139)
Transfers in (out) of Level 3	(308)	0	(308)
Balance at December 31, 2011	**$0**	**$106,801**	**$106,801**

Total employer contributions for the pension plans are presented below:

in thousands	*Pension*
Employer Contributions	
2009	$27,616
2010	78,359
2011	4,906
2012 (estimated)	4,880

We contributed $72,500,000 in March 2010 ($18,636,000 in cash and $53,864,000 in stock — 1,190,000 shares valued at $45.26 per share) and an additional $1,300,000 in July 2010 to our qualified pension plans for the 2009 plan year. These contributions, along with the existing funding credits, should be sufficient to cover expected required contributions to the qualified plans until 2013. In addition to the contributions to our qualified pension plans, we made $4,906,000 and $4,559,000 of benefit payments for our nonqualified plans during 2011 and 2010, respectively, and expect to make payments of $4,880,000 during 2012 for our nonqualified plans.

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

in thousands	*Pension*
Estimated Future Benefit Payments	
2012	$42,048
2013	41,488
2014	50,147
2015	48,123
2016	50,085
2017-2021	275,298

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] 2011	Pension Protection Act Zone Status [1] 2010	FIP/RP Status Pending/ Implemented	Vulcan Contributions *in thousands* ***2011***	*2010*	*2009*	Surcharge Imposed	Expiration Date/Range of CBAs
A	36-6042061-001	orange	orange	no	**$162**	$176	$203	no	5/31/2013
B	36-6052390-001	green	green	no	**408**	494	436	no	1/31/2012 - 1/31/2013
C	36-6044243-001	red	red	no	**276**	267	213	no	5/30/2012 - 6/30/2014
D	51-6031295-002	green	green	no	**52**	49	62	no	3/31/2014
E	94-6277608-001	yellow	yellow	yes	**177**	176	181	no	7/15/2013
F	52-6074345-001	red	red	yes	**840**	825	801	no	9/30/2012 - 7/31/2014
G	51-6067400-001	green	green	no	**166**	181	169	no	4/30/2014
H	36-6140097-001	green	green	no	**1,543**	1,566	1,553	no	9/30/2011 - 4/30/2014
I	94-6090764-001	orange	orange	yes	**1,737**	1,576	1,641	no	7/15/2013 - 9/17/2013
J	95-6032478-001	red	red	yes	**313**	243	292	no	9/30/2015
K	36-6155778-001	red	red	yes	**198**	195	198	no	4/30/2013
L [2]	51-6051034-001	green	green	no	**24**	54	49	no	1/31/2013
M	91-6145047-001	green	green	no	**882**	764	929	no	1/15/2012 - 9/30/2014
Total contributions					**$6,778**	**$6,566**	**$6,727**		

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

[1] *The Pension Protection Act of 2006 defines the zone status as follows: green - healthy, yellow - endangered, orange - seriously endangered and red - critical.*
[2] *All employees covered under this plan were located at operations divested on 9/30/2011.*

Our contributions to individual multiemployer pension funds did not exceed 5% of the fund’s total contributions in any of the three years ended December 31, 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, 2011, a total of 15% of our domestic hourly labor force was covered by collective bargaining agreements. Of such employees covered by collective bargaining agreements, 19% were covered by agreements that expire in 2012. We also employed 228 union employees in Mexico, none of whom are participants in multiemployer pension plans.

In addition to the qualified plans, we sponsor unfunded, nonqualified pension plans, including one such plan assumed in the Florida Rock acquisition. The following table presents the projected benefit obligation, accumulated benefit obligation and fair value of assets for these plans as of December 31:

in thousands	***2011***	*2010*
Unfunded, nonqualified pension plans		
Projected benefit obligation	**$83,025**	$77,400
Accumulated benefit obligation	**76,795**	72,000
Fair value of assets	**0**	0

Approximately $8,400,000 and $9,000,000 of the unfunded, nonqualified pension plan obligations at December 31, 2011 and December 31, 2010, respectively, relate to existing Florida Rock retirees receiving benefits under the assumed plan.

In addition to the pension plans noted above, we had one unfunded supplemental retirement plan as of December 31, 2011 and 2010. The accrued costs for the supplemental retirement plan were $1,293,000 at December 31, 2011 and $1,381,000 at December 31, 2010.

POSTRETIREMENT PLANS

In addition to pension benefits, we provide certain healthcare and life insurance benefits for some retired employees. 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.

In March 2010, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively, Health Care Reform) were signed into law. We estimated the impact of Health Care Reform on our postretirement benefit obligations and first reflected it in our December 31, 2010 measurement. Subsequently, we applied and were approved for the Early Retiree Reinsurance Program (ERRP). Due to the uncertain nature of ERRP, its impact was not reflected in our postretirement benefit obligations.

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	***2011***	*2010*
Change in Benefit Obligation		
Projected benefit obligation at beginning of year	**$133,717**	$118,313
Service cost	**4,789**	4,265
Interest cost	**6,450**	6,651
Actuarial (gain) loss	**(2,854)**	11,730
Benefits paid	**(7,176)**	(7,242)
Projected benefit obligation at end of year	**$134,926**	$133,717
Change in 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	**($134,926)**	($133,717)
Net amount recognized	**($134,926)**	($133,717)
Amounts Recognized in the Consolidated Balance Sheets		
Current liabilities	**($9,966)**	($9,100)
Noncurrent liabilities	**(124,960)**	(124,617)
Net amount recognized	**($134,926)**	($133,717)
Amounts Recognized in Accumulated Other Comprehensive Income		
Net actuarial loss	**$26,006**	$30,008
Prior service credit	**(4,141)**	(4,815)
Total amount recognized	**$21,865**	$25,193

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	***2011***	*2010*	*2009*
Components of Net Periodic Postretirement Benefit Cost			
Service cost	**$4,789**	$4,265	$3,912
Interest cost	**6,450**	6,651	7,045
Amortization of prior service credit	**(674)**	(728)	(823)
Amortization of actuarial loss	**1,149**	887	598
Net periodic postretirement benefit cost	**$11,714**	$11,075	$10,732
Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income			
Net actuarial (gain) loss	**($2,853)**	$11,730	$974
Reclassification of actuarial loss to net periodic postretirement benefit cost	**(1,149)**	(887)	(598)
Reclassification of prior service credit to net periodic postretirement benefit cost	**674**	728	823
Amount recognized in other comprehensive income	**($3,328)**	$11,571	$1,199
Amount recognized in net periodic postretirement benefit cost and other comprehensive income	**$8,386**	$22,646	$11,931
Assumptions			
Assumed Healthcare Cost Trend Rates at December 31			
Healthcare cost trend rate assumed for next year	**7.50%**	8.00%	8.50%
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	**2017**	2017	2017
Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31			
Discount rate	**4.95%**	5.45%	6.65%
Weighted-average assumptions used to determine benefit obligation at December 31			
Discount rate	**4.60%**	4.95%	5.45%

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 2012 are $1,086,000 and ($674,000), respectively.

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	$1,326	($1,146)
Effect on postretirement benefit obligation	12,043	(10,653)

Total employer contributions for the postretirement plans are presented below:

in thousands	*Postretirement*
Employer Contributions	
2009	$6,455
2010	7,242
2011	7,176
2012 (estimated)	9,966

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	
2012	$9,966
2013	10,344
2014	10,783
2015	11,048
2016	11,379
2017–2021	61,962

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

in thousands	*Postretirement*
Participants Contributions	
2009	$1,673
2010	1,829
2011	1,933

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, 2011, the discount rates for our various plans ranged from 4.15% to 5.08%.

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, 2011, the expected return on plan assets remained consistent with 2010 at 8.0% and was down from 8.25% in 2009.

In projecting the rate of compensation increase, we consider past experience and future expectations. At December 31, 2011, our projected weighted-average rate of compensation remained 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, 2011, our assumed rate of increase in the per capita cost of covered healthcare benefits was 7.50% for 2012, decreasing each year until reaching 5.0% in 2017 and remaining level thereafter.

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. As stated above, effective July 15, 2007, we amended our defined benefit pension plans and our defined contribution 401(k) plans to no longer accept new participants. Existing participants continue to accrue benefits under these plans. Salaried and nonunion hourly employees hired on or after July 15, 2007 are eligible for a single defined contribution 401(k)/Profit-Sharing plan. Expense recognized in connection with these plans totaled $16,057,000 in 2011, $15,273,000 in 2010 and $13,361,000 in 2009.

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 (including an additional 6,500,000 shares approved at the 2011 Shareholders' Meeting).

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 target. For awards granted prior to 2010, 50% of the payment is based upon our Total Shareholder Return (TSR) performance relative to the TSR performance of the S&P 500®. The remaining 50% of the payment is based upon the achievement of established internal financial performance targets. For awards granted in 2010 and 2011, the payment is based solely upon our relative TSR performance. Awards granted prior to 2011 vest on December 31 of the third year after date of grant. Awards granted in 2011 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 $8,879,000 in 2011, $7,562,000 in 2010 and $5,350,000 in 2009.

The fair value of performance shares is estimated as of the date of grant using a Monte Carlo simulation model. Compensation cost is adjusted for the actual outcome of the internal financial performance target. The following table summarizes the activity for nonvested performance share units during the year ended December 31, 2011:

	Target Number of Shares	*Weighted-average Grant Date Fair Value*
Performance Shares		
Nonvested at January 1, 2011	457,571	$42.99
Granted	394,770	$39.38
Vested	(219,601)	$45.72
Canceled/forfeited	(25,201)	$41.41
Nonvested at December 31, 2011	**607,539**	**$39.73**

During 2010 and 2009, the weighted-average grant date fair value of performance shares granted was $40.34 and $45.72, respectively.

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. Prior to the acquisition of Florida Rock, shares issued upon the exercise of stock options were issued from treasury stock. Since that acquisition, these shares are issued from our authorized and unissued common stock.

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:

	2011	*2010*	*2009*
SOSARs			
Fair value	**$10.51**	$12.05	$14.74
Risk-free interest rate	**2.27%**	3.15%	2.14%
Dividend yield	**1.95%**	2.00%	2.22%
Volatility	**31.57%**	27.58%	35.04%
Expected term	**7.75 years**	7.50 years	7.50 years

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, 2011 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, 2011	6,479,296	$55.97		
Granted	656,360	$35.38		
Exercised	(85,394)	$42.11		
Forfeited or expired	(408,415)	$46.58		
Outstanding at December 31, 2011	**6,641,847**	**$54.69**	**4.71**	**$7,202**
Vested and expected to vest	**6,768,683**	**$54.19**	**4.80**	**$8,575**
Exercisable at December 31, 2011	**5,414,035**	**$57.61**	**3.87**	**$4,874**

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 2011 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, 2011. These values change based on the fair market value of our common stock. The aggregate intrinsic values of options exercised for the years ended December 31 are as follows:

in thousands	***2011***	*2010*	*2009*
Aggregate intrinsic value of options exercised	**$164**	$1,830	$4,903

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	***2011***	*2010*	*2009*
Stock Options/SOSARs			
Cash and stock consideration received from exercises	**$3,596**	$20,502	$22,719
Tax benefit from exercises	**66**	733	1,965
Compensation cost	**7,968**	11,288	15,195

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 $6,938,000 in 2011, $5,080,000 in 2010 and $1,954,000 in 2009.

NOTE 12: COMMITMENTS AND CONTINGENCIES

We have commitments in the form of unconditional purchase obligations as of December 31, 2011. These include commitments for the purchase of property, plant & equipment of $3,745,000 and commitments for noncapital purchases of $67,532,000. These commitments are due as follows:

in thousands	*Unconditional Purchase Obligations*
Property, Plant & Equipment	
2012	$3,745
Thereafter	0
Total	$3,745
Noncapital	
2012	$18,907
2013–2014	19,790
2015–2016	7,497
Thereafter	21,338
Total	$67,532

Expenditures under the noncapital purchase commitments totaled $89,407,000 in 2011, $111,142,000 in 2010 and $99,838,000 in 2009.

We have commitments in the form of minimum royalties under mineral leases as of December 31, 2011 in the amount of $215,043,000, due as follows:

in thousands	*Mineral Leases*
Mineral Royalties	
2012	$19,598
2013–2014	39,182
2015–2016	29,090
Thereafter	127,173
Total	$215,043

Expenditures for mineral royalties under mineral leases totaled $45,690,000 in 2011, $43,111,000 in 2010 and $43,501,000 in 2009.

We provide certain third parties with irrevocable standby letters of credit in the normal course of business. We use commercial banks to issue such letters of credit to back our obligations to pay or perform when required to do so according to the requirements of an underlying agreement. The standby letters of credit listed below are cancelable only at the option of the beneficiaries who are authorized to draw drafts on the issuing bank up to the face amount of the standby letter of credit in accordance with its terms. Our standby letters of credit as of December 31, 2011 are summarized in the table below:

in thousands	
Standby Letters of Credit	
Risk management requirement for insurance claims	**$41,083**
Payment surety required by utilities	**133**
Contractual reclamation/restoration requirements	**8,186**
Financing requirement for industrial revenue bond	**14,230**
Total	**$63,632**

Since banks consider standby letters of credit as contingent extensions of credit, we are required to pay a fee until they expire or are canceled. Substantially all of our standby letters of credit have a one-year term and are automatically renewed unless cancelled with the approval of the beneficiary. All of our outstanding standby letters of credit as of December 31, 2011 are backed by our $600,000,000 bank line of credit which expires December 15, 2016.

As described in Note 2, we may be required to make cash payments in the form of a transaction bonus to certain key former Chemicals employees. The transaction bonus is contingent upon the amounts received under the two earn-out agreements entered into in connection with the sale of the Chemicals business. Amounts due are payable annually based on the prior year's results. Based on the total cumulative receipts from the two earn-outs, we paid $1,228,000 in transaction bonuses during 2011. Future expense, if any, is dependent upon our receiving sufficient cash receipts under the remaining (5CP) earn-out and will be accrued in the period the earn-out income is recognized.

As described in Note 9, our liability for unrecognized income tax benefits is $13,488,000 as of December 31, 2011.

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.

In December 2011, Martin Marietta made public an unsolicited exchange offer to acquire Vulcan and subsequently commenced an exchange offer for all outstanding shares of our common stock and initiated a proxy fight to elect a slate of directors to our Board. We are involved in a number of legal proceedings related to Martin Marietta's unsolicited exchange offer.

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 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 cases 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 applications. These cases involve various allegations of groundwater contamination or exposure to perc allegedly resulting in personal injury. Vulcan is vigorously defending all of these cases, which are listed below:

- California Water Service Company — On June 6, 2008, we were served in an action styled *California Water Service Company v. Dow, et al.*, now pending in the San Mateo County Superior Court, California. According to the complaint, California Water Service Company "owns and/or operates public drinking water systems, and supplies drinking water to hundreds of thousands of residents and businesses throughout California." The complaint alleges that water wells in a number of communities have been contaminated with perc. The plaintiff is seeking compensatory damages and punitive damages. As a result of the discovery to date, which has focused principally on issues such as legal injury (as defined by the maximum contaminant level for perc) and the statute of limitations, the number of wells at issue has been reduced from 244 to 14. Discovery has commenced on dry cleaners in the vicinity of the wells. At this time, plaintiffs have not established that we are liable for any alleged contamination of a specific well.
- CITY OF SUNNYVALE CALIFORNIA — On January 6, 2009, we were served in an action styled *City of Sunnyvale v. Legacy Vulcan Corporation, f/k/a Vulcan Materials Company*, filed in the San Mateo County Superior Court, California. The plaintiffs are seeking cost recovery and other damages for alleged environmental contamination from perc and its breakdown products at the Sunnyvale Town Center Redevelopment Project. Based on the discovery to date, we do not believe that plaintiffs can meet their burden of proof to establish that our perc was used at sites in a redevelopment project area or that we are liable for any alleged contamination. Discovery is ongoing. Trial is scheduled for October 2012.
- 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 court recently ruled that any detectable amount of perc in a well constitutes a legal injury. 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.
- ADDAIR — This is a purported class action case for medical monitoring and personal injury damages styled *Addair et al. v. Processing Company, LLC, et al.*, pending in the Circuit Court of Wyoming County, West Virginia. The plaintiffs allege various personal injuries from exposure to perc used in coal sink labs. By Order dated September 20, 2011, the Court denied class action certification.
- WEST VIRGINIA COAL SINK LAB LITIGATION — This is a mass tort action consisting of over 100 cases filed in 17 different counties in West Virginia from September 1 to October 13, 2010, for medical monitoring and personal injury damages for exposure to perc and carbon tetrachloride used in coal sink labs. The West Virginia Supreme Court of Appeals, in an order entered January 19, 2011, transferred all of these cases (referred to as *Jeffrey Blount v. Arkema, Inc., et al.*) to the West Virginia Mass Litigation Panel. Discovery is ongoing. The panel has scheduled a trial of some or all of this matter for September 2012.

- SANTARSIERO — This is a case styled *Robert Santarsiero v. R.V. Davies, et al.*, pending in Supreme Court, New York County, New York. We were brought in as a third-party defendant by original defendant R.V. Davies. The plaintiff, who was alleging perc exposure, is now deceased. The case has been stayed pending further information about this development.
- 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 several of these litigation matters, as well as some prior litigation which we have now settled. 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.

FLORIDA ANTITRUST LITIGATION — Our subsidiary, Florida Rock Industries, Inc., has been named as a defendant in a number of class action lawsuits filed in the United States District Court for the Southern District of Florida. The lawsuits were filed by several ready-mixed concrete producers and construction companies against a number of concrete and cement producers and importers in Florida. There are now two consolidated amended complaints: (1) on behalf of direct independent ready-mixed concrete producers, and (2) on behalf of indirect users of ready-mixed concrete. The other defendants include Cemex Inc., Tarmac America LLC, and VCNA Prestige Ready-Mix Florida, Inc. The complaints allege various violations under the federal antitrust laws, including price fixing and market allocations. We have no reason to believe that Florida Rock is liable for any of the matters alleged in the complaint, and we are defending the case vigorously. Discovery is ongoing. The trial court recently denied plaintiffs' motions to certify both the direct and the indirect plaintiffs' lawsuits as class actions, and dismissed the class allegations. Trial is scheduled for July 2012.

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 brought by the New Jersey Department of Environmental Protection (NJDEP) in the New Jersey Superior Court. Vulcan was named in the suit due to alleged discharges to the Lower Passaic River (River) from the former Chemicals Division - Newark Plant. 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. This case is in the discovery stage, and a liability trial is scheduled for April 2013, and a separate damages trial, if required, is scheduled for January 2014. At this time, we cannot reasonably estimate our liability related to this case because it is unclear what contaminants and legal issues will be presented at trial and the extent to which the Newark operation may have impacted the River.

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's range of estimated cost for these alternatives was between $0.9 billion and $2.3 billion, although estimates of the cost and timing of future environmental remediation requirements are inherently imprecise. As of February 2012, the EPA has not released the final FFS. 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.

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, 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

In February 2011, we issued 372,992 shares (368,527 shares net of acquired cash) of common stock in connection with a business acquisition as described in Note 19.

In March 2010, we issued 1,190,000 shares of common stock to our qualified pension plans (par value of $1 per share) as described in Note 10. This transaction increased equity by $53,864,000 (common stock $1,190,000 and capital in excess of par $52,674,000).

In June 2009, we completed a public offering of common stock (par value of $1 per share) resulting in the issuance of 13,225,000 common shares at a price of $41.00 per share. The total number of shares issued through the offering included 1,725,000 shares issued upon full exercise of the underwriters' option to purchase additional shares. We received net proceeds of $519,993,000 (net of commissions and transaction costs of $22,232,000) from the sale of the shares. The net proceeds from the offering were used for debt reduction and general corporate purposes. The transaction increased equity by $519,993,000 (common stock $13,225,000 and capital in excess of par $506,768,000).

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:

- 2011 — issued 110,881 shares for cash proceeds of $4,745,000
- 2010 — issued 882,131 shares for cash proceeds of $41,734,000
- 2009 — issued 1,135,510 shares for cash proceeds of $52,691,000

Stock issuances in connection with business acquisitions for the years ended December 31 were as follows:

- 2011 — issued 372,992 shares (368,527 shares net of acquired cash)
- 2009 — issued 789,495 shares

There were no shares held in treasury as of December 31, 2011, 2010 and 2009 and no shares purchased during any of these three years. As of December 31, 2011, 3,411,416 shares may be repurchased under the current purchase authorization of our Board of Directors.

NOTE 14: OTHER COMPREHENSIVE INCOME

Comprehensive income includes charges and credits to equity from nonowner sources and comprises two subsets: net earnings and other comprehensive income. 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.

The amount of income tax (expense) benefit allocated to each component of other comprehensive income (loss) for the years ended December 31, 2011, 2010 and 2009 is summarized as follows:

in thousands	*Before-tax Amount*	*Tax (Expense) Benefit*	*Net-of-tax Amount*
Other Comprehensive Income (Loss)			
December 31, 2011			
Fair value adjustment to cash flow hedges	**$0**	**$0**	**$0**
Reclassification adjustment for cash flow hedge amounts included in net earnings	**11,657**	**(4,506)**	**7,151**
Adjustment for funded status of pension and postretirement benefit plans	**(88,033)**	**33,667**	**(54,366)**
Amortization of pension and postretirement plan actuarial loss and prior service cost	**12,485**	**(4,775)**	**7,710**
Total other comprehensive income (loss)	**($63,891)**	**$24,386**	**($39,505)**
December 31, 2010			
Fair value adjustment to cash flow hedges	($882)	$401	($481)
Reclassification adjustment for cash flow hedge amounts included in net earnings	19,619	(8,910)	10,709
Adjustment for funded status of pension and postretirement benefit plans	5,683	(2,482)	3,201
Amortization of pension and postretirement plan actuarial loss and prior service cost	6,371	(2,781)	3,590
Total other comprehensive income (loss)	$30,791	($13,772)	$17,019
December 31, 2009			
Fair value adjustment to cash flow hedges	($4,643)	$1,895	($2,748)
Reclassification adjustment for cash flow hedge amounts included in net earnings	16,728	(6,826)	9,902
Adjustment for funded status of pension and postretirement benefit plans	(28,784)	11,417	(17,367)
Amortization of pension and postretirement plan actuarial loss and prior service cost	1,886	(748)	1,138
Total other comprehensive income (loss)	($14,813)	$5,738	($9,075)

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

in thousands	***2011***	*2010*	*2009*
Accumulated Other Comprehensive Loss			
Cash flow hedges	**($31,986)**	($39,137)	($49,365)
Pension and postretirement plans	**(184,858)**	(138,202)	(144,993)
Total	**($216,844)**	($177,339)	($194,358)

Amounts reclassified from accumulated other comprehensive income (loss) to earnings, are as follows:

in thousands	***2011***	*2010*	*2009*
Reclassification Adjustment for Cash Flow Hedges			
Interest expense	**$11,657**	$19,619	$16,728
Benefit from income taxes	**(4,506)**	(8,910)	(6,826)
Total	**$7,151**	$10,709	$9,902
Amortization of Pension and Postretirement Plan Actuarial Loss and Prior Service Cost			
Cost of goods sold	**$9,458**	$4,783	$1,418
Selling, administrative and general expenses	**3,027**	1,588	468
Benefit from income taxes	**(4,775)**	(2,781)	(748)
Total	**$7,710**	$3,590	$1,138
Total reclassifications from AOCI to earnings	**$14,861**	$14,299	$11,040

NOTE 15: SEGMENT REPORTING

We have four operating 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 2011, the Aggregates segment principally served markets in nineteen states, the District of Columbia, the Bahamas and Mexico with a full line of aggregates, and eight 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 $16,678,000 in 2011, $23,380,000 in 2010 and $20,118,000 in 2009.

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 $142,988,000 in 2011, $150,157,000 in 2010 and $163,479,000 in 2009. Transactions between our reportable segments are recorded at prices approximating market levels.

SEGMENT FINANCIAL DISCLOSURE

in millions	***2011***	*2010*	*2009*
Total Revenues			
Aggregates			
Segment revenues	**$1,734.0**	$1,766.9	$1,838.6
Intersegment sales	**(142.6)**	(154.1)	(165.2)
Net sales	**$1,591.4**	$1,612.8	$1,673.4
Concrete			
Segment revenues	**$374.7**	$383.2	$439.4
Intersegment sales	**0.0**	0.0	(0.1)
Net sales	**$374.7**	$383.2	$439.3
Asphalt Mix			
Segment revenues	**$399.0**	$369.9	$393.7
Intersegment sales	**0.0**	0.0	0.0
Net sales	**$399.0**	$369.9	$393.7
Cement			
Segment revenues	**$71.9**	$80.2	$72.5
Intersegment sales	**(30.1)**	(40.2)	(35.2)
Net sales	**$41.8**	$40.0	$37.3
Totals			
Net sales	**$2,406.9**	$2,405.9	$2,543.7
Delivery revenues	**157.7**	153.0	146.8
Total revenues	**$2,564.6**	$2,558.9	$2,690.5
Gross Profit			
Aggregates	**$306.2**	$320.2	$393.3
Concrete	**(43.4)**	(45.0)	(14.5)
Asphalt Mix	**25.6**	29.3	69.0
Cement	**(4.5)**	(3.8)	(1.8)
Total	**$283.9**	$300.7	$446.0
Depreciation, Depletion, Accretion and Amortization			
Aggregates	**$277.8**	$293.0	$312.2
Concrete	**51.5**	53.6	52.6
Asphalt Mix	**8.2**	8.7	8.6
Cement	**18.9**	20.9	16.3
Corporate and other unallocated	**5.3**	5.9	4.9
Total	**$361.7**	$382.1	$394.6
Capital Expenditures			
Aggregates	**$67.6**	$60.6	$74.6
Concrete	**6.3**	3.7	0.2
Asphalt Mix	**16.1**	4.5	5.1
Cement	**3.2**	7.3	22.4
Corporate	**4.7**	3.3	4.2
Total	**$97.9**	$79.4	$106.5
Identifiable Assets			
Aggregates	**$6,837.0**	$6,984.5	$7,210.7
Concrete	**461.1**	483.2	448.9
Asphalt Mix	**234.9**	211.5	220.6
Cement	**417.8**	435.0	446.9
Total identifiable assets	**7,950.8**	8,114.2	8,327.1
General corporate assets	**122.7**	177.8	177.1
Cash items	**155.8**	47.5	22.3
Total assets	**$8,229.3**	$8,339.5	$8,526.5

NOTE 16: SUPPLEMENTAL CASH FLOW INFORMATION

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

in thousands	***2011***	*2010*	*2009*
Cash Payments (Refunds)			
Interest (exclusive of amount capitalized)	**$205,088**	$172,653	$181,352
Income taxes	**(29,874)**	(15,745)	(25,184)
Noncash Investing and Financing Activities			
Accrued liabilities for purchases of property, plant & equipment	**$7,226**	$8,200	$13,459
Note received from sale of business	**0**	0	1,450
Fair value of noncash assets and liabilities exchanged	**25,994**	0	0
Debt issued for purchases of property, plant & equipment	**0**	0	1,987
Stock issued for pension contribution (Note 13)	**0**	53,864	0
Amounts referable to business acquisitions			
Liabilities assumed	**13,912**	150	0
Fair value of equity consideration	**18,529**	0	0

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	***2011***	*2010*	*2009*
ARO Operating Costs			
Accretion	**$8,195**	$8,641	$8,802
Depreciation	**7,242**	11,516	13,732
Total	**$15,437**	$20,157	$22,534

ARO operating costs for our continuing operations 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 asset retirement obligations for the years ended December 31 are as follows:

in thousands	***2011***	*2010*
Asset Retirement Obligations		
Balance at beginning of year	$162,730	$167,757
Liabilities incurred	1,738	2,501
Liabilities settled	(16,630)	(11,354)
Accretion expense	8,195	8,641
Revisions up (down), net	(2,054)	(4,815)
Balance at end of year	**$153,979**	$162,730

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, 2011, 2010 and 2009.

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, 2011, 2010 and 2009 are summarized below:

GOODWILL

in thousands	*Aggregates*	*Concrete*	*Asphalt Mix*	*Cement*	*Total*
Gross Carrying Amount					
Total as of December 31, 2009	$3,004,667	$0	$91,633	$252,664	$3,348,964
Goodwill of acquired businesses	716	0	0	0	716
Total as of December 31, 2010	$3,005,383	$0	$91,633	$252,664	$3,349,680
Goodwill of divested businesses	(10,300)	0	0	0	(10,300)
Total as of December 31, 2011	**$2,995,083**	**$0**	**$91,633**	**$252,664**	**$3,339,380**
Accumulated Impairment Losses					
Total as of December 31, 2009	$0	$0	$0	($252,664)	($252,664)
Goodwill impairment loss	0	0	0	0	0
Total as of December 31, 2010	$0	$0	$0	($252,664)	($252,664)
Goodwill impairment loss	0	0	0	0	0
Total as of December 31, 2011	**$0**	**$0**	**$0**	**($252,664)**	**($252,664)**
Goodwill, net of Accumulated Impairment Losses					
Total as of December 31, 2009	$3,004,667	$0	$91,633	$0	$3,096,300
Total as of December 31, 2010	$3,005,383	$0	$91,633	$0	$3,097,016
Total as of December 31, 2011	**$2,995,083**	**$0**	**$91,633**	**$0**	**$3,086,716**

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 that would reduce equity and result in an increase in our total debt as a percentage of total capital (42.6% as of December 31, 2011). The indenture governing our notes contains a covenant limiting our total debt as a percentage of total capital to 65%. We believe that it is highly unlikely that any potential write-down in goodwill would result in a violation of this covenant.

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.

Historically, we have acquired intangible assets with only finite lives. Amortization of intangible assets with finite lives is recognized over their estimated useful lives using a method of amortization that closely reflects the pattern in which the economic benefits are consumed or otherwise realized. Intangible assets with finite lives 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, 2011, 2010 and 2009.

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

INTANGIBLE ASSETS

in thousands	***2011***	*2010*
Gross Carrying Amount		
Contractual rights in place	**$640,450**	$628,707
Noncompetition agreements	**1,430**	2,200
Favorable lease agreements	**16,677**	16,677
Permitting, permitting compliance and zoning rights	**76,956**	69,631
Customer relationships	**14,493**	14,393
Trade names and trademarks	**5,006**	5,006
Other	**3,200**	3,200
Total gross carrying amount	**$758,212**	$739,814
Accumulated Amortization		
Contractual rights in place	**($35,748)**	($29,100)
Noncompetition agreements	**(841)**	(1,308)
Favorable lease agreements	**(2,031)**	(1,531)
Permitting, permitting compliance and zoning rights	**(12,880)**	(11,083)
Customer relationships	**(4,466)**	(2,940)
Trade names and trademarks	**(1,544)**	(1,043)
Other	**(3,200)**	(1,116)
Total accumulated amortization	**($60,710)**	($48,121)
Total Intangible Assets Subject to Amortization, net	**$697,502**	$691,693
Intangible Assets with Indefinite Lives	**0**	0
Total Intangible Assets, net	**$697,502**	$691,693
Aggregate Amortization Expense for the Year	**$14,032**	$13,617

Estimated amortization expense for the five years subsequent to December 31, 2011 is as follows:

in thousands	
Estimated Amortization Expense for Five Subsequent Years	
2012	$11,104
2013	10,311
2014	10,505
2015	11,652
2016	12,783

NOTE 19: ACQUISITIONS AND DIVESTITURES

2011 ACQUISITIONS AND DIVESTITURES

During the fourth quarter of 2011, we consummated a transaction resulting in an exchange of assets.

We acquired:

- three aggregates facilities
- one rail distribution yard

In return, we divested:

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

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

During the third quarter of 2011, we completed the sale of four aggregates facilities. The sale resulted in net cash proceeds at closing of $61,774,000, a receivable of $2,400,000 and a pretax gain on sale of $39,659,000. The book value of the divested operations included $10,300,000 of goodwill. Goodwill was allocated 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.

In a separate 2011 transaction, 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. As a result of this acquisition, we recognized $6,419,000 of amortizable intangible assets, none of which is expected to be 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.

The purchase price allocations for the 2011 acquisitions are preliminary and subject to adjustment.

We previously determined that the sale of an aggregates facility and ready-mixed concrete facility located outside the United States would not close within the next twelve months. Thus, these assets no longer met the criteria for classification as held for sale. The property, plant & equipment of these foreign facilities was measured at the lower of fair value or carrying amount adjusted to recapture suspended depreciation. This facility is presented in the accompanying Consolidated Balance Sheets as of December 31, 2010 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	***2011***	*2010*
Held for Sale		
Current assets	$0	$3,460
Property, plant & equipment, net	0	9,625
Other assets	0	122
Total assets held for sale	$0	$13,207
Current liabilities	$0	$116
Total liabilities of assets held for sale	$0	$116

2010 ACQUISITIONS AND DIVESTITURE

In 2010, we acquired the following assets for $70,534,000 (total cash consideration) net of acquired cash:

- twelve ready-mixed concrete facilities
- two aggregates facilities

The acquisition payments reported above included $5,000,000 of contingent consideration. The contingency was resolved during 2011 resulting in the seller's retention of this payment.

As a result of these 2010 acquisitions, we recognized $716,000 of goodwill and $11,198,000 of amortizable intangible assets, all of which are expected to be fully deductible for income tax purposes. The amortizable intangible assets consist primarily of contractual rights in place and will be amortized using the unit-of-production method over an estimated weighted-average period of 40 years.

In 2010, we divested the following assets for $42,750,000 (total cash consideration):

- three aggregates facilities

NOTE 20: CORRECTION OF PRIOR PERIOD FINANCIAL STATEMENT

In preparation for an Internal Revenue Service (IRS) exam during 2011, we identified improper deductions and errors in the calculation of taxable income for items primarily associated with the 2007 acquisition of Florida Rock. These items have been voluntarily submitted to the IRS for use in their examination.

The errors arose during periods prior to 2009, did not impact earnings or cash flows for any years presented and are not material to previously issued financial statements. As a result, we did not amend previously filed financial statements but have restated the affected Consolidated Balance Sheet and Consolidated Statements of Equity presented in this Form 10-K. The correction of these errors resulted in adjustments to the following 2008 opening balances:

- an increase to current deferred income tax assets of $910,000
- an increase to prepaid income taxes of $735,000
- an increase to current taxes payable of $16,676,000
- a decrease to non-current deferred income tax liabilities of $5,849,000
- a decrease to retained earnings of $9,182,000

	As of December 31, 2010		
in thousands	*As Reported*	*Correction*	*As Restated*
Balance Sheet			
Assets			
Current deferred income taxes	$53,794	$910	$54,704
Prepaid expenses	19,374	735	20,109
Total current assets	772,106	1,645	773,751
Total assets	$8,337,891	$1,645	$8,339,536
Liabilities			
Other accrued liabilities	$112,408	$16,676	$129,084
Total current liabilities	565,672	16,676	582,348
Noncurrent deferred income taxes	849,448	(5,849)	843,599
Total liabilities	$4,372,911	$10,827	$4,383,738
Equity			
Retained earnings	$1,512,863	($9,182)	$1,503,681
Total equity	3,964,980	(9,182)	3,955,798
Total liabilities and equity	$8,337,891	$1,645	$8,339,536

NOTE 21: UNAUDITED SUPPLEMENTARY DATA

The following is a summary of selected quarterly financial information (unaudited) for each of the years ended December 31, 2011 and 2010:

	2011			
	Three Months Ended			
in thousands, except per share data	*March 31*	*June 30*	*Sept 30*	*Dec 31*
Net sales	$456,316	$657,457	$714,947	$578,189
Total revenues	487,200	701,971	760,752	614,627
Gross profit	(7,106)	100,840	115,780	74,355
Operating earnings (loss)	(61,184)	23,488	106,668	(5,528)
Earnings (loss) from continuing operations	(64,622)	(7,102)	22,412	(25,943)
Net earnings (loss)	(54,733)	(8,139)	19,959	(27,865)
Basic earnings (loss) per share from continuing operations	($0.50)	($0.05)	$0.17	($0.20)
Diluted earnings (loss) per share from continuing operations	(0.50)	(0.05)	0.17	(0.20)
Basic net earnings (loss) per share	($0.42)	($0.06)	$0.15	($0.22)
Diluted net earnings (loss) per share	(0.42)	(0.06)	0.15	(0.22)

	2010			
	Three Months Ended			
in thousands, except per share data	*March 31*	*June 30*	*Sept 30*	*Dec 31*
Net sales	$464,534	$692,758	$699,792	$548,832
Total revenues	493,264	736,152	743,204	586,242
Gross profit	894	122,335	126,747	50,750
Operating earnings (loss)	(36,770)	1,210	50,432	(29,412)
Earnings (loss) from continuing operations	(44,474)	(22,515)	10,591	(46,145)
Net earnings (loss)	(38,747)	(23,992)	13,246	(46,997)
Basic earnings (loss) per share from continuing operations	($0.35)	($0.18)	$0.08	($0.36)
Diluted earnings (loss) per share from continuing operations	(0.35)	(0.18)	0.08	(0.36)
Basic net earnings (loss) per share	($0.31)	($0.19)	$0.10	($0.37)
Diluted net earnings (loss) per share	(0.31)	(0.19)	0.10	(0.37)

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

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, 2011. 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 have substantially completed the implementation of new financial reporting software, which is a major component of the replacement. We are also in the process of implementing a new quote to cash software system, which is another significant component of the replacement. The new information technology systems were a source for most of the information presented in this Annual Report on Form 10-K. We are continuing to work toward the full implementation of the new information technology systems.

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 2011.

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*, 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, 2011.

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, 2011. 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, 2011 based on criteria established in *Internal Control — Integrated Framework*, 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, 2011 based on the criteria established in *Internal Control — Integrated Framework*, 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, 2011 and our report dated February 29, 2012 expressed an unqualified opinion on those financial statements and contained an explanatory paragraph making reference to the Company's adoption in 2011 of *Accounting Standards Update 2011-05, Presentation of Comprehensive Income.*

Deloitte & Touche LLP

Birmingham, Alabama

February 29, 2012

OTHER INFORMATION

None.

PART III

ITEM 10
DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Later this year, we expect to file a definitive proxy statement with the Securities and Exchange Commission pursuant to Regulation 14A (our "2012 Proxy Statement"). The information under the headings "Election of Directors," "Nominees for Election to the Board of Directors," "Directors Continuing in Office," "Corporate Governance of our Company and Practices of the Board of Directors," and "Section 16(a) Beneficial Ownership Reporting Compliance" included in the 2012 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" and "Executive Compensation" included in our 2012 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 2012 Proxy Statement is incorporated herein by reference.

ITEM 13
CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information under the headings "Transactions with Related Persons" and "Director Independence" included in our 2012 Proxy Statement is hereby incorporated by reference.

ITEM 14
PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this section is incorporated by reference from the information in the section entitled "Independent Registered Public Accounting Firm" in our 2012 Proxy Statement.

PART IV

ITEM 15
EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) (1) Financial statements

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

(a) (2) Financial statement schedules

Financial statement schedules 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.

SIGNATURES

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 29, 2012.

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 29, 2012
Daniel F. Sansone	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 29, 2012
Ejaz A. Khan	Vice President, Controller and Chief Information Officer (Principal Accounting Officer)	February 29, 2012

The following directors:

Philip J. Carroll, Jr.	Director
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
Vincent J. Trosino	Director
Kathleen Wilson-Thompson	Director

By ______________________
Robert A. Wason IV
Attorney-in-Fact

February 29, 2012

EXHIBIT INDEX

Exhibit 3(a)	Certificate of Incorporation (Restated 2007) of Vulcan Materials 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 Vulcan Materials Company effective as of December 11, 2009 filed as Exhibit 3.1 to the Company's Current Report on Form 8-K on December 11, 2009.[1]
Exhibit 4(a)	Supplemental Indenture No. 1 dated as of November 16, 2007, among Vulcan Materials Company, Legacy Vulcan Corp. and The Bank of New York, 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 Vulcan Materials 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 Vulcan Materials 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)	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., JP 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 19, 2011. [1]
Exhibit 10(d)	Amendment No. 1 to Credit Agreement dated as of January 27, 2011, 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)	Purchase Agreement dated January 23, 2009, between the Company and Goldman, Sachs & Co. filed as Exhibit 1.1 to the Company's Current Report on Form 8-K on January 29, 2009. [1]
Exhibit 10(f)	Third 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 10(g)	Exchange and Registration Rights Agreement dated February 3, 2009, between the Company and Goldman, Sachs & Co. filed as Exhibit 10(g) to the Company's Annual Report on Form 10-K filed on March 2, 2009. [1]
Exhibit 10(h)	The 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(i)	Amendment to the Unfunded Supplemental Benefit Plan for Salaried Employees filed as Exhibit 10(c) 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(j)	The 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(k)	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(l)	Amendment to the 2006 Omnibus Long-Term Incentive Plan of the Company.[2]
Exhibit 10(m)	The 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(n)	The 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(o)	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(p)	Change of Control Employment Agreement Form (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(q)	Change of Control Employment Agreement Form (Modified Double Trigger) filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on October 2, 2008.[1,2]
Exhibit 10(r)	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(s)	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(t)	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(u)	Form Stock Option Award 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(v)	Form Director Deferred Stock Unit Award 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(w)	Form Performance Share Unit Award 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(x)	Form of Performance Share Unit Award 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(y)	Form 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(z)	Stock Only Stock Appreciation Rights Award 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(aa)	Form Employee Deferred Stock Unit Award 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(ab)	2011/2012 Compensation Decisions filed in the Company's Current Report on Form 8-K filed on February 14, 2012. [1,2]
Exhibit 21	List of the Company's subsidiaries as of December 31, 2012.

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 95	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.

AMENDMENT TO THE 2006 OMNIBUS LONG TERM INCENTIVE PLAN

The Company adopted the 2006 Omnibus Long-term Incentive Plan (“Plan”) in order to provide for a wide array of stock-based and other long-term incentives for its employees and members of the Board. Under this Plan, the Compensation Committee of the Board grants Deferred Stock Units (“DSUs”) to certain nonemployee members of the Board.

Under the terms of the DSU Agreements, in the event of death all non-forfeitable DSUs will be paid to the estate of the Participant. In order to provide flexibility for Participants in the designation of a beneficiary, the following amendment to the Plan is proposed that will permit a Participant to name a beneficiary other than the estate.

AMENDMENT TO THE
VULCAN MATERIALS COMPANY
2006 OMNIBUS LONG-TERM INCENTIVE PLAN

WHEREAS, Vulcan Materials Company (the “Company”) has established and currently maintains the 2006 Omnibus Long-Term Incentive Plan (the “Plan”); and

WHEREAS, the Company desires to amend the Plan to provide for the designation of a beneficiary by a participant in the event of a participant’s death; and

WHEREAS, the Compensation Committee (the “Committee”) of the Board of Directors of the Company has the right to amend the Plan; and

WHEREAS, the Committee has approved of such amendment to the Plan.

NOW, THEREFORE, BE IT RESOLVED, that the following sentence shall be added to the end of Section 22 of the Plan:

> Notwithstanding the foregoing or the terms of any Award, the Participant shall have the right to designate a beneficiary to receive payment with respect to an Award in the event of the Participant’s death, and such designation shall be made in such form and subject to such requirements as are set forth by the Committee from time to time.

IN WITNESS WHEREOF, this Amendment has been executed on and is effective as of February 9, 2012.

VULCAN MATERIALS COMPANY
COMPENSATION COMMITTEE

By: /s/Donald B. Rice_______________
Donald B. Rice, Chairman

VULCAN MATERIALS COMPANY
SUBSIDIARIES
As of December 31, 2011

Subsidiaries	State or Other Jurisdiction of Incorporation or Organization	% Owned Directly or Indirectly by Vulcan
Atlantic Granite Company	South Carolina	66-2/3
Azusa Rock, Inc.	California	100
Brooksville Quarry, LLC	Florida	50
BWIP, Inc.	Maryland	100
Calizas Industriales del Carmen, S.A. de C.V.	Mexico	100
CalMat Co.	Delaware	100
CalMat Leasing Co.	Arizona	100
Chesapeake Marine Partnership	Maryland	100
D C Materials, Inc.	District of Columbia	100
Delmarva Aggregates, LLC	Delaware	80
FlaCem, LLC	Florida	100
Florida Cement, Inc.	Florida	100
Florida Rock Industries, Inc.	Florida	100
Freeport Aggregates Limited	Bahamas	100
FRI Bahamas Ltd.	Bahamas	100
FRK Putnam, LLC	Florida	100
Fulton Concrete Company, Inc.	Georgia	100
Harper Bros. Inc.	Florida	100
Heritage Logistics, LLC	Delaware	100
Legacy Vulcan Corp.	New Jersey	100
Maryland Rock Industries, Inc.	Maryland	100
Maryland Stone, Inc.	Maryland	100
MedTex Lands, Inc.	Texas	100
Mule Pen Quarry Corporation	Delaware	100
Palomar Transit Mix Co.	California	100
Patapsco Properties, Incorporated	Maryland	100
Rail Services & Storage East Coast, Inc.	South Carolina	100
Rancho Piedra Caliza, S.A. de C.V.	Mexico	100
RECO Transportation, LLC	Delaware	100
Rockland LLC	Florida	100
S & G Concrete Co.	North Carolina	100
S & G Prestress Company	North Carolina	100
Salisbury Towing Corp.	Maryland	100
Soportes Tecnicos Y Administrativos, S.A. de C.V.	Mexico	100
Southwest Gulf Railroad Company	Texas	95
Statewide Transport, Inc.	Texas	100
TCS Materials, Inc.	Virginia	100
The Arundel Corporation	Maryland	100
Triangle Rock Products, Inc.	California	100
Virginia Concrete Company, Incorporated	Virginia	100
Vulcan Aggregates Company, LLC	Delaware	100
Vulcan Construction Materials, LLC	Delaware	100
Vulcan Construction Materials, LP	Delaware	100
Vulcan Gulf Coast Materials, Inc.	New Jersey	100
Vulcan Gulf Coast Materials, LLC	North Carolina	100
Vulcan Lands, Inc.	New Jersey	100
Vulica Shipping Company, Limited	Bahamas	100

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 29, 2012, relating to the consolidated financial statements of Vulcan Materials Company and its subsidiary companies (the “Company”) (which report expresses an unqualified opinion and includes an explanatory paragraph relating to the Company’s adoption of *Accounting Standards Update 2015-05, Presentation of Comprehensive Income*), 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, 2011.

/s/ DELOITTE & TOUCHE LLP

Birmingham, Alabama
February 29, 2012

POWER OF ATTORNEY

The undersigned director of Vulcan Materials Company, a New Jersey corporation, hereby nominates, constitutes and appoints Robert A. Wason IV, 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, 2011 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 23rd day of February, 2012.

/s/ Philip J. Carroll, Jr.
Philip J. Carroll, Jr.

/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/ 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 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 29, 2012

Donald M. James

Donald M. James
Chairman and Chief Executive Officer

Exhibit 31(b)

Certification of Chief Financial Officer

I, **Daniel F. Sansone**, 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 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 29, 2012

Daniel F. Sansone, Executive Vice President
and Chief Financial Officer

Exhibit 32(a)

CERTIFICATE 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 31, 2011, 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 29, 2012

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.

CERTIFICATE 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, Daniel F. Sansone, 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, 2011, 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.

Daniel F. Sansone, Executive Vice President and
Chief Financial Officer
February 29, 2012

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.

MSHA CITATIONS AND LITIGATION

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 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 regulations 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 results 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 31, 2011, none of our operations: (i) received Section 104(b) Orders; (ii) had any flagrant violations under Section 110(b)(2); (iii) received notice from MSHA of a pattern of violations of mandatory health or safety standards under Section 104(e); or (iv) had any mining-related fatalities. Two deaths occurred during the reporting period; however, MSHA’s Fatality Review Committee has not yet made a determination on whether either death is chargeable as a mine-related fatality. The first death occurred on July 21, 2011 at the Ft Pierce, Florida facility. For unknown reasons, a customer dump truck gradually drove over a protective berm without any apparent corrective or braking action and rolled upside down into a water-filled canal bordering the property resulting in the driver’s death. The second death, occurring on July 23, 2011, involved an employee who worked at the Cherokee, Alabama facility, who was found deceased at home due to coronary failure. The Company reported both deaths to MSHA and its Fatality Review Committee is currently reviewing whether these deaths are chargeable as mine-related fatalities.

CALENDAR YEAR 2011

The table below sets forth, by mine, the total number of citations and/or orders issued during the period covered by this report to us by MSHA 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, 2011. Of our 279 active MSHA-regulated facilities during the year, we received 562 federal mine safety inspections at 236 operations during the reporting period. Of our inspected operations, 164 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 ($ in thousands)	Total Number of Mining Related Fatalities	Received Written Notice under Mine Act 104(e) (yes/no)
1604 STONE, TX	2	2	0	0	0	0	0.3	0	No
ATHENS QUARRY, TN	3	5	0	0	0	0	0	0	No
BARTLETT UG BLUFF CITY, IL	4	3	0	0	0	0	1.1	0	No
BLACK ANGUS S&G, AZ	2	2	0	0	0	0	0.4	0	No
BLACK ROCK QUARRY, AR	3	2	0	0	0	0	0.5	0	No
BLAIRSVILLE QUARRY, GA	2	1	0	0	0	0	0	0	No
BOLINGBROOK STONE, IL	4	1	0	0	0	0	0.1	0	No
CHATTANOOGA QUARRY, TN	3	1	0	0	0	0	0.1	0	No
CALERA, AL	4	1	0	0	0	0	0	0	No
CLARKSVILLE QUARRY, TN	2	3	0	0	0	0	0	0	No
CLEAR CREEK QUARRY, NC	3	1	0	0	0	0	2.1	0	No
CLEVELAND QUARRY, TN	4	1	0	0	0	0	0.7	0	No
COLUMBIA QUARRY, SC	3	1	0	0	0	0	0.2	0	No
DABNEY ASPHALT QRY, TX	2	1	0	1	0	1	1.7	0	No
DOLCITO STONE, AL	5	1	0	0	0	0	0.1	0	No
EASTLAND STONE, TX	3	1	0	0	0	0	0	0	No
FORT KNOX, KY	2	1	0	0	0	0	0	0	No
FORT PAYNE QUARRY, AL	3	1	0	0	0	0	0.2	0	No
FORT PIERCE MINE, FL	5	1	0	0	0	0	0.6	0	No
FRANKLIN QUARRY, TN	4	1	0	0	0	0	0	0	No
GRAHAM VIRGINIA OCCOQUAN QUARRY, VA	1	1	0	0	0	0	0.7	0	No
GRAND RIVERS QUARRY, KY	5	2	0	0	0	0	0.6	0	No
GRAY COURT, SC	2	1	0	0	0	0	0.3	0	No
GREENWOOD, SC	2	1	0	0	0	0	0.7	0	No
GREYSTONE S&G, TN	2	1	0	0	0	1	0	0	No
HANOVER QUARRY, PA	4	1	0	0	0	0	2.5	0	No
HAVRE DE GRACE QUARRY, MD	2	1	0	0	0	0	0.2	0	No
KANKAKEE, IL	3	1	0	0	0	0	0.2	0	No
KENNESAW, GA	3	1	0	1	0	0	0	0	No
KEUKA INDUSTRIAL SAND PLANT, FL	1	1	0	0	0	0	0.1	0	No
KODAK QUARRY, TN	3	1	0	2	0	0	0	0	No
LAKESIDE, SC	3	2	0	0	0	0	0	0	No
LARAWAY, IL	3	5	0	0	0	0	2	0	No
LAWRENCEVILLE QUARRY, VA	2	2	0	0	0	0	0.5	0	No
LEESBURG SAND PLANT, GA	2	1	0	0	0	0	0.2	0	No

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 ($ in thousands)	Total Number of Mining Related Fatalities	Received Written Notice under Mine Act 104(e) (yes/no)
LITHIA SPRINGS, GA	2	3	0	0	0	0	0.6	0	No
LOS BANOS S&G, CA	2	1	0	0	0	0	0.2	0	No
LOWELL QUARRY, IN	1	1	0	0	0	0	0.2	0	No
LYMAN, SC	4	3	0	0	0	0	1.9	0	No
MANASSAS QUARRY, VA	4	1	0	0	0	0	0.3	0	No
MANTENO, IL	2	1	0	1	0	0	0.6	0	No
MARANA S&G, AZ	2	2	0	0	0	0	0	0	No
MIAMI QUARRY, FL	5	2	0	0	0	0	0.4	0	No
MSD MACH & SERV, TN	3	2	0	0	0	0	0.8	0	No
NEW BRISTOL QUARRY, TN	1	1	0	0	0	0	0.3	0	No
NORTH WILKESBORO, NC	2	1	0	0	0	0	0.0	0	No
NOTASULGA QUARRY, AL	4	2	0	0	0	0	0.7	0	No
PACOLET, SC	3	5	0	0	0	0	1.3	0	No
PALMDALE S&G, CA	3	1	0	0	0	0	0.2	0	No
PLEASANTON S&G, CA	5	5	0	0	0	0	1.3	0	No
POCOMOKE CITY SAND & GRAVEL, MD	3	1	0	0	0	0	0.6	0	No
PUDDLEDOCK, VA	3	3	0	0	0	0	1.5	0	No
RELIANCE S&G, CA	1	1	0	0	0	0	0.2	0	No
RICHARD CITY QUARRY, TN	3	1	0	0	0	0	0	0	No
RICHMOND RD QUARRY, KY	6	2	0	0	0	0	0	0	No
RIVERSIDE DR QY, TN	4	1	0	0	0	0	0	0	No
ROYAL STONE QUARRY, VA	2	2	0	0	0	0	3.2	0	No
SACRAMENTO PLANT, CA	2	1	0	0	0	0	0.1	0	No
SANGER S&G, CA	3	1	0	0	0	0	0.7	0	No
SAVANNAH QUARRY, TN	3	1	0	0	0	0	0.7	0	No
SCOTTSBORO, AL	2	0	0	1	0	0	0	0	No
SHELBYVILLE QUARRY, TN	3	1	0	0	0	0	0	0	No
SPRINGFIELD QUARRY, TN	2	2	0	0	0	0	0.8	0	No
SPRUCE PINE, NC	3	1	0	0	0	0	0.5	0	No
SWEET WATER QUARRY, TN	3	2	0	0	0	0	0.3	0	No
TABLE MOUNTAIN PLANT, CA	2	1	0	0	0	0	0.2	0	No
TAMPA CEMENT GRINDING PLANT, FL	4	5	0	0	0	0	0.1	0	No
TEHUACANA QUARRY, TX	3	1	0	0	0	0	0.6	0	No
TSB CEMENT PLANT, FL	4	4	0	0	0	1	18.1	0	No
VULCAN DRILL SRV, AL	2	1	0	0	0	0	0	0	No
VULCAN FAB SHOP, SC	3	2	0	0	0	0	0.7	0	No
WITHERSPOON SAND PLANT, FL	3	1	0	0	0	0	1.9	0	No
OTHER OPERATIONS - 164	354	0	0	0	0	0	0	0	No
Total	**562**	**119**	**0**	**6**	**0**	**3**	**55.1**	**0**	

The total dollar value of proposed assessments received during the twelve months ended December 31, 2011 for all other citations, as well as proposed assessments received during the reporting period for citations previously issued, is $177,111.

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 ending December 31, 2011.

Name of Operation	Number of Legal Actions		
	Contest Penalty	Contest Citations	Complaint of Discharge, Discrimination
ADAIRSVILLE, GA	1	0	0
ATHENS QUARRY, TN	1	0	0
BARTLETT UG BLUFF CITY, IL	2	0	1
BLACK ROCK QUARRY, AR	1	0	0
BLAIRSVILLE QUARRY, GA	1	1	0
BOLINGBROOK STONE, IL	0	1	0
BROOKSVILLE VULCAN QUARRY, FL	1	0	0
BROWNWOOD, TX	1	0	0
CALCIUM PLANT, FL	1	0	0
CENTRAL SERVICES, VA	0	2	0
CHEROKEE QUARRY, AL	1	0	0
CHILDERSBURG QUARRY, AL	1	0	0
CLEVELAND QUARRY, TN	1	0	0
COLUMBIA UG, TN	1	0	0
DALE, VA	1	0	0
DANLEY QUARRY, TN	1	0	0
ELKTON QUARRY, VA	1	0	0
ENKA QUARRY, NC	1	0	0
FORT PAYNE, AL	1	0	0
FORT PIERCE MINE, FL	1	0	0
FRANCESVILLE, IN	1	0	0
FRANKLIN QUARRY, TN	1	0	0
GRAND RIVERS QUARRY, KY	4	0	0
HANOVER, PA	2	0	0
HELENA QUARRY, AL	2	0	0
HENDERSONVILLE QUARRY, NC	1	0	0
HOUSTON YARD, TX	1	0	0
JACK QUARRY, VA	2	0	0
KANKAKEE, IL	1	0	0
LACON, AL	1	0	0
LARAWAY, IL	1	0	0
LAWRENCEVILLE QUARRY, VA	1	0	0
LEMONT, IL	2	0	0
MACON, GA	1	0	0
MACON QUARRY, IL	1	0	0
MANASSAS QUARRY, VA	1	0	0
MAYNARDVILLE QUARRY, TN	1	0	0
MECKLINBURG QUARRY, VA	1	0	0
MONTENO, IL	2	0	0
MORRISTOWN QUARRY, TN	1	0	0
MSD MACHINE & SERVICE, TN	1	0	0
NEW BRISTOL QUARRY, TN	1	0	0

Name of Operation	Number of Legal Actions		
	Contest Penalty	Contest Citations	Complaint of Discharge, Discrimination
NOTASULGA, AL	1	0	0
PARSONS QUARRY, TN	1	0	0
POCOMOKE CITY SAND & GRAVEL, MD	2	0	0
PRIDE QUARRY, AL	1	0	0
PUDDLEDOCK, VA	2	0	0
RICHMOND QUARRY, VA	2	0	0
ROYAL STONE, VA	1	0	0
SANDERS (WARRENTON) QUARRY, VA	2	3	0
SAVANNAH QUARRY, TN	1	0	0
SHELBYVILLE QUARRY, TN	1	6	0
SMITH GROVE QUARRY, NC	1	0	0
SOUTH RUSSELLVILLE , AL	1	0	0
SWEETWATER QUARRY, TN	1	0	0
TAMPA CEMENT GRINDING PLANT, FL	2	0	0
TAMPA YARD, FL	1	0	0
TRINITY QUARRY, AL	1	0	0
TSB CEMENT PLANT, FL	3	0	0
WILSON COUNTY QUARRY, TN	1	10	0
WITHERSPOON SAND PLANT, FL	2	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 31, 2011.

Name of Operation	Number of Legal Actions		
	Contest Penalty	Contest Citations	Complaint of Discharge, Discrimination
1604 STONE, TX	1	0	0
ADAIRSVILLE, GA	1	0	0
ATHENS QUARRY, TN	1	0	0
BARTLETT UG BLUFF CITY, IL	4	0	2
BLACK ANGUS S&G, AZ	1	0	0
BLACK ROCK QUARRY, AR	1	0	0
BOLINGBROOK STONE, IL	0	1	0
BROOKSVILLE VULCAN QUARRY, FL	1	0	0
CALCIUM PLANT, FL	1	0	0
CENTRAL SERVICES, NC	1	0	0
CHEROKEE QUARRY, AL	1	0	0
CHILDERSBURG, AL	1	0	0
CLARKSVILLE QUARRY, TN	1	0	0
CLEVELAND QUARRY, TN	1	0	0
COLUMBIA UG, TN	1	0	0
DABNEY ASPHALT QUARRY, TX	1	0	0
DALE, VA	2	0	0
DANLEY QUARRY, TN	1	0	0
ELKTON QUARRY, VA	1	0	0

Name of Operation	Number of Legal Actions		
	Contest Penalty	Contest Citations	Complaint of Discharge, Discrimination
ELLIJAY QUARRY, GA	1	0	0
ENKA QUARRY, NC	1	0	0
FORT PIERCE MINE, FL	1	0	0
FRANCESVILLE, IN	1	0	0
FRANKLIN QUARRY, TN	1	0	0
GRAND RIVERS QUARRY, KY	1	0	0
GRANDIN SAND PLANT, FL	1	0	0
HANOVER, PA	3	0	0
HARRISON COUNTY QUARRY, IN	1	0	0
HAVRE DE GRACE, MD	1	0	0
HELENA QUARRY, AL	2	0	0
HELOTES STONE, TX	1	0	0
HOUSTON YARD, TX	1	0	0
JACK QUARRY, VA	2	0	0
KANKAKEE, IL	1	0	0
LAGRANGE, GA	1	0	0
LARAWAY, IL	1	0	0
LAWRENCEVILLE QUARRY, VA	2	0	0
LEMONT, IL	2	0	0
MACON COUNTY, IL	1	0	0
MANASSAS QUARRY, VA	1	0	0
MAYNARDVILLE QUARRY, TN	1	0	0
MCCOOK QUARRY, IL	3	0	0
MECKLINBURG, VA	1	0	0
MIAMI QUARRY, FL	2	0	0
MONTENO, IL	2	0	0
MSD MACHINE & SERVICE, TN	1	0	0
N. WILKSBORO-115 QUARRY, NC	1	0	0
NEW BRISTOL QUARRY, TN	1	0	0
NOTASULGA, AL	1	0	0
PINEVILLE QUARRY, NC	1	0	0
POCOMOKE CITY SAND & GRAVEL, MD	2	0	0
POLK SAND PLANT, FL	1	0	0
PUDDLEDOCK, VA	2	0	0
RACINE, WI	1	0	0
RICHMOND QUARRY, VA	1	0	0
ROYAL STONE, VA	1	0	0
SANDERS (WARRENTON) QUARRY, VA	4	0	0
SHELBYVILLE QUARRY, TN	2	6	0
SMITH GROVE QUARRY, NC	1	0	0
SOUTH RUSSELLVILLE, AL	1	0	0
SPRUCE PINE QUARRY, NC	2	0	0
SWEETWATER QUARRY, TN	1	0	0
SYCAMORE STONE, IL	1	0	0

Name of Operation	Number of Legal Actions		
	Contest Penalty	Contest Citations	Complaint of Discharge, Discrimination
TAMPA CEMENT GRINDING PLANT, FL	2	0	0
TSB CEMENT PLANT, FL	4	0	0
WILSON COUNTY QUARRY, TN	1	10	0
WITHERSPOON SAND PLANT, FL	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 Review Commission during the twelve months ended December 31, 2011.

Name of Operation	Number of Legal Actions		
	Contest Penalty	Contest Citations	Complaint of Discharge, Discrimination
1604 STONE, TX	2	0	0
ADAIRSVILLE, GA	1	0	0
ASTATULA SAND PLANT, FL	2	0	0
ATHENS QUARRY, TN	1	0	0
AUGUSTA QUARRY, VA	1	0	0
BARRON QUARRY, GA	1	0	0
BARTLETT UG BLUFF CITY, IL	3	0	1
BARTOW QUARRY, GA	2	0	0
BESSEMER QUARRY, AL	1	0	0
BLACK ANGUS S&G, AZ	2	0	0
BLACK ROCK QUARRY, AR	2	0	0
BOLINGBROOK STONE, IL	1	0	0
BOONE QUARRY, NC	1	0	0
BROOKESVILLE VULCAN PLANT, FL	1	0	0
CALCIUM PLANT, FL	2	0	0
CENTRAL SERVICES, NC	2	0	0
CHAPPELL ROAD S&G, NM	2	0	0
CLARKSVILLE QUARRY, TN	1	0	0
CLEAR CREEK QUARRY, NC	1	0	0
COLUMBIA UG QUARRY, TN	1	0	0
CORONA QUARRY, CA	1	0	0
DABNEY ASPHALT QRY, TX	1	0	0
DALE QUARRY, VA	2	0	0
DALTON QUARRY, GA	1	0	0
DICKSON QUARRY, TN	1	0	0
DOLICITO QUARRY, AL	1	0	0
ELKTON QUARRY, VA	1	0	0
ELLIJAY QUARRY, GA	2	0	0
ENKA QUARRY, NC	1	0	0
ENSLEY MACHINE SHOP, AL	1	0	0
FLOYD QUARRY, AR	1	0	0
FORT KNOX QUARRY, KY	1	0	0
FORT MYERS MINE , FL	2	0	0

Name of Operation	Number of Legal Actions		
	Contest Penalty	Contest Citations	Complaint of Discharge, Discrimination
FORT PIERCE MINE, FL	1	0	0
FRANKLIN QUARRY MILW, WI	2	0	0
FREDERICK QUARRY, MD	1	0	0
GOLD HILL QUARRY, NC	1	0	0
GOLDHEAD SAND PLANT, FL	1	0	0
GRAHAM VIRGINIA OCCOQUAN QUARRY, VA	1	0	0
GRAND RIVERS QUARRY, KY	4	2	0
GRANDIN SAND PLANT, FL	2	0	0
GRAY COURT, SC	1	0	0
GREYSTONE QUARRY, NC	1	0	0
GROESBECK, TX	1	0	0
HANOVER QUARRY, MD	1	0	0
HARDIN COUNTY QUARRY, KY	1	0	0
HARRISON COUNTY QUARRY, IN	1	0	0
HAVRE DE GRACE QUARRY, MD	1	0	0
HELOTES STONE, TX	2	0	0
HENDERSONVILLE QUARRY, NC	1	0	0
HUEBNER ROAD STONE, TX	2	0	0
HUNTSVILLE QUARRY, AL	1	0	0
JACK QUARRY, VA	1	0	0
KEUKA INDUSTRIAL SAND PLANT, FL	1	0	0
KODAK QUARRY, TN	1	0	0
LACON, AL	1	0	0
LAGRANGE, GA	1	0	0
LAWRENCEVILLE QUARRY, VA	1	0	0
LEESBURG SAND PLANT, GA	1	0	0
LEMONT, IL	1	0	0
LENOIR QUARRY, NC	1	0	0
LITHIA SPRINGS, GA	2	1	0
MANASSAS QUARRY, VA	1	0	0
MARANA S&G, AZ	3	0	0
MAYNARDVILLE QUARRY, TN	2	0	0
MCCOOK QUARRY, IL	6	0	0
MIAMI QUARRY, FL	4	0	0
N. WILKSBORO-115 QUARRY, NC	1	0	0
NEW BRISTOL QUARRY, TN	1	0	0
NEWPORT QUARRY, TN	1	0	0
NOTASULGA QUARRY, AL	2	0	0
PINEVILLE QUARRY, NC	3	0	0
POCOMOKE CITY SAND & GRAVEL, MD	1	0	0
POLK SAND PLANT, FL	2	0	0
PRIDE QUARRY, AL	1	1	0
PUDDLEDOCK, VA	1	0	0
RABUN QUARRY, GA	1	0	0

Name of Operation	Number of Legal Actions		
	Contest Penalty	Contest Citations	Complaint of Discharge, Discrimination
RACINE, WI	1	0	0
READYVILLE QUARRY, TN	1	0	0
RELIANCE S&G, CA	1	0	0
RICHARD CITY QUARRY, TN	1	0	0
RICHMOND QUARRY, VA	1	0	0
ROCHESTER S&G, IL	1	0	0
ROCKINGHAM QUARRY, NC	1	0	0
ROCKMART, GA	1	0	0
SANDERS (WARRENTON) QUARRY, VA	2	0	0
SANGER S&G, CA	2	13	0
SANTO DOMINGO S&G, NM	1	0	0
SAVANNAH QUARRY, GA	1	0	0
SCOTTSBORO, AL	1	0	0
SHELBYVILLE QUARRY, TN	2	0	0
SHELTON QUARRY, NC	1	0	0
SILOAM QUARRY, GA	1	0	0
SKIPPERS QUARRY, VA	1	0	0
SOUTH RUSSELLVILLE, AL	1	0	0
SPRINGFIELD QUARRY, TN	1	0	0
SPRUCE PINE QUARRY, NC	3	0	0
SUN CITY S&G, AZ	1	0	0
SUN VALLEY S&G, CA	1	0	0
SUNNILAND MINE, FL	1	0	0
SYCAMORE STONE, IL	1	0	0
TAMPA CEMENT GRINDING PLANT, FL	5	0	0
TAMPA YARD, FL	2	0	0
TEHUACANA QUARRY, TX	2	0	0
TRINITY QUARRY, AL	2	0	0
TSB CEMENT PLANT, FL	5	0	0
TURNPIKE SAND PLANT, FL	1	0	0
WEST 43RD S&G, AZ	1	0	0
WITHERSPOON SAND PLANT, FL	1	0	0
YORK QUARRY, PA	0	1	0

SUPPLEMENTAL INFORMATION (UNAUDITED) — NOT FILED IN THE FORM 10-K
INDEX

11-YEAR SCHEDULES

OTHER INFORMATION

VULCAN MATERIALS COMPANY AND SUBSIDIARY COMPANIES

ENTERPRISE FINANCIAL DATA

in millions	***2011***	*2010*	*2009*	*2008*	*2007*	*2006*	*2005*	*2004*	*2003*	*2002*	*2001*
Average Capital Employed [1]											
Continuing operations	**$7,845.9**	$8,070.5	$8,385.2	$8,527.7	$4,115.0	$2,979.5	$2,613.2	$2,447.0	$2,551.0	$2,547.9	$2,497.1
Cash items	**112.7**	82.7	52.5	104.2	52.7	123.5	491.1	358.5	270.3	101.3	53.8
Subtotal	**7,958.6**	8,153.2	8,437.7	8,631.9	4,167.7	3,103.0	3,104.3	2,805.5	2,821.3	2,649.2	2,550.9
Discontinued operations	**6.9**	2.2	4.6	1.3	1.4	11.1	211.7	479.9	499.6	488.0	546.2
Total	**$7,965.5**	$8,155.4	$8,442.3	$8,633.2	$4,169.1	$3,114.1	$3,316.0	$3,285.4	$3,320.9	$3,137.2	$3,097.1
Capital Expenditures [2]											
Continuing operations	**$97.9**	$79.4	$106.5	$354.2	$480.5	$458.9	$229.4	$197.1	$164.9	$206.7	$230.6
Discontinued operations	**0.0**	0.0	0.0	0.0	0.0	0.0	4.9	16.0	35.2	42.9	57.6
Total	**$97.9**	$79.4	$106.5	$354.2	$480.5	$458.9	$234.3	$213.1	$200.1	$249.6	$288.2
Property, Plant & Equipment from Acquisitions											
Continuing operations	**$56.6**	$51.2	$14.2	$85.4	$1,648.3	$20.5	$94.0	$34.6	$3.5	$43.4	$138.8
Discontinued operations	**0.0**	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**$56.6**	$51.2	$14.2	$85.4	$1,648.3	$20.5	$94.0	$34.6	$3.5	$43.4	$138.8
Increase (Decrease) in Working Capital											
Continuing operations	**$2.4**	($20.8)	($102.4)	($153.4)	($341.3)	($25.5)	$76.1	($19.2)	($27.0)	$25.7	$31.0
Cash, debt and other financing working capital	**263.0**	351.0	756.7	755.2	1,282.3	(314.8)	(411.4)	517.5	46.4	52.6	255.7
Subtotal	**265.4**	330.2	654.3	601.8	(1,623.6)	(340.3)	(335.3)	498.3	19.4	78.3	286.7
Discontinued operations	**0.0**	0.0	0.0	0.0	0.0	(9.8)	(69.0)	(7.4)	(4.1)	28.2	(23.5)
Total	**$265.4**	$330.2	$654.3	$601.8	($1,623.6)	($350.1)	($404.3)	$490.9	$15.3	$106.5	$263.2
Capital Expenditures from Continuing Operations [3]											
Replacement	**$34.6**	$27.4	$18.3	$102.1	$207.6	$212.2	$120.5	$87.9	$71.3	$136.7	$132.8
Environmental control	**7.8**	9.1	13.0	22.0	20.1	13.8	13.5	11.1	8.8	10.9	9.7
Profit-adding	**55.5**	42.9	75.2	230.1	252.8	232.9	95.4	98.1	84.8	59.1	88.1
Total	**$97.9**	$79.4	$106.5	$354.2	$480.5	$458.9	$229.4	$197.1	$164.9	$206.7	$230.6
Depreciation, Depletion, Accretion and Amortization from Continuing Operations	**$361.7**	$382.1	$394.6	$389.1	$271.5	$226.4	$222.4	$211.3	$216.1	$205.2	$217.2

[1] *Capital employed is the sum of interest-bearing debt, other noncurrent liabilities and equity. Average capital employed is a 12-month average.*

[2] *Capital expenditures include capitalized replacements of and additions to property, plant & equipment, including capitalized leases, renewals and betterments. Capital expenditures exclude property, plant & equipment obtained by business acquisitions.*

[3] *We classify our capital expenditures into three categories based on the predominant purpose of the project expenditures. Thus, a project is classified entirely as a replacement if that is the principal reason for making the expenditure even though the project may involve some cost-saving and/or capacity-improvement aspects. Likewise a profit-adding project is classified entirely as such if the principal reason for making the expenditure is to add operating facilities at new locations (which occasionally replace facilities at old locations), to expand the capacity of existing facilities, to reduce costs, to increase mineral reserves, to improve products, etc.*
Capital expenditures classified as environmental control do not reflect those expenditures for environmental control activities that are expensed currently, including industrial health programs. Such expenditures are made on a continuing basis and at significant levels. Frequently, profit-adding and major replacement projects also include expenditures for environmental control purposes.

VULCAN MATERIALS COMPANY AND SUBSIDIARY COMPANIES

CONTINUING OPERATIONS—SUPPLEMENTARY DATA

in millions, except per unit data	***2011***	*2010*	*2009*	*2008*	*2007*	*2006*	*2005*	*2004*	*2003*	*2002*	*2001*
Sales Units											
Aggregates											
Customer sales — tons	**132.4**	136.2	139.3	188.4	219.4	242.5	246.3	230.1	220.0	204.1	222.2
JV and internal sales — tons*	**10.6**	11.4	11.6	15.9	11.6	12.9	13.2	13.0	12.8	13.2	14.8
Total aggregates — tons	**143.0**	147.6	150.9	204.3	231.0	255.4	259.5	243.1	232.8	217.3	237.0
Other Construction Materials											
Ready-mixed											
concrete — cubic yards	**3.9**	4.1	4.3	6.4	2.5	2.9	3.2	3.3	3.2	2.7	2.9
Asphalt Mix — tons	**7.2**	7.2	7.4	9.5	10.5	11.6	11.7	10.2	10.4	10.9	12.4
Cement											
Customer sales — tons	**0.4**	0.3	0.3	0.6	0.1	0.0	0.0	0.0	0.0	0.0	0.0
JV and internal sales — tons*	**0.4**	0.5	0.3	0.4	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Total cement — tons	**0.8**	0.8	0.6	1.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Total Revenues											
Aggregates	**$1,734.0**	$1,766.9	$1,838.6	$2,406.8	$2,448.2	$2,405.5	$2,107.7	$1,813.6	$1,697.9	$1,609.0	$1,701.9
Concrete	**$374.7**	$383.2	439.4	667.8	251.4	260.7	252.1	225.0	207.9	181.8	186.2
Asphalt Mix	**399.0**	369.9	393.7	533.4	514.5	500.2	371.4	272.6	273.0	285.4	315.4
Cement	**71.9**	80.2	72.5	106.5	14.1	0.0	0.0	0.0	0.0	0.0	0.0
Intersegment Sales	**(172.7)**	(194.3)	(200.5)	(261.4)	(138.1)	(125.3)	(116.2)	(98.0)	(91.9)	(95.6)	(89.9)
Total Net Sales	**2,406.9**	2,405.9	2,543.7	3,453.1	3,090.1	3,041.1	2,615.0	2,213.2	2,086.9	1,980.6	2,113.6
Delivery Revenues	**157.7**	153.0	146.8	198.3	237.7	301.4	280.3	241.1	222.7	195.3	218.3
Total Revenues	**$2,564.6**	$2,558.9	$2,690.5	$3,651.4	$3,327.8	$3,342.5	$2,895.3	$2,454.3	$2,309.6	$2,175.9	$2,331.9
Average Unit Sales Price											
Aggregates (freight-adjusted)**	**$10.25**	$10.13	$10.30	$9.98	$9.35	$8.29	$7.23	$6.70	$6.54	$6.55	$6.36
Ready-mixed concrete	**$92.16**	$86.95	$96.53	$97.75	$95.56	$90.14	$77.80	$68.10	$65.59	$66.31	$64.26
Asphalt Mix	**$54.71**	$50.58	$52.66	$55.16	$48.47	$43.12	$31.76	$27.03	$26.83	$26.69	$25.88
Cement	**$73.66**	$79.27	$95.70	$96.75	$93.85	N/A	N/A	N/A	N/A	N/A	N/A
Aggregates Sales Volume											
by End Use (estimated)											
Highways	**31%**	30%	27%	25%	25%	23%	23%	23%	25%	31%	33%
Other nonbuilding infrastructure	**19%**	20%	15%	13%	11%	10%	10%	10%	9%	10%	8%
Residential construction	**16%**	15%	16%	17%	19%	25%	26%	26%	26%	21%	20%
Nonresidential construction	**28%**	29%	37%	42%	42%	39%	38%	38%	36%	34%	35%
Nonconstruction	**6%**	6%	5%	3%	3%	3%	3%	3%	4%	4%	4%
Total	**100%**	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Using public funds	**55%**	55%	50%	45%	47%	44%	44%	44%	45%	52%	51%
Using private funds	**45%**	45%	50%	55%	53%	56%	56%	56%	55%	48%	49%
Total	**100%**	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

* *Represents tons shipped primarily to our other operations (i.e., asphalt mix and concrete). Revenue from internal shipments is not included in net sales or total revenues as presented in the accompanying Consolidated Statements of Earnings.*

** *Freight-adjusted sales price is calculated as total sales dollars (internal and external) less freight to remote distribution sites divided by total sales units (internal and external).*

VULCAN MATERIALS COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF EARNINGS AND SUPPLEMENTARY DATA

in millions, except per share data	***2011***	*2010*	*2009*	*2008*	*2007*	*2006*	*2005*	*2004*	*2003*	*2002*	*2001*
Net sales	**$2,406.9**	$2,405.9	$2,543.7	$3,453.1	$3,090.1	$3,041.1	$2,615.0	$2,213.2	$2,086.9	$1,980.6	$2,113.6
Delivery revenues	**157.7**	153.0	146.8	198.3	237.7	301.4	280.3	241.1	222.7	195.3	218.3
Total revenues	**2,564.6**	2,558.9	2,690.5	3,651.4	3,327.8	3,342.5	2,895.3	2,454.3	2,309.6	2,175.9	2,331.9
Cost of goods sold	**2,123.0**	2,105.2	2,097.7	2,703.4	2,139.2	2,109.2	1,906.2	1,628.8	1,531.2	1,442.3	1,534.1
Delivery costs	**157.7**	153.0	146.8	198.3	237.7	301.4	280.3	241.2	222.7	195.3	218.3
Cost of revenues	**2,280.7**	2,258.2	2,244.5	2,901.7	2,376.9	2,410.6	2,186.5	1,870.0	1,753.9	1,637.6	1,752.4
Gross profit	**283.9**	300.7	446.0	749.7	950.9	931.9	708.8	584.3	555.7	538.3	579.5
Selling, administrative and general expenses	**290.0**	327.5	321.6	342.6	289.6	264.3	232.4	196.2	178.8	162.7	162.1
Other operating income (expense), net	**69.6**	12.3	24.1	(158.0)	53.1	27.5	0.4	15.6	1.4	0.0	(21.8)
Operating earnings	**63.5**	(14.5)	148.5	249.1	714.4	695.1	476.8	403.7	378.3	375.6	395.6
Other income (expense), net	**0.0**	3.0	5.3	(4.4)	(5.3)	28.5	24.4	8.3	6.4	4.8	1.3
Interest income	**3.4**	0.9	2.3	3.1	6.6	6.2	16.6	5.7	3.6	2.5	2.7
Interest expense	**220.6**	181.6	175.3	172.8	48.2	26.3	37.1	40.3	53.2	53.7	59.7
Earnings (loss) from continuing operations before income taxes	**(153.7)**	(192.2)	(19.2)	75.0	667.5	703.5	480.7	377.4	335.1	329.2	339.9
Provision (benefit) for income taxes	**(78.4)**	(89.7)	(37.8)	71.7	204.4	223.3	136.6	114.9	97.6	96.0	108.4
Earnings (loss) from continuing operations before cumulative effect of accounting changes	**(75.3)**	(102.5)	18.6	3.3	463.1	480.2	344.1	262.5	237.5	233.2	231.5
Earnings (loss) on discontinued operations, net of tax	**4.5**	6.0	11.7	(2.4)	(12.2)	(10.0)	44.9	26.2	(23.7)	(42.8)	(8.8)
Cumulative effect of accounting changes	**0.0**	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(18.8)	(20.5)	0.0
Net earnings (loss)	**($70.8)**	($96.5)	$30.3	$0.9	$450.9	$470.2	$389.0	$288.7	$195.0	$169.9	$222.7
Diluted earnings (loss) per share											
Continuing operations	**($0.58)**	($0.80)	$0.16	$0.03	$4.66	$4.81	$3.31	$2.53	$2.31	$2.28	$2.26
Discontinued operations	**0.03**	0.05	0.09	(0.02)	(0.12)	(0.10)	0.43	0.25	(0.23)	(0.42)	(0.09)
Cumulative effect of accounting changes	**0.00**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.18)	(0.20)	0.00
Diluted net earnings (loss) per share	**($0.55)**	($0.75)	$0.25	$0.01	$4.54	$4.71	$3.74	$2.78	$1.90	$1.66	$2.17
Gross profit as a percentage of net sales	**11.8%**	12.5%	17.5%	21.7%	30.8%	30.6%	27.1%	26.4%	26.6%	27.0%	27.4%
Net earnings											
As a percentage of net sales	**-2.9%**	-4.0%	1.2%	0.0%	14.6%	15.5%	14.9%	13.0%	9.3%	8.6%	10.5%
As a percentage of average equity	**-1.8%**	-2.4%	0.8%	0.0%	18.4%	23.0%	18.6%	15.3%	11.4%	10.4%	14.6%
Effective tax rate	**51.0%**	46.6%	197.0%	95.5%	30.6%	31.7%	28.4%	30.4%	29.1%	29.1%	31.9%
Supplementary Statements of Earnings Data, Excluding Discontinued Operations											
Energy	**$242.6**	$217.9	$190.1	$333.7	$234.8	$226.7	$199.8	$148.6	$131.1	$124.8	$138.9
Taxes other than income											
Payroll	**39.0**	38.8	38.1	45.6	41.2	38.2	35.3	32.1	30.6	30.7	30.2
Property, franchise, etc.	**55.4**	56.7	55.6	58.3	47.5	38.9	38.1	36.2	36.0	31.2	30.4
Rentals	**75.0**	72.4	78.7	92.4	82.1	81.7	67.6	49.7	45.4	50.9	54.8
Royalties	**45.7**	43.1	43.5	50.7	48.1	45.6	45.4	39.4	36.2	34.9	35.0
Research and development	**1.1**	1.6	1.5	1.5	1.6	1.7	1.6	1.3	1.4	1.2	1.2
Advertising	**0.7**	0.8	0.8	1.0	1.1	1.2	1.1	1.1	1.0	1.0	1.0

VULCAN MATERIALS COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEETS AND OTHER FINANCIAL DATA

dollars in millions as of December 31	***2011***	*2010*	*2009*	*2008*	*2007*	*2006*	*2005*	*2004*	*2003*	*2002*	*2001*
Assets											
Cash and cash equivalents	**$155.8**	$47.5	$22.3	$10.2	$34.9	$55.2	$275.1	$271.5	$147.8	$127.0	$90.8
Restricted cash	**0.1**	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Medium-term investments	**0.0**	0.0	4.1	36.7	0.0	0.0	175.1	179.2	273.9	43.7	10.0
Accounts and notes receivable	**314.9**	317.8	268.0	357.0	421.9	391.5	476.4	281.6	360.0	332.1	340.1
Inventories	**327.7**	319.8	325.0	364.3	356.3	243.5	197.8	177.2	219.4	239.6	228.4
Deferred income taxes	**43.0**	54.7	56.9	63.2	35.3	25.6	23.0	34.4	34.4	37.7	53.0
Prepaid expenses	**21.6**	20.3	43.1	55.2	40.1	15.4	17.2	15.9	14.7	9.5	7.7
Assets held for sale	**0.0**	13.2	15.1	0.0	259.8	0.0	0.0	458.2	0.0	0.0	0.0
Total current assets	**863.1**	773.8	734.5	886.6	1,148.3	731.2	1,164.6	1,418.0	1,050.2	789.6	730.0
Investments and long-term receivables	**29.0**	37.4	33.3	28.0	25.4	6.7	6.9	7.2	21.1	16.0	13.4
Property, plant & equipment, net	**3,418.2**	3,632.9	3,874.7	4,155.8	3,620.1	1,869.1	1,604.0	1,536.4	1,892.6	1,976.1	2,000.0
Goodwill	**3,086.7**	3,097.0	3,096.3	3,085.5	3,789.1	620.2	617.1	600.2	579.8	575.8	588.6
Other assets	**832.3**	798.4	787.7	753.4	344.5	200.6	197.8	105.7	93.2	90.7	81.3
Total	**$8,229.3**	$8,339.5	$8,526.5	$8,909.3	$8,927.4	$3,427.8	$3,590.4	$3,667.5	$3,636.9	$3,448.2	$3,413.3
Liabilities and Equity											
Current maturities	**$134.8**	$5.2	$385.4	$311.7	$35.2	$0.6	$272.0	$3.2	$249.7	$41.6	$17.2
Short-term borrowings	**0.0**	285.5	236.5	1,082.5	2,091.5	198.9	0.0	0.0	29.0	37.3	43.9
Other current liabilities	**271.5**	291.5	251.1	285.5	395.2	288.0	298.7	228.1	264.3	218.8	283.4
Liabilities of assets held for sale	**0.0**	0.1	0.4	0.0	6.3	0.0	0.0	188.4	0.0	0.0	0.0
Long-term debt	**2,680.7**	2,427.5	2,116.1	2,153.6	1,529.8	322.1	323.4	604.5	607.7	857.8	906.3
All other noncurrent liabilities	**1,350.7**	1,373.9	1,508.9	1,546.2	1,098.6	581.3	562.7	622.5	683.4	595.7	558.2
Equity	**3,791.6**	3,955.8	4,028.1	3,529.8	3,770.8	2,036.9	2,133.6	2,020.8	1,802.8	1,697.0	1,604.3
Total	**$8,229.3**	$8,339.5	$8,526.5	$8,909.3	$8,927.4	$3,427.8	$3,590.4	$3,667.5	$3,636.9	$3,448.2	$3,413.3
Other Financial Data											
Average Capital Employed											
Current maturities	**$15.6**	$315.7	$150.5	$250.9	$3.8	$49.9	$224.7	$65.9	$220.9	$10.9	$6.4
Short-term borrowings	**137.9**	171.3	508.1	1,544.1	602.6	118.1	12.1	25.3	32.9	39.6	147.0
Long-term debt	**2,637.9**	2,259.5	2,455.1	1,863.2	423.4	322.6	375.8	607.3	672.7	893.7	899.6
All other noncurrent liabilities	**1,303.5**	1,417.1	1,531.0	1,144.2	664.8	577.8	611.8	701.7	678.9	559.7	520.7
Equity	**3,870.6**	3,991.8	3,797.6	3,830.8	2,474.5	2,045.7	2,091.6	1,885.2	1,715.5	1,633.3	1,523.4
Total	**$7,965.5**	$8,155.4	$8,442.3	$8,633.2	$4,169.1	$3,114.1	$3,316.0	$3,285.4	$3,320.9	$3,137.2	$3,097.1
Capital Expenditures											
Cash purchases of property, plant & equipment	**$98.9**	$86.3	$109.7	$353.2	$483.3	$435.2	$215.6	$203.8	$193.9	$248.8	$286.9
Accruals and other items for property, plant & equipment	**(1.0)**	(6.9)	(3.2)	0.6	(2.8)	23.5	18.4	9.3	6.2	0.8	0.9
Debt issued for property, plant & equipment	**0.0**	0.0	0.0	0.4	0.0	0.2	0.3	0.0	0.0	0.0	0.4
Total	**$97.9**	$79.4	$106.5	$354.2	$480.5	$458.9	$234.3	$213.1	$200.1	$249.6	$288.2
Acquisitions											
Cash paid	**$10.5**	$70.5	$37.0	$84.1	$3,297.9	$20.5	$94.0	$34.6	$3.5	$43.4	$138.8
Cash acquired	**0.0**	0.0	0.0	0.0	2.9	0.0	0.0	0.0	0.0	0.0	0.0
Stock issued	**18.6**	0.0	0.0	25.0	1,436.5	0.0	0.0	0.0	0.0	0.0	0.0
Debt issued	**0.0**	0.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fair value - net assets swap	**26.0**	0.0	0.0	43.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**$55.1**	$70.5	$39.0	$152.1	$4,737.3	$20.5	$94.0	$34.6	$3.5	$43.4	$138.8
Working capital	**$456.8**	$191.4	($138.8)	($793.2)	($1,380.0)	$243.7	$593.8	$998.2	$507.3	$492.0	$385.5
Ratio of earnings to fixed charges [1]	**0.4**	0.1	0.9	1.3	9.2	12.9	8.7	7.3	5.7	5.4	5.2
Total debt as a percentage of total capital [2]	**42.6%**	40.7%	40.5%	50.1%	49.2%	20.4%	21.8%	23.1%	33.0%	35.6%	37.6%
Average number of employees	**7,555**	7,997	8,580	9,917	8,245	7,983	8,051	8,410	8,838	9,487	9,783

1 Ratio of earnings to fixed charges is the sum of earnings from continuing operations before income taxes, minority interest in earnings of a consolidated subsidiary, amortization of capitalized interest and fixed charges net of interest capitalization credits, divided by fixed charges. Fixed charges are the sum of interest expense before capitalization credits, amortization of financing costs and one-third of rental expense.

2 Total debt as a percentage of total capital is the sum of short-term borrowings, current maturities and long-term debt, divided by total capital. Total capital is the sum of total debt and equity.

VULCAN MATERIALS COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

in millions	***2011***	*2010*	*2009*	*2008*	*2007*	*2006*	*2005*	*2004*	*2003*	*2002*	*2001*
Operating Activities											
Net earnings (loss)	**($70.8)**	($96.5)	$30.3	$0.9	$450.9	$470.2	$389.0	$288.7	$195.0	$169.9	$222.7
Adjustments to reconcile net earnings to net cash provided by operating activities											
Depreciation, depletion, accretion and amortization	**361.7**	382.1	394.6	389.1	271.5	226.4	222.9	246.4	277.1	267.7	278.2
Cumulative effect of accounting changes	**0.0**	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18.8	20.5	0.0
(Increase) decrease in assets before initial effects of business acquisitions and dispositions	**4.4**	(78.2)	95.7	16.7	25.2	(76.0)	(116.0)	17.5	(30.8)	21.0	15.1
Increase (decrease) in liabilities before initial effects of business acquisitions and dispositions	**(16.3)**	98.2	(5.4)	(101.9)	4.4	(22.6)	4.8	85.6	77.8	(28.1)	(0.9)
Other, net	**(110.0)**	(102.9)	(62.2)	130.4	(43.9)	(18.7)	(27.5)	(57.6)	(18.9)	7.0	(3.0)
Net cash provided by operating activities	**169.0**	202.7	453.0	435.2	708.1	579.3	473.2	580.6	519.0	458.0	512.1
Investing Activities											
Purchases of property, plant & equipment	**(98.9)**	(86.3)	(109.7)	(353.2)	(483.3)	(435.2)	(215.6)	(203.8)	(193.9)	(248.8)	(286.8)
Proceeds from sale of property, plant & equipment	**13.7**	13.6	17.7	25.5	88.9	7.9	10.6	48.4	38.0	25.9	39.0
Proceeds from sale of contractual rights, net of cash transaction fees	**0.0**	0.0	0.0	0.0	0.0	24.8	0.0	0.0	0.0	0.0	0.0
Proceeds from sale of business	**74.7**	51.0	16.1	225.8	30.6	141.9	209.3	0.0	43.7	0.0	0.0
Payment for partner's interest in consolidated joint venture	**0.0**	0.0	0.0	0.0	0.0	0.0	(65.2)	0.0	0.0	0.0	0.0
Payment for business acquisitions	**(10.5)**	(70.5)	(37.0)	(84.1)	(3,297.9)	(20.5)	(94.0)	(34.6)	(3.5)	(43.4)	(138.8)
(Increase) decrease in medium-term investments	**0.0**	3.6	33.3	(36.7)	0.0	175.1	4.1	94.7	(230.2)	(33.7)	(10.0)
(Increase) decrease in investments and long-term receivables	**0.0**	0.0	0.0	(1.2)	5.0	0.3	0.6	0.8	(5.3)	(2.6)	0.3
Withdrawal of earnings from nonconsolidated companies	**0.0**	0.0	0.0	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other, net	**1.5**	0.2	(0.4)	33.1	2.4	0.7	1.0	0.0	0.0	0.0	0.0
Net cash used for investing activities	**(19.5)**	(88.4)	(80.0)	(189.1)	(3,654.3)	(105.0)	(149.2)	(94.5)	(351.2)	(302.6)	(396.3)
Financing Activities											
Net short-term borrowings (payments)	**(285.5)**	49.0	(848.0)	(1,009.0)	1,892.6	198.9	0.0	(29.0)	(8.3)	(6.6)	(226.5)
Payment of current maturities of long-term debt	**(8.2)**	(485.3)	(311.7)	(48.8)	(2.0)	(272.5)	(3.4)	(249.8)	(41.6)	(17.3)	(6.8)
Payment of long-term debt	**(734.9)**	(33.9)	(50.0)	0.0	0.0	0.0	(8.3)	(0.2)	(0.2)	(7.4)	0.0
Proceeds from issuance of long-term debt	**1,100.0**	450.0	397.7	949.1	1,223.6	0.0	0.0	0.0	0.0	0.0	238.6
Purchases of common stock	**0.0**	0.0	0.0	0.0	(4.8)	(522.8)	(228.5)	0.0	0.0	0.0	0.0
Proceeds from issuance of common stock	**4.9**	41.7	606.5	55.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	**(98.2)**	(127.8)	(171.5)	(214.8)	(181.3)	(144.1)	(118.2)	(106.3)	(99.6)	(95.4)	(91.1)
Proceeds from exercise of stock options	**3.6**	20.5	17.3	24.6	35.1	28.9	37.9	21.5	5.1	4.4	5.6
Excess tax benefits from share-based compensation	**0.1**	0.8	2.1	11.2	29.2	17.4	0.0	0.0	0.0	0.0	0.0
Other, net	**(23.0)**	(4.1)	(3.3)	(38.2)	(66.5)	0.0	0.1	1.4	(2.4)	3.1	(0.1)
Net cash (used for) provided by financing activities	**(41.2)**	(89.1)	(360.9)	(270.8)	2,925.9	(694.2)	(320.4)	(362.4)	(147.0)	(119.2)	(80.3)
Net increase (decrease) in cash and cash equivalents	**108.3**	25.2	12.1	(24.7)	(20.3)	(219.9)	3.6	123.7	20.8	36.2	35.5
Cash and cash equivalents at beginning of year	**47.5**	22.3	10.2	34.9	55.2	275.1	271.5	147.8	127.0	90.8	55.3
Cash and cash equivalents at end of year	**$155.8**	$47.5	$22.3	$10.2	$34.9	$55.2	$275.1	$271.5	$147.8	$127.0	$90.8

VULCAN MATERIALS COMPANY AND SUBSIDIARY COMPANIES

AVERAGE ANNUAL COMPOUND GROWTH RATES [1]

	Ten-Year Growth 2001 – 2011	*Five-Year Growth 2006 – 2011*
Aggregates Sales		
Units	-5.4%	-12.7%
Dollars	1.2%	-8.4%
Operating Data		
Net sales	2.8%	-6.2%
Operating earnings	N/A	N/A
Earnings from continuing operations before cumulative effect of accounting changes	N/A	N/A
Net earnings	N/A	N/A
Share Data		
Per common share		
Diluted earnings from continuing operations before cumulative effect of accounting changes	N/A	N/A
Basic net earnings	N/A	N/A
Diluted net earnings	N/A	N/A
Dividends declared	2.2%	-14.4%
Equity at year end	8.8%	3.9%
Financial Position		
Property, plant & equipment — gross, at year end	7.5%	9.4%
Property, plant & equipment — net, at year end	9.6%	8.8%
Average capital employed [2]		
Continuing operations	16.5%	21.4%
Average equity [3]	11.8%	14.2%
Other Data		
Depreciation, depletion, accretion and amortization from continuing operations	-7.8%	10.2%
Net cash provided by operating activities	-8.2%	-24.6%
Capital expenditures [4]	-9.3%	-29.8%
Selected National Price Indices		
Consumer price index for all urban consumers	2.5%	2.0%
Gross domestic product implicit price deflator	2.4%	1.8%
Producer price index for industrial commodities	4.3%	2.9%

[1] *The compound growth rates shown on this page and elsewhere herein were computed by linear regression analysis of the logarithms of the annual data values.*

[2] *Capital employed is the sum of interest-bearing debt, other noncurrent liabilities and equity. Average capital employed is a 12-month average.*

[3] *Equity is the sum of common stock (less the cost of common stock in treasury), capital in excess of par value, retained earnings and accumulated other comprehensive income (loss), as reported in the balance sheet. Average equity is a 12-month average.*

[4] *Capital expenditures include capitalized replacements of and additions to property, plant & equipment, including capitalized leases, renewals and betterments. Capital expenditures exclude property, plant & equipment obtained by business acquisitions. We classify our capital expenditures into three categories based on the predominant purpose of the project expenditures. Thus, a project is classified entirely as a replacement if that is the principal reason for making the expenditure even though the project may involve some cost-saving and/or capacity-improvement aspects. Likewise, a profit-adding project is classified entirely as such if the principal reason for making the expenditure is to add operating facilities at new locations (which occasionally replace facilities at old locations), to expand the capacity of existing facilities, to reduce costs, to increase mineral reserves, to improve products, etc. Capital expenditures classified as environmental control do not reflect those expenditures for environmental control activities that are expensed currently, including industrial health programs. Such expenditures are made on a continuing basis and at significant levels. Frequently, profit-adding and major replacement projects also include expenditures for environmental control purposes.*

VULCAN MATERIALS COMPANY AND SUBSIDIARY COMPANIES

NET SALES, TOTAL REVENUES, NET EARNINGS AND EARNINGS PER SHARE

in millions, except per share data	*2011*	*2010*	*2009*	*2008*	*2007*	*2006*	*2005*	*2004*	*2003*	*2002*	*2001*
Net Sales											
First quarter	**$456.3**	$464.5	$567.9	$771.8	$630.2	$642.3	$479.4	$431.9	$392.0	$400.6	$399.6
Second quarter	**657.5**	692.8	681.4	966.0	807.8	807.8	705.3	584.7	556.6	546.0	589.5
Third quarter	**714.9**	699.8	738.7	958.8	844.9	848.3	749.4	649.3	616.3	566.7	604.5
Fourth quarter	**578.2**	548.8	555.7	756.5	807.2	742.7	680.9	547.3	522.0	467.3	520.0
Total	**$2,406.9**	$2,405.9	$2,543.7	$3,453.1	$3,090.1	$3,041.1	$2,615.0	$2,213.2	$2,086.9	$1,980.6	$2,113.6
Total Revenues											
First quarter	**$487.2**	$493.3	$600.3	$817.3	$687.2	$708.7	$528.6	$474.4	$428.4	$439.3	$437.5
Second quarter	**702.0**	736.2	721.9	1,021.6	878.8	888.2	782.1	647.9	615.8	598.7	648.4
Third quarter	**760.8**	743.2	778.2	1,013.3	904.9	929.3	830.0	723.4	685.5	623.5	670.2
Fourth quarter	**614.6**	586.2	590.1	799.2	856.9	816.3	754.6	608.6	579.9	514.4	575.8
Total	**$2,564.6**	$2,558.9	$2,690.5	$3,651.4	$3,327.8	$3,342.5	$2,895.3	$2,454.3	$2,309.6	$2,175.9	$2,331.9
Operating Earnings (Loss)											
First quarter	**($61.2)**	($36.8)	($1.3)	$66.8	$137.1	$99.0	$38.0	$40.3	$17.5	$42.3	$24.1
Second quarter	**23.5**	1.2	65.7	238.5	217.2	218.1	153.5	118.2	117.5	129.4	128.8
Third quarter	**106.7**	50.4	82.7	128.3	214.3	206.4	164.9	146.3	143.0	128.7	143.1
Fourth quarter	**(5.5)**	(29.3)	1.4	(184.5)	145.8	171.6	120.4	98.9	100.3	75.2	99.6
Total	**$63.5**	($14.5)	$148.5	$249.1	$714.4	$695.1	$476.8	$403.7	$378.3	$375.6	$395.6
Earnings (Loss) from Continuing Operations Before Cumulative Effect of Accounting Changes											
First quarter	**($64.6)**	($44.5)	($32.3)	$14.5	$89.3	$71.9	$21.6	$21.1	$3.9	$21.0	$6.1
Second quarter	**(7.1)**	(22.5)	15.6	141.2	143.7	152.3	102.0	83.7	73.1	80.5	78.2
Third quarter	**22.4**	10.6	47.9	59.8	143.9	140.9	128.3	92.2	97.3	86.0	88.0
Fourth quarter	**(26.0)**	(46.1)	(12.6)	(212.1)	86.2	115.1	92.2	65.5	63.2	45.7	59.2
Total	**($75.3)**	($102.5)	$18.6	$3.4	$463.1	$480.2	$344.1	$262.5	$237.5	$233.2	$231.5
Basic Earnings (Loss) Per Share from Continuing Operations Before Cumulative Effect of' Accounting Changes											
First quarter	**($0.50)**	($0.35)	($0.29)	$0.13	$0.94	$0.72	$0.21	$0.21	$0.04	$0.21	$0.06
Second quarter	**(0.05)**	(0.18)	0.14	1.28	1.50	1.53	1.00	0.82	0.72	0.79	0.77
Third quarter	**0.17**	0.08	0.38	0.54	1.50	1.47	1.25	0.90	0.95	0.84	0.87
Fourth quarter	**(0.20)**	(0.36)	(0.10)	(1.92)	0.85	1.21	0.91	0.64	0.62	0.45	0.58
Full Year	**($0.58)**	($0.80)	$0.16	$0.03	$4.77	$4.92	$3.37	$2.56	$2.33	$2.29	$2.28
Diluted Earnings (Loss) Per Share from Continuing Operations Before Cumulative Effect of Accounting Changes											
First quarter	**($0.50)**	($0.35)	($0.29)	$0.13	$0.91	$0.70	$0.21	$0.20	$0.04	$0.20	$0.06
Second quarter	**(0.05)**	(0.18)	0.14	1.27	1.46	1.50	0.98	0.81	0.71	0.79	0.76
Third quarter	**0.17**	0.08	0.38	0.54	1.47	1.44	1.23	0.89	0.95	0.84	0.86
Fourth quarter	**(0.20)**	(0.36)	(0.10)	(1.92)	0.83	1.19	0.89	0.63	0.61	0.45	0.58
Full Year	**($0.58)**	($0.80)	$0.16	$0.03	$4.66	$4.81	$3.31	$2.53	$2.31	$2.28	$2.26
Net Earnings (Loss)											
First quarter	**($54.7)**	($38.7)	($32.8)	$13.9	$88.9	$70.1	$54.5	$15.4	($17.5)	($8.9)	$5.7
Second quarter	**(8.1)**	(24.0)	22.2	140.8	142.0	150.6	121.6	87.9	56.0	65.4	79.6
Third quarter	**20.0**	13.2	54.2	59.1	135.4	135.7	122.2	99.1	99.1	76.8	92.2
Fourth quarter	**(28.0)**	(47.0)	(13.3)	(212.9)	84.6	113.8	90.7	86.3	57.4	36.6	45.2
Total	**($70.8)**	($96.5)	$30.3	$0.9	$450.9	$470.2	$389.0	$288.7	$195.0	$169.9	$222.7
Basic Net Earnings (Loss) Per Share											
First quarter	**($0.42)**	($0.31)	($0.30)	$0.13	$0.93	$0.70	$0.53	$0.15	($0.17)	($0.09)	$0.06
Second quarter	**(0.06)**	(0.19)	0.20	1.28	1.49	1.51	1.19	0.86	0.55	0.64	0.79
Third quarter	**0.15**	0.10	0.43	0.54	1.41	1.42	1.19	0.97	0.97	0.75	0.91
Fourth quarter	**(0.22)**	(0.37)	(0.11)	(1.93)	0.83	1.20	0.90	0.84	0.56	0.36	0.44
Full year	**($0.55)**	($0.75)	$0.25	$0.01	$4.65	$4.82	$3.81	$2.82	$1.91	$1.67	$2.20
Diluted Net Earnings (Loss) Per Share											
First quarter	**($0.42)**	($0.31)	($0.30)	$0.13	$0.91	$0.68	$0.52	$0.15	($0.17)	($0.09)	$0.06
Second quarter	**(0.06)**	(0.19)	0.20	1.27	1.45	1.48	1.17	0.85	0.55	0.64	0.78
Third quarter	**0.15**	0.10	0.43	0.53	1.38	1.39	1.17	0.96	0.96	0.75	0.90
Fourth quarter	**(0.22)**	(0.37)	(0.11)	(1.93)	0.82	1.17	0.88	0.83	0.56	0.36	0.44
Full year	**($0.55)**	($0.75)	$0.25	$0.01	$4.54	$4.71	$3.74	$2.78	$1.90	$1.66	$2.17

VULCAN MATERIALS COMPANY AND SUBSIDIARY COMPANIES

COMMON STOCK PRICES, DIVIDENDS AND RELATED DATA

		2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Common Stock Prices												
First quarter	High	**$47.18**	$54.36	$71.26	$79.75	$125.79	$89.16	$59.67	$50.53	$38.75	$48.92	$48.19
	Low	**39.77**	41.80	34.30	60.20	87.27	66.98	52.36	45.65	28.75	44.95	40.75
	Close	**45.60**	47.24	44.29	65.98	116.48	86.65	56.83	47.44	30.23	47.54	46.83
Second quarter	High	**46.80**	59.90	53.94	84.73	128.62	93.85	65.99	48.78	39.95	49.95	55.30
	Low	**36.51**	43.60	39.65	59.26	111.46	70.44	52.36	41.94	29.90	42.46	43.60
	Close	**38.53**	43.83	43.10	59.78	114.54	78.00	64.99	47.55	37.07	43.80	53.75
Third quarter	High	**39.99**	48.04	62.00	100.25	116.52	80.18	74.55	51.18	42.99	44.35	55.22
	Low	**27.44**	35.61	39.14	49.39	80.50	65.85	64.04	44.30	36.20	34.15	37.50
	Close	**27.56**	36.92	54.07	74.50	89.15	78.25	74.21	50.95	39.91	36.16	43.20
Fourth quarter	High	**45.00**	48.26	54.37	77.95	96.09	92.00	76.31	55.53	48.60	38.24	48.95
	Low	**25.06**	35.40	44.70	39.52	77.04	76.81	60.72	46.85	39.76	32.35	40.46
	Close	**39.35**	44.36	52.67	69.58	79.09	89.87	67.75	54.61	47.57	37.50	47.94
Year	High	**47.18**	59.90	71.26	100.25	128.62	93.85	76.31	55.53	48.60	49.95	55.30
	Low	**25.06**	35.40	34.30	39.52	77.04	65.85	52.36	41.94	28.75	32.35	37.50
	Close	**39.35**	44.36	52.67	69.58	79.09	89.87	67.75	54.61	47.57	37.50	47.94
Dividends Declared Per Share of Common Stock*												
First quarter		**$0.25**	$0.25	$0.49	$0.49	$0.46	$0.37	$0.29	$0.26	$0.25	$0.24	$0.23
Second quarter		**0.25**	0.25	0.49	0.49	0.46	0.37	0.29	0.26	0.25	0.24	0.23
Third quarter		**0.25**	0.25	0.25	0.49	0.46	0.37	0.29	0.26	0.25	0.24	0.23
Fourth quarter		**0.01**	0.25	0.25	0.49	0.46	0.37	0.29	0.26	0.25	0.24	0.23
Total		**$0.76**	$1.00	$1.48	$1.96	$1.84	$1.48	$1.16	$1.04	$0.98	$0.94	$0.90
Other Data												
Market value of debt (in millions)		**$2,931**	$2,564	$2,686	$2,155	$1,583	$333	$611	$649	$925	$974	$952
Market value of equity (in millions)		**$5,085**	5,703	6,631	7,671	8,557	8,498	6,794	5,604	4,841	3,807	4,856
Total enterprise value (in millions)		**$8,016**	$8,267	$9,317	$9,826	$10,140	$8,831	$7,405	$6,253	$5,766	$4,781	$5,808
Price earnings ratio (year end)												
	High	N/A	N/A	285.0	N/A	28.4	20.0	20.4	20.1	25.6	30.1	25.5
	Low	N/A	N/A	137.2	N/A	17.0	14.1	14.0	15.1	15.1	19.5	17.3
	Close	N/A	N/A	210.7	N/A	17.4	19.2	18.1	19.7	25.1	22.6	22.1
Dividends paid as a percentage of diluted net earnings per share		N/A	N/A	N/A	N/A	40.6%	31.6%	31.0%	37.5%	51.6%	56.6%	41.5%
Equity per common share		**$29.31**	$30.96	$33.96	$32.24	$37.93	$20.87	$20.43	$19.43	$17.55	$16.55	$15.65
Ratio of stock price to equity per common share at year end		**1.3**	1.4	1.6	2.2	2.1	4.3	3.3	2.8	2.7	2.3	3.1
Common shares outstanding at year end (in millions)		**129.2**	128.7	125.9	110.3	108.2	94.6	100.3	102.6	101.8	101.5	101.3
Weighted-average common shares outstanding (in millions)		**129.4**	128.1	118.9	109.8	97.0	97.6	102.2	102.4	101.8	101.7	101.4
Weighted-average common shares outstanding, assuming dilution (in millions)		**129.4**	128.1	119.4	111.0	99.4	99.8	104.1	103.7	102.7	102.5	102.5

** Dividends paid in 2011 totaled $98,172,000 as compared with $127,792,000 paid in 2010. On February 15, 2012, our Board of Directors authorized a quarterly dividend of one cent per common share payable March 12, 2012.*

VULCAN MATERIALS COMPANY AND SUBSIDIARY COMPANIES

RECONCILIATION OF NON-GAAP MEASURES
EBIT, EBITDA AND CASH EARNINGS RECONCILIATIONS

in millions	***2011***	*2010*	*2009*	*2008*	*2007*	*2006*	*2005*	*2004*	*2003*	*2002*	*2001*
Reconciliation of Net Cash Provided by Operating Activities to EBITDA and Cash Earnings											
Net cash provided by operating activities	**$169.0**	$202.7	$453.0	$435.2	$708.1	$579.3	$473.2	$580.6	$519.0	$458.0	$512.1
Changes in operating assets and liabilities before initial effects of business acquisitions and dispositions	**11.9**	(20.0)	(90.3)	85.2	(29.6)	98.6	111.2	(103.1)	(47.0)	7.1	(14.2)
Other net operating items (providing) using cash	**110.0**	102.9	62.2	(130.4)	43.9	18.7	27.5	57.6	18.9	(7.0)	3.0
(Earnings) loss on discontinued operations, net of tax	**(4.5)**	(6.0)	(11.7)	2.4	12.2	10.0	(44.9)	(26.2)	23.7	42.8	8.8
Provision (benefit) for income taxes	**(78.4)**	(89.7)	(37.8)	71.7	204.4	223.3	136.6	114.9	97.6	96.0	108.4
Interest expense, net	**217.2**	180.7	173.0	169.7	41.6	20.1	20.5	34.6	49.6	51.2	57.0
Less depreciation, depletion, accretion and amortization	**(361.7)**	(382.1)	(394.6)	(389.1)	(271.5)	(226.4)	(222.9)	(246.4)	(277.1)	(267.7)	(278.2)
EBIT	**63.5**	(11.5)	153.8	244.7	709.1	723.6	501.2	412.0	384.7	380.4	396.9
Plus											
Goodwill impairment	**0.0**	0.0	0.0	252.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation, depletion, accretion and amortization from continuing operations	**361.7**	382.1	394.6	389.1	271.5	226.4	222.4	211.3	216.1	205.2	217.2
EBITDA	**425.2**	370.6	548.4	886.5	980.6	950.0	723.6	623.3	600.8	585.6	614.1
Less											
Interest expense, net	**217.2**	180.7	173.0	169.7	41.6	20.1	20.5	34.6	49.6	51.2	57.0
Current taxes	**14.3**	(37.8)	6.1	92.4	199.9	221.1	132.3	107.2	76.9	54.8	79.4
Cash earnings	**$193.7**	$227.7	$369.3	$624.4	$739.1	$708.8	$570.8	$481.5	$474.3	$479.6	$477.7
Reconciliation of Net Earnings to EBITDA and Cash Earnings											
Net earnings (loss)	**($70.8)**	($96.5)	$30.3	$0.9	$450.9	$470.2	$389.0	$288.7	$195.0	$169.9	$222.7
Provision (benefit) for income taxes	**(78.4)**	(89.7)	(37.8)	71.7	204.4	223.3	136.6	114.9	97.6	96.0	108.4
Interest expense, net	**217.2**	180.7	173.0	169.7	41.6	20.1	20.5	34.6	49.6	51.2	57.0
(Earnings) loss on discontinued operations, net of tax	**(4.5)**	(6.0)	(11.7)	2.4	12.2	10.0	(44.9)	(26.2)	23.7	42.8	8.8
Cumulative effect of accounting changes	**0.0**	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18.8	20.5	0.0
EBIT	**63.5**	(11.5)	153.8	244.7	709.1	723.6	501.2	412.0	384.7	380.4	396.9
Plus											
Goodwill impairment	**0.0**	0.0	0.0	252.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation, depletion, accretion and amortization from continuing operations	**361.7**	382.1	394.6	389.1	271.5	226.4	222.4	211.3	216.1	205.2	217.2
EBITDA	**425.2**	370.6	548.4	886.5	980.6	950.0	723.6	623.3	600.8	585.6	614.1
Less											
Interest expense, net	**217.2**	180.7	173.0	169.7	41.6	20.1	20.5	34.6	49.6	51.2	57.0
Current taxes	**14.3**	(37.8)	6.1	92.4	199.9	221.1	132.3	107.2	76.9	54.8	79.4
Cash earnings	**$193.7**	$227.7	$369.3	$624.4	$739.1	$708.8	$570.8	$481.5	$474.3	$479.6	$477.7

EBITDA is an acronym for Earnings Before Interest, Taxes, Depreciation and Amortization. Cash earnings adjusts EBITDA for net interest and current taxes. Generally Accepted Accounting Principles (GAAP) does not define these metrics. Thus, they should not be considered as an alternative to net cash provided by operating activities, operating earnings, or any other liquidity or performance measure defined by GAAP.

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

VULCAN MATERIALS COMPANY AND SUBSIDIARY COMPANIES

BOARD OF DIRECTORS AND COMMITTEES

BOARD OF DIRECTORS

DONALD M. JAMES
Chairman and
Chief Executive Officer

PHILIP J. CARROLL, JR.
Former Chairman and
Chief Executive Officer
Fluor Corporation

PHILLIP W. FARMER
Former Chairman and
Chief Executive Officer
Harris Corporation

H. ALLEN FRANKLIN
Former Chairman, President
and Chief Executive Officer
Southern Company

ANN MCLAUGHLIN KOROLOGOS
Former U.S. Secretary of Labor
Former Chairman, Board of Trustees
The RAND Corporation

DOUGLAS J. MCGREGOR
Senior Advisor
Blue Point Capital Partners
Former President and
Chief Operating Officer
Burlington Industries

RICHARD T. O'BRIEN
President and Chief Executive Officer
Newmont Mining Corporation

JAMES T. PROKOPANKO
President and Chief Executive Officer
The Mosaic Company

DONALD B. RICE
Former President and
Chief Executive Officer
Agensys, Inc.

VINCENT J. TROSINO
Former President, Chief Operating Officer
and Vice Chairman of the Board
State Farm Mutual Automobile
Insurance Company

KATHLEEN WILSON-THOMPSON
Senior Vice President and Chief Human
Resources Officer
Walgreens

CHAIRMAN EMERITUS
Herbert A. Sklenar

DIRECTORS EMERITI
Marion H. Antonini
Livio D. DeSimone
John K. Greene
Richard H. Leet
John J. McKetta
James W. McSwiney
James V. Napier
Orin R. Smith

FOUNDING DIRECTOR
Glenn Ireland II

BOARD COMMITTEES

EXECUTIVE
Phillip W. Farmer
H. Allen Franklin
Donald M. James*
Ann McLaughlin Korologos
Douglas J. McGregor
Donald B. Rice

AUDIT
Phillip W. Farmer*
Douglas J. McGregor
Richard T. O'Brien
Vincent J. Trosino

COMPENSATION
Philip J. Carroll, Jr.
H. Allen Franklin
James T. Prokopanko
Donald B. Rice*

FINANCE
Douglas J. McGregor*
Vincent J. Trosino
Kathleen Wilson-Thompson

GOVERNANCE
Philip J. Carroll, Jr.
Phillip W. Farmer
Ann McLaughlin Korologos*
James T. Prokopanko
Donald B. Rice

SAFETY, HEALTH AND
ENVIRONMENTAL AFFAIRS
H. Allen Franklin*
Ann McLaughlin Korologos
Richard T. O'Brien
Kathleen Wilson-Thompson

* Chair

CORPORATE AND CONSTRUCTION MATERIALS OFFICERS

CORPORATE OFFICERS

DONALD M. JAMES
Chairman and
Chief Executive Officer
(1997/1992) Age 63

DANIEL F. SANSONE
Executive Vice President and
Chief Financial Officer
(2011/1988) Age 59

J. WAYNE HOUSTON
Senior Vice President, Human Resources
(2004/1980) Age 62

JOHN R. MCPHERSON
Senior Vice President, Strategy and
Business Development
(2011/2011) Age 43

ROBERT A. WASON IV
Senior Vice President and
General Counsel
(2008/1988) Age 60

C. WES BURTON, JR.
Vice President and Treasurer
(2011/2011) Age 46

DAVID A. DONALDSON
Vice President, Governmental and
Community Relations
(2011/1980) Age 58

NORMAN JETMUNDSEN, JR.
Vice President and Associate General
Counsel
(2011/2002) Age 58

EJAZ A. KHAN
Vice President, Controller and
Chief Information Officer
(2000/1979) Age 54

JAMES W. O'BRIEN
Vice President, Tax
(2006/2006) Age 55

JERRY F. PERKINS JR.
Assistant General Counsel and Secretary
(2011/2002) Age 42

LINDSAY L. SINOR
Assistant General Counsel
(2011/1992) Age 51

CONSTRUCTION MATERIALS OFFICERS

DANNY R. SHEPHERD
Executive Vice President - Construction
Materials
(2011/2002) Age 60

D. GRAY KIMEL, JR.
Chairman, East Region
(2012/1972) Age 62

STANLEY G. BASS
Senior Vice President, Central Region
(2012/1996) Age 50

JAMES T. HILL
Senior Vice President, South Region
(2012/1996) Age 52

MICHAEL R. MILLS
Senior Vice President, East Region
(2012/1991) Age 51

ALAN D. WESSEL
Senior Vice President, West Region
(2012/1992) Age 54

RANDAL C. HALL
Vice President, Safety, Health and
Environment and Engineering Services
(2009/1993) Age 57

SIDNEY F. MAYS
Vice President, Marketing Support
Services
(2007/1986) Age 50

JEFFREY L. MCCORMICK
Vice President, Finance – Construction
Materials
(2012/1981) Age 56

LARRY W. MILLER
Vice President, Human Resources –
Construction Materials
(2012/2000) Age 55

MARK E. SMITH
Vice President, Operations
Support Services
(2011/1980) Age 55

Dates indicate year appointed to present position/year employed by Vulcan.

Ages are as of March 1, 2012.

SHAREHOLDER INFORMATION

HOW TO REACH US

SHAREHOLDER SERVICES

Our transfer agent and registrar, Computershare Shareowner Services LLC (Computershare), has a direct response system for handling shareholders' inquiries about change of address, account balances, recent dividend information, dividend checks, reportable income and dividend reinvestment.

TELEPHONE

(866) 886-9902
(toll-free inside the U.S. and Canada)

(201) 680-6578
(outside the U.S. and Canada, may call collect)

(800) 231-5469
(TDD, hearing impaired)

Vulcan Materials Company
c/o Computershare
P.O. Box 358015
Pittsburgh, Pennsylvania 15252-8015
Internet: bnymellon.com/shareowner/equityaccess

INVESTOR RELATIONS

Mark D. Warren
Telephone: (205) 298-3220
E-mail: ir@vmcmail.com

COMMUNITY RELATIONS

David A. Donaldson
Telephone: (205) 298-3220
E-mail: cr@vmcmail.com

INTERNET ADDRESS

Our Internet address is vulcanmaterials.com. This website includes general Company information, Securities and Exchange Commission filings, investor information and an archive of recent news releases.

CORPORATE HEADQUARTERS

Vulcan Materials Company
1200 Urban Center Drive
Birmingham, Alabama 35242-2545
Telephone: (205) 298-3000 Fax: (205) 298-2963

NEW YORK STOCK EXCHANGE (NYSE) ASSERTIONS

Our common stock is listed and traded on the NYSE under the symbol VMC.

On June 7, 2011, Donald M. James, chairman and chief executive officer, submitted to the NYSE the Written Affirmation required by the rules of the NYSE certifying that he was not aware of any violations by Vulcan Materials Company of NYSE Corporate Governance listing standards.

The certifications of Mr. James and Daniel F. Sansone, executive vice president and chief financial officer, made pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, have been filed as exhibits to our 2011 Annual Report on Form 10-K.

GENERAL INFORMATION

NOTICE OF ANNUAL MEETING

Information about Vulcan's annual meeting of shareholders can be found in the proxy materials that accompany this report and on our website, www.vulcanmaterials.com.

ELECTRONIC DEPOSIT OF DIVIDENDS

Registered holders of our common stock may have their quarterly dividends deposited to their checking or savings account free of charge. Contact Computershare personnel to sign up for this service.

Telephone: (866) 886-9902
Internet: bnymellon.com/shareowner/isd

BUYDIRECT AND DIVIDEND REINVESTMENT PLAN

The BuyDIRECT plan offers both existing registered stockholders and first-time investors an affordable alternative for investing in the Company, including the ability to participate in automatic reinvestment of dividends to purchase additional shares of our common stock. A brochure describing this service may be obtained by calling:

Telephone: (866) 353-7849

INDEPENDENT AUDITORS

Deloitte & Touche LLP
Birmingham, Alabama