Vulcan Materials CO
Form 10-K
February 27, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2014

Commission file number: 001-33841

VULCAN MATERIALS COMPANY

(Exact Name of Registrant as Specified in Its Charter)

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

1200 Urban Center Drive, Birmingham, Alabama 35242

(Address of Principal Executive Offices) (Zip Code)

(205) 298-3000

(Registrant's telephone number, including area code)

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

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

Securities registered pursuant to Section 12(g) of the Act: None
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

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

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one):

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

(Do not check if a smaller reporting company)

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

Aggregate market value of voting and non-voting common stock held by non-affiliates as of June 30, 2014:	$ 8,312,079,259
Number of shares of common stock, $1.00 par value, outstanding as of February 11, 2015:	132,105,151

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's annual proxy statement for the annual meeting of its shareholders to be held on May 8, 2015, are incorporated by reference into Part III of this Annual Report on Form 10-K.

VULCAN MATERIALS COMPANY

ANNUAL REPORT ON FORM 10-k
fISCAL YEAR ENDED DECEMBER 31, 2014

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

PART I

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

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

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

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

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

ITEM 1

BUSINESS

Vulcan Materials Company, a New Jersey corporation, is the nation's largest producer of construction aggregates (primarily crushed stone, sand and gravel) and a major producer of asphalt mix and ready-mixed concrete. We operated 335 aggregates facilities during 2014.

VULCAN'S VALUE PROPOSITION

We are the largest producer of construction aggregates in the country with coast-to-coast aggregates operations. Our leading position is based upon:

§ a favorable geographic footprint that provides attractive long-term growth prospects
§ the largest proven and probable reserve base in the United States

These factors allow us to provide attractive unit profitability through our strong operating expertise and price discipline.

STRATEGY FOR EXISTING AND NEW MARKETS

§ Our aggregates reserves are strategically located throughout the United States in areas that are projected to grow faster than the national average and that require large amounts of aggregates to meet construction demand. Vulcan-served states are estimated to generate 75% of the total growth in U.S. population and 71% of the total growth in U.S. household formations between 2010 and 2020.

VULCAN'S TOP TEN REVENUE PRODUCING STATES IN 2014

1.California	6. Tennessee
2.Texas	7. Illinois
3.Virginia	8. North Carolina
4.Georgia	9. South Carolina
5.Florida	10. Alabama

Source: Moody's Analytics as of August 15, 2014

- § We take a disciplined approach to strengthening our footprint by increasing our presence in U.S. metropolitan areas that are expected to grow more rapidly and by divesting assets that are no longer considered part of our long-term growth strategy. In 2014, we divested our Florida cement and concrete businesses for cash proceeds of $721.4 million and entered into a twenty-year aggregates supply agreement to provide aggregates to the divested concrete operations. We redeployed $331.8 million of this capital through acquisitions that added over 440 million tons of proven and probable aggregates reserves in key growth markets in Arizona, California, New Mexico, Texas, Virginia and Washington D.C.
- § Where practical, we have operations located close to our local markets because the cost of trucking materials long distances is prohibitive. Approximately 80% of our total aggregates shipments are delivered exclusively from the producing location to the customer by truck, and another 15% are delivered by truck after reaching a sales yard by rail or water. The remaining 5% of aggregates shipments are delivered directly to the customer by rail or water.

COMPETITORS

We operate in an industry that generally is fragmented with a large number of small, privately-held companies. We estimate that the ten largest aggregates producers accounted for approximately 30% to 35% of total U.S. aggregates production in 2014. Despite being the industry leader, Vulcan's total U.S. market share is less than 10%. Other publicly traded companies among the ten largest U.S. aggregates producers include the following:

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

Because the U.S. aggregates industry is highly fragmented, with over 5,000 companies managing over 10,000 operations during 2014, many opportunities for consolidation exist. Therefore, companies in the industry tend to grow by acquiring existing facilities to enter new markets or by extending their existing market positions.

BUSINESS STRATEGY

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

Our business strategies include: 1) aggregates focus, 2) coast-to-coast footprint, 3) profitable growth, 4) managing volume, product mix and price to grow profitability, and 5) effective land management.

1. AGGREGATES FOCUS

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

§ BUILD AND HOLD SUBSTANTIAL RESERVES: The locations of our reserves are critical to our long-term success because of barriers to entry created in many metropolitan markets by zoning and permitting regulations and high costs associated with transporting aggregates. Our reserves are strategically located throughout the United States in high-growth areas that will require large amounts of aggregates to meet future construction demand. Aggregates operations have flexible production capabilities and, other than energy inputs required to process the materials, require virtually no other raw material. Our downstream businesses (asphalt mix and concrete) use Vulcan-produced aggregates almost exclusively.

§ TAKE ADVANTAGE OF BEING THE LARGEST PRODUCER: Each aggregates operation is unique because of its location within a local market with particular geological characteristics. Every operation, however, uses a similar group of assets to produce saleable aggregates and provide customer service. Vulcan is the largest aggregates company in the U.S., whether measured by shipments or by aggregates revenues. The 335 aggregates facilities we operated during 2014 provided opportunities to standardize operating practices and procure equipment (fixed and mobile), parts, supplies and services in an efficient and cost-effective manner, both regionally and nationally. Additionally, we are able to share best practices across the organization and leverage our size for administrative support, customer service, accounting, accounts receivable and accounts payable, technical support and engineering.

2. COAST-TO-COAST FOOTPRINT

Demand for construction aggregates correlates positively with changes in population growth, household formation and employment. We have pursued a strategy to increase our presence in U.S. metropolitan areas that are expected to grow the most rapidly. In 2014, we expanded our operational footprint in Arizona, California, Texas, Virginia and Washington D.C., and accessed new markets in New Mexico through acquisitions. These acquisitions, totaling $331.8 million of investment, added more than 440 million tons of proven and probable aggregates reserves serving markets where reserves are relatively scarce.

The following graphic illustrates our projected percentage share of the growth (2010 – 2020) by key demographics for the United States:

Source: Moody’s Analytics as of August 15, 2014.

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In January 2015, we exited the concrete market in California by swapping our ready-mix concrete operations for asphalt mix operations, primarily in Arizona.

3. PROFITABLE GROWTH

Our long-term growth is a result of strategic acquisitions and investments in key operations.

§ Strategic acquisitions: Since becoming a public company in 1956, Vulcan has principally grown by mergers and acquisitions. For example, in 1999 we acquired CalMat Co., thereby expanding our aggregates operations into California and Arizona and making us one of the nation's leading producers of asphalt mix. In 2007, we acquired Florida Rock Industries, Inc., the largest acquisition in our history. This acquisition expanded our aggregates business in Florida and our aggregates and ready-mixed concrete businesses in other southeastern and mid-Atlantic states. In 2014, we completed eight transactions that expanded our aggregates business in Arizona, California, New Mexico, Texas, Virginia and Washington D.C., our asphalt mix business in Arizona and New Mexico, and our ready-mixed concrete business in New Mexico.

In addition to these large acquisitions, we have completed many smaller acquisitions that have contributed significantly to our growth.

§ Reinvestment opportunities with high returns: During the current decade, Moody's Analytics projects that 75% of the U.S. population growth, 71% of household formation and 64% of new jobs will occur in Vulcan-served states. The close proximity of our production facilities and our aggregates reserves to this projected population growth create many opportunities to invest capital in high-return projects — projects that will add reserves, increase production capacity and improve costs.

4. MANAGING VOLUME, PRODUCT MIX AND PRICE TO GROW PROFITABILITY

We commonly think of three major profit drivers that must be managed in combination.

- § Price for Service — We seek to receive full and fair value for the quality of products and service we provide. We should be paid appropriately for helping our customers be successful.
- § Operating Efficiency and Leverage — We focus on rigorous cost management throughout the economic cycle. Small savings per ton add up to significant cost reductions.
- § Sales and Production Mix — We adjust production levels to meet varying market conditions. Managing inventories responsibly results in improved cost performance and an improved return on capital.

We manage these factors locally, and align our talent and incentives accordingly. Our knowledgeable and experienced workforce and our flexible production capabilities allow us to manage operational and overhead costs aggressively. As a result of these cost controls coupled with a disciplined approach to pricing, since 2012, our Aggregates segment's gross profit has increased 55% on volume improvement of 15%.

While Aggregates segment gross profit has grown at a significantly greater rate than volume over the past couple of years, we have not yet fully realized our maximum unit profitability.

- § On Price for Service — Our expanding margins have yet to benefit from the mid-to-high single digit price gains associated with cyclical recoveries. We believe that these gains will begin to take hold in 2015.
- § On Operating Efficiency and Leverage — We are operating a capital-intensive business at 50-60% capacity and are extremely well positioned to further leverage fixed costs to sales as we move forward.
- § On Sales and Production Mix — As the recovery continues and as we see a larger portion of new construction activity in the end-use mix, we will sell the entire production mix much more efficiently and at fuller value.

5. EFFECTIVE LAND MANAGEMENT

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

PRODUCT LINES

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

1. Aggregates
2. Asphalt Mix
3. Concrete
4. Calcium (formerly Cement)

1. AGGREGATES

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

§ Local markets: Aggregates have a high weight-to-value ratio and, in most cases, are produced near where they are used; if not, transportation can cost more than the 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 long-haul transportation — shipping by barge and rail — and from our quarry on Mexico’s Yucatan Peninsula. We transport aggregates from Mexico to the U.S. principally on our three Panamax-class, self-unloading ships.

§ Diverse markets: Large quantities of aggregates are used in virtually all types of public- and private-sector construction projects, such as highways, airports, water and sewer systems, industrial manufacturing facilities, residential and nonresidential buildings. Aggregates also are used widely as railroad track ballast.

§ Location and quality of reserves: We currently have 15.8 billion tons of permitted and proven or probable aggregates reserves. The bulk of these reserves are located in areas where we expect greater than average rates of growth in population, jobs and households, which require new infrastructure, housing, offices, schools and other development. Such growth depends on aggregates for construction. Zoning and permitting regulations in some markets have made it increasingly difficult for the aggregates industry to expand existing quarries or to develop new quarries. These restrictions curtail expansion in certain areas, but they also increase the value of our reserves at existing locations.

§ Demand cycles: Long-term growth in demand for aggregates is largely driven by growth in population, jobs and households. While short- and medium-term demand for aggregates fluctuates with economic cycles, declines have historically been followed by strong recoveries, with each peak establishing a new historical high.

In addition, the following factors influence the aggregates market:

- § Highly fragmented industry: The U.S. aggregates industry is composed of over 5,000 companies that manage over 10,000 operations. This fragmented structure provides many opportunities for consolidation. Companies in the industry commonly enter new markets or expand positions in existing markets through the acquisition of existing facilities.
- § Relatively stable demand from the public sector: Publicly funded construction activity has historically been more stable and less cyclical than privately funded construction, and generally requires more aggregates per dollar of construction spending. Private construction (primarily residential and nonresidential buildings) typically is more affected by general economic cycles than publicly funded projects (particularly highways, roads and bridges), which tend to receive more consistent levels of funding throughout economic cycles.
- § Limited product substitution: There are limited substitutes for quality aggregates. Recycled concrete and asphalt have certain applications as a lower-cost alternative to virgin aggregates. However, due to technical specifications many types of construction projects cannot be served by recycled concrete, but require the use of virgin aggregates to meet specifications and performance-based criteria for durability, strength and other qualities. Moreover, the amount of recycled asphalt included in asphalt mix as a substitute for aggregates is limited due to specifications.
- § Widely used in downstream products: In the production process, aggregates are processed for specific applications or uses. Two products that use aggregates as a raw material are asphalt mix and ready-mixed concrete. By weight, aggregates comprise approximately 95% of asphalt mix and 78% of ready-mixed concrete.
- § Flexible production capabilities: The production of aggregates is a mechanical process in which stone is crushed and, through a series of screens, separated into various sizes depending on how it will be used. Production capacity can be flexible by adjusting operating hours to meet changing market demand.
- § raw material inputs largely under our control: Unlike typical industrial manufacturing industries, the aggregates industry does not require the input of raw material beyond owned or leased aggregates reserves. Stone, sand and gravel are naturally occurring resources. However, production does require the use of explosives, hydrocarbon fuels and electric power.

AGGREGATES MARKETS

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

PUBLIC SECTOR CONSTRUCTION

Public sector construction includes spending by federal, state, and local governments for highways, bridges and airports as well as other infrastructure construction for sewer and waste disposal systems, water supply systems, dams, reservoirs and other public construction projects. Construction for power plants and other utilities is funded from both public and private sources. In 2014, publicly funded construction accounted for approximately 50% of our total aggregates shipments.

- § Public Sector Funding: Generally, public sector construction spending is more stable than private sector construction because public sector spending is less sensitive to interest rates and has historically been supported by multi-year legislation and programs. For example, the federal surface transportation bill is a principal source of funding for public infrastructure and transportation projects. For over two decades, a portion of transportation projects has been funded through a series of multi-year bills. Some 40% of transportation projects are federally-funded, with special emphasis given to the largest and most complex projects. The long-term nature of such legislation is important because it provides state departments of transportation with the ability to plan and execute long-range, complex highway projects. Federal highway spending is governed by multi-year authorization bills and annual budget appropriations using funds largely from the Federal Highway Trust Fund. This Trust Fund receives funding from taxes on gasoline and other levies. The level of state spending on infrastructure varies across the United States and depends on individual state needs and economies. In 2014, approximately 26% of our aggregates sales by volume was used in highway construction projects.

§ federal highway funding: On August 8, 2014, Congress passed an extension of the Moving Ahead for Progress in the 21st Century Act (MAP-21). The two-year federal highway bill had received strong bipartisan support in both the House and the Senate, and was signed into law by the President on July 6, 2012. The extension of MAP-21 provides state departments of transportation with federal highway program authority through May 31, 2015. The extension continues federal support for transportation infrastructure programs at current funding levels, helping rebuild America's aging infrastructure by modernizing and reforming our current transportation system, while also protecting millions of jobs.

MAP-21 maintained essentially level funding in Fiscal Years 2014 and 2015, with approximately $105 billion for total transportation funding through Fiscal Year 2014. It extends the Highway Trust Fund and tax collections through Fiscal Year 2016, adding additional stability to the Federal Highway Program. Congressional leaders have stated their intention to act in 2015 to replace the extension of MAP-21 with a multi-year authorization that includes revenue stability for federal surface transportation programs.

The extension of MAP-21 maintained the baseline increase to the Transportation Infrastructure Finance & Innovation Act (TIFIA) program. Funding for this program increased to $1.75 billion over the two-year MAP-21 period, from $122 million per year under the previous multi-year highway bill known as SAFETEA-LU. TIFIA funding is typically leveraged by a factor of 10, creating the potential for $17.5 billion in additional major project funding for Fiscal Years 2013 and 2014. The U.S. Department of Transportation estimates this TIFIA funding supports $30 to $50 billion in new construction. Given administrative requirements and other factors, the TIFIA program began to have a meaningful impact on aggregates shipments in 2014, and should continue to do so into 2015 and beyond.

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

MAP-21's positive framework for future authorizations was continued in the extension passed this summer. Its significant reforms, consolidation and simplification of federal highway programs, acceleration of the project delivery process, and expanded project financing and promotion of public-private partnership opportunities have paved the way for further progress as Congress works to pass a new multi-year highway bill.

§ WATER INFRASTRUCTURE: In June 2014, President Obama signed into law the Water Resources Reform and Development Act (WRRDA), providing legal authority for the U.S. Army Corps of Engineers to pursue hundreds of navigation, flood control, and ecosystem restoration infrastructure projects along rivers, canals, ports and inland waterways throughout the nation. We, along with numerous business allies, strongly supported WRRDA for its importance to the U.S. economy, the pressing need to upgrade U.S. harbors, ports and inland waterways, and for construction projects using our products. The law addresses a significant backlog of water infrastructure projects, focused on improved port dredging, and streamlines permitting to speed up project delivery. Many of the large southern ports that would benefit from WRRDA, as they gear up for expected increases in freight volumes related to expansion of the Panama Canal, lie within our footprint. Additionally, WRRDA includes innovative public-private authorizations and a new Water Infrastructure Financing and Innovation Act (WIFIA), modeled after the TIFIA program. As enacted, WIFIA is authorized to support large projects exceeding $20 million that otherwise would go unaddressed. As with TIFIA, it provides funding for up to 49% of a project's estimated cost, involves low interest rates, and includes favorable repayment terms as well as subrogation of the government's interest in order to encourage other investors.

Private sector CONSTRUCTION

The private sector construction markets include both nonresidential building construction and residential construction and are considerably more cyclical than public construction. In 2014, privately-funded construction accounted for approximately 50% of our total aggregates shipments.

§ Nonresidential Construction: Private nonresidential building construction includes a wide array of projects. Such projects generally are more aggregates intensive than residential construction. Overall demand in private nonresidential construction generally is driven by job growth, vacancy rates, private infrastructure needs and demographic trends. The growth of the private workforce creates demand for offices, hotels and restaurants. Likewise, population growth generates demand for stores, shopping centers, warehouses and parking decks as well as hospitals, churches and entertainment facilities. Large industrial projects, such as a new manufacturing facility, can increase the need for other manufacturing plants to supply parts and assemblies. Construction activity in this end market is influenced by a firm's ability to finance a project and the cost of such financing.

Contract awards are a leading indicator of future construction activity and a continuation of the recent trend in awards should translate to growth in demand for aggregates. In 2014, total nonresidential contract awards, as measured in square feet, increased for the 4th year in a row. Private nonresidential contract awards were up approximately 59 million square feet, or 9%. Office buildings, retail construction and manufacturing facilities accounted for all of this growth. Employment growth, attractive lending standards and general recovery in the economy will help drive continued growth in construction activity in this end market.

§ Residential Construction: The majority of residential construction is for single-family houses with the remainder consisting of multi-family construction (i.e., two family houses, apartment buildings and condominiums). Public housing comprises only a small portion of housing demand. Household formations in our markets continue to outpace household formations in the rest of the United States. Construction activity in this end market is influenced by the cost and availability of mortgage financing.

U.S. housing starts, as measured by Dodge Analytics data, peaked in early 2006 at over 2 million units annually. By the end of 2009, total housing starts had declined to less than 600,000 units, well below prior historical lows of approximately 1 million units annually. In 2014, total annual housing starts surpassed 1 million units. The growth in residential construction bodes well for continued recovery in our markets.

ADDITIONAL AGGREGATES PRODUCTS AND MARKETS

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

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

OUR COMPETITIVE ADVANTAGEs

The competitive advantages of our aggregates focused strategy include:

COAST-TO-COAST FOOTPRINT

§ largest aggregates company in the U.S. (whether measured by shipments or by revenues)
§ high-growth markets requiring large amounts of aggregates to meet construction demand
§ diversified regional exposure
  § benefits of scale in operations, procurement and administrative support
§ complementary asphalt mix and concrete businesses in select markets
§ effective land management

PROFITABLE GROWTH

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

STRATEGICALLY LOCATED ASSETS

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

2. ASPHALT MIX

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

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

3. CONCRETE

We produce and sell ready-mixed concrete in Georgia, Maryland, New Mexico, Texas, Virginia, Washington D.C. and the Bahamas. In January 2015, we swapped our ready-mixed concrete operations in California for asphalt mix operations, primarily in Arizona.

In March 2014, we sold our cement and concrete businesses in the Florida area. For additional details see Note 19 "Acquisitions and Divestitures" in Item 8 "Financial Statements and Supplementary Data."

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

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

Ready-mixed concrete production also requires cement which we purchase from third-party producers. We do not anticipate any significant difficulties in obtaining the raw materials necessary for this segment to operate.

4. CALCIUM (FORMERLY CEMENT)

As previously noted, in March 2014, we sold our cement and concrete businesses in the Florida area. For additional details see Note 19 "Acquisitions and Divestitures" in Item 8 "Financial Statements and Supplementary Data." We retained our former Cement segment's calcium operation in Brooksville, Florida. This facility produces calcium products for the animal feed, paint, plastics, water treatment and joint compound industries with high quality calcium carbonate material mined at the Brooksville quarry.

OTHER BUSINESS-RELATED ITEMS

SEASONALITY AND CYCLICAL NATURE OF OUR BUSINESS

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

CUSTOMERS

No material part of our business depends upon any single customer whose loss would have a significant adverse effect on our business. In 2014, our five largest customers accounted for 6.4% of our total revenues (excluding internal sales), and no single customer accounted for more than 2.2% of our total revenues. Our products typically are sold to private industry and not directly to governmental entities. Although approximately 45% to 55% of our aggregates shipments have historically been used in publicly funded construction, such as highways, airports and government buildings, relatively insignificant sales are made directly to federal, state, county or municipal governments/agencies. Therefore, although reductions in state and federal funding can curtail publicly funded construction, our business is not directly subject to renegotiation of profits or termination of contracts with state or federal governments.

ENVIRONMENTAL COSTS AND GOVERNMENTAL REGULATION

Our operations are subject to numerous federal, state and local laws and regulations relating to the protection of the environment and worker health and safety; examples include regulation of facility air emissions and water discharges, waste management, protection of wetlands, listed and threatened species, noise and dust exposure control for workers, and safety regulations under both Mine Safety and Health Administration (MSHA) and Occupational Safety and Health Administration (OSHA). Compliance with these various regulations requires a substantial capital investment, and ongoing expenditures for the operation and maintenance of systems and implementation of programs. We estimate that capital expenditures for environmental control facilities in 2015 and 2016 will be approximately $11.0 million and $10.7 million, respectively. These anticipated expenditures are not expected to have a material impact on our earnings or competitive position.

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

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

PATENTS AND TRADEMARKS

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

OTHER INFORMATION REGARDING VULCAN

Vulcan is a New Jersey corporation incorporated on February 14, 2007, while its predecessor company was incorporated on September 27, 1956. Our principal sources of energy are electricity, diesel fuel, natural gas and coal. We do not anticipate any difficulty in obtaining sources of energy required for operation of any of our reporting segments in 2015.

As of January 1, 2015, we employed 6,598 people in the United States. Of these employees, 607 are represented by labor unions. Also, as of that date, we employed 342 people in Mexico and 1 in the Bahamas, 292 of whom are represented by a labor union. We do not anticipate any significant issues with any unions in 2015.

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

EXECUTIVE OFFICERS OF THE REGISTRANT

The names, positions and ages, as of February 20, 2015, of our executive officers are as follows:

Name	Position	Age
J. Thomas Hill	President and Chief Executive Officer	55
John R. McPherson	Executive Vice President, Chief Financial and Strategy Officer	46
Stanley G. Bass	Senior Vice President – Western and Mountain West Divisions	53
Michael R. Mills	Senior Vice President and General Counsel	54
David P. Clement	President – Central Division	54
William K. Duke	President – Mideast Division	59
David J. Grayson	President – Southeast Division	55
Jeffery G. Lott	President – Southwest Division	56
Jason P. Teter	President – Southern and Gulf Coast Division	40
Ejaz A. Khan	Vice President, Controller and Chief Information Officer	57

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

J. Thomas Hill was elected President and Chief Executive Officer on July 14, 2014. Prior to that he served as Executive Vice President and Chief Operating Officer (January 2014 – July 2014), Senior Vice President – South Region (December 2011 – December 2013), President, Florida Rock Division (September 2010 – December 2011) and President, Southwest Division (July 2004 – August 2010).

John R. McPherson was elected Executive Vice President, Chief Financial and Strategy Officer on July 14, 2014. Prior to that he served as Executive Vice President and Chief Financial Officer (January 2014 – July 2014), Senior Vice President – East Region (November 2012 – December 2013) and Senior Vice President, Strategy and Business Development (October 2011 – November 2012). Before joining Vulcan in October 2011, Mr. McPherson was a senior partner at McKinsey & Company, a global management consulting firm, from 1995 to 2011.

Stanley G. Bass was named Senior Vice President – Western and Mountain West Divisions effective January 1, 2015. He served as Senior Vice President – West Region from September 2013 to December 2014. Prior to that he served as Senior Vice President – Central and West Regions (February 2013 – September 2013), Senior Vice President – Central Region (December 2011 – February 2013), President, Midsouth and Southwest Divisions (September 2010 – December 2011) and President, Midsouth Division (August 2005 – August 2010).

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

David P. Clement was named President – Central Division effective January 1, 2015. He served as Senior Vice President – Central Region from September 2013 through December 2014. Over the past five years he has served in a number of positions with Vulcan including Vice President and General Manager, Midwest Division and Vice President of Operations, Midwest Division.

William K. Duke was named President – Mideast Division effective January 1, 2015. Prior to that, he served in a number of roles over the past five years for the Company, including: Vice President and General Manager, Florida (August 2012 – December 2014); Vice President and General Manager, Aggregates – Florida Rock Division (July 2010 –

August 2012); and Vice President and General Manager, Northern Region – Mideast Division (June 2009 – July 2010).

David J. Grayson began serving as President – Southeast Division on January 1, 2015. Before assuming that role, he served as Vice President and General Manager, Georgia for the preceding five years.

Jeffery G. Lott was named President – Southwest Division effective January 1, 2015. Prior to that, he served in a number of roles over the past five years for the Company, including Vice President and General Manager, Texas (July 2010 – December 2014) and Vice President and General Manager, North Texas Region (June 2009 – July 2010).

Jason P. Teter began serving as President – Southern and Gulf Coast Division on January 1, 2015. Prior to that, he served as Vice President – Business Development from October 2013 to December 2014. Before joining the Company, for four years he was the Vice President and General Manager, Georgia Aggregates for Lafarge North America.

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

shareholder return performance presentation

Below is a graph comparing the performance of our common stock, with dividends reinvested, to that of the Standard & Poor's 500 Stock Index (S&P 500) and the Materials and Services Sector of the Wilshire 5000 Index (Wilshire 5000 M&S) from December 31, 2009 to December 31, 2014. The Wilshire 5000 M&S is a market capitalization weighted sector containing public equities of firms in the Materials and Services sector, which includes our company and approximately 1,300 other companies.

Comparative Total Return 1	2009	2010	2011	2012	2013	2014
Vulcan Materials Company	$ 100.00	$ 86.20	$ 78.10	$ 103.40	$ 118.08	$ 131.07
S&P 500	$ 100.00	$ 115.06	$ 117.49	$ 136.29	$ 180.43	$ 205.13
Wilshire 5000 M&S	$ 100.00	$ 121.24	$ 117.12	$ 138.43	$ 188.55	$ 204.23

1 Assumes an initial investment at December 31, 2009 of $100 in each stock/index, with

quarterly
reinvestment
of dividends.

INVESTOR INFORMATION

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

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

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

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

We have a:

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

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

Our Board of Directors has also adopted:

§ Corporate Governance Guidelines
§ Charters for its Audit, Compensation, Finance, Governance and Safety Health & Environment Committees

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

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

ITEM 1A

RISK FACTORS

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

ECONOMIC/POLITICAL RISKS

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

Climate change and climate change legislation or regulations may adversely impact our business — A number of governmental bodies have introduced or are contemplating legislative and regulatory change in response to the potential impacts of climate change. Such legislation or regulation, if enacted, potentially could include provisions for a "cap and trade" system of allowances and credits or a carbon tax, among other provisions. The Environmental Protection Agency (EPA) promulgated a mandatory reporting rule covering greenhouse gas emissions from sources considered to be large emitters. The EPA has also promulgated a greenhouse gas emissions permitting rule, referred to as the "Tailoring Rule," which requires permitting of large emitters of greenhouse gases under the Federal Clean Air Act. With the sale of our Newberry cement plant in March 2014, we no longer have a facility subject to either the reporting or permitting rule, although the impacts of the permitting rule are uncertain at this time.

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

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

GROWTH AND COMPETITIVE RISKS

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

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

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

FINANCIAL/ACCOUNTING RISKS

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

Significant downturn in the construction industry may result in an impairment of our goodwill — We test goodwill for impairment on an annual basis or more frequently if events or circumstances change in a manner that would more likely than not reduce the fair value of a reporting unit below its carrying value. While we have not identified any events or changes in circumstances since our annual impairment test on November 1, 2014 that indicate the fair value of any of our reporting units is below its carrying value, a significant downturn in the construction industry may have a material effect on the fair value of our reporting units. A significant decrease in the estimated fair value of one or more of our reporting units could result in the recognition of a material, noncash write-down of goodwill.

We have substantial debt and our credit ratings are non-investment grade — Our operating cash flow is burdened by substantial annual interest, and in some years, principal payments. Our ability to make scheduled interest and principal payments depends on our operating and financial performance. Our ability to refinance maturing debt depends on our financial performance and the state of the capital markets (particularly for non-investment grade debt). Operating and financial performance is, in turn, subject to general economic and business conditions, many of which are outside of our control.

Our debt instruments contain various covenants, including: affirmative (e.g., maintain insurance), negative (e.g., restrictions on lines of business), informational (e.g., provide financial statements) and financial (e.g., minimum EBITDA to interest ratio) covenants. If we fail to comply with any of these covenants, the related debt could become due prior to its stated maturity, and our ability to obtain alternative or additional financing could be impaired.

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

§ goodwill and goodwill impairment
§ impairment of long-lived assets excluding goodwill
§ reclamation costs
§ pension and other postretirement benefits
§ environmental compliance
§ claims and litigation including self-insurance
§ income taxes

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

PERSONNEL RISKS

Our future success is dependent upon a management team and divisional structure that are new — Since January 1, 2014, we have experienced significant changes in our management team as part of the Company's management succession plan and new division organizational structure. Our future success depends in large part upon the effective transition of our new management team and the new divisional structure. If there are further changes in management or organizational structure, such changes could be disruptive and could negatively affect our operations, strategic planning and performance.

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

We are subject to various risks arising from our international business operations and relationships, which could adversely affect our business — We have international operations and are subject to both the risks of conducting international business and the requirements of the Foreign Corrupt Practices Act of 1977 (the FCPA). Failure to comply with the FCPA may result in legal claims against us. In addition, we face other risks associated with international operations and relationships, which may include restrictive trade policies, imposition of duties, taxes or government royalties impressed by foreign governments.

OTHER RISKS

We are dependent on information technology and our systems and infrastructure face certain risks, including cybersecurity risks and data leakage risks — Any significant breakdown, invasion, destruction or interruption of our systems by employees, others with authorized access to our systems or unauthorized persons could negatively impact operations. There is also a risk that we could experience a business interruption, theft of information, or reputational damage as a result of a cyber-attack, such as an infiltration of a data center, or data leakage of confidential information either internally or at our third-party providers. While we have invested in the protection of our data and informational technology to reduce these risks and periodically test the security of our information systems network, there can be no assurance that our efforts will prevent breakdowns or breaches in our systems that could adversely affect or business.

Management is not aware of a cybersecurity incident that has had a material impact on our operations.

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

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

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

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

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

ITEM 1B

UNRESOLVED STAFF COMMENTS

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

Part I 21

ITEM 2

PROPERTIES

AGGREGATES

As the largest U.S. producer of construction aggregates, we have operating facilities across the U.S. and in Mexico and the Bahamas. We principally serve markets in 20 states, Washington D.C. and the local markets surrounding our operations in Mexico and the Bahamas. Our primary focus is serving states and metropolitan markets in the U.S. that are expected to experience the most significant growth in population, households and employment. These three demographic factors are significant drivers of demand for aggregates.

Our current estimate of 15.8 billion tons of proven and probable aggregates reserves reflects an increase of 0.8 billion tons from the prior year's estimate. Estimates of reserves are of recoverable stone, sand and gravel of suitable quality for economic extraction, based on drilling and studies by our geologists and engineers, recognizing reasonable economic and operating restraints as to maximum depth of overburden and stone excavation, and subject to permit or other restrictions.

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

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

The 15.8 billion tons of estimated proven and probable aggregates reserves reported at the end of 2014 include reserves at inactive and greenfield (undeveloped) sites. The table below presents, by region, the tons of proven and probable aggregates reserves as of December 31, 2014 and the types of facilities operated.

	(millions of tons)				Number of Aggregates Operating Facilities 1		
	Aggregates Reserves			2014		Sand and	
	Proven	Probable	Total	Production	Stone	Gravel	Sales Yards
Central 2	2,711.2	891.6	3,602.8	28.5	50	3	4
East 2, 3	4,833.5	1,968.0	6,801.5	51.9	71	5	23
South 2	3,698.7	202.2	3,900.9	54.5	46	12	46
West 2	875.1	626.9	1,502.0	27.0	6	25	3
Total	12,118.5	3,688.7	15,807.2	161.9	173	45	76

1 In addition to the facilities included in the table above, we operate 21

recrushed concrete plants which are not dependent on reserves.

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

3 Includes a maximum of 387.5 million tons of reserves encumbered by volumetric production payments as defined in Note 1 "Summary of

Significant Accounting Policies" caption “Deferred Revenue” to the consolidated financial statements in Item 8 "Financial Statements and Supplementary Data."

Of the 15.8 billion tons of aggregates reserves at December 31, 2014, 8.8 billion tons or 56% are located on owned land and 7.0 billion tons or 44% are located on leased land.

The following table lists our ten largest active aggregates facilities based on the total proven and probable reserves at the sites. None of our aggregates facilities, other than Playa del Carmen, contributed more than 5% to our total revenues in 2014.

(millions of tons)				
	Reserves at 12/31/2014			2014
Location (nearest major metropolitan area)	Proven	Probable	Total	Production
Playa del Carmen (Cancun), Mexico	606.5	0.0	606.5	12.3
Hanover (Harrisburg), Pennsylvania	275.9	274.4	550.3	2.7
McCook (Chicago), Illinois	116.0	271.2	387.2	5.7
DeKalb (Chicago), Illinois	161.9	193.7	355.6	0.2
Corona (Los Angeles), California	22.5	321.5	344.0	2.6
Gold Hill (Charlotte), North Carolina	162.3	128.9	291.2	0.8
Macon, Georgia	125.3	128.0	253.3	1.2
Rockingham (Charlotte), North Carolina	74.3	174.6	248.9	2.3
Norcross (Atlanta), Georgia	197.7	27.7	225.4	2.3
1604 Stone (San Antonio), Texas	221.7	0.0	221.7	2.6

ASPHALT MIX, CONCRETE AND CALCIUM (FORMERLY CEMENT)

As of December 31, 2014, we operated a number of facilities producing other products in several of our Regions as reflected in the table below:

Region 1	Asphalt Mix Facilities	Concrete 2 Facilities	Calcium 3 Facilities
East	0	43	0
South	11	9	1
West	27	13	0

1 Central Region has no asphalt mix, concrete or calcium facilities.
2 Comprised of ready-mixed concrete facilities.
3 Comprised of a ground calcium plant.

Subsequently, in January 2015, we exchanged our California ready-mixed concrete operations for 13 asphalt mix plants, primarily in Arizona (West Region).

The asphalt mix and concrete facilities are able to meet their needs for raw material inputs with a combination of internally sourced and purchased raw materials. Our Calcium segment operates a quarry at Brooksville, Florida which provides feedstock for the ground calcium operation.

(millions of tons)				
	Reserves at 12/31/2014			2014
Location	Proven	Probable	Total	Production
Brooksville	5.1	1.2	6.3	0.3

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

HEADQUARTERS

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

ITEM 3

LEGAL PROCEEDINGS

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

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

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

ITEM 4

MINE SAFETY DISCLOSURES

The information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in Exhibit 95 of this report.

PART II

ITEM 5

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

Our common stock is traded on the New York Stock Exchange (ticker symbol VMC). As of February 11, 2015, the number of shareholders of record was 3,316. The prices in the following table represent the high and low sales prices for our common stock as reported on the New York Stock Exchange and the quarterly dividends declared by our Board of Directors in 2014 and 2013.

	Common Stock Prices		Dividends
	High	Low	Declared
2014			
First quarter	$ 69.50	$ 57.55	$ 0.05
Second quarter	$ 68.29	$ 58.88	$ 0.05
Third quarter	$ 66.55	$ 60.20	$ 0.06
Fourth quarter	$ 69.10	$ 54.10	$ 0.06
2013			
First quarter	$ 59.48	$ 49.95	$ 0.01
Second quarter	$ 55.74	$ 45.42	$ 0.01
Third quarter	$ 54.37	$ 46.21	$ 0.01
Fourth quarter	$ 60.14	$ 50.32	$ 0.01

The future payment of dividends is within the discretion of our Board of Directors and depends on our profitability, capital requirements, financial condition, debt levels, growth projects, business opportunities and other factors which our Board of Directors deems relevant. As explained under the “Debt” caption of Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” our line of credit contains covenants that limit our ability to make restrictive payments, including dividends. Such limitation currently does not impact our ability to execute our financial plans, and becomes less restrictive when the line of credit becomes unsecured.

On February 13, 2015, our Board declared a dividend of ten cents per share for the first quarter of 2015. This represents a four cent per share increase over the prior quarter.

ISSUER PURCHASES OF EQUITY SECURITIES

We did not have any repurchases of stock during the fourth quarter of 2014. We did not have any unregistered sales of equity securities during the fourth quarter of 2014.

ITEM 6

SELECTED FINANCIAL DATA

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

		2014		2013		2012		2011		2010
As of and for the years ended December 31 in millions, except per share data										
Total revenues	$	2,994.2	$	2,770.7	$	2,567.3	$	2,564.6	$	2,558.9
Gross profit	$	587.6	$	426.9	$	334.0	$	283.9	$	300.7
Gross profit margin		19.6%		15.4%		13.0%		11.1%		11.8%
Earnings (loss) from continuing operations 1	$	207.1	$	20.8	$	(53.9)	$	(75.3)	$	(102.5)
Earnings (loss) on discontinued operations, net of tax 2	$	(2.2)	$	3.6	$	1.3	$	4.5	$	6.0
Net earnings (loss)	$	204.9	$	24.4	$	(52.6)	$	(70.8)	$	(96.5)
Basic earnings (loss) per share										
Continuing operations	$	1.58	$	0.16	$	(0.42)	$	(0.58)	$	(0.80)
Discontinued operations		(0.02)		0.03		0.01		0.03		0.05
Basic net earnings (loss) per share	$	1.56	$	0.19	$	(0.41)	$	(0.55)	$	(0.75)

Diluted earnings (loss) per share					
Continuing operations	$ 1.56	$ 0.16	$ (0.42)	$ (0.58)	$ (0.80)
Discontinued operations	(0.02)	0.03	0.01	0.03	0.05
Diluted net earnings (loss) per share	$ 1.54	$ 0.19	$ (0.41)	$ (0.55)	$ (0.75)
Cash and cash equivalents	$ 141.3	$ 193.7	$ 275.5	$ 155.8	$ 47.5
Total assets	$ 8,061.9	$ 8,259.1	$ 8,126.6	$ 8,229.3	$ 8,339.5
Working capital	$ 468.6	$ 652.4	$ 548.6	$ 456.8	$ 191.4
Current maturities and short-term borrowings	$ 150.1	$ 0.2	$ 150.6	$ 134.8	$ 290.7
Long-term debt	$ 1,855.4	$ 2,522.2	$ 2,526.4	$ 2,680.7	$ 2,427.5
Equity	$ 4,176.7	$ 3,938.1	$ 3,761.1	$ 3,791.6	$ 3,955.8
Cash dividends declared per share	$ 0.22	$ 0.04	$ 0.04	$ 0.76	$ 1.00

1 Earnings from continuing operations for 2014 include a pretax gain of $211.4 million (net of $16.5 million of disposition related charges) referable to the sale of our cement and concrete businesses in the Florida area as described in Note 19 “Acquisitions and Divestitures” in Item 8 “Financial Statements and Supplementary Data.” We deferred income taxes on approximately $145.0 million of this gain through like-kind exchange transactions.

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

ITEM 7

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

EXECUTIVE SUMMARY

FINANCIAL SUMMARY FOR 2014

- Earnings from continuing operations were $1.56 per diluted share versus $0.16 per diluted share in the prior year
- Net earnings of $204.9 million improved by $180.5 million
- Adjusted EBITDA of $599.7 million increased by $131.4 million
- Total revenues increased $223.5 million, or 8%, to $2,994.2 million
- Gross profit increased $160.7 million, or 38%, to $587.6 million
  - Gross profit margin increased 4.2 percentage points (420 basis points)
- Aggregates segment gross profit increased $130.8 million, or 32%, to $544.1 million
- Gross profit as a percentage of freight-adjusted revenues improved 4.1 percentage points (410 basis points)
- Incremental gross profit as a percentage of freight-adjusted revenues was 60.0%
- Freight-adjusted revenues increased $218.0 million, or 14%
- Freight-adjusted sales price increased $0.25 per ton, or 2%
- Shipments increased 16.5 million tons, or 11%
- Same-store shipments increased 15.0 million tons, or 10%
- Non-aggregates gross profit improved $29.9 million, or 220%, collectively
- Selling, Administrative and General (SAG) expenses of $272.3 million were up $12.9 million, or 5%
- Generated $1,007.7 million in cash from the sale of assets and results of operations, reduced debt by $516.8 million and invested $331.8 million in strategic bolt-on acquisitions

KEY DRIVERS OF VALUE CREATION

*Source: Moody's Analytics

NEW EXECUTIVE LEADERSHIP TEAM AND DIVISIONAL STRUCTURE

In 2014, we announced a new executive leadership team led by Tom Hill, President and Chief Executive Officer. Joining Mr. Hill on the leadership team were John McPherson (Executive Vice President, Chief Financial and Strategy Officer), Stan Bass (Senior Vice President, West Region) and Michael Mills (Senior Vice President and General Counsel). We also introduced a new divisional organization structure effective January 1, 2015. This new structure enables us to pursue growth and profitability while further leveraging the ERP and Shared Services platforms implemented in 2012.

2014 STRATEGIC ACQUISITIONS/DIVESTITURES

§ Fourth quarter acquisition
§ two portable asphalt plants and an aggregates facility in southern California
§ Third quarter acquisitions
§ five aggregates facilities and associated downstream assets in Arizona and New Mexico
§ two aggregates facilities in Delaware, serving northern Virginia and Washington, D.C.
§ four aggregates facilities in the San Francisco Bay Area
§ a rail-connected aggregates operation and two distribution yards that serve the greater Dallas/Fort Worth market
§ Second quarter acquisition
§ a permitted aggregates quarry in Alabama

In the first quarter of 2014 we sold our cement and concrete businesses in the Florida area to Cementos Argos (Argos) for net pretax cash proceeds of $721.4 million resulting in a pretax gain of $211.4 million (net of $16.5 million of disposition related charges). We retained all of our Florida aggregates operations, our former Cement segment's calcium operation in Brooksville, Florida and real estate associated with certain former ready-mixed concrete facilities. Under a separate supply agreement, we will continue to provide aggregates to the divested concrete facilities, at market prices, for a period of 20 years.

Given our aggregates focused strategy, Argos is a better owner of those assets than we were. Our divested cement and concrete operations were among the most volatile and capital-intensive businesses in our portfolio. We continually challenge ourselves as to whether we are the best owner of our individual assets and operations — this logic supports the Argos divestiture and also underpins the smaller transaction we closed in late January 2015 to exchange our California ready-mixed concrete operations for 13 asphalt mix plants, primarily in Arizona. We expect to earn a higher return on the exchanged assets due to our operational and strategic focus in the Arizona asphalt market.

For a detailed discussion of our acquisitions and divestitures, see Note 19 "Acquisitions and Divestitures" in Item 8 "Financial Statements and Supplementary Data."

MARKET DEVELOPMENTS

Aggregates demand is in the early stages of recovery and remains well below normalized levels. The pattern of recovery is increasingly broad-based and, for the first time since 2005, demand in each of the four major end markets increased versus the prior year. We currently anticipate a gradual recovery lasting several more years before we return to aggregates consumption levels consistent with long-term trends.

Construction activity in our markets grew faster than U.S. markets as a whole in 2014, led by growth in private construction. Residential construction activity, measured in housing starts, continues to recover from depressed levels of demand to more normalized levels needed to support demographics. Private nonresidential construction activity continues to benefit from growth in office and commercial as well as large industrial projects along the coasts of Texas and Louisiana, where we are well positioned to provide aggregates to an area deprived of naturally occurring sources suitable for construction. We see demand from private end-uses up 14% to 18% during 2015. Private growth continues to be driven by the recovery in employment and the continued strength in family and multi-family housing. Our employment and housing assumptions are consistent with consensus forecasts and reflect that our markets are growing faster than the rest of the United States.

Public construction continues to realize steady growth due mostly to strong awards for new projects in 2013 and early in 2014 as well as large transportation-related projects funded through the federal government's TIFIA program. We currently expect these trends in demand in each of the major end markets to continue in 2015. We believe demand from public end-uses will increase 3% to 5% during 2015. Construction award momentum remains positive and stable in our markets. The South and West continue to see more growth than other areas of the United States. State and local tax revenue growth has mirrored the economic recovery. As tax revenues approach all time high levels, they will supply the support for new public funding.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

Gross profit margin excluding freight and delivery 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. Likewise, we believe that this presentation is consistent with the basis by which investors analyze our operating results considering that freight and delivery services represent pass-through activities. Reconciliation of this metric to its nearest GAAP measure is presented below:

GROSS PROFIT MARGIN IN ACCORDANCE WITH GAAP

in millions	2014	2013	2012
Gross profit	$ 587.6	$ 426.9	$ 334.0
Total revenues	$ 2,994.2	$ 2,770.7	$ 2,567.3
Gross profit margin	19.6%	15.4%	13.0%

GROSS PROFIT MARGIN EXCLUDING FREIGHT AND DELIVERY REVENUES

in millions	2014	2013	2012
Gross profit	$ 587.6	$ 426.9	$ 334.0
Total revenues	$ 2,994.2	$ 2,770.7	$ 2,567.3
Freight and delivery revenues 1	473.1	386.2	326.6
Total revenues excluding	$ 2,521.1	$ 2,384.5	$ 2,240.7

freight and delivery revenues			
Gross profit margin excluding freight and delivery revenues	23.3%	17.9%	14.9%

1 Includes freight to remote distribution sites.

Aggregates segment gross profit as a percentage of freight-adjusted revenues is not a 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 more meaningful to our investors as it excludes freight, delivery and transportation revenues 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. Incremental gross profit as a percentage of freight-adjusted revenues represents the year-over-year change in gross profit divided by the year-over-year change in freight-adjusted revenues. Reconciliation of these metrics to their nearest GAAP measure is presented below:

AGGREGATES SEGMENT GROSS PROFIT MARGIN IN ACCORDANCE WITH GAAP

in millions	2014	2013	2012
Aggregates segment			
Gross profit	$ 544.1	$ 413.3	$ 352.1
Segment sales	2,346.4	2,025.0	1,863.9
Gross profit margin	23.2%	20.4%	18.9%
Incremental gross profit margin	40.7%	38.0%	

AGGREGATES SEGMENT GROSS PROFIT AS A PERCENTAGE OF FREIGHT-ADJUSTED REVENUES

in millions	2014	2013	2012
Aggregates segment			
Gross profit	$ 544.1	$ 413.3	$ 352.1
Segment sales	$ 2,346.4	$ 2,025.0	$ 1,863.9
Excluding			
Freight, delivery and transportation revenues 1	532.2	424.9	367.5
Other revenues	20.2	24.1	24.8
Freight-adjusted revenues	$ 1,794.0	$ 1,576.0	$ 1,471.6
Gross profit as a percentage of freight-adjusted revenues	30.3%	26.2%	23.9%

Incremental gross profit as a percentage of freight-adjusted revenues	60.0%	58.6%

1 At the segment level, freight, delivery and transportation revenues include intersegment freight & delivery revenues, which are eliminated at the consolidated level.

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

FREE CASH FLOW

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

in millions	2014	2013	2012
Net cash provided by operating activities	$ 260.3	$ 356.5	$ 238.5
Purchases of property, plant & equipment	(224.9)	(275.4)	(93.4)
Free cash flow	$ 35.4	$ 81.1	$ 145.1

CASH GROSS PROFIT

Cash gross profit adds back noncash charges for depreciation, depletion, accretion and amortization to gross profit. Cash gross profit per ton is computed by dividing cash gross profit by tons shipped.

in millions, except per ton data	2014	2013	2012

Aggregates segment			
Gross profit	$ 544.1	$ 413.3	$ 352.1
Depreciation, depletion, accretion and amortization	227.0	224.8	240.7
Aggregates segment cash gross profit	$ 771.1	$ 638.1	$ 592.8
Unit shipments - tons	162.4	145.9	141.0
Aggregates segment cash gross profit per ton	$ 4.75	$ 4.37	$ 4.21
Asphalt Mix segment			
Gross profit	$ 38.1	$ 32.7	$ 22.9
Depreciation, depletion, accretion and amortization	10.7	8.7	8.7
Asphalt Mix segment cash gross profit	$ 48.8	$ 41.4	$ 31.6
Concrete segment			
Gross profit	$ 2.2	$ (24.8)	$ (38.2)
Depreciation, depletion, accretion and amortization	19.9	33.0	41.3
Concrete segment cash gross profit	$ 22.1	$ 8.2	$ 3.1
Calcium (formerly Cement) segment			
Gross profit	$ 3.2	$ 5.7	$ (2.8)
Depreciation, depletion, accretion and amortization	1.6	18.1	18.1
Calcium segment cash gross profit	$ 4.8	$ 23.8	$ 15.3

EBITDA AND ADJUSTED EBITDA

EBITDA is an acronym for Earnings Before Interest, Taxes, Depreciation and Amortization and excludes discontinued operations. We adjust EBITDA for certain items to provide a more consistent comparison of performance from period to period.

in millions	2014	2013	2012
Net earnings (loss)	$ 204.9	$ 24.4	$ (52.6)
Provision for (benefit from) income taxes	91.7	(24.5)	(66.5)
Interest expense, net of interest income	242.4	201.7	211.9
(Earnings) loss on discontinued operations, net of taxes	2.2	(3.6)	(1.3)
Depreciation, depletion, accretion and amortization	279.5	307.1	332.0
EBITDA	$ 820.7	$ 505.1	$ 423.5
Gain on sale of real estate and businesses	$ (238.5)	$ (36.8)	$ (65.1)
Charges associated with acquisitions and divestitures	21.2	0.5	0.0
Amortization of deferred revenue	(5.0)	(2.0)	0.0
Restructuring charges	1.3	1.5	9.5
Exchange offer costs	0.0	0.0	43.4
	$ 599.7	$ 468.3	$ 411.3

Adjusted
EBITDA

Part II 33

RESULTS OF OPERATIONS

Total revenues include sales of product to customers, net of any discounts and taxes, and freight and delivery revenues billed to customers. Related freight and delivery costs are included in cost of revenues. This presentation is consistent with the basis on which we review our consolidated results of operations. We discuss separately our discontinued operations, which consists of our former Chemicals business.

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

CONSOLIDATED OPERATING RESULT HIGHLIGHTS

For the years ended December 31 in millions, except per share data	2014	2013	2012
Total revenues	$ 2,994.2	$ 2,770.7	$ 2,567.3
Cost of revenues	2,406.6	2,343.8	2,233.3
Gross profit	$ 587.6	$ 426.9	$ 334.0
Selling, administrative and general expenses	$ 272.3	$ 259.4	$ 259.1
Gain on sale of property, plant & equipment and businesses, net	$ 244.2	$ 39.3	$ 68.5
Exchange offer costs	$ 0.0	$ 0.0	$ (43.4)
Operating earnings	$ 538.1	$ 190.4	$ 84.8
Interest expense	$ 243.4	$ 202.6	$ 213.1
Earnings (loss) from continuing operations	$ 207.1	$ 20.8	$ (53.9)
Earnings (loss) on discontinued operations,			

net of income taxes	(2.2)		3.6		1.3	
Net earnings (loss)	$	204.9	$	24.4	$	(52.6)
Basic earnings (loss) per share						
Continuing operations	$	1.58	$	0.16	$	(0.42)
Discontinued operations	(0.02)		0.03		0.01	
Basic net earnings (loss) per share	$	1.56	$	0.19	$	(0.41)
Diluted earnings (loss) per share						
Continuing operations	$	1.56	$	0.16	$	(0.42)
Discontinued operations	(0.02)		0.03		0.01	
Diluted net earnings (loss) per share	$	1.54	$	0.19	$	(0.41)
EBITDA	$	820.7	$	505.1	$	423.5
Adjusted EBITDA	$	599.7	$	468.3	$	411.3

Net earnings for 2014 were $204.9 million, or $1.54 per diluted share, compared to $24.4 million, or $0.19 per diluted share in 2013 and a net loss of $52.6 million, or $0.41 per diluted share in 2012. Each year's results were impacted by discrete items as follows:

§ The 2014 results include a pretax gain of $217.4 million (net of $21.1 million of disposition related charges) related to the sale of real estate and businesses including our cement and concrete businesses in the Florida area, and a pretax loss on debt purchase of $72.9 million presented as a component of interest expense (see Note 6 “Debt” in Item 8 “Financial Statements and Supplementary Data”)
§ The 2013 results include a pretax gain of $36.3 million (net of $0.5 million of disposition related charges) related to the sale of reclaimed real estate and businesses
§ The 2012 results include a $65.1 million pretax gain on sale of real estate and businesses, a pretax charge of $9.6 million related to our restructuring and a pretax charge of $43.4 million related to the unsolicited exchange offer

The following table compares our Concrete and Calcium (formerly Cement) segments financial data adjusted for the March 2014 sale of our Florida area concrete and cement businesses.

ADJUSTED CONCRETE AND CALCIUM SEGMENT FINANCIAL DATA

For the years ended December 31 in millions, except per share data	2014		2013		2012	
Concrete Segment						
Segment sales						
As reported	$	375.8	$	471.7	$	406.4
Adjusted	$	343.1	$	303.1	$	276.9
Total revenues						
As reported	$	375.8	$	471.7	$	406.4
Adjusted	$	343.1	$	303.1	$	276.9
Gross profit						
As reported	$	2.2	$	(24.8)	$	(38.2)
Adjusted	$	5.9	$	(0.3)	$	(2.8)
Depreciation, depletion, accretion and amortization						
As reported	$	19.9	$	33.0	$	41.3
Adjusted	$	18.5	$	17.7	$	19.8
Shipments - cubic yards						
As reported	3.7		4.8		4.2	
Adjusted	3.4		3.1		2.8	
Calcium (formerly Cement) Segment						
Segment sales						
As reported	$	25.0	$	99.0	$	85.8
Adjusted	$	9.0	$	9.6	$	12.8
Total revenues						
As reported	$	15.8	$	51.7	$	46.8
Adjusted	$	9.1	$	9.5	$	12.8
Gross profit						
As reported	$	3.2	$	5.7	$	(2.8)
Adjusted	$	3.5	$	3.0	$	3.6

Depreciation, depletion, accretion and amortization						
As reported	$	1.6	$	18.1	$	18.1
Adjusted	$	0.6	$	0.4	$	0.3

As previously noted, in January 2015 we exchanged our California ready-mixed concrete operations for 13 asphalt mix plants, primarily in Arizona. Adjusting our Concrete segment financial data for this transaction as well as the March 2014 sale of our Florida area concrete business results in the following:

§ Segment sales and Segment revenues
§ 2014 — $272.7 million, 2013 — $244.9 million and 2012 — $219.2 million
§ Gross profit
§ 2014 — $11.8 million, 2013 — $5.8 million and 2012 — $1.1 million
§ Depreciation, depletion, accretion and amortization
§ 2014 — $16.5 million, 2013 — $15.5 million and 2012 — $18.5 million
§ Shipments - cubic yards
§ 2014 — 2.7 million, 2013 — 2.5 million and 2012 — 2.2 million

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

in millions				
	2012	$ (120.4)	2013	$ (3.7)
Higher aggregates gross profit		61.2		130.8
Higher asphalt mix gross profit		9.8		5.4
Higher concrete gross profit		13.4		27.0
Higher (lower) calcium gross profit		8.5		(2.5)
Higher selling, administrative and general expenses		(0.3)		(12.9)
Higher (lower) gain on sale of property, plant & equipment and businesses		(29.2)		205.0
Lower restructuring charges		8.0		0.2
Lower exchange offer costs		43.4		0.0
Lower (higher) interest expense		10.5		(40.8)
All other		(8.6)		(9.7)
	2013	$ (3.7)	2014	$ 298.8

OPERATING RESULTS BY SEGMENT

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

1. AGGREGATES

Our year-over-year aggregates shipments:

§ increased 11% in 2014
§ increased 4% in 2013
§ declined 1% in 2012

Sales volume momentum improved across most of our 20-state geographic footprint. This growing momentum is driven by strengthening construction activity across all end-use markets and an increasing number of large projects. On a same-store basis, aggregates shipments increased 15.0 million tons or 10%. Florida, Georgia, Illinois, Texas and Virginia saw shipment increases in excess of 10% over the prior year on a same-store basis. This strong broad-based growth is driven by improving private construction activity and our ability to serve growing demand from large-project work in both private and public end-markets.

Residential construction activity continues to be solid across our footprint, led by growth in multi-family housing. While the growth rate nationally for housing starts has slowed, key markets in California, Florida, Georgia and Texas continue to post above-average growth rates. Private nonresidential demand in our markets continues to grow faster than in the U.S. as a whole. This is driven by office, commercial and manufacturing projects — and by growth in construction activity along the Gulf Coast where we are uniquely positioned. In the public sector, shipments for highways has remained solid due to strong contract awards in 2013, increases in state highway funding, a growing number of TIFIA-funded projects in key states, and the extension of MAP-21 (the federal highway bill).

Our year-over-year freight-adjusted selling price[1] for aggregates:

- § increased 2% in 2014
- § increased 3% in 2013
- § increased 2% in 2012

1 We routinely arrange the delivery of our aggregates to the customer. Additionally, we incur transportation costs to move aggregates from the production site to remote distribution sites. These costs are passed on to our customers in the aggregates price. We remove these pass-through freight and transportation revenues (and any other aggregates-derived revenues, such as landfill tipping fees) from the freight-adjusted selling price for aggregates. See the Reconciliation of Non-GAAP Financial Measures within this Item 7 for a reconciliation of freight-adjusted revenues.

Our pricing environment continues to improve with the gradual improvement in demand. During 2014, we realized modest price improvements in all but one of our management reporting units across our 20-state geographic footprint. Pricing decisions are made locally and outcomes will vary significantly by geography.

AGGREGATES FREIGHT-ADJUSTED REVENUES

in millions

AGGREGATES GROSS PROFIT AND CASH GROSS PROFIT

in millions

AGGREGATES UNIT SHIPMENTS

Tons[1], in millions

1 Includes tons marketed and sold on behalf of a third-party pursuant to volumetric production payment (VPP) agreements

AGGREGATES SELLING PRICE AND CASH GROSS PROFIT PER TON

Freight-adjusted average sales price per ton [2]

2 Freight-adjusted sales price is calculated as freight-adjusted revenues divided by aggregates unit shipments

Aggregates segment gross profit increased $130.8 million from the prior year and gross profit as a percentage of freight-adjusted revenues increased 4.1 percentage points (410 basis points). The increase in Aggregates segment gross profit resulted from higher volumes and better unit margins.

Aggregates segment cash gross profit per ton increased 9% to $4.75 in 2014. This measure continues to improve, reflecting our effective management of the three major profit drivers (price for service; sales and production mix; operating efficiency and leverage). These efforts resulted in a record level of unit profitability that exceeds the level achieved in 2005 ($3.28 per ton – our peak year for volume) and in 2008 ($4.69 per ton – our previous high). This trend further highlights the earnings potential of our aggregates business as volumes recover.

2. ASPHALT MIX

Our year-over-year asphalt mix shipments:

§ increased 8% in 2014
§ increased 3% in 2013
§ declined 7% in 2012

Asphalt Mix segment gross profit of $38.1 million was up $5.4 million from the prior year due to higher margins in California and the earnings contribution from recently completed acquisitions in Arizona and New Mexico. On a same-store basis, asphalt volumes increased 4% from the prior year and unit profitability increased 6%.

ASPHALT MIX SEGMENT SALES
in millions

ASPHALT MIX GROSS PROFIT AND CASH GROSS PROFIT
in millions

3. CONCRETE

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

§ decreased 22% in 2014
§ increased 14% in 2013
§ increased 9% in 2012

Concrete segment gross profit was $2.2 million in 2014 compared to a loss of $24.8 million in 2013. Adjusted for the sale of our concrete business in the Florida area, Concrete segment gross profit was $5.9 million compared to a loss of $0.3 million in 2013. Ready-mixed concrete shipments declined in 2014 as a result of the sale of our Florida concrete business in the first quarter of 2014. Adjusted for the sale of our concrete business in the Florida area, ready-mixed concrete shipments increased 10% in 2014.

CONCRETE SEGMENT SALES 1
in millions

CONCRETE GROSS PROFIT AND CASH GROSS PROFIT 1
in millions

1 The financial data above excludes the Florida area concrete businesses sold in March 2014. See the Adjusted Concrete and Calcium (formerly Cement) Segment Financial Data table on page 35.

4. CALCIUM (FOMERLY CEMENT)

Calcium segment gross profit of $3.2 million was down $2.5 million from the prior year. Our cement business was sold in the first quarter of 2014 along with the Florida concrete assets. Adjusted for the sale of our cement business in the Florida area, Calcium segment gross profit was $3.5 million compared to $3.0 million in 2013.

CALCIUM SEGMENT SALES 1	CALCIUM GROSS PROFIT AND CASH GROSS PROFIT 1
in millions	in millions

1 The financial data above excludes the cement businesses sold in March 2014. See the Adjusted Concrete and Calcium (formerly Cement) Segment Financial Data table on page 35.

SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

in millions

SAG expenses were up $12.9 million, or 5%, due primarily to increased performance based incentives and business development expenses. As a percentage of total revenues, SAG expenses declined from 9.4% in 2013 to 9.1% in 2014. We remain focused on leveraging SAG to revenues as volumes recover.

Our comparative total company employment levels at year end:

§ declined 3% in 2014
§ increased 5% in 2013
§ declined 5% in 2012

Severance charges included in SAG expenses were as follows: 2014 — $1.0 million, 2013 — $1.2 million and 2012 — $0.9 million. Severance and other related restructuring charges not included in SAG expenses were as follows: 2014 — $1.3 million, 2013 — $1.5 million and 2012 — $9.6 million.

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

in millions

The 2014 gain includes a $227.9 million pretax gain from the sale of our cement and concrete businesses in Florida to Cementos Argos and a $6.0 million pretax gain from the sale of two reclaimed operating sites. The 2013 gain includes a $24.0 million pretax gain from the sale of five non-strategic aggregates production facilities and a $9.0 million pretax gain from the sale of reclaimed and surplus real estate. The 2012 gain includes a $41.2 million pretax gain from the sale of reclaimed and surplus real estate, a $5.6 million pretax gain from the sale of a non-strategic aggregates production facility, a $12.3 million pretax gain from the sale of mitigation credits and a $6.0 million pretax gain on the sale of developed real estate.

INTEREST EXPENSE

in millions

Interest expense in 2014 included a $72.9 million pretax loss on debt purchase resulting from our March 2014 purchase of $506.4 million principal amount of outstanding debt which was funded by the sale of our cement and concrete businesses in the Florida area. Interest expense in 2013 decreased $10.5 million from 2012 due to lower outstanding debt.

INCOME TAXES

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

dollars in millions	2014		2013		2012	
Earnings (loss) from continuing operations before income taxes	$	298.8	$	(3.7)	$	(120.4)
	$	91.7	$	(24.5)	$	(66.5)

Provision for (benefit from) income taxes			
Effective tax rate	30.7%	660.5%	55.2%

The $116.2 million increase in our 2014 provision for income taxes and the $42.0 million decrease in our 2013 benefit from income taxes are primarily related to the year-over-year improvement in our earnings from continuing operations. A reconciliation of the federal statutory rate of 35% to our effective tax rates for 2014, 2013 and 2012 is presented in Note 9 “Income Taxes” in Item 8 “Financial Statements and Supplementary Data.”

DISCONTINUED OPERATIONS

Pretax earnings (loss) from discontinued operations were:

§ $3.7 million loss in 2014
§ $6.0 million earnings in 2013
§ $2.2 million earnings in 2012

The $3.7 million loss from discontinued operations resulted primarily from general and product liability costs, including legal defense costs, and environmental remediation costs associated with our former Chemicals business. The 2013 and 2012 pretax earnings include gains related to the 5CP earn-out (final payment in 2013) of $11.7 and $10.2 million, respectively. These gains were partially offset by general and product liability costs, including legal defense costs, and environmental remediation costs. For additional information regarding discontinued operations and the 5CP earn-out, see Note 2 "Discontinued Operations" in Item 8 "Financial Statements and Supplementary Data."

LIQUIDITY AND FINANCIAL RESOURCES

Our primary sources of liquidity are cash provided by our operating activities, a bank line of credit and access to the capital markets. Additional sources of liquidity include the sale of reclaimed and surplus real estate, and dispositions of non-strategic operating assets. We believe these liquidity and financial resources are sufficient to fund our business requirements for 2015, including:

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

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

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

CASH

Included in our December 31, 2014 cash and cash equivalents balance of $141.3 million is $52.2 million of cash held at one of our foreign subsidiaries. All of the $52.2 million of cash relates to earnings prior to January 1, 2012 that are permanently reinvested offshore. Use of this permanently reinvested cash is currently limited to our foreign operations.

CASH FROM OPERATING ACTIVITIES

in millions

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

in millions	2014		2013		2012	
Net earnings (loss)	$	204.9	$	24.4	$	(52.6)
Depreciation, depletion, accretion and amortization (DDA&A)	279.5		307.1		332.0	
Net earnings before noncash deductions for DDA&A	$	484.4	$	331.5	$	279.4
Net gain on sale of property, plant & equipment and businesses	(244.2)		(51.0)		(78.7)	
Proceeds from sale of future production, net of transaction costs	0.0		153.1		73.6	

Cost of debt purchase	72.9	0.0	0.0
Other operating cash flows, net	(52.8)	(77.1)	(35.8)
Net cash provided by operating activities	$ 260.3	$ 356.5	$ 238.5

2014 versus 2013 — Net cash provided by operating activities of $260.3 million decreased $96.2 million from 2013. The decrease is attributable to a transaction in 2013 in which we sold a percentage of future production from aggregates reserves resulting in net cash proceeds of $153.1 million (see Note 1 "Summary of Significant Accounting Policies" in Item 8 "Financial Statements and Supplementary Data"). Net earnings before noncash deductions for DDA&A increased $152.9 million to $484.4 million during 2014. Included in net earnings for 2014 is a pretax gain of $227.9 million (see Note 19 "Acquisitions and Divestitures" in Item 8 "Financial Statements and Supplementary Data") from the sale of our cement and concrete businesses in the Florida area. Cash received associated with the sale of property, plant & equipment and businesses is presented as a component of investing activities. Additionally, we purchased $506.4 million principal amount of outstanding debt through a tender offer and incurred a loss of $72.9 million (see Note 6 "Debt" in Item 8 "Financial Statements and Supplementary Data"). Cash paid for the debt purchase is presented as a component of financing activities.

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

CASH FROM INVESTING ACTIVITIES

in millions

2014 versus 2013 — Net cash provided by investing activities increased $534.5 million during 2014. This increase resulted from a $678.2 million increase in proceeds from the sale of property, plant & equipment and businesses partially offset by a $143.8 million increase in purchases of property, plant & equipment and businesses. During 2014, we sold a previously mined and subsequently reclaimed tract of land for $10.7 million, land previously containing a sales yard for $5.8 million, and our cement and concrete businesses in the Florida area for $721.4 million. In the same period, we completed several acquisitions for total consideration of $331.8 million, of which $284.2 million was paid in cash (see Note 19 “Acquisitions and Divestitures” in Item 8 “Financial Statements and Supplementary Data”).

2013 VERSUS 2012 — Net cash used for investing activities increased $306.6 million in 2013. This increase resulted from a $272.0 million increase in the purchase of property, plant & equipment and businesses and a $32.8 million decrease in proceeds from the sale of property, plant & equipment and businesses. During 2013, we acquired three aggregates production facilities and four ready-mixed concrete facilities for approximately $90.0 million and land containing 136 million tons of reserves for $117.0 million. We also sold five aggregates production facilities, one replacement reserve site and reclaimed land associated with a former site of a ready-mixed concrete facility for approximately $51.1 million.

CASH FROM FINANCING ACTIVITIES

in millions

2014 VERSUS 2013 — Net cash used for financing activities of $551.1 million increased $409.1 million in 2014 compared to 2013. This increase is primarily attributable to a $429.2 million increase in debt payments (net of draws on our line of credit). As previously mentioned, in 2014 we purchased $506.4 million principal amount of outstanding debt through a tender offer as follows: $375.0 million of 6.50% notes due in 2016 and $131.4 million of 6.40% notes due in 2017. Total tender costs were $579.7 million including $71.8 million premium and $1.5 million in transaction costs. This increase in cash used for financing activities is partially offset by a $26.8 million increase in proceeds from the issuance of common stock. In 2014, we issued 0.5 million shares of common stock to the trustee of our 401(k) savings and retirement plans for cash proceeds of $30.6 million.

2013 VERSUS 2012 — Net cash used for financing activities of $142.0 million increased $12.8 million in 2013 compared to 2012. This increase in cash used for financing activities is attributable to a $15.8 million increase in debt payments. During 2013, we made scheduled debt payments of $10.0 million in January to retire the 8.70% medium-term note and $140.4 million in June to retire the 6.30% notes.

DEBT

Certain debt measures as of December 31 are outlined below:

dollars in millions	2014	2013
Debt		
Current maturities of long-term debt	$ 150.1	$ 0.2
Short-term debt 1	0.0	0.0
Long-term debt	1,855.5	2,522.2
Total debt	$ 2,005.6	$ 2,522.4
Capital		
Total debt	$ 2,005.6	$ 2,522.4
Equity	4,176.7	3,938.1
Total capital	$ 6,182.3	$ 6,460.5
Total Debt as a Percentage of Total Capital	32.4%	39.0%
Weighted-average Effective Interest Rates		
Bank line of credit 2	N/A	N/A
Long-term debt	8.10%	7.73%
Fixed versus Floating Interest Rate Debt		
Fixed-rate debt	99.3%	99.4%
Floating-rate debt	0.7%	0.6%

1 Reflects borrowings under our line of credit. Borrowings are shown as short-term due to our intent to repay within twelve months.

2 Reflects only the cost of borrowings; we also pay fees for unused borrowing capacity and standby letters of credit.

Our long-term debt is unsecured and essentially all such debt agreements contain customary investment-grade type covenants that primarily limit the amount of secured debt we may incur without ratably securing the outstanding debt. Our debt may be redeemed prior to maturity at the greater of par value and the make-whole value plus accrued and unpaid interest.

There were no material scheduled debt payments during 2014. However, we purchased $506.4 million principal amount of outstanding debt through a tender offer in March 2014 as described in Note 6 “Debt” in Item 8 “Financial Statements and Supplementary Data.” This debt purchase was funded by the aforementioned sale of our cement and concrete businesses in the Florida area.

As of December 31, 2014, current maturities for the next four quarters and maturities for the next five years are due as follows:

in millions	Current Maturities	in millions	Debt Maturities
First quarter 2015	$ 0.0	2015	$ 150.1
Second quarter 2015	0.0	2016	125.1
Third quarter 2015	0.0	2017	218.8
Fourth quarter 2015	150.1	2018	650.0
		2019	0.0

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

In March 2014, we amended our $500.0 million line of credit to, among other items, extend the term from March 2018 to March 2019. The line of credit is secured by accounts receivable and inventory, but will become unsecured upon the achievement of certain credit metrics and/or credit ratings. The line of credit also contains negative and financial covenants customary for a secured facility.

The negative covenants primarily limit our ability to: (1) incur secured debt, (2) make certain investments, (3) execute acquisitions and divestitures, and (4) make restricted payments, including dividends. Such limitations currently do not impact our ability to execute our strategic, operating and financial plans, and become less restrictive when the line of credit becomes unsecured as described above.

The line of credit contains two financial covenants: (1) a maximum ratio of debt to EBITDA that declines over time to 3.5:1 and (2) a minimum ratio of EBITDA to net cash interest expense that increases over time to 3.0:1.

As of December 31, 2014, we were in compliance with all of our long-term debt and line of credit covenants.

As of December 31, 2014, our available borrowing capacity under the line of credit was $446.5 million. Utilization of the borrowing capacity was as follows:

§ none was drawn
§ $53.6 million was used to provide support for outstanding standby letters of credit

Borrowings under the line of credit bear interest at a rate determined at the time of borrowing equal to the London Interbank Offered Rate (LIBOR) plus a margin ranging from 1.50% to 2.25%, or an alternative rate derived from the lender’s prime rate, based on our ratio of debt to EBITDA. Standby letters of credit issued under the line of credit reduce availability and are charged a fee equal to the margin for LIBOR based borrowings plus 0.175%. As of December 31, 2014, the applicable margin was 1.50%. We also pay a commitment fee on the daily average unused amount of the line of credit. This commitment fee ranges from 0.25% to 0.40% based on our ratio of debt to EBITDA. At December 31, 2014, the commitment fee was 0.25%. Once the line of credit becomes unsecured, both the LIBOR margin range for borrowings and the commitment fee range will decline.

DEBT RATINGS

Our debt ratings and outlooks as of December 31, 2014 are summarized below:

	Rating/Outlook	Date	Description
Senior Secured Line of Credit			
Moody's	Ba1/stable	4/22/2014	upgraded from Ba2/negative
Senior Unsecured [1]			
Moody's	Ba3/stable	4/22/2014	outlook changed from negative to stable
Standard & Poor's	BB+/stable	7/31/2014	upgraded from BB/positive

1 Not all of our long-term debt is rated.

EQUITY

Our common stock issuances are summarized below:

in thousands	2014	2013	2012
Common stock shares at January 1, issued and outstanding	130,200	129,721	129,245
Common Stock Issuances			
Acquisitions	715	0	61
401(k) retirement plans	485	71	0
Share-based compensation plans	507	408	415
Common stock shares at December 31, issued and outstanding	131,907	130,200	129,721

During 2014, we issued 715.0 thousand shares of our common stock in connection with business acquisitions as explained in Note 19 "Acquisitions and Divestitures" in Item 8 "Financial Statements and Supplementary Data."

We occasionally sell shares of common stock to the trustee of our 401(k) retirement plans to satisfy the plan participants' elections to invest in our common stock. Under this arrangement, the stock issuances and resulting cash proceeds for the years ended December 31 were:

§ 2014 — issued 485.3 thousand shares for cash proceeds of $30.6 million
§ 2013 — issued 71.2 thousand shares for cash proceeds of $3.8 million
§ 2012 — no shares issued

There were no shares held in treasury as of December 31, 2014, 2013 and 2012. There were 3,411,416 shares remaining under the current purchase authorization of the Board of Directors as of December 31, 2014.

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 12 "Commitments and Contingencies" in Item 8 "Financial Statements and Supplementary Data."

CASH CONTRACTUAL OBLIGATIONS

We expect cash requirements for income taxes to be $80.3 million during 2015. We expect capital spending of $250 million during 2015. Additionally, we have a number of contracts containing commitments or contingent obligations that are not material to our earnings. These contracts are discrete and it is unlikely that the various contingencies contained within the contracts would be triggered by a common event. Excluding future cash requirements for income taxes and capital expenditures, and these immaterial contracts, our obligations to make future contractual payments as of December 31, 2014 are summarized in the table below:

in millions	Note Reference	Payments Due by Year 2015	2016-2017	2018-2019	Thereafter	Total
Cash Contractual Obligations						
Bank line of credit [1]						
Principal payments	Note 6	$ 0.0	$ 0.0	$ 0.0	$ 0.0	$ 0.0
Interest payments and fees [2]		2.0	4.0	2.5	0.0	8.5
Long-term debt excluding bank line of credit						
Principal payments	Note 6	150.1	343.9	650.0	860.4	2,004.4
Interest payments	Note 6	154.0	269.6	165.5	377.8	966.9
Operating leases	Note 7	30.1	53.6	41.6	128.2	253.5
Mineral royalties	Note 12	19.3	27.0	19.0	124.8	190.1
Unconditional purchase obligations						
Capital	Note 12	34.4	0.0	0.0	0.0	34.4
Noncapital [3]	Note 12	23.3	4.9	3.9	6.0	38.1
	Note 10	13.7	68.1	60.6	64.4	206.8

Benefit plans 4					
Total cash contractual obligations 5, 6	$ 426.9	$ 771.1	$ 943.1	$ 1,561.6	$ 3,702.7

1 Bank line of credit represents borrowings under our five-year credit facility which expires March 2019.
2 Includes fees for unused borrowing capacity, and fees for standby letters of credit. The figures for all years assume that the amount of unused borrowing capacity, and the amount of standby letters of credit, do not change from December 31, 2014.
3 Noncapital unconditional purchase obligations relate primarily to transportation and electricity contracts.
4 Payments in "Thereafter" column for benefit plans are for the years 2020-2024.
5 The above table excludes discounted asset retirement obligations in the amount of $226.6 million at December 31, 2014, the majority of which have an estimated settlement date beyond 2019 (see Note 17 "Asset Retirement Obligations" in Item 8 "Financial Statements and Supplementary Data").
6 The above table excludes liabilities for unrecognized tax benefits in the amount of $7.1 million at December 31, 2014, as we cannot make a reasonably reliable estimate of the amount and period of related future payment of these uncertain tax positions (for more details, see Note 9 "Income Taxes" in Item 8 "Financial Statements and Supplementary Data").

CRITICAL ACCOUNTING POLICIES

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

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

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

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

1. GOODWILL AND GOODWILL IMPAIRMENT

Goodwill represents the excess of the cost of net assets acquired in business combinations over the fair value of the identifiable tangible and intangible assets acquired and liabilities assumed in a business combination. Goodwill impairment exists when the fair value of a reporting unit is less than its carrying amount. Goodwill is tested for impairment on an annual basis or more frequently whenever events or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The impairment evaluation is a critical accounting policy because goodwill is material to our total assets (as of December 31, 2014, goodwill represents 38% of total assets) and the evaluation involves the use of significant estimates and assumptions and considerable management judgment.

HOW WE TEST GOODWILL FOR IMPAIRMENT

Goodwill is tested for impairment one level below our operating segments (reporting unit). We have identified 19 reporting units, of which 9 carry goodwill. We have the option of either assessing qualitative factors to determine whether it is more likely than not that the carrying value of our reporting units exceeds their respective fair value or proceeding directly to a two-step quantitative test. We elected to perform the quantitative impairment test for all years presented.

STEP 1

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

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

STEP 2

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

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

HOW WE DETERMINE CARRYING VALUE AND FAIR VALUE

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

OUR ASSUMPTIONS

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

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

RESULTS OF OUR IMPAIRMENT TESTS

The results of our annual impairment tests for:

§ November 1, 2014 indicated that the fair values of all reporting units with goodwill substantially exceeded (by a range of 21% to 630%) their carrying values
§ November 1, 2013 indicated that the fair values of all reporting units with goodwill substantially exceeded (by a range of 32% to 620%) their carrying values
§ November 1, 2012 indicated that the fair values of all reporting units with goodwill substantially exceeded (by a range of 34% to 851%) their carrying values

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

2. IMPAIRMENT OF LONG-LIVED ASSETS EXCLUDING GOODWILL

We evaluate the carrying value of long-lived assets, including intangible assets subject to amortization, when events and circumstances indicate that the carrying value may not be recoverable. The impairment evaluation is a critical accounting policy because long-lived assets are material to our total assets (as of December 31, 2014, net property, plant & equipment represents 38% of total assets, while net other intangible assets represents 9% of total assets) and the evaluation involves the use of significant estimates and assumptions and considerable management judgment. The carrying value of long-lived assets is considered impaired when the estimated undiscounted cash flows from such assets are less than their carrying value. In that event, we recognize a loss equal to the amount by which the carrying value exceeds the fair value of the long-lived assets.

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

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

During 2014, we recorded a $3.1 million loss on impairment of long-lived assets related primarily to assets retained in the divestiture of our cement and concrete businesses in the Florida area, see Note 19 "Acquisitions and Divestitures" in Item 8 "Financial Statements and Supplementary Data." We recorded no asset impairments during 2013. During 2012, we recorded a $2.0 million loss on impairment of long-lived assets. This impairment loss related primarily to assets classified as held for sale.

We maintain certain long-lived assets that are not currently being utilized in our operations. These assets totaled $376.4 million at December 31, 2014, representing an approximate 8% increase from December 31, 2013. Of the total $376.4 million, approximately 40% relates to real estate held for future development and expansion of our operations. In addition, approximately 25% is comprised of real estate (principally former mining sites) pending development as commercial or residential real estate, reservoirs or landfills. The remaining 35% is composed of aggregates, asphalt mix and ready-mixed concrete operating assets idled temporarily as a result of a decline in demand for our products. We anticipate moving idled assets back into operation as demand recovers. We evaluate the useful lives and the recoverability of these assets whenever events or changes in circumstances indicate that carrying amounts may not be recoverable.

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

3. RECLAMATION COSTS

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

Reclamation costs are considered a critical accounting policy because of the significant estimates, assumptions and considerable management judgment used to determine the fair value of the obligation and the significant carrying amount of these obligations ($226.6 million as of December 31, 2014 and $228.2 million as of December 31, 2013).

HOW WE DETERMINE FAIR VALUE OF THE OBLIGATION

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

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

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

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

4. PENSION AND OTHER POSTRETIREMENT BENEFITS

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

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

HOW WE SET OUR ASSUMPTIONS

In selecting the discount rate, we consider fixed-income security yields, specifically high-quality bonds. We also analyze the duration of plan liabilities and the yields for corresponding high-quality bonds. At December 31, 2014, the discount rates for our various plans ranged from 3.50% to 4.30% (December 31, 2013 ranged from 3.80% to 5.15%).

In estimating the expected return on plan assets, we consider past performance and long-term future expectations for the types of investments held by the plan as well as the expected long-term allocation of plan assets to these investments. At December 31, 2014, the expected return on plan assets remained at 7.50%.

In projecting the rate of compensation increase, we consider past experience and future expectations. At December 31, 2014, our projected weighted-average rate of compensation increase was 3.70%, up from 3.50% at December 31, 2013.

In selecting the rate of increase in the per capita cost of covered healthcare benefits, we consider past performance and forecasts of future healthcare cost trends. At December 31, 2014, our assumed rate of increase in the per capita cost of covered healthcare benefits remained at 7.50% for 2014, decreasing each year until reaching 5.0% in 2025 and remaining level thereafter. Increases in the per capita cost after 2015 are not expected to increase our obligations related to postretirement medical benefits as a result of a 2012 plan amendment to cap medical coverage cost at the 2015 level.

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

(Favorable) Unfavorable	
0.5 Percentage Point Increase	0.5 Percentage Point

		Decrease
Inc (Dec) in	Inc (Dec) in	