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 **June 30, 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 July 23, 2020
Common Stock, $1 Par Value	132,448,129

VULCAN MATERIALS COMPANY

FORM 10-Q
QUARTER ENDED JUNE 30, 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	***June 30 2020***	*December 31 2019*	*June 30 2019*
Assets			
Cash and cash equivalents	**$ 816,765**	$ 271,589	$ 26,031
Restricted cash	**434**	2,917	491
Accounts and notes receivable			
Accounts and notes receivable, gross	**699,320**	573,241	700,175
Allowance for doubtful accounts	**(3,460)**	(3,125)	(2,844)
Accounts and notes receivable, net	**695,860**	570,116	697,331
Inventories			
Finished products	**383,483**	391,666	377,578
Raw materials	**33,178**	31,318	31,137
Products in process	**5,116**	5,604	6,332
Operating supplies and other	**29,703**	29,720	26,376
Inventories	**451,480**	458,308	441,423
Other current assets	**65,571**	76,396	89,739
Total current assets	**2,030,110**	1,379,326	1,255,015
Investments and long-term receivables	**43,849**	60,709	51,667
Property, plant & equipment			
Property, plant & equipment, cost	**8,921,990**	8,749,217	8,613,500
Allowances for depreciation, depletion & amortization	**(4,538,980)**	(4,433,179)	(4,322,818)
Property, plant & equipment, net	**4,383,010**	4,316,038	4,290,682
Operating lease right-of-use assets, net	**426,618**	408,189	418,896
Goodwill	**3,172,112**	3,167,061	3,167,061
Other intangible assets, net	**1,114,592**	1,091,475	1,076,986
Other noncurrent assets	**228,433**	225,995	220,457
Total assets	**$ 11,398,724**	$ 10,648,793	$ 10,480,764
Liabilities			
Current maturities of long-term debt	**500,026**	25	24
Short-term debt	**0**	0	137,000
Trade payables and accruals	**278,102**	265,159	284,875
Other current liabilities	**260,621**	270,379	241,689
Total current liabilities	**1,038,749**	535,563	663,588
Long-term debt	**2,785,646**	2,784,315	2,781,826
Deferred income taxes, net	**671,097**	633,039	601,189
Deferred revenue	**177,534**	179,880	182,666
Operating lease liabilities	**405,578**	388,042	396,952
Other noncurrent liabilities	**555,969**	506,097	483,096
Total liabilities	**$ 5,634,573**	$ 5,026,936	$ 5,109,317
Other commitments and contingencies (Note 8)			
Equity			
Common stock, $1 par value, Authorized 480,000 shares, Outstanding 132,446, 132,371 and 132,231 shares, respectively	**132,446**	132,371	132,231
Capital in excess of par value	**2,789,801**	2,791,353	2,787,002
Retained earnings	**3,049,943**	2,895,871	2,623,747
Accumulated other comprehensive loss	**(208,039)**	(197,738)	(171,533)
Total equity	**$ 5,764,151**	$ 5,621,857	$ 5,371,447
Total liabilities and equity	**$ 11,398,724**	$ 10,648,793	$ 10,480,764

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 June 30*		*Six Months Ended June 30*	
in thousands, except per share data	***2020***	*2019*	***2020***	*2019*
Total revenues	**$ 1,322,575**	$ 1,327,682	**$ 2,371,817**	$ 2,324,193
Cost of revenues	**926,056**	957,180	**1,773,575**	1,762,016
Gross profit	**396,519**	370,502	**598,242**	562,177
Selling, administrative and general expenses	**91,205**	95,689	**177,635**	185,957
Gain (loss) on sale of property, plant & equipment and businesses	**(258)**	3,451	**741**	10,748
Other operating expense, net	**(6,160)**	(2,190)	**(10,151)**	(6,461)
Operating earnings	**298,896**	276,074	**411,197**	380,507
Other nonoperating income (expense), net	**7,367**	2,466	**(1,969)**	5,595
Interest expense, net	**33,954**	33,035	**64,727**	65,969
Earnings from continuing operations before income taxes	**272,309**	245,505	**344,501**	320,133
Income tax expense	**61,352**	47,598	**73,546**	58,291
Earnings from continuing operations	**210,957**	197,907	**270,955**	261,842
Loss on discontinued operations, net of tax	**(1,041)**	(349)	**(781)**	(985)
Net earnings	**$ 209,916**	$ 197,558	**$ 270,174**	$ 260,857
Other comprehensive income, net of tax				
Deferred loss on interest rate derivative	**0**	0	**(14,679)**	0
Amortization of prior interest rate derivative loss	**194**	56	**988**	111
Amortization of actuarial loss and prior service cost for benefit plans	**1,695**	336	**3,390**	571
Other comprehensive income (loss)	**1,889**	392	**(10,301)**	682
Comprehensive income	**$ 211,805**	$ 197,950	**$ 259,873**	$ 261,539
Basic earnings (loss) per share				
Continuing operations	**$ 1.59**	$ 1.50	**$ 2.04**	$ 1.98
Discontinued operations	**(0.01)**	(0.01)	**0.00**	(0.01)
Net earnings	**$ 1.58**	$ 1.49	**$ 2.04**	$ 1.97
Diluted earnings (loss) per share				
Continuing operations	**$ 1.58**	$ 1.48	**$ 2.03**	$ 1.97
Discontinued operations	**0.00**	0.00	**0.00**	(0.01)
Net earnings	**$ 1.58**	$ 1.48	**$ 2.03**	$ 1.96
Weighted-average common shares outstanding				
Basic	**132,552**	132,269	**132,560**	132,157
Assuming dilution	**133,115**	133,354	**133,154**	133,199
Depreciation, depletion, accretion and amortization	**$ 99,470**	$ 93,497	**$ 194,951**	$ 182,677
Effective tax rate from continuing operations	**22.5%**	19.4%	**21.3%**	18.2%

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	Six Months Ended June 30 2020	 2019
Operating Activities		
Net earnings	**$ 270,174**	$ 260,857
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation, depletion, accretion and amortization	**194,951**	182,677
Noncash operating lease expense	**17,977**	17,549
Net gain on sale of property, plant & equipment and businesses	**(741)**	(10,748)
Contributions to pension plans	**(4,409)**	(4,638)
Share-based compensation expense	**15,220**	14,370
Deferred tax expense (benefit)	**36,644**	34,816
Changes in assets and liabilities before initial effects of business acquisitions and dispositions	**(101,271)**	(201,256)
Other, net	**(2,954)**	8,289
Net cash provided by operating activities	**$ 425,591**	$ 301,916
Investing Activities		
Purchases of property, plant & equipment	**(223,147)**	(225,837)
Proceeds from sale of property, plant & equipment	**3,063**	11,200
Proceeds from sale of businesses	**651**	1,744
Payment for businesses acquired, net of acquired cash	**(5,668)**	1,122
Other, net	**5,575**	(4,577)
Net cash used for investing activities	**$ (219,526)**	$ (216,348)
Financing Activities		
Proceeds from short-term debt	**0**	360,100
Payment of short-term debt	**0**	(356,100)
Payment of current maturities and long-term debt	**(250,012)**	(11)
Proceeds from issuance of long-term debt	**750,000**	0
Debt issuance and exchange costs	**(10,762)**	0
Settlements of interest rate derivatives	**(19,863)**	0
Purchases of common stock	**(26,132)**	0
Dividends paid	**(90,128)**	(81,927)
Share-based compensation, shares withheld for taxes	**(15,830)**	(25,508)
Other, net	**(645)**	(4)
Net cash provided by (used for) financing activities	**$ 336,628**	$ (103,450)
Net increase (decrease) in cash and cash equivalents and restricted cash	**542,693**	(17,882)
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	**$ 817,199**	$ 26,522

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Vulcan Materials Company (the “Company,” “Vulcan,” “we,” “our”), a New Jersey corporation, is the nation's largest 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 and six month periods ended June 30, 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 June 30, 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 June 30		***Six Months Ended June 30***	
in thousands	***2020***	*2019*	***2020***	*2019*
Discontinued Operations				
Pretax loss	**$ (1,412)**	$ (701)	**$ (1,058)**	$ (1,339)
Income tax benefit	**371**	352	**277**	354
Loss on discontinued operations, net of tax	**$ (1,041)**	$ (349)	**$ (781)**	$ (985)

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 June 30		***Six Months Ended June 30***	
in thousands	***2020***	*2019*	***2020***	*2019*
Weighted-average common shares outstanding	**132,552**	132,269	**132,560**	132,157
Dilutive effect of				
Stock-Only Stock Appreciation Rights	**271**	723	**307**	723
Other stock compensation plans	**292**	362	**287**	319
Weighted-average common shares outstanding, assuming dilution	**133,115**	133,354	**133,154**	133,199

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:

	Three Months Ended June 30		***Six Months Ended June 30***	
in thousands	***2020***	*2019*	***2020***	*2019*
Antidilutive common stock equivalents	**296**	192	**275**	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*	***June 30 2020***	*December 31 2019*	*June 30 2019*
Assets				
Operating lease ROU assets		**$ 472,003**	$ 441,656	$ 435,672
Accumulated amortization		**(45,385)**	(33,467)	(16,776)
Total lease assets	Operating lease right-of-use assets, net	**$ 426,618**	$ 408,189	$ 418,896
Liabilities				
Current				
Operating	Other current liabilities	**$ 32,645**	$ 29,971	$ 31,357
Noncurrent				
Operating	Operating lease liabilities	**405,578**	388,042	396,952
Total lease liabilities		**$ 438,223**	$ 418,013	$ 428,309
Lease Term and Discount Rate				
Weighted-average remaining lease term (years)				
Operating leases		**10.4**	9.9	10.0
Weighted-average discount rate				
Operating leases		**4.1%**	4.3%	4.4%

Our lease agreements do not contain residual value guarantees, restrictive covenants or early termination options that we deem material. We have not sought or been granted any material lease concessions as a result of the COVID-19 pandemic.

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 June 30		***Six Months Ended June 30***	
in thousands	***2020***	*2019*	***2020***	*2019*
Lease Cost				
Operating lease cost	**$ 14,234**	$ 14,167	**$ 28,340**	$ 28,294
Short-term lease cost [1]	**8,070**	7,922	**17,441**	16,623
Variable lease cost	**3,773**	3,489	**6,905**	6,557
Sublease income	**(721)**	(807)	**(1,456)**	(1,418)
Total lease cost	**$ 25,356**	$ 24,771	**$ 51,230**	$ 50,056

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 $26,559,000 and $25,513,000 for the six months ended June 30, 2020 and 2019, respectively, and was reflected as reductions to operating cash flows.

NOTE 3: INCOME TAXES

In response to the COVID-19 pandemic, 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 second quarter of 2020, we recorded income tax expense from continuing operations of $61,352,000 compared to $47,598,000 in the second quarter of 2019. The increase in tax expense was primarily related to an increase in earnings along with a decrease in share-based compensation excess tax benefits quarter over quarter.

For the first six months of 2020, we recorded income tax expense from continuing operations of $73,546,000 compared to $58,291,000 for the first six months of 2019. The increase in tax expense was primarily related to an increase in earnings along with a decrease in share-based compensation excess tax benefits as compared to the same period in 2019.

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. We project Alabama state net operating loss (NOL) carryforward deferred tax assets at December 31, 2020 of $63,380,000 against which we project to have a valuation allowance of $29,236,000. 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.

Our segment total revenues by geographic market for the three and six month periods ended June 30, 2020 and 2019 are disaggregated as follows:

	Three Months Ended June 30, 2020				
in thousands	*Aggregates*	*Asphalt*	*Concrete*	*Calcium*	*Total*
Total Revenues by Geographic Market [1]					
East	**$ 350,238**	**$ 37,956**	**$ 71,653**	**$ 0**	**$ 459,847**
Gulf Coast	**567,811**	**50,503**	**17,946**	**1,889**	**638,149**
West	**152,547**	**134,491**	**11,084**	**0**	**298,122**
Segment sales	**$ 1,070,596**	**$ 222,950**	**$ 100,683**	**$ 1,889**	**$ 1,396,118**
Intersegment sales	**(73,543)**	**0**	**0**	**0**	**(73,543)**
Total revenues	**$ 997,053**	**$ 222,950**	**$ 100,683**	**$ 1,889**	**$ 1,322,575**

	Three Months Ended June 30, 2019				
in thousands	*Aggregates*	*Asphalt*	*Concrete*	*Calcium*	*Total*
Total Revenues by Geographic Market [1]					
East	$ 339,351	$ 46,392	$ 70,871	$ 0	$ 456,614
Gulf Coast	553,746	56,727	14,865	2,003	627,341
West	168,964	144,044	18,032	0	331,040
Segment sales	$ 1,062,061	$ 247,163	$ 103,768	$ 2,003	$ 1,414,995
Intersegment sales	(87,313)	0	0	0	(87,313)
Total revenues	$ 974,748	$ 247,163	$ 103,768	$ 2,003	$ 1,327,682

	Six Months Ended June 30, 2020				
in thousands	*Aggregates*	*Asphalt*	*Concrete*	*Calcium*	*Total*
Total Revenues by Geographic Market [1]					
East	**$ 590,106**	**$ 55,839**	**$ 133,772**	**$ 0**	**$ 779,717**
Gulf Coast	**1,061,107**	**84,358**	**34,911**	**3,915**	**1,184,291**
West	**287,609**	**222,542**	**26,765**	**0**	**536,916**
Segment sales	**$ 1,938,822**	**$ 362,739**	**$ 195,448**	**$ 3,915**	**$ 2,500,924**
Intersegment sales	**(129,107)**	**0**	**0**	**0**	**(129,107)**
Total revenues	**$ 1,809,715**	**$ 362,739**	**$ 195,448**	**$ 3,915**	**$ 2,371,817**

	Six Months Ended June 30, 2019				
in thousands	*Aggregates*	*Asphalt*	*Concrete*	*Calcium*	*Total*
Total Revenues by Geographic Market [1]					
East	$ 564,253	$ 64,608	$ 125,587	$ 0	$ 754,448
Gulf Coast	1,050,381	93,779	31,370	3,954	1,179,484
West	282,392	220,866	30,448	0	533,706
Segment sales	$ 1,897,026	$ 379,253	$ 187,405	$ 3,954	$ 2,467,638
Intersegment sales	(143,445)	0	0	0	(143,445)
Total revenues	$ 1,753,581	$ 379,253	$ 187,405	$ 3,954	$ 2,324,193

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

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 $57,374,000 and $65,257,000 for the three months ended June 30, 2020 and 2019, respectively, and $96,938,000 and $99,772,000 for the six months ended June 30, 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.

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:

	Three Months Ended June 30		*Six Months Ended June 30*	
in thousands	***2020***	*2019*	***2020***	*2019*
Freight & Delivery Revenues				
Total revenues	**$ 1,322,575**	$ 1,327,682	**$ 2,371,817**	$ 2,324,193
Freight & delivery revenues [1]	**(202,855)**	(196,796)	**(379,223)**	(359,401)
Total revenues excluding freight & delivery	**$ 1,119,720**	$ 1,130,886	**$ 1,992,594**	$ 1,964,792

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:

	Three Months Ended June 30		***Six Months Ended June 30***	
in thousands	***2020***	*2019*	***2020***	*2019*
Deferred Revenue				
Balance at beginning of period	**$ 183,997**	$ 191,131	**$ 185,339**	$ 192,783
Revenue recognized from deferred revenue	**(2,034)**	(2,079)	**(3,376)**	(3,731)
Balance at end of period	**$ 181,963**	$ 189,052	**$ 181,963**	$ 189,052

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 June 30, 2021 (reflected in other current liabilities in our June 30, 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:

	Level 1 Fair Value		
in thousands	***June 30 2020***	*December 31 2019*	*June 30 2019*
Fair Value Recurring			
Rabbi Trust			
Mutual funds	**$ 21,994**	$ 22,883	$ 23,382
Total	**$ 21,994**	$ 22,883	$ 23,382

	Level 2 Fair Value		
in thousands	***June 30 2020***	*December 31 2019*	*June 30 2019*
Fair Value Recurring			
Rabbi Trust			
Money market mutual fund	**$ 1,738**	$ 1,340	$ 398
Total	**$ 1,738**	$ 1,340	$ 398

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 $(998,000) and $2,844,000 for the six months ended June 30, 2020 and 2019, respectively. The portions of the net gains (losses) related to investments still held by the Rabbi Trusts at June 30, 2020 and 2019 were $(990,000) and $2,885,000, 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 of a future debt issuance to hedge the risk of higher interest rates. These interest rate locks were designated as cash flow hedges. Consistent with their terms, we settled the interest rate locks in March 2020 for a cash payment of $19,863,000. Given that the related debt issuance at the end of the first quarter: a) was not executed, b) remained probable in the near term and c) had uncertain timing, $1/20^{th}$ of the hedge was deemed ineffective and $993,000 of the settlement was recorded to interest expense in the first quarter. The remainder of the settlement was deferred and recorded in AOCI. In May 2020, we issued the related debt in the form of $750,000,000 of 3.50% 10-year notes. The deferred hedge settlement amount in AOCI is 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 June 30* 2020**	*Three Months Ended June 30* 2019	***Six Months Ended June 30* 2020**	*Six Months Ended June 30* 2019
Interest Rate Hedges					
Loss reclassified from AOCI (effective portion)	Interest expense	**$ (263)**	$ (76)	**$ (1,337)**	$ (151)

For the 12-month period ending June 30, 2021, we estimate that $1,894,000 of the $24,644,000 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*	***June 30 2020***	*December 31 2019*	*June 30 2019*
Short-term Debt				
Delayed draw term loan expires 2021		**$ 0**	$ 0	$ 0
Bank line of credit expires 2021 [1]		**0**	0	137,000
Total short-term debt		**$ 0**	$ 0	$ 137,000
Long-term Debt				
Bank line of credit expires 2021 [1]		**$ 0**	$ 0	$ 0
Floating-rate notes due 2020		**0**	250,000	250,000
Floating-rate notes due 2021	***1.21%***	**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
3.50% notes due 2030	***3.91%***	**750,000**	0	0
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	***1.10%***	**9,153**	185	197
Total long-term debt - face value		**$ 3,355,341**	$ 2,846,373	$ 2,846,385
Unamortized discounts and debt issuance costs		**(69,669)**	(62,033)	(64,535)
Total long-term debt - book value		**$ 3,285,672**	$ 2,784,340	$ 2,781,850
Less current maturities		**500,026**	25	24
Total long-term debt - reported value		**$ 2,785,646**	$ 2,784,315	$ 2,781,826
Estimated fair value of long-term debt		**$ 3,225,468**	$ 3,073,693	$ 2,898,283

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.*

Discounts and debt issuance costs are amortized using the effective interest method over the terms of the respective notes resulting in $3,126,000 and $2,482,000 of net interest expense for these items for the six months ended June 30, 2020 and 2019, respectively.

LINE OF CREDIT AND DELAYED DRAW TERM LOAN

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 June 30, 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 June 30, 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%.

In April 2020, 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. During the second quarter, we borrowed and repaid $250,000,000 on this delayed draw term loan leaving $500,000,000 available for future borrowings.

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 daily average unused amount of the facility, ranges from 0.125% to 0.25% and is determined by our credit ratings. As of June 30, 2020, we were in compliance with the delayed draw term loan covenants, the credit margin for LIBOR borrowings was 1.625%, the credit margin for base rate borrowings was 0.625%, and the commitment fee for the unused amount was 0.175%.

As of June 30, 2020, our available borrowing capacity was $1,195,871,000. 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 $3,355,341,000 (face value) of term debt is unsecured. $3,346,188,000 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 June 30, 2020, we were in compliance with all term debt covenants.

In May 2020, we issued $750,000,000 of 3.50% senior notes due 2030. Total proceeds were $741,417,000 (net of discounts and transaction costs). $250,000,000 of the proceeds were used to retire the $250,000,000 floating rate notes due June 2020. The remainder of the proceeds, together with cash on hand, will be used to retire the $500,000,000 floating rate notes due March 2021.

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 June 30, 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 $438,223,000 as of June 30, 2020.

As summarized by purpose in Note 7, our standby letters of credit totaled $54,129,000 as of June 30, 2020.

As described in Note 9, our asset retirement obligations totaled $263,748,000 as of June 30, 2020.

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

in thousands	***June 30 2020***	*December 31 2019*	*June 30 2019*
Accrued Environmental Remediation Costs			
Continuing operations	**$ 22,743**	$ 30,429	$ 35,218
Retained from former Chemicals business	**10,846**	10,972	10,726
Total	**$ 33,589**	$ 41,401	$ 45,944

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 June 30		***Six Months Ended June 30***	
in thousands	***2020***	*2019*	***2020***	*2019*
ARO Operating Costs				
Accretion	**$ 3,247**	$ 2,717	**$ 6,155**	$ 5,450
Depreciation	**2,063**	1,800	**3,899**	3,641
Total	**$ 5,310**	$ 4,517	**$ 10,054**	$ 9,091

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 June 30		***Six Months Ended June 30***	
in thousands	***2020***	*2019*	***2020***	*2019*
Asset Retirement Obligations				
Balance at beginning of period	**$ 263,445**	$ 225,186	**$ 210,323**	$ 225,726
Liabilities incurred	**0**	263	**0**	263
Liabilities settled	**(3,354)**	(3,388)	**(8,588)**	(6,966)
Accretion expense	**3,247**	2,717	**6,155**	5,450
Revisions, net	**410**	(1,281)	**55,858**	(976)
Balance at end of period	**$ 263,748**	$ 223,497	**$ 263,748**	$ 223,497

ARO liabilities settled during the first six months of 2020 and 2019 include $2,152,000 and $2,015,000, 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 six 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 June 30***		***Six Months Ended June 30***	
in thousands	***2020***	*2019*	***2020***	*2019*
Components of Net Periodic Benefit Cost				
Service cost	**$ 1,331**	$ 1,249	**$ 2,662**	$ 2,498
Interest cost	**7,531**	9,410	**15,062**	18,820
Expected return on plan assets	**(12,485)**	(11,937)	**(24,969)**	(23,875)
Amortization of prior service cost	**335**	335	**670**	670
Amortization of actuarial loss	**3,140**	1,358	**6,279**	2,716
Net periodic pension benefit cost (credit)	**$ (148)**	$ 415	**$ (296)**	$ 829
Pretax reclassifications from AOCI included in net periodic pension benefit cost	**$ 3,475**	$ 1,693	**$ 6,949**	$ 3,386

The contributions to pension plans for the six months ended June 30, 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 June 30***		***Six Months Ended June 30***	
in thousands	***2020***	*2019*	***2020***	*2019*
Components of Net Periodic Benefit Cost				
Service cost	**$ 380**	$ 330	**$ 760**	$ 659
Interest cost	**242**	347	**485**	694
Amortization of prior service credit	**(980)**	(979)	**(1,959)**	(1,959)
Amortization of actuarial gain	**(201)**	(327)	**(403)**	(654)
Net periodic postretirement benefit credit	**$ (559)**	$ (629)	**$ (1,117)**	$ (1,260)
Pretax reclassifications from AOCI included in net periodic postretirement benefit credit	**$ (1,181)**	$ (1,306)	**$ (2,362)**	$ (2,613)

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 $12,810,000 and $13,681,000 for the three months ended June 30, 2020 and 2019, respectively, and totaled $23,867,000 and $27,600,000 for the six months ended June 30, 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	***June 30 2020***	*December 31 2019*	*June 30 2019*
AOCI			
Interest rate hedges	**$ (24,644)**	$ (10,953)	$ (11,069)
Pension and postretirement plans	**(183,395)**	(186,785)	(160,464)
Total	**$ (208,039)**	$ (197,738)	$ (171,533)

Changes in AOCI, net of tax, for the six months ended June 30, 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	(14,679)	0	(14,679)
Amounts reclassified from AOCI	988	3,390	4,378
Net current period OCI changes	(13,691)	3,390	(10,301)
Balances as of June 30, 2020	**$ (24,644)**	**$ (183,395)**	**$ (208,039)**

Amounts reclassified from AOCI to earnings, are as follows:

	Three Months Ended June 30		***Six Months Ended June 30***	
in thousands	***2020***	*2019*	***2020***	*2019*
Amortization of Interest Rate Hedge Losses				
Interest expense	**$ 263**	$ 76	**$ 1,337**	$ 151
Benefit from income taxes	**(69)**	(20)	**(349)**	(40)
Total	**$ 194**	$ 56	**$ 988**	$ 111
Amortization of Pension and Postretirement Plan Actuarial Loss and Prior Service Cost				
Other nonoperating expense	**$ 2,294**	$ 386	**$ 4,587**	$ 772
Benefit from income taxes	**(599)**	(50)	**(1,197)**	(201)
Total	**$ 1,695**	$ 336	**$ 3,390**	$ 571
Total reclassifications from AOCI to earnings	**$ 1,889**	$ 392	**$ 4,378**	$ 682

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 June 30, 2020, December 31, 2019 and June 30, 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	***June 30 2020***	*December 31 2019*	*June 30 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 June 30, 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 June 30		***Six Months Ended June 30***	
in thousands, except per share data	***2020***	*2019*	***2020***	*2019*
Total Equity				
Balance at beginning of period	**$ 5,590,326**	$ 5,217,209	**$ 5,621,857**	$ 5,202,903
Net earnings	**209,916**	197,558	**270,174**	260,857
Common stock issued				
Share-based compensation plans, net of shares withheld for taxes	**(1,456)**	(11,370)	**(16,539)**	(25,438)
Purchase and retirement of common stock	**0**	0	**(26,132)**	0
Share-based compensation expense	**8,504**	8,646	**15,220**	14,370
Cash dividends on common stock ($0.34/$0.31/$0.68/$0.62 per share, respectively)	**(45,028)**	(40,988)	**(90,128)**	(81,927)
Other comprehensive income (expense)	**1,889**	392	**(10,301)**	682
Balance at end of period	**$ 5,764,151**	$ 5,371,447	**$ 5,764,151**	$ 5,371,447

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 June 30		Six Months Ended June 30	
in thousands	***2020***	*2019*	***2020***	*2019*
Total Revenues				
Aggregates [1]	**$ 1,070,596**	$ 1,062,061	**$ 1,938,822**	$ 1,897,026
Asphalt [2]	**222,950**	247,163	**362,739**	379,253
Concrete	**100,683**	103,768	**195,448**	187,405
Calcium	**1,889**	2,003	**3,915**	3,954
Segment sales	**$ 1,396,118**	$ 1,414,995	**$ 2,500,924**	$ 2,467,638
Aggregates intersegment sales	**(73,543)**	(87,313)	**(129,107)**	(143,445)
Total revenues	**$ 1,322,575**	$ 1,327,682	**$ 2,371,817**	$ 2,324,193
Gross Profit				
Aggregates	**$ 351,162**	$ 329,215	**$ 545,293**	$ 514,931
Asphalt	**30,464**	27,583	**28,029**	24,311
Concrete	**14,227**	12,887	**23,440**	21,450
Calcium	**666**	817	**1,480**	1,485
Total	**$ 396,519**	$ 370,502	**$ 598,242**	$ 562,177
Depreciation, Depletion, Accretion and Amortization (DDA&A)				
Aggregates	**$ 80,747**	$ 75,760	**$ 157,883**	$ 148,281
Asphalt	**8,668**	8,884	**17,402**	17,434
Concrete	**4,001**	3,327	**8,083**	6,291
Calcium	**48**	58	**97**	118
Other	**6,006**	5,468	**11,486**	10,553
Total	**$ 99,470**	$ 93,497	**$ 194,951**	$ 182,677
Identifiable Assets [3]				
Aggregates			**$ 9,545,787**	$ 9,385,444
Asphalt			**583,902**	597,328
Concrete			**321,304**	299,729
Calcium			**3,718**	4,042
Total identifiable assets			**$ 10,454,711**	$ 10,286,543
General corporate assets			**126,814**	167,699
Cash and cash equivalents and restricted cash			**817,199**	26,522
Total assets			**$ 11,398,724**	$ 10,480,764

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:

in thousands	*Six Months Ended June 30* **2020**	*2019*
Cash Payments		
Interest (exclusive of amount capitalized)	**$ 60,741**	$ 66,414
Income taxes	**9,055**	34,297
Noncash Investing and Financing Activities		
Accrued liabilities for purchases of property, plant & equipment	**$ 10,994**	$ 30,259
Recognition of new asset retirement obligations	**0**	263
Right-of-use assets obtained in exchange for new operating lease liabilities [1]	**25,083**	435,678
Amounts referable to business acquisitions		
Liabilities assumed	**5,637**	3,525
Consideration payable to seller	**8,980**	0
Fair value of noncash assets and liabilities exchanged	**21,214**	0

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 six month periods ended June 30, 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. Changes in the carrying amount of goodwill by reportable segment from December 31, 2019 to June 30, 2020 are 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
Goodwill of acquired businesses [1]	5,051	0	0	0	5,051
Totals at June 30, 2020	**$ 3,080,479**	**$ 91,633**	**$ 0**	**$ 0**	**$ 3,172,112**

1 *See Note 16 for summary of recent acquisitions.*

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 — Through the six months ended June 30, 2020, we purchased businesses that support our aggregates operations for total consideration of $35,862,000.

The 2020 acquisitions are reported in our consolidated financial statements as of the acquisition dates and are not material to our results of operations or financial position. The purchase price allocations have been finalized.

As a result of these 2020 acquisitions, we recognized $39,833,000 of amortizable intangible assets and $5,051,000 of goodwill. The amortizable intangible assets will be amortized against earnings on a straight-line basis over a weighted-average 20 years and will not be deductible for income tax purposes. The goodwill represents the balance of deferred tax liabilities generated from carrying over the tax basis in the assets acquired and is not deductible for income tax purposes.

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

In 2020, we sold:

- Second quarter — exited our New Mexico ready-mixed concrete business, resulting in an immaterial gain. We retained the concrete plants and mobile fleet and are leasing these assets to the buyer. Additionally, we obtained a 20-year aggregates supply agreement

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 June 30, 2020, December 31, 2019 or June 30, 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

LIBOR TRANSITION 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. 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 SECOND QUARTER 2020

Compared to second quarter of 2019:

- Total revenues decreased $5.1 million, or less than 1%, to $1,322.6 million
- Gross profit increased $26.0 million, or 7%, to $396.5 million
- Aggregates segment sales increased $8.5 million, or 1%, to $1,070.6 million
- Aggregates segment freight-adjusted revenues increased $8.3 million, or 1%, to $814.7 million
  - Shipments decreased 2%, or 1.1 million tons, to 56.2 million tons
  - Freight-adjusted sales price increased 3.1%, or $0.43 per ton
  - Segment gross profit increased $21.9 million, or 7%, to $351.2 million
- Asphalt, Concrete and Calcium segment gross profit increased $4.1 million, or 10%, to $45.4 million, collectively
- Selling, administrative and general (SAG) expenses decreased $4.5 million and decreased 0.3 percentage points (30 basis points) as a percentage of total revenues
- Operating earnings increased $22.8 million, or 8%, to $298.9 million
- Earnings from continuing operations were $211.0 million, or $1.58 per diluted share, compared to $197.9 million, or $1.48 per diluted share
- Adjusted earnings from continuing operations were $1.60 per diluted share, compared to $1.48 per diluted share
- Net earnings were $209.9 million, an increase of $12.4 million, or 6%
- Adjusted EBITDA was $407.8 million, an increase of $35.8 million, or 10%
- Returned capital to shareholders via dividends ($45.0 million @ $0.34 per share versus $41.0 million @ $0.31 per share)

Our second quarter results demonstrate the resiliency of our best in class aggregates-led business and reflect the proactive response by our employees to the current novel coronavirus (COVID-19) pandemic. Our operational execution was integral to widespread gains in unit profitability, despite some disruptions to construction activity during the quarter. We are proud of our employees' ability to quickly adapt to the necessary additional safety protocols we have put in place in this environment, while maintaining their focus on operating safely and positioning Vulcan for continued success.

Second quarter revenues were $1,322.6 million and net earnings were $209.9 million. Earnings from continuing operations were $211.0 million, or $1.58 per diluted share, an increase of 7% from the prior year's second quarter. Adjusted EBITDA was $407.8 million, an increase of 10%. The year-over-year earnings improvement was driven primarily by effective cost control and price growth in aggregates. Second quarter segment earnings improved in each major product line. Despite a 2% decline in aggregates shipments, mix-adjusted pricing improved 3.3%, and freight-adjusted unit cost of sales decreased 1%. As a result, aggregates unit gross profit increased 9% to $6.25 per ton.

Certain leading indicators of demand have shown signs of improvement, and our quote activity remains robust. However, our visibility beyond the near-term remains restricted due to the evolving effects of the pandemic. The recent surge in new COVID-19 cases could impact the progress made so far if new restrictions on economic activity are put in place. We believe this uncertainty could continue to weigh on construction activity in the second half of the year, making it difficult to predict the level and timing of shipments. We are continuously reviewing our operating plans to ensure an effective response to demand shifts. Whatever the demand, we remain confident in our ability to successfully navigate the changing environment.

Capital expenditures in the second quarter were $67.9 million ($176.9 million year-to-date). We continue to expect to spend between $275 and $325 million on capital this year, most of which is for core operating and maintenance projects. Given that the economic outlook is evolving quickly, we will continue to review our plans and adjust as needed, being thoughtful about preserving liquidity.

During the quarter, we returned $45.0 million to shareholders through dividends, a 10% increase versus the prior year's quarter. We did not repurchase any shares in the quarter (temporarily suspended due to the COVID-19 pandemic).

At quarter-end, total debt to trailing-twelve month Adjusted EBITDA was 2.5 times (1.9 times on a net debt basis reflecting $817.2 million of cash on hand). Our weighted-average debt maturity was 14 years, and the effective weighted-average interest rate was 4.1%.

OUTLOOK

Although the economic environment is showing signs of improvement, the pandemic's effect on the demand for our products and the broader economy remains unclear. As a result, we are not reinstating earnings guidance at this time.

While demand is subject to market fluctuations outside of our control, we remain focused on those things we can control such as our cost and pricing disciplines, both of which help to compound our unit margins. Our year-to-date results demonstrate those capabilities. On a trailing-twelve month basis our cash gross profit in aggregates is nearly $7 per ton. Our operating plans are underpinned by our four strategic initiatives (Commercial and Operational Excellence, Logistics Innovation and Strategic Sourcing), a healthy balance sheet, strong liquidity, 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 previously 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 June 30		Six Months Ended June 30	
in millions, except unit and per unit data	**2020**	2019	**2020**	2019
Total revenues	**$ 1,322.6**	$ 1,327.7	**$ 2,371.8**	$ 2,324.2
Cost of revenues	**926.1**	957.2	**1,773.6**	1,762.0
Gross profit	**$ 396.5**	$ 370.5	**$ 598.2**	$ 562.2
Gross profit margin	***30.0%***	*27.9%*	***25.2%***	*24.2%*
Selling, administrative and general (SAG)	**$ 91.2**	$ 95.7	**$ 177.6**	$ 186.0
SAG as a percentage of total revenues	***6.9%***	*7.2%*	***7.4%***	*8.0%*
Operating earnings	**$ 298.9**	$ 276.1	**$ 411.2**	$ 380.5
Interest expense, net	**$ 34.0**	$ 33.0	**$ 64.7**	$ 66.0
Earnings from continuing operations before income taxes	**$ 272.3**	$ 245.5	**$ 344.5**	$ 320.1
Income tax expense	**$ 61.4**	$ 47.6	**$ 73.5**	$ 58.3
Effective tax rate from continuing operations	***22.5%***	*19.4%*	***21.3%***	*18.2%*
Earnings from continuing operations	**$ 211.0**	$ 197.9	**$ 271.0**	$ 261.8
Loss on discontinued operations, net of income taxes	**(1.1)**	(0.3)	**(0.8)**	(0.9)
Net earnings	**$ 209.9**	$ 197.6	**$ 270.2**	$ 260.9
Diluted earnings (loss) per share				
Continuing operations	**$ 1.58**	$ 1.48	**$ 2.03**	$ 1.97
Discontinued operations	**0.00**	0.00	**0.00**	(0.01)
Diluted net earnings per share	**$ 1.58**	$ 1.48	**$ 2.03**	$ 1.96
EBITDA [1]	**$ 405.7**	$ 372.0	**$ 604.2**	$ 568.8
Adjusted EBITDA [1]	**$ 407.8**	$ 372.0	**$ 608.8**	$ 564.7
Average Sales Price and Unit Shipments				
Aggregates				
Tons (thousands)	**56,195**	57,310	**101,243**	102,947
Freight-adjusted sales price	**$ 14.50**	$ 14.07	**$ 14.45**	$ 13.94
Asphalt Mix				
Tons (thousands)	**3,403**	3,595	**5,460**	5,617
Average sales price	**$ 57.46**	$ 58.31	**$ 57.86**	$ 57.45
Ready-mixed concrete				
Cubic yards (thousands)	**786**	815	**1,520**	1,484
Average sales price	**$ 127.35**	$ 126.12	**$ 127.62**	$ 125.14
Calcium				
Tons (thousands)	**71**	73	**144**	141
Average sales price	**$ 26.55**	$ 27.50	**$ 27.06**	$ 27.89

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

SECOND QUARTER 2020 COMPARED TO SECOND QUARTER 2019

Second quarter 2020 total revenues were $1,322.6 million, down slightly from the second quarter of 2019. Shipments decreased in aggregates (-2%), asphalt mix (-5%) and ready-mixed concrete (-4%). Conversely, gross profit increased in the Aggregates (+$21.9 million or +7%), Asphalt (+$2.9 million or +10%) and Concrete (+$1.3 million or +10%) segments. A 47% decline in the unit cost of diesel fuel decreased costs by $16.3 million from the prior year's second quarter with most ($14.4 million) of this cost decline reflected in the Aggregates segment.

Net earnings for the second quarter of 2020 were $209.9 million, or $1.58 per diluted share, compared to $197.6 million, or $1.48 per diluted share, in the second quarter of 2019. Each period's results were impacted by discrete items, as follows:

Net earnings for the second quarter of 2020 include:

- pretax charges of $0.8 million associated with divested operations
- pretax gains of $3.5 million associated with non-routine business development
- pretax charges of $4.4 million for COVID-19 pandemic direct incremental costs
- pretax charges of $0.5 million for restructuring

Net earnings for the second quarter of 2019 include:

- no discrete items

Adjusted for these discrete items, earnings from continuing operations (Adjusted Diluted EPS) was $1.60 per diluted share for the second quarter of 2020 compared to $1.48 per diluted share in the second quarter of 2019.

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

EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES

in millions	
Second quarter 2019	$ 245.5
Higher aggregates gross profit	21.9
Higher asphalt gross profit	2.9
Higher concrete gross profit	1.3
Lower calcium gross profit	(0.2)
Lower selling, administrative and general expenses	4.5
Lower gain on sale of property, plant & equipment and businesses	(3.7)
Higher interest expense, net	(0.9)
Lower foreign currency translation losses	0.4
All other	0.6
Second quarter 2020	$ 272.3

Second quarter Aggregates segment sales increased 1% to $1,070.6 million and gross profit increased 7% to $351.2 million. Unit margins increased $0.51 per ton, or 9%, to $6.25 per ton. These improvements resulted from wide-spread growth in pricing and effective cost control.

Second quarter aggregates shipments decreased 2% versus the prior year's second quarter. Shipping patterns varied widely across our footprint as a result of economic uncertainty and wet weather but were generally supported by healthy backlogs and our essential business status in our markets. Key markets in the Southeast and coastal Texas were negatively affected by wet weather while shipments in California were reduced by tighter restrictions on shelter-in-place. Shipments were higher in Georgia, Illinois, Tennessee and Texas. On a mix-adjusted basis, all of our key markets reported year-over-year price growth. For the quarter, freight-adjusted average sales price increased 3% versus the prior year's quarter, inclusive of 30 basis points of unfavorable mix.

Second quarter freight-adjusted unit cost of sales decreased 1% versus the prior year's second quarter. Effective operating efficiencies helped mitigate the cost impact of lower sales volumes and a reduction in inventory. Actions taken across our more than 360 locations reduced cash spending and controlled inventories in areas most impacted by shelter-in-place orders. The associated cost of reducing inventory offset the majority of a $14.4 million earnings benefit from lower diesel fuel costs.

Unit profitability improvements were wide-spread across our footprint. Aggregates segment cash gross profit per ton increased 9% from the prior year's second quarter to $7.69 per ton. Trailing-twelve month same-store incremental gross profit flow-through rate was 52%, 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.

Asphalt segment gross profit was $30.5 million for the second quarter, an improvement of $2.9 million from the prior year. The year-over-year improvement was driven by higher material margins (sales price less cost of raw materials). Compared to the prior year's second quarter, the average unit cost for liquid asphalt was 17% lower and asphalt mix material margins increased 14%. Although total asphalt mix shipments declined 5% versus the prior year, California, our largest asphalt market, reported year-over-year earnings growth.

Concrete segment gross profit was $14.2 million, 10% higher than the prior year's second quarter. Ready-mixed concrete shipments of 0.8 million cubic yards decreased 4%. The average sales price increased 1.0% while ready-mixed concrete material margins increased 4%.

Calcium segment gross profit was $0.7 million, down $0.1 million compared to the prior year's quarter.

SAG expenses declined 5% to $91.2 million in the quarter due mostly to continued execution of cost reduction initiatives, lower incentive compensation costs and general cost control in response to COVID-19. This year-over-year decline resulted in a 0.3 percentage point (30 basis points) improvement as a percentage of total revenues to 6.9%. On a trailing-twelve month basis, SAG expenses as a percentage of total revenues stands at 7.3%. We remain focused on further leveraging our overhead cost structure.

Gain on sale of property, plant & equipment and businesses was a loss of $0.3 million in the second quarter of 2020 versus a gain of $3.5 million in the second quarter of 2019.

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:

- $6.2 million in second quarter 2020 — includes discrete items as follows:
  - $0.8 million of charges associated with divested operations
  - $3.5 million of net gain associated with non-routine business development
  - $4.4 million for COVID-19 pandemic direct incremental costs
  - $0.5 million of managerial restructuring charges
- $2.2 million in second quarter 2019

Other nonoperating income of $7.4 million for the second quarter of 2020 was favorable by $4.9 million from the second quarter of 2019. This favorable variance resulted primarily from two items: 1) a $0.5 million foreign currency translation gain versus a $0.1 million gain in the prior year's quarter resulting from a partial recovery of the first quarter 2020 rapid devaluation of the Mexican peso, and 2) the mark-to-market gain on our Rabbi Trust investments of $4.1 million versus a gain of $1.0 million in the prior year's quarter due to a partial recovery in equity market values from the first quarter declines.

Net interest expense was $34.0 million in the second quarter of 2020 compared to $33.0 million in the second quarter of 2019.

Income tax expense from continuing operations was $61.4 million in the second quarter of 2020 compared to $47.6 million in the second quarter of 2019. The increase in tax expense was primarily related to an increase in earnings along with a decrease in share-based compensation excess tax benefits quarter over quarter.

Earnings from continuing operations were $1.58 per diluted share in the second quarter of 2020 compared to $1.48 per diluted share in the second quarter of 2019.

DISCONTINUED OPERATIONS — Second quarter pretax loss from discontinued operations was $1.4 million in 2020 compared with a loss of $0.7 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.

YEAR-TO-DATE JUNE 30, 2020 COMPARED TO YEAR-TO-DATE JUNE 30, 2019

Total revenues for the first six months of 2020 were $2,371.8 million, up 2% from the first six months of 2019. Shipments decreased in aggregates (-2%) and asphalt mix (-3%) while they increased in ready-mixed concrete (+2%). Gross profit increased in the Aggregates (+$30.4 million or +6%), Asphalt (+$3.7 million or +15%) and Concrete (+$2.0 million or +9%) segments. A 29% decline in the unit cost of diesel fuel decreased costs by $19.2 million from the first half of 2019 with most ($17.0 million) of this cost decline reflected in the Aggregates segment.

Net earnings for the six months of 2020 were $270.2 million, or $2.03 per diluted share, compared to $260.9 million, or $1.96 per diluted share, in the first six months of 2019. Each period's results were impacted by discrete items, as follows:

Net earnings for the first six months of 2020 include:

- pretax charges of $0.8 million associated with divested operations
- pretax gains of $2.5 million associated with non-routine business development
- pretax charges of $5.0 million for COVID-19 pandemic direct incremental costs
- pretax charges of $1.3 million for restructuring

Net earnings for the first six months 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 $2.06 per diluted share for the first half of 2020 compared to $1.94 per diluted share in the first half of 2019.

CONTINUING OPERATIONS — Changes in earnings from continuing operations before income taxes for year-to-date June 30, 2020 versus year-to-date June 30, 2019 are summarized below:

EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES

in millions	
Year-to-date June 30, 2019	$ 320.1
Higher aggregates gross profit	30.4
Higher asphalt gross profit	3.7
Higher concrete gross profit	2.0
Lower calcium gross profit	0.0
Lower selling, administrative and general expenses	8.3
Lower gain on sale of property, plant & equipment and businesses	(10.0)
Lower interest expense, net	1.2
Higher foreign currency translation losses	(6.3)
All other	(4.9)
Year-to-date June 30, 2020	$ 344.5

First half 2020 Aggregates segment sales of $1,938.8 million were up 2% while aggregates shipments decreased 2%, or 1.7 million tons, compared to the prior year. Freight-adjusted average sales price for aggregates increased 3.7%, or $0.51 per ton, versus the first half of 2019. Excluding mix impact, aggregates price increased 3.8%.

Aggregates segment gross profit was $545.3 million ($5.39 per ton) versus $514.9 million ($5.00 per ton) in the first half of 2019. As a percentage of segment sales excluding freight & delivery, gross profit margin increased 1.2 percentage points (120 basis points) due primarily to the wide-spread growth in pricing and effective cost control. First half 2020 freight-adjusted unit cost of sales increased 1%, or $0.12 per ton, versus the prior year. Cash gross profit per ton increased 8% from the prior year's first half to $6.95 per ton. The average unit cost of diesel fuel decreased 29% versus the first half of 2019, increasing Aggregates segment gross profit by $17.0 million or $0.17 per ton.

Asphalt segment gross profit of $28.0 million was up $3.7 million from the first six months of 2019. Asphalt mix shipments declined 3% while selling prices increased 0.7%, or $0.41 per ton. Compared to the prior year's first half, the average unit cost for liquid asphalt was down 13% — a significant factor in the 12% increase in our asphalt mix material margins.

Concrete segment gross profit was $23.4 million for the first six months of 2020, an increase of $2.0 million from the prior year period. Ready-mixed concrete shipments and average sales price both increased 2% driving a 4% increase in material margins.

Our Calcium segment's gross profit of $1.5 million was essentially flat compared to the first half of 2019.

SAG expenses were $177.6 million versus $186.0 million in the prior year's first half reflecting a 0.5 percentage point (50 basis point) decrease as a percentage of total revenues.

Gain on sale of property, plant & equipment and businesses was $0.7 million in the first half of 2020 versus $10.7 million in the first half 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:

- $10.2 million in first half of 2020 — includes discrete items as follows:
  - $0.8 million of charges associated with divested operations
  - $2.5 million of net gain associated with non-routine business development
  - $5.0 million for COVID-19 pandemic direct incremental costs
  - $1.3 million of managerial restructuring charges
- $6.5 million in first half of 2019

Other nonoperating income (expense) was a net expense of $2.0 million for the first half of 2020, unfavorable by $7.6 million from the first half of 2019. This unfavorable variance resulted primarily from two items: 1) $5.8 million of foreign currency translation losses resulting from the rapid devaluation of the Mexican peso in the current year versus a $0.4 million gain in the prior year's first half, and 2) the mark-to-market loss on our Rabbi Trust investments of $1.0 million due to declines in equity market values versus a gain of $2.8 million in the prior year's first half (see Note 5 to the condensed consolidated financial statements).

Net interest expense was $64.7 million in the first half of 2020 compared to $66.0 million in the first half of 2019. The current year'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 $73.5 million in the first half of 2020 compared to $58.3 million in the first half of 2019. The increase in tax expense was primarily related to an increase in earnings along with a decrease in share-based compensation excess tax benefits as compared to the same period in 2019.

Earnings from continuing operations were $2.03 per diluted share in the first half of 2020 compared to $1.97 per diluted share in the first half of 2019.

DISCONTINUED OPERATIONS — First half pretax loss from discontinued operations was $1.1 million in 2020 compared with a loss of $1.3 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 June 30		***Six Months Ended June 30***	
in millions, except per ton data	***2020***	*2019*	***2020***	*2019*
Aggregates segment				
Segment sales	**$ 1,070.6**	$ 1,062.1	**$ 1,938.8**	$ 1,897.0
Less				
Freight & delivery revenues [1]	**240.9**	241.4	**446.6**	436.5
Other revenues	**15.0**	14.3	**29.5**	25.4
Freight-adjusted revenues	**$ 814.7**	$ 806.4	**$ 1,462.7**	$ 1,435.1
Unit shipments - tons	**56.2**	57.3	**101.2**	102.9
Freight-adjusted sales price	**$ 14.50**	$ 14.07	**$ 14.45**	$ 13.94

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 June 30		Trailing-Twelve Months June 30	
dollars in millions	***2020***	*2019*	***2020***	*2019*
Aggregates segment				
Gross profit	**$ 351.2**	$ 329.2	**$ 1,177.0**	$ 1,075.1
Segment sales	**$ 1,070.6**	$ 1,062.1	**$ 4,032.1**	$ 3,754.8
Gross profit margin	**32.8%**	31.0%	**29.2%**	28.6%
Incremental gross profit margin	**257.1%**		**36.8%**	

FLOW-THROUGH RATE (NON-GAAP)

	Three Months Ended June 30		Trailing-Twelve Months June 30	
dollars in millions	***2020***	*2019*	***2020***	*2019*
Aggregates segment				
Gross profit	**$ 351.2**	$ 329.2	**$ 1,177.0**	$ 1,075.1
Less: Contribution from acquisitions (same-store)	**0.1**	0.0	**1.0**	0.3
Same-store gross profit	**$ 351.1**	$ 329.2	**$ 1,176.0**	$ 1,074.8
Segment sales	**$ 1,070.6**	$ 1,062.1	**$ 4,032.1**	$ 3,754.8
Less: Freight & delivery revenues [1]	**240.9**	241.4	**931.2**	861.1
Segment sales excluding freight & delivery	**$ 829.7**	$ 820.7	**$ 3,100.9**	$ 2,893.7
Less: Contribution from acquisitions (same-store)	**0.5**	0.0	**12.1**	(2.9)
Same-store segment sales excluding freight & delivery	**$ 829.2**	$ 820.7	**$ 3,088.8**	$ 2,896.6
Gross profit margin excluding freight & delivery	**42.3%**	40.1%	**38.0%**	37.2%
Same-store gross profit margin excluding freight & delivery	**42.3%**	40.1%	**38.1%**	37.2%
Incremental gross profit flow-through rate	**243.6%**		**49.2%**	
Same-store incremental gross profit flow-through rate	**257.5%**		**51.6%**	

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 June 30		***Six Months Ended June 30***	
in millions, except per ton data	***2020***	*2019*	***2020***	*2019*
Aggregates segment				
Gross profit	**$ 351.2**	$ 329.2	**$ 545.3**	$ 514.9
Depreciation, depletion, accretion and amortization	**80.7**	75.8	**157.9**	148.3
Aggregates segment cash gross profit	**$ 431.9**	$ 405.0	**$ 703.2**	$ 663.2
Unit shipments - tons	**56.2**	57.3	**101.2**	102.9
Aggregates segment gross profit per ton	**$ 6.25**	$ 5.74	**$ 5.39**	$ 5.00
Aggregates segment cash gross profit per ton	**$ 7.69**	$ 7.07	**$ 6.95**	$ 6.44
Asphalt segment				
Gross profit	**$ 30.5**	$ 27.6	**$ 28.0**	$ 24.3
Depreciation, depletion, accretion and amortization	**8.7**	8.9	**17.4**	17.4
Asphalt segment cash gross profit	**$ 39.2**	$ 36.5	**$ 45.4**	$ 41.7
Concrete segment				
Gross profit	**$ 14.2**	$ 12.9	**$ 23.4**	$ 21.5
Depreciation, depletion, accretion and amortization	**4.0**	3.3	**8.1**	6.3
Concrete segment cash gross profit	**$ 18.2**	$ 16.2	**$ 31.5**	$ 27.8
Calcium segment				
Gross profit	**$ 0.7**	$ 0.8	**$ 1.5**	$ 1.5
Depreciation, depletion, accretion and amortization	**0.0**	0.1	**0.1**	0.1
Calcium segment cash gross profit	**$ 0.7**	$ 0.9	**$ 1.6**	$ 1.6

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 June 30		Six Months Ended June 30	
in millions	***2020***	*2019*	***2020***	*2019*
Net earnings	**$ 209.9**	$ 197.6	**$ 270.2**	$ 260.9
Income tax expense	**61.4**	47.6	**73.5**	58.3
Interest expense, net of interest income	**34.0**	33.0	**64.7**	66.0
Loss on discontinued operations, net of tax	**1.0**	0.3	**0.8**	1.0
EBIT	**306.3**	278.5	**409.2**	386.1
Depreciation, depletion, accretion and amortization	**99.5**	93.5	**195.0**	182.7
EBITDA	**$ 405.7**	$ 372.0	**$ 604.2**	$ 568.8
Gain on sale of businesses	**$ 0.0**	$ 0.0	**$ 0.0**	$ (4.1)
Charges associated with divested operations	**0.8**	0.0	**0.8**	0.0
Business development [1]	**(3.5)**	0.0	**(2.5)**	0.0
COVID-19 direct incremental costs	**4.4**	0.0	**5.0**	0.0
Restructuring charges	**0.5**	0.0	**1.3**	0.0
Adjusted EBITDA	**$ 407.8**	$ 372.0	**$ 608.8**	$ 564.7
Depreciation, depletion, accretion and amortization	**(99.5)**	(93.5)	**(195.0)**	(182.7)
Adjusted EBIT	**$ 308.3**	$ 278.5	**$ 413.9**	$ 382.0

1 *Represents non-routine charges or gains 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 June 30		Six Months Ended June 30	
	2020	*2019*	***2020***	*2019*
Diluted Earnings Per Share				
Net earnings	**$ 1.58**	$ 1.48	**$ 2.03**	$ 1.96
Less: Discontinued operations loss	**0.00**	0.00	**0.00**	(0.01)
Diluted EPS from continuing operations	**$ 1.58**	$ 1.48	**$ 2.03**	$ 1.97
Items included in Adjusted EBITDA above	**$ 0.02**	$ 0.00	**$ 0.03**	$ (0.03)
Adjusted diluted EPS from continuing operations	**$ 1.60**	$ 1.48	**$ 2.06**	$ 1.94

LIQUIDITY AND FINANCIAL RESOURCES

Our primary sources of liquidity are cash provided by our operating activities and a substantial, committed bank line of credit. In an effort to strengthen our liquidity position while navigating the COVID-19 pandemic, we have taken a number of proactive steps since the first quarter of 2020. In April 2020, we entered into a $750.0 million delayed draw term loan (of which $500.0 million remains available for future borrowings) and in May 2020, we issued $750.0 of 3.50% senior notes due 2030 — each 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 (temporarily suspended due to the COVID-19 pandemic)
- 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

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 and take appropriate actions.

CASH

Included in our June 30, 2020 cash and cash equivalents and restricted cash balances of $817.2 million is $0.4 million of restricted cash as described in Note 1 under the caption Restricted Cash.

CASH FROM OPERATING ACTIVITIES

in millions	Six Months Ended June 30 2020	2019
Net earnings	**$ 270.2**	$ 260.9
Depreciation, depletion, accretion and amortization (DDA&A)	**195.0**	182.7
Noncash operating lease expense	**18.0**	17.5
Contributions to pension plans	**(4.4)**	(4.6)
Other operating cash flows, net [1]	**(53.2)**	(154.6)
Net cash provided by operating activities	**$ 425.6**	$ 301.9

1 *Primarily reflects changes to working capital balances.*

Net cash provided by operating activities was $425.6 million during the six months ended June 30, 2020, a $123.7 million increase compared to the same period of 2019. This increase primarily resulted from favorable changes in working capital balances.

Days sales outstanding, a measurement of the time it takes to collect receivables, were 42.9 days at June 30, 2020 compared to 45.1 days at June 30, 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 $219.5 million during the first six months of 2020, a $3.2 million increase compared to the same period of 2019. During the first half of 2020, we invested $223.1 million in our existing operations compared to $225.8 million in the prior year period. Of this $223.1 million, $61.9 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 provided by financing activities in the first six months of 2020 was $336.6 million, compared to the use of cash of $103.5 million in the same period of 2019. The current year includes a) cash proceeds of $739.2 million from the issuance of new debt, b) cash paid to retire the $250.0 million floating rate notes due 2020 and c) $19.9 million of cash paid to settle interest rate locks. The prior year includes a net $4.0 million draw on our bank line of credit.

Additionally, we increased the capital returned to our shareholders by $34.3 million via higher dividends of $8.2 million ($0.68 per share compared to $0.62 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 half of 2019).

DEBT

Certain debt measures are presented below:

dollars in millions	***June 30 2020***	*December 31 2019*	*June 30 2019*
Debt			
Current maturities of long-term debt	**$ 500.0**	$ 0.0	$ 0.0
Short-term debt	**0.0**	0.0	137.0
Long-term debt	**2,785.6**	2,784.3	2,781.8
Total debt	**$ 3,285.6**	$ 2,784.3	$ 2,918.8
Capital			
Total debt	**$ 3,285.6**	$ 2,784.3	$ 2,918.8
Equity	**5,764.2**	5,621.9	5,371.4
Total capital	**$ 9,049.8**	$ 8,406.2	$ 8,290.2
Total Debt as a Percentage of Total Capital	**36.3%**	33.1%	35.2%
Weighted-average Effective Interest Rates			
Delayed draw term loan [1]	**1.63%**	n/a	n/a
Line of credit [1]	**1.25%**	1.25%	1.25%
Term debt	**4.12%**	4.36%	4.49%
Fixed versus Floating Interest Rate Debt			
Fixed-rate debt	**85.1%**	73.7%	70.3%
Floating-rate debt	**14.9%**	26.3%	29.7%

1 *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 AND DELAYED DRAW TERM LOAN

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 June 30, 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%.

In April 2020, we executed a $750,000,000 364-day delayed draw term loan that provides for up to two draws through October 2020 and repayment April 2021. Borrowings may be repaid prior to maturity, but once repaid may not be borrowed again. During the second quarter, we borrowed and repaid $250,000,000 leaving $500,000,000 available for future borrowings. Covenants, borrowings, cost ranges and other details are described in Note 7 to the condensed consolidated financial statements. As of June 30, 2020, we were in compliance with the delayed draw term loan covenants, the credit margin for LIBOR borrowings was 1.625%, the credit margin for base rate borrowings was 0.625%, and the commitment fee for the unused amount was 0.175%.

As of June 30, 2020, our available borrowing capacity was $1,195.9 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 $3,355.3 million (face value) of term debt is unsecured. $3,346.2 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 June 30, 2020, we were in compliance with all term debt covenants.

In May 2020, we issued $750.0 million of 3.50% senior notes due 2030 for total proceeds of $741.4 million (net of discounts and transaction costs). $250.0 million of the proceeds were used to retire the $250.0 million floating rate notes due June 2020, and the remainder of the proceeds, together with cash on hand, will be used to retire the $500.0 million floating rate notes due March 2021.

CURRENT MATURITIES OF LONG-TERM DEBT

The $500.0 million of current maturities of long-term debt as of June 30, 2020 includes all long-term debt that we intend to pay within twelve months, and is due as follows:

in millions	*Current Maturities*
Third quarter 2020	$0.0
Fourth quarter 2020	0.0
First quarter 2021	500.0
Second quarter 2021	0.0

DEBT RATINGS

Our debt ratings and outlooks as of June 30, 2020 are as follows:

	Rating/Outlook	*Date*	*Description*
Senior Unsecured Term Debt			
Fitch	BBB-/stable	5/7/2020	outlook revised
Moody's	Baa3/stable	4/23/2020	outlook revised
Standard & Poor's	BBB+/stable	2/28/2020	rating revised

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.

As of June 30, 2020, we had three material debt instruments with LIBOR as a reference rate, each of which matures before the end of 2021: 1) $500.0 million floating-rate notes due March 2021, 2) $750.0 million line of credit (none outstanding at June 30, 2020) due December 2021, and 3) $750.0 million delayed draw term loan due April 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, our interest expense would increase.

EQUITY

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

in thousands	***June 30 2020***	*December 31 2019*	*June 30 2019*
Common stock shares at January 1, issued and outstanding	**132,371**	131,762	131,762
Common Stock Issuances			
Share-based compensation plans	**289**	628	469
Common Stock Purchases			
Purchased and retired	**(214)**	(19)	0
Common stock shares at end of period, issued and outstanding	**132,446**	132,371	132,231

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 June 30, 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	***June 30 2020***	*December 31 2019*	*June 30 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 June 30, 2020, December 31, 2019 and June 30, 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.

As a result of our second quarter 2020 execution of a delayed draw term loan and issuance of additional debt as described in Note 7 to the condensed consolidated financial statements, our obligations to make future payments under contracts increased as follows:

	Payments Due by Year				
in millions	*2020*	*2021-2022*	*2023-2024*	*Thereafter*	*Total*
Cash Contractual Obligations					
Delayed draw term loan					
Principal payments	$ 0.0	$ 0.0	$ 0.0	$ 0.0	$ 0.0
Interest payments and fees	1.5	0.0	0.0	0.0	1.5
Bank line of credit					
Principal payments	0.0	0.0	0.0	0.0	0.0
Interest payments and fees	0.0	0.0	0.0	0.0	0.0
Term debt					
Principal payments	0.0	8.9	0.0	750.0	758.9
Interest payments	9.1	50.6	52.5	144.4	256.6
Total	$ 10.6	$ 59.5	$ 52.5	$ 894.4	$ 1,017.0

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 June 30, 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 June 30, 2020, the estimated fair value of our long-term debt including current maturities was $3,725.5 million compared to a book value of $3,285.7 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 $384.2 million.

We are exposed to certain economic risks related to the costs of our pension and other postretirement benefit plans. These economic risks include changes in the discount rate for high-quality bonds 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.

ITEM 4
CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES

We maintain a system of controls and procedures designed to ensure that information required to be disclosed in reports we file with the SEC is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms. These disclosure controls and procedures (as defined in the Securities 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 June 30, 2020. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 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. We are continually accessing the potential effects of the COVID-19 pandemic on the design and operating effectiveness of our internal control over financial reporting and if necessary, will take appropriate actions.

Therefore, no material changes were made during the second 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 and in Note 8 to the condensed consolidated financial statements and Part II, Item 1 of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020. 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. 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 or reimplementing strict 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, and may take further action as circumstances warrant.

Consistent with federal guidelines and with state and local orders to date, we currently continue to operate across our footprint as an essential business. Notwithstanding our continued operations and an economic environment that has shown signs of improvement, the COVID-19 pandemic has had 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 has and may continue to 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 remain 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 including the reimplementation of restrictions on economic activity following new outbreaks, the long-term impacts of the virus on government budgets and other funding priorities 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.

ITEM 2
UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Purchases of our equity securities during the quarter ended June 30, 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				
Apr 1 - Apr 30	0	$ 0.00	0	8,064,851
May 1 - May 31	0	$ 0.00	0	8,064,851
June 1 - June 30	0	$ 0.00	0	8,064,851
Total	0	$ 0.00	0	

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 June 30, 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. Due to the COVID-19 pandemic, we have temporarily suspended our share repurchase program.*

We did not have any unregistered sales of equity securities during the second 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 4.1 Ninth Supplemental Indenture, dated as of May 18, 2020, between Vulcan Materials Company and Regions Bank as Trustee, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on May 18, 2020 [1]

Exhibit 10.1 364-Day Credit Agreement, dated April 10, 2020, among Vulcan Materials Company, Truist Bank, as Administrative Agent, and the Lenders and other parties named therein, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 13, 2020 [1]

Exhibit 10.2 Second Amendment to Credit Agreement, dated April 10, 2020, among Vulcan Materials Company, each of the Guarantors, the Lenders party thereto, and Truist Bank successor by merger to SunTrust Bank, as Administrative Agent

Exhibit 10.3 Form of Non-Employee Director Restricted Stock Unit Award Agreement 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 June 30, 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 June 30, 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	August 5, 2020	(Principal Accounting Officer)
		/s/ Suzanne H. Wood Suzanne H. Wood Senior Vice President and Chief Financial Officer
Date	August 5, 2020	(Principal Financial Officer)

THIS SECOND AMENDMENT TO CREDIT AGREEMENT (this "Amendment 2") is made and entered into as of April 10, 2020, by and among VULCAN MATERIALS COMPANY, a New Jersey corporation (the "Borrower"), each of the Guarantors (the Borrower and the Guarantors, collectively, the "Credit Parties"), the Lenders party hereto, and TRUIST BANK, successor by merger to SunTrust Bank, as the Administrative Agent (the "Administrative Agent").

W I T N E S S E T H :

WHEREAS, the Borrower, the Guarantors, the Lenders, and the Administrative Agent are party to that certain Credit Agreement dated as of December 21, 2016 (as amended, restated, supplemented, or otherwise modified from time to time, the "Agreement");

WHEREAS, the Borrower has requested that the Administrative Agent and the Lenders make certain modifications to the Agreement, and the Administrative Agent and the Lenders party hereto have agreed to such modifications subject to the terms and conditions set forth below.

NOW, THEREFORE, for and in consideration of the above premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties hereto hereby covenant and agree as follows:

SECTION 1. Definitions. Unless otherwise specifically defined herein, each term used herein (and in the preamble and recitals above) which is defined in the Agreement shall have the meaning assigned to such term in the Agreement.

SECTION 2. Amendments to Agreement.

(a) Section 1.1 of the Agreement is hereby amended as follows:

(i) The following new defined terms are hereby added thereto in appropriate alphabetical order:

"364-Day Credit Agreement" shall mean that certain 364-Day Credit Agreement dated as of April 10, 2020, by and among the Borrower, each of the Persons party thereto as guarantors, the lenders from time to time party thereto, Truist Bank, as administrative agent, and the other parties thereto, as amended, restated, replaced, supplemented, or otherwise modified from time to time.

"364-Day Credit Agreement Closing Date" shall mean April 10, 2020.

"Affected Financial Institution" shall mean (a) any EEA Financial Institution or (b) any UK Financial Institution.

"Resolution Authority" shall mean an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

"UK Financial Institution" shall mean any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended form time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person subject to IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

"UK Resolution Authority" shall mean the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

(ii) The following definitions are hereby amended so that they read, in their entirety, as follows:

"Bail-In Action" shall mean the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

"Bail-In Legislation" shall mean, (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

"Write-Down and Conversion Powers" shall mean, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

(iii) Clause (a) of the definition of "Permitted Liens" is hereby amended so that it reads, in its entirety, as follows:

(a) (i) any Lien in favor of the Administrative Agent for the benefit of the Lender Group securing the Obligations, (ii) any Lien in favor of the Administrative Agent or any other member of the Lender Group on cash collateral to support Letter of Credit Obligations and (iii) any Lien in favor of the Administrative Agent (as defined in the 364-Day Credit Agreement) for the benefit of the Lender Group (as defined in the 364-Day Credit Agreement) securing the Obligations (as defined in the 364-Day Credit Agreement), provided that, with respect to this clause (iii), to the extent any such Lien is granted, the Obligations hereunder shall be secured equally and ratably with such Obligations (as defined in the 364-Day Credit Agreement);

(b) Article 1 of the Agreement is hereby amended by adding the following as a new Section 1.5:

Section 1.5 Divisions. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws), (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its equity interests at such time.

(c) Section 7.6 of the Agreement is hereby amended so that it reads, in its entirety, as follows:

Section 7.6 Restrictive Agreements. No Credit Party will, directly or indirectly, enter into after the Closing Date any agreement that prohibits, restricts or imposes any condition upon (a) its ability to create, incur or permit any Lien upon any of its assets, or (b) the ability of any of its Subsidiaries to pay dividends or other distributions with respect to its Equity Interests, to make or repay loans or advances to any Credit Party, to Guarantee Indebtedness of any Credit Party or to transfer any of its assets to any Credit Party; provided that (i) the foregoing shall not apply to restrictions or conditions imposed by (A) law, (B) this Agreement or any other Loan Document or (C) the 364-Day Credit Agreement or any other Loan Document (as defined in the 364-Day Credit Agreement), in each case with respect to this clause (C), as in effect on the 364-Day Credit Agreement Closing Date, (ii) the foregoing shall not apply to (A) customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary or assets pending such sale, provided such restrictions and conditions apply only to the Subsidiary or the assets being sold and such sale is permitted hereunder or (B) customary restrictions and conditions contained in agreements with depositaries, securities intermediaries and other financial institutions relating to accounts maintained by a Credit Party, (iii) clause (a) shall not apply to restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions and conditions apply only to the assets securing such Indebtedness, (iv) clause (a) shall not apply to customary provisions in leases restricting the assignment thereof and (v) clauses (a) and (b)

shall not apply to Indebtedness incurred after the Closing Date so long as restrictions contained in such Indebtedness are not more restrictive, taken as a whole, than the restrictions in the 2007 Indenture as in effect on the Closing Date.

(d) Section 10.23 of the Agreement is hereby amended so that it reads, in its entirety, as follows:

Section 10.23 Acknowledgement and Consent to Bail-In of Affected Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of the applicable Resolution Authority.

(e) Article 12 of the Agreement is hereby amended by adding the following as a new Section 12.5:

Section 12.5Acknowledgement Regarding Any Supported QFCs. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for any agreement or instrument that is a QFC (such support, "QFC Credit Support" and each such QFC a "Supported QFC"), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "U.S. Special Resolution Regimes") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

(a) In the event a Covered Entity that is party to a Supported QFC (each, a "Covered Party") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

(b) As used in this Section 12.5, the following terms have the following meanings:

"BHC Act Affiliate" of a party means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

"Covered Entity" means any of the following:

(i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. §252.82(b);

(ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. §47.3(b); or

(iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. §382.2(b).

"Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§252.81, 47.2 or 382.1, as applicable.

"QFC" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

(f) Article 12 of the Agreement is hereby amended by adding the following as a new Section 12.6:

Section 12.6 Electronic Signatures. The words "execution," "execute," "signed," "signature," and words of like import in or related to this Agreement or any other document to be signed in connection with this Agreement and the transactions contemplated hereby shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Administrative Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that notwithstanding anything contained herein to the contrary the Administrative Agent is under no obligation to agree to accept electronic signatures in any form or in any format unless expressly agreed to by the Administrative Agent pursuant to procedures approved by it.

(g) All references in the Agreement to "SunTrust Bank" are hereby amended to refer to "Truist Bank" or "Truist Bank, successor by merger to SunTrust Bank,", as applicable.

(h) All references in the Agreement to the "State of Georgia" are hereby amended to refer to the "State of North Carolina", and all references in the Agreement to "Atlanta, Georgia time" are hereby amended to refer to "Charlotte, North Carolina time".

SECTION 3. Representations and Warranties. Each Credit Party hereby represents and warrants to the Administrative Agent and the Lenders as follows:

(a) Each of the representations and warranties made by any Credit Party in or pursuant to the Loan Documents is true and correct in all material respects on and as of the date hereof as if made on and as of such date except to the extent that such representations and warranties relate to an earlier date, in which case such representation and warranty was true and correct in all material respects as of such earlier date.

(b) As of the date hereof there exists no Default or Event of Default and immediately after giving effect to this Amendment 2 there will exist no Default or Event of Default.

(c) Each Credit Party has the power and is duly authorized to enter into, deliver, and perform this Amendment 2.

(d) This Amendment 2 is the legal, valid, and binding obligation of the Credit Parties enforceable against the Credit Parties in accordance with its terms.

SECTION 4. Conditions Precedent. This Amendment 2 shall become effective only upon the receipt by the Administrative Agent of this Amendment 2 duly executed by each of the Credit Parties, the Administrative Agent and the Required Lenders.

SECTION 5. Miscellaneous Terms.

(a) Loan Document. For avoidance of doubt, the Credit Parties, the Lenders party hereto, and the Administrative Agent hereby acknowledge and agree that this Amendment 2 is a Loan Document.

(b) Effect of Amendment 2. Except as set forth expressly hereinabove, all terms of the Agreement and the other Loan Documents shall be and remain in full force and effect, and shall constitute the legal, valid, binding, and enforceable obligations of the Credit Parties.

(c) No Novation or Mutual Departure. The Credit Parties expressly acknowledge and agree that (i) there has not been, and this Amendment 2 does not constitute or establish, a novation with respect to the Agreement or any of the other Loan Documents, or a mutual departure from the strict terms, provisions, and conditions thereof, other than with respect to the amendments contained in Section 2 above, and (ii) nothing in this Amendment 2 shall affect or limit the Administrative Agent's or any Lender's right to demand payment of liabilities owing from any Credit Party to the Administrative Agent or the Lender under, or to demand strict performance of the terms, provisions, and conditions of, the Agreement and the other Loan Documents, to exercise any and all rights, powers, and remedies under the Agreement or the other Loan Documents or at law or in equity, or to do any and all of the foregoing, immediately at any time after the occurrence of a Default or an Event of Default under the Agreement or the other Loan Documents.

(d) Ratification. The Credit Parties hereby restate, ratify, and reaffirm all of their obligations and covenants set forth in the Agreement and the other Loan Documents to which they are parties effective as of the date hereof.

(e) Claims. To induce the Administrative Agent and the Lenders to enter into this Amendment 2 and to continue to make advances pursuant to the Agreement (subject to the terms and conditions thereof), the Credit Parties hereby acknowledge and agree that, as of the date hereof, and after giving effect to the terms hereof, there exists no right of offset, defense, counterclaim, claim, or objection in favor of any Credit Party or arising out of or with respect to any of the Loans or other obligations of any Credit Party owed to the Administrative Agent and the Lenders under the Agreement or any other Loan Document.

(f) Release. In consideration of the agreements contained herein, the Credit Parties hereby waive and release each of the Lender Group members and their respective directors, partners, officers, employees and agents, from any and all claims and defenses, known or unknown as of the date of this Amendment 2, with respect to the Agreement, the other Loan Documents and the transactions contemplated thereby on or before the date of this Amendment 2.

(g) Counterparts. This Amendment 2 may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same instrument.

(h) Fax or Other Transmission. Delivery by one or more parties hereto of an executed counterpart of this Amendment 2 via facsimile, telecopy, or other electronic method of transmission pursuant to which the signature of such party can be seen (including, without limitation, Adobe Corporation's Portable Document Format) shall have the same force and effect as the delivery of an original executed counterpart of this Amendment 2.

(i) Recitals Incorporated Herein. The preamble and the recitals to this Amendment 2 are hereby incorporated herein by this reference.

(j) Section References. Section titles and references used in this Amendment 2 shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreements among the parties hereto evidenced hereby.

(k) Further Assurances. The Credit Parties agree to take, at the Credit Parties' expense, such further actions as the Administrative Agent shall reasonably request from time to time to evidence the amendments set forth herein and the transactions contemplated hereby.

(l) Governing Law. This Amendment 2 shall be governed by and construed and interpreted in accordance with the internal laws of the State of New York but excluding any principles of conflicts of law or other rule of law that would cause the application of the law of any jurisdiction other than the laws of the State of New York.

(m) Severability. Any provision of this Amendment 2 which is prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof in that jurisdiction or affecting the validity or enforceability of such provision in any other jurisdiction.

(n) Reaffirmation of Guarantors. Each Guarantor (i) consents to the execution and delivery of this Amendment 2, (ii) reaffirms all of its obligations and covenants under the Agreement and the other Loan Documents to which it is a party, and (iii) agrees that none of its respective obligations and covenants shall be reduced or limited by the execution and delivery of this Amendment 2.

[SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment 2 to be duly executed by their respective authorized officers as of the day and year first above written.

BORROWER:

VULCAN MATERIALS COMPANY, as the Borrower

By: /s/ C. Wes Burton, Jr.
Name: C. Wes Burton, Jr.
Title: Vice President and Treasurer

GUARANTORS:

AGGREGATES USA, LLC
AGGREGATES USA (AUGUSTA), LLC
AGGREGATES USA (MACON), LLC
AGGREGATES USA (SAVANNAH), LLC
AGGREGATES USA (SPARTA), LLC
ARUNDEL COMPANY, LLC
DMG EQUIPMENT COMPANY, LLC
FLORIDA ROCK INDUSTRIES, INC.
HARPER BROTHERS, LLC
LEGACY VULCAN, LLC
MARYLAND STONE, LLC
MCCARTNEY CONSTRUCTION COMPANY, INC.
MCCARTNEY CONSTRUCTION COMPANY, L.L.C.
S & G CONCRETE COMPANY, LLC
TCS MATERIALS, LLC
VIRGINIA CONCRETE COMPANY, LLC
VULCAN AGGREGATES COMPANY, LLC
VULCAN CONSTRUCTION MATERIALS, LLC

By: /s/ C. Wes Burton, Jr.
Name: C. Wes Burton, Jr.
Title: Vice President and Treasurer

FULTON CONCRETE COMPANY, LLC

By: /s/ C. Wes Burton, Jr.
Name: C. Wes Burton, Jr.
Title: Vice President and Assistant Treasurer

SOUTHWEST GULF RAILROAD COMPANY

By: /s/ C. Wes Burton, Jr.
Name: C. Wes Burton, Jr.
Title: Vice President and Assistant Treasurer

CALMAT CO.
TRIANGLE ROCK PRODUCTS, LLC

By: /s/ C. Wes Burton, Jr.
Name: C. Wes Burton, Jr.
Title: Assistant Treasurer

AZUSA ROCK, LLC

By: /s/ C. Wes Burton, Jr.
Name: C. Wes Burton, Jr.
Title: Treasurer and Assistant Secretary

VULCAN LANDS, INC.

By: /s/ C. Wes Burton, Jr.
Name: C. Wes Burton, Jr.
Title: Vice President, Treasurer, and Assistant Secretary

BLUE PINE HOLDINGS, LLC

By: /s/ C. Wes Burton, Jr.
Name: C. Wes Burton, Jr.
Title: Assistant Treasurer

VULCAN ASPHALT, LLC

By: /s/ Randy L. Pigg
Name: Randy L. Pigg
Title: Vice President

ADMINISTRATIVE AGENT AND LENDERS:

TRUIST BANK, as the Administrative Agent, an Issuing Bank, Swing Bank and a Lender

By: /s/ Anika Kirs
Name: Anika Kirs
Title: Vice President

U.S. BANK NATIONAL ASSOCIATION, as a Lender

By: /s/ Jon Lindvall
Name: Jon Lindvall
Title: Senior Vice President

BANK OF AMERICA, N.A., as a Lender

By: /s/ Miles Nerren
Name: Miles Nerren
Title: Vice President

REGIONS BANK, as a Lender

By: /s/ Cory D. Guillory
Name: Cory D. Guillory
Title: Director & SVP

GOLDMAN SACHS BANK USA, as a Lender

By: /s/ Jamie Minieri

Name: Jamie Minieri

Title: Authorized Signatory

THE NORTHERN TRUST COMPANY, as a Lender

By: /s/ Kimberly A. Crotty

Name: Kimberly A. Crotty

Title: Vice President

SYNOVUS BANK, as a Lender

By: /s/ Robert Haley

Name: Robert Haley

Title: Corporate Banker

ATLANTIC CAPITAL BANK, N.A., as a Lender

By: /s/ Dick Ridenhour

Name: Dick Ridenhour

Title: Senior Vice President

FIRST HORIZON BANK, as a Lender

By: /s/ K. Lebron Womack

Name: K. Lebron Womack

Title: Senior Vice President

VULCAN MATERIALS COMPANY
2016 OMNIBUS LONG-TERM INCENTIVE PLAN
NON-EMPLOYEE DIRECTOR RESTRICTED STOCK UNIT AGREEMENT
TERMS AND CONDITIONS

THIS AGREEMENT (the "Agreement"), dated as of the Grant Date, which is the date set forth on page one of this Agreement, is between Vulcan Materials Company (the "Company") and the Participant, as designated on page one of this Agreement. This Agreement sets forth the terms of the grant described in Section 2 below.

RECITALS:

The Company adopted the 2016 Omnibus Long-Term Incentive Plan (the "Plan") in order to provide for a wide array of stock-based and other long-term incentives for eligible participants. The Compensation Committee of the Board (the "Administrator") hereby grants Restricted Stock Units (the "RSUs") to the Participant, in accordance with the requirements of the Plan to carry out the purposes of the Plan. In consideration of being awarded the RSUs, the Participant agrees with the Company as follows:

1. ***Definitions.*** All defined terms contained in the Plan are hereby incorporated by reference, except to the extent that any term is specifically defined in this Agreement.

2. ***Grant of Restricted Stock Units; Vesting; Dividend Equivalents.***

(A) Grant. Subject to the terms and conditions of the Plan, this Agreement, and any applicable deferral election form executed by the Participant, the Administrator hereby grants to the Participant the number of RSUs designated on page one of this Agreement. The RSUs represent an unfunded and unsecured obligation of the Company to issue the same number of shares of Common Stock (the "Shares") in accordance with Section 3 as RSUs granted pursuant to this Section 2(A), or accrued pursuant to Section 2(C), under this Agreement. As of the Grant Date, an account is established for the Participant (the "Deferral Account"), and is credited with the number of RSUs shown on page one. No Shares have been transferred or set aside, or will be transferred or set aside, from the general creditors of the Company to fund this award. The Participant has no right to vote or (except as otherwise provided in Section 2(C) below with respect to Dividend Equivalents) receive dividends on the Shares represented by the RSUs until the Shares have been vested, as explained below.

(B) Vesting. The Participant's RSUs will vest on the first anniversary of the Grant Date.

(C) Dividend Equivalents. During the period from the Grant Date to the issuance of Shares in accordance with Section 3 (the "Deferral Period"), the Participant's Deferral Account will be credited with dividend equivalents equal to the dividends paid on the number of Shares represented by the RSUs during the Deferral Period ("Dividend Equivalents"). The Dividend Equivalents will be converted to additional RSUs by dividing the Dividend Equivalents by the Fair Market Value of one Share on the date the dividend is paid. In the case of dividends paid in property, the amount credited will be based on the fair market value of the property on the date the dividend is paid. Any such RSUs credited to the Deferral Account under this Section 2(C) will be subject to the same distribution restrictions and other terms of this Agreement as the RSUs giving rise to the Dividend Equivalents.

3. ***Payment of Restricted Stock Units.*** The issuance of Shares in settlement of the Participant's rights under this Agreement will be made in a lump sum payment of whole shares with any fractional shares paid in cash during whichever of the following periods ends first:

(A) Within 90 days of vesting, unless the Participant has an executed Deferral Election in place, then in accordance with the deferral election provisions in Section 4;

(B) within 90 days of the date of the Participant's death or disability, as defined under Code Section 409A ("Disability"), provided that the Participant does not have the right to designate the taxable year of the payment; and

(C) within 90 days of the date of a change of control of the Company, as defined under Code Section 409A, provided that the Participant does not have the right to designate the taxable year of the payment.

4. ***Deferral Elections.***

(A) Prior Year Elections. In a calendar year prior to the year of the Grant Date, the Participant may elect to defer the issuance of Shares and Dividend Equivalents in settlement of the Participant's rights under this Agreement beyond the period established in Section 3(A) in accordance with subsection 4(B).

(B) Deferral Options. Pursuant to an election under subsection 4(A), the Participant may elect to receive settlement in approximately equal annual installments over a period of between two and 10 years beginning during the period established in Section 3(A), provided payment is not made under Section 3(B) or Section 3(C). The amount of each installment payment will be determined by dividing the number of RSUs in the Participant's Deferral Account on the payment date by the number of installments remaining (for example, the number of shares in the first of five installment payments will equal the number of RSUs on the payment date divided by five, and the number of shares in the second of five installments will equal the number of RSUs on the second payment date divided by four). An election made under this Section 4 will be irrevocable and must be made by executing and submitting the appropriate election form to the Administrator.

(C) Death, Disability, or Change of Control During Settlement Period. Upon the Participant's death or Disability or upon a change of control of the Company, as defined under Code Section 409A, during the settlement period, issuance of any remaining Shares in settlement of the Participant's rights under this Agreement will be made in a lump sum payment during the period specified in Section 3(B), in the case of death or Disability, or during the period specified in Section 3(C), in the case of a change of control.

5. ***Additional Provisions***

(A) No Right to Continued Service; No Right to Further Awards. Nothing in the Plan or the Agreement gives the Participant any right to continue in the service of the Company or an Affiliate or interferes with the right of the Company to terminate the Participant's 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 Award (if any) will terminate on the Participant's Termination Date. The grant of the Award does not create any obligation to grant further awards.

(B) Notices. Any notice necessary under the Agreement should be addressed to the Company in care of its Vice President – Total Rewards at the principal executive office of the Company and to the Participant at the address appearing in the personnel records of the Company for the Participant or to either party at such other address as either party may hereafter designate in writing to the other. Any such notice will be deemed effective upon receipt thereof by the addressee.

(C) 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 Award and/or the acquisition or disposition of the Shares or other benefits subject to the Award 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.

(D) Award 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 Award and the Participant's rights are subject to the Plan, as the Plan may be amended. 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.

(E) 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 Award or any related rights, and the Participant waives any rights or claims related to any such statements, representations or agreements.

(F) Recoupment and Forfeiture. As a condition to receiving the Award, 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.

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 August 5, 2020

/s/ J. Thomas Hill
J. Thomas Hill
Chairman, President and Chief Executive 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 August 5, 2020

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

EXHIBIT 32(a)

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

I, 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 June 30, 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
August 5, 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.

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 June 30, 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
August 5, 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 June 30, 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.

SECOND 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 June 30, 2020. Of our 253 active MSHA-regulated facilities during the quarter, we received 160 federal mine safety inspections at 150 facilities during the reporting period. Of our inspected facilities, 138 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)
ADAIRSVILLE, GA	1	1	0	0	0	0	$0.0	0	No
ANDERSON, SC	1	1	0	0	0	0	$2.4	0	No
BARTLETT, IL	1	1	0	0	0	0	$0.0	0	No
DAYTON, TN	1	1	0	0	0	0	$0.0	0	No
HUEBNER ROAD, TX	1	1	0	0	0	0	$0.0	0	No
LAGRANGE, GA	1	2	0	0	0	0	$0.0	0	No
LARAWAY, IL	1	1	0	0	0	0	$0.3	0	No
MANTENO, IL	1	1	0	0	0	0	$0.8	0	No
PRIDE, AL	1	1	0	0	0	0	$0.0	0	No
SAN EMIDIO, CA	1	1	0	0	0	0	$0.0	0	No
TRINITY, AL	1	1	0	0	0	0	$0.0	0	No
WILSON CO, TN	1	1	0	0	0	0	$0.0	0	No
OTHER OPERATIONS - 138	148	0	0	0	0	0	$0.0	0	No
Total	**160**	**13**	**0**	**0**	**0**	**0**	**$3.5**	**0**	

The total dollar value of proposed assessments received during the three months ended June 30, 2020 for all other citations, as well as proposed assessments received during the reporting period for citations previously issued, is $12,222.

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 June 30, 2020.

	Number of Legal Actions		
Name of Operation	**Contest Penalty**	**Contest Citations**	**Complaint of Discharge, Discrimination**
BLAIRSVILLE QUARRY, GA	1	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 June 30, 2020.

	Number of Legal Actions		
Name of Operation	**Contest Penalty**	**Contest Citations**	**Complaint of Discharge, Discrimination**
115 QUARRY, NC	1	0	0
HAVRE DE GRACE 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 June 30, 2020.

	Number of Legal Actions		
Name of Operation	**Contest Penalty**	**Contest Citations**	**Complaint of Discharge, Discrimination**
FREDERICK QUARRY , MD	1	0	0
GRAHAM-VIRGINIA, VA	2	0	0
RIVER ROAD QUARRY, TN	1	0	0