

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended **March 31, 2019**

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**

(State or other jurisdiction of incorporation)

**20-8579133**

(I.R.S. Employer Identification No.)

**1200 Urban Center Drive, Birmingham, Alabama**

(Address of principal executive offices)

**35242**

(zip code)

**(205) 298-3000**

(Registrant's telephone number including area code)

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

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

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

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

Class	Shares outstanding at April 30, 2019
Common Stock, \$1 Par Value	132,092,119

FORM 10-Q  
QUARTER ENDED MARCH 31, 2019

CONTENTS

	Page
PART I	FINANCIAL INFORMATION
Item 1.	<u>Financial Statements</u>
	<u>Condensed Consolidated Balance Sheets</u> 2
	<u>Condensed Consolidated Statements of Comprehensive Income</u> 3
	<u>Condensed Consolidated Statements of Cash Flows</u> 4
	<u>Notes to Condensed Consolidated Financial Statements</u> 5
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u> 27
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u> 43
Item 4.	<u>Controls and Procedures</u> 43
PART II	OTHER INFORMATION
Item 1.	<u>Legal Proceedings</u> 44
Item 1A.	<u>Risk Factors</u> 44
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u> 44
Item 4.	<u>Mine Safety Disclosures</u> 44
Item 6.	<u>Exhibits</u> 45
	<u>Signatures</u> 46

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

<i>Unaudited in thousands</i>	<i>March 31 2019</i>	<i>December 31 2018</i>	<i>March 31 2018</i>
<b>Assets</b>			
Cash and cash equivalents	\$ 30,838	\$ 40,037	\$ 38,141
Restricted cash	270	4,367	8,373
Accounts and notes receivable			
Accounts and notes receivable, gross	563,084	542,868	492,103
Allowance for doubtful accounts	(2,554)	(2,090)	(2,667)
Accounts and notes receivable, net	560,530	540,778	489,436
Inventories			
Finished products	369,743	372,604	340,666
Raw materials	27,951	27,942	29,393
Products in process	4,976	3,064	1,303
Operating supplies and other	26,727	25,720	28,392
Inventories	429,397	429,330	399,754
Other current assets	62,816	64,633	75,495
Total current assets	1,083,851	1,079,145	1,011,199
Investments and long-term receivables	50,952	44,615	35,056
Property, plant & equipment			
Property, plant & equipment, cost	8,559,549	8,457,619	8,116,439
Allowances for depreciation, depletion & amortization	(4,284,211)	(4,220,312)	(4,090,574)
Property, plant & equipment, net	4,275,338	4,237,307	4,025,865
Operating lease right-of-use assets, net	426,381	0	0
Goodwill	3,161,842	3,165,396	3,130,161
Other intangible assets, net	1,085,398	1,095,378	1,060,831
Other noncurrent assets	213,090	210,289	190,099
Total assets	\$ 10,296,852	\$ 9,832,130	\$ 9,453,211
<b>Liabilities</b>			
Current maturities of long-term debt	24	23	22
Short-term debt	178,500	133,000	200,000
Trade payables and accruals	248,119	216,473	188,163
Other current liabilities	232,964	253,054	195,122
Total current liabilities	659,607	602,550	583,307
Long-term debt	2,780,589	2,779,357	2,775,687
Deferred income taxes, net	568,229	567,283	479,430
Deferred revenue	184,744	186,397	190,731
Operating lease liabilities	403,426	0	0
Other noncurrent liabilities	483,048	493,640	510,846
Total liabilities	\$ 5,079,643	\$ 4,629,227	\$ 4,540,001
Other commitments and contingencies (Note 8)			
<b>Equity</b>			
Common stock, \$1 par value, Authorized 480,000 shares, Outstanding 132,069, 131,762 and 132,290 shares, respectively	132,069	131,762	132,290
Capital in excess of par value	2,789,864	2,798,486	2,787,848
Retained earnings	2,467,201	2,444,870	2,138,885
Accumulated other comprehensive loss	(171,925)	(172,215)	(145,813)
Total equity	\$ 5,217,209	\$ 5,202,903	\$ 4,913,210
Total liabilities and equity	\$ 10,296,852	\$ 9,832,130	\$ 9,453,211

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**

<i>Unaudited</i> <i>in thousands, except per share data</i>	<i>Three Months Ended</i>	
	<i>2019</i>	<i>2018</i>
	<i>March 31</i>	
Total revenues	\$ 996,511	\$ 854,474
Cost of revenues	804,836	695,140
Gross profit	191,675	159,334
Selling, administrative and general expenses	90,268	78,340
Gain on sale of property, plant & equipment and businesses	7,297	4,164
Other operating expense, net	(4,271)	(3,963)
Operating earnings	104,433	81,195
Other nonoperating income, net	3,129	5,071
Interest expense, net	32,934	37,774
Earnings from continuing operations before income taxes	74,628	48,492
Income tax expense (benefit)	10,693	(4,903)
Earnings from continuing operations	63,935	53,395
Loss on discontinued operations, net of tax	(636)	(416)
Net earnings	\$ 63,299	\$ 52,979
Other comprehensive income, net of tax		
Deferred gain on interest rate derivative	0	2,496
Amortization of prior interest rate derivative loss	55	66
Amortization of actuarial loss and prior service cost for benefit plans	235	1,091
Other comprehensive income	290	3,653
Comprehensive income	\$ 63,589	\$ 56,632
Basic earnings (loss) per share		
Continuing operations	\$ 0.48	\$ 0.40
Discontinued operations	0.00	0.00
Net earnings	\$ 0.48	\$ 0.40
Diluted earnings (loss) per share		
Continuing operations	\$ 0.48	\$ 0.40
Discontinued operations	0.00	(0.01)
Net earnings	\$ 0.48	\$ 0.39
Weighted-average common shares outstanding		
Basic	132,043	132,690
Assuming dilution	133,054	134,359
Depreciation, depletion, accretion and amortization	\$ 89,181	\$ 81,439
Effective tax rate from continuing operations	14.3%	-10.1%

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

VULCAN MATERIALS COMPANY AND SUBSIDIARY COMPANIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited in thousands	Three Months Ended	
	March 31	
	2019	2018
<b>Operating Activities</b>		
Net earnings	\$ 63,299	\$ 52,979
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation, depletion, accretion and amortization	89,181	81,439
Net gain on sale of property, plant & equipment and businesses	(7,297)	(4,164)
Contributions to pension plans	(2,320)	(102,443)
Share-based compensation expense	5,724	6,794
Deferred tax expense (benefit)	774	7,968
Cost of debt purchase	0	6,922
Changes in assets and liabilities before initial effects of business acquisitions and dispositions	(45,765)	39,832
Other, net	12,568	3,641
<b>Net cash provided by operating activities</b>	<b>\$ 116,164</b>	<b>\$ 92,968</b>
<b>Investing Activities</b>		
Purchases of property, plant & equipment	(122,019)	(128,688)
Proceeds from sale of property, plant & equipment	6,512	1,701
Proceeds from sale of businesses	1,744	11,256
Payment for businesses acquired, net of acquired cash	1,122	(76,259)
Other, net	(7,237)	(34)
<b>Net cash used for investing activities</b>	<b>\$ (119,878)</b>	<b>\$ (192,024)</b>
<b>Financing Activities</b>		
Proceeds from short-term debt	196,200	252,000
Payment of short-term debt	(150,700)	(52,000)
Payment of current maturities and long-term debt	(6)	(892,038)
Proceeds from issuance of long-term debt	0	850,000
Debt issuance and exchange costs	0	(45,513)
Settlements of interest rate derivatives	0	3,378
Purchases of common stock	0	(55,568)
Dividends paid	(40,939)	(37,176)
Share-based compensation, shares withheld for taxes	(14,137)	(24,159)
<b>Net cash used for financing activities</b>	<b>\$ (9,582)</b>	<b>\$ (1,076)</b>
Net decrease in cash and cash equivalents and restricted cash	(13,296)	(100,132)
Cash and cash equivalents and restricted cash at beginning of year	44,404	146,646
<b>Cash and cash equivalents and restricted cash at end of period</b>	<b>\$ 31,108</b>	<b>\$ 46,514</b>

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 and the Bahamas. 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, mid-Atlantic, Southwestern, Tennessee and Western 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, 2018 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. Operating results for the three month period ended March 31, 2019 are not necessarily indicative of the results that may be expected for the year ending December 31, 2019. For further information, refer to the consolidated financial statements and footnotes included in our most recent Annual Report on Form 10-K.

Due to the 2005 sale of our Chemicals business as described with in 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.

### RECLASSIFICATIONS

Certain items previously reported in specific financial statement captions have been reclassified to conform to the 2019 presentation.

### 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

Beginning in 2019 (see ASU 2016-02, "Leases," as presented in Note 17), our nonmineral leases are recognized on the balance sheet as right-of-use (ROU) assets and lease liabilities. Mineral leases continue to be 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 most of 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.

We elected the following practical expedients: (1) the practical expedient package which permits us to not reassess our prior conclusions about lease identification, lease classification, and initial direct costs; (2) to not separate the lease components from the non-lease components for all leases; (3) to apply a portfolio approach to our railcar and barge leases; (4) to not recognize ROU assets and lease liabilities for all pre-existing land easements not previously accounted for as leases; and (5) to not recognize ROU assets or lease liabilities for our short-term leases, including existing short-term leases of those assets in transition.

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:

<i>in thousands</i>	<i>Three Months Ended</i>	
	<i>2019</i>	<i>2018</i>
<b>Discontinued Operations</b>		
Pretax loss	\$ (638)	\$ (566)
Income tax benefit	2	150
Loss on discontinued operations, net of tax	\$ (636)	\$ (416)

Our discontinued operations include charges 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:

<i>in thousands</i>	<i>Three Months Ended</i>	
	<i>2019</i>	<i>2018</i>
Weighted-average common shares outstanding	132,043	132,690
Dilutive effect of		
Stock-Only Stock Appreciation Rights	742	1,132
Other stock compensation plans	269	537
Weighted-average common shares outstanding, assuming dilution	133,054	134,359

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:

<i>in thousands</i>	<i>Three Months Ended</i>	
	<i>2019</i>	<i>2018</i>
Antidilutive common stock equivalents	220	157

## NOTE 2: LEASES

Operating lease-related assets and liabilities (we do not have any material finance leases) reflected on our March 31, 2019 balance sheet and the weighted-average lease term and discount rate are as follows:

<i>in thousands</i>	<i>Classification on the Balance Sheet</i>	<i>March 31 2019</i>
<b>Assets</b>		
Operating lease right-of-use assets		\$ 434,970
Accumulated amortization		(8,589)
<b>Total lease assets</b>	<b>Operating lease right-of-use assets, net</b>	<b>\$ 426,381</b>
<b>Liabilities</b>		
Current		
Operating	Other current liabilities	\$ 31,255
Noncurrent		
Operating	Operating lease liabilities	403,426
<b>Total lease liabilities</b>		<b>\$ 434,681</b>
<b>Lease Term and Discount Rate</b>		
Weighted-average remaining lease term (years)		
Operating leases		10.3
Weighted-average discount rate		
Operating leases		4.4%

Our portfolio of nonmineral leases is composed almost entirely of operating 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).

Our building leases have remaining noncancelable periods of 1 - 30 years, and lease terms (including options to extend) of 1 - 30 years. Key factors in determining the certainty of lease renewals include the location of the building, the value of leasehold improvements and the cost to relocate. Rental payments for certain of our building leases are periodically adjusted for inflation and this variable component is recognized as expense when incurred. Many of our building leases contain common area maintenance charges which we include in the calculation of our lease liability (the lease consideration is not allocated between the lease and non-lease components).

Our aggregates sales yard leases have remaining noncancelable periods of 0 - 13 years, and lease terms of 2 - 80 years. The key factor in determining the certainty of lease renewals is the financial impact of extending the lease, including the reserve life of the sourcing aggregates quarry. Certain aggregates sales yard lease agreements include rental payments based on a percentage of sales over contractual levels or the number of shipments received into the sales yard. Variable payments for these sales yards comprise a majority of the overall variable lease cost presented in the table below.

Our concrete and asphalt site leases have remaining noncancelable periods of 0 - 97 years, and lease terms of 1 - 97 years. The key factor in determining the certainty of lease renewals is the financial impact of extending the lease, including the reserve life of the sourcing aggregates quarry. Rental payments are generally fixed for our concrete and asphalt sites.

Our rail (car and track) leases have remaining noncancelable periods of 0 - 7 years, and lease terms of 2 - 76 years. Key factors in determining the certainty of lease renewals include the market rental rate for comparable assets and, in some cases, the cost incurred to restore the asset. Rental payments are fixed for our rail leases. The majority of our rail leases contain substitution rights that allow the supplier to replace damaged equipment. Because the substitution rights are generally limited to either replacing railcars or moving our placement on rail track for purposes of repair or maintenance, we do not consider these substitution rights to be substantive and have recorded a lease liability and ROU asset for all leased rail.

Our barge leases have remaining noncancelable periods of 2 - 3 years, and lease terms (including options to extend) of 10 - 16 years. Key factors in determining the certainty of lease renewals include the market rental rate for comparable assets and, in some cases, the cost incurred to restore the asset. Rental payments are fixed. Like our rail leases, our barge leases contain non-substantive substitution rights that are limited to replacing barges in need of repair or maintenance.

Office and plant equipment leases have remaining noncancelable periods of 0 - 4 years, and lease terms of 0 - 4 years. The key factor in determining the certainty of lease renewals is the market rental rate for comparable assets. Rental payments are generally fixed for our equipment leases with terms greater than 1 year. The significant majority of our short-term lease cost presented in the table below is derived from office and plant equipment leases with terms of 1 year or less.

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

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

<i>in thousands</i>	<b>Three Months Ended</b>	
	<b>March 31</b>	
	<b>2019</b>	
<b>Lease cost</b>		
Operating lease cost	\$	14,127
Short-term lease cost <sup>1</sup>		8,700
Variable lease cost		3,068
Sublease income		(610)
<b>Total lease cost</b>	<b>\$</b>	<b>25,285</b>

<sup>1</sup> We have elected to recognize the cost of leases with an initial term of one month or less within our short-term lease cost.

Total nonmineral operating lease expense for the prior year's three months ended March 31, 2018 was \$ 24,352,000.

Cash paid for operating leases was \$ 13,333,000 for the three months ended March 31, 2019 and was reflected as a reduction to operating cash flows.

Maturity analysis on an undiscounted basis of our nonmineral lease liabilities as of March 31, 2019 is as follows:

<i>in thousands</i>	<b>Operating Leases</b>
<b>Maturity of Lease Liabilities</b>	
2019 (remainder)	\$ 39,281
2020	49,300
2021	45,607
2022	40,680
2023	36,143
Thereafter	605,516
<b>Total minimum lease payments</b>	<b>\$ 816,527</b>
Less: Lease payments representing interest	381,846
<b>Present value of future minimum lease payments</b>	<b>\$ 434,681</b>
Less: Current obligations under leases	31,255
<b>Long-term lease obligations</b>	<b>\$ 403,426</b>

Future minimum operating lease payments under leases with initial or remaining noncancelable lease terms in excess of one year, exclusive of mineral leases, as of December 31, 2018 were payable as follows:

<i>in thousands</i>	
<b>Future Minimum Operating Lease Payments</b>	
2019	\$ 47,979
2020	43,540
2021	35,732
2022	27,463
2023	19,707
Thereafter	195,104
<b>Total</b>	<b>\$ 369,525</b>

### NOTE 3: INCOME TAXES

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

In the first quarter of 2019, we recorded income tax expense from continuing operations of \$ 10,693,000 compared to an income tax benefit from continuing operations of \$ 4,903,000 in the first quarter of 2018. The increase in tax expense is related to an increase in earnings along with a decrease in share-based compensation excess tax benefits.

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.

Each quarter we analyze the likelihood that our deferred tax assets will be realized. A valuation allowance is recorded if, based on the weight of all available positive and negative evidence, it is more likely than not (a likelihood of more than 50%) that some portion, or all, of a deferred tax asset will not be realized. At December 31, 2019, we project state net operating loss carryforward deferred tax assets of \$ 65,787,000 (\$ 63,603,000 relates to Alabama), against which we project to have a valuation allowance of \$ 29,678,000 (\$ 29,183,000 relates to Alabama). The Alabama net operating loss carryforward, if not utilized, would expire in years 2023 – 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.

A summary of our deferred tax assets is included in Note 9 "Income Taxes" in our Annual Report on Form 10-K for the year ended December 31, 2018.

### NOTE 4: REVENUES

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

Total revenues are primarily derived from our product sales of aggregates (crushed stone, sand and gravel, sand and other aggregates), asphalt mix and ready-mixed concrete, and include freight & delivery costs that we pass along to our customers to deliver these products. We also generate service revenues from our asphalt construction paving business and service revenues related to our aggregates business, such as landfill tipping fees. Our total service revenues were \$ 34,515,000 and \$ 18,639,000 for the three months ended March 31, 2019 and 2018, 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, our aggregates business is not directly subject to renegotiation of profits or termination of contracts with state or federal governments.

Our segment total revenues by geographic market for the three month periods ended March 31, 2019 and 2018 are disaggregated as follows:

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

<i>in thousands</i>	<b>Three Months Ended March 31, 2018</b>				<i>Total</i>
	<i>Aggregates</i>	<i>Asphalt</i>	<i>Concrete</i>	<i>Calcium</i>	
<b>Total Revenues by Geographic Market <sup>1</sup></b>					
East	\$ 193,848	\$ 11,729	\$ 61,571	\$ 0	\$ 267,148
Gulf Coast	383,941	14,644	25,199	1,942	425,726
West	121,868	77,462	14,192	0	213,522
Segment sales	\$ 699,657	\$ 103,835	\$ 100,962	\$ 1,942	\$ 906,396
Intersegment sales	(51,922)	0	0	0	(51,922)
Total revenues	\$ 647,735	\$ 103,835	\$ 100,962	\$ 1,942	\$ 854,474

<sup>1</sup> 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, Texas and the Bahamas

West market — Arizona, California and New Mexico

## PRODUCT REVENUES

Revenue is recognized when obligations under the terms of a contract with our customer are satisfied; generally this occurs at a point in time when our aggregates, asphalt mix and ready-mixed concrete are shipped/delivered and control passes to the customer. Revenue for our products is recorded at the fixed invoice amount and is due by the 15<sup>th</sup> 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:

<i>in thousands</i>	<b>Three Months Ended</b>	
	<b>2019</b>	<b>2018</b>
<b>Freight &amp; Delivery Revenues</b>		
Total revenues	\$ 996,511	\$ 854,474
Freight & delivery revenues <sup>1</sup>	(162,605)	(129,690)
Total revenues excluding freight & delivery	\$ 833,906	\$ 724,784

<sup>1</sup> 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' future 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 future 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 future 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:

<i>in thousands</i>	<i>Three Months Ended</i>	
	<i>2019</i>	<i>2018</i>
<b>Deferred Revenue</b>		
Balance at beginning of year	\$ 192,783	\$ 199,556
Revenue recognized from deferred revenue	(1,652)	(1,355)
Balance at end of period	\$ 191,131	\$ 198,201

Based on expected sales from the specified quarries, we expect to recognize \$ 7,500,000 of deferred revenue as income during the 12-month period ending March 31, 2020 (reflected in other current liabilities in our March 31, 2019 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:

<i>in thousands</i>	<i>Level 1 Fair Value</i>		
	<i>March 31 2019</i>	<i>December 31 2018</i>	<i>March 31 2018</i>
<b>Fair Value Recurring</b>			
Rabbi Trust			
Mutual funds	\$ 20,953	\$ 19,164	\$ 19,412
<b>Total</b>	<b>\$ 20,953</b>	<b>\$ 19,164</b>	<b>\$ 19,412</b>

<i>in thousands</i>	<i>Level 2 Fair Value</i>		
	<i>March 31 2019</i>	<i>December 31 2018</i>	<i>March 31 2018</i>
<b>Fair Value Recurring</b>			
Rabbi Trust			
Money market mutual fund	\$ 490	\$ 1,015	\$ 2,738
<b>Total</b>	<b>\$ 490</b>	<b>\$ 1,015</b>	<b>\$ 2,738</b>

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 and equity securities for which quoted prices in active markets are available. Level 2 investments are stated at estimated fair value based on the underlying investments in 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 \$ 1,863,000 and \$ (776,000) for the three months ended March 31, 2019 and 2018, respectively. The portions of the net gains (losses) related to investments still held by the Rabbi Trusts at March 31, 2019 and 2018 were \$ 1,905,000 and \$ (787,000), 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.

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 the se 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	
		2019	March 31 2018
<b>Interest Rate Hedges</b>			
Loss reclassified from AOCI (effective portion)	Interest expense	\$ (75)	\$ (89)

For the 12-month period ending March 31, 2020, we estimate that \$ 314,000 of the pretax loss in AOCI will be reclassified to interest expense.

## NOTE 7: DEBT

Debt is detailed as follows:

in thousands	Effective Interest Rates	March 31 2019	December 31 2018	March 31 2018
<b>Short-term Debt</b>				
Bank line of credit expires 2021 <sup>1,2</sup>	1.25%	\$ 178,500	\$ 133,000	\$ 200,000
Total short-term debt		\$ 178,500	\$ 133,000	\$ 200,000
<b>Long-term Debt</b>				
Floating-rate notes due 2020	3.61%	\$ 250,000	\$ 250,000	\$ 250,000
Floating-rate notes due 2021	3.59%	500,000	500,000	500,000
8.85% notes due 2021	8.88%	6,000	6,000	6,000
4.50% notes due 2025	4.65%	400,000	400,000	400,000
3.90% notes due 2027	4.00%	400,000	400,000	400,000
7.15% notes due 2037	8.05%	129,239	129,239	129,239
4.50% notes due 2047	4.59%	700,000	700,000	700,000
4.70% notes due 2048	5.42%	460,949	460,949	460,949
Other notes	6.46%	202	208	224
Total long-term debt - face value		\$ 2,846,390	\$ 2,846,396	\$ 2,846,412
Unamortized discounts and debt issuance costs		(65,777)	(67,016)	(70,703)
Total long-term debt - book value		\$ 2,780,613	\$ 2,779,380	\$ 2,775,709
Less current maturities		24	23	22
Total long-term debt - reported value		\$ 2,780,589	\$ 2,779,357	\$ 2,775,687
Estimated fair value of long-term debt		\$ 2,775,511	\$ 2,695,802	\$ 2,843,943

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

<sup>2</sup> The effective interest rate 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.

Discounts and debt issuance costs are amortized using the effective interest method over the terms of the respective notes resulting in \$ 1,239,000 and \$ 1,473,000 of net interest expense for these items for the three months ended March 31, 2019 and 2018, respectively.

## LINE OF CREDIT

Our unsecured \$750,000,000 line of credit matures December 2021 and contains affirmative, negative and financial covenants customary for an unsecured investment-grade facility. The primary negative covenant limits our ability to incur secured debt. The financial covenants are: (1) a maximum ratio of debt to EBITDA of 3.5 :1 (upon certain acquisitions, the maximum ratio can be 3.75 :1 for three quarters), and (2) a minimum ratio of EBITDA to net cash interest expense of 3.0 :1. As of March 31, 2019, we were in compliance with the line of credit covenants.

Borrowings on our line of credit are classified as short-term debt if we intend to repay within twelve months and as long-term debt 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 SunTrust Bank's base rate (generally, its prime rate) plus a credit margin ranging from 0.00% to 0.75% . The credit margin for both LIBOR and base rate borrowings is determined by our credit ratings. Standby letters of credit, which are issued under the line of credit and reduce availability, are charged a fee equal to the credit margin for LIBOR borrowings plus 0.175% . We also pay a commitment fee on the daily average unused amount of the line of credit that ranges from 0.10% to 0.25% determined by our credit ratings. As of March 31, 2019, the credit margin for LIBOR borrowings was 1.25% , the credit margin for base rate borrowings was 0.25% , and the commitment fee for the unused amount was 0.15% .

As of March 31, 2019, our available borrowing capacity was \$ 516,970,000 . Utilization of the borrowing capacity was as follows:

- \$ 178,500,000 was borrowed
- \$ 54,530,000 was used to provide support for outstanding standby letters of credit

#### **TERM DEBT**

All of our \$ 2,846,390,000 (face value) of term debt is unsecured. \$ 2,846,188,000 of such debt is governed by three essentially identical indentures that contain customary investment-grade type covenants. The primary covenant in all three indentures limits the amount of secured debt we may incur without ratably securing such debt. As of March 31, 2019, we were in compliance with all term debt covenants.

In December 2018, we completed an exchange offer in which all of the \$460,949,000 of 4.70% senior unregistered notes due 2048 (issued in February 2018 and March 2018 as described below) were exchanged for new registered notes of like principal amount and like denomination as the unregistered notes, with substantially identical terms. We did not receive any proceeds from the issuance of the new notes .

In March 2018, we early retired via exchange offer \$110,949,000 of the \$240,188,000 7.15% senior notes due 2037 for: (1) a like amount of notes due 2048 (these notes are a further issuance of, and form a single series with, the \$350,000,000 of 4.70% senior notes due 2048 issued in February 2018 as described below) and (2) \$38,164,000 of cash. The cash payment primarily reflects the trading price of the retired notes relative to par and will be amortized to interest expense over the term of the notes due 2048. We recognized transaction costs of \$1,314,000 with this early retirement.

In February 2018, we issued \$350,000,000 of 4.70% senior notes due 2048 (these notes now total \$460,949,000 including the notes issued in March as described above) and \$500,000,000 of floating-rate senior notes due 2021. Total proceeds of \$846,029,000 (net of discounts, transaction costs and an interest rate derivative settlement gain), together with cash on hand, were used to retire/repay without penalty or premium: (1) the \$350,000,000 term loan due 2018, (2) the \$250,000,000 term loan due 2021, and (3) the \$250,000,000 bank line of credit borrowings. We recognized noncash expense of \$203,000 with the acceleration of unamortized deferred transaction costs.

In January 2018, we early retired via redemption the remaining \$35,111,000 of the 7.50% senior notes due 2021 at a cost of \$40,719,000 including a premium of \$5,608,000 . Additionally, we recognized noncash expense of \$263,000 with the acceleration of unamortized deferred transaction costs.

As a result of the first quarter 2018 early debt retirements described above, we recognized premiums of \$5,608,000 , transaction costs of \$1,314,000 and noncash expense (acceleration of unamortized deferred transaction costs) of \$466,000 . The combined charge of \$7,388,000 was a component of interest expense for the first quarter of 2018.

## STANDBY LETTERS OF CREDIT

We provide, in the normal course of business, certain third-party beneficiaries with standby letters of credit to support our obligations to pay or perform according to the requirements of an underlying agreement. Such letters of credit typically have an initial term of one year, typically renew automatically, and can only be modified or canceled with the approval of the beneficiary. All of our standby letters of credit are issued by banks that participate in our \$750,000,000 line of credit, and reduce the borrowing capacity thereunder. Our standby letters of credit as of March 31, 2019 are summarized by purpose in the table below:

<i>in thousands</i>	
<b>Standby Letters of Credit</b>	
Risk management insurance	\$ 46,611
Reclamation/restoration requirements	7,919
<b>Total</b>	<b>\$ 54,530</b>

## NOTE 8: COMMITMENTS AND CONTINGENCIES

As summarized by purpose directly above in Note 7, our standby letters of credit totaled \$ 54,530,000 as of March 31, 2019.

As described in Note 2, our nonmineral operating lease liabilities totaled \$ 434,681,000 as of March 31, 2019.

As described in Note 9, our asset retirement obligations totaled \$ 225,186,000 as of March 31, 2019.

### 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 ) — 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 have begun participating in this voluntary allocation process, which is likely to take several years.

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 but two outstanding cases and our insurers 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 14 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 Nassau County and Suffolk County, New York. 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 cases, against us and other defendants, have been filed by the following plaintiffs: Albertson Water District, Bethpage Water District, Carle Place Water District, Garden City Park Water District, Jericho Water District, Manhasset-Lakeview Water District, Oyster Bay Water District, Plainview Water District, Port Washington Water District, Roslyn Water District, South Farmingdale Water District, Suffolk County Water Authority, Water Authority of Great Neck North, and the West Hempstead Water District (collectively, the Cases). 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 (CAO) 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. The CAO follows a 2014 Investigative Order from the RWQCB that sought data and a technical evaluation regarding the Hewitt Landfill, and a subsequent amendment to the Investigative Order requiring us to provide groundwater monitoring results to the RWQCB and to create and implement a work plan for further investigation of the Hewitt Landfill. In April 2016, we submitted an interim remedial action plan (IRAP) to the RWQCB, proposing an on-site pilot test of a pump and treat system; testing and implementation of a leachate recovery system; and storm water capture and conveyance improvements.

Operation of the on-site pilot-scale treatment system began in January 2017, and was completed in April 2017. With completion of the pilot testing and other investigative work, we submitted an amendment to the IRAP (AIRAP) to RWQCB in August 2017 proposing the use of a pump, treat and reinjection system. In December 2017, we submitted an addendum to the AIRAP, incorporating new data acquired since the prior submission. In February 2018, the AIRAP was approved by RWQCB. As a result of this approval, we have begun to implement the on-site source control activities described in the AIRAP. In 2018, we accrued a total of \$19,032,000 (Q3 - \$8,640,000 and Q4 - \$10,392,000) for the on-site remedy, bringing the life-to-date total to \$34,271,000.

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. 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 to protect the NHW and Rinaldi-Toluca well fields from 1,4-dioxane from the Hewitt Site. Vulcan has not yet received comments or feedback from the EPA or the Regional Board on the report. 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 the State of Quintana Roo, in Mexico's Yucatan Peninsula, 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. For the three month periods ended March 31, we recognized ARO operating costs related to accretion of the liabilities and depreciation of the assets as follows:

<i>in thousands</i>	<i>Three Months Ended</i>	
	<i>2019</i>	<i>2018</i>
<b>ARO Operating Costs</b>		
Accretion	\$ 2,733	\$ 2,684
Depreciation	1,841	1,337
<b>Total</b>	<b>\$ 4,574</b>	<b>\$ 4,021</b>

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:

<i>in thousands</i>	<i>Three Months Ended</i>	
	<i>2019</i>	<i>2018</i>
<b>Asset Retirement Obligations</b>		
Balance at beginning of year	\$ 225,726	\$ 218,117
Liabilities incurred	0	0
Liabilities settled	(3,578)	(6,021)
Accretion expense	2,733	2,684
Revisions, net	305	(71)
<b>Balance at end of period</b>	<b>\$ 225,186</b>	<b>\$ 214,709</b>

ARO liabilities settled during the first three months of 2019 and 2018 include \$ 1,266,000 and \$ 4,402,000, respectively, of reclamation activities required under a development agreement and conditional use permits at two adjacent aggregate sites on owned property in Southern California. The reclamation required under the reclamation agreement will result in the restoration of 90 acres 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. 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:

<i>in thousands</i>	<i>Three Months Ended</i>	
	<i>March 31</i>	
	<i>2019</i>	<i>2018</i>
<b>Components of Net Periodic Benefit Cost</b>		
Service cost	\$ 1,249	\$ 1,429
Interest cost	9,410	8,876
Expected return on plan assets	(11,938)	(14,797)
Amortization of prior service cost	335	335
Amortization of actuarial loss	1,358	2,457
Net periodic pension benefit cost (credit)	\$ 414	\$ (1,700)
Pretax reclassifications from AOCI included in net periodic pension benefit cost	\$ 1,693	\$ 2,792

The contributions to pension plans for the three months ended March 31, 2019 and 2018, as reflected on the Condensed Consolidated Statements of Cash Flows, pertain to benefit payments under nonqualified plans for both periods and a discretionary qualified plan contribution of \$100,000,000 for the first quarter of 2018.

### 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:

<i>in thousands</i>	<i>Three Months Ended</i>	
	<i>March 31</i>	
	<i>2019</i>	<i>2018</i>
<b>Components of Net Periodic Benefit Cost</b>		
Service cost	\$ 329	\$ 339
Interest cost	347	310
Amortization of prior service credit	(980)	(991)
Amortization of actuarial gain	(327)	(324)
Net periodic postretirement benefit credit	\$ (631)	\$ (666)
Pretax reclassifications from AOCI included in net periodic postretirement benefit credit	\$ (1,307)	\$ (1,315)

## DEFINED CONTRIBUTION 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 \$ 13,919,000 and \$ 6,548,000 for the three months ended March 31, 2019 and 2018, 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:

<i>in thousands</i>	<b>March 31 2019</b>	<i>December 31 2018</i>	<i>March 31 2018</i>
<b>AOCI</b>			
Interest rate hedges	\$ (11,125)	\$ (11,180)	\$ (8,876)
Pension and postretirement plans	(160,800)	(161,035)	(136,937)
<b>Total</b>	<b>\$ (171,925)</b>	<b>\$ (172,215)</b>	<b>\$ (145,813)</b>

Changes in AOCI, net of tax, for the three months ended March 31, 2019 are as follows:

<i>in thousands</i>	<i>Interest Rate Hedges</i>	<i>Pension and Postretirement Benefit Plans</i>	<i>Total</i>
<b>AOCI</b>			
Balances as of December 31, 2018	\$ (11,180)	\$ (161,035)	\$ (172,215)
Amounts reclassified from AOCI	55	235	290
<b>Balances as of March 31, 2019</b>	<b>\$ (11,125)</b>	<b>\$ (160,800)</b>	<b>\$ (171,925)</b>

Amounts reclassified from AOCI to earnings, are as follows:

<i>in thousands</i>	<i>Three Months Ended March 31</i>	
	<b>2019</b>	<i>2018</i>
<b>Amortization of Interest Rate Hedge Losses</b>		
Interest expense	\$ 75	\$ 89
Benefit from income taxes	(20)	(23)
<b>Total</b>	<b>\$ 55</b>	<b>\$ 66</b>
<b>Amortization of Pension and Postretirement Plan Actuarial Loss and Prior Service Cost</b>		
Other nonoperating income	\$ 386	\$ 1,476
Benefit from income taxes	(151)	(385)
<b>Total</b>	<b>\$ 235</b>	<b>\$ 1,091</b>
<b>Total reclassifications from AOCI to earnings</b>	<b>\$ 290</b>	<b>\$ 1,157</b>

## NOTE 12: EQUITY

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

There were no shares held in treasury as of March 31, 2019, December 31, 2018 and March 31, 2018.

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

<i>in thousands, except average price</i>	<b>March 31 2019</b>	<i>December 31 2018</i>	<i>March 31 2018<sup>1</sup></i>
<b>Shares Purchased and Retired</b>			
Number	0	1,192	492
Total purchase price	\$ 0	\$ 133,983	\$ 57,824
Average price per share	\$ 0.00	\$ 112.41	\$ 117.47

<sup>1</sup> Settlement of 20 thousand shares at a total price of \$2,250 thousand occurred after March 31, 2018.

As of March 31, 2019, 8,297,789 shares may be purchased under the current authorization of our Board of Directors.

Changes in total equity are summarized below:

<i>in thousands</i>	<b>Three Months Ended</b>	
	<b>2019</b>	<b>March 31 2018</b>
<b>Total Equity</b>		
Balance at beginning of year	\$ 5,202,903	\$ 4,968,893
Net earnings	63,299	52,979
Common stock issued		
Share-based compensation plans, net of shares withheld for taxes	(14,068)	(24,109)
Purchase and retirement of common stock	0	(57,824)
Share-based compensation expense	5,724	6,794
Cash dividends on common stock (\$0.31 / \$0.28 per share, respectively)	(40,939)	(37,176)
Other comprehensive income	290	3,653
Balance at end of period	\$ 5,217,209	\$ 4,913,210

## 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

<i>in thousands</i>	<i>Three Months Ended</i>	
	<i>2019</i>	<i>2018</i>
	<i>March 31</i>	
<b>Total Revenues</b>		
Aggregates <sup>1</sup>	\$ 834,965	\$ 699,657
Asphalt <sup>2</sup>	132,090	103,835
Concrete	83,637	100,962
Calcium	1,951	1,942
Segment sales	\$ 1,052,643	\$ 906,396
Aggregates intersegment sales	(56,132)	(51,922)
Total revenues	\$ 996,511	\$ 854,474
<b>Gross Profit</b>		
Aggregates	\$ 185,716	\$ 148,221
Asphalt	(3,272)	246
Concrete	8,563	10,320
Calcium	668	547
Total	\$ 191,675	\$ 159,334
<b>Depreciation, Depletion, Accretion and Amortization (DDA&amp;A)</b>		
Aggregates	\$ 72,521	\$ 65,953
Asphalt	8,550	7,002
Concrete	2,964	3,414
Calcium	60	69
Other	5,086	5,001
Total	\$ 89,181	\$ 81,439
<b>Identifiable Assets <sup>3</sup></b>		
Aggregates	\$ 9,275,593	\$ 8,545,904
Asphalt	564,103	447,961
Concrete	288,797	267,678
Calcium	3,905	4,156
Total identifiable assets	\$ 10,132,398	\$ 9,265,699
General corporate assets	133,346	140,998
Cash and cash equivalents and restricted cash	31,108	46,514
Total assets	\$ 10,296,852	\$ 9,453,211

<sup>1</sup> 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.

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

<sup>3</sup> 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:

<i>in thousands</i>	<i>Three Months Ended</i>	
	<i>2019</i>	<i>2018</i>
<b>Cash Payments (Refunds)</b>		
Interest (exclusive of amount capitalized)	\$ 19,798	\$ 15,829
Income taxes	(364)	(105,699)
<b>Noncash Investing and Financing Activities</b>		
Accrued liabilities for purchases of property, plant & equipment	\$ 34,360	\$ 24,714
Accrued liabilities for common stock purchases	0	2,255
Right-of-use assets obtained in exchange for new operating lease liabilities	435,192	0
Amounts referable to business acquisitions		
Liabilities assumed	(2,720)	2,796

## NOTE 15: GOODWILL

Goodwill is recognized when the consideration paid for a business exceeds the fair value of the tangible and identifiable intangible assets acquired. Goodwill is allocated to reporting units for purposes of testing goodwill for impairment. There were no charges for goodwill impairment in the three month periods ended March 31, 2019 and 2018. 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, 2018 to March 31, 2019 are summarized below:

<i>in thousands</i>	<i>Aggregates</i>	<i>Asphalt</i>	<i>Concrete</i>	<i>Calcium</i>	<i>Total</i>
<b>Goodwill</b>					
Total as of December 31, 2018	\$ 3,073,763	\$ 91,633	\$ 0	\$ 0	\$ 3,165,396
Goodwill of acquired businesses <sup>1</sup>	(3,554)	0	0	0	(3,554)
<b>Total as of March 31, 2019</b>	<b>\$ 3,070,209</b>	<b>\$ 91,633</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 3,161,842</b>

<sup>1</sup> See Note 16 for a summary of prior year 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

2019 BUSINESS ACQUISITIONS — We had no acquisitions through the three months ended March 31, 2019.

2018 BUSINESS ACQUISITIONS — For the full year 2018, we purchased the following operations, none of which were material to our results of operations or financial position either individually or collectively, for total consideration of \$ 219,863,000 (\$ 215,363,000 cash and \$ 4,500,000 payable):

- Alabama — aggregates, asphalt mix and construction paving operations
- California — aggregates and asphalt-mix operations
- Texas — aggregates rail yards, asphalt mix and construction paving operations

As a result of the 2018 acquisitions, we recognized \$ 44,163,000 of amortizable intangible assets (contractual rights in place). The contractual rights in place will be amortized against earnings (\$ 43,072,000 - straight-line over a weighted-average 19.9 years and \$ 1,080,000 - units of sales in excess of 30.0 years) and \$7,385,000 will be deductible for income tax purposes over 15 years. Of the \$42,325,000 of goodwill recognized, \$4,468,000 will be deductible for income tax purposes over 15 years, and \$32,871,000 represents the balance of deferred tax liabilities generated from carrying over the seller's tax basis in the assets acquired (immaterial adjustments were recorded in 2019 including a decrease to goodwill of \$3,554,000).

### DIVESTITURES AND PENDING DIVESTITURES

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

In 2018, we sold:

- First quarter — ready-mixed concrete operations in Georgia resulting in a pretax gain of \$2,929,000 (we retained all real property which is leased to the buyer, and obtained a long-term aggregates supply agreement)

No assets met the criteria for held for sale at March 31, 2019, December 31, 2018 or March 31, 2018.

## **NOTE 17: NEW ACCOUNTING STANDARDS**

### **ACCOUNTING STANDARDS RECENTLY ADOPTED**

**LEASE ACCOUNTING** During the first quarter of 2019, we adopted Accounting Standards Update (ASU) 2016-02, "Leases," utilizing the comparatives transition option (we elected not to restate comparative periods) under ASC 840. This ASU amends prior accounting standards for lease accounting and adds additional disclosures about leasing arrangements. Under the new guidance, lessees are required to recognize lease right-of-use assets and lease liabilities on the balance sheet for all leases (excluding mineral leases) with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement and presentation of cash flow in the statement of cash flows. Upon adoption, we recognized operating lease liabilities of \$ 442,697,000 , with corresponding right-of-use assets based on the present value of the remaining minimum rental payments under current leasing standards for existing operating leases. See Note 1 under the caption Leases for the practical expedients elected and other information. Additionally, See Notes 2 and 14 for the required lease disclosures.

### **ACCOUNTING STANDARDS PENDING ADOPTION**

**DEFINED BENEFIT PLANS** In August 2018, the Financial Accounting Standards Board ( 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. Early adoption is permitted. While we are still evaluating the impact of ASU 2018-14 and whether we will early adopt, it will not impact our consolidated financial statements as it only affects disclosure. Thus, the adoption of this standard will have a minor impact on the notes to our consolidated financial statements, specifically, our benefit plans note.

**CREDIT LOSSES** In June 2016, the FASB issued ASU 2016-13, "Measurement of Credit Losses on Financial Instruments," which amends 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. ASU 2016-13 is effective for annual reporting periods beginning after December 15, 2019 , and interim reporting periods within those annual reporting periods. We do not expect the adoption of this standard to have a material impact on our consolidated financial statements.

## 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. Aggregates 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 growth in population, 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 and reservoirs), 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). Customers for our products include heavy construction and paving contractors; commercial building contractors; concrete products manufacturers; residential building contractors; railroads and electric utilities; and to a smaller extent state, county and municipal governments.

Aggregates have a high weight-to-value ratio and, in most cases, must be produced near where they are used; if not, transportation can cost more than the materials, 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. Because of barriers to entry created in many metropolitan markets by zoning and permitting regulation and because of 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 2018, our five largest customers accounted for 8% of our total revenues (excluding internal sales), and no single customer accounted for more than 2% 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, relatively insignificant sales are made directly to federal, state, county or municipal governments/agencies. Therefore, although reductions in state and federal funding can curtail publicly funded construction, our business is not directly subject to renegotiation of profits or termination of contracts with state or federal governments.

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 generating acceptable financial returns and enhancing financial returns in our core Aggregates segment. We produce and sell asphalt mix and/or ready-mixed concrete primarily in our Alabama, mid-Atlantic, Southwestern, Tennessee and Western 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 our products are produced and consumed outdoors. Seasonal changes and other weather-related conditions can affect the production and sales volume of our products. Therefore, the financial results for any quarter do not necessarily indicate the results expected for the year. Normally, the highest sales and earnings are in the third quarter and the lowest are in the first quarter. Furthermore, our sales and earnings are sensitive to national, regional and local economic conditions, demographic and population fluctuations, and particularly to cyclical swings in construction spending, primarily in the private sector.

## EXECUTIVE SUMMARY

### FINANCIAL HIGHLIGHTS FOR FIRST QUARTER 2019

Compared to first quarter 2018 :

- Total revenues increased \$ 142.0 million, or 17 %, to \$ 996.5 million
- Gross profit increased \$ 32.3 million, or 20 %, to \$ 191.7 million
- Aggregates segment sales increased \$ 135.3 million, or 19 %, to \$ 835.0 million
- Aggregates segment freight-adjusted revenues increased \$ 99.2 million, or 19 %, to \$ 628.6 million
  - Shipments increased 13 %, or 5.1 million tons, to 45.6 million tons
    - Same-store shipments increased 11 %, or 4.5 million tons, to 45.0 million tons
  - Freight-adjusted sales price increased 5 %, or \$ 0.71 per ton
    - Same-store freight-adjusted sales price also increased 5 %, or \$ 0.71 per ton
  - Segment gross profit increased \$ 37.5 million, or 25 %, to \$ 185.7 million
- Asphalt, Concrete and Calcium segment gross profit decreased \$ 5.2 million, or 46 %, to \$ 6.0 million, collectively
- Selling, administrative and general (SAG) expenses increased \$ 11.9 million and decreased 0.10 percentage points (10 basis points) as a percentage of total revenues
- Operating earnings increased \$ 23.2 million, or 29 %, to \$ 104.4 million
- Earnings from continuing operations were \$ 63.9 million, or \$ 0.48 per diluted share, compared to \$ 53.4 million, or \$ 0.40 per diluted share
- Adjusted earnings from continuing operations were \$ 0.46 per diluted share, compared to \$ 0.44 per diluted share
- Net earnings were \$ 63.3 million, an increase of \$ 10.3 million, or 19 %
- Adjusted EBITDA was \$ 192.7 million, an increase of \$ 24.9 million, or 15 %
- Returned capital to shareholders via dividends (\$ 40.9 million @ \$0.31 per share versus \$37.2 million @ \$0.28 per share) and share repurchases (none in 2019 versus \$55.6 million @ an average of \$117.47 per share)

Net earnings were \$63.3 million and Adjusted EBITDA was \$192.7 million in the first quarter. The 19% growth in net earnings and 15% growth in Adjusted EBITDA were driven by strong aggregates shipments, up 13% year-over-year, and a 5.4% increase in aggregates pricing.

Our first quarter results represent a good start to the year and are consistent with our full-year expectations. Broad-based shipment growth, compounding price improvements and solid operating efficiencies in our Aggregates segment contributed to 17% growth in total revenues and 29% growth in operating earnings. These results demonstrate the strength of our unique aggregates-centric business model.

Aggregates segment gross profit increased from \$3.66 per ton to \$4.07 per ton, an 11% increase from the prior year's first quarter. This is double-digit improvement in first quarter unit profitability builds on last year's results, and we are well positioned for further gains in our industry-leading unit profitability.

Our key markets are benefitting from both robust growth in public construction demand and continued growth in private demand. Leading indicators, such as construction award activity, signal broad-based shipment growth across our footprint. Above-average demand growth in our markets compared to the rest of the United States further supports our positive outlook for shipment growth. Aggregates pricing momentum continues to improve — consistent with our full-year expectations. Additionally, the underlying direction of aggregates unit profitability remains clear, supported by our strategic and tactical focus on compounding pricing improvements and operating disciplines. As a result, we reiterate our full-year expectations for 2019 earnings from continuing operations of between \$4.55 and \$5.05 per diluted share and Adjusted EBITDA of between \$1.25 and \$1.33 billion. All other aspects of our outlook are consistent with those provided in our 10-K.

Capital expenditures in the first quarter were \$ 122.0 million. This amount included \$ 67.5 million of core operating and maintenance capital investments to improve or replace existing property, plant & equipment. In addition, we invested \$54.5 million in internal growth projects to secure new aggregates reserves, develop new production sites, enhance our distribution capabilities, and support the targeted growth of our asphalt operations. Our full-year capital expectations for 2019 remain the same, approximately \$250 million on maintenance capital and \$200 million for internal growth projects that are largely underway.

During the quarter, we returned \$40.9 million to shareholders through dividends, a 10 percent increase versus the prior year quarter. No shares were repurchased during the current quarter. At quarter-end, total debt was \$3.0 billion, or 2.6 times trailing-twelve month Adjusted EBITDA.

## 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 discuss 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 RESULT HIGHLIGHTS

<i>in millions, except per share data</i>	<i>Three Months Ended</i>	
	<i>2019</i>	<i>2018</i>
Total revenues	\$ 996.5	\$ 854.5
Cost of revenues	804.8	695.2
Gross profit	\$ 191.7	\$ 159.3
<i>Gross profit margin</i>	<i>19.2%</i>	<i>18.6%</i>
Selling, administrative and general (SAG) expenses	\$ 90.3	\$ 78.3
<i>SAG as a percentage of total revenues</i>	<i>9.1%</i>	<i>9.2%</i>
Operating earnings	\$ 104.4	\$ 81.2
Interest expense, net	\$ 32.9	\$ 37.8
Earnings from continuing operations before income taxes	\$ 74.6	\$ 48.5
Earnings from continuing operations	\$ 63.9	\$ 53.4
Loss on discontinued operations, net of income taxes	(0.6)	(0.4)
Net earnings	\$ 63.3	\$ 53.0
Diluted earnings (loss) per share		
Continuing operations	\$ 0.48	\$ 0.40
Discontinued operations	0.00	(0.01)
Diluted net earnings per share	\$ 0.48	\$ 0.39
EBITDA	\$ 196.7	\$ 167.7
Adjusted EBITDA	\$ 192.7	\$ 167.8

### FIRST QUARTER 2019 COMPARED TO FIRST QUARTER 2018

First quarter 2019 total revenues were \$ 996.5 million, up 17% from the first quarter of 2018. Shipments increased in aggregates (+13%) and asphalt mix (+11%) while they declined in ready-mixed concrete (-18%). Gross profit increased in the Aggregates segment (+\$37.5 million or +25%), while it declined in the Asphalt (-\$3.5 million) and Concrete (-\$1.8 million or -17%) segments. Asphalt segment earnings were compressed by a 29% increase in unit costs for liquid asphalt compared to first quarter 2018, which accounted for a \$9.0 million increase in cost. Conversely, a 4% decrease in the unit cost of diesel fuel decreased costs \$1.3 million from the prior year's first quarter with most (\$1.1 million) of this cost decline reflected in the Aggregates segment.

Net earnings for the first quarter of 2019 were \$ 63.3 million, or \$ 0.48 per diluted share, compared to \$ 53.0 million, or \$ 0.39 per diluted share, in the first quarter of 2018. Each period's results were impacted by discrete items, as follows:

Net earnings for the first quarter of 2019 include:

- pretax gains of \$ 4.1 million related to the sale of businesses (see Note 16 to the Condensed Consolidated Financial Statements)

Net earnings for the first quarter of 2018 include:

- pretax interest charges of \$7.4 million related to early debt retirements
- pretax gains of \$2.9 million related to the sale of businesses
- pretax gains of \$1.7 million for business interruption claims
- pretax charges of \$0.5 million associated with non-routine business development
- pretax charges of \$4.2 million for restructuring

CONTINUING OPERATIONS — Changes in earnings from continuing operations before income taxes for the first quarter of 2019 versus the first quarter of 2018 are summarized below:

#### EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES

<i>in millions</i>	
<b>First quarter 2018</b>	<b>\$ 48.5</b>
Higher aggregates gross profit	37.5
Lower asphalt gross profit	(3.5)
Lower concrete gross profit	(1.8)
Higher calcium gross profit	0.1
Higher selling, administrative and general expenses	(11.9)
Higher gain on sale of property, plant & equipment and businesses	3.1
Lower interest expense, net	4.8
All other	(2.2)
<b>First quarter 2019</b>	<b>\$ 74.6</b>

First quarter 2019 Aggregates segment gross profit was \$ 185.7 million (\$ 4.07 per ton) versus \$ 148.2 million (\$ 3.66 per ton) in first quarter 2018. As a percentage of segment sales, gross profit margin expanded 1.0 percentage points (100 basis points) due to strong growth in shipments and price improvements.

The trailing-twelve month same-store Aggregates segment incremental gross profit flow-through rate was 57%, which is in-line with longer-term expectations of 60%. As a reminder, quarterly gross profit flow-through rates can vary widely from quarter to quarter; therefore, we evaluate this metric on a trailing-twelve month basis.

First quarter aggregates shipments increased 13% (11% same-store) versus the prior year quarter. Shipment growth was realized across most of our footprint. Solid underlying fundamentals and pent-up demand carried over from last year helped drive shipment growth across most of our footprint. However, in California, shipments decreased by double-digits due to record rainfall throughout most of the quarter. A strong demand environment, driven by transportation-related construction as well as growth in our project-related bookings, support our expectations for 2019 shipment growth in California.

Price growth was positive across all our markets. For the quarter, freight-adjusted average sales price for aggregates increased 5.4% (5.8% mix adjusted) versus the prior year's quarter. Pricing was particularly strong in Arizona, California, Georgia, Tennessee and Texas. Positive trends in backlogged project work along with demand visibility and customer confidence support continued upward pricing movements throughout 2019.

First quarter unit cost of sales (freight-adjusted) increased 3% (same for same-store) compared to the prior year's quarter due in part to planned higher repair & maintenance costs in advance of the construction season. Unit cost of sales in California was negatively impacted by the aforementioned record rainfall. We remain focused on compounding improvements in unit margin throughout the cycle through fixed cost leverage, price growth and operating efficiencies.

In line with expectations, Asphalt segment gross profit was a loss of \$ 3.3 million, down \$3.5 million from the \$0.2 million gross profit in the prior year quarter. Asphalt mix shipments increased 11% (5% same-store) while selling prices increased 5%, or \$2.73 per ton. However, the average unit cost for liquid asphalt was 29% higher than the prior year quarter, remaining relatively stable throughout the quarter on a monthly basis. Pricing gains are beginning to offset higher liquid asphalt costs, but their impact will be gradual during 2019.

Concrete segment gross profit was \$ 8.6 million versus \$ 10.3 million in the prior year quarter. Ready-mixed concrete shipments decreased 18% (same-store - 10%) year-over-year driven by inclement weather in Virginia while pricing increased 1% (same for same-store).

Our Calcium segment reported gross profit of \$ 0.7 million, a slight increase versus \$0.5 million in the first quarter of 2018.

Collectively, our full-year earnings growth outlook for our non-Aggregates segments remains unchanged.

SAG expenses were \$ 90.3 million versus \$ 78.3 million in the prior year quarter. Full-year expectations for total SAG expenses remain unchanged at \$355 million. The year-over-year increase was partially attributable to increased wages and incentives reflecting higher employment levels and improved performance.

As a percentage of total revenues, first quarter SAG expense decreased from 9.2% in 2018 to 9.1% in 2019. We remain focused on further leveraging our overhead cost structure.

Other operating expense, which has an approximate run-rate of \$12 million a year (exclusive of discrete items), is composed of various operating items not separately presented in the accompanying Condensed Consolidated Statements of Comprehensive Income. Total other operating expense and significant items included in the total were:

- \$ 4.3 million in first quarter 2019
- \$ 4.0 million in first quarter 2018 — includes discrete items as follows:
  - \$ 1.7 million gain referable to the settlement of business interruption claims related to the 2010 Gulf Coast oil spill
  - \$0.5 million of charges associated with non-routine business development
  - \$ 4.2 million of managerial restructuring charges

Net interest expense was \$ 32.9 million in the first quarter of 2019 compared to \$ 37.8 million in the first quarter of 2018. The prior year amount includes a \$ 7.4 million charge related to the first quarter 2018 debt refinancing. For additional details, see Note 7 to the condensed consolidated financial statements.

Income tax expense from continuing operations was \$ 10.7 million in the first quarter of 2019 compared to an income tax benefit of \$4.9 million in the first quarter of 2018. The increase in tax expense is 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 \$ 0.48 per diluted share in the first quarter of 2019 compared to \$ 0.40 per diluted share in the first quarter of 2018.

DISCONTINUED OPERATIONS — First quarter pretax loss from discontinued operations was \$ 0.6 million in 2019 compared with \$0.6 million in 2018. Both periods include charges 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:

<i>dollars in millions</i>	<i>Three Months Ended</i>	
	<i>March 31</i>	
	<i>2019</i>	<i>2018</i>
<b>Aggregates segment</b>		
Segment sales	\$ 835.0	\$ 699.7
Less		
Freight & delivery revenues <sup>1</sup>	195.2	159.0
Other revenues	11.2	11.3
Freight-adjusted revenues	\$ 628.6	\$ 529.4
Unit shipments - tons	45.6	40.5
Freight-adjusted sales price	\$ 13.77	\$ 13.06

<sup>1</sup> 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 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 (we do not generate a profit associated with the transportation component of the selling price of the product). Reconciliations of these metrics to their nearest GAAP measures are presented below:

### MARGIN IN ACCORDANCE WITH GAAP

<i>dollars in millions</i>	<i>Three Months Ended</i>		<i>Trailing-Twelve Months</i>	
	<i>March 31</i>		<i>March 31</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
<b>Aggregates segment</b>				
Gross profit	\$ 185.7	\$ 148.2	\$ 1,029.4	\$ 864.0
Segment sales	\$ 835.0	\$ 699.7	\$ 3,649.0	\$ 3,145.4
Gross profit margin	22.2%	21.2%	28.2%	27.5%
Incremental gross profit margin	27.7%		32.8%	

### FLOW-THROUGH RATE (NON-GAAP)

<i>dollars in millions</i>	<i>Three Months Ended</i>		<i>Trailing-Twelve Months</i>	
	<i>March 31</i>		<i>March 31</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
<b>Aggregates segment</b>				
Gross profit	\$ 185.7	\$ 148.2	\$ 1,029.4	\$ 864.0
Less: Contribution from acquisitions (same-store)	0.6	(0.1)	11.7	(1.0)
Same-store gross profit	\$ 185.1	\$ 148.3	\$ 1,017.7	\$ 865.0
Segment sales	\$ 835.0	\$ 699.7	\$ 3,649.0	\$ 3,145.4
Less: Freight & delivery revenues <sup>1</sup>	195.2	159.0	833.1	681.7
Segment sales excluding freight & delivery	\$ 639.8	\$ 540.7	\$ 2,815.9	\$ 2,463.7
Less: Contribution from acquisitions (same-store)	10.2	0.4	85.5	1.6
Same-store segment sales excluding freight & delivery	\$ 629.6	\$ 540.3	\$ 2,730.4	\$ 2,462.1
Gross profit flow-through rate	29.0%	27.4%	36.6%	35.1%
Same-store gross profit flow-through rate	29.4%	27.5%	37.3%	35.1%
Incremental gross profit flow-through rate	37.8%		47.0%	
Same-store incremental gross profit flow-through rate	41.2%		56.9%	

<sup>1</sup> 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:

<i>in millions, except per ton data</i>	<i>Three Months Ended</i>	
	<i>2019</i>	<i>2018</i>
<b>Aggregates segment</b>		
Gross profit	\$ 185.7	\$ 148.2
Depreciation, depletion, accretion and amortization	72.5	66.0
Aggregates segment cash gross profit	\$ 258.2	\$ 214.2
Unit shipments - tons	45.6	40.5
Aggregates segment gross profit per ton	\$ 4.07	\$ 3.66
Aggregates segment cash gross profit per ton	\$ 5.66	\$ 5.28
<b>Asphalt segment</b>		
Gross profit	\$ (3.3)	\$ 0.2
Depreciation, depletion, accretion and amortization	8.6	7.0
Asphalt segment cash gross profit	\$ 5.3	\$ 7.2
<b>Concrete segment</b>		
Gross profit	\$ 8.6	\$ 10.3
Depreciation, depletion, accretion and amortization	3.0	3.4
Concrete segment cash gross profit	\$ 11.6	\$ 13.7
<b>Calcium segment</b>		
Gross profit	\$ 0.7	\$ 0.5
Depreciation, depletion, accretion and amortization	0.1	0.1
Calcium segment cash gross profit	\$ 0.8	\$ 0.6

## 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) :

<i>in millions</i>	<i>Three Months Ended</i>	
	<i>March 31</i>	
	<i>2019</i>	<i>2018</i>
Net earnings	\$ 63.3	\$ 53.0
Income tax expense (benefit)	10.7	(4.9)
Interest expense, net of interest income	32.9	37.8
Loss on discontinued operations, net of tax	0.6	0.4
EBIT	107.6	86.3
Depreciation, depletion, accretion and amortization	89.2	81.4
EBITDA	\$ 196.7	\$ 167.7
Gain on sale of businesses	\$ (4.1)	\$ (2.9)
Business interruption claims recovery	0.0	(1.7)
Business development <sup>1</sup>	0.0	0.5
Restructuring charges	0.0	4.2
Adjusted EBITDA	\$ 192.7	\$ 167.8
Depreciation, depletion, accretion and amortization	(89.2)	(81.4)
Adjusted EBIT	\$ 103.5	\$ 86.4

<sup>1</sup> Represents non-routine charges associated with acquisitions including the cost impact of purchase accounting inventory valuations.

## ADJUSTED DILUTED EPS FROM CONTINUING OPERATIONS

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

	<i>Three Months Ended</i>	
	<i>March 31</i>	
	<i>2019</i>	<i>2018</i>
<b>Diluted Earnings Per Share</b>		
Net earnings	\$ 0.48	\$ 0.39
Less: Discontinued operations (loss)	0.00	(0.01)
Diluted EPS from continuing operations	\$ 0.48	\$ 0.40
Items included in Adjusted EBITDA above	\$ (0.02)	\$ 0.00
Debt refinancing costs	0.00	0.04
Adjusted diluted EPS from continuing operations	\$ 0.46	\$ 0.44

## 2019 PROJECTED EBITDA

The following reconciliation to the mid-point of the range of 2019 Projected EBITDA excludes adjustments (as noted in Adjusted EBITDA above) as they are difficult to forecast (timing or amount). Due to the difficulty in forecasting such adjustments, we are unable to estimate their significance. 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:

<i>in millions</i>	<b>2019 Projected Mid-point</b>
Net earnings	\$ 640
Income tax expense	160
Interest expense, net	130
Discontinued operations, net of tax	0
Depreciation, depletion, accretion and amortization	360
<b>Projected EBITDA</b>	<b>\$ 1,290</b>

## LIQUIDITY AND FINANCIAL RESOURCES

Our primary sources of liquidity are cash provided by our operating activities and a substantial, committed bank line of credit. 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 2019, including:

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

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

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

- maintain substantial bank line of credit borrowing capacity
- 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

## CASH

Included in our March 31, 2019 cash and cash equivalents and restricted cash balance of \$ 31.1 million is \$ 0.3 million of restricted cash as described in Note 1 under the caption Restricted Cash.

### CASH FROM OPERATING ACTIVITIES

<i>in millions</i>	<i>Three Months Ended</i>	
	<i>March 31</i>	
	<i>2019</i>	<i>2018</i>
Net earnings	\$ 63.3	\$ 53.0
Depreciation, depletion, accretion and amortization (DDA&A)	89.2	81.4
Contributions to pension plans	(2.3)	(102.4)
Deferred tax expense (benefit)	0.8	8.0
Cost of debt purchase	0.0	6.9
Other operating cash flows, net <sup>1</sup>	(34.8)	46.1
Net cash provided by operating activities	\$ 116.2	\$ 93.0

<sup>1</sup> Primarily reflects changes to working capital balances.

Net cash provided by operating activities was \$ 116.2 million during the three months ended March 31, 2019, a \$ 23.2 million increase compared to the same period of 2018. During the first quarter of 2018, we made a \$100.0 million discretionary contribution to our qualified pension plans that was deductible for tax purposes in 2017 and early retired debt incurring premium and transaction costs of \$6.9 million (which is added back to operating cash flows and reflected as a financing cash outflow).

### CASH FROM INVESTING ACTIVITIES

Net cash used for investing activities was \$ 119.9 million during the first three months of 2019, a \$ 72.1 million decrease compared to the same period of 2018. During the first three months of 2018, we acquired the following businesses for \$ 76.3 million of cash consideration: Alabama — aggregates, asphalt mix and construction paving operations; and Texas — aggregates operations. Furthermore, during the first three months of 2018, we divested our ready-mixed concrete operations in Georgia resulting in proceeds of \$11.3 million and a ten-year aggregates supply agreement. During the first quarter of 2019, we invested \$ 122.0 million in our existing operations compared to the \$128.7 million in the prior year period. Of this \$ 122.0 million, \$ 54.5 million was invested in internal growth projects to enhance our distribution capabilities, develop new production sites and enhance existing production facilities and other growth opportunities.

### CASH FROM FINANCING ACTIVITIES

Net cash used for financing activities in the first three months of 2019 was \$ 9.6 million, compared to \$ 1.1 million used for financing activities in the same period of 2018. The current year includes a net \$45.5 million draw on our bank line of credit. The prior year period includes several refinancing actions as described in the debt section below and a net \$200.0 million draw on our line of credit. Additionally, capital returned to our shareholders decreased by \$ 51.8 million as higher dividends of \$ 3.8 million (\$0.31 per share compared to \$0.28 per share) were offset by lower share repurchases of \$ 55.6 million (no shares in 2019 compared to 492,234 shares @ \$117.47 average price per share).

## DEBT

Certain debt measures are presented below:

<i>dollars in millions</i>	<b>March 31 2019</b>	<i>December 31 2018</i>	<i>March 31 2018</i>
<b>Debt</b>			
Current maturities of long-term debt	\$ 0.0	\$ 0.0	\$ 0.0
Short-term debt	178.5	133.0	200.0
Long-term debt	2,780.6	2,779.4	2,775.7
<b>Total debt</b>	<b>\$ 2,959.1</b>	<b>\$ 2,912.4</b>	<b>\$ 2,975.7</b>
<b>Capital</b>			
Total debt	\$ 2,959.1	\$ 2,912.4	\$ 2,975.7
Equity	5,217.2	5,202.9	4,913.2
<b>Total capital</b>	<b>\$ 8,176.3</b>	<b>\$ 8,115.3</b>	<b>\$ 7,888.9</b>
<b>Total Debt as a Percentage of Total Capital</b>	<b>36.2%</b>	35.9%	37.7%
<b>Weighted-average Effective Interest Rates</b>			
Line of credit <sup>1</sup>	1.25%	1.25%	1.25%
Term debt	4.55%	4.56%	4.30%
<b>Fixed versus Floating Interest Rate Debt</b>			
Fixed-rate debt	69.3%	70.4%	68.8%
Floating-rate debt	30.7%	29.6%	31.2%

<sup>1</sup> 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

Covenants, borrowings, cost ranges and other details are described in Note 7 to the condensed consolidated financial statements. As of March 31, 2019, we were in compliance with the line of credit covenants, the credit margin for LIBOR borrowings was 1.25%, the credit margin for base rate borrowings was 0.25%, and the commitment fee for the unused amount was 0.15%.

As of March 31, 2019, our available borrowing capacity under the line of credit was \$ 517.0 million. Utilization of the borrowing capacity was as follows:

- \$ 178.5 million was borrowed
- \$ 54.5 million was used to provide support for outstanding standby letters of credit

### TERM DEBT

All of our \$ 2,846.4 million (face value) of term debt is unsecured. \$ 2,846.2 million of such debt is governed by three essentially identical indentures that contain customary investment-grade type covenants. The primary covenant in all three indentures limits the amount of secured debt we may incur without ratably securing such debt. As of March 31, 2019, we were in compliance with all term debt covenants.

Throughout 2017 and during the first quarter of 2018, we completed a number of debt refinancing activities in order to extend the maturity of our debt portfolio consistent with the long-lived nature of our asset base. As a result of these actions, the weighted-average term of our debt portfolio has more than doubled to approximately 15 years.

As a result of the first quarter 2018 early debt retirements (see Note 7 to the Condensed Consolidated Financial Statements), we recognized premiums of \$5.6 million, transaction costs of \$1.3 million and noncash expense (acceleration of unamortized deferred transaction costs) of \$0.5 million. The combined charge of \$7.4 million was a component of interest expense for the first quarter of 2018.

## CURRENT MATURITIES OF LONG-TERM DEBT

As a result of the debt refinancing activities completed throughout 2017 and the first quarter of 2018, current maturities of long-term debt as of March 31, 2019 were insignificant.

## DEBT RATINGS

Our debt ratings and outlooks as of March 31, 2019 are as follows:

	<i>Rating/Outlook</i>	<i>Date</i>	<i>Description</i>
<b>Senior Unsecured Term Debt</b>			
Fitch	BBB-/stable	9/24/2018	rating/outlook affirmed
Moody's	Baa3/stable	3/29/2019	rating/outlook affirmed
Standard & Poor's	BBB/stable	4/4/2019	rating/outlook affirmed

## EQUITY

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

<i>in thousands</i>	<i>March 31 2019</i>	<i>December 31 2018</i>	<i>March 31 2018</i>
Common stock shares at January 1, issued and outstanding	131,762	132,324	132,324
<b>Common Stock Issuances</b>			
Share-based compensation plans	307	630	458
<b>Common Stock Purchases</b>			
Purchased and retired	0	(1,192)	(492)
Common stock shares at end of period, issued and outstanding	132,069	131,762	132,290

On February 10, 2017, our Board of Directors authorized us to purchase 8,243,243 shares of our common stock to refresh the number of shares we were authorized to purchase to 10,000,000. As of March 31, 2019, there were 8,297,789 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:

<i>in thousands, except average price</i>	<i>March 31 2019</i>	<i>December 31 2018</i>	<i>March 31 2018</i>
<b>Shares Purchased and Retired</b>			
Number	0	1,192	492
Total purchase price	\$ 0	\$ 133,983	\$ 57,824
Average price per share	\$ 0.00	\$ 112.41	\$ 117.47

There were no shares held in treasury as of March 31, 2019, December 31, 2018 and March 31, 2018.

## OFF-BALANCE SHEET ARRANGEMENTS

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

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

## STANDBY LETTERS OF CREDIT

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

## CASH CONTRACTUAL OBLIGATIONS

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

## CRITICAL ACCOUNTING POLICIES

We follow certain significant accounting policies when preparing our consolidated financial statements. A summary of these policies is included in our Annual Report on Form 10-K for the year ended December 31, 2018 (Form 10-K).

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

We believe that the accounting policies described in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of our Form 10-K require the most significant judgments and estimates used in the preparation of our consolidated financial statements, so we consider these to be our critical accounting policies. There have been no changes to our critical accounting policies during the three months ended March 31, 2019.

## 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
- 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 for our ticketing, procurement, financial statements and other processes could adversely affect operations in the event that the infrastructure does not work as intended or 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 materials 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
- 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
- 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 aggregate 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](http://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](http://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 Jerry F. Perkins Jr., 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 Jerry F. Perkins Jr., 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 speculative or trading 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 to weaker operating results due to general economic weakness.

At March 31, 2019, the estimated fair value of our long-term debt including current maturities was \$ 2,775.5 million compared to a book value of \$ 2,780.6 million. The estimated fair value was determined by averaging several asking price quotes for the publicly traded notes and assuming par value for the remainder of the debt. The fair value estimate is based on information available as of the balance sheet date. The effect of a decline in interest rates of one percentage point would increase the fair value of our debt by approximately \$ 248.2 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.

## DISCLOSURE CONTROLS AND PROCEDURES

We maintain a system of controls and procedures designed to ensure that information required to be disclosed in reports we file with the SEC is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms. These disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rules 13a - 15(e) or 15d - 15(e)), include, without limitation, controls and procedures designed to ensure that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. Our Chief Executive Officer and Chief Financial Officer, with the participation of other management officials, evaluated the effectiveness of the design and operation of the disclosure controls and procedures as of March 31, 2019. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2019.

No material changes were made during the first quarter of 2019 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, 2018 . 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

There were 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, 201 8 .

### ITEM 2 UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Purchases of our equity securities during the quarter ended March 31, 201 9 are summarized below.

<i>Period</i>	<i>Total Number of Shares Purchased</i>	<i>Average Price Paid Per Share</i>	<i>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</i>	<i>Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs <sup>1</sup></i>
<b>2019</b>				
Jan 1 - Jan 31	0	\$ 0.00	0	8,297,789
Feb 1 - Feb 28	0	\$ 0.00	0	8,297,789
Mar 1 - Mar 31	0	\$ 0.00	0	8,297,789
<b>Total</b>	<b>0</b>	<b>\$ 0.00</b>	<b>0</b>	

<sup>1</sup> On February 10, 2017, our Board of Directors authorized us to purchase 8,243,243 shares of our common stock to refresh the number of shares we were authorized to purchase to 10,000,000. As of March 31, 201 9 , there were 8,297,789 shares remaining under the authorization. Depending upon market, business, legal and other conditions, we may make share purchases from time to time through open market (including plans designed to comply with Rule 10b5-1 of the Securities Exchange Act of 1934) and/or privately negotiated transactions. The authorization has no time limit, does not obligate us to purchase any specific number of shares, and may be suspended or discontinued at any time.

We did not have any unregistered sales of equity securities during the first quarter of 201 9 .

### 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 10.1	<u>Form of Performance Share Unit Award Agreement (2019) under the Vulcan Materials Company 2016 Omnibus Long-Term Incentive Plan</u> <sup>1</sup>
Exhibit 31(a)	<u>Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
Exhibit 31(b)	<u>Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
Exhibit 32(a)	<u>Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
Exhibit 32(b)	<u>Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
Exhibit 95	<u>MSHA Citations and Litigation</u>
Exhibit 101.INS	XBRL Instance Document
Exhibit 101.SCH	XBRL Taxonomy Extension Schema Document
Exhibit 101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
Exhibit 101.LAB	XBRL Taxonomy Extension Label Linkbase Document
Exhibit 101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
Exhibit 101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

<sup>1</sup> *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.



1. **Definitions** . In addition to other terms defined herein, the following terms will have the meanings as follows, and terms not defined in the Agreement have the meanings given in the Plan:
- (a) "Administrator" means the Compensation Committee of the Board of Directors (the "Board") or the Board.
  - (b) "Agreement" means this Performance Share Unit Award Agreement.
  - (c) "Award Period" means the three-year period shown in Section 3 of this Agreement, except that in the event of the Participant's death, the Award Period will be the period covered by the Agreement ending on December 31<sup>st</sup> of the calendar year in which the death occurred . [Modify vesting as appropriate.]
  - (d) "Company" means Vulcan Materials Company, a New Jersey corporation, or its successors.
  - (e) "Disability" means Permanent and Total Disability whereby the Participant is entitled to long-term disability benefits under the applicable long-term disability plan of the Company or an Affiliate, or, to the extent the Participant is not eligible to participate in any Company-sponsored plan, under the guidelines of the Social Security Administration, or as otherwise defined in the Plan.
  - (f) "Fair Market Value" or "FMV" means the closing stock price per Share as reported on the principal stock exchange on which such Shares are listed on the last trading date before the Payment Date (or other applicable date), or as otherwise provided in the Plan.
  - (g) "Grant Date" means the grant date of the PSUs awarded herein.
  - (h) "Participant" means the employee of the Company or its Subsidiaries or other Affiliates granted the PSUs under this Agreement.
  - (i) "Payment Date" means the date on which payment of Shares is made under this Agreement.
  - (j) "Performance Share Unit" or "PSU" means a Performance Unit Award denominated in Shares in which each Performance Share Unit represents the contingent right to earn one share of Common Stock. PSUs do not have voting rights or earn dividend equivalents.
  - (k) "Plan" means the Vulcan Materials Company 2016 Omnibus Long-Term Incentive Plan, as amended.
  - (l) "Share" means a share of Common Stock, par value \$1.00 per share, of the Company.
2. **Grant and Vesting of PSUs**
- (a) **Grant** . The Participant is awarded the number of PSUs identified through the electronic, on-line grant acceptance process, subject to the terms and conditions of the Plan and this Agreement. The Participant's on-line acceptance of the Agreement constitutes his or her agreement to the Agreement's terms, including but not limited to the restrictive covenants in Sections 4(a) and 5 herein. Depending on the Company's performance as set forth in Section 3, the Participant may earn zero percent (0%) to two hundred percent (200%) of the PSUs awarded.
  - (b) **Vesting** . The PSUs will become vested, to the extent earned, on December 31, at the end of the Award Period; provided, however, that the Participant's employment or service continues from the Grant Date until the vesting date, and except as otherwise provided in Section 4.
-

**3. Payment of Performance Share Awards**

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

PSU Payment Table		PSU Payment Table	
TABLE A		TABLE B	
3-Year Average Total Shareholder Return Percentile Rank Relative to S&P 500 Index	% of Performance Share Units Payable	CGP/Ton Annual Growth	% of Performance Share Units Payable
75th or Greater (Maximum)	100	___% or Greater (Maximum)	___
50 <sup>th</sup> (Target)	50	___% (Target)	___
25 <sup>th</sup> (Threshold)	12.5	___% (Threshold)	___
Less than 25 <sup>th</sup>	0	Less than ___%	___

- (b) PSUs Payable. The number of Shares payable is the sum of the number of PSUs awarded multiplied by the TSR Percentage payable plus the number of PSUs awarded multiplied by the CGP Percentage payable. For performance levels falling between the values as shown above, the Percentages will be determined by interpolation. Payment will be made in Shares.
- (c) The Value of the Stock Issued as Payment for PSUs Earned. The FMV will be used to determine the basis of the Shares payable.
- (d) Withholding. The Company will withhold Shares having a Fair Market Value on the date the tax is to be determined equal to the minimum statutory amount (or such other amount as may be determined by the Administrator in accordance with the Plan) for federal, state, local and employment taxes which could be withheld on the transaction with respect to any taxable event arising as a result of this Agreement, or as otherwise provided in the Plan.
- (e) Timing of Payment. Payment will be made to a Participant between January 1 and March 15 of the calendar year after the calendar year in which the Award Period, as defined in Section 1(c), ends.
- (f) Administrator Discretion. The Administrator has full authority and discretion with respect to the PSUs and this Agreement to the extent provided in the Plan. In addition, without limiting the effect of the foregoing, (i) the Administrator may exercise its discretion to reduce or eliminate payments if the Award Period average TSR is less than the 25th percentile and the CGP/ton is less than 0.5%, and (ii) the Administrator has sole discretion to establish the Comparison Group to be used in evaluating the performance of the Company in accordance with Section 3(a), and may change the Comparison Group from time to time.

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

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

<b>TABLE B</b>	
<b>If Participant age 55-61 terminates:</b>	<b>The percentage of PSUs that will become non-forfeitable is:</b>
At 1/1/20__ or After	34% of the award
At 1/1/20__ or After	67% of the award
At 1/1/20__ or After	100% of the award

[Modify vesting as appropriate.]

- (ii) If a Participant terminates from employment at age 62 or later other than for Cause (for these purposes, "Retirement"), the PSUs which have been held by the Participant until 1/1/20\_\_ will be deemed to be non-forfeitable and will be paid to the extent earned in accordance with Section 3. The Participant may be required to execute a reasonable non-competition covenant (except where not applicable due to some state laws) with the Company restricting the Participant from competing with the Company in a specified territory for a specified period of time. If such covenant is required by the Company and is not executed by the Participant, or if the Participant violates the covenant, unvested PSUs will be forfeited and vested PSUs not yet paid as of the Termination Date will be paid to the extent earned in accordance with Section 3. [Modify vesting as appropriate.]
- (b) Disability. Upon the Participant's termination of employment due to Disability, the PSUs granted under this Agreement will become non-forfeitable. All non-forfeitable PSUs will be paid to the extent earned in accordance with Section 3.
- (c) Death. Upon the death of the Participant, the PSUs granted under this Agreement will become non-forfeitable. All non-forfeitable PSUs will be paid to the Participant's beneficiary or estate to the greater of the extent earned in accordance with Section 3 or target.
- (d) Other Termination. Upon voluntary or involuntary termination for reasons other than Early Retirement, Retirement, death, Disability or Cause, unvested PSUs will be forfeited and vested PSUs not yet paid as of the Participant's Termination Date will be paid to the extent earned in accordance with Section 3.
- (e) Termination for Cause. If a Participant's employment is terminated for Cause, the PSUs will immediately be forfeited, even with respect to vested PSUs which were otherwise non-forfeitable but not yet paid. The Administrator will have complete discretion to determine the basis of a Participant's termination, including but not limited to whether a Participant has been terminated for Cause. The Administrator's determination will be final and binding on all persons for purposes of the Plan and this Agreement.
- (f) Change in Control of the Company. In the event a Change of Control occurs, and subject to Plan terms, the PSUs will be deemed earned and vested as follows:
  - (i) To the extent that the successor or surviving company in the Change of Control event does not assume or substitute for the PSUs (or in which the Company is the ultimate parent corporation and does not continue the PSUs) on substantially similar terms or with substantially equivalent

economic benefits (as determined by the Administrator prior to the Change of Control) as Awards outstanding under the Plan immediately prior to the Change of Control event, the PSUs will be deemed immediately earned at the greater of actual performance or target performance.

- (ii) Further, in the event that the PSUs are substituted, assumed or continued as provided in Section 4(f)(i) herein, then (except as otherwise provided in Section 4(f)(iii) below), the PSUs will nonetheless become fully vested and earned at the greater of actual performance or target performance if the Participant's employment is terminated by the Company not for Cause or by the Participant for Good Reason within six months before (in which case vesting will not occur until the effective date of the Change of Control) or two years (or such other period after a Change of Control as may be stated in the Participant's employment, change in control, consulting or other similar agreement, plan, or policy, if applicable) after the effective date of a Change of Control (in which case the PSUs will be deemed immediately vested as of the Participant's Termination Date).
- (iii) Notwithstanding Section 4(f)(ii), in the event that the PSUs are substituted, assumed or continued as provided in Section 4(f)(i) herein, in lieu of applying the provisions of Section 4(f)(ii), the Administrator (as constituted prior to the Change of Control) may, in its sole discretion, determine that the PSUs will be deemed earned at the greater of actual performance or target performance as of the time of the Change of Control and, following the Change of Control, the PSUs will convert to a service-based Award for the remainder of the Award Period, subject to accelerated vesting in the event of the Participant's termination by the Company not for Cause or for Good Reason as provided in Section 4(f)(ii) above.
- (iv) In the event that the PSUs are substituted, assumed or continued as provided in Section 4(f)(i) herein, the Participant will also be entitled to receive, with respect to each Share subject to the PSUs that becomes earned and vested following the effective date of the Change of Control pursuant to Section 2(b), Section 3 or Section 4, a value restoration payment with respect to such Share (a "Value Restoration Payment"), provided that the Value Restoration Payment will only be payable if the Participant remains in continuous employment with the Company or its successor or an Affiliate of the Company or its successor through the applicable vesting date. The Value Restoration Payment will be equal to the difference between the Fair Market Value of the surviving entity's common stock (or equivalent security) on the effective date of the Change of Control and, if less, the Fair Market Value of the surviving entity's common stock (or equivalent security) on the date of vesting (including the date of any accelerated vesting pursuant to this Section 4). Any such Value Restoration Payment will be paid to the Participant in cash at the same time Shares are payable pursuant to the PSUs as provided in Section 3.

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

- (a) **Non-Solicitation of Customers.** The Participant acknowledges that while employed by or in service to the Company, the Participant will occupy a position of trust and confidence and will acquire confidential information about the Company, its Subsidiaries and other Affiliates, and their clients and customers that is not disclosed by the Company or any of its Subsidiaries or other Affiliates in the ordinary course of business, including trade secrets, data, formulae, information concerning customers and other information which is of value to the Company because it is not generally known. The Participant agrees that during the period of employment with or service to the Company and for a period of two years after the Participant's Termination Date, regardless of the reason for termination, the Participant will not, either individually or as an officer, director, stockholder, member, partner, agent, consultant or principal of another business firm, directly or indirectly solicit any customer of the Company or of its Subsidiaries or other Affiliates.
- (b) **Non-Solicitation of Employees.** The Participant recognizes that while employed by or in service to the Company, the Participant will possess confidential information about other employees of the Company and its Subsidiaries or other Affiliates relating to their education, experience, skills, abilities, compensation and benefits, and inter-personal relationships with suppliers to and customers of the Company and its Subsidiaries or other Affiliates. The Participant recognizes that this information is not generally known, is of substantial value to the Company and its Subsidiaries or other Affiliates in developing their respective businesses and in securing and retaining customers, and will be acquired by the Participant because of the Participant's business position with the Company. The Participant agrees that during the period of employment with or service to the Company and for two years after the Participant's Termination Date, regardless of the reason for termination, the Participant will not, directly or indirectly, solicit or recruit any employee of the Company or any of its Subsidiaries or other Affiliates for

the purpose of being employed by the Participant or by any business, individual, partnership, firm, corporation or other entity on whose behalf the Participant is acting as an agent, representative or employee and that the Participant will not convey any such confidential information or trade secrets about other employees of the Company or any of its Subsidiaries or other Affiliates to any other person except within the scope of the Participant's duties as an employee of or service provider to the Company.

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

## 6. Additional Provisions.

- (a) No Right to Continued Employment or Service; No Right to Further Awards. Nothing in the Plan or the Agreement gives the Participant any right to continue in the employment or service of the Company or an Affiliate or interferes with the right of the Company or an Affiliate to terminate the Participant's employment or service at any time. Except as otherwise provided in the Plan or this Agreement, all rights of the Participant with respect to the unvested portion of the PSUs (if any) will terminate on the Participant's Termination Date. The grant of the PSUs does not create any obligation to grant further awards.
- (b) Tax Consequences. The Participant acknowledges that the Company has made no warranties or representations to the Participant with respect to the tax consequences related to the transactions contemplated by this Agreement, and the Participant is in no manner relying on the Company or its representatives for an assessment of such tax consequences. The Participant acknowledges that there may be adverse tax consequences upon the grant or vesting of the PSUs and/or the acquisition or disposition of the Shares or other benefits subject to the PSUs and that he or she has been advised that he or she should consult with his or her own attorney, accountant and/or tax advisor regarding the decision to enter into this Agreement and the consequences thereof. The Participant also acknowledges that the Company has no responsibility to take or refrain from taking any actions in order to achieve a certain tax result for the Participant.
- (c) PSUs Subject to Plan. By entering into this Agreement, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan and Plan prospectus. The Participant acknowledges and agrees that the Agreement and the Participant's rights are subject to the Plan. The terms and provisions of the Plan are incorporated herein by reference. In the event of a conflict between any term or provision in the Agreement and a term or provision of the Plan, the Plan terms will govern, unless the Administrator determines otherwise.
- (d) Amendment; Waiver; Superseding Effect. This Agreement may be modified or amended as provided in the Plan. The waiver by the Company of a breach of any provision of this Agreement by the Participant will not operate or be construed as a waiver of any subsequent breach by the Participant. The Agreement supersedes any statements, representations or agreements of the Company with respect to the grant of the PSUs or any related rights, and the Participant waives any rights or claims related to any such statements, representations or agreements.
- (e) Recoupment and Forfeiture. As a condition to receiving the PSUs, the Participant agrees that he or she will abide by the Company's Director and Executive Stock Ownership and Equity Retention Guidelines and Clawback Policy and/or other policies adopted by the Company or an Affiliate, each as in effect from time to time and to the extent applicable to the Participant. Further, the Participant will be subject to such compensation recovery, recoupment, forfeiture or other similar provisions as may apply under Applicable Law.

I, J. Thomas Hill , certify that:

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

Date May 3 , 2019

/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 May 3, 2019

/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 20 0 2**

I, J. Thomas Hill, Chairman, President and Chief Executive Officer of Vulcan Materials Company, certify that the Quarterly Report on Form 10-Q (the "r eport" ) for the quarter ended March 3 1 , 201 9 , 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 r eport fairly presents, in all material respects, the financial condition and results of operations of Vulcan Materials Company.

/s/ J. Thomas Hill  
J. Thomas Hill  
Chairman, President and Chief Executive Officer  
May 3 , 201 9

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

Exhibit 32( a )

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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 20 0 2

I, Suzanne H. Wood , Senior Vice President and Chief Financial Officer of Vulcan Materials Company, certify that the Quarterly Report on Form 10-Q (the "report") for the quarter ended March 31, 2019, filed with the Securities and Exchange Commission on the date hereof:

- (i) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and
- (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Vulcan Materials Company.

/s/ Suzanne H. Wood  
Suzanne H. Wood, Senior Vice President  
and Chief Financial Officer  
May 3, 2019

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

Exhibit 32(b)

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

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

The following disclosures are made pursuant to Section 1503.

During the three months ended March 31, 2019, none of our operations: (i) received any orders under Section 104(b), which are issued upon a follow up inspection where the inspector finds the violation previously cited has not been totally abated in the prescribed time period; (ii) had any flagrant violations under Section 110(b)(2); (iii) received notice from MSHA of a pattern of violations of mandatory health or safety standards under Section 104(e); or (iv) had any mining-related fatalities.

**FIRST QUARTER 2019**

The table below sets forth, by mine, the total number of citations and/or orders issued by MSHA during the period covered by this report under the indicated provisions of the Mine Act, together with the total dollar value of proposed assessments, if any, from MSHA, received during the three months ended March 31, 2019. Of our 252 active MSHA-regulated facilities during the quarter, we received 135 federal mine safety inspections at 130 facilities during the reporting period. Of our inspected facilities, 121 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)
BOLINGBROOK, IL	1	1	0	0	0	0	0.0	0	No
GRIFIN, GA	1	1	0	0	0	0	0.0	0	No
HAVRE DE GRACE, MD	1	1	0	0	0	0	0.0	0	No
KNIPPA, TX	1	1	0	0	0	0	0.0	0	No
MANIFENO, IL	1	1	0	0	0	0	0.0	0	No
MICO, TX	1	1	0	0	0	0	0.0	0	No
PLACITAS, NM	1	1	0	0	0	0	0.2	0	No
SUN CITY, AZ	1	4	0	0	0	0	0.3	0	No
WEST 43 <sup>RD</sup> , AZ	1	5	0	0	0	0	0.0	0	No
OTHER OPERATIONS - 121	126	0	0	0	0	0	0.0	0	No
<b>Total</b>	<b>135</b>	<b>16</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.5</b>	<b>0</b>	

The total dollar value of proposed assessments received during the three months ended March 31, 2019 for all other citations, as well as proposed assessments received during the reporting period for citations previously issued, is \$ 13,157.

The table below sets forth, by mine, category of legal action and number of legal actions pending before the Federal Mine Safety and Health Review Commission as of March 31, 2019.

Name of Operation	Number of Legal Actions		
	Contest Penalty	Contest Citations	Complaint of Discharge, Discrimination
FORT PAYNE QUARRY, AL	1	0	0
STAFFORD, VA	1	0	0

The table below sets forth, by mine, category of legal action and number of legal actions filed before the Federal Mine Safety and Health Review Commission during the three months ended March 31, 2019.

Name of Operation	Number of Legal Actions		
	Contest Penalty	Contest Citations	Complaint of Discharge, Discrimination
HELOTES QUARRY, TX	1	0	0
FORT MYERS MINE, FL	1	0	0
QUEEN CREEK STONE, AZ	1	0	0

The table below sets forth, by mine, category of legal action and number of legal actions resolved (disposed) by the Federal Mine Safety and Health Review Commission during the three months ended March 31, 2019.

Name of Operation	Number of Legal Actions		
	Contest Penalty	Contest Citations	Complaint of Discharge, Discrimination
CHEROKEE QUARRY, AL	1	0	0
HELOTES QUARRY, TX	1	0	0
SPICEWOOD QUARRY, TX	1	0	0
PLACITAS, NM	3	0	0