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

FORM 10-Q

(Mark One)

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

For the quarterly period ended **March 31, 2020**

OR

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

For the transition period from to

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)	(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 Securities Exchange Act of 1934:

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

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 ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑	Accelerated filer ☐	Smaller reporting company ☐
Non-accelerated filer ☐		Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or

revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class	Shares outstanding at April 21, 2020
Common Stock, $1 Par Value	132,434,322

VULCAN MATERIALS COMPANY

FORM 10-Q
QUARTER ENDED MARCH 31, 2020

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Unless otherwise stated or the context otherwise requires, references in this report to “Vulcan,” the “Company,” “we,” “our,” or “us” refer to Vulcan Materials Company and its consolidated subsidiaries.

VULCAN MATERIALS COMPANY AND SUBSIDIARY COMPANIES

CONDENSED CONSOLIDATED BALANCE SHEETS

Unaudited *in thousands*	***March 31 2020***	*December 31 2019*	*March 31 2019*
Assets			
Cash and cash equivalents	**$ 120,041**	$ 271,589	$ 30,838
Restricted cash	**232**	2,917	270
Accounts and notes receivable			
Accounts and notes receivable, gross	**601,182**	573,241	563,084
Allowance for doubtful accounts	**(3,517)**	(3,125)	(2,554)
Accounts and notes receivable, net	**597,665**	570,116	560,530
Inventories			
Finished products	**403,612**	391,666	369,743
Raw materials	**33,676**	31,318	27,951
Products in process	**5,010**	5,604	4,976
Operating supplies and other	**28,449**	29,720	26,727
Inventories	**470,747**	458,308	429,397
Other current assets	**88,095**	76,396	62,816
Total current assets	**1,276,780**	1,379,326	1,083,851
Investments and long-term receivables	**57,987**	60,709	50,952
Property, plant & equipment			
Property, plant & equipment, cost	**8,907,788**	8,749,217	8,559,549
Allowances for depreciation, depletion & amortization	**(4,506,700)**	(4,433,179)	(4,284,211)
Property, plant & equipment, net	**4,401,088**	4,316,038	4,275,338
Operating lease right-of-use assets, net	**420,930**	408,189	426,381
Goodwill	**3,167,061**	3,167,061	3,161,842
Other intangible assets, net	**1,083,515**	1,091,475	1,085,398
Other noncurrent assets	**222,021**	225,995	213,090
Total assets	**$ 10,629,382**	$ 10,648,793	$ 10,296,852
Liabilities			
Current maturities of long-term debt	**25**	25	24
Short-term debt	**0**	0	178,500
Trade payables and accruals	**243,019**	265,159	248,119
Other current liabilities	**232,632**	270,379	232,964
Total current liabilities	**475,676**	535,563	659,607
Long-term debt	**2,785,566**	2,784,315	2,780,589
Deferred income taxes, net	**648,405**	633,039	568,229
Deferred revenue	**178,568**	179,880	184,744
Operating lease liabilities	**399,489**	388,042	403,426
Other noncurrent liabilities	**551,352**	506,097	483,048
Total liabilities	**$ 5,039,056**	$ 5,026,936	$ 5,079,643
Other commitments and contingencies (Note 8)			
Equity			
Common stock, $1 par value, Authorized 480,000 shares, Outstanding 132,433, 132,371 and 132,069 shares, respectively	**132,433**	132,371	132,069
Capital in excess of par value	**2,782,738**	2,791,353	2,789,864
Retained earnings	**2,885,084**	2,895,871	2,467,201
Accumulated other comprehensive loss	**(209,929)**	(197,738)	(171,925)
Total equity	**$ 5,590,326**	$ 5,621,857	$ 5,217,209
Total liabilities and equity	**$ 10,629,382**	$ 10,648,793	$ 10,296,852

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

VULCAN MATERIALS COMPANY AND SUBSIDIARY COMPANIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Unaudited	*Three Months Ended March 31*	
in thousands, except per share data	***2020***	*2019*
Total revenues	**$ 1,049,242**	$ 996,511
Cost of revenues	**847,519**	804,836
Gross profit	**201,723**	191,675
Selling, administrative and general expenses	**86,430**	90,268
Gain on sale of property, plant & equipment and businesses	**999**	7,297
Other operating expense, net	**(3,991)**	(4,271)
Operating earnings	**112,301**	104,433
Other nonoperating income (expense), net	**(9,336)**	3,129
Interest expense, net	**30,773**	32,934
Earnings from continuing operations before income taxes	**72,192**	74,628
Income tax expense	**12,194**	10,693
Earnings from continuing operations	**59,998**	63,935
Earnings (loss) on discontinued operations, net of tax	**260**	(636)
Net earnings	**$ 60,258**	$ 63,299
Other comprehensive income, net of tax		
Deferred loss on interest rate derivative	**(14,680)**	0
Amortization of prior interest rate derivative loss	**794**	55
Amortization of actuarial loss and prior service cost for benefit plans	**1,695**	235
Other comprehensive income (loss)	**(12,191)**	290
Comprehensive income	**$ 48,067**	$ 63,589
Basic earnings (loss) per share		
Continuing operations	**$ 0.45**	$ 0.48
Discontinued operations	**0.00**	0.00
Net earnings	**$ 0.45**	$ 0.48
Diluted earnings (loss) per share		
Continuing operations	**$ 0.45**	$ 0.48
Discontinued operations	**0.00**	0.00
Net earnings	**$ 0.45**	$ 0.48
Weighted-average common shares outstanding		
Basic	**132,567**	132,043
Assuming dilution	**133,259**	133,054
Depreciation, depletion, accretion and amortization	**$ 95,480**	$ 89,181
Effective tax rate from continuing operations	**16.9%**	14.3%

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

VULCAN MATERIALS COMPANY AND SUBSIDIARY COMPANIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited *in thousands*	*Three Months Ended March 31* **2020**	*2019*
Operating Activities		
Net earnings	**$ 60,258**	$ 63,299
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation, depletion, accretion and amortization	**95,480**	89,181
Noncash operating lease expense	**8,851**	8,717
Net gain on sale of property, plant & equipment and businesses	**(999)**	(7,297)
Contributions to pension plans	**(2,144)**	(2,320)
Share-based compensation expense	**6,716**	5,724
Deferred tax expense (benefit)	**19,671**	774
Changes in assets and liabilities before initial effects of business acquisitions and dispositions	**(99,597)**	(47,733)
Other, net	**(5,761)**	5,819
Net cash provided by operating activities	**$ 82,475**	$ 116,164
Investing Activities		
Purchases of property, plant & equipment	**(142,650)**	(122,019)
Proceeds from sale of property, plant & equipment	**2,536**	6,512
Proceeds from sale of businesses	**0**	1,744
Payment for businesses acquired, net of acquired cash	**0**	1,122
Other, net	**9,872**	(7,237)
Net cash used for investing activities	**$ (130,242)**	$ (119,878)
Financing Activities		
Proceeds from short-term debt	**0**	196,200
Payment of short-term debt	**0**	(150,700)
Payment of current maturities and long-term debt	**(6)**	(6)
Settlements of interest rate derivatives	**(19,863)**	0
Purchases of common stock	**(26,132)**	0
Dividends paid	**(45,100)**	(40,939)
Share-based compensation, shares withheld for taxes	**(15,365)**	(14,137)
Net cash used for financing activities	**$ (106,466)**	$ (9,582)
Net decrease in cash and cash equivalents and restricted cash	**(154,233)**	(13,296)
Cash and cash equivalents and restricted cash at beginning of year	**274,506**	44,404
Cash and cash equivalents and restricted cash at end of period	**$ 120,273**	$ 31,108

The accompanying Notes to the Condensed Consolidated Financial Statements are an integral part of the 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 supplier of construction aggregates (primarily crushed stone, sand and gravel) and a major producer of asphalt mix and ready-mixed concrete.

We operate primarily in the United States and our principal product — aggregates — is used in virtually all types of public and private construction projects and in the production of asphalt mix and ready-mixed concrete. We serve markets in twenty states, Washington D.C., and the local markets surrounding our operations in Mexico. Our primary focus is serving metropolitan markets in the United States 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. While aggregates is our focus and primary business, we produce and sell asphalt mix and/or ready-mixed concrete in our Alabama, Arizona, California, Maryland, New Mexico, Tennessee, Texas, Virginia and Washington D.C. markets.

BASIS OF PRESENTATION

Our accompanying unaudited condensed consolidated financial statements were prepared in compliance with the instructions to Form 10-Q and Article 10 of Regulation S-X and thus do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America (GAAP) for complete financial statements. We prepared the accompanying condensed consolidated financial statements on the same basis as our annual financial statements, except for the adoption of new accounting standards as described in Note 17. Our Condensed Consolidated Balance Sheet as of December 31, 2019 was derived from the audited financial statement, but it does not include all disclosures required by GAAP. In the opinion of our management, the statements reflect all adjustments, including those of a normal recurring nature, necessary to present fairly the results of the reported interim periods. For further information, refer to the consolidated financial statements and footnotes included in our most recent Annual Report on Form 10-K. Operating results for the three month period ended March 31, 2020 are not necessarily indicative of the results that may be expected for the year ending December 31, 2020, particularly in light of the uncertainty over the economic and operational impacts of the current novel coronavirus (COVID-19) pandemic.

We are operating as an essential business and while the COVID-19 pandemic has not yet materially impacted our business, operations, or financial results, it may have far-reaching impacts on many aspects of our operations, directly and indirectly, including with respect to its impacts on customer behaviors, business and manufacturing operations, our employees, and the market generally. Our condensed consolidated financial statements reflect estimates and assumptions made by management that affect the reported amounts of assets, liabilities, revenues and expenses. Such estimates and assumptions affect, among other things, our goodwill and long-lived asset valuations; inventory valuation; assessment of the annual effective tax rate; valuation of deferred income taxes; allowance for doubtful accounts; measurement of cash bonus plans; and pension plan assumptions. Events and changes in circumstances arising after March 31, 2020, including those resulting from the impacts of COVID-19**,** will be reflected in management’s estimates for future periods.

Due to the 2005 sale of our Chemicals business as described within this Note under the caption Discontinued Operations, the results of the Chemicals business are presented as discontinued operations in the accompanying Condensed Consolidated Statements of Comprehensive Income.

RESTRICTED CASH

Restricted cash consists of cash proceeds from the sale of property held in escrow for the acquisition of replacement property under like-kind exchange agreements and cash reserved by other contractual agreements (such as asset purchase agreements) for a specified purpose and therefore is not available for use for other purposes. The escrow accounts are administered by an intermediary. Cash restricted pursuant to like-kind exchange agreements remains restricted for a maximum of 180 days from the date of the property sale pending the acquisition of replacement property. Restricted cash is included with cash and cash equivalents in the accompanying Condensed Consolidated Statements of Cash Flows.

LEASES

Our nonmineral leases with initial terms in excess of one year are recognized on the balance sheet as right-of-use (ROU) assets and lease liabilities. Mineral leases are exempt from balance sheet recognition.

ROU assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. ROU assets are adjusted for any prepaid lease payments and lease incentives. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. The non-lease components of our lease agreements are not separated from the lease components.

For additional information about leases see 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. The financial results of the Chemicals business are classified as discontinued operations in the accompanying Condensed Consolidated Statements of Comprehensive Income for all periods presented. Results from discontinued operations are as follows:

	Three Months Ended March 31	
in thousands	***2020***	*2019*
Discontinued Operations		
Pretax gain (loss)	**$ 354**	$ (638)
Income tax (expense) benefit	**(94)**	2
Earnings (loss) on discontinued operations, net of tax	**$ 260**	$ (636)

Our discontinued operations include charges/credits related to general and product liability costs, including legal defense costs, and environmental remediation costs associated with our former Chemicals business (including certain matters as discussed in Note 8). There were no revenues from discontinued operations for the periods presented.

EARNINGS PER SHARE (EPS)

Earnings per share 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:

	Three Months Ended March 31	
in thousands	***2020***	*2019*
Weighted-average common shares outstanding	**132,567**	132,043
Dilutive effect of		
Stock-Only Stock Appreciation Rights	**345**	742
Other stock compensation plans	**347**	269
Weighted-average common shares outstanding, assuming dilution	**133,259**	133,054

All dilutive common stock equivalents are reflected 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 would be excluded.

Antidilutive common stock equivalents are not included in our earnings per share calculations. The number of antidilutive common stock equivalents for which the exercise price exceeds the weighted-average market price is as follows:

in thousands	***Three Months Ended March 31***	
	2020	*2019*
Antidilutive common stock equivalents	**174**	220

RECLASSIFICATIONS

Certain items previously reported in specific financial statement captions have been reclassified to conform to the 2020 presentation.

NOTE 2: LEASES

Our portfolio of nonmineral leases is composed almost entirely of operating leases (we do not have any material finance leases) for real estate (including office buildings, aggregates sales yards, and concrete and asphalt sites) and equipment (including railcars and rail track, barges, office equipment and plant equipment).

Operating lease ROU assets and liabilities and the weighted-average lease term and discount rate are as follows:

in thousands	*Classification on the Balance Sheet*	***March 31 2020***	*December 31 2019*	*March 31 2019*
Assets				
Operating lease ROU assets		**$ 461,712**	$ 441,656	$ 434,970
Accumulated amortization		**(40,782)**	(33,467)	(8,589)
Total lease assets	Operating lease right-of-use assets, net	**$ 420,930**	$ 408,189	$ 426,381
Liabilities				
Current				
Operating	Other current liabilities	**$ 32,045**	$ 29,971	$ 31,255
Noncurrent				
Operating	Operating lease liabilities	**399,489**	388,042	403,426
Total lease liabilities		**$ 431,534**	$ 418,013	$ 434,681
Lease Term and Discount Rate				
Weighted-average remaining lease term (years)				
Operating leases		**10.1**	9.9	10.3
Weighted-average discount rate				
Operating leases		**4.2%**	4.3%	4.4%

Our lease agreements do not contain residual value guarantees, restrictive covenants or early termination options that we deem material.

Lease expense for operating leases is recognized on a straight-line basis over the lease term. The components of operating lease expense are as follows:

	Three Months Ended March 31	
in thousands	***2020***	*2019*
Lease Cost		
Operating lease cost	**$ 14,106**	$ 14,127
Short-term lease cost [1]	**9,385**	8,700
Variable lease cost	**3,132**	3,068
Sublease income	**(734)**	(610)
Total lease cost	**$ 25,889**	$ 25,285

1 *Our short-term lease cost includes the cost of leases with an initial term of one month or less.*

Cash paid for operating leases was $13,328,000 and $13,333,000 for the three months ended March 31, 2020 and 2019, respectively, and was reflected as reductions to operating cash flows.

Maturity analysis on an undiscounted basis of our operating lease liabilities as of March 31, 2020 is as follows:

in thousands	*Operating Leases*
Maturity of Lease Liabilities	
2020 (remainder)	**$ 39,045**
2021	**49,240**
2022	**44,481**
2023	**39,295**
2024	**35,634**
Thereafter	**593,029**
Total minimum lease payments	**$ 800,724**
Less: Lease payments representing interest	**369,190**
Present value of future minimum lease payments	**$ 431,534**
Less: Current obligations under leases	**32,045**
Long-term lease obligations	**$ 399,489**

NOTE 3: INCOME TAXES

In response to COVID-19, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law on March 27, 2020. The CARES Act provides numerous tax relief provisions and stimulus measures. A temporary favorable change to the prior year and current year limitations on interest deductions and a temporary suspension of certain payment requirements for the employer portion of Social Security taxes are the relief provisions that are expected to provide us the greatest benefit. In the first quarter of 2020 (i.e., the period of enactment), an expected cash tax benefit of $13,301,000 was recorded to account for the favorable change to the prior year limitation on interest deductions.

Our estimated annual effective tax rate (EAETR) is based on full-year expectations of pretax earnings, statutory tax rates, permanent differences between book and tax accounting such as percentage depletion, and tax planning alternatives available in the various jurisdictions in which we operate. For interim financial reporting, we calculate our quarterly income tax provision in accordance with the EAETR. Each quarter, we update our EAETR based on our revised full-year expectation of pretax earnings and calculate the income tax provision so that the year-to-date income tax provision reflects the EAETR. Significant judgment is required in determining our EAETR.

In the first quarter of 2020, we recorded income tax expense from continuing operations of $12,194,000 compared to income tax expense from continuing operations of $10,693,000 in the first quarter of 2019. The increase in tax expense was primarily related to lower excess tax benefits from share-based compensation quarter over quarter.

We recognize deferred tax assets and liabilities (which reflect our best assessment of the future taxes we will pay) based on the differences between the book basis and tax basis of assets and liabilities. Deferred tax assets represent items to be used as a tax deduction or credit in future tax returns while deferred tax liabilities represent items that will result in additional tax in future tax returns. A summary of our deferred tax assets and liabilities is included in Note 9 “Income Taxes” in our Annual Report on Form 10-K for the year ended December 31, 2019.

Each quarter we analyze the likelihood that our deferred tax assets will be realized. A valuation allowance is recorded if, based on the weight of all available positive and negative evidence, it is more likely than not (a likelihood of more than 50%) that some portion, or all, of a deferred tax asset will not be realized. At December 31, 2020, we project Alabama state net operating loss (NOL) carryforward deferred tax assets of $63,384,000 against which we project to have a valuation allowance of $29,183,000. At this time, we do not expect any future adjustment to this valuation allowance. The Alabama NOL carryforward, if not utilized, would expire between 2023 and 2032.

We recognize a tax benefit associated with a tax position when, in our judgment, it is more likely than not that the position will be sustained based upon the technical merits of the position. For a tax position that meets the more likely than not recognition threshold, we measure the income tax benefit as the largest amount that we judge to have a greater than 50% likelihood of being realized. A liability is established for the unrecognized portion of any tax benefit. Our liability for unrecognized tax benefits is adjusted periodically due to changing circumstances, such as the progress of tax audits, case law developments and new or emerging legislation.

NOTE 4: REVENUES

Revenues are measured as the amount of consideration we expect to receive in exchange for transferring goods or providing services. Sales and other taxes we collect are excluded from revenues. Costs to obtain and fulfill contracts (primarily asphalt construction paving contracts) are immaterial and are expensed as incurred when the expected amortization period is one year or less.

Total revenues are primarily derived from our product sales of aggregates (crushed stone, sand and gravel, sand and other aggregates), asphalt mix and ready-mixed concrete, and include freight & delivery costs that we pass along to our customers to deliver these products. We also generate service revenues from our asphalt construction paving business and service revenues related to our aggregates business, such as landfill tipping fees. Our total service revenues were $39,564,000 and $34,515,000 for the three months ended March 31, 2020 and 2019, respectively.

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, the vast majority of our aggregates business is not directly subject to renegotiation of profits or termination of contracts with state or federal governments.

Our segment total revenues by geographic market for the three month periods ended March 31, 2020 and 2019 are disaggregated as follows:

	Three Months Ended March 31, 2020				
in thousands	*Aggregates*	*Asphalt*	*Concrete*	*Calcium*	*Total*
Total Revenues by Geographic Market [1]					
East	**$ 239,869**	**$ 17,883**	**$ 62,120**	**$ 0**	**$ 319,872**
Gulf Coast	**493,297**	**33,856**	**16,965**	**2,026**	**546,144**
West	**135,060**	**88,050**	**15,680**	**0**	**238,790**
Segment sales	**$ 868,226**	**$ 139,789**	**$ 94,765**	**$ 2,026**	**$ 1,104,806**
Intersegment sales	**(55,564)**	**0**	**0**	**0**	**(55,564)**
Total revenues	**$ 812,662**	**$ 139,789**	**$ 94,765**	**$ 2,026**	**$ 1,049,242**

	Three Months Ended March 31, 2019				
in thousands	*Aggregates*	*Asphalt*	*Concrete*	*Calcium*	*Total*
Total Revenues by Geographic Market [1]					
East	$ 224,902	$ 18,216	$ 54,716	$ 0	$ 297,834
Gulf Coast	496,633	37,053	16,505	1,951	552,142
West	113,430	76,821	12,416	0	202,667
Segment sales	$ 834,965	$ 132,090	$ 83,637	$ 1,951	$ 1,052,643
Intersegment sales	(56,132)	0	0	0	(56,132)
Total revenues	$ 778,833	$ 132,090	$ 83,637	$ 1,951	$ 996,511

1 The geographic markets are defined by states/countries as follows:
East market — Arkansas, Delaware, Illinois, Kentucky, Maryland, North Carolina, Pennsylvania, Tennessee, Virginia, and Washington D.C.
Gulf Coast market — Alabama, Florida, Georgia, Louisiana, Mexico, Mississippi, Oklahoma, South Carolina and Texas
West market — Arizona, California and New Mexico

PRODUCT REVENUES

Revenue is recognized when obligations under the terms of a contract with our customer are satisfied; generally this occurs at a point in time when our aggregates, asphalt mix and ready-mixed concrete are shipped/delivered and control passes to the customer. Revenue for our products is recorded at the fixed invoice amount and payment is due by the 15th day of the following month — we do not offer discounts for early payment.

Freight & delivery generally represents pass-through transportation we incur (including our administrative costs) and pay to third-party carriers to deliver our products to customers and are accounted for as a fulfillment activity. Likewise, the costs related to freight & delivery are included in cost of revenues.

Freight & delivery revenues are as follows:

in thousands	Three Months Ended March 31 2020	2019
Freight & Delivery Revenues		
Total revenues	**$ 1,049,242**	$ 996,511
Freight & delivery revenues [1]	**(113,961)**	(162,605)
Total revenues excluding freight & delivery	**$ 935,281**	$ 833,906

1 *Includes freight & delivery to remote distribution sites.*

CONSTRUCTION PAVING SERVICE REVENUES

Revenue from our asphalt construction paving business is recognized over time using the percentage-of-completion method under the cost approach. The percentage of completion is determined by costs incurred to date as a percentage of total costs estimated for the project. Under this approach, recognized contract revenue equals the total estimated contract revenue multiplied by the percentage of completion. Our construction contracts are unit priced, and an account receivable is recorded for amounts invoiced based on actual units produced. Contract assets for estimated earnings in excess of billings, contract assets related to retainage provisions and contract liabilities for billings in excess of costs are immaterial. Variable consideration in our construction paving contracts is immaterial and consists of incentives and penalties based on the quality of work performed. Our construction paving contracts may contain warranty provisions covering defects in equipment, materials, design or workmanship that generally run from nine months to one year after project completion. Due to the nature of our construction paving projects, including contract owner inspections of the work during construction and prior to acceptance, we have not experienced material warranty costs for these short-term warranties.

VOLUMETRIC PRODUCTION PAYMENT DEFERRED REVENUES

In 2013 and 2012, we sold a percentage interest in certain future aggregates production for net cash proceeds of $226,926,000. These transactions, structured as volumetric production payments (VPPs):

- relate to eight quarries in Georgia and South Carolina
- provide the purchaser solely with a nonoperating percentage interest in the subject quarries' aggregates production
- contain no minimum annual or cumulative guarantees by us for production or sales volume, nor minimum sales price
- are both volume and time limited (we expect the transactions will last approximately 25 years, limited by volume rather than time)

We are the exclusive sales agent for, and transmit quarterly to the purchaser the proceeds from the sale of, the purchaser's share of aggregates production. Our consolidated total revenues exclude the revenue from the sale of the purchaser's share of aggregates.

The proceeds we received from the sale of the percentage interest were recorded as deferred revenue on the balance sheet. We recognize revenue on a unit-of-sales basis (as we sell the purchaser's share of production) relative to the volume limitations of the transactions. Given the nature of the risks and potential rewards assumed by the buyer, the transactions do not reflect financing activities.

Reconciliation of the VPP deferred revenue balances (current and noncurrent) is as follows:

in thousands	*Three Months Ended March 31*	
	2020	*2019*
Deferred Revenue		
Balance at beginning of year	**$ 185,339**	$ 192,783
Revenue recognized from deferred revenue	**(1,342)**	(1,652)
Balance at end of period	**$ 183,997**	$ 191,131

Based on expected sales from the specified quarries, we expect to recognize $7,500,000 of VPP deferred revenue as income during the 12-month period ending March 31, 2021 (reflected in other current liabilities in our March 31, 2020 Condensed Consolidated Balance Sheet).

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

in thousands	*Level 1 Fair Value*		
	March 31 2020	*December 31 2019*	*March 31 2019*
Fair Value Recurring			
Rabbi Trust			
Mutual funds	**$ 19,001**	$ 22,883	$ 20,953
Total	**$ 19,001**	$ 22,883	$ 20,953

in thousands	*Level 2 Fair Value*		
	March 31 2020	*December 31 2019*	*March 31 2019*
Fair Value Recurring			
Rabbi Trust			
Money market mutual fund	**$ 520**	$ 1,340	$ 490
Total	**$ 520**	$ 1,340	$ 490

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

Net gains (losses) of the Rabbi Trust investments were $(5,060,000) and $1,863,000 for the three months ended March 31, 2020 and 2019, respectively. The portions of the net gains (losses) related to investments still held by the Rabbi Trusts at March 31, 2020 and 2019 were $(5,060,000) and $1,905,000, respectively.

The carrying values of our cash equivalents, restricted cash, accounts and notes receivable, short-term debt, trade payables and accruals, and all other current liabilities approximate their fair values because of the short-term nature of these instruments. Additional disclosures for derivative instruments and interest-bearing debt are presented in Notes 6 and 7, respectively.

NOTE 6: DERIVATIVE INSTRUMENTS

During the normal course of operations, we are exposed to market risks including interest rates, foreign currency exchange rates and commodity prices. From time to time, and consistent with our risk management policies, we use derivative instruments to balance the cost and risk of such exposure. We do not use 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. Changes in the fair value of interest rate swap cash flow hedges are recorded in accumulated other comprehensive income (AOCI) and are reclassified into interest expense in the same period the hedged items affect earnings. We may also enter into contracts that qualify for the normal purchases and normal sale (NPNS) exception. When a contract meets the criteria to qualify as NPNS, we apply such exception. Income recognition and realization related to NPNS contracts generally coincide with the physical delivery of the commodity. For contracts qualifying for the NPNS exception, no recognition of the contract's fair value in the consolidated financial statements is required until settlement of the contract as long as the transaction remains probable of occurring.

In February 2020, we entered into interest rate locks, designated as cash flow hedges on the related interest payments, totaling $300,000,000 to hedge the risk of higher interest rates prior to an anticipated debt issuance. We terminated and settled the interest rate locks in March 2020 for a cash payment of $19,863,000. While the related debt issuance remains probable of occurring in the near term, the timing is uncertain. As such, at least 1/20th of the hedge is deemed ineffective and $993,000 of the settlement has been recorded to interest expense in the first quarter. The remainder of the settlement was deferred and recorded in accumulated other comprehensive income (AOCI) and is anticipated to be amortized to interest expense over the term of the related debt.

In 2007 and 2018, we entered into interest rate locks of future debt issuances to hedge the risk of higher interest rates. These interest rate locks were designated as cash flow hedges. The gain/loss upon settlement of these interest rate hedges is deferred (recorded in AOCI) and amortized to interest expense over the term of the related debt.

This amortization was reflected in the accompanying Condensed Consolidated Statements of Comprehensive Income as follows:

in thousands	*Location on Statement*	***Three Months Ended March 31***	
		2020	*2019*
Interest Rate Hedges			
Loss reclassified from AOCI (effective portion)	Interest expense	**$ (1,074)**	$ (75)

For the 12-month period ending March 31, 2021, we estimate that $2,324,000 of the $24,839,000 net of tax loss in AOCI will be reclassified to interest expense.

NOTE 7: DEBT

Debt is detailed as follows:

in thousands	*Effective Interest Rates*	***March 31 2020***	*December 31 2019*	*March 31 2019*
Short-term Debt				
Bank line of credit expires 2021 [1]		**$ 0**	$ 0	$ 178,500
Total short-term debt		**$ 0**	$ 0	$ 178,500
Long-term Debt				
Bank line of credit expires 2021 [1]		**$ 0**	$ 0	$ 0
Floating-rate notes due 2020 [2]	*2.13%*	**250,000**	250,000	250,000
Floating-rate notes due 2021 [2]	*2.51%*	**500,000**	500,000	500,000
8.85% notes due 2021	*8.88%*	**6,000**	6,000	6,000
4.50% notes due 2025	*4.65%*	**400,000**	400,000	400,000
3.90% notes due 2027	*4.00%*	**400,000**	400,000	400,000
7.15% notes due 2037	*8.05%*	**129,239**	129,239	129,239
4.50% notes due 2047	*4.59%*	**700,000**	700,000	700,000
4.70% notes due 2048	*5.42%*	**460,949**	460,949	460,949
Other notes	*6.46%*	**179**	185	202
Total long-term debt - face value		**$ 2,846,367**	$ 2,846,373	$ 2,846,390
Unamortized discounts and debt issuance costs		**(60,776)**	(62,033)	(65,777)
Total long-term debt - book value		**$ 2,785,591**	$ 2,784,340	$ 2,780,613
Less current maturities		**25**	25	24
Total long-term debt - reported value		**$ 2,785,566**	$ 2,784,315	$ 2,780,589
Estimated fair value of long-term debt		**$ 2,926,140**	$ 3,073,693	$ 2,775,511

1 *Borrowings on the bank line of credit are classified as short-term if we intend to repay within twelve months and as long-term if we have the intent and ability to extend payment beyond twelve months.*

2 *This debt is classified as long-term since we intend to refinance it and have the ability to do so by borrowing on our $750,000,000 delayed draw term loan that closed April 10, 2020.*

Discounts and debt issuance costs are amortized using the effective interest method over the terms of the respective notes resulting in $1,258,000 and $1,239,000 of net interest expense for these items for the three months ended March 31, 2020 and 2019, respectively.

LINE OF CREDIT

Our unsecured $750,000,000 line of credit matures December 2021 and contains affirmative, negative and financial covenants customary for an unsecured investment-grade facility. The primary negative covenant limits our ability to incur secured debt. The financial covenants are: (1) a maximum ratio of debt to EBITDA of 3.5:1 (upon certain acquisitions, the maximum ratio can be 3.75:1 for three quarters), and (2) a minimum ratio of EBITDA to net cash interest expense of 3.0:1. As of March 31, 2020, we were in compliance with the line of credit covenants.

Borrowings on our line of credit are classified as short-term if we intend to repay within twelve months and as long-term if we have the intent and ability to extend repayment beyond twelve months. Borrowings bear interest, at our option, at either LIBOR plus a credit margin ranging from 1.00% to 1.75%, or Truist Bank's base rate (generally, its prime rate) plus a credit margin ranging from 0.00% to 0.75%. The credit margin for both LIBOR and base rate borrowings is determined by our credit ratings. Standby letters of credit, which are issued under the line of credit and reduce availability, are charged a fee equal to the credit margin for LIBOR borrowings plus 0.175%. We also pay a commitment fee on the daily average unused amount of the line of credit that ranges from 0.10% to 0.25% determined by our credit ratings. As of March 31, 2020, the credit margin for LIBOR borrowings was 1.25%, the credit margin for base rate borrowings was 0.25%, and the commitment fee for the unused amount was 0.15%.

As of March 31, 2020, our available borrowing capacity was $695,871,000. Utilization of the borrowing capacity was as follows:

- none was borrowed
- $54,129,000 was used to provide support for outstanding standby letters of credit

TERM DEBT

All of our $2,846,367,000 (face value) of term debt is unsecured. $2,846,188,000 of such debt is governed by three essentially identical indentures that contain customary investment-grade type covenants. The primary covenant in all three indentures limits the amount of secured debt we may incur without ratably securing such debt. As of March 31, 2020, we were in compliance with all term debt covenants.

SUBSEQUENT EVENT

Subsequent to quarter-end, we executed a $750,000,000 364-day delayed draw term loan with a subset of the banks that provide our line of credit. This facility provides for up to two draws through October 2020 and all borrowings are due April 2021. Borrowings may be repaid prior to maturity, but once repaid may not be borrowed again.

All terms and conditions of the delayed draw term loan are consistent with those of the line of credit except for the interest rate on borrowings and the commitment fee. Borrowings bear interest, at our option, at either LIBOR plus a credit margin ranging from 1.375% to 2.125%, or Truist Bank's base rate (generally, its prime rate) plus a credit margin ranging from 0.375% to 1.125%. The credit margin for both LIBOR and base rate borrowings is determined by our credit ratings. The commitment fee, paid on the unused amount of the daily average unused amount of the facility, ranges from 0.125% to 0.25% and is determined by our credit ratings.

STANDBY LETTERS OF CREDIT

We provide, in the normal course of business, certain third-party beneficiaries with standby letters of credit to support our obligations to pay or perform according to the requirements of an underlying agreement. Such letters of credit typically have an initial term of one year, typically renew automatically, and can only be modified or canceled with the approval of the beneficiary. All of our standby letters of credit are issued by banks that participate in our $750,000,000 line of credit, and reduce the borrowing capacity thereunder. Our standby letters of credit as of March 31, 2020 are summarized by purpose in the table below:

in thousands	
Standby Letters of Credit	
Risk management insurance	**$ 47,031**
Reclamation/restoration requirements	**7,098**
Total	**$ 54,129**

NOTE 8: COMMITMENTS AND CONTINGENCIES

Certain of our aggregates reserves are burdened by volumetric production payments (nonoperating interest) as described in Note 4. As the holder of the working interest, we have responsibility to bear the cost of mining and producing the reserves attributable to this nonoperating interest.

As described in Note 2, our present value of future minimum (nonmineral) lease payments totaled $431,534,000 as of March 31, 2020.

As summarized by purpose in Note 7, our standby letters of credit totaled $54,129,000 as of March 31, 2020.

As described in Note 9, our asset retirement obligations totaled $263,445,000 as of March 31, 2020.

Amounts accrued for environmental remediation costs (measured on an undiscounted basis) were as follows:

in thousands	***March 31 2020***	*December 31 2019*	*March 31 2019*
Accrued Environmental Remediation Costs			
Continuing operations	**$ 25,837**	$ 30,429	$ 37,590
Retained from former Chemicals business	**10,982**	10,972	10,814
Total	**$ 36,819**	$ 41,401	$ 48,404

LITIGATION AND ENVIRONMENTAL MATTERS

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.

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

In addition to these lawsuits in which we are involved in the ordinary course of business, certain other material legal proceedings are more specifically described below:

- LOWER PASSAIC RIVER STUDY AREA (DISCONTINUED OPERATIONS and SUPERFUND SITE) — The Lower Passaic River Study Area is part of the Diamond Shamrock Superfund Site in New Jersey. Vulcan and approximately 70 other companies are parties (collectively the Cooperating Parties Group, CPG) to a May 2007 Administrative Order on Consent (AOC) with the EPA to perform a Remedial Investigation/Feasibility Study (draft RI/FS) of the lower 17 miles of the Passaic River (River). The draft RI/FS was submitted recommending a targeted hot spot remedy; however, the EPA issued a record of decision (ROD) in March 2016 that calls for a bank-to-bank dredging remedy for the lower 8 miles of the River. The EPA estimates that the cost of implementing this proposal is $1.38 billion. In September 2016, the EPA entered into an Administrative Settlement Agreement and Order on Consent with Occidental Chemical Corporation (Occidental) in which Occidental agreed to undertake the remedial design for this bank-to-bank dredging remedy and to reimburse the United States for certain response costs.

In August 2017, the EPA informed certain members of the CPG, including Vulcan, that it planned to use the services of a third-party allocator with the expectation of offering cash-out settlements to some parties in connection with the bank-to-bank remedy. This voluntary allocation process is intended to establish an impartial third-party expert recommendation that may be considered by the government and the participants as the basis of possible settlements. We are a participant in the voluntary allocation process, which is likely to extend beyond 2020.

In July 2018, Vulcan, along with more than one hundred other defendants, was sued by Occidental in United States District Court for the District of New Jersey, Newark Vicinage. Occidental is seeking cost recovery and contribution under CERCLA. It is unknown at this time whether the filing of the Occidental lawsuit will impact the EPA allocation process.

In October 2018, the EPA ordered the CPG to prepare a streamlined feasibility study specifically for the upper 9 miles of the River. This directive is focused on dioxin and covers the remaining portion of the River not included in the EPA's March 2016 ROD.

Efforts to remediate the River have been underway for many years and have involved hundreds of entities that have had operations on or near the River at some point during the past several decades. We formerly owned a chemicals operation near the mouth of the River, which was sold in 1974. The major risk drivers in the River have been identified as dioxins, PCBs, DDx and mercury. We did not manufacture any of these risk drivers and have no evidence that any of these were discharged into the River by Vulcan.

The AOC does not obligate us to fund or perform the remedial action contemplated by either the draft RI/FS or the ROD. Furthermore, the parties who will participate in funding the remediation and their respective allocations have not been determined. We do not agree that a bank-to-bank remedy is warranted, and we are not obligated to fund any of the remedial action at this time; nevertheless, we previously estimated the cost to be incurred by us as a potential participant in a bank-to-bank dredging remedy and recorded an immaterial loss for this matter in 2015.

- TEXAS BRINE MATTER (DISCONTINUED OPERATIONS) — During the operation of its former Chemicals Division, Vulcan secured the right to mine salt out of an underground salt dome formation in Assumption Parish, Louisiana from 1976 - 2005. Throughout that period and for all times thereafter, the Texas Brine Company (Texas Brine) was the operator contracted by Vulcan (and later Occidental) to mine and deliver the salt. We sold our Chemicals Division in 2005 and transferred our rights and interests related to the salt and mining operations to the purchaser, a subsidiary of Occidental, and we have had no association with the leased premises or Texas Brine since that time. In August 2012, a sinkhole developed in the vicinity of the Texas Brine mining operations, and numerous lawsuits were filed in state court in Assumption Parish, Louisiana. Other lawsuits, including class action litigation, were also filed in federal court before the Eastern District of Louisiana in New Orleans.

There are numerous defendants, including Texas Brine and Occidental, to the litigation in state and federal court. Vulcan was first brought into the litigation as a third-party defendant in August 2013 by Texas Brine. We have since been added as a direct and third-party defendant by other parties, including a direct claim by the state of Louisiana. Damage categories encompassed within the litigation include individual plaintiffs' claims for property damage, a claim by the state of Louisiana for response costs and civil penalties, claims by Texas Brine for response costs and lost profits, claims for physical damages to nearby oil and gas pipelines and storage facilities (pipelines), and business interruption claims.

In addition to the plaintiffs' claims, we were also sued for contractual indemnity and comparative fault by both Texas Brine and Occidental. It is alleged that the sinkhole was caused, in whole or in part, by our negligent actions or failure to act. It is also alleged that we breached the salt lease with Occidental, as well as an operating agreement and related contracts with Texas Brine; that we are strictly liable for certain property damages in our capacity as a former lessee of the salt lease; and that we violated certain covenants and conditions in the agreement under which we sold our Chemicals Division to Occidental. We likewise made claims for contractual indemnity and on a basis of comparative fault against Texas Brine and Occidental. Vulcan and Occidental have since dismissed all of their claims against one another. Texas Brine has claims that remain pending against Vulcan and against Occidental.

A bench trial (judge only) began in September 2017 and ended in October 2017 in the pipeline cases. The trial was limited in scope to the allocation of comparative fault or liability for causing the sinkhole, with a damages phase of the trial to be held at a later date. In December 2017, the judge issued a ruling on the allocation of fault among the three defendants as follows: Occidental 50%, Texas Brine 35% and Vulcan 15%. This ruling has been appealed by the parties.

We have settled all except two outstanding cases, and our insurers to date have funded these settlements in excess of our self-insured retention amount. The remaining cases involve Texas Brine and the state of Louisiana. Discovery remains ongoing and we cannot reasonably estimate a range of liability pertaining to these open cases at this time.

- NEW YORK WATER DISTRICT CASES (DISCONTINUED OPERATIONS) — During the operation of our former Chemicals Division, which was divested to Occidental in 2005, Vulcan manufactured a chlorinated solvent known as 1,1,1-trichloroethane. We are a defendant in 27 cases allegedly involving 1,1,1-trichloroethane. All of the cases are filed in the United States District Court for the Eastern District of New York. According to the various complaints, the plaintiffs are public drinking water providers who serve customers in seven New York counties (Nassau, Orange, Putnam, Sullivan, Ulster, Washington and Westchester). It is alleged that our 1,1,1-trichloroethane was stabilized with 1,4-dioxane and that various water wells of the plaintiffs are contaminated with 1,4-dioxane. The plaintiffs are seeking unspecified compensatory and punitive damages. We will vigorously defend the cases. At this time we cannot determine the likelihood or reasonably estimate a range of loss, if any, pertaining to the cases.

- HEWITT LANDFILL MATTER (SUPERFUND SITE) — In September 2015, the Los Angeles Regional Water Quality Control Board (RWQCB) issued a Cleanup and Abatement Order directing Vulcan to assess, monitor, cleanup and abate wastes that have been discharged to soil, soil vapor, and/or groundwater at the former Hewitt Landfill in Los Angeles.

  Following a thorough investigation and pilot scale testing, the RWQCB approved a corrective action that includes leachate recovery, storm water capture and conveyance improvements, and a groundwater pump, treat and reinjection system. Certain on-site source control measures have been implemented and the groundwater treatment system is expected to be operating in mid-2020. The currently-anticipated costs of these on-site source control activities have been fully accrued.

  We are also engaged in an ongoing dialogue with the EPA, the Los Angeles Department of Water and Power, and other stakeholders regarding the potential contribution of the Hewitt Landfill to groundwater contamination in the North Hollywood Operable Unit (NHOU) of the San Fernando Valley Superfund Site. We are gathering and analyzing data and developing technical information to determine the extent of possible contribution by the Hewitt Landfill to the groundwater contamination in the area. This work is also intended to assist in identification of other PRPs that may have contributed to groundwater contamination in the area.

  The EPA and Vulcan entered into an AOC and Statement of Work having an effective date of September 2017 for the design of two extraction wells south of the Hewitt Site to protect the North Hollywood West (NHW) well field located within the NHOU. In November 2017, we submitted a Pre-Design Investigation (PDI) Work Plan to the EPA, which sets forth the activities and schedule for our evaluation of the need for a two-well remedy. These activities were completed between the first and third quarters of 2018, and in December 2018 we submitted a PDI Evaluation Report to the EPA. The PDI Evaluation Report summarizes data collection activities conducted pursuant to the PDI Work Plan and provides model updates and evaluation of remediation alternatives. In May 2019, the EPA provided an initial set of comments on the PDI Evaluation Report but has not yet provided additional, final comments. Until the EPA’s review of the PDI Evaluation Report is complete and an effective remedy can be agreed upon, we cannot identify an appropriate remedial action. Given the various stakeholders involved and the uncertainties relating to issues such as testing, monitoring, and remediation alternatives, we cannot reasonably estimate a loss pertaining to this matter.

- NAFTA ARBITRATION — In September 2018, our subsidiary Legacy Vulcan, LLC (Legacy Vulcan), on its own behalf, and on behalf of our Mexican subsidiary Calizas Industriales del Carmen, S.A. de C.V. (Calica), served the United Mexican States (Mexico) a Notice of Intent to Submit a Claim to Arbitration under Chapter 11 of the North American Free Trade Agreement (NAFTA). Our NAFTA claim relates to the treatment of a portion of our quarrying operations in Playa del Carmen (Cancun), Mexico, arising from, among other measures, Mexico’s failure to comply with a legally binding zoning agreement and relates to other unfair, arbitrary and capricious actions by Mexico’s environmental enforcement agency. We assert that these actions are in breach of Mexico’s international obligations under NAFTA and international law.

  As required by Article 1118 of NAFTA, we sought to settle this dispute with Mexico through consultations. Notwithstanding our good faith efforts to resolve the dispute amicably, we were unable to do so and filed a Request for Arbitration, which we filed with the International Centre for Settlement of Investment Disputes (ICSID) in December 2018. In January 2019, ICSID registered our Request for Arbitration.

  We expect that the NAFTA arbitration will take at least two years to be concluded. At this time, there can be no assurance whether we will be successful in our NAFTA claim, and we cannot quantify the amount we may recover, if any, under this arbitration proceeding if we were successful.

It is not possible to predict with certainty the ultimate outcome of these and other legal proceedings in which we are involved, and a number of factors, including developments in ongoing discovery or adverse rulings, or the verdict of a particular jury, could cause actual losses to differ materially from accrued costs. No liability was recorded for claims and litigation for which a loss was determined to be only reasonably possible or for which a loss could not be reasonably estimated. Legal costs incurred in defense of lawsuits are expensed as incurred. In addition, losses on certain claims and litigation described above may be subject to limitations on a per occurrence basis by excess insurance, as described in our most recent Annual Report on Form 10-K.

NOTE 9: 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. These AROs relate to our underlying land parcels, including both owned properties and mineral leases. ARO operating costs related to accretion of the liabilities and depreciation of the assets are as follows:

	Three Months Ended March 31	
in thousands	***2020***	*2019*
ARO Operating Costs		
Accretion	**$ 2,908**	$ 2,733
Depreciation	**1,836**	1,841
Total	**$ 4,744**	$ 4,574

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

Reconciliations of the carrying amounts of our AROs are as follows:

	Three Months Ended March 31	
in thousands	***2020***	*2019*
Asset Retirement Obligations		
Balance at beginning of year	**$ 210,323**	$ 225,726
Liabilities incurred	**0**	0
Liabilities settled	**(5,234)**	(3,578)
Accretion expense	**2,908**	2,733
Revisions, net	**55,448**	305
Balance at end of period	**$ 263,445**	$ 225,186

ARO liabilities settled during the first three months of 2020 and 2019 include $722,000 and $1,266,000, respectively, of reclamation activities required under a development agreement and conditional use permits at two adjacent aggregates sites on owned property in Southern California. The reclamation required under the development agreement will result in the restoration of 90 acres of previously mined property to conditions suitable for retail and commercial development.

ARO revisions during the first three months of 2020 primarily include increases in estimated costs at three aggregates locations, including reclamation activities required under a development agreement at an aggregates site on owned property in Southern California. The reclamation required under the development agreement will result in the restoration of previously mined property to conditions suitable for retail and commercial development.

NOTE 10: BENEFIT PLANS

PENSION PLANS

We sponsor three qualified, noncontributory defined benefit pension plans. These plans cover substantially all employees hired before July 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 and the Chemicals Hourly Plan are generally based on salaries or wages and years of service; the Construction Materials Hourly Plan provides benefits equal to a flat dollar amount for each year of service. In addition to these qualified plans, we sponsor three unfunded, nonqualified pension plans.

In 2005, benefit accruals for our Chemicals Hourly Plan participants ceased upon the sale of our Chemicals business. Effective July 2007, we amended our defined benefit pension plans to no longer accept new participants with the exception of two unions that continue to add new participants. Future benefit accruals for participants in our salaried defined benefit pension plans ceased on December 31, 2013, while salaried participants' earnings considered for benefit calculations were frozen on December 31, 2015.

The following table sets forth the components of net periodic pension benefit cost:

PENSION BENEFITS	Three Months Ended March 31	
in thousands	***2020***	*2019*
Components of Net Periodic Benefit Cost		
Service cost	**$ 1,331**	$ 1,249
Interest cost	**7,531**	9,410
Expected return on plan assets	**(12,485)**	(11,938)
Amortization of prior service cost	**335**	335
Amortization of actuarial loss	**3,140**	1,358
Net periodic pension benefit cost (credit)	**$ (148)**	$ 414
Pretax reclassifications from AOCI included in net periodic pension benefit cost	**$ 3,475**	$ 1,693

The contributions to pension plans for the three months ended March 31, 2020 and 2019, as reflected on the Condensed Consolidated Statements of Cash Flows, pertain to benefit payments under nonqualified plans for both periods.

POSTRETIREMENT PLANS

In addition to pension benefits, we provide certain healthcare and life insurance benefits for some retired employees. In 2012, we amended our postretirement healthcare plan to cap our portion of the medical coverage cost at the 2015 level. Substantially all our salaried employees and, where applicable, certain of our hourly employees may become eligible for these benefits if they reach a qualifying age and meet certain service requirements. Generally, Company-provided healthcare benefits end when covered individuals become eligible for Medicare benefits, become eligible for other group insurance coverage or reach age 65, whichever occurs first.

The following table sets forth the components of net periodic other postretirement benefit cost:

OTHER POSTRETIREMENT BENEFITS	Three Months Ended March 31	
in thousands	***2020***	*2019*
Components of Net Periodic Benefit Cost		
Service cost	**$ 380**	$ 329
Interest cost	**242**	347
Amortization of prior service credit	**(980)**	(980)
Amortization of actuarial gain	**(201)**	(327)
Net periodic postretirement benefit credit	**$ (559)**	$ (631)
Pretax reclassifications from AOCI included in net periodic postretirement benefit credit	**$ (1,181)**	$ (1,307)

DEFINED CONTRIBUTION PLANS

In addition to our pension and postretirement plans, we sponsor two defined contribution plans. Substantially all salaried and nonunion hourly employees are eligible to be covered by one of these plans. Under these plans, we match employees' eligible contributions at established rates. Expense recognized in connection with these matching obligations totaled $11,057,000 and $13,919,000 for the three months ended March 31, 2020 and 2019, respectively.

NOTE 11: OTHER COMPREHENSIVE INCOME

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

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

in thousands	***March 31 2020***	*December 31 2019*	*March 31 2019*
AOCI			
Interest rate hedges	**$ (24,839)**	$ (10,953)	$ (11,125)
Pension and postretirement plans	**(185,090)**	(186,785)	(160,800)
Total	**$ (209,929)**	$ (197,738)	$ (171,925)

Changes in AOCI, net of tax, for the three months ended March 31, 2020 are as follows:

in thousands	*Interest Rate Hedges*	*Pension and Postretirement Benefit Plans*	*Total*
AOCI			
Balances as of December 31, 2019	$ (10,953)	$ (186,785)	$ (197,738)
Other comprehensive income (loss) before reclassifications	(14,680)	0	(14,680)
Amounts reclassified from AOCI	794	1,695	2,489
Net current period OCI changes	(13,886)	1,695	(12,191)
Balances as of March 31, 2020	**$ (24,839)**	**$ (185,090)**	**$ (209,929)**

Amounts reclassified from AOCI to earnings, are as follows:

in thousands	***Three Months Ended March 31***	
	2020	*2019*
Amortization of Interest Rate Hedge Losses		
Interest expense	**$ 1,074**	$ 75
Benefit from income taxes	**(280)**	(20)
Total	**$ 794**	$ 55
Amortization of Pension and Postretirement Plan Actuarial Loss and Prior Service Cost		
Other nonoperating expense	**$ 2,294**	$ 386
Benefit from income taxes	**(599)**	(151)
Total	**$ 1,695**	$ 235
Total reclassifications from AOCI to earnings	**$ 2,489**	$ 290

NOTE 12: EQUITY

Our capital stock consists solely of common stock, par value $1.00 per share, of which 480,000,000 shares may be issued. Holders of our common stock are entitled to one vote per share. We may also issue 5,000,000 shares of preferred stock, but no shares have been issued. The terms and provisions of such shares will be determined by our Board of Directors upon any issuance in accordance with our Certificate of Incorporation.

There were no shares held in treasury as of March 31, 2020, December 31, 2019 and March 31, 2019.

Our common stock purchases (all of which were open market purchases) and subsequent retirements for the year-to-date periods ended are as follows:

in thousands, except average cost	***March 31 2020***	*December 31 2019*	*March 31 2019*
Shares Purchased and Retired			
Number	**214**	19	0
Total purchase price	**$ 26,132**	$ 2,602	$ 0
Average cost per share	**$ 121.92**	$ 139.90	$ 0.00

As of March 31, 2020, 8,064,851 shares may be purchased under the current authorization of our Board of Directors.

Changes in total equity are summarized below:

	Three Months Ended March 31	
in thousands, except per share data	***2020***	*2019*
Total Equity		
Balance at beginning of year	**$ 5,621,857**	$ 5,202,903
Net earnings	**60,258**	63,299
Common stock issued		
Share-based compensation plans, net of shares withheld for taxes	**(15,082)**	(14,068)
Purchase and retirement of common stock	**(26,132)**	0
Share-based compensation expense	**6,716**	5,724
Cash dividends on common stock ($0.34/$0.31 per share, respectively)	**(45,100)**	(40,939)
Other comprehensive income	**(12,191)**	290
Balance at end of period	**$ 5,590,326**	$ 5,217,209

NOTE 13: SEGMENT REPORTING

We have four operating (and reportable) segments organized around our principal product lines: Aggregates, Asphalt, Concrete and Calcium. The vast majority of our activities are domestic. We sell a relatively small amount of construction aggregates outside the United States. Our Asphalt and Concrete segments are primarily 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 used in the production of asphalt mix and ready-mixed concrete. Management reviews earnings from the product line reporting segments principally at the gross profit level.

SEGMENT FINANCIAL DISCLOSURE

	Three Months Ended March 31	
in thousands	***2020***	*2019*
Total Revenues		
Aggregates [1]	**$ 868,226**	$ 834,965
Asphalt [2]	**139,789**	132,090
Concrete	**94,765**	83,637
Calcium	**2,026**	1,951
Segment sales	**$ 1,104,806**	$ 1,052,643
Aggregates intersegment sales	**(55,564)**	(56,132)
Total revenues	**$ 1,049,242**	$ 996,511
Gross Profit		
Aggregates	**$ 194,131**	$ 185,716
Asphalt	**(2,435)**	(3,272)
Concrete	**9,213**	8,563
Calcium	**814**	668
Total	**$ 201,723**	$ 191,675
Depreciation, Depletion, Accretion and Amortization (DDA&A)		
Aggregates	**$ 77,136**	$ 72,521
Asphalt	**8,734**	8,550
Concrete	**4,082**	2,964
Calcium	**49**	60
Other	**5,479**	5,086
Total	**$ 95,480**	$ 89,181
Identifiable Assets [3]		
Aggregates	**$ 9,473,128**	$ 9,275,593
Asphalt	**563,630**	564,103
Concrete	**322,044**	288,797
Calcium	**3,602**	3,905
Total identifiable assets	**$ 10,362,404**	$ 10,132,398
General corporate assets	**146,705**	133,346
Cash and cash equivalents and restricted cash	**120,273**	31,108
Total assets	**$ 10,629,382**	$ 10,296,852

1 *Includes product sales (crushed stone, sand and gravel, sand, and other aggregates), as well as freight & delivery costs that we pass along to our customers, and service revenues (see Note 4) related to aggregates.*

2 *Includes product sales, as well as service revenues (see Note 4) from our asphalt construction paving business.*

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

NOTE 14: SUPPLEMENTAL CASH FLOW INFORMATION

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

	Three Months Ended March 31	
in thousands	***2020***	*2019*
Cash Payments (Refunds)		
Interest (exclusive of amount capitalized)	**$ 17,033**	$ 19,798
Income taxes	**340**	(364)
Noncash Investing and Financing Activities		
Accrued liabilities for purchases of property, plant & equipment	**$ 25,862**	$ 34,360
Right-of-use assets obtained in exchange for new operating lease liabilities [1]	**21,522**	435,192
Amounts referable to business acquisitions		
Liabilities assumed	**0**	(2,720)

1 *The 2019 amount includes the initial right-of-use assets resulting from our adoption of ASU 2016-02, "Leases."*

NOTE 15: GOODWILL

Goodwill is recognized when the consideration paid for a business exceeds the fair value of the tangible and identifiable 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 three month periods ended March 31, 2020 and 2019. Accumulated goodwill impairment losses amount to $252,664,000 in the Calcium segment.

We have four reportable segments organized around our principal product lines: Aggregates, Asphalt, Concrete and Calcium. There were no changes in the carrying amount of goodwill by reportable segment from December 31, 2019 to March 31, 2020 as shown below:

in thousands	*Aggregates*	*Asphalt*	*Concrete*	*Calcium*	*Total*
Goodwill					
Totals at December 31, 2019	$ 3,075,428	$ 91,633	$ 0	$ 0	$ 3,167,061
Totals at March 31, 2020	**$ 3,075,428**	**$ 91,633**	**$ 0**	**$ 0**	**$ 3,167,061**

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.

NOTE 16: ACQUISITIONS AND DIVESTITURES

BUSINESS ACQUISITIONS

2020 BUSINESS ACQUISITIONS — We had no acquisitions through the three months ended March 31, 2020.

2019 BUSINESS ACQUISITIONS — For the full year 2019, we purchased the following operations, none of which were material to our results of operations or financial position either individually or collectively, for total cash consideration of $45,273,000:

- Tennessee — aggregates operations
- Virginia — ready-mixed concrete operations

The 2019 acquisitions listed above are reported in our consolidated financial statements as of their respective acquisition dates. Purchase price allocations have not been finalized due to pending appraisals for intangible assets and property, plant & equipment.

As a result of the 2019 acquisitions, we recognized $25,443,000 of amortizable intangible assets (contractual rights in place). The contractual rights in place will be amortized against earnings on a straight-line basis over a weighted-average 19.5 years and will be deductible for income tax purposes over 15 years.

DIVESTITURES AND PENDING DIVESTITURES

We had no divestitures through the three months ended March 31, 2020.

In 2019, we sold:

- First quarter — two aggregates operations in Georgia and reversed a contingent payable related to the fourth quarter 2017 Department of Justice required divestiture of former Aggregates USA operations, resulting in a pretax gain of $4,064,000

No assets met the criteria for held for sale at March 31, 2020, December 31, 2019 or March 31, 2019.

NOTE 17: NEW ACCOUNTING STANDARDS

ACCOUNTING STANDARDS RECENTLY ADOPTED

CREDIT LOSSES During the first quarter of 2020, we adopted Accounting Standards Update (ASU) 2016-13, “Measurement of Credit Losses on Financial Instruments.” This ASU amended prior guidance on the impairment of financial instruments. The new guidance estimates credit losses based on expected losses, modifies the impairment model for available-for-sale debt securities and provides for a simplified accounting model for purchased financial assets with credit deterioration. The adoption of this standard did not materially impact our consolidated financial statements.

ACCOUNTING STANDARDS PENDING ADOPTION

In March 2020, the Financial Accounting Standards Board (FASB) issued ASU 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting," which provides optional expedients and exceptions for applying GAAP to contract modifications and hedging relationships that reference LIBOR or another reference rate expected to be discontinued. The ASU is effective immediately for all entities and will apply through December 31, 2022. For additional information, see our LIBOR transition disclosure in Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" under "Liquidity and Financial Resources - Debt." We continue to evaluate the effect that discontinuance of LIBOR will have on our contracts.

INCOME TAXES In December 2019, the FASB issued ASU 2019-12, “Simplifying the Accounting for Income Taxes,” which adds new guidance to simplify the accounting for income taxes and changes the accounting for certain income tax transactions. The new standard is effective as of January 1, 2021, and early adoption is permitted. We do not expect this standard to have a material impact on our consolidated financial statements.

DEFINED BENEFIT PLANS In August 2018, the FASB issued ASU 2018-14, “Changes to the Disclosure Requirements for Defined Benefit Plans,” which adds, removes and clarifies the disclosure requirements for employers that sponsor defined benefit pension and other postretirement benefit plans. ASU 2018-14 is effective for fiscal years ending after December 15, 2020 and is to be applied retrospectively. The adoption of this standard will have a minor impact on the notes to our consolidated financial statements, specifically, our benefit plans note.

GENERAL COMMENTS

OVERVIEW

We provide the basic materials for the infrastructure needed to maintain and expand the U.S. economy. We operate primarily in the U.S. and are the nation's largest supplier of construction aggregates (primarily crushed stone, sand and gravel) and a major producer of asphalt mix and ready-mixed concrete. Our strategy and competitive advantage are based on our strength in aggregates which are used in most types of construction and in the production of asphalt mix and ready-mixed concrete.

Demand for our products is dependent on construction activity and correlates positively with changes in population growth, household formation and employment. End uses include public construction (e.g., highways, bridges, buildings, airports, schools, prisons, sewer and waste disposal systems, water supply systems, dams, reservoirs and other public construction projects), private nonresidential construction (e.g., manufacturing, retail, offices, industrial and institutional) and private residential construction (e.g., single-family houses, duplexes, apartment buildings and condominiums).

Aggregates have a very 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, rendering them uncompetitive compared to locally produced materials. Exceptions to this typical market structure include areas along the U.S. Gulf Coast and the Eastern Seaboard where there are limited supplies of locally available, high-quality aggregates. We serve these markets from quarries that have access to cost-effective long-haul transportation — shipping by barge and rail — and from our quarry on Mexico's Yucatan Peninsula with our fleet of Panamax-class, self-unloading ships.

There are limited substitutes for quality aggregates. Due to zoning and permitting regulation and high transportation costs relative to the value of the product, the location of reserves is a critical factor to our long-term success.

No material part of our business depends upon any single customer whose loss would have a significant adverse effect on our business. In 2019, our five largest customers accounted for 7.7% of our total revenues (excluding internal sales), and no single customer accounted for more than 1.9% of our total revenues. Although approximately 45% to 55% of our aggregates shipments have historically been used in publicly-funded construction, such as highways, airports and government buildings, a relatively small portion of our 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, the vast majority of our business is not directly subject to renegotiation of profits or termination of contracts with local, state or federal governments. In addition, our sales to government entities span several hundred entities coast-to-coast, ensuring that negative changes to various government budgets would have a muted impact across such a diversified set of government customers.

While aggregates is our focus and primary business, we believe vertical integration between aggregates and downstream products, such as asphalt mix and ready-mixed concrete, can be managed effectively in certain markets to generate attractive financial returns and enhance financial returns in our core Aggregates segment. We produce and sell asphalt mix and/or ready-mixed concrete primarily in our Alabama, Arizona, California, Maryland, New Mexico, Tennessee, Texas, Virginia and Washington D.C. markets. Aggregates comprise approximately 95% of asphalt mix by weight and 80% of ready-mixed concrete by weight. In both of these downstream businesses, aggregates are primarily supplied from our operations.

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 volume 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. Furthermore, our sales and earnings are sensitive to national, regional and local economic conditions, demographic and population fluctuations, and particularly to cyclical swings in construction spending, primarily in the private sector.

EXECUTIVE SUMMARY

FINANCIAL HIGHLIGHTS FOR FIRST QUARTER 2020

Compared to first quarter of 2019:

- Total revenues increased $52.7 million, or 5%, to $1,049.2 million
- Gross profit increased $10.0 million, or 5%, to $201.7 million
- Aggregates segment sales increased $33.3 million, or 4%, to $868.2 million
- Aggregates segment freight-adjusted revenues increased $19.4 million, or 3%, to $648.0 million
  - Shipments decreased 1.3%, or 0.6 million tons, to 45.0 million tons
    - Same-store shipments decreased 1.3%, or 0.6 million tons, to 45.0 million tons
  - Freight-adjusted sales price increased 4.5%, or $0.62 per ton
    - Same-store freight-adjusted sales price increased 4.4%, or $0.61 per ton
  - Segment gross profit increased $8.4 million, or 5%, to $194.1 million
- Asphalt, Concrete and Calcium segment gross profit increased $1.6 million, or 27%, to $7.6 million, collectively
- Selling, administrative and general (SAG) expenses decreased $3.8 million and decreased 0.8 percentage points (80 basis points) as a percentage of total revenues
- Operating earnings increased $7.9 million, or 8%, to $112.3 million
- Earnings from continuing operations were $60.0 million, or $0.45 per diluted share, compared to $63.9 million, or $0.48 per diluted share
- Adjusted earnings from continuing operations were $0.47 per diluted share, compared to $0.46 per diluted share
- Net earnings were $60.3 million, a decrease of $3.0 million, or 5%
- Adjusted EBITDA was $201.0 million, an increase of $8.3 million, or 4%
- Returned capital to shareholders via dividends ($45.1 million @ $0.34 per share versus $40.9 million @ $0.31 per share) and share repurchases ($26.1 million @ an average price of $121.92 per share versus none in first quarter 2019)

First quarter revenues were $1,049.2 million and net earnings were $60.3 million. Earnings from continuing operations were $0.45 per diluted share, and Adjusted EBITDA was $201.0 million. This year's first quarter earnings included a pretax foreign currency translation loss of $6.4 million resulting from the rapid devaluation of the Mexican peso.

Segment revenues and gross profit improved versus the prior year in each of our product lines. Aggregates segment earnings benefited from continued price improvement and solid shipment growth in certain key markets. Asphalt and Concrete segment earnings reflected revenue growth and improved unit margins.

Our first quarter earnings improved across all segments and were in line with our expectations, despite wet weather in certain key markets in the Southeast and Southwest. These results demonstrated the strong long-term fundamental position of our aggregates-led businesses and our commitment to leading the industry in pricing and unit profitability.

We experienced minimal financial impact from the COVID-19 pandemic in the first quarter. Our main focus right now is ensuring the health and safety of our employees, maintaining our operational readiness, preserving liquidity and supporting the communities in which we operate. Our employees are engaged and ready to support one another, service our customers, and meet the challenges of today as we prepare for tomorrow.

From a position of strength, we are proactively planning for the potential impacts of the pandemic on construction activity. Our strengths are derived from the flexibility provided by our aggregates-focused business, our diverse geographic footprint, our balance sheet structure and recently enhanced liquidity, and our operational capabilities. Our leading market positions, built over more than 60 years, and our proven track record of strong operations also position us well. That said, we have undertaken a comprehensive review of our operating plans and have contingency plans in place to respond as efficiently as possible to demand shifts. Aggregates is far more adaptable to these demand shifts than any other construction materials, a characteristic that should serve us well during this period of disruption. As a result, we will be well-equipped to manage our business effectively and serve our customers reliably through these unprecedented times. Our execution capabilities are supported by our four strategic initiatives (Commercial and Operational Excellence, Logistics Innovation and Strategic Sourcing), which have been implemented over the last few years. These operating plans are underpinned by our healthy balance sheet and strong liquidity position, which we have further enhanced.

Capital expenditures in the first quarter were $109.0 million. This amount included both core operating and maintenance capital investments to improve or replace existing property, plant and equipment as well as internal growth projects already underway. Our full-year expectations for 2020 capital spending have been revised downward in response to the unknown impacts of the COVID-19 pandemic. We now expect to spend between $275 and $325 million (previously $475 million) on capital this year, most of which is for core operating and maintenance. Given that the economic outlook is evolving quickly, we will continue to review our plans and adjust as needed, being thoughtful about preserving liquidity. We will continue to take a disciplined approach to acquisitions, focusing on only those assets that are a strategic priority. During the quarter, there were no acquisitions.

During the quarter, we returned $45.1 million to shareholders through dividends, a 10% increase versus the prior year's quarter. We also invested $26.1 million in share repurchases in the quarter.

At quarter-end, total debt to trailing-twelve month Adjusted EBITDA was 2.2 times (2.1 times on a net debt basis reflecting cash on hand). Our weighted-average debt maturity was 14 years, and the effective weighted-average interest rate was 4.2%.

In April, we entered into a $750.0 million 364-day delayed draw term loan, which further enhanced our already strong liquidity position. At March 31, 2020, there were no borrowings outstanding under the existing $750.0 million revolving credit facility.

OUTLOOK

The impact from the current novel coronavirus (COVID-19) pandemic continues to evolve quickly and it is too early to estimate accurately the full year impact on aggregates demand. We are operating as an essential business and shipment activity has remained relatively strong across many of our markets as customers execute on their backlog of projects. However, we expect some project timelines will be modified as every market adjusts to economic disruptions. While the COVID-19 pandemic has not yet materially impacted our business, operations, or financial results, it may have far-reaching impacts on many aspects of our operations, directly and indirectly, including with respect to its impacts on customer behaviors, business and manufacturing operations, our employees, and the market generally — and the scope and nature of these impacts continue to evolve each day. We will continue to assess the evolving impact of the COVID-19 pandemic and make adjustments to our responses accordingly.

Because of this uncertainty in aggregates demand, we are withdrawing our previous financial guidance for 2020. We will continue to closely monitor trends in construction activity and work with our customers to meet their needs in this challenging operating environment. We will provide updates as more information becomes available and our visibility improves. While we do not have the ability to control demand, our advantage is our ability to control many other aspects of our business. We remain confident in our ability to successfully navigate the changing environment. We will continue to operate from a position of strength supported by the resiliency of our aggregates business, progress on the four strategic initiatives and the engagement of our people.

Additionally, we currently do not anticipate any material impairment charges, increases in allowances for credit losses, increases in deferred tax asset valuation allowances, restructuring charges or other expenses, violations of debt covenants, or changes in accounting judgments that are reasonably likely to have a material impact on our financial statements.

For support functions, we have implemented remote work arrangements and restricted business travel effective mid-March. To date, these arrangements have not materially affected our ability to maintain our business operations, including the operation of financial reporting systems, internal control over financial reporting, and disclosure controls and procedures.

RESULTS OF OPERATIONS

Total revenues are primarily derived from our product sales of aggregates, asphalt mix and ready-mixed concrete, and include freight & delivery costs that we pass along to our customers to deliver these products. We also generate service revenues from our asphalt construction paving business and services related to our aggregates business. We present separately our discontinued operations, which consist of our former Chemicals business.

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

CONSOLIDATED OPERATING RESULTS HIGHLIGHTS

	Three Months Ended March 31	
in millions, except unit and per unit data	***2020***	*2019*
Total revenues	**$ 1,049.2**	$ 996.5
Cost of revenues	**847.5**	804.8
Gross profit	**$ 201.7**	$ 191.7
Gross profit margin	***19.2%***	*19.2%*
Selling, administrative and general (SAG)	**$ 86.4**	$ 90.3
SAG as a percentage of total revenues	***8.2%***	*9.1%*
Operating earnings	**$ 112.3**	$ 104.4
Interest expense, net	**$ 30.8**	$ 32.9
Earnings from continuing operations before income taxes	**$ 72.2**	$ 74.6
Income tax expense	**$ 12.2**	$ 10.7
Effective tax rate from continuing operations	***16.9%***	*14.3%*
Earnings from continuing operations	**$ 60.0**	$ 63.9
Earnings (loss) on discontinued operations, net of income taxes	**0.3**	(0.6)
Net earnings	**$ 60.3**	$ 63.3
Diluted earnings (loss) per share		
Continuing operations	**$ 0.45**	$ 0.48
Discontinued operations	**0.00**	0.00
Diluted net earnings per share	**$ 0.45**	$ 0.48
EBITDA [1]	**$ 198.4**	$ 196.7
Adjusted EBITDA [1]	**$ 201.0**	$ 192.7
Average Sales Price and Unit Shipments		
Aggregates		
Tons (thousands)	**45,048**	45,637
Freight-adjusted sales price	**$ 14.39**	$ 13.77
Asphalt Mix		
Tons (thousands)	**2,057**	2,022
Average sales price	**$ 58.51**	$ 55.91
Ready-mixed concrete		
Cubic yards (thousands)	**734**	670
Average sales price	**$ 127.91**	$ 123.94
Calcium		
Tons (thousands)	**73**	68
Average sales price	**$ 27.56**	$ 28.32

1 *Non-GAAP measures are defined and reconciled within this Item 2 under the caption Reconciliation of Non-GAAP Measures.*

FIRST QUARTER 2020 COMPARED TO FIRST QUARTER 2019

First quarter 2020 total revenues were $1,049.2 million, up 5% from the first quarter of 2019. Shipments decreased slightly in aggregates (-1.3%) but were up in asphalt mix (+2%) and ready-mixed concrete (+10%). Gross profit increased in all segments: Aggregates (+$8.4 million or +5%), Asphalt (+$0.8 million) and Concrete (+$0.7 million or +8%). A decrease in the unit cost of diesel fuel decreased costs by $3.0 million from the prior year's first quarter with most ($2.3 million) of this cost decline reflected in the Aggregates segment.

Net earnings for the first quarter of 2020 were $60.3 million, or $0.45 per diluted share, compared to $63.3 million, or $0.48 per diluted share, in the first quarter of 2019. Each period's results were impacted by discrete items, as follows:

Net earnings for the first quarter of 2020 include:

- pretax charges of $1.1 million associated with non-routine business development
- pretax charges of $0.6 million for COVID-19 pandemic direct incremental costs
- pretax charges of $0.9 million for restructuring

Net earnings for the first quarter of 2019 include:

- pretax gains of $4.1 million related to the sale of businesses (see Note 16 to the condensed consolidated financial statements)

Adjusted for these discrete items, earnings from continuing operations (Adjusted Diluted EPS) was $0.47 per diluted share for the first quarter of 2020 compared to $0.46 per diluted share in the first quarter of 2019.

CONTINUING OPERATIONS — Changes in earnings from continuing operations before income taxes for the first quarter of 2020 versus the first quarter of 2019 are summarized below:

EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES

in millions		
First quarter 2019	$	74.6
Higher aggregates gross profit		8.4
Higher asphalt gross profit		0.8
Higher concrete gross profit		0.7
Higher calcium gross profit		0.1
Lower selling, administrative and general expenses		3.8
Lower gain on sale of property, plant & equipment and businesses		(6.3)
Lower interest expense, net		2.2
Higher foreign currency translation losses		(6.6)
All other		(5.5)
First quarter 2020	$	72.2

First quarter Aggregates segment sales increased 4% to $868.2 million and gross profit increased 5% to $194.1 million. Unit margins increased $0.24 per ton, or 6%, to $4.31 per ton. These improvements resulted from growth in shipments in certain key markets and wide-spread growth in pricing.

First quarter aggregates shipments were 1.3% (1.3% same-store) lower than the prior year's strong first quarter, when aggregates shipments increased 13% as a result of delayed shipments from the fourth quarter of 2018. Many markets in the Southeast and Southwest were negatively impacted by wet weather while shipments in California, Florida, Illinois and Virginia realized solid growth. On a mix-adjusted basis, all of our key markets reported year-over-year price growth. For the quarter, freight-adjusted average sale price increased 4.5% (4.8% on a mix-adjusted basis) versus the prior year's quarter.

First quarter same-store unit cost of sales (freight-adjusted) increased 4% as compared to the prior year's quarter as a result of the negative impacts of higher repairs, maintenance and stripping costs, which were incurred early in the quarter to take advantage of the seasonally low production volume. Wet weather inefficiencies also affected costs in certain markets. These were partially offset by the modestly lower unit cost of diesel fuel in the quarter. Cash gross profit per ton increased 6% from the prior year's first quarter to $6.02 per ton. For the trailing-twelve months, cash gross profit was $6.82 per ton. Trailing-twelve month same-store incremental gross profit flow-through rate was 48.8%, below our long-term expectations of 60%. Quarterly gross profit flow-through rates can vary widely from quarter to quarter; therefore, we evaluate this metric on a trailing-twelve month basis.

Consistent with our expectations, Asphalt segment gross profit was a loss of $2.4 million for the seasonally slower first quarter, an improvement over last year's first quarter loss of $3.3 million. Asphalt mix shipments increased 2% and selling prices increased 5%. California, our largest asphalt market, reported volume growth in the first quarter, more than offsetting lower volumes in Texas. In both markets, weather contributed to the year-over-year change. Compared to the prior year's first quarter, the average unit cost for liquid asphalt was 6% lower and material margins increased 9%.

Concrete segment gross profit was $9.2 million, an 8% improvement from the prior year. Ready-mixed concrete shipments of 0.7 million cubic yards increased 10%, led by shipment growth in our two largest concrete markets, Northern Virginia and Northern California. The average sales price increased 3% while material margins increased 5%.

Calcium segment gross profit was $0.8 million, up $0.1 million compared to the prior year's quarter.

SAG expenses were $86.4 million versus $90.3 million in the prior year's first quarter. This year-over-year decline was due mostly to recently implemented cost reductions as well as adjustments to stock-based compensation to reflect a lower share price. As a percentage of total revenues, first quarter SAG expense decreased from 9.1% in 2019 to 8.2% in 2020. We remain focused on further leveraging our overhead structure.

Gain on sale of property, plant & equipment and businesses was $1.0 million in the first quarter of 2020 versus $7.3 million in the first quarter of 2019. The 2019 amount includes the aforementioned pretax gains of $4.1 million related to the sale of businesses.

Other operating expense, which has an approximate run-rate of $12 million a year (exclusive of discrete items), is composed primarily of idle facilities expense, environmental remediation costs, property abandonments, gain (loss) on settlement of AROs and rental income. Total other operating expense and significant items included in the total were:

- $4.0 million in first quarter 2020 — includes discrete items as follows:
  - $1.1 million of charges associated with non-routine business development
  - $0.6 million for COVID-19 pandemic direct incremental costs
  - $0.9 million of managerial restructuring charges
- $4.3 million in first quarter 2019

Other nonoperating income (expense) was a net expense of $9.3 million for the first quarter of 2020, unfavorable by $12.5 million from the first quarter of 2019. This unfavorable variance resulted primarily from two items: 1) the $6.4 million of foreign currency translation losses versus a $0.8 million gain in the prior year's quarter resulting from the rapid devaluation of the Mexican peso, and 2) the mark-to-market loss on our Rabbi Trust investments of $5.1 million versus a gain of $1.9 in the prior year's quarter due to declines in equity market values (see Note 5 to the condensed consolidated financial statements).

Net interest expense was $30.8 million in the first quarter of 2020 compared to $32.9 million in the first quarter of 2019. The current quarter's interest expense includes $1.0 million related to the ineffective portion of a cash flow hedge loss.

Income tax expense from continuing operations was $12.2 million in the first quarter of 2020 compared to $10.7 million in the first quarter of 2019. The increase in tax expense was primarily related to a decrease in excess tax benefits from share-based compensation quarter over quarter.

Earnings from continuing operations were $0.45 per diluted share in the first quarter of 2020 compared to $0.48 per diluted share in the first quarter of 2019.

DISCONTINUED OPERATIONS — First quarter pretax gain from discontinued operations was $0.4 million in 2020 compared with a loss $0.6 million in 2019. Both periods include charges/credits related to general and product liability costs, including legal defense costs, and environmental remediation costs associated with our former Chemicals business. For additional details, see Note 1 to the condensed consolidated financial statements under the caption Discontinued Operations.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

SAME-STORE

We have provided certain information on a same-store basis. When discussing our financial results in comparison to prior periods, we may exclude the operating results of recently acquired/divested businesses that do not have comparable results in the periods being discussed. These recently acquired/divested businesses are disclosed in Note 16 “Acquisitions and Divestitures.” This approach allows us to evaluate the performance of our operations on a comparable basis. We believe that measuring performance on a same-store basis is useful to investors because it enables evaluation of how our operations are performing period over period without the effects of acquisition and divestiture activity. Our same-store information may not be comparable to similar measures used by other companies.

AGGREGATES SEGMENT FREIGHT-ADJUSTED REVENUES

Aggregates segment freight-adjusted revenues is not a Generally Accepted Accounting Principle (GAAP) measure. We present this metric as it is consistent with the basis by which we review our operating results. We believe that this presentation is consistent with our competitors and meaningful to our investors as it excludes revenues associated with freight & delivery, which are pass-through activities. It also excludes immaterial other revenues related to services, such as landfill tipping fees, that are derived from our aggregates business. Additionally, we use this metric as the basis for calculating the average sales price of our aggregates products. Reconciliation of this metric to its nearest GAAP measure is presented below:

	Three Months Ended March 31	
in millions, except per ton data	***2020***	*2019*
Aggregates segment		
Segment sales	**$ 868.2**	$ 835.0
Less		
Freight & delivery revenues [1]	**205.7**	195.2
Other revenues	**14.5**	11.2
Freight-adjusted revenues	**$ 648.0**	$ 628.6
Unit shipments - tons	**45.0**	45.6
Freight-adjusted sales price	**$ 14.39**	$ 13.77

1 *At the segment level, freight & delivery revenues include intersegment freight & delivery (which are eliminated at the consolidated level) and freight to remote distribution sites.*

AGGREGATES SEGMENT INCREMENTAL GROSS PROFIT

Aggregates segment incremental gross profit flow-through rate is not a GAAP measure and represents the year-over-year change in gross profit divided by the year-over-year change in segment sales excluding freight & delivery (revenues and costs). We evaluate this metric on a trailing-twelve month basis as quarterly gross profit flow-through rates can vary widely from quarter to quarter. We present this metric as it is consistent with the basis by which we review our operating results. We believe that this presentation is consistent with our competitors and meaningful to our investors as it excludes revenues associated with freight & delivery, which are pass-through activities. Reconciliation of this metric to its nearest GAAP measure is presented below:

MARGIN IN ACCORDANCE WITH GAAP

	Three Months Ended March 31		Trailing-Twelve Months March 31	
dollars in millions	***2020***	*2019*	***2020***	*2019*
Aggregates segment				
Gross profit	**$ 194.1**	$ 185.7	**$ 1,155.1**	$ 1,029.4
Segment sales	**$ 868.2**	$ 835.0	**$ 4,023.5**	$ 3,649.0
Gross profit margin	**22.4%**	22.2%	**28.7%**	28.2%
Incremental gross profit margin	**25.3%**		**33.6%**	

FLOW-THROUGH RATE (NON-GAAP)

	Three Months Ended March 31		Trailing-Twelve Months March 31	
dollars in millions	***2020***	*2019*	***2020***	*2019*
Aggregates segment				
Gross profit	**$ 194.1**	$ 185.7	**$ 1,155.1**	$ 1,029.4
Less: Contribution from acquisitions (same-store)	**0.6**	0.3	**2.0**	0.5
Same-store gross profit	**$ 193.5**	$ 185.4	**$ 1,153.1**	$ 1,028.9
Segment sales	**$ 868.2**	$ 835.0	**$ 4,023.5**	$ 3,649.0
Less: Freight & delivery revenues [1]	**205.7**	195.2	**931.7**	833.2
Segment sales excluding freight & delivery	**$ 662.5**	$ 639.8	**$ 3,091.8**	$ 2,815.8
Less: Contribution from acquisitions (same-store)	**1.5**	1.0	**23.5**	2.2
Same-store segment sales excluding freight & delivery	**$ 661.0**	$ 638.8	**$ 3,068.3**	$ 2,813.6
Gross profit margin excluding freight & delivery	**29.3%**	29.0%	**37.4%**	36.6%
Same-store gross profit margin excluding freight & delivery	**29.3%**	29.0%	**37.6%**	36.6%
Incremental gross profit flow-through rate	**37.1%**		**45.5%**	
Same-store incremental gross profit flow-through rate	**36.6%**		**48.8%**	

1 *At the segment level, freight & delivery revenues include intersegment freight & delivery (which are eliminated at the consolidated level) and freight to remote distribution sites.*

CASH GROSS PROFIT

GAAP does not define “cash gross profit” and it should not be considered as an alternative to earnings measures defined by GAAP. We and the investment community use this metric to assess the operating performance of our business. Additionally, we present this metric as we believe that it closely correlates to long-term shareholder value. We do not use this metric as a measure to allocate resources. Cash gross profit adds back noncash charges for depreciation, depletion, accretion and amortization to gross profit. Aggregates segment cash gross profit per ton is computed by dividing Aggregates segment cash gross profit by tons shipped. Reconciliation of this metric to its nearest GAAP measure is presented below:

	Three Months Ended March 31	
in millions, except per ton data	***2020***	*2019*
Aggregates segment		
Gross profit	**$ 194.1**	$ 185.7
Depreciation, depletion, accretion and amortization	**77.1**	72.5
Aggregates segment cash gross profit	**$ 271.2**	$ 258.2
Unit shipments - tons	**45.0**	45.6
Aggregates segment gross profit per ton	**$ 4.31**	$ 4.07
Aggregates segment cash gross profit per ton	**$ 6.02**	$ 5.66
Asphalt segment		
Gross profit	**$ (2.4)**	$ (3.3)
Depreciation, depletion, accretion and amortization	**8.7**	8.6
Asphalt segment cash gross profit	**$ 6.3**	$ 5.3
Concrete segment		
Gross profit	**$ 9.2**	$ 8.6
Depreciation, depletion, accretion and amortization	**4.1**	3.0
Concrete segment cash gross profit	**$ 13.3**	$ 11.6
Calcium segment		
Gross profit	**$ 0.8**	$ 0.7
Depreciation, depletion, accretion and amortization	**0.0**	0.1
Calcium segment cash gross profit	**$ 0.8**	$ 0.8

EBITDA AND ADJUSTED EBITDA

GAAP does not define “Earnings Before Interest, Taxes, Depreciation and Amortization” (EBITDA) and it should not be considered as an alternative to earnings measures defined by GAAP. We use this metric to assess the operating performance of our business and as a basis for strategic planning and forecasting as we believe that it closely correlates to long-term shareholder value. We do not use this metric as a measure to allocate resources. We adjust EBITDA for certain items to provide a more consistent comparison of earnings performance from period to period. Reconciliation of this metric to its nearest GAAP measure is presented below (numbers may not foot due to rounding):

	Three Months Ended March 31	
in millions	***2020***	*2019*
Net earnings	**$ 60.3**	$ 63.3
Income tax expense (benefit)	**12.2**	10.7
Interest expense, net of interest income	**30.8**	32.9
(Earnings) loss on discontinued operations, net of tax	**(0.3)**	0.6
EBIT	**103.0**	107.6
Depreciation, depletion, accretion and amortization	**95.5**	89.2
EBITDA	**$ 198.4**	$ 196.7
Gain on sale of businesses	**$ 0.0**	$ (4.1)
Business development [1]	**1.1**	0.0
COVID-19 direct incremental costs	**0.6**	0.0
Restructuring charges	**0.9**	0.0
Adjusted EBITDA	**$ 201.0**	$ 192.7
Depreciation, depletion, accretion and amortization	**(95.5)**	(89.2)
Adjusted EBIT	**$ 105.5**	$ 103.5

1 *Represents non-routine charges associated with acquisitions including the cost impact of purchase accounting inventory valuations.*

ADJUSTED DILUTED EPS FROM CONTINUING OPERATIONS

Similar to our presentation of Adjusted EBITDA, we present Adjusted diluted earnings per share (EPS) from continuing operations to provide a more consistent comparison of earnings performance from period to period. This metric is not defined by GAAP and should not be considered as an alternative to earnings measures defined by GAAP. Reconciliation of this metric to its nearest GAAP measure is presented below:

	Three Months Ended March 31	
	2020	*2019*
Diluted Earnings Per Share		
Net earnings	**$ 0.45**	$ 0.48
Less: Discontinued operations (loss)	**0.00**	0.00
Diluted EPS from continuing operations	**$ 0.45**	$ 0.48
Items included in Adjusted EBITDA above	**$ 0.02**	$ (0.02)
Adjusted diluted EPS from continuing operations	**$ 0.47**	$ 0.46

LIQUIDITY AND FINANCIAL RESOURCES

Our primary sources of liquidity are cash provided by our operating activities and a substantial, committed bank line of credit. Subsequent to quarter-end, we entered into a $750.0 million delayed draw term loan to enhance our already strong liquidity and financial flexibility. Additional sources of capital include access to the capital markets, the sale of surplus real estate, and dispositions of nonstrategic operating assets. We believe these financial resources are sufficient to fund our business requirements for 2020, including:

- contractual obligations
- capital expenditures
- debt service obligations
- dividend payments
- potential share repurchases
- potential acquisitions

Our balanced approach to capital deployment remains unchanged. We intend to balance reinvestment in our business, growth through acquisitions and return of capital to shareholders, while sustaining financial strength and flexibility.

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

- maintain substantial bank line of credit borrowing capacity
- proactively manage our debt maturity schedule such that repayment/refinancing risk in any single year is low
- maintain an appropriate balance of fixed-rate and floating-rate debt
- minimize financial and other covenants that limit our operating and financial flexibility

However, as the impact of the COVID-19 pandemic on the economy and our operations evolves, we will continue to assess our liquidity sources and needs. A continued worldwide disruption could materially affect our future access to sources of liquidity. In the event of a sustained market deterioration, we may need additional liquidity, which would require us to evaluate available alternatives and take appropriate actions.

CASH

Included in our March 31, 2020 cash and cash equivalents and restricted cash balances of $120.3 million is $0.2 million of restricted cash as described in Note 1 under the caption Restricted Cash.

CASH FROM OPERATING ACTIVITIES

in millions	**Three Months Ended March 31** **2020**	*2019*
Net earnings	**$ 60.3**	$ 63.3
Depreciation, depletion, accretion and amortization (DDA&A)	**95.5**	89.2
Noncash operating lease expense	**8.9**	8.7
Contributions to pension plans	**(2.1)**	(2.3)
Other operating cash flows, net [1]	**(80.1)**	(42.7)
Net cash provided by operating activities	**$ 82.5**	$ 116.2

1 *Primarily reflects changes to working capital balances.*

Net cash provided by operating activities was $82.5 million during the three months ended March 31, 2020, a $33.7 million decrease compared to the same period of 2019. This decrease primarily resulted from increased net working capital balances — current receivables and inventories were up $27.5 million and $12.4 million, respectively, while current liabilities were down $59.9 million.

Days sales outstanding, a measurement of the time it takes to collect receivables, were 48 days at March 31, 2020, compared to 45 days at March 31, 2019. All customer accounts are actively managed and no losses in excess of amounts reserved are currently expected; attention is being paid to the potential negative impact of the COVID-19 pandemic on our customers' ability to pay their amounts owed to us.

CASH FROM INVESTING ACTIVITIES

Net cash used for investing activities was $130.2 million during the first three months of 2020, a $10.4 million increase compared to the same period of 2019. During the first quarter of 2020, we invested $142.7 million in our existing operations compared to $122.0 million in the prior year period. Of this $142.7 million, $45.8 million was invested in internal growth projects to enhance our distribution capabilities, develop new production sites and enhance existing production facilities and other growth opportunities.

CASH FROM FINANCING ACTIVITIES

Net cash used for financing activities in the first quarter of 2020 was $106.5 million, compared to $9.6 million in the same period of 2019. The current year includes $19.9 million of cash paid to settle the interest rate locks as discussed in Note 6 to the condensed consolidated financial statements. The prior year includes a net $45.5 draw on our bank line of credit. Additionally, we increased the capital returned to our shareholders by $30.3 million via higher dividends of $4.2 million ($0.34 per share compared to $0.31 per share) and higher share repurchases of $26.1 million (214,338 shares repurchased @ $121.92 average price per share compared to none in first quarter of 2019).

DEBT

Certain debt measures are presented below:

dollars in millions	March 31 2020	December 31 2019	March 31 2019
Debt			
Current maturities of long-term debt	**$ 0.0**	$ 0.0	$ 0.0
Short-term debt	**0.0**	0.0	178.5
Long-term debt [1]	**2,785.6**	2,784.3	2,780.6
Total debt	**$ 2,785.6**	$ 2,784.3	$ 2,959.1
Capital			
Total debt	**$ 2,785.6**	$ 2,784.3	$ 2,959.1
Equity	**5,590.3**	5,621.9	5,217.2
Total capital	**$ 8,375.9**	$ 8,406.2	$ 8,176.3
Total Debt as a Percentage of Total Capital	**33.3%**	33.1%	36.2%
Weighted-average Effective Interest Rates			
Line of credit [2]	**1.25%**	1.25%	1.25%
Term debt	**4.23%**	4.36%	4.55%
Fixed versus Floating Interest Rate Debt			
Fixed-rate debt	**73.7%**	73.7%	69.3%
Floating-rate debt	**26.3%**	26.3%	30.7%

1 *Long-term debt includes the $250.0 million floating-rate notes due June 2020 and the $500.0 million floating-rate notes due March 2021 (see Note 7 to the condensed consolidated financial statements) as we intend to refinance these notes and have the ability to do so by borrowing on our $750.0 million delayed draw term loan that closed April 10, 2020.*

2 *Reflects the margin above LIBOR for LIBOR-based borrowings; we also paid upfront fees that are amortized to interest expense and pay fees for unused borrowing capacity and standby letters of credit.*

LINE OF CREDIT

Our unsecured $750.0 million line of credit matures December 2021. Covenants, borrowings, cost ranges and other details are described in Note 7 to the condensed consolidated financial statements. As of March 31, 2020, we were in compliance with the line of credit covenants, the credit margin for LIBOR borrowings was 1.25%, the credit margin for base rate borrowings was 0.25%, and the commitment fee for the unused amount was 0.15%.

As of March 31, 2020, our available borrowing capacity under the line of credit was $695.9 million. Utilization of the borrowing capacity was as follows:

- none was borrowed
- $54.1 million was used to provide support for outstanding standby letters of credit

TERM DEBT

All of our $2,846.4 million (face value) of term debt is unsecured. $2,846.2 million of such debt is governed by three essentially identical indentures that contain customary investment-grade type covenants. The primary covenant in all three indentures limits the amount of secured debt we may incur without ratably securing such debt. As of March 31, 2020, we were in compliance with all term debt covenants.

CURRENT MATURITIES OF LONG-TERM DEBT

Current maturities of long-term debt as of March 31, 2020 were insignificant. Long-term debt includes the $250.0 million floating-rate notes due June 2020 and the $500.0 million floating-rate notes due March 2021 as we intend to refinance these notes and have the ability to do so by borrowing on our $750.0 million delayed draw term loan that closed April 10, 2020.

DELAYED DRAW TERM LOAN

Subsequent to quarter-end, we executed a $750.0 million 364-day delayed draw term loan with a subset of the banks that provide our line of credit. This facility provides for up to two draws through October 2020 and all borrowings are due April 2021. Borrowings may be repaid prior to maturity, but once repaid may not be borrowed again.

All terms and conditions of the delayed draw term loan are consistent with those of the line of credit except for the interest rate on borrowings and the commitment fee. Borrowings bear interest, at our option, at either LIBOR plus a credit margin ranging from 1.375% to 2.125%, or Truist Bank's base rate (generally, its prime rate) plus a credit margin ranging from 0.375% to 1.125%. The credit margin for both LIBOR and base rate borrowings is determined by our credit ratings. The commitment fee, paid on the unused amount of the daily average unused amount of the facility, ranges from 0.125% to 0.25% and is determined by our credit ratings.

DEBT RATINGS

Our debt ratings and outlooks as of March 31, 2020 are as follows:

	Rating/Outlook	*Date*	*Description*
Senior Unsecured Term Debt			
Fitch	BBB-/positive	2/11/2020	outlook revised
Moody's [1]	Baa3/positive	2/27/2020	outlook revised
Standard & Poor's	BBB+/stable	2/28/2020	rating revised

1 *On April 23rd, Moody's revised its outlook to stable, while affirming its Baa3 senior unsecured rating.*

LIBOR TRANSITION

The London Interbank Offered Rate (LIBOR) is an indicative measure of the average rate at which major global banks could borrow from one another and is used extensively globally as a reference rate for financial contracts (e.g., corporate bonds and loans) and commercial contracts (e.g., real estate leases). The United Kingdom's Financial Conduct Authority, which regulates LIBOR, announced in July 2017 that it intends to cease requiring banks to submit LIBOR rates after 2021.

The expected discontinuation of LIBOR has led to the formation of working groups in the U.S. and elsewhere to recommend alternative reference rates. The U.S. working group is the Alternative Reference Rates Committee (ARRC) convened by the Federal Reserve Board and the Federal Reserve Bank of New York. The ARRC has selected the Secured Overnight Financing Rate (SOFR) as the preferred alternative to LIBOR.

We are in the early stages of identifying, evaluating, and addressing the impacts to existing contracts of the discontinuation of LIBOR. As of March 31, 2020, we had three material debt instruments with LIBOR as a reference rate, each of which matures before the end of 2021: 1) $250.0 million floating-rate notes due 2020, 2) $500.0 million floating-rate notes due 2021, and 3) $750.0 million line of credit (none outstanding at March 31, 2020) due 2021. The $750.0 million delayed draw term loan we entered into subsequent to quarter-end also has LIBOR as a reference rate and matures before the end of 2021. At this time, we cannot predict the future impact of a departure from LIBOR as a reference rate; however, if future rates based upon the successor reference rate (or a new method of calculating LIBOR) are higher than LIBOR rates as currently determined, it may have a material adverse effect on our financial condition and results of operations.

EQUITY

The number of our common stock issuances and purchases for the year-to-date periods ended are as follows:

in thousands	***March 31 2020***	*December 31 2019*	*March 31 2019*
Common stock shares at January 1, issued and outstanding	**132,371**	131,762	131,762
Common Stock Issuances			
Share-based compensation plans	**276**	628	307
Common Stock Purchases			
Purchased and retired	**(214)**	(19)	0
Common stock shares at end of period, issued and outstanding	**132,433**	132,371	132,069

On February 10, 2017, our Board of Directors authorized us to purchase 8,243,243 shares of our common stock to refresh the number of shares we were authorized to purchase to 10,000,000. As of March 31, 2020, there were 8,064,851 shares remaining under the authorization. Depending upon market, business, legal and other conditions, we may purchase shares from time to time through open market (including plans designed to comply with Rule 10b5-1 of the Securities Exchange Act of 1934) and/or privately negotiated transactions. The authorization has no time limit, does not obligate us to purchase any specific number of shares, and may be suspended or discontinued at any time.

The detail of our common stock purchases (all of which were open market purchases) for the year-to-date periods ended are as follows:

in thousands, except average cost	***March 31 2020***	*December 31 2019*	*March 31 2019*
Shares Purchased and Retired			
Number	**214**	19	0
Total purchase price	**$ 26,132**	$ 2,602	$ 0
Average cost per share	**$ 121.92**	$ 139.90	$ 0.00

There were no shares held in treasury as of March 31, 2020, December 31, 2019 and March 31, 2019.

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 and financial position
- capital expenditures
- liquidity and capital resources

STANDBY LETTERS OF CREDIT

For a discussion of our standby letters of credit, see Note 7 to the condensed consolidated financial statements.

CASH CONTRACTUAL OBLIGATIONS

Our obligation to make future payments under contracts is presented in our most recent Annual Report on Form 10-K.

CRITICAL ACCOUNTING POLICIES

We follow certain significant accounting policies when preparing our consolidated financial statements. A summary of these policies is included in our Annual Report on Form 10-K for the year ended December 31, 2019 (Form 10-K).

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 our 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 that the accounting policies described in the “Management's Discussion and Analysis of Financial Condition and Results of Operations” section of our Form 10-K require the most significant judgments and estimates used in the preparation of our consolidated financial statements, so we consider these to be our critical accounting policies. There have been no changes to our critical accounting policies during the three months ended March 31, 2020.

NEW ACCOUNTING STANDARDS

For a discussion of the accounting standards recently adopted or pending adoption and the effect such accounting changes will have on our results of operations, financial position or liquidity, see Note 17 to the condensed consolidated financial statements.

FORWARD-LOOKING STATEMENTS

Certain matters discussed in this report, including expectations regarding future performance, contain forward-looking statements that are subject to assumptions, risks and uncertainties that could cause actual results to differ materially from those projected. These assumptions, risks and uncertainties include, but are not limited to:

- general economic and business conditions
- a pandemic, epidemic or other public health emergency, such as the recent outbreak of COVID-19
- our dependence on the construction industry, which is subject to economic cycles
- the timing and amount of federal, state and local funding for infrastructure
- changes in the level of spending for private residential and private nonresidential construction
- changes in our effective tax rate
- the increasing reliance on information technology infrastructure, including the risks that the infrastructure does not work as intended, experiences technical difficulties or is subjected to cyber-attacks
- the impact of the state of the global economy on our businesses and financial condition and access to capital markets
- the highly competitive nature of the construction industry
- the impact of future regulatory or legislative actions, including those relating to climate change, wetlands, greenhouse gas emissions, the definition of minerals, tax policy or international trade
- the outcome of pending legal proceedings
- pricing of our products
- weather and other natural phenomena, including the impact of climate change and availability of water
- 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 a discontinuation of the London Interbank Offered Rate (LIBOR)
- volatility in pension plan asset values and liabilities, which may require cash contributions to the pension plans
- the impact of environmental cleanup costs and other liabilities relating to existing and/or divested businesses
- our ability to secure and permit aggregates reserves in strategically located areas
- our ability to manage and successfully integrate acquisitions
- the effect of changes in tax laws, guidance and interpretations
- significant downturn in the construction industry may result in the impairment of goodwill or long-lived assets
- changes in technologies, which could disrupt the way we do business and how our products are distributed
- other assumptions, risks and uncertainties detailed from time to time in our periodic reports filed with the SEC

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, except to the extent required by law. 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 (SEC) and our press releases with regard to our business and consolidated financial position, results of operations and cash flows.

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

Our website also includes amendments to those reports filed with or furnished to the Securities and Exchange Commission (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*).

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 Denson N. Franklin III, Senior Vice President, General Counsel and 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, Executive, Finance, Governance and Safety, Health & Environmental Affairs Committees

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

The Charters of the Audit, Compensation and Governance Committees are available on our website under the heading, "Corporate Governance," or you may request a copy of any of these documents by writing to Denson N. Franklin III, Senior Vice President, General Counsel and Secretary, Vulcan Materials Company, 1200 Urban Center Drive, Birmingham, Alabama 35242.

Information included on our website is not incorporated into, or otherwise made a part of, this report.

MARKET RISK

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

As discussed in the Liquidity and Financial Resources section of Part I, Item 2, we actively manage our capital structure and resources to balance the cost of capital and risk of financial stress. Such activity includes balancing the cost and risk of interest expense. In addition to floating-rate borrowings, we at times use interest rate swaps to manage the mix of fixed-rate and floating-rate debt. Over time, our EBITDA and operating income are positively correlated to floating interest rates (as measured by 3-month LIBOR). As such, our business serves as a natural hedge to rising interest rates, and floating-rate debt serves as a natural hedge against weaker operating results due to general economic weakness.

At March 31, 2020, the estimated fair value of our long-term debt including current maturities was $2,926.2 million compared to a book value of $2,785.6 million. The estimated fair value was determined by averaging several asking price quotes for the publicly traded notes and assuming par value for the remainder of the debt. The fair value estimate is based on information available as of the balance sheet date. The effect of a decline in interest rates of one percentage point would increase the fair value of our debt by approximately $272.6 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 and the expected return on plan assets. The impact of a change in these assumptions on our annual pension and other postretirement benefits costs is discussed in our most recent Annual Report on Form 10-K.

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 Exchange Act of 1934 Rules 13a - 15(e) or 15d - 15(e)), include, without limitation, controls and procedures designed to ensure that such 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 March 31, 2020. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2020.

Due to the COVID-19 pandemic, we have implemented remote work arrangements for support functions and restricted business travel effective mid-March. To date, these arrangements have not materially affected our ability to maintain our business operations, including the operation of financial reporting systems, internal control over financial reporting, and disclosure controls and procedures.

Therefore, no material changes were made during the first quarter of 2020 to our internal controls over financial reporting, nor have there been other factors that materially affect these controls.

PART II OTHER INFORMATION

ITEM 1
LEGAL PROCEEDINGS

Certain legal proceedings in which we are involved are discussed in Note 12 to the consolidated financial statements and Part I, Item 3 of our Annual Report on Form 10-K for the year ended December 31, 2019. See Note 8 to the condensed consolidated financial statements of this Form 10-Q for a discussion of certain recent developments concerning our legal proceedings.

ITEM 1A
RISK FACTORS

Other than the risk factor set forth below, there have been no material changes to the risk factors disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2019.

A pandemic, epidemic or other public health emergency, such as the recent outbreak of the current coronavirus (COVID-19) pandemic, could have a material adverse effect on our business, results of operations, financial condition and cash flows — Our operations expose us to risks associated with pandemics, epidemics or other public health emergencies, such as the COVID-19 pandemic which has spread from China to many other countries including the United States. In March 2020, the World Health Organization characterized COVID-19 as a pandemic, and the President of the United States declared the COVID-19 outbreak a national emergency. The outbreak has resulted in governments around the world implementing increasingly stringent measures to help control the spread of the virus, including quarantines, “shelter in place” and “stay at home” orders, travel restrictions, business curtailments, school closures, and other measures. In addition, governments and central banks in several parts of the world have enacted fiscal and monetary stimulus measures to counteract the impacts of the COVID-19 pandemic.

We are operating as an essential business in the states we serve. Consistent with federal guidelines and with state and local orders to date, we currently continue to operate across our footprint. Notwithstanding our continued operations, the COVID-19 pandemic has begun to have and may have further negative impacts on our operations, supply chain, transportation networks and customers, which may lower our revenues and EBITDA, including as a result of preventative and precautionary measures that we, other businesses and governments are taking. The COVID-19 pandemic is a widespread public health crisis that is adversely affecting the economies and financial markets of many countries. Any resulting economic downturn could adversely affect demand for our products and contribute to volatile supply and demand conditions affecting prices and volumes in the markets for our products and services. The progression of this matter could also negatively impact our business or results of operations by affecting the health of our employees and through the temporary closure of our operating locations or those of our customers or suppliers. The extent to which the COVID-19 outbreak impacts our business, results of operations, financial condition or cash flows will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and geographic spread of the outbreak, its severity, the actions to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume. There can be no assurance that we will not be impacted by adverse consequences that may be brought about by pandemics on global financial markets, which may reduce resources, share prices and financial liquidity and may severely limit the availability of financing capital.

Purchases of our equity securities during the quarter ended March 31, 2020 are summarized below.

Period	*Total Number of Shares Purchased*	*Average Price Paid Per Share*	*Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs*	*Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs* [1]
2020				
Jan 1 - Jan 31	0	$ 0.00	0	8,279,189
Feb 1 - Feb 29	92,000	$ 118.89	92,000	8,187,189
Mar 1 - Mar 31	122,338	$ 124.20	122,338	8,064,851
Total	214,338	$ 121.92	214,338	

1 *On February 10, 2017, our Board of Directors authorized us to purchase 8,243,243 shares of our common stock to refresh the number of shares we were authorized to purchase to 10,000,000. As of March 31, 2020, there were 8,064,851 shares remaining under the authorization. Depending upon market, business, legal and other conditions, we may make share purchases from time to time through open market (including plans designed to comply with Rule 10b5-1 of the Securities Exchange Act of 1934) and/or privately negotiated transactions. The authorization has no time limit, does not obligate us to purchase any specific number of shares, and may be suspended or discontinued at any time.*

We did not have any unregistered sales of equity securities during the first quarter of 2020.

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.

Exhibit 3.1 Amended and Restated By-laws of Vulcan Materials Company (as amended through March 23, 2020), filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on March 25, 2020 [1]

Exhibit 10.1 Form of Performance Share Unit Award Agreement (2020) under the Vulcan Materials Company 2016 Omnibus Long-Term Incentive Plan [2]

Exhibit 10.2 Form of Stock-Only Stock Appreciation Rights Award Agreement (2020) under the Vulcan Materials Company 2016 Omnibus Long-Term Incentive Plan [2]

Exhibit 10.3 Form of Restricted Stock Unit Award Agreement (2020) under the Vulcan Materials Company 2016 Omnibus Long-Term Incentive Plan [2]

Exhibit 31(a) Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Exhibit 31(b) Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Exhibit 32(a) Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Exhibit 32(b) Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Exhibit 95 MSHA Citations and Litigation

Exhibit 101 The following unaudited financial information from this Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 are formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Comprehensive Income, (iii) the Condensed Consolidated Statements of Cash Flows and (iv) the Notes to Condensed Consolidated Financial Statements.

Exhibit 104 Cover Page Interactive Data File – the cover page from this Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 is formatted in iXBRL (contained in Exhibit 101).

[1] *Incorporated by reference.*

[2] *Management contract or compensatory plan.*

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

Pursuant to the requirements 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.

VULCAN MATERIALS COMPANY

		/s/ Randy L. Pigg Randy L. Pigg Vice President, Controller
Date	May 6, 2020	(Principal Accounting Officer)
		/s/ Suzanne H. Wood Suzanne H. Wood Senior Vice President and Chief Financial Officer
Date	May 6, 2020	(Principal Financial Officer)

EXHIBIT 10.1

VULCAN MATERIALS COMPANY
PERFORMANCE SHARE UNIT AWARD AGREEMENT
Granted under the 2016 Omnibus Long-Term Incentive Plan
Terms and Conditions

Grant Date: ***XXXX XX, XXXX***

1. ***Definitions.*** In addition to other terms defined herein, the following terms will have the meanings as follows, and terms not defined in the Agreement have the meanings given in the Plan:

(a) "Administrator" means the Compensation Committee of the Board of Directors (the "Board") or the Board.

(b) "Agreement" means this Performance Share Unit Award Agreement.

(c) "Award Period" means the three-year period shown in Section 3 of this Agreement, except that in the event of the Participant's death, the Award Period will be the period covered by the Agreement ending on December 31st of the calendar year in which the death occurred.

(d) "Company" means Vulcan Materials Company, a New Jersey corporation, or its successors.

(e) "Disability" means Permanent and Total Disability whereby the Participant is entitled to long-term disability benefits under the applicable long-term disability plan of the Company or an Affiliate, or, to the extent the Participant is not eligible to participate in any Company-sponsored plan, under the guidelines of the Social Security Administration, or as otherwise defined in the Plan.

(f) "Fair Market Value or "FMV" means the closing stock price per Share as reported on the principal stock exchange on which such Shares are listed on the last trading date before the Payment Date (or other applicable date), or as otherwise provided in the Plan.

(g) "Grant Date" means the grant date of the PSUs awarded herein.

(h) "Participant" means the employee of the Company or its Subsidiaries or other Affiliates granted the PSUs under this Agreement.

(i) "Performance Share Unit" or "PSU" means a Performance Unit Award denominated in Shares in which each Performance Share Unit represents the contingent right to earn one share of Common Stock. PSUs do not have voting rights.

(j) "Plan" means the Vulcan Materials Company 2016 Omnibus Long-Term Incentive Plan, as amended.

(k) "Payment Date" means the date on which payment of Shares is made in Vulcan Common Stock under this Agreement.

(l) "Share" means a share of Common Stock, par value $1.00 per share, of the Company.

(m) "Vesting Date" or "Vesting Dates" has the meaning given in Section 2(c) herein.

2. ***Grant and Vesting of PSUs***

(a) Grant. The Participant is awarded the number of PSUs identified through the electronic, on-line grant acceptance process, subject to the terms and conditions of the Plan and this Agreement. The Participant's on-line acceptance of the Agreement constitutes his or her agreement to the Agreement's terms, including but not limited to the restrictive covenants in Sections 4(a) and 5 herein. Depending on the Company's performance as set forth in Section 3, the Participant may earn zero percent (0%) to two hundred percent (200%) of the PSUs awarded.

(b) Dividend Equivalents. The Participant shall be entitled to receive dividend equivalents for each PSU that vests, if any, pursuant to this Agreement, or the Plan. If the Company declares a regular cash dividend during the Performance Period, the Participant shall accrue dividend equivalents on each unvested PSU. For purposes of the foregoing sentence only, if the PSUs are subject to accelerated vesting pursuant to the Plan, the "Performance Period" shall be deemed to have ended as of the date of the event which serves as the basis for such accelerated vesting. Any accrued dividend equivalents relating to the Participant's unvested PSUs shall be payable in cash at the time the underlying Shares vest and are issued to the Participant in accordance with Section 3, less applicable withholding taxes pursuant to Section 3(d). If the PSUs are forfeited, any accrued dividend equivalents will also be forfeited.

(c) Vesting. The PSUs will become vested, to the extent earned, on December 31, XXXX at the end of the Award Period; provided, however, that the Participant's employment or service continues from the Grant Date until the vesting date, and except as otherwise provided in Section 4.

3. *Payment of Performance Share Awards*

(a) Award Period and Percentage of Awards Payable. The Award Period for this award begins on January 1, XXXX and ends on December 31, XXXX. Utilizing the performance Share Unit Award Payment Tables below, Table A and Table B, the Administrator establishes the Total Percentage of Awards Payable ("Total Percentage") for the Award Period. The Total Percentage is based 50% on the Company's 3-year average Total Shareholder Return ("TSR") relative to S&P 500 Index as comprised on January 1 of the year of grant ("TSR Percentage"). The calculation of TSR uses the 20-trading-day average (12/1 thru 12/31) at the beginning and end of each period and an average of the annual TSR periods. The remaining 50% is based on the annual average growth rate of Cash Gross Profit per ton ("CGP/ton") during the Award Period ("CGP Percentage").

PSU Payment Table

TABLE A

3-Year Average Total Shareholder Return Percentile Rank Relative to S&P 500 Index	% of Performance Share Units Payable
75th or Greater (Maximum)	100
50th (Target)	50
25th (Threshold)	12.5
Less than 25th	0

PSU Payment Table

TABLE B

CGP/Ton Annual Growth	% of Performance Share Units Payable
9.5% or Greater (Maximum)	100
4.5% (Target)	50
0.5% (Threshold)	12.5
Less than 0.5%	0

(b) PSUs Payable. The number of Shares payable is the sum of the number of PSUs awarded multiplied by the TSR Percentage payable plus the number of PSUs awarded multiplied by the CGP Percentage payable. For performance levels falling between the values as shown above, the Percentages will be determined by interpolation. Payment will be made in Shares.

(c) The Value of the Stock Issued as Payment for PSUs Earned. The FMV will be used to determine the basis of the Shares payable.

(d) Withholding. The Company will withhold Shares having a Fair Market Value on the date the tax is to be determined equal to the minimum statutory amount (or such other amount as may be determined by the Administrator in accordance with the Plan) for federal, state, local and employment taxes which could be withheld on the transaction with respect to any taxable event arising as a result of this Agreement, or as otherwise provided in the Plan.

(e) Timing of Payment. Payment will be made to a Participant between January 1 and March 15 of the calendar year after the calendar year in which the Award Period, as defined in Section 1(c), ends.

(f) Administrator Discretion. The Administrator has full authority and discretion with respect to the PSUs and this Agreement to the extent provided in the Plan. In addition, without limiting the effect of the foregoing, (i) the Administrator may exercise its discretion to reduce or eliminate payments if the Award Period average TSR is less than the 25th percentile and the CGP/ton is less than 0.5%, and (ii) the Administrator has sole discretion to establish the Comparison Group to be used in evaluating the performance of the Company in accordance with Section 3(a), and may change the Comparison Group from time to time.

4. *Termination of Employment; Change of Control.*

(a) Termination at age 55 and above.

(i) If a Participant terminates from employment at age 55-61 other than for Cause (for these purposes, “Early Retirement”), the PSUs will become non-forfeitable in accordance with Table B and will be paid to the extent earned in accordance with Section 3. The Participant may be required to execute a reasonable non-competition covenant (except where not applicable due to some state laws) with the Company restricting the Participant from competing with the Company in a specified territory for a specified period of time. If such covenant is required by the Company and is not executed by the Participant, or if the Participant violates the covenant, unvested PSUs will be forfeited and vested PSUs not yet paid as of the Termination Date will be paid to the extent earned in accordance with Section 3.

TABLE B	
If Participant age 55-61 terminates:	**The percentage of PSUs that will become non-forfeitable is:**
On or After 1/1/20XX	34% of the award
On or After 1/1/20XX	67% of the award
On or After 1/1/20XX	100% of the award

(ii) If a Participant terminates from employment at age 62 or later other than for Cause (for these purposes, “Retirement”), the PSUs which have been held by the Participant until 1/1/20XX will be deemed to be non-forfeitable and will be paid to the extent earned in accordance with Section 3. The Participant may be required to execute a reasonable non-competition covenant (except where not applicable due to some state laws) with the Company restricting the Participant from competing with the Company in a specified territory for a specified period of time. If such covenant is required by the Company and is not executed by the Participant, or if the Participant violates the covenant, unvested PSUs will be forfeited and vested PSUs not yet paid as of the Termination Date will be paid to the extent earned in accordance with Section 3.

(b) Disability. Upon the Participant’s termination of employment due to Disability, the PSUs granted under this Agreement will become non-forfeitable. All non-forfeitable PSUs will be paid to the extent earned in accordance with Section 3.

(c) Death. Upon the death of the Participant, the PSUs granted under this Agreement will become non-forfeitable. All non-forfeitable PSUs will be paid to the Participant's beneficiary or estate to the greater of the extent earned in accordance with Section 3 or target.

(d) Other Termination. Upon voluntary or involuntary termination for reasons other than Early Retirement, Retirement, death, Disability or Cause, unvested PSUs will be forfeited and vested PSUs not yet paid as of the Participant's Termination Date will be paid to the extent earned in accordance with Section 3.

(e) Termination for Cause. If a Participant's employment is terminated for Cause, the PSUs will immediately be forfeited, even with respect to vested PSUs which were otherwise non-forfeitable but not yet paid. The Administrator will have complete discretion to determine the basis of a Participant's termination, including but not limited to whether a Participant has been terminated for Cause. The Administrator's determination will be final and binding on all persons for purposes of the Plan and this Agreement.

(f) Change in Control of the Company. In the event a Change of Control occurs, and subject to Plan terms, the PSUs will be deemed earned and vested as follows:

(i) To the extent that the successor or surviving company in the Change of Control event does not assume or substitute for the PSUs (or in which the Company is the ultimate parent corporation and does not continue the PSUs) on substantially similar terms or with substantially equivalent economic benefits (as determined by the Administrator prior to the Change of Control) as Awards outstanding under the Plan immediately prior to the Change of Control event, the PSUs will be deemed immediately earned at the greater of actual performance or target performance.

(ii) Further, in the event that the PSUs are substituted, assumed or continued as provided in Section 4(f)(i) herein, then (except as otherwise provided in Section 4(f)(iii) below), the PSUs will nonetheless become fully vested and earned at the greater of actual performance or target performance if the Participant's employment is terminated by the Company not for Cause or by the Participant for Good Reason within six months before (in which case vesting will not occur until the effective date of the Change of Control) or two years (or such other period after a Change of Control as may be stated in the Participant's employment, change in control, consulting or other similar agreement, plan, or policy, if applicable) after the effective date of a Change of Control (in which case the PSUs will be deemed immediately vested as of the Participant's Termination Date).

(iii) Notwithstanding Section 4(f)(ii), in the event that the PSUs are substituted, assumed or continued as provided in Section 4(f)(i) herein, in lieu of applying the provisions of Section 4(f)(ii), the Administrator (as constituted prior to the Change of Control) may, in its sole discretion, determine that the PSUs will be deemed earned at the greater of actual performance or target performance as of the time of the Change of Control and, following the Change of Control, the PSUs will convert to a service-based Award for the remainder of the Award Period, subject to accelerated vesting in the event of the Participant's termination by the Company not for Cause or for Good Reason as provided in Section 4(f)(ii) above.

(iv) In the event that the PSUs are substituted, assumed or continued as provided in Section 4(f)(i) herein, the Participant will also be entitled to receive, with respect to each Share subject to the PSUs that becomes earned and vested following the effective date of the Change of Control pursuant to Section 2(c), Section 3 or Section 4, a value restoration payment with respect to such Share (a "Value Restoration Payment"), provided that the Value Restoration Payment will only be payable if the Participant remains in continuous employment with the Company or its successor or an Affiliate of the Company or its successor through the applicable vesting date. The Value Restoration Payment will be equal to the difference between the Fair Market Value of the surviving entity's common stock (or equivalent security) on the effective date of the Change of Control and, if less, the Fair Market Value of the surviving entity's common stock (or equivalent security) on the date of vesting (including the date of any accelerated vesting pursuant to this Section 4). Any such Value Restoration Payment will be paid to the Participant in cash at the same time Shares are payable pursuant to the PSUs as provided in Section 3.

5. ***Non-Solicitation.*** In consideration for this Agreement and notwithstanding any other provision in this Agreement, the Participant agrees to comply with the non-solicitation covenants set forth below (except where not applicable due to some state laws):

(a) Non-Solicitation of Customers. The Participant acknowledges that while employed by or in service to the Company, the Participant will occupy a position of trust and confidence and will acquire confidential information about the Company, its Subsidiaries and other Affiliates, and their clients and customers that is not disclosed by the Company or any of its Subsidiaries or other Affiliates in the ordinary course of business, including trade secrets, data, formulae, information concerning customers and other information which is of value to the Company because it is not generally known. The Participant agrees that during the period of employment with or service to the Company and for a period of two years after the Participant's Termination Date, regardless of the reason for termination, the Participant will not, either individually or as an officer, director, stockholder, member, partner, agent, consultant or principal of another business firm, directly or indirectly solicit any customer of the Company or of its Subsidiaries or other Affiliates.

(b) Non-Solicitation of Employees. The Participant recognizes that while employed by or in service to the Company, the Participant will possess confidential information about other employees of the Company and its Subsidiaries or other Affiliates relating to their education, experience, skills, abilities, compensation and benefits, and inter-personal relationships with suppliers to and customers of the Company and its Subsidiaries or other Affiliates. The Participant recognizes that this information is not generally known, is of substantial value to the Company and its Subsidiaries or other Affiliates in developing their respective businesses and in securing and retaining customers, and will be acquired by the Participant because of the Participant's business position with the Company. The Participant agrees that during the period of employment with or service to the Company and for two years after the Participant's Termination Date, regardless of the reason for termination, the Participant will not, directly or indirectly, solicit or recruit any employee of the Company or any of its Subsidiaries or other Affiliates for the purpose of being employed by the Participant or by any business, individual, partnership, firm, corporation or other entity on whose behalf the Participant is acting as an agent, representative or employee and that the Participant will not convey any such confidential information or trade secrets about other employees of the Company or any of its Subsidiaries or other Affiliates to any other person except within the scope of the Participant's duties as an employee of or service provider to the Company.

(c) Remedies. If the Participant violates either of the covenants in Section 5(a) or Section 5(b), the PSUs will be forfeited and the Participant's rights under this Agreement will terminate. In addition, if any dispute arises concerning the violation by the Participant of the covenants described in this section, in addition to any other rights or remedies of this Company, an injunction may be issued restraining such violation pending the determination of such controversy, and no bond or other security will be required in connection therewith. Further, the Company will be entitled to seek appropriate legal relief, including money damages, equitable relief, and attorneys' fees.

6. Additional Provisions.

(a) No Right to Continued Employment or Service; No Right to Further Awards. Nothing in the Plan or the Agreement gives the Participant any right to continue in the employment or service of the Company or an Affiliate or interferes with the right of the Company or an Affiliate to terminate the Participant's employment or service at any time. Except as otherwise provided in the Plan or this Agreement, all rights of the Participant with respect to the unvested portion of the PSUs (if any) will terminate on the Participant's Termination Date. The grant of the PSUs does not create any obligation to grant further awards.

(b) Tax Consequences. The Participant acknowledges that the Company has made no warranties or representations to the Participant with respect to the tax consequences related to the transactions contemplated by this Agreement, and the Participant is in no manner relying on the Company or its representatives for an assessment of such tax consequences. The Participant acknowledges that there may be adverse tax consequences upon the grant or vesting of the PSUs and/or the acquisition or disposition of the Shares or other benefits subject to the PSUs and that he or she has been advised that he or she should consult with his or her own attorney, accountant and/or tax advisor regarding the decision to enter into this Agreement and the consequences thereof. The

Participant also acknowledges that the Company has no responsibility to take or refrain from taking any actions in order to achieve a certain tax result for the Participant.

(c) PSUs Subject to Plan. By entering into this Agreement, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan and Plan prospectus. The Participant acknowledges and agrees that the Agreement and the Participant's rights are subject to the Plan. The terms and provisions of the Plan are incorporated herein by reference. In the event of a conflict between any term or provision in the Agreement and a term or provision of the Plan, the Plan terms will govern, unless the Administrator determines otherwise.

(d) Amendment; Waiver; Superseding Effect. This Agreement may be modified or amended as provided in the Plan. The waiver by the Company of a breach of any provision of this Agreement by the Participant will not operate or be construed as a waiver of any subsequent breach by the Participant. The Agreement supersedes any statements, representations or agreements of the Company with respect to the grant of the PSUs or any related rights, and the Participant waives any rights or claims related to any such statements, representations or agreements.

(e) Recoupment and Forfeiture. As a condition to receiving the PSUs, the Participant agrees that he or she will abide by the Company's Director and Executive Stock Ownership and Equity Retention Guidelines and Clawback Policy and/or other policies adopted by the Company or an Affiliate, each as in effect from time to time and to the extent applicable to the Participant. Further, the Participant will be subject to such compensation recovery, recoupment, forfeiture or other similar provisions as may apply under Applicable Law.

VULCAN MATERIALS COMPANY
STOCK-ONLY STOCK APPRECIATION RIGHTS AWARD AGREEMENT
Granted under the 2016 Omnibus Long-Term Incentive Plan
Terms and Conditions

Grant Date: *XXXX XX, XXXX*

1. ***Definitions.*** In addition to other terms defined herein, the following terms will have the meanings as follows, and terms not defined in the Agreement have the meanings given in the Plan:

(a) "Administrator" means the Compensation Committee of the Board of Directors (the "Board") or the Board.

(b) "Agreement" means this Stock-Only Stock Appreciation Rights Award Agreement.

(c) "Company" means Vulcan Materials Company, a New Jersey corporation, or its successor.

(d) "Disability" means Permanent and Total Disability whereby the Participant is entitled to long-term disability benefits under the applicable long-term disability plan of the Company or an Affiliate, or, to the extent the Participant is not eligible to participate in any Company-sponsored plan, under the guidelines of the Social Security Administration, or as otherwise defined in the Plan.

(e) "Exercise Price" means the Fair Market Value of a Share on the Grant Date.

(f) "Fair Market Value" or "FMV" means the closing stock price per Share as reported on the principal stock exchange on which such Shares are listed (with Fair Market Value on the exercise date for these purposes determined based on the closing price of a Share on the last trading day before the exercise date), or as otherwise provided in the Plan.

(g) "Grant Date" means the grant date of the SOSARs awarded herein.

(h) "Participant" means the employee of the Company or its Subsidiaries or other Affiliates granted the SOSARs under this Agreement.

(i) "Plan" means the Vulcan Materials Company 2016 Omnibus Long-Term Incentive Plan, as amended.

(j) "Share" means a share of Common Stock, par value $1.00 per share, of the Company.

(k) "Stock-Only Stock Appreciation Right" or "SOSAR" means the right granted to the Participant by the Company to receive Shares having a Fair Market Value equal to the excess, if any, of the Fair Market Value of a Share on the date of exercise over the Exercise Price for each such right granted (with Fair Market Value on the exercise date for these purposes determined based on the closing price of a Share on the last trading day before the exercise date), or as otherwise provided in the Plan.

2. ***Grant and Term of the SOSARs***

(a) Grant**.** The Participant is awarded the number of SOSARs identified through the electronic, on-line grant acceptance process, subject to the terms and conditions of the Plan and this Agreement. The Participant's on-line acceptance of the Agreement constitutes his or her agreement to the Agreement's terms, including but not limited to the restrictive covenants in Sections 4(a) and 5 herein.

(b) Term. The SOSARs will terminate and may no longer be exercised on the first to occur of (i) the date ten (10) years after the Grant Date or (ii) the last date for exercising a SOSAR following termination of the Participant's employment with or service to the Company or upon a Change of Control, as described in Section 4. The Participant acknowledges that the Company has no obligation to advise the Participant of the pending expiration of the SOSARs.

3. *Exercise of the SOSAR*.

(a) Vesting and Right to Exercise. The SOSARs will vest and become exercisable in installments as follows, subject to the Participant's continued employment with the Company from the Grant Date until each applicable vesting date, except as otherwise provided in Section 4:

On the first anniversary of the Grant Date (the "First Vesting Date"), one-third of the SOSARs will vest and become exercisable. An additional one-third of the SOSARs will vest and become exercisable on each of the second, and third anniversaries of the First Vesting Date.

(b) Vesting of Partial Shares. In the event that the vesting schedule set forth above yields a fractional number of SOSARs, the number of SOSARs subject to vesting in any given year will be rounded down to the nearest whole number of SOSARs.

(c) Method of Exercise. SOSARs may be exercised by the Participant communicating proper notice to the Company's third party stock plan administrator, which notice must include the Participant's election to exercise the SOSARs, the number of SOSARs being exercised and such other representations and agreements with respect to such SOSARs as may be required pursuant to the provisions of this Agreement and the Plan. The FMV on the exercise date is determined based on the closing stock price per Share on the last trading day before the exercise date, or as otherwise provided in the Plan.

(d) Delivery of Shares. Upon the exercise of a SOSAR, the Shares will be issued as soon as practicable to the Participant's account maintained by the Company's third party stock plan administrator.

(e) Withholding. The Company will withhold Shares having a Fair Market Value on the date the tax is to be determined equal to the minimum statutory amount (or such other amount as may be determined by the Administrator in accordance with the Plan) for federal, state, local and employment taxes which could be withheld on the transaction with respect to any taxable event arising as a result of this Agreement, or as otherwise provided in the Plan.

4. *Termination of Employment; Change of Control.*

(a) Termination at age 55 or above.

(i) If a Participant terminates from employment at age 55-61 other than Cause (for these purposes, "Early Retirement"), the outstanding SOSARs will become non-forfeitable in accordance with Table A, provided that the Participant has been employed continuously from the Grant Date until the Termination Date. Such non-forfeitable SOSARs will continue to vest and become exercisable in accordance with Section 3(a) (notwithstanding the Participant's termination of employment) and will remain exercisable for the remainder of the 10-year term, except as otherwise provided herein. The Participant may be required to execute a reasonable non-competition covenant (except where not applicable due to some state laws) with the Company restricting the Participant from competing with the Company in a specified territory for a specified period of time. If such covenant is required by the Company and (A) is not executed by the Participant, the Participant may exercise vested SOSARs until the first to occur of (i) the date that is 30 days after the Participant's Termination Date or (ii) the date on which the SOSARs expire according to their term, and the SOSARs will expire after such date, or (B) the Participant violates the covenant, the SOSARs will be forfeited; in addition, in each case, the unvested SOSARs on the Termination Date will be forfeited as of such date.

TABLE A	
If Participant age 55-61 terminates:	**The percentage of SOSARs that are vested or will become non-forfeitable is:**
At 1/1/20XX or After	34% of the award
At 1/1/20XX or After	67% of the award
At 1/1/20XX or After	100% of the award

(ii) If a Participant terminates from employment at age 62 or later other than for Cause (for these purposes, "Retirement"), the outstanding SOSARs which have been held by the Participant until 1/1/20XX will be non-forfeitable, provided that the Participant has been employed continuously from the Grant Date until the Termination Date. Such non-forfeitable SOSARs will continue to vest and become exercisable in accordance with Section 3(a) (notwithstanding the Participant's termination of employment) and will remain exercisable for the remainder of the 10-year term, except as otherwise provided herein. The Participant may be required to execute a reasonable non-competition covenant (except where not applicable due to some state laws) with the Company restricting the Participant from competing with the Company in a specified territory for a specified period of time. If such covenant is required by the Company and (A) is not executed by the Participant, the Participant may exercise vested SOSARs until the first to occur of (i) the date that is 30 days after the Participant's Termination Date or (ii) the date on which the SOSARs expire according to their term, and such vested SOSARs will expire after such date, and (B) the Participant violates the covenant, the SOSARs will be forfeited; in addition, in each case, the unvested SOSARs on the Termination Date will be forfeited as of such date.

(b) Disability. Upon determination of Disability, the SOSARs outstanding as of the date of such Disability will become fully vested and immediately exercisable, provided that the Participant has been employed continuously from the Grant Date until the date of determination of Disability. The SOSARs will remain exercisable for the remainder of the 10-year term.

(c) Death. Upon the death of a Participant, the SOSARs outstanding as of the date of death will become fully vested and immediately exercisable; provided that the Participant has been employed continuously from the Grant Date until the date of death. Such SOSARs may be exercised by the Participant's legal representatives at any time until the first to occur of (i) the date that is one year after the Participant's death or (ii) the date on which the SOSARs expire according to their term.

(d) Other Termination. Upon voluntary termination prior to age 55, or upon involuntary termination for reasons other than death, Disability or Cause as determined under Section 4(e), and provided that the Participant has been continuously employed from the Grant Date until the Termination Date, the Participant may exercise vested SOSARs until the first to occur of (i) the date that is 30 days after the Participant's Termination Date or (ii) the date on which the SOSARs expire according to their term, and such vested SOSARs will expire on such date. The SOSARs that are unvested on the Termination Date will be forfeited as of such date.

(e) Termination for Cause. If a Participant's employment is terminated for Cause, all SOSARs, whether vested or unvested, outstanding as of the Terminate Date will immediately terminate and may not be exercised to any extent by the Participant. The Administrator will have complete discretion to determine the basis for the Participant's termination, including but not limited to whether the Participant has been terminated for Cause. The Administrator's determination will be final and binding on all persons for purposes of the Plan and this Agreement.

(f) Change of Control of the Company. In the event a Change of Control occurs, and subject to Plan terms, the following will apply:

(i) To the extent that the successor or surviving company in the Change of Control event does not assume or substitute for the SOSARs (or in which the Company is the ultimate parent corporation and does not continue the SOSARs) on substantially similar terms or with substantially equivalent economic benefits (as determined by the Administrator prior to the Change of Control) as SOSARs outstanding under the Plan immediately prior to the Change of Control event, the SOSARs will become fully vested and exercisable.

(ii) Further, in the event that the SOSARs are substituted, assumed or continued as provided in Section 4(f)(i) herein, the SOSARs will nonetheless become fully vested and exercisable if the Participant's employment is terminated by the Company not for Cause or by the Participant for Good Reason within six months before (in which case the SOSARs will become fully vested and exercisable as of the effective date of the Change of Control) or two years (or such other period after a Change of Control as may be stated in a Participant's employment, change in control, consulting or other similar agreement, plan, or policy, if applicable) after the effective date of a Change of Control (in which case the SOSARs will become fully vested and exercisable as of the Participant's Termination Date). The vested SOSARs must be exercised, if at all, as provided in Section 4.

(iii) In the event that the SOSARs are substituted, assumed or continued as provided in Section 4(f)(i) herein, the Participant will also be entitled to receive, with respect to each SOSAR that becomes vested following the effective date of the Change of Control pursuant to Section 3 or Section 4, a value restoration payment with respect to such SOSAR (a "Value Restoration Payment"), provided that the Value Restoration Payment will only be payable if the Participant remains in continuous employment with the Company or its successor or an Affiliate of the Company or its successor through the applicable vesting date. The Value Restoration Payment will be equal to the difference between the Fair Market Value of the surviving entity's common stock (or equivalent security) on the effective date of the Change of Control and, if less, the Fair Market Value of the surviving entity's common stock (or equivalent security) on the date of vesting (including the date of any accelerated vesting pursuant to this Section 4) (in each case, less the SOSAR Exercise Price, as such Exercise Price may be adjusted pursuant to Section 4(f)(i), provided that the difference between the Fair Market Value and the exercise price in each calculation may not be less than zero)). Any such Value Restoration Payment shall be paid to the Participant in cash within thirty (30) days following the applicable vesting date.

5. ***Non-Solicitation.*** In consideration for this Agreement and notwithstanding any other provision in this Agreement, the Participant agrees to comply with the non-solicitation covenants set forth below (except where not applicable due to some state laws):

(a) Non-Solicitation of Customers. The Participant acknowledges that while employed by or in service to the Company, the Participant will occupy a position of trust and confidence and will acquire confidential information about the Company, its Subsidiaries and other Affiliates, and their clients and customers that is not disclosed by the Company or any of its Subsidiaries or other Affiliates in the ordinary course of business, including trade secrets, data, formulae, information concerning customers and other information which is of value to the Company because it is not generally known. The Participant agrees that during the period of employment with or service to the Company and for a period of two years after the Participant's Termination Date, regardless of the reason for termination, the Participant will not, either individually or as an officer, director, shareholder, member, partner, agent, consultant or principal of another business firm, directly or indirectly solicit any customer of the Company or of its Subsidiaries or other Affiliates.

(b) Non-Solicitation of Employees. The Participant recognizes that while employed by or in service to the Company, the Participant will possess confidential information about other employees of the Company and its Subsidiaries or other Affiliates relating to their education, experience, skills, abilities, compensation and benefits, and inter-personal relationships with suppliers to and customers of the Company and its Subsidiaries or other Affiliates. The Participant recognizes that this information is not generally known, is of substantial value to the Company and its Subsidiaries or other Affiliates in developing their respective businesses and in securing and retaining customers, and will be acquired by the Participant because of the Participant's business position with the Company. The Participant agrees that during the period of employment with or service to the Company and for two years after the Participant's Termination Date, regardless of the reason for termination, the Participant will not, directly or indirectly, solicit or recruit any employee of the Company or any of its Subsidiaries or other Affiliates for the purpose of being employed by the Participant or by any business, individual, partnership, firm, corporation or other entity on whose behalf the Participant is acting as an agent, representative or employee and that the Participant will not convey any such confidential information or trade secrets about other employees of the Company or any of its Subsidiaries or other Affiliates to any other person except within the scope of the Participant's duties as an employee of or service provider to the Company.

(c) Remedies. If the Participant violates either of the covenants in Section 5(a) or Section 5(b) above, the SOSARs will be forfeited and the Participant's rights under the Agreement will terminate. In addition, if any dispute arises concerning the violation by the Participant of the covenants described in this section, in addition to any other rights or remedies of the Company, an injunction may be issued restraining such violation pending the determination of such controversy, and no bond or other security will be required in connection therewith. Further, the Company will be entitled to any appropriate relief, including money damages, equitable relief, and attorneys' fees.

6. *Additional Provisions*

(a) No Right to Continued Employment or Service; No Right to Further Awards. Nothing in the Plan or the Agreement gives the Participant any right to continue in the employment or service of the Company or an Affiliate or interferes with the right of the Company or an Affiliate to terminate the Participant's employment or service at any time. Except as otherwise provided in the Plan or this Agreement, all rights of the Participant with respect to the unvested portion of the SOSARs (if any) will terminate on the Participant's Termination Date. The grant of the SOSARs does not create any obligation to grant further awards.

(b) Tax Consequences. The Participant acknowledges that the Company has made no warranties or representations to the Participant with respect to the tax consequences related to the transactions contemplated by this Agreement, and the Participant is in no manner relying on the Company or its representatives for an assessment of such tax consequences. The Participant acknowledges that there may be adverse tax consequences upon the grant, vesting or exercise of the SOSARs and/or the acquisition or disposition of the Shares or other benefits subject to the SOSARs and that he or she has been advised that he or she should consult with his or her own attorney, accountant and/or tax advisor regarding the decision to enter into this Agreement and the consequences thereof. The Participant also acknowledges that the Company has no responsibility to take or refrain from taking any actions in order to achieve a certain tax result for the Participant.

(c) SOSARs Subject to Plan. By entering into this Agreement, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan and Plan prospectus. The Participant acknowledges and agrees that the Agreement and the Participant's rights are subject to the Plan. The terms and provisions of the Plan are incorporated herein by reference. In the event of a conflict between any term or provision in the Agreement and a term or provision of the Plan, the Plan terms will govern, unless the Administrator determines otherwise.

(d) Amendment; Waiver; Superseding Effect. This Agreement may be modified or amended as provided in the Plan. The waiver by the Company of a breach of any provision of this Agreement by the Participant will not operate or be construed as a waiver of any subsequent breach by the Participant. The Agreement supersedes any statements, representations or agreements of the Company with respect to the grant of the SOSARs or any related rights, and the Participant waives any rights or claims related to any such statements, representations or agreements.

(e) Recoupment and Forfeiture. As a condition to receiving the SOSARs, the Participant agrees that he or she will abide by the Company's Director and Executive Stock Ownership and Equity Retention Guidelines and Clawback Policy and/or other policies adopted by the Company or an Affiliate, each as in effect from time to time and to the extent applicable to the Participant. Further, the Participant will be subject to such compensation recovery, recoupment, forfeiture or other similar provisions as may apply under Applicable Law.

(f) Administrator Discretion. The Administrator has full authority and discretion with respect to the SOSARs and this Agreement to the extent provided in the Plan.

EXHIBIT 10.3

VULCAN MATERIALS COMPANY
RESTRICTED STOCK UNIT AWARD AGREEMENT
Granted under the 2016 Omnibus Long-Term Incentive Plan
Terms and Conditions

Grant Date: ***XXXX XX, XXXX***

1. ***Definitions.*** In addition to other terms defined herein, the following terms will have the meanings as follows, and terms not defined in the Agreement have the meanings given in the Plan:

(a) "Administrator" means the Compensation Committee of the Board of Directors (the "Board") or the Board.

(b) "Agreement" means this Restricted Stock Unit Award Agreement.

(c) "Company" means Vulcan Materials Company, a New Jersey corporation, or its successor.

(d) "Disability" means Permanent and Total Disability whereby the Participant is entitled to long-term disability benefits under the applicable long-term disability plan of the Company or an Affiliate, or, to the extent the Participant is not eligible to participate in any Company-sponsored plan, under the guidelines of the Social Security Administration, or as otherwise defined in the Plan.

(e) "Fair Market Value or "FMV" means the closing stock price per Share as reported on the principal stock exchange on which such Shares are listed on the Payment Date (or other applicable date), or as otherwise provided in the Plan.

(f) "Grant Date" means the grant date of RSUs awarded herein.

(g) "Participant" means the employee of the Company or its Subsidiaries or other Affiliates granted the RSUs under this Agreement.

(h) "Plan" means the Vulcan Materials Company 2016 Omnibus Long-Term Incentive Plan, as amended.

(i) "Payment Date" means the date on which payment of Shares is made in Vulcan Common Stock under this Agreement.

(j) "Restricted Stock Unit" or "RSU" means an award of the equivalent of one share of Common Stock. RSUs do not have voting rights.

(k) "Share" means a share of Common Stock, par value $1.00 per share, of the Company.

(l) "Vesting Date" or "Vesting Dates" has the meaning given in Section 2(c) herein.

2. ***Grant and Vesting of RSUs***

(a) Grant. The Participant is awarded the number of RSUs which are identified through the electronic, on-line grant acceptance process, subject to the terms and conditions of the Plan and this Agreement. For the purposes herein, the Shares subject to the RSUs are units that will be reflected in a book account maintained by the Company and that will be settled in Shares if and only to the extent permitted under the Plan and this Agreement. Prior to issuance of any Shares, the RSUs represent an unsecured obligation of the Company, payable (if at all) only from the Company's general assets. The Participant's on-line acceptance of the Agreement constitutes his or her agreement to the Agreement's terms, including but not limited to the restrictive covenants in Sections 4(a) and 5 herein.

(b) Dividend Equivalents. The Participant shall be entitled to receive dividend equivalents for each RSU that vests, if any, pursuant to this Agreement, or the Plan. If the Company declares a regular cash dividend during the Vesting Period, the Participant shall accrue dividend equivalents on each unvested RSU. For purposes of the foregoing sentence only, if the RSUs are subject to accelerated vesting pursuant to the Plan, the "Vesting Period" shall be deemed to have ended as of the date of the event which serves as the basis for such accelerated vesting. Any accrued dividend equivalents relating to the Participant's unvested RSUs shall be payable in cash at the time the underlying Shares vest and are issued to the Participant in accordance with Section 3, less applicable withholding taxes pursuant to Section 3(b). If the RSUs are forfeited, any accrued dividend equivalents will also be forfeited.

(c) Vesting. The RSUs will cliff vest 100% on the third anniversary of the Grant Date (the "Vesting Date"); provided, however, that the Participant's employment or service continues from the Grant Date until the Vesting Date, and except as otherwise provided in Section 4.

3. *Payment of Restricted Stock Units*

(a) Stock Issued as Payment for RSUs Earned. Each vested RSU will be settled for one Share. The FMV of the Shares on the Vesting Date will be used to determine the basis of the stock payable.

(b) Withholding. The Company will withhold Shares having a Fair Market Value on the date the tax is to be determined equal to the minimum statutory amount (or such other amount as may be determined by the Administrator in accordance with the Plan) for federal, state, local and employment taxes which could be withheld on the transaction with respect to any taxable event arising as a result of this Agreement, or as otherwise provided in the Plan.

(c) Timing of Payment. Vested RSUs will be paid to the Participant on or before 75 days following the Vesting Date on which they vest as determined in Section 2(c), except as otherwise provided in Section 4.

4. *Termination of Employment; Change of Control.*

(a) Termination at age 55 and above and prior to Vesting Date.

(i) If a Participant terminates from employment at age 55-61 other than for Cause (for these purposes, "Early Retirement") and prior to the Vesting Date, the RSUs will become vested in accordance with Table A and will be paid within 90 days of the Termination Date. The Participant may be required to execute a reasonable non-competition covenant (except where not applicable due to some state laws) with the Company restricting the Participant from competing with the Company in a specified territory for a specified period of time. If such covenant is required by the Company and is not executed by the Participant, or if the Participant violates the covenant, the RSUs, to the extent unvested, will be forfeited. Any vested RSUs not paid as provided herein will be paid in accordance with Section 3.

TABLE A	
If Participant age 55-61 terminates:	**The percentage of RSUs that will become Non-forfeitable is:**
On or after 1/1/20XX	34% of the award
On or after 1/1/20XX	67% of the award
On or after 1/1/20XX	100% of the award

(ii) If a Participant terminates from employment at age 62 or later other than for Cause (for these purposes, “Retirement”) and prior to the Vesting Date, the RSUs which have been held by the Participant until on or after 1/1/20XX will become fully vested and will be paid within 90 days of the Termination Date. The Participant may be required to execute a reasonable non-competition covenant (except where not applicable due to some state laws) with the Company restricting the Participant from competing with the Company in a specified territory for a specified period of time. If such covenant is required by the Company and is not executed by the Participant or if the Participant violates the covenant, the RSUs, to the extent unvested, will be forfeited. Any vested RSUs not paid as provided herein will be paid in accordance with Section 3.

(b) Disability. Upon the Participant’s termination of employment due to Disability, the RSUs granted under this Agreement will become fully vested and will be paid within 90 days after the Termination Date following Disability; provided, however, that the Participant’s employment continues from the Grant Date until the Termination Date.

(c) Death. Upon the death of the Participant, the RSUs granted under this Agreement will become fully vested and will be paid to the Participant's estate or as directed by Participant’s will within 90 days of the date of death; provided, however, that the Participant’s employment continues from the Grant Date until the date of the Participant’s death.

(d) Other Termination. Upon voluntary or involuntary termination for reasons other than death, Disability, or Cause as provided under Section 4(e), unvested RSUs will be forfeited.

(e) Termination for Cause. If a Participant’s employment is terminated for Cause, all RSUs (vested, but not paid or unvested) will immediately be forfeited. The Administrator will have complete discretion to determine the basis of a Participant’s termination, including but not limited to whether a Participant has been terminated for Cause. The Administrator’s determination will be final and binding on all persons for purposes of the Plan and this Agreement.

(f) Change of Control of the Company. In the event a Change of Control occurs, and subject to Plan terms, the RSUs will be deemed vested as follows:

(i) To the extent that the successor or surviving company in the Change of Control event does not assume or substitute for the RSUs (or in which the Company is the ultimate parent corporation and does not continue the RSUs) on substantially similar terms or with substantially equivalent economic benefits (as determined by the Administrator prior to the Change of Control) as Awards outstanding under the Plan immediately prior to the Change of Control event, the RSUs will be deemed immediately fully vested and payable upon the date of the Change of Control.

(ii) Further, in the event that the RSUs are substituted, assumed or continued as provided in Section 4(f)(i) herein, the RSUs will nonetheless become fully vested if the Participant’s employment is terminated by the Company not for Cause or by the Participant for Good Reason within six months before (in which case vesting and payment will not occur until the effective date of the Change of Control) or two years (or such other period after a Change of Control as may be stated in the Participant’s employment, change in control, consulting or other similar agreement, plan, or policy, if applicable) after the effective date of a Change of Control (in which case the RSUs will be deemed immediately vested and payable as of the Participant’s Termination Date).

(iii) In the event that the RSUs are substituted, assumed or continued as provided in Section 4(f)(i) herein, the Participant will also be entitled to receive, with respect to each Share underlying the RSUs that becomes vested following the effective date of the Change of Control pursuant to Section 2(c) or Section 4, a value restoration payment with respect to such Share (a "Value Restoration Payment"), provided that the Value Restoration Payment will only be payable if the Participant remains in continuous employment with the Company or its successor or an Affiliate of the Company or its successor through the applicable vesting date. The Value Restoration Payment will be equal to the difference between the Fair Market Value of the surviving entity's common stock (or equivalent security) on the effective date of the Change of Control and, if less, the Fair Market Value of the surviving entity's common stock (or equivalent security) on the date of vesting (including the date of any accelerated vesting pursuant to this Section 4). Any such Value Restoration Payment shall be paid to the Participant in cash at the same time Shares are payable pursuant to the RSUs as provided in Section 3 or Section 4.

(g) Timing of Payment; Separation from Service. If the 90-day payment period described in this Section 4 begins in one (1) calendar year and ends in another, the Participant (or his or her beneficiary) will not have the right to designate the calendar year of the payment. Further, if calculation of the amount of the payment is not administratively practicable due to events beyond the control of the Participant (or his or her beneficiary), the payment will be treated as made within the applicable 90-day time period specified herein if the payment is made during the first taxable year of the Participant in which the calculation of the amount of the payment is administratively practicable or otherwise in accordance with Code Section 409A. The Participant's termination of employment or service will be construed in accordance with the principles applicable to a "separation from service" under Code Section 409A if and to the extent required.

5. ***Non-Solicitation.*** In consideration for this Agreement and notwithstanding any other provision in this Agreement, the Participant agrees to comply with the non-solicitation covenants set forth below (except where not applicable due to some state laws):

(a) Non-Solicitation of Customers. The Participant acknowledges that while employed by or in service to the Company, the Participant will occupy a position of trust and confidence and will acquire confidential information about the Company, its Subsidiaries and other Affiliates, and their clients and customers that is not disclosed by the Company or any of its Subsidiaries or other Affiliates in the ordinary course of business, including trade secrets, data, formulae, information concerning customers and other information which is of value to the Company because it is not generally known. The Participant agrees that during the period of employment with or service to the Company and for a period of two years after the Participant's Termination Date, regardless of the reason for termination, the Participant will not, either individually or as an officer, director, stockholder, member, partner, agent, consultant or principal of another business firm, directly or indirectly solicit any customer of the Company or of its Subsidiaries or other Affiliates.

(b) Non-Solicitation of Employees. The Participant recognizes that while employed by or in service to the Company, the Participant will possess confidential information about other employees of the Company and its Subsidiaries or other Affiliates relating to their education, experience, skills, abilities, compensation and benefits, and inter-personal relationships with suppliers to and customers of the Company and its Subsidiaries or other Affiliates. The Participant recognizes that this information is not generally known, is of substantial value to the Company and its Subsidiaries or other Affiliates in developing their respective businesses and in securing and retaining customers, and will be acquired by the Participant because of the Participant's business position with the Company. The Participant agrees that during the period of employment with or service to the Company and for two years after the Participant's Termination Date, regardless of the reason for termination, the Participant will not, directly or indirectly, solicit or recruit any employee of the Company or any of its Subsidiaries or other Affiliates for the purpose of being employed by the Participant or by any business, individual, partnership, firm, corporation or other entity on whose behalf the Participant is acting as an agent, representative or employee and that the Participant will not convey any such confidential information or trade secrets about other employees of the Company or any of its Subsidiaries or other Affiliates to any other person except within the scope of the Participant's duties as an employee of or service provider to the Company.

(c) Remedies. If the Participant violates either of the covenants in Section 5(a) or Section 5(b), the RSUs will be forfeited and the Participant's rights under this Agreement will terminate. In addition, if any dispute arises concerning the violation by the Participant of the covenants described in this section, in addition to any other rights or remedies of this Company, an injunction may be issued restraining such violation pending the determination of such controversy, and no bond or other security will be required in connection therewith. Further, the Company will be entitled to seek appropriate legal relief, including money damages, equitable relief, and attorneys' fees.

6. Additional Provisions.

(a) No Right to Continued Employment or Service; No Right to Further Awards. Nothing in the Plan or the Agreement gives the Participant any right to continue in the employment or service of the Company or an Affiliate or interferes with the right of the Company or an Affiliate to terminate the Participant's employment or service at any time. Except as otherwise provided in the Plan or this Agreement, all rights of the Participant with respect to the unvested portion of the RSUs (if any) will terminate on the Participant's Termination Date. The grant of the RSUs does not create any obligation to grant further awards.

(b) Tax Consequences. The Participant acknowledges that the Company has made no warranties or representations to the Participant with respect to the tax consequences related to the transactions contemplated by this Agreement, and the Participant is in no manner relying on the Company or its representatives for an assessment of such tax consequences. The Participant acknowledges that there may be adverse tax consequences upon the grant or vesting of the RSUs and/or the acquisition or disposition of the Shares or other benefits subject to the RSUs and that he or she has been advised that he or she should consult with his or her own attorney, accountant and/or tax advisor regarding the decision to enter into this Agreement and the consequences thereof. The Participant also acknowledges that the Company has no responsibility to take or refrain from taking any actions in order to achieve a certain tax result for the Participant.

(c) RSUs Subject to Plan. By entering into this Agreement, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan and Plan prospectus. The Participant acknowledges and agrees that the Agreement and the Participant's rights are subject to the Plan. The terms and provisions of the Plan are incorporated herein by reference. In the event of a conflict between any term or provision in the Agreement and a term or provision of the Plan, the Plan terms will govern, unless the Administrator determines otherwise.

(d) Amendment; Waiver; Superseding Effect. This Agreement may be modified or amended as provided in the Plan. The waiver by the Company of a breach of any provision of this Agreement by the Participant will not operate or be construed as a waiver of any subsequent breach by the Participant. The Agreement supersedes any statements, representations or agreements of the Company with respect to the grant of the RSUs or any related rights, and the Participant waives any rights or claims related to any such statements, representations or agreements.

(e) Recoupment and Forfeiture. As a condition to receiving the RSUs, the Participant agrees that he or she will abide by the Company's Director and Executive Stock Ownership and Equity Retention Guidelines and Clawback Policy and/or other policies adopted by the Company or an Affiliate, each as in effect from time to time and to the extent applicable to the Participant. Further, the Participant will be subject to such compensation recovery, recoupment, forfeiture or other similar provisions as may apply under Applicable Law.

(f) Administrator Discretion. The Administrator has the full authority and discretion with respect to the RSUs and this Agreement to the extent provided in the Plan.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, J. Thomas Hill, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Vulcan Materials Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date May 6, 2020

/s/ J. Thomas Hill
J. Thomas Hill
Chairman, President and Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Suzanne H. Wood, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Vulcan Materials Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date May 6, 2020

/s/ Suzanne H. Wood
Suzanne H. Wood, Senior Vice President and
Chief Financial Officer

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

I, J. Thomas Hill, Chairman, President and Chief Executive Officer of Vulcan Materials Company, certify that the Quarterly Report on Form 10-Q (the “report”) for the quarter ended March 31, 2020, 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.

/s/ J. Thomas Hill
J. Thomas Hill
Chairman, President and Chief Executive Officer
May 6, 2020

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

EXHIBIT 32(b)

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

I, Suzanne H. Wood, Senior Vice President and Chief Financial Officer of Vulcan Materials Company, certify that the Quarterly Report on Form 10-Q (the "report") for the quarter ended March 31, 2020, 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.

/s/ Suzanne H. Wood
Suzanne H. Wood, Senior Vice President and
Chief Financial Officer
May 6, 2020

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

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

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

The following disclosures are made pursuant to Section 1503.

During the three months ended March 31, 2020, none of our operations: (i) received any orders under Section 104(b), which are issued upon a follow up inspection where the inspector finds the violation previously cited has not been totally abated in the prescribed time period; (ii) had any flagrant violations under Section 110(b)(2); (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.

FIRST QUARTER 2020

The table below sets forth, by mine, the total number of citations and/or orders issued by MSHA during the period covered by this report under the indicated provisions of the Mine Act, together with the total dollar value of proposed assessments, if any, from MSHA, received during the three months ended March 31, 2020. Of our 255 active MSHA-regulated facilities during the quarter, we received 136 federal mine safety inspections at 124 facilities during the reporting period. Of our inspected facilities, 113 did not receive any reportable citations or orders.

Name of Operation	Number of Inspections	Total Number of S&S Citations	Mine Act § 104(b) Orders	Mine Act § 104(d) Citations and Orders	Mine Act § 110(b)(2) Violations	Mine Act § 107(a) Orders	Total Dollar Value of Proposed MSHA Assessments (dollars in thousands)	Total Number of Mining Related Fatalities	Received Written Notice under Mine Act § 104(e) (yes/no)
BARTLETT UG, IL	1	1	0	0	0	0	$0.0	0	No
DANLEY, TN	1	2	0	0	0	0	$0.0	0	No
GRAHAM VA, VA	1	2	0	0	0	0	$0.0	0	No
HANOVER, PA	1	1	0	0	0	0	$0.0	0	No
MANASSAS, VA	1	1	0	0	0	0	$0.0	0	No
MCCOOK, IL	2	2	0	0	0	0	$0.0	0	No
MIAMI, FL	1	2	0	0	0	0	$0.0	0	No
NORTH TROY, OK	1	1	0	0	0	0	$0.0	0	No
NORTON, VA	1	1	0	0	0	0	$0.0	0	No
POSTELL QUARRY, GA	1	1	0	0	0	0	$0.0	0	No
VILLA RICA, GA	1	1	0	0	0	0	$0.0	0	No
OTHER OPERATIONS - 113	124	0	0	0	0	0	$0.0	0	No
Total	**136**	**15**	**0**	**0**	**0**	**0**	**$0.0**	**0**	

The total dollar value of proposed assessments received during the three months ended March 31, 2020 for all other citations, as well as proposed assessments received during the reporting period for citations previously issued, is $22,744.

The table below sets forth, by mine, category of legal action and number of legal actions pending before the Federal Mine Safety and Health Review Commission as of March 31, 2020.

	Number of Legal Actions		
Name of Operation	Contest Penalty	Contest Citations	Complaint of Discharge, Discrimination
BLAIRSVILLE QUARRY, GA	1	0	0
GRAHAM VIRGINIA, VA	2	0	0
SOUTH RUSSELLVILLE QUARRY, AL	1	0	0

The table below sets forth, by mine, category of legal action and number of legal actions filed before the Federal Mine Safety and Health Review Commission during the three months ended March 31, 2020.

	Number of Legal Actions		
Name of Operation	Contest Penalty	Contest Citations	Complaint of Discharge, Discrimination
FREDERICK QUARRY, MD	1	0	0

The table below sets forth, by mine, category of legal action and number of legal actions resolved (disposed) by the Federal Mine Safety and Health Review Commission during the three months ended March 31, 2020.

	Number of Legal Actions		
Name of Operation	Contest Penalty	Contest Citations	Complaint of Discharge, Discrimination
BOONE QUARRY, NC	1	0	0
HANOVER QUARRY, PA	2	0	0
MIAMI QUARRY, FL	1	0	0
SKIPPERS, VA	1	0	0