

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended **March 31, 2021**

OR

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

For the transition period from _____ to _____

Commission File Number **001-33841**

VULCAN MATERIALS COMPANY

(Exact name of registrant as specified in its charter)

New Jersey

(State or other jurisdiction of incorporation)

20-8579133

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

1200 Urban Center Drive, Birmingham, Alabama

(Address of principal executive offices)

35242

(zip code)

(205) 298-3000

(Registrant's telephone number including area code)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

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

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

Large accelerated filer ☒

Accelerated filer ☐

Smaller reporting company ☐

Non-accelerated filer ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

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

Class
Common Stock, \$1 Par Value

Shares outstanding at April 22, 2021
132,665,247

FORM 10-Q

QUARTER ENDED MARCH 31, 2021

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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 FINANCIAL INFORMATION

ITEM 1 FINANCIAL STATEMENTS

VULCAN MATERIALS COMPANY AND SUBSIDIARY COMPANIES

CONDENSED CONSOLIDATED BALANCE SHEETS

<i>Unaudited in thousands</i>	<i>March 31 2021</i>	<i>December 31 2020</i>	<i>March 31 2020</i>
Assets			
Cash and cash equivalents	\$ 722,344	\$ 1,197,068	\$ 120,041
Restricted cash	168,595	945	232
Accounts and notes receivable			
Accounts and notes receivable, gross	596,006	558,848	601,182
Allowance for doubtful accounts	(2,878)	(2,551)	(3,517)
Accounts and notes receivable, net	593,128	556,297	597,665
Inventories			
Finished products	368,758	378,389	403,612
Raw materials	36,095	33,780	33,676
Products in process	4,573	4,555	5,010
Operating supplies and other	31,903	31,861	28,449
Inventories	441,329	448,585	470,747
Other current assets	67,612	74,270	88,095
Total current assets	1,993,008	2,277,165	1,276,780
Investments and long-term receivables	34,265	34,301	57,987
Property, plant & equipment			
Property, plant & equipment, cost	9,110,336	9,102,086	8,907,788
Allowances for depreciation, depletion & amortization	(4,746,996)	(4,676,087)	(4,506,700)
Property, plant & equipment, net	4,363,340	4,425,999	4,401,088
Operating lease right-of-use assets, net	421,625	423,128	420,930
Goodwill	3,172,112	3,172,112	3,167,061
Other intangible assets, net	1,114,617	1,123,544	1,083,515
Other noncurrent assets	233,793	230,656	222,021
Total assets	\$ 11,332,760	\$ 11,686,905	\$ 10,629,382
Liabilities			
Current maturities of long-term debt	15,436	515,435	25
Trade payables and accruals	255,624	273,080	243,019
Other current liabilities	294,797	259,368	232,632
Total current liabilities	565,857	1,047,883	475,676
Long-term debt	2,772,901	2,772,240	2,785,566
Deferred income taxes, net	733,561	706,050	648,405
Deferred revenue	172,377	174,045	178,568
Operating lease liabilities	397,306	399,582	399,489
Other noncurrent liabilities	554,517	559,775	551,352
Total liabilities	\$ 5,196,519	\$ 5,659,575	\$ 5,039,056
Other commitments and contingencies (Note 8)			
Equity			
Common stock, \$1 par value, Authorized 480,000 shares, Outstanding 132,664, 132,516 and 132,433 shares, respectively	132,664	132,516	132,433
Capital in excess of par value	2,797,687	2,802,012	2,782,738
Retained earnings	3,385,604	3,274,107	2,885,084
Accumulated other comprehensive loss	(179,714)	(181,305)	(209,929)
Total equity	\$ 6,136,241	\$ 6,027,330	\$ 5,590,326
Total liabilities and equity	\$ 11,332,760	\$ 11,686,905	\$ 10,629,382

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

VULCAN MATERIALS COMPANY AND SUBSIDIARY COMPANIES

CONDENSED CONSOLIDATED STATEMENTS OF

COMPREHENSIVE INCOME

<i>Unaudited</i> <i>in thousands, except per share data</i>	<i>Three Months Ended</i> <i>March 31</i>	
	<i>2021</i>	<i>2020</i>
Total revenues	\$ 1,068,344	\$ 1,049,242
Cost of revenues	839,077	847,519
Gross profit	229,267	201,723
Selling, administrative and general expenses	88,593	86,430
Gain on sale of property, plant & equipment and businesses	117,165	999
Other operating expense, net	(8,326)	(3,991)
Operating earnings	249,513	112,301
Other nonoperating income (expense), net	5,913	(9,336)
Interest expense, net	33,118	30,773
Earnings from continuing operations before income taxes	222,308	72,192
Income tax expense	60,638	12,194
Earnings from continuing operations	161,670	59,998
Earnings (loss) on discontinued operations, net of tax	(1,056)	260
Net earnings	\$ 160,614	\$ 60,258
Other comprehensive income (loss), net of tax		
Deferred loss on interest rate derivative	0	(14,680)
Amortization of prior interest rate derivative loss	356	794
Amortization of actuarial loss and prior service cost for benefit plans	1,235	1,695
Other comprehensive income (loss)	1,591	(12,191)
Comprehensive income	\$ 162,205	\$ 48,067
Basic earnings (loss) per share		
Continuing operations	\$ 1.22	\$ 0.45
Discontinued operations	(0.01)	0.00
Net earnings	\$ 1.21	\$ 0.45
Diluted earnings (loss) per share		
Continuing operations	\$ 1.21	\$ 0.45
Discontinued operations	(0.01)	0.00
Net earnings	\$ 1.20	\$ 0.45
Weighted-average common shares outstanding		
Basic	132,749	132,567
Assuming dilution	133,415	133,259
Effective tax rate from continuing operations	27.3%	16.9%

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

VULCAN MATERIALS COMPANY AND SUBSIDIARY COMPANIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>Unaudited</i> <i>in thousands</i>	<i>Three Months Ended</i> <i>March 31</i>	
	<i>2021</i>	<i>2020</i>
Operating Activities		
Net earnings	\$ 160,614	\$ 60,258
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation, depletion, accretion and amortization	100,368	95,480
Noncash operating lease expense	10,528	8,851
Net gain on sale of property, plant & equipment and businesses	(117,165)	(999)
Contributions to pension plans	(2,124)	(2,144)
Share-based compensation expense	7,869	6,716
Deferred tax expense	26,949	19,671
Changes in assets and liabilities before initial effects of business acquisitions and dispositions	(16,992)	(99,597)
Other, net	(785)	(5,761)
Net cash provided by operating activities	\$ 169,262	\$ 82,475
Investing Activities		
Purchases of property, plant & equipment	(100,650)	(142,650)
Proceeds from sale of property, plant & equipment	186,497	2,536
Other, net	25	9,872
Net cash provided by (used for) investing activities	\$ 85,872	\$ (130,242)
Financing Activities		
Payment of current maturities and long-term debt	(500,006)	(6)
Settlements of interest rate derivatives	0	(19,863)
Purchases of common stock	0	(26,132)
Dividends paid	(49,085)	(45,100)
Share-based compensation, shares withheld for taxes	(12,086)	(15,064)
Other, net	(1,031)	(301)
Net cash used for financing activities	\$ (562,208)	\$ (106,466)
Net decrease in cash and cash equivalents and restricted cash	(307,074)	(154,233)
Cash and cash equivalents and restricted cash at beginning of year	1,198,013	274,506
Cash and cash equivalents and restricted cash at end of period	\$ 890,939	\$ 120,273

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Vulcan Materials Company (the “Company,” “Vulcan,” “we,” “our”), a New Jersey corporation, is the nation's largest supplier of construction aggregates (primarily crushed stone, sand and gravel) and a major producer of asphalt mix and ready-mixed concrete.

We operate primarily in the United States and our principal product — aggregates — is used in virtually all types of public and private construction projects and in the production of asphalt mix and ready-mixed concrete. We serve markets in twenty states, Washington D.C., and the local markets surrounding our operations in Mexico. Our primary focus is serving metropolitan markets in the United States that are expected to experience the most significant growth in population, households and employment. These three demographic factors are significant drivers of demand for aggregates. While aggregates is our focus and primary business, we produce and sell asphalt mix and/or ready-mixed concrete in our Alabama, Arizona, California, Maryland, New Mexico, Tennessee, Texas, Virginia and Washington D.C. markets.

BASIS OF PRESENTATION

Our accompanying unaudited condensed consolidated financial statements were prepared in compliance with the instructions to Form 10-Q and Article 10 of Regulation S-X and thus do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America (GAAP) for complete financial statements. We prepared the accompanying condensed consolidated financial statements on the same basis as our annual financial statements, except for the adoption of new accounting standards as described in Note 17. Our Condensed Consolidated Balance Sheet as of December 31, 2020 was derived from the audited financial statement, but it does not include all disclosures required by GAAP. In the opinion of our management, the statements reflect all adjustments, including those of a normal recurring nature, necessary to present fairly the results of the reported interim periods. For further information, refer to the consolidated financial statements and footnotes included in our most recent Annual Report on Form 10-K. Operating results for the three month period ended March 31, 2021 are not necessarily indicative of the results that may be expected for the year ending December 31, 2021, particularly in light of the uncertainty over the economic and operational impacts of the current novel coronavirus (COVID-19) pandemic.

While we continue to operate as an essential business, the COVID-19 pandemic has impacted our industry and the economy. Our condensed consolidated financial statements reflect estimates and assumptions made by management that affect the reported amounts of assets, liabilities, revenues and expenses. Such estimates and assumptions affect, among other things, our goodwill and long-lived asset valuations; inventory valuation; assessment of the annual effective tax rate; valuation of deferred income taxes; allowance for doubtful accounts; measurement of cash bonus plans; and pension plan assumptions. Events and changes in circumstances arising after March 31, 2021, including those resulting from the impacts of COVID-19, will be reflected in management's estimates for future periods.

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

RESTRICTED CASH

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

LEASES

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

ROU assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The lease term only includes options to extend or terminate the lease when it is reasonably certain that we will exercise that option. As our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. ROU assets are adjusted for any prepaid lease payments and lease incentives. Except for equipment with monthly monitoring service where the service component accounts for a majority of the lease cost, the non-lease components of our lease agreements are not separated from the lease components.

For additional information about leases see Note 2.

DISCONTINUED OPERATIONS

In 2005, we sold substantially all the assets of our Chemicals business to Basic Chemicals, a subsidiary of Occidental Chemical Corporation. The financial results of the Chemicals business are classified as discontinued operations in the accompanying Condensed Consolidated Statements of Comprehensive Income for all periods presented. Results from discontinued operations are as follows:

<i>in thousands</i>	Three Months Ended March 31	
	2021	2020
Discontinued Operations		
Pretax gain (loss)	\$ (1,424)	\$ 354
Income tax (expense) benefit	368	(94)
Earnings (loss) on discontinued operations, net of tax	\$ (1,056)	\$ 260

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

EARNINGS PER SHARE (EPS)

Earnings per share are computed by dividing net earnings by the weighted-average common shares outstanding (basic EPS) or weighted-average common shares outstanding assuming dilution (diluted EPS), as set forth below:

<i>in thousands</i>	Three Months Ended March 31	
	2021	2020
Weighted-average common shares outstanding	132,749	132,567
Dilutive effect of		
Stock-Only Stock Appreciation Rights	296	345
Other stock compensation plans	370	347
Weighted-average common shares outstanding, assuming dilution	133,415	133,259

All dilutive common stock equivalents are reflected in our earnings per share calculations. In periods of loss, shares that otherwise would have been included in our diluted weighted-average common shares outstanding computation would be excluded.

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

<i>in thousands</i>	Three Months Ended March 31	
	2021	2020
Antidilutive common stock equivalents	69	174

RECLASSIFICATIONS

Certain items previously reported in specific financial statement captions have been reclassified to conform to the 2021 presentation.

NOTE 2: LEASES

Our portfolio of nonmineral leases is composed of leases for real estate (including office buildings, aggregates sales yards, and concrete and asphalt sites) and equipment (including railcars and rail track, barges, office equipment and plant equipment).

Lease right-of-use (ROU) assets and liabilities and the weighted-average lease term and discount rate are as follows:

<i>in thousands</i>	<i>Classification on the Balance Sheet</i>	March 31 2021	December 31 2020	March 31 2020
Assets				
Operating lease ROU assets	Operating lease right-of-use assets, net	\$ 488,607	\$ 482,513	\$ 461,712
Accumulated amortization		(66,982)	(59,385)	(40,782)
Finance lease assets	Property, plant & equipment, net	10,638	7,796	3,910
Accumulated amortization		(2,271)	(1,640)	(369)
Total lease assets		\$ 429,992	\$ 429,284	\$ 424,471
Liabilities				
Current				
Operating	Other current liabilities	\$ 38,131	\$ 36,969	\$ 32,045
Finance	Other current liabilities	2,718	2,047	1,197
Noncurrent				
Operating	Operating lease liabilities	397,306	399,582	399,489
Finance	Other noncurrent liabilities	5,688	4,139	2,349
Total lease liabilities		\$ 443,843	\$ 442,737	\$ 435,080
Lease Term and Discount Rate				
Weighted-average remaining lease term (years)				
Operating leases		9.2	9.5	10.1
Finance leases		4.0	4.2	3.1
Weighted-average discount rate				
Operating leases		3.3%	3.6%	4.2%
Finance leases		1.3%	1.4%	2.7%

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

The components of lease expense are as follows:

<i>in thousands</i>	Three Months Ended	
	March 31	
	2021	2020
Lease Cost		
Finance lease cost		
Amortization of right-of-use assets	\$ 632	\$ 304
Interest on lease liabilities	30	22
Operating lease cost	15,292	14,106
Short-term lease cost ¹	5,102	9,059
Variable lease cost	2,691	3,132
Sublease income	(824)	(734)
Total lease cost	\$ 22,923	\$ 25,889

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

Cash paid for operating leases was \$14,521,000 and \$13,328,000 for the three months ended March 31, 2021 and 2020, respectively. Cash paid for finance leases was \$621,000 and \$301,000 for the three months ended March 31, 2021 and 2020, respectively.

NOTE 3: INCOME TAXES

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

In the first quarter of 2021, we recorded income tax expense from continuing operations of \$60,638,000 compared to \$12,194,000 in the first quarter of 2020. The increase in tax expense was primarily related to an increase in pretax earnings quarter-over-quarter and an increase in the Alabama NOL valuation allowance. In February 2021, the Alabama Business Competitiveness Act was signed into law. This Act contained a provision requiring most taxpayers to change from a three-factor, double-weighted sales method to a single-sales factor method to apportion income to Alabama. This provision had the effect of significantly reducing our apportionment of income to Alabama, thereby further inhibiting our ability to utilize our Alabama net operating loss (NOL) carryforward. As a result, we recorded a charge in the quarter to increase the valuation allowance by \$13,695,000. No other material tax impacts resulted from the enactment of this Act.

We recognize deferred tax assets and liabilities (which reflect our best assessment of the future taxes we will pay) based on the differences between the book basis and tax basis of assets and liabilities. Deferred tax assets represent items to be used as a tax deduction or credit in future tax returns while deferred tax liabilities represent items that will result in additional tax in future tax returns. A summary of our deferred tax assets and liabilities is included in Note 9 "Income Taxes" in our Annual Report on Form 10-K for the year ended December 31, 2020.

Each quarter we analyze the likelihood that our deferred tax assets will be realized. Realization of the deferred tax assets ultimately depends on the existence of sufficient taxable income of the appropriate character in either the carryback or carryforward period. A valuation allowance is recorded if, based on the weight of all available positive and negative evidence, it is more likely than not (a likelihood of more than 50%) that some portion, or all, of a deferred tax asset will not be realized. We project Alabama state net operating loss (NOL) carryforward deferred tax assets at December 31, 2021 of \$63,190,000 against which we have a valuation allowance of \$42,931,000 (after considering the Act). Almost all of the Alabama NOL carryforward would expire between 2023 and 2029 if not utilized.

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

NOTE 4: REVENUES

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

Our segment total revenues by geographic market for the three month periods ended March 31, 2021 and 2020 are disaggregated as follows:

<i>in thousands</i>	Three Months Ended March 31, 2021				
	<i>Aggregates</i>	<i>Asphalt</i>	<i>Concrete</i>	<i>Calcium</i>	<i>Total</i>
Total Revenues by Geographic Market ¹					
East	\$ 243,351	\$ 17,401	\$ 55,090	\$ 0	\$ 315,842
Gulf Coast	518,854	41,413	17,408	2,060	579,735
West	132,704	88,353	8,861	0	229,918
Segment sales	\$ 894,909	\$ 147,167	\$ 81,359	\$ 2,060	\$ 1,125,495
Intersegment sales	(57,151)	0	0	0	(57,151)
Total revenues	\$ 837,758	\$ 147,167	\$ 81,359	\$ 2,060	\$ 1,068,344

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

¹ The geographic markets are defined by states/countries as follows:

East market — Arkansas, Delaware, Illinois, Kentucky, Maryland, North Carolina, Pennsylvania, Tennessee, Virginia, and Washington D.C.

Gulf Coast market — Alabama, Florida, Georgia, Louisiana, Mexico, Mississippi, Oklahoma, South Carolina and Texas

West market — Arizona, California and New Mexico

Total revenues are primarily derived from our product sales of aggregates (crushed stone, sand and gravel, sand and other aggregates), asphalt mix and ready-mixed concrete, and include freight & delivery costs that we pass along to our customers to deliver these products. We also generate service revenues from our asphalt construction paving business and service revenues related to our aggregates business, such as landfill tipping fees. Our total service revenues were \$41,240,000 and \$39,564,000 for the three months ended March 31, 2021 and 2020, respectively.

Our products typically are sold to private industry and not directly to governmental entities. Although approximately 45% to 55% of our aggregates shipments have historically been used in publicly-funded construction, such as highways, airports and government buildings, relatively insignificant sales are made directly to federal, state, county or municipal governments/agencies. Therefore, although reductions in state and federal funding can curtail publicly-funded construction, the vast majority of our aggregates business is not directly subject to renegotiation of profits or termination of contracts with state or federal governments.

PRODUCT REVENUES

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

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

Freight & delivery revenues are as follows:

<i>in thousands</i>	Three Months Ended March 31	
	2021	2020
Freight & Delivery Revenues		
Total revenues	\$ 1,068,344	\$ 1,049,242
Freight & delivery revenues ¹	(163,408)	(113,961)
Total revenues excluding freight & delivery	\$ 904,936	\$ 935,281

¹ Includes freight & delivery to remote distribution sites.

CONSTRUCTION PAVING SERVICE REVENUES

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

VOLUMETRIC PRODUCTION PAYMENT DEFERRED REVENUES

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

- relate to eight quarries in Georgia and South Carolina
- provide the purchaser solely with a nonoperating percentage interest in the subject quarries' future aggregates production
- contain no minimum annual or cumulative guarantees by us for production or sales volume, nor minimum sales price
- are both volume and time limited (we expect the transactions will last approximately 20 years, limited by volume rather than time)

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

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

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

<i>in thousands</i>	Three Months Ended March 31	
	2021	2020
Deferred Revenue		
Balance at beginning of year	\$ 177,962	\$ 185,339
Revenue recognized from deferred revenue	(1,669)	(1,342)
Balance at end of period	\$ 176,293	\$ 183,997

Based on expected sales from the specified quarries, we expect to recognize \$7,500,000 of VPP deferred revenue as income during the 12-month period ending March 31, 2022 (reflected in other current liabilities in our March 31, 2021 Condensed Consolidated Balance Sheet).

NOTE 5: FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as described below:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Inputs that are derived principally from or corroborated by observable market data

Level 3: Inputs that are unobservable and significant to the overall fair value measurement

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

<i>in thousands</i>	Level 1 Fair Value		
	March 31 2021	December 31 2020	March 31 2020
Fair Value Recurring			
Rabbi Trust			
Mutual funds	\$ 28,565	\$ 28,058	\$ 19,001
Total	\$ 28,565	\$ 28,058	\$ 19,001

<i>in thousands</i>	Level 2 Fair Value		
	March 31 2021	December 31 2020	March 31 2020
Fair Value Recurring			
Rabbi Trust			
Money market mutual fund	\$ 347	\$ 837	\$ 520
Total	\$ 347	\$ 837	\$ 520

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

Net gains (losses) of the Rabbi Trusts' investments were \$1,986,000 and \$(5,060,000) for the three months ended March 31, 2021 and 2020, respectively. The portions of the net gains (losses) related to investments still held by the Rabbi Trusts at March 31, 2021 and 2020 were \$1,633,000 and \$(5,060,000), respectively.

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

NOTE 6: DERIVATIVE INSTRUMENTS

During the normal course of operations, we are exposed to market risks including interest rates, foreign currency exchange rates and commodity prices. From time to time, and consistent with our risk management policies, we use derivative instruments to balance the cost and risk of such exposures. We do not use derivative instruments for trading or other speculative purposes.

In 2007, 2018 and 2020, we entered into interest rate locks of future debt issuances to hedge the risk of higher interest rates. These interest rate locks were designated as cash flow hedges. The gain/loss upon settlement of these interest rate hedges is deferred (recorded in accumulated other comprehensive income (AOCI)) and amortized to interest expense over the term of the related debt.

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

<i>in thousands</i>	<i>Location on Statement</i>	<i>Three Months Ended</i>	
		<i>March 31</i>	
		<i>2021</i>	<i>2020</i>
Interest Rate Hedges			
Loss reclassified from AOCI (effective portion)	Interest expense	\$ (482)	\$ (1,074)

For the 12-month period ending March 31, 2022, we estimate that \$1,982,000 of the \$23,587,000 net of tax loss in AOCI will be reclassified to interest expense.

NOTE 7: DEBT

Debt is detailed as follows:

<i>in thousands</i>	<i>Effective Interest Rates</i>	March 31 2021	<i>December 31 2020</i>	<i>March 31 2020</i>
Short-term Debt				
Bank line of credit expires 2025 ¹		\$ 0	\$ 0	\$ 0
Total short-term debt		\$ 0	\$ 0	\$ 0
Long-term Debt				
Bank line of credit expires 2025 ¹		\$ 0	\$ 0	\$ 0
Floating-rate notes due 2020		0	0	250,000
Floating-rate notes due 2021		0	500,000	500,000
8.85% notes due 2021	8.88%	6,000	6,000	6,000
4.50% notes due 2025	4.65%	400,000	400,000	400,000
3.90% notes due 2027	4.00%	400,000	400,000	400,000
3.50% notes due 2030	3.94%	750,000	750,000	0
7.15% notes due 2037	8.05%	129,239	129,239	129,239
4.50% notes due 2047	4.59%	700,000	700,000	700,000
4.70% notes due 2048	5.42%	460,949	460,949	460,949
Other notes	0.88%	11,277	11,711	179
Total long-term debt - face value		\$ 2,857,465	\$ 3,357,899	\$ 2,846,367
Unamortized discounts and debt issuance costs		(69,128)	(70,224)	(60,776)
Total long-term debt - book value		\$ 2,788,337	\$ 3,287,675	\$ 2,785,591
Less current maturities		15,436	515,435	25
Total long-term debt - reported value		\$ 2,772,901	\$ 2,772,240	\$ 2,785,566
Estimated fair value of long-term debt		\$ 3,219,828	\$ 3,443,225	\$ 2,926,140

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

Discounts and debt issuance costs are amortized using the effective interest method over the terms of the respective notes resulting in \$1,096,000 and \$1,258,000 of net interest expense for these items for the three months ended March 31, 2021 and 2020, respectively.

LINE OF CREDIT

In September 2020, we executed a new five-year unsecured line of credit of \$1,000,000,000, incurring \$4,632,000 of transaction costs. The line of credit contains affirmative, negative and financial covenants customary for an unsecured investment-grade facility. There are two primary negative covenants: 1) a limit on our ability to incur secured debt, and 2) a maximum ratio of debt to EBITDA of 3.50:1 (upon certain acquisitions, the maximum ratio can be 3.75:1 for four quarters). As of March 31, 2021, we were in compliance with the line of credit covenants.

Borrowings on the line of credit bear interest, at our option, at either LIBOR plus a credit margin ranging from 1.125% to 1.875%, or Truist Bank's base rate (generally, its prime rate) plus a credit margin ranging from 0.125% to 0.875%. The credit margin for both LIBOR and base rate borrowings is determined by our credit ratings. Standby letters of credit, which are issued under the line of credit and reduce availability, are charged a fee equal to the credit margin for LIBOR borrowings plus 0.175%. We also pay a commitment fee on the daily average unused amount of the line of credit that ranges from 0.125% to 0.275% determined by our credit ratings. As of March 31, 2021, the credit margin for LIBOR borrowings was 1.250%, the credit margin for base rate borrowings was 0.250%, and the commitment fee for the unused amount was 0.150%.

As of March 31, 2021, our available borrowing capacity under the line of credit was \$943,665,000. Utilization of the borrowing capacity was as follows:

- none was borrowed
- \$56,335,000 was used to provide support for outstanding standby letters of credit

TERM DEBT

All of our \$2,857,465,000 (face value) of term debt is unsecured. \$2,846,188,000 of such debt is governed by three essentially identical indentures that contain customary investment-grade type covenants. The primary covenant in all three indentures limits the amount of secured debt we may incur without ratably securing such debt. As of March 31, 2021, we were in compliance with all term debt covenants.

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

STANDBY LETTERS OF CREDIT

We provide, in the normal course of business, certain third-party beneficiaries with standby letters of credit to support our obligations to pay or perform according to the requirements of an underlying agreement. Such letters of credit typically have an initial term of one year, typically renew automatically, and can only be modified or canceled with the approval of the beneficiary. All of our standby letters of credit are issued by banks that participate in our \$1,000,000,000 line of credit, and reduce the borrowing capacity thereunder. Our standby letters of credit as of March 31, 2021 are summarized by purpose in the table below:

<i>in thousands</i>	
Standby Letters of Credit	
Risk management insurance	\$ 48,982
Reclamation/restoration requirements	7,353
Total	\$ 56,335

NOTE 8: COMMITMENTS AND CONTINGENCIES

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

As stated in Note 2, our lease liabilities totaled \$443,843,000 as of March 31, 2021.

As summarized by purpose in Note 7, our standby letters of credit totaled \$56,335,000 as of March 31, 2021.

As described in Note 9, our asset retirement obligations totaled \$285,401,000 as of March 31, 2021.

LITIGATION AND ENVIRONMENTAL MATTERS

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

We have received notices from the United States Environmental Protection Agency (EPA) or similar state or local agencies that we are considered a potentially responsible party (PRP) at a limited number of sites under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA or Superfund) or similar state and local environmental laws. Generally, we share the cost of remediation at these sites with other PRPs or alleged PRPs in accordance with negotiated or prescribed allocations. There is inherent uncertainty in determining the potential cost of remediating a given site and in determining any individual party's share in that cost. As a result, estimates can change substantially as additional information becomes available regarding the nature or extent of site contamination, remediation methods, other PRPs and their probable level of involvement, and actions by or against governmental agencies or private parties.

We have reviewed the nature and extent of our involvement at each Superfund site, as well as potential obligations arising under other federal, state and local environmental laws. While ultimate resolution and financial liability is uncertain at a number of the sites, in our opinion based on information currently available, the ultimate resolution of claims and assessments related to these sites will not have a material effect on our consolidated results of operations, financial position or cash flows, although amounts recorded in a given period could be material to our results of operations or cash flows for that period. Amounts accrued for environmental matters (measured on an undiscounted basis) are presented below:

<i>in thousands</i>	<i>March 31 2021</i>	<i>December 31 2020</i>	<i>March 31 2020</i>
Accrued Environmental Remediation Costs			
Continuing operations	\$ 25,570	\$ 25,544	\$ 25,837
Retained from former Chemicals business	10,975	10,971	10,982
Total	\$ 36,545	\$ 36,515	\$ 36,819

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

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

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

In August 2017, the EPA informed certain members of the CPG, including Vulcan, that it planned to use the services of a third-party allocator with the expectation of offering cash-out settlements to some parties in connection with the bank-to-bank remedy. This voluntary allocation process is intended to establish an impartial third-party expert recommendation that may be considered by the government and the participants as the basis of possible settlements. The final allocation recommendations, which are subject to confidentiality provisions, were submitted to the EPA for its review and consideration in late December 2020. It is unknown when the EPA might respond or whether it will seek further information. The allocator's recommendation with respect to Vulcan, if ultimately adopted, would be within the immaterial loss recorded for this matter in 2015.

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

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

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

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

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

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

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

A bench trial (judge only) began in September 2017 and ended in October 2017 in the pipeline cases. The trial was limited in scope to the allocation of comparative fault or liability for causing the sinkhole, with a damages phase of the trial to be held at a later date. In December 2017, the judge issued a ruling on the allocation of fault among the three defendants as follows: Occidental 50%, Texas Brine 35% and Vulcan 15%. This ruling was appealed by the parties. In December 2020, the Louisiana Court of Appeal, First Circuit issued its Notice of Judgement and Disposition in one of the

pipeline cases reversing in part and amending the trial court judgment to reallocate 20% of the fault from Occidental to Texas Brine, with the result that 30% of the fault is now allocated to Occidental and 55% of the fault is now allocated to Texas Brine. The Court of Appeal affirmed the 15% fault allocation to Vulcan. The Court of Appeal made various other findings, including findings related to the arbitrability of certain claims between Occidental and Texas Brine. In March 2021, Texas Brine and Vulcan each filed a writ application with the Louisiana Supreme Court seeking review of various portions of the lower court decision, including fault allocations.

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

- **NEW YORK WATER DISTRICT CASES (DISCONTINUED OPERATIONS)** — During the operation of our former Chemicals Division, which was divested to Occidental in 2005, Vulcan manufactured a chlorinated solvent known as 1,1,1-trichloroethane. We are a defendant in 27 cases allegedly involving 1,1,1-trichloroethane. All of the cases are filed in the United States District Court for the Eastern District of New York. According to the various complaints, the plaintiffs are public drinking water providers who serve customers in seven New York counties (Nassau, Orange, Putnam, Sullivan, Ulster, Washington and Westchester). It is alleged that our 1,1,1-trichloroethane was stabilized with 1,4-dioxane and that various water wells of the plaintiffs are contaminated with 1,4-dioxane. The plaintiffs are seeking unspecified compensatory and punitive damages. We will vigorously defend the cases. At this time we cannot determine the likelihood or reasonably estimate a range of loss, if any, pertaining to the cases.
- **HEWITT LANDFILL MATTER (SUPERFUND SITE)** — In September 2015, the Los Angeles Regional Water Quality Control Board (RWQCB) issued a Cleanup and Abatement Order directing Vulcan to assess, monitor, cleanup and abate wastes that have been discharged to soil, soil vapor, and/or groundwater at the former Hewitt Landfill in Los Angeles.

Following an onsite and offsite investigation and pilot scale testing, the RWQCB approved a corrective action that includes leachate recovery, storm water capture and conveyance improvements, and a groundwater pump, treat and reinjection system. Certain on-site source control measures have been implemented and the new treatment system is fully operational. Currently-anticipated costs of these on-site source control activities have been fully accrued.

We are also engaged in an ongoing dialogue with the EPA, Honeywell, and the Los Angeles Department of Water and Power (LADWP) regarding the potential contribution of the Hewitt Landfill to groundwater contamination in the North Hollywood Operable Unit (NHO) of the San Fernando Valley Superfund Site.

The EPA and Vulcan entered into an AOC and Statement of Work having an effective date of September 2017 for the design of two extraction wells south of the Hewitt Landfill to protect the North Hollywood West (NHW) well field located within the NHO. In November 2017, we submitted a Pre-Design Investigation (PDI) Work Plan to the EPA, which sets forth the activities and schedule for collection of data in support of our evaluation of the need for an offsite remedy. In addition, this evaluation was expanded as part of the PDI to include the evaluation of a remedy in light of a new project by LADWP at the Rinaldi-Toluca (RT) wellfield. PDI investigative activities were completed between the first and third quarters of 2018, and in December 2018 we submitted a Draft PDI Evaluation Report to the EPA. The PDI Evaluation Report summarizes data collection activities conducted pursuant to the Draft PDI Work Plan and provides model updates and evaluation of remediation alternatives for offsite areas. EPA provided an initial set of comments on the Draft PDI Evaluation Report in May 2019 and a final set of comments in October 2020. The final set of comments includes a request for Vulcan to revise and develop a final PDI Evaluation Report. The final comments further provide, if Vulcan agrees, a proposal for an alternative approach for offsite remediation (as opposed to installation of offsite extraction wells) and development of a Supplemental PDI Evaluation Report that would require the EPA to modify the remedy in the 2009 ROD as it relates to the Hewitt Landfill. In December 2020, Vulcan submitted the Final PDI Evaluation Report, which includes edits to the Draft PDI Evaluation Report and responses to EPA's comments. Until the EPA's review and approval of the Final PDI Evaluation Report and any Supplemental PDI Evaluation Report on remedial alternative(s) is complete and an effective remedy has been agreed upon, we cannot identify an appropriate remedial action that will be required under the AOC. Given the various stakeholders involved and the uncertainties relating to remediation alternatives, we cannot reasonably estimate a loss pertaining to Vulcan's responsibility for future remedial action required by the EPA.

In December 2019, Honeywell agreed with LADWP to build a water treatment system (often referred to as the Cooperative Containment Concept or CCC or the second interim remedy) that will provide treated groundwater in the NHOU to LADWP for public water supply purposes. Honeywell contends that some of the contamination to be remediated by the system it will build originated from the Hewitt Landfill, and that Vulcan should fund some portion of the costs that Honeywell has incurred and will incur in developing the second interim remedy. During the third quarter 2020, Vulcan recorded an immaterial accrual related to Honeywell's contribution claim for certain types of cost incurred. We are also gathering and analyzing data and developing technical information to determine the extent of possible contribution by the Hewitt Landfill to the groundwater contamination in the area. This work is also intended to assist in identification of other PRPs that may have contributed to groundwater contamination in the area. At this time, we cannot reasonably estimate a range of an additional loss to Vulcan pertaining to this contribution claim.

Further, LADWP has announced plans to install new treatment capabilities at two city wellfields located near the Hewitt Landfill — the NHW wellfield and the RT wellfield. LADWP has alleged that the Hewitt Landfill is one of the primary PRPs for the contamination at the NHW wellfield and is one of many PRPs for the contamination at the RT wellfield. We are gathering and analyzing data and developing technical information to determine the extent of possible contribution by the Hewitt Landfill to the groundwater contamination in the area, consistent with the parallel request by the EPA. This work is also intended to assist in identification of other PRPs that may have contributed to groundwater contamination in the area. Vulcan is also seeking access to LADWP's list of PRPs. At this time, we cannot reasonably estimate a range of a loss to Vulcan pertaining to this contribution claim.

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

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

We expect that the NAFTA arbitration will be concluded in the second half of 2022. At this time, there can be no assurance whether we will be successful in our NAFTA claim, and we cannot quantify the amount we may recover, if any, under this arbitration proceeding if we were successful.

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

NOTE 9: ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations (AROs) are legal obligations associated with the retirement of long-lived assets resulting from the acquisition, construction, development and/or normal use of the underlying assets, including legal obligations for land reclamation at both owned properties and mineral leases. Recognition of a liability for an ARO is required in the period in which it is incurred at its estimated fair value. The associated asset retirement costs are capitalized as part of the carrying amount of the underlying asset and depreciated over the estimated useful life of the asset. The liability is accreted through charges to operating expenses. If the ARO is settled for other than the carrying amount of the liability, we recognize a gain or loss on settlement.

ARO operating costs related to accretion of the liabilities and depreciation of the assets are as follows:

<i>in thousands</i>	Three Months Ended March 31	
	2021	2020
ARO Operating Costs		
Accretion	\$ 3,196	\$ 2,908
Depreciation	2,661	1,836
Total	\$ 5,857	\$ 4,744

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

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

<i>in thousands</i>	Three Months Ended March 31	
	2021	2020
Asset Retirement Obligations		
Balance at beginning of year	\$ 283,163	\$ 210,323
Liabilities incurred	938	0
Liabilities settled	(2,693)	(5,234)
Accretion expense	3,196	2,908
Revisions, net	797	55,448
Balance at end of period	\$ 285,401	\$ 263,445

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

NOTE 10: BENEFIT PLANS

PENSION PLANS

We sponsor two qualified, noncontributory defined benefit pension plans, the Vulcan Materials Company Pension Plan (VMC Pension Plan) and the CMG Hourly Pension Plan (CMG Pension Plan). The VMC Pension Plan has been closed to new entrants since 2007 and benefit accruals, based on salaries or wages and years of service, ceased in 2005 for hourly participants and 2013 for salaried participants. The CMG Pension Plan is closed to new entrants other than through one small union and benefits continue to accrue equal to a flat dollar amount for each year of service. In addition to these qualified plans, we sponsor three unfunded, nonqualified pension plans.

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

PENSION BENEFITS	Three Months Ended	
	March 31	
<i>in thousands</i>	2021	2020
Components of Net Periodic Benefit Cost		
Service cost	\$ 1,193	\$ 1,331
Interest cost	4,879	7,531
Expected return on plan assets	(11,375)	(12,485)
Amortization of prior service cost	337	335
Amortization of actuarial loss	2,178	3,140
Net periodic pension benefit credit	\$ (2,788)	\$ (148)
Pretax reclassifications from AOCI included in net periodic pension benefit cost	\$ 2,515	\$ 3,475

The contributions to pension plans for the three months ended March 31, 2021 and 2020, as reflected on the Condensed Consolidated Statements of Cash Flows, pertain to benefit payments under nonqualified plans for both periods.

POSTRETIREMENT PLANS

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

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

OTHER POSTRETIREMENT BENEFITS	Three Months Ended	
	March 31	
<i>in thousands</i>	2021	2020
Components of Net Periodic Benefit Cost		
Service cost	\$ 265	\$ 380
Interest cost	106	242
Amortization of prior service credit	(476)	(980)
Amortization of actuarial gain	(367)	(201)
Net periodic postretirement benefit credit	\$ (472)	\$ (559)
Pretax reclassifications from AOCI included in net periodic postretirement benefit credit	\$ (843)	\$ (1,181)

DEFINED CONTRIBUTION PLANS

In addition to our pension and postretirement plans, we sponsor two defined contribution plans. Substantially all salaried and nonunion hourly employees are eligible to be covered by one of these plans. Under these plans, we match employees' eligible contributions at established rates. Expense recognized in connection with these matching obligations totaled \$22,137,000 and \$11,057,000 for the three months ended March 31, 2021 and 2020, respectively.

NOTE 11: OTHER COMPREHENSIVE INCOME

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

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

<i>in thousands</i>	March 31 2021	<i>December 31 2020</i>	<i>March 31 2020</i>
AOCI			
Interest rate hedges	\$ (23,587)	\$ (23,943)	\$ (24,839)
Pension and postretirement plans	(156,127)	(157,362)	(185,090)
Total	\$ (179,714)	\$ (181,305)	\$ (209,929)

Changes in AOCI, net of tax, for the three months ended March 31, 2021 are as follows:

<i>in thousands</i>	<i>Interest Rate Hedges</i>	<i>Pension and Postretirement Benefit Plans</i>	<i>Total</i>
AOCI			
Balances as of December 31, 2020	\$ (23,943)	\$ (157,362)	\$ (181,305)
Amounts reclassified from AOCI	356	1,235	1,591
Net current period OCI changes	356	1,235	1,591
Balances as of March 31, 2021	\$ (23,587)	\$ (156,127)	\$ (179,714)

Amounts reclassified from AOCI to earnings, are as follows:

<i>in thousands</i>	Three Months Ended March 31	
	2021	2020
Amortization of Interest Rate Hedge Losses		
Interest expense	\$ 482	\$ 1,074
Benefit from income taxes	(126)	(280)
Total	\$ 356	\$ 794
Amortization of Pension and Postretirement Plan Actuarial Loss and Prior Service Cost		
Other nonoperating expense	\$ 1,671	\$ 2,294
Benefit from income taxes	(436)	(599)
Total	\$ 1,235	\$ 1,695
Total reclassifications from AOCI to earnings	\$ 1,591	\$ 2,489

NOTE 12: EQUITY

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

There were no shares held in treasury as of March 31, 2021, December 31, 2020 and March 31, 2020.

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

	<i>March 31</i>	<i>December 31</i>	<i>March 31</i>
<i>in thousands, except average cost</i>	<i>2021</i>	<i>2020</i>	<i>2020</i>
Shares Purchased and Retired			
Number	0	214	214
Total purchase price	\$ 0	\$ 26,132	\$ 26,132
Average cost per share	\$ 0.00	\$ 121.92	\$ 121.92

As of March 31, 2021, 8,064,851 shares may be purchased under the current authorization of our Board of Directors.

Changes in total equity are summarized below:

	<i>Three Months Ended</i>	
	<i>March 31</i>	
<i>in thousands, except per share data</i>	<i>2021</i>	<i>2020</i>
Total Equity		
Balance at beginning of year	\$ 6,027,330	\$ 5,621,857
Net earnings	160,614	60,258
Common stock issued		
Share-based compensation plans, net of shares withheld for taxes	(12,078)	(15,082)
Purchase and retirement of common stock	0	(26,132)
Share-based compensation expense	7,869	6,716
Cash dividends on common stock (\$0.37/\$0.34 per share, respectively)	(49,085)	(45,100)
Other comprehensive income (expense)	1,591	(12,191)
Balance at end of period	\$ 6,136,241	\$ 5,590,326

NOTE 13: SEGMENT REPORTING

We have four operating (and reportable) segments organized around our principal product lines: Aggregates, Asphalt, Concrete and Calcium. The vast majority of our activities are domestic. We sell a relatively small amount of construction aggregates outside the United States. Our Asphalt and Concrete segments are primarily supplied with their aggregates requirements from our Aggregates segment. These intersegment sales are made at local market prices for the particular grade and quality of product used in the production of asphalt mix and ready-mixed concrete. Management reviews earnings from the product line reporting segments principally at the gross profit level.

SEGMENT FINANCIAL DISCLOSURE

<i>in thousands</i>	Three Months Ended March 31	
	2021	2020
Total Revenues		
Aggregates ¹	\$ 894,909	\$ 868,226
Asphalt ²	147,167	139,789
Concrete	81,359	94,765
Calcium	2,060	2,026
Segment sales	\$ 1,125,495	\$ 1,104,806
Aggregates intersegment sales	(57,151)	(55,564)
Total revenues	\$ 1,068,344	\$ 1,049,242
Gross Profit		
Aggregates	\$ 223,638	\$ 194,131
Asphalt	(2,991)	(2,435)
Concrete	7,768	9,213
Calcium	852	814
Total	\$ 229,267	\$ 201,723
Depreciation, Depletion, Accretion and Amortization (DDA&A)		
Aggregates	\$ 80,808	\$ 77,136
Asphalt	9,095	8,734
Concrete	3,952	4,082
Calcium	39	49
Other	6,474	5,479
Total	\$ 100,368	\$ 95,480
Identifiable Assets ³		
Aggregates	\$ 9,438,411	\$ 9,473,128
Asphalt	563,961	563,630
Concrete	307,718	322,044
Calcium	3,447	3,602
Total identifiable assets	\$ 10,313,537	\$ 10,362,404
General corporate assets	128,284	146,705
Cash and cash equivalents and restricted cash	890,939	120,273
Total assets	\$ 11,332,760	\$ 10,629,382

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

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

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

NOTE 14: SUPPLEMENTAL CASH FLOW INFORMATION

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

<i>in thousands</i>	Three Months Ended March 31	
	2021	2020
Cash Payments		
Interest (exclusive of amount capitalized)	\$ 13,184	\$ 17,033
Income taxes	204	340
Noncash Investing and Financing Activities		
Accrued liabilities for purchases of property, plant & equipment	\$ 24,832	\$ 25,862
Recognition of new asset retirement obligations	938	0
Right-of-use assets obtained in exchange for new		
Operating lease liabilities	5,591	21,522
Finance lease liabilities	2,842	2,678

NOTE 15: GOODWILL

Goodwill is recognized when the consideration paid for a business exceeds the fair value of the tangible and identifiable intangible assets acquired. Goodwill is allocated to reporting units for purposes of testing goodwill for impairment. There were no charges for goodwill impairment in the three month periods ended March 31, 2021 and 2020. Accumulated goodwill impairment losses amount to \$252,664,000 in the Calcium segment.

We have four reportable segments organized around our principal product lines: Aggregates, Asphalt, Concrete and Calcium. Changes in the carrying amount of goodwill by reportable segment from December 31, 2020 to March 31, 2021 are shown below:

<i>in thousands</i>	<i>Aggregates</i>	<i>Asphalt</i>	<i>Concrete</i>	<i>Calcium</i>	<i>Total</i>
Goodwill					
Totals at December 31, 2020	\$ 3,080,479	\$ 91,633	\$ 0	\$ 0	\$ 3,172,112
Totals at March 31, 2021	\$ 3,080,479	\$ 91,633	\$ 0	\$ 0	\$ 3,172,112

We test goodwill for impairment on an annual basis or more frequently if events or circumstances change in a manner that would more likely than not reduce the fair value of a reporting unit below its carrying value. A decrease in the estimated fair value of one or more of our reporting units could result in the recognition of a material, noncash write-down of goodwill.

NOTE 16: ACQUISITIONS AND DIVESTITURES

BUSINESS ACQUISITIONS

2021 BUSINESS ACQUISITIONS — Through the three months ended March 31, 2021, we completed no business acquisitions.

2020 BUSINESS ACQUISITIONS — For the full year 2020, we purchased the following operations, for total consideration of \$73,416,000 (\$43,223,000 cash and \$30,193,000 noncash):

- business to support our aggregates operations across most of our footprint
- Texas — asphalt mix and recycle operations

The 2020 acquisitions listed above are reported in our consolidated financial statements as of their respective acquisition dates. None of these acquisitions were material to our results of operations or financial position either individually or collectively.

As a result of the 2020 acquisitions, we recognized \$65,545,000 of amortizable intangible assets and \$5,051,000 of goodwill. The amortizable intangible assets will be amortized against earnings (\$65,545,000 - straight-line basis over a weighted-average 20.0 years) and \$25,712,000 will be deductible for income tax purposes over 15 years. The goodwill represents the balance of deferred tax liabilities generated from carrying over the seller's tax basis in the assets acquired and is not deductible for income tax purposes.

DIVESTITURES AND PENDING DIVESTITURES

In 2021, we sold:

- First quarter — a reclaimed quarry in Southern California resulting in a pretax gain of \$114,695,000 (net of a \$12,900,000 contingency and other directly related obligations)

In 2020, we sold:

- Fourth quarter — a Virginia ready-mix concrete business, resulting in an immaterial loss. We retained all real property which is being leased to the buyer and obtained a 20-year aggregates supply agreement
- Second quarter — our New Mexico ready-mix concrete business, resulting in an immaterial gain. We retained the concrete plants and mobile fleet and are leasing these assets to the buyer. Additionally, we obtained a 20-year aggregates supply agreement

No assets met the criteria for held for sale at March 31, 2021, December 31, 2020 or March 31, 2020.

NOTE 17: NEW ACCOUNTING STANDARDS

ACCOUNTING STANDARDS RECENTLY ADOPTED

INCOME TAXES During the first quarter of 2021, we adopted Accounting Standards Update (ASU) 2019-12, "Simplifying the Accounting for Income Taxes," which added new guidance to simplify the accounting for income taxes and changed the accounting for certain income tax transactions. The adoption of this standard did not materially impact our consolidated financial statements.

CONVERTIBLE INSTRUMENTS During the first quarter of 2021, we adopted ASU 2020-06, "Accounting for Convertible Instruments and Contracts in an Entity's Own Equity." This ASU reduced the number of models used to account for convertible instruments and modified the diluted earnings per share calculations for convertible instruments. This ASU also amended the accounting for certain contracts in an entity's own equity that are currently accounted for as derivatives. The adoption of this standard did not materially impact our consolidated financial statements.

ACCOUNTING STANDARDS PENDING ADOPTION

None

GENERAL COMMENTS

OVERVIEW

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

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

Aggregates have a very high weight-to-value ratio and, in most cases, must be produced near where they are used; if not, transportation can cost more than the materials, rendering them uncompetitive compared to locally produced materials. Exceptions to this typical market structure include areas along the U.S. Gulf Coast and the Eastern Seaboard where there are limited supplies of locally available, high-quality aggregates. We serve these markets from quarries that have access to cost-effective long-haul transportation — shipping by barge and rail — and from our quarry on Mexico's Yucatan Peninsula with our fleet of Panamax-class, self-unloading ships.

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

No material part of our business depends upon any single customer whose loss would have a significant adverse effect on our business. In 2020, our five largest customers accounted for 7.5% of our total revenues, and no single customer accounted for more than 1.8% of our total revenues. Although approximately 45% to 55% of our aggregates shipments have historically been used in publicly-funded construction, such as highways, airports and government buildings, a relatively small portion of our sales are made directly to federal, state, county or municipal governments/agencies. Therefore, although reductions in state and federal funding can curtail publicly-funded construction, the vast majority of our business is not directly subject to renegotiation of profits or termination of contracts with local, state or federal governments. In addition, our sales to government entities span several hundred entities coast-to-coast, ensuring that negative changes to various government budgets would have a muted impact across such a diversified set of government customers.

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

SEASONALITY AND CYCLICAL NATURE OF OUR BUSINESS

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

EXECUTIVE SUMMARY

FINANCIAL HIGHLIGHTS FOR FIRST QUARTER 2021

Compared to first quarter of 2020:

- Total revenues increased \$19.1 million, or 2%, to \$1,068.3 million
- Gross profit increased \$27.5 million, or 14%, to \$229.3 million
- Aggregates segment sales increased \$26.7 million, or 3%, to \$894.9 million
- Aggregates segment freight-adjusted revenues increased \$33.1 million, or 5%, to \$681.2 million
 - Shipments increased 3%, or 1.4 million tons, to 46.4 million tons
 - Freight-adjusted sales price increased 1.9%, or \$0.28 per ton to \$14.67
- Aggregates segment gross profit increased \$29.5 million, or 15%, to \$223.6 million
 - Unit profitability (as measured by gross profit per ton) increased 12% to \$4.82 per ton
- Asphalt, Concrete and Calcium segment gross profit declined \$2.0 million, or 26%, to \$5.6 million, collectively
- Selling, administrative and general (SAG) expenses increased \$2.2 million and increased 0.1 percentage points (10 basis points) as a percentage of total revenues
- Gain on sale of property, plant & equipment and business was \$117.2 million, compared to \$1.0 million
- Operating earnings increased \$137.2 million, or 122%, to \$249.5 million
- Earnings from continuing operations were \$161.7 million, or \$1.21 per diluted share, compared to \$60.0 million, or \$0.45 per diluted share
- Adjusted earnings from continuing operations were \$0.69 per diluted share, compared to \$0.47 per diluted share
- Net earnings were \$160.6 million, an increase of \$100.4 million, or 167%
- Adjusted EBITDA was \$244.3 million, an increase of \$43.3 million, or 22%
- Returned capital to shareholders via dividends (\$49.1 million @ \$0.37 per share versus \$45.1 million @ \$0.34 per share) and share repurchases (none versus \$26.1 million @ an average price of \$121.92 per share)

Our first quarter results are a testament to the resiliency of our best-in-class aggregates business. While severe winter weather conditions in February resulted in an uneven start to the year, strong execution from our teams allowed us to drive earnings growth and margin expansion. As the construction season got underway during March, many of our key markets began to see shipments rebound. Our four strategic disciplines (Commercial and Operational Excellence, Logistics Innovation and Strategic Sourcing) helped us grow our aggregates cash gross profit by 9% to \$6.56 per ton.

During the quarter, we sold a reclaimed quarry in Southern California for net proceeds of \$182.3 million. The transaction resulted in a pretax gain of \$114.7 million (\$85.4 million after tax), or \$0.64 per diluted share. We remain focused on efforts to maximize the value of our portfolio of quarry operations as they move through their life-cycle of land management.

Capital expenditures in the first quarter were \$71.4 million, including both core operating and maintenance projects as well as growth projects. During the fourth quarter of 2020, we restarted planned growth projects that were put on hold in the first quarter of 2020 as a result of the pandemic. For the full year 2021, we expect to spend between \$450 and \$475 million on capital expenditures, including growth projects. We will continue to review our plans and will adjust as needed.

At quarter-end, total debt to trailing-twelve month Adjusted EBITDA was 2.0 times or 1.4 times on a net debt basis reflecting \$890.9 million of cash on hand. As planned, we paid off approximately \$500.0 million of debt maturities in March. Our weighted-average debt maturity was 15 years, and our effective weighted-average interest rate was 4.6%.

At 14.8%, our return on invested capital increased 0.9 percentage points (90 basis points) year-over-year driven by solid operating earnings growth coupled with disciplined capital management and a balanced approach to growth.

OUTLOOK

We continue to see strength in residential construction activity, driven by single-family housing. Recent growth in highway awards and construction employment trends in our markets also bode well for further recovery in construction activity later in 2021. Shipments into private nonresidential continue to benefit from heavy industrial projects, such as data centers and warehouses, while leading nonresidential indicators suggest growth opportunities in other categories are on the horizon. The pricing environment remains positive, and we continue to execute at a high level, positioning us well for 2021. These trends in the key drivers of our aggregates business lead us to an improved earnings outlook for the remainder of the year.

Management expectations for 2021 include the following updates:

- Aggregates shipments up 1% to 4% versus 2020
- An effective tax rate of approximately 23% to 24%
- Adjusted Earnings from continuing operations of \$4.85 to \$5.30 per diluted share (excludes land sale gain)
- Adjusted Net earnings of \$650 million to \$710 million (excludes land sale gain)
- Adjusted EBITDA of \$1.380 to \$1.460 billion (excludes land sale gain)
- All other aspects of our expectations for 2021 remain unchanged from those reported as part of our fourth quarter earnings and our Annual Report on Form 10-K

We remain focused on factors within our control, including pricing and cost actions, both of which will drive further improvement in our industry-leading unit margins. Our operating plans are underpinned by our aforementioned four strategic disciplines, a healthy balance sheet and the engagement of our people. Our performance clearly demonstrates that a balanced approach to growth, focusing on organic investments, acquisitions, and greenfield developments is the best way to create value for our shareholders.

For support functions, we previously implemented remote work arrangements and restricted business travel effective mid-March 2020. To date, these arrangements have not materially affected our ability to maintain our business operations, including the operation of financial reporting systems, internal control over financial reporting, and disclosure controls and procedures.

RESULTS OF OPERATIONS

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

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

CONSOLIDATED OPERATING RESULTS HIGHLIGHTS

<i>in millions, except unit and per unit data</i>	Three Months Ended March 31	
	2021	2020
Total revenues	\$ 1,068.3	\$ 1,049.2
Cost of revenues	839.0	847.5
Gross profit	\$ 229.3	\$ 201.7
<i>Gross profit margin</i>	21.5%	19.2%
Selling, administrative and general (SAG)	\$ 88.6	\$ 86.4
<i>SAG as a percentage of total revenues</i>	8.3%	8.2%
Gain on sale of property, plant & equipment and businesses	\$ 117.2	\$ 1.0
Operating earnings	\$ 249.5	\$ 112.3
Interest expense, net	\$ 33.1	\$ 30.8
Earnings from continuing operations before income taxes	\$ 222.3	\$ 72.2
Income tax expense	\$ 60.6	\$ 12.2
<i>Effective tax rate from continuing operations</i>	27.3%	16.9%
Earnings from continuing operations	\$ 161.7	\$ 60.0
Earnings (loss) on discontinued operations, net of income taxes	(1.1)	0.3
Net earnings	\$ 160.6	\$ 60.3
Diluted earnings (loss) per share		
Continuing operations	\$ 1.21	\$ 0.45
Discontinued operations	(0.01)	0.00
Diluted net earnings per share	\$ 1.20	\$ 0.45
EBITDA ¹	\$ 355.8	\$ 198.4
Adjusted EBITDA ¹	\$ 244.3	\$ 201.0
Average Sales Price and Unit Shipments		
Aggregates		
Tons (thousands)	46,437	45,048
Freight-adjusted sales price	\$ 14.67	\$ 14.39
Asphalt Mix		
Tons (thousands)	2,217	2,057
Average sales price	\$ 56.78	\$ 58.51
Ready-mixed concrete		
Cubic yards (thousands)	613	734
Average sales price	\$ 131.52	\$ 127.91
Calcium		
Tons (thousands)	75	73
Average sales price	\$ 27.64	\$ 27.56

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

FIRST QUARTER 2021 COMPARED TO FIRST QUARTER 2020

First quarter 2021 total revenues were \$1,068.3 million, up 2% from the first quarter of 2020. Shipments increased in aggregates (+3%) and asphalt mix (+8%) while declining in ready-mixed concrete (-16%). Gross profit increased in the Aggregates (+\$29.5 million or 15%) segment while declining in the Asphalt (-\$0.6 million or 23%) and Concrete (-\$1.4 million or 16%) segments. A 2.5% decrease in the unit cost of diesel fuel decreased costs by \$0.6 million from the prior year's first quarter with most (\$0.6 million) of this cost reduction reflected in the Aggregates segment.

Net earnings for the first quarter of 2021 were \$160.6 million, or \$1.20 per diluted share, compared to \$60.3 million, or \$0.45 per diluted share, in the first quarter of 2020. Each period's results were impacted by discrete items, as follows:

Net earnings for the first quarter of 2021 include:

- \$13.7 million of tax charges related to an increase in the Alabama NOL carryforward valuation allowance
- pretax net gain of \$114.7 million related to the sale of a reclaimed quarry in Southern California
- pretax charges of \$0.3 million associated with divested operations
- pretax charges of \$0.4 million associated with non-routine business development
- pretax charges of \$2.5 million for COVID-19 pandemic direct incremental costs

Net earnings for the first quarter of 2020 include:

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

Adjusted for these discrete items, earnings from continuing operations (Adjusted Diluted EPS) was \$0.69 per diluted share for the first quarter of 2021 compared to \$0.47 per diluted share in the first quarter of 2020.

CONTINUING OPERATIONS — Changes in earnings from continuing operations before income taxes for the first quarter of 2021 versus the first quarter of 2020 are summarized below:

EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES

<i>in millions</i>		
First quarter 2020	\$	72.2
Higher aggregates gross profit		29.5
Lower asphalt gross profit		(0.6)
Lower concrete gross profit		(1.4)
Higher calcium gross profit		0.0
Higher selling, administrative and general expenses		(2.2)
Higher gain on sale of property, plant & equipment and businesses		116.2
Higher interest expense, net		(2.3)
Lower foreign currency translation losses		5.0
All other		5.9
First quarter 2021	\$	222.3

First quarter Aggregates segment gross profit margin increased 2.6 percentage points (260 basis points) on a 3% increase in segment sales due to modest growth in both volume and price as well as effective cost control. Gross profit was \$223.6 million compared to \$194.1 million in the prior year. Earnings improvement was widespread across our footprint.

First quarter aggregates shipments increased 3% from the prior year's first quarter. Average daily shipping rates were lower year-over-year in February, though higher in January and March. This cadence was due to winter weather that moved from Texas into parts of the southeast and mid-Atlantic during the month of February.

The pricing environment continues to be positive across our footprint as demand visibility continues to improve. For the quarter, freight-adjusted pricing increased 1.9% to \$14.67 per ton (mix-adjusted pricing increased 1.3%). Mix-adjusted pricing improved sequentially in March, reflecting recently announced price increases in certain key markets. Prices are expected to continue to increase sequentially during the remainder of the year.

Operating efficiency gains helped drive year-over-year declines in freight-adjusted unit cost of sales — down 2% in total and 3% on a cash basis. Flexible operating plans and disciplined cost control mitigated the impact of any operational disruptions

caused by the uneven start to the year. The Aggregates segment earnings impact from lower unit diesel fuel cost was favorable \$0.6 million in the quarter.

Asphalt segment gross profit was a loss of \$3.0 million for the first quarter, unfavorable by \$0.6 million from the prior year. The year-over-year decline was driven mostly by the impact of weather conditions in Alabama, Tennessee and Texas. Asphalt mix shipments increased 8% while selling prices declined 3.0%, or \$1.73 per ton, in the first quarter. The average unit cost for liquid asphalt was 6% lower than the prior year quarter; however, material margins in the quarter were 2.6% lower than the prior year's first quarter.

Concrete segment gross profit was \$7.8 million, 16% lower than the prior year's first quarter. Ready-mixed concrete shipments of 0.6 million cubic yards declined 16%, again due to winter weather in Virginia. The average sales price increased 2.8% while ready-mixed concrete unit material margins increased 1.1% and unit profitability (as measured by gross profit per cubic yard) increased 1%.

Calcium segment gross profit of \$0.9 million was essentially flat compared to the prior year's quarter.

SAG expenses increased 2.5% to \$88.6 million in the quarter due mostly to increases in deferred compensation costs where the offsetting gain on our Rabbi Trust investments is included in other nonoperating income. As a percentage of total revenues, first quarter SAG expense increased slightly from 8.2% in 2020 to 8.3% in 2021.

Gain on sale of property, plant & equipment and businesses was \$117.2 million in the first quarter of 2021 versus a gain of \$1.0 million in the first quarter of 2020. The first quarter 2021 gain includes a net pretax gain of \$114.7 million from the sale of a reclaimed quarry in Southern California.

Other operating expense, which has an approximate run-rate of \$12.0 million a year (exclusive of discrete items), is composed primarily of idle facilities expense, environmental remediation costs, property abandonments and gain (loss) on settlement of AROs. Total other operating expense and significant items included in the total were:

- \$8.3 million in first quarter 2021 — includes discrete items as follows:
 - \$0.3 million of charges associated with divested operations
 - \$0.4 million of non-routine business development charges
 - \$2.5 million for COVID-19 pandemic direct incremental costs
- \$4.0 million in first quarter 2020 — includes discrete items as follows:
 - \$1.1 million of non-routine business development charges
 - \$0.6 million for COVID-19 pandemic direct incremental costs
 - \$0.9 million of managerial restructuring charges

Other nonoperating income (expense) of \$5.9 million of income for the first quarter of 2021 was favorable by \$15.2 million from the first quarter of 2020. This favorable variance resulted primarily from two items: 1) the current \$1.4 million of foreign currency translation loss versus a \$6.4 million loss in the prior year's first quarter resulting from the rapid devaluation of the Mexican peso in the beginning of the pandemic, and 2) the current mark-to-market gain on our Rabbi Trust investments of \$2.0 million versus a loss of \$5.1 million in the prior year's first quarter due to market uncertainties early in the pandemic.

Net interest expense was \$33.1 million in the first quarter of 2021 compared to \$30.8 million in the first quarter of 2020.

Income tax expense from continuing operations was \$60.6 million in the first quarter of 2021 compared to \$12.2 million in the first quarter of 2020. The increase in tax expense was primarily related to an increase in pretax earnings quarter-over-quarter and a \$13.7 million increase in the Alabama NOL valuation allowance as discussed in Note 3 to the condensed consolidated financial statements.

Earnings from continuing operations were \$1.21 per diluted share in the first quarter of 2021 compared to \$0.45 per diluted share in the first quarter of 2020.

DISCONTINUED OPERATIONS — First quarter pretax loss from discontinued operations was \$1.4 million in 2021 compared with a gain of \$0.4 million in 2020. Both periods include charges/credits related to general and product liability costs, including legal defense costs, and environmental remediation costs associated with our former Chemicals business. For additional details, see Note 1 to the condensed consolidated financial statements under the caption Discontinued Operations.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

SAME-STORE

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

AGGREGATES SEGMENT FREIGHT-ADJUSTED REVENUES

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

	<i>Three Months Ended March 31</i>	
	<i>2021</i>	<i>2020</i>
<i>in millions, except per ton data</i>		
Aggregates segment		
Segment sales	\$ 894.9	\$ 868.2
Less		
Freight & delivery revenues ¹	197.2	205.7
Other revenues	16.5	14.5
Freight-adjusted revenues	\$ 681.2	\$ 648.0
Unit shipments - tons	46.4	45.0
Freight-adjusted sales price	\$ 14.67	\$ 14.39

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

AGGREGATES SEGMENT INCREMENTAL GROSS PROFIT

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

MARGIN IN ACCORDANCE WITH GAAP

<i>dollars in millions</i>	<i>Three Months Ended March 31</i>		<i>Trailing-Twelve Months March 31</i>	
	2021	2020	2021	2020
Aggregates segment				
Gross profit	\$ 223.6	\$ 194.1	\$ 1,188.7	\$ 1,155.1
Segment sales	\$ 894.9	\$ 868.2	\$ 3,971.0	\$ 4,023.5
Gross profit margin	25.0%	22.4%	29.9%	28.7%
Incremental gross profit margin ¹	110.6%		N/A	

FLOW-THROUGH RATE (NON-GAAP)

<i>dollars in millions</i>	<i>Three Months Ended March 31</i>		<i>Trailing-Twelve Months March 31</i>	
	2021	2020	2021	2020
Aggregates segment				
Gross profit	\$ 223.6	\$ 194.1	\$ 1,188.7	\$ 1,155.1
Less: Contribution from acquisitions (same-store)	0.0	0.0	0.2	0.0
Same-store gross profit	\$ 223.6	\$ 194.1	\$ 1,188.5	\$ 1,155.1
Segment sales	\$ 894.9	\$ 868.2	\$ 3,971.0	\$ 4,023.5
Less: Freight & delivery revenues ²	197.2	205.7	868.6	931.6
Segment sales excluding freight & delivery	\$ 697.7	\$ 662.5	\$ 3,102.4	\$ 3,091.9
Less: Contribution from acquisitions (same-store)	0.0	0.0	1.0	0.0
Same-store segment sales excluding freight & delivery	\$ 697.7	\$ 662.5	\$ 3,101.4	\$ 3,091.9
Gross profit margin excluding freight & delivery	32.1%	29.3%	38.3%	37.4%
Same-store gross profit margin excluding freight & delivery	32.1%	29.3%	38.3%	37.4%
Incremental gross profit flow-through rate	83.9%		319.3%	
Same-store incremental gross profit flow-through rate	83.8%		347.9%	

¹ Not applicable due to the decrease in segment sales.

² At the segment level, freight & delivery revenues include intersegment freight & delivery (which are eliminated at the consolidated level) and freight to remote distribution sites.

CASH GROSS PROFIT

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

<i>in millions, except per ton data</i>	Three Months Ended March 31	
	2021	2020
Aggregates segment		
Gross profit	\$ 223.6	\$ 194.1
Depreciation, depletion, accretion and amortization	80.8	77.1
Aggregates segment cash gross profit	\$ 304.4	\$ 271.2
Unit shipments - tons	46.4	45.0
Aggregates segment gross profit per ton	\$ 4.82	\$ 4.31
Aggregates segment cash gross profit per ton	\$ 6.56	\$ 6.02
Asphalt segment		
Gross profit	\$ (3.0)	\$ (2.4)
Depreciation, depletion, accretion and amortization	9.1	8.7
Asphalt segment cash gross profit	\$ 6.1	\$ 6.3
Concrete segment		
Gross profit	\$ 7.8	\$ 9.2
Depreciation, depletion, accretion and amortization	4.0	4.1
Concrete segment cash gross profit	\$ 11.8	\$ 13.3
Calcium segment		
Gross profit	\$ 0.9	\$ 0.8
Depreciation, depletion, accretion and amortization	0.0	0.0
Calcium segment cash gross profit	\$ 0.9	\$ 0.8

NET DEBT TO ADJUSTED EBITDA

Net debt to Adjusted EBITDA is not a GAAP measure and should not be considered as an alternative to metrics defined by GAAP. We, the investment community and credit rating agencies use this metric to assess our leverage. Net debt subtracts cash and cash equivalents and restricted cash from total debt. Reconciliation of this metric to its nearest GAAP measure is presented below:

<i>in millions</i>	March 31	
	2021	2020
Debt		
Current maturities of long-term debt	\$ 15.4	\$ 0.0
Short-term debt	0.0	0.0
Long-term debt	2,772.9	2,785.6
Total debt	\$ 2,788.3	\$ 2,785.6
Less: Cash and cash equivalents and restricted cash	890.9	120.3
Net debt	\$ 1,897.4	\$ 2,665.3
Trailing-Twelve Months (TTM) Adjusted EBITDA	\$ 1,366.8	\$ 1,278.4
Total debt to TTM Adjusted EBITDA	2.0x	2.2x
Net debt to TTM Adjusted EBITDA	1.4x	2.1x

EBITDA AND ADJUSTED EBITDA

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

<i>in millions</i>	Three Months Ended March 31		Trailing-Twelve Months March 31	
	2021	2020	2021	2020
Net earnings	\$ 160.6	\$ 60.3	\$ 684.8	\$ 614.6
Income tax expense	60.6	12.2	204.3	136.7
Interest expense, net of interest income	33.1	30.8	136.7	126.8
(Earnings) loss on discontinued operations, net of tax	1.1	(0.3)	4.8	3.9
EBIT	255.4	103.0	1,030.6	882.1
Depreciation, depletion, accretion and amortization	100.4	95.5	401.7	380.9
EBITDA	\$ 355.8	\$ 198.4	\$ 1,432.3	\$ 1,263.0
Gain on sale of real estate and businesses, net	\$ (114.7)	\$ 0.0	\$ (114.7)	\$ (9.3)
Property donation	0.0	0.0	0.0	10.8
Charges associated with divested operations	0.3	0.0	7.3	3.0
Business development ¹	0.4	1.1	6.7	2.8
COVID-19 direct incremental costs	2.5	0.6	12.0	0.6
Pension settlement charge	0.0	0.0	22.7	0.0
Restructuring charges	0.0	0.9	0.5	7.3
Adjusted EBITDA	\$ 244.3	\$ 201.0	\$ 1,366.8	\$ 1,278.4
Depreciation, depletion, accretion and amortization	(100.4)	(95.5)	(401.7)	(380.9)
Adjusted EBIT	\$ 143.9	\$ 105.5	\$ 965.1	\$ 897.5

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

ADJUSTED DILUTED EPS FROM CONTINUING OPERATIONS

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

	Three Months Ended March 31	
	2021	2020
Diluted Earnings Per Share		
Net earnings	\$ 1.20	\$ 0.45
Less: Discontinued operations	(0.01)	0.00
Diluted EPS from continuing operations	\$ 1.21	\$ 0.45
Items included in Adjusted EBITDA above	\$ (0.62)	\$ 0.02
AL NOL carryforward valuation allowance	0.10	0.00
Adjusted diluted EPS from continuing operations	\$ 0.69	\$ 0.47

2021 PROJECTED EBITDA

The following reconciliation to the mid-point of the range of 2021 Projected EBITDA excludes adjustments (as noted in Adjusted EBITDA above) as they are difficult to forecast (timing or amount). Due to the difficulty in forecasting such adjustments, we are unable to estimate their significance. This metric is not defined by GAAP and should not be considered as an alternative to earnings measures defined by GAAP. Reconciliation of this metric to its nearest GAAP measure is presented below:

<i>in millions</i>	2021 Projected Mid-point
Net earnings	\$ 680
Income tax expense	210
Interest expense, net of interest income	130
Depreciation, depletion, accretion and amortization	400
Projected EBITDA	\$ 1,420

RETURN ON INVESTED CAPITAL

We define "Return on Invested Capital" (ROIC) as Adjusted EBITDA for the trailing-twelve months divided by average invested capital (as illustrated below) during the trailing 5-quarters. Our calculation of ROIC is considered a non-GAAP financial measure because we calculate ROIC using the non-GAAP metric EBITDA. We believe that our ROIC metric is meaningful because it helps investors assess how effectively we are deploying our assets. Although ROIC is a standard financial metric, numerous methods exist for calculating a company's ROIC. As a result, the method we use to calculate our ROIC may differ from the methods used by other companies. This metric is not defined by GAAP and should not be considered as an alternative to earnings measures defined by GAAP. Reconciliation of this metric to its nearest GAAP measure is presented below (numbers may not foot due to rounding):

<i>in millions</i>	Trailing-Twelve Months March 31	
	2021	2020
Adjusted EBITDA	\$ 1,366.8	\$ 1,278.4
Average invested capital ¹		
Property, plant & equipment	\$ 4,383.4	\$ 4,314.1
Goodwill	3,171.1	3,166.0
Other intangible assets	1,108.7	1,081.7
Fixed and intangible assets	\$ 8,663.2	\$ 8,561.9
Current assets	\$ 1,968.5	\$ 1,263.8
Less: Cash and cash equivalents	822.2	108.7
Less: Current tax	17.1	18.0
Adjusted current assets	1,129.1	1,137.2
Current liabilities	839.6	573.9
Less: Current maturities of long-term debt	308.1	0.0
Less: Short-term debt	0.0	63.1
Adjusted current liabilities	531.5	510.8
Adjusted net working capital	\$ 597.6	\$ 626.3
Average invested capital	\$ 9,260.8	\$ 9,188.2
Return on invested capital	14.8%	13.9%

¹ Average invested capital is based on a trailing 5-quarters.

LIQUIDITY AND FINANCIAL RESOURCES

Our primary sources of liquidity are cash provided by our operating activities and a substantial, committed bank line of credit. Additional sources of capital include access to the capital markets, the sale of surplus real estate, and dispositions of nonstrategic operating assets. We believe these financial resources are sufficient to fund our business requirements for 2021, including:

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

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

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

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

In an effort to strengthen our liquidity position while navigating the COVID-19 pandemic, we took a number of proactive steps during 2020. In May 2020, we issued \$750.0 million of 3.50% senior notes due 2030 to prefund current maturities of long-term debt. In September 2020, we executed a new five-year unsecured bank line of credit of \$1,000.0 million. As the impact of the COVID-19 pandemic on the economy and our operations evolves, we will continue to assess our liquidity sources and needs and take appropriate actions.

CASH

Included in our March 31, 2021 cash and cash equivalents and restricted cash balances of \$890.9 million is \$168.6 million of restricted cash as described in Note 1 under the caption Restricted Cash.

CASH FROM OPERATING ACTIVITIES

<i>in millions</i>	<i>Three Months Ended March 31</i>	
	<i>2021</i>	<i>2020</i>
Net earnings	\$ 160.6	\$ 60.3
Depreciation, depletion, accretion and amortization (DDA&A)	100.4	95.5
Noncash operating lease expense	10.5	8.9
Contributions to pension plans	(2.1)	(2.1)
Deferred tax expense	26.9	19.7
Net gain on sale of property, plant & equipment and businesses	(117.2)	(1.0)
Other operating cash flows, net ¹	(9.8)	(98.8)
Net cash provided by operating activities	\$ 169.3	\$ 82.5

¹ Primarily reflects changes to working capital balances.

Net cash provided by operating activities was \$169.3 million during the three months ended March 31, 2021, an \$86.8 million increase compared to the same period of 2020. This increase primarily resulted from favorable changes in working capital balances.

Days sales outstanding, a measurement of the time it takes to collect receivables, were 40 days at March 31, 2021 compared to 48 days at March 31, 2020. All customer accounts are actively managed and no losses in excess of amounts reserved are currently expected; attention is being paid to the potential negative impact of the COVID-19 pandemic on our customers' ability to pay their amounts owed to us.

CASH FROM INVESTING ACTIVITIES

Net cash provided by investing activities was \$85.9 million during the first three months of 2021, a \$216.1 million increase compared to cash used for investing activities in the same period of 2020. Proceeds from sale of property, plant & equipment were up \$184.0 million from the first quarter of 2020 primarily reflecting the sale of a reclaimed quarry in Southern California (see Note 16 to the condensed consolidated financial statements). Conversely, during the first quarter of 2021, we invested \$100.7 million in our existing operations compared to \$142.7 million in the prior year period. Of this \$100.7 million, \$30.6 million was invested in internal growth projects to enhance our distribution capabilities, develop new production sites and enhance existing production facilities and other growth opportunities.

CASH FROM FINANCING ACTIVITIES

Net cash used for financing activities in the first quarter of 2021 was \$562.2 million, compared to \$106.5 million in the same period of 2020. The current year includes cash paid to retire the \$500.0 million floating rate notes due March 2021. The prior year includes \$19.9 million of cash paid to settle interest rate derivatives.

Additionally, we decreased the capital returned to our shareholders by \$22.1 million as higher dividends of \$4.0 million (\$0.37 per share compared to \$0.34 per share) were offset by lower share repurchases of \$26.1 million (no shares repurchased compared to 214,338 shares repurchased @ \$121.92 average price per share).

DEBT

Certain debt measures are presented below:

<i>dollars in millions</i>	March 31 2021	<i>December 31 2020</i>	<i>March 31 2020</i>
Debt			
Current maturities of long-term debt	\$ 15.4	\$ 515.4	\$ 0.0
Short-term debt	0.0	0.0	0.0
Long-term debt	2,772.9	2,772.3	2,785.6
Total debt	\$ 2,788.3	\$ 3,287.7	\$ 2,785.6
Capital			
Total debt	\$ 2,788.3	\$ 3,287.7	\$ 2,785.6
Equity	6,136.2	6,027.3	5,590.3
Total capital	\$ 8,924.5	\$ 9,315.0	\$ 8,375.9
Total Debt as a Percentage of Total Capital	31.2%	35.3%	33.3%
Weighted-average Effective Interest Rates			
Line of credit ¹	1.25%	1.25%	1.25%
Term debt	4.63%	4.10%	4.23%
Fixed versus Floating Interest Rate Debt			
Fixed-rate debt	100.0%	85.1%	73.7%
Floating-rate debt	0.0%	14.9%	26.3%

¹ Reflects the margin above LIBOR for LIBOR-based borrowings; we also paid upfront fees that are amortized to interest expense and pay fees for unused borrowing capacity and standby letters of credit.

LINE OF CREDIT

In September 2020, we executed a new five-year unsecured line of credit of \$1,000.0 million, incurring \$4.6 million of transaction costs. Covenants, borrowings, cost ranges and other details are described in Note 7 to the condensed consolidated financial statements. As of March 31, 2021, we were in compliance with the line of credit covenants, the credit margin for LIBOR borrowings was 1.250%, the credit margin for base rate borrowings was 0.250%, and the commitment fee for the unused amount was 0.150%.

As of March 31, 2021, our available borrowing capacity under the line of credit was \$943.7 million. Utilization of the borrowing capacity was as follows:

- none was borrowed
- \$56.3 million was used to provide support for outstanding standby letters of credit

TERM DEBT

All of our \$2,857.5 million (face value) of term debt is unsecured. \$2,846.2 million of such debt is governed by three essentially identical indentures that contain customary investment-grade type covenants. The primary covenant in all three indentures limits the amount of secured debt we may incur without ratably securing such debt. As of March 31, 2021, we were in compliance with all term debt covenants.

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

CURRENT MATURITIES OF LONG-TERM DEBT

The \$15.4 million of current maturities of long-term debt as of March 31, 2021 includes all long-term debt that we intend to pay within twelve months, and is due as follows:

<i>in millions</i>	<i>Current Maturities</i>
Second quarter 2021	\$0.0
Third quarter 2021	9.0
Fourth quarter 2021	6.0
First quarter 2022	0.4

DEBT RATINGS

Our debt ratings and outlooks as of March 31, 2021 are as follows:

	<i>Rating/Outlook</i>	<i>Date</i>	<i>Description</i>
Senior Unsecured Term Debt			
Fitch	BBB/stable	2/22/2021	rating revised
Moody's	Baa2/stable	11/9/2020	rating revised
Standard & Poor's	BBB+/stable	2/28/2020	rating revised

LIBOR TRANSITION

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

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

As of March 31, 2021, we had one material debt instrument with LIBOR as a reference rate: our \$1,000.0 million line of credit (none outstanding at March 31, 2021) due September 2025. At this time, we cannot predict the future impact of a departure from LIBOR as a reference rate; however, if future rates based upon the successor reference rate (or a new method of calculating LIBOR) are higher than LIBOR rates as currently determined, our interest expense would increase.

EQUITY

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

<i>in thousands</i>	March 31 2021	<i>December 31 2020</i>	<i>March 31 2020</i>
Common stock shares at January 1, issued and outstanding	132,516	132,371	132,371
Common Stock Issuances			
Share-based compensation plans	148	359	276
Common Stock Purchases			
Purchased and retired	0	(214)	(214)
Common stock shares at end of period, issued and outstanding	132,664	132,516	132,433

As of March 31, 2021, there were 8,064,851 shares remaining under the February 2017 Board of Directors' share purchase authorization. Depending upon market, business, legal and other conditions, we may purchase shares from time to time through open market (including plans designed to comply with Rule 10b5-1 of the Securities Exchange Act of 1934) and/or privately negotiated transactions. The authorization has no time limit, does not obligate us to purchase any specific number of shares, and may be suspended or discontinued at any time.

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

<i>in thousands, except average cost</i>	March 31 2021	<i>December 31 2020</i>	<i>March 31 2020</i>
Shares Purchased and Retired			
Number	0	214	214
Total purchase price	\$ 0	\$ 26,132	\$ 26,132
Average cost per share	\$ 0.00	\$ 121.92	\$ 121.92

There were no shares held in treasury as of March 31, 2021, December 31, 2020 and March 31, 2020.

OFF-BALANCE SHEET ARRANGEMENTS

We have no off-balance sheet arrangements, such as financing or unconsolidated variable interest entities.

STANDBY LETTERS OF CREDIT

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

CASH CONTRACTUAL OBLIGATIONS

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

CRITICAL ACCOUNTING POLICIES

We follow certain significant accounting policies when preparing our consolidated financial statements. A summary of these policies is included in our Annual Report on Form 10-K for the year ended December 31, 2020 (Form 10-K).

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

We believe that the accounting policies described in the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section of our Form 10-K require the most significant judgments and estimates used in the preparation of our consolidated financial statements, so we consider these to be our critical accounting policies. There have been no changes to our critical accounting policies during the three months ended March 31, 2021.

NEW ACCOUNTING STANDARDS

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

FORWARD-LOOKING STATEMENTS

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

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

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

INVESTOR INFORMATION

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

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

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

In addition to accessing copies of our reports online, you may request a copy of our Annual Report on Form 10-K, including financial statements, by writing to Denson N. Franklin III, Senior Vice President, General Counsel and Secretary, Vulcan Materials Company, 1200 Urban Center Drive, Birmingham, Alabama 35242.

We have a:

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

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

Our Board of Directors has also adopted:

- Corporate Governance Guidelines
- Charters for its Audit, Compensation, Executive, Finance, Governance and Safety, Health & Environmental Affairs Committees

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

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

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

MARKET RISK

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

As discussed in the Liquidity and Financial Resources section of Part I, Item 2, we actively manage our capital structure and resources to balance the cost of capital and risk of financial stress. Such activity includes balancing the cost and risk of interest expense. In addition to floating-rate borrowings, we at times use interest rate swaps to manage the mix of fixed-rate and floating-rate debt.

At March 31, 2021, the estimated fair value of our long-term debt including current maturities was \$3,235.5 million compared to a book value of \$2,788.3 million. The estimated fair value was determined by averaging several asking price quotes for the publicly traded notes and assuming par value for the remainder of the debt. The fair value estimate is based on information available as of the balance sheet date. The effect of a decline in interest rates of one percentage point would increase the fair value of our debt by approximately \$370.7 million.

We are exposed to certain economic risks related to the costs of our pension and other postretirement benefit plans. These economic risks include changes in the discount rate for high-quality bonds and the expected return on plan assets. The impact of a change in these assumptions on our annual pension and other postretirement benefits costs is discussed in our most recent Annual Report on Form 10-K.

DISCLOSURE CONTROLS AND PROCEDURES

We maintain a system of controls and procedures designed to ensure that information required to be disclosed in reports we file with the SEC is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms. These disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rules 13a - 15(e) or 15d - 15(e)), include, without limitation, controls and procedures designed to ensure that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. Our Chief Executive Officer and Chief Financial Officer, with the participation of other management officials, evaluated the effectiveness of the design and operation of the disclosure controls and procedures as of March 31, 2021. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2021.

Due to the COVID-19 pandemic, we implemented remote work arrangements for support functions and restricted business travel effective mid-March 2020. To date, these arrangements have not materially affected our ability to maintain our business operations, including the operation of financial reporting systems, internal control over financial reporting, and disclosure controls and procedures. We are continually assessing the potential effects of the COVID-19 pandemic on the design and operating effectiveness of our internal control over financial reporting and, if necessary, will take appropriate actions.

No material changes were made during the first quarter of 2021 to our internal controls over financial reporting, nor have there been other factors that materially affect these controls.

PART II OTHER INFORMATION

ITEM 1 LEGAL PROCEEDINGS

Certain legal proceedings in which we are involved are discussed in Note 12 to the consolidated financial statements and Part I, Item 3 of our Annual Report on Form 10-K for the year ended December 31, 2020. See Note 8 to the condensed consolidated financial statements of this Form 10-Q for a discussion of certain recent developments concerning our legal proceedings.

ITEM 1A RISK FACTORS

There were no material changes to the risk factors disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2020.

ITEM 2 UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Purchases of our equity securities during the quarter ended March 31, 2021 are summarized below.

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs ¹
2021				
Jan 1 - Jan 31	0	\$ 0.00	0	8,064,851
Feb 1 - Feb 28	0	\$ 0.00	0	8,064,851
Mar 1 - Mar 31	0	\$ 0.00	0	8,064,851
Total	0	\$ 0.00	0	

¹ In February 2017, our Board of Directors authorized us to purchase up to 10,000,000 shares of our common stock. As of March 31, 2021, there were 8,064,851 shares remaining under the authorization. Depending upon market, business, legal and other conditions, we may make share purchases from time to time through open market (including plans designed to comply with Rule 10b5-1 of the Securities Exchange Act of 1934) and/or privately negotiated transactions. The authorization has no time limit, does not obligate us to purchase any specific number of shares, and may be suspended or discontinued at any time.

We did not have any unregistered sales of equity securities during the first quarter of 2021.

ITEM 4 MINE SAFETY DISCLOSURES

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

Exhibit 31(a)	<u>Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
Exhibit 31(b)	<u>Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
Exhibit 32(a)	<u>Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
Exhibit 32(b)	<u>Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
Exhibit 95	<u>MSHA Citations and Litigation</u>
Exhibit 101	The following unaudited financial information from this Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 are formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Comprehensive Income, (iii) the Condensed Consolidated Statements of Cash Flows and (iv) the Notes to Condensed Consolidated Financial Statements.
Exhibit 104	Cover Page Interactive Data File – the cover page from this Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 is formatted in iXBRL (contained in Exhibit 101).

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

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

VULCAN MATERIALS COMPANY

Date May 5, 2021

/s/ Randy L. Pigg
Randy L. Pigg
Vice President, Controller
(Principal Accounting Officer)

Date May 5, 2021

/s/ Suzanne H. Wood
Suzanne H. Wood
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, J. Thomas Hill, certify that:

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

Date May 5, 2021

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

I, Suzanne H. Wood, certify that:

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

Date May 5, 2021

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

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

I, J. Thomas Hill, Chairman, President and Chief Executive Officer of Vulcan Materials Company, certify that the Quarterly Report on Form 10-Q (the "report") for the quarter ended March 31, 2021, filed with the Securities and Exchange Commission on the date hereof:

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

/s/ J. Thomas Hill
J. Thomas Hill
Chairman, President and Chief Executive Officer
May 5, 2021

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

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

I, Suzanne H. Wood, Senior Vice President and Chief Financial Officer of Vulcan Materials Company, certify that the Quarterly Report on Form 10-Q (the "report") for the quarter ended March 31, 2021, filed with the Securities and Exchange Commission on the date hereof:

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

/s/ Suzanne H. Wood
Suzanne H. Wood, Senior Vice President and
Chief Financial Officer
May 5, 2021

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

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

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

The following disclosures are made pursuant to Section 1503.

During the three months ended March 31, 2021, none of our operations: (i) received any orders under Section 104(b), which are issued upon a follow up inspection where the inspector finds the violation previously cited has not been totally abated in the prescribed time period; (ii) had any flagrant violations under Section 110(b)(2); (iii) received notice from MSHA of a pattern of violations of mandatory health or safety standards under Section 104(e); or (iv) had any mining related fatalities.

FIRST QUARTER 2021

The table below sets forth, by mine, the total number of citations and/or orders issued by MSHA during the period covered by this report under the indicated provisions of the Mine Act, together with the total dollar value of proposed assessments, if any, from MSHA, received during the three months ended March 31, 2021. Of our 253 active MSHA-regulated facilities during the quarter, we received 146 federal mine safety inspections at 123 facilities during the reporting period. Of our inspected facilities, 115 did not receive any reportable citations or orders.

Name of Operation	Number of Inspections	Total Number of S&S Citations	Mine Act § 104(b) Orders	Mine Act § 104(d) Citations and Orders	Mine Act § 110(b)(2) Violations	Mine Act § 107(a) Orders	Total Dollar Value of Proposed MSHA Assessments (dollars in thousands)	Total Number of Mining Related Fatalities	Received Written Notice under Mine Act § 104(e) (yes/no)
1604 CLEAN, TX	1	8	0	0	0	0	\$0.0	0	No
FRIENDSHIP QUARRY, GA	1	1	0	0	0	0	\$0.0	0	No
FT MYERS, FL	1	3	0	0	0	0	\$0.0	0	No
KENNESAW, GA	1	1	0	0	0	0	\$0.0	0	No
LAKEHORE, AL	1	1	0	0	0	0	\$0.0	0	No
MACON SED, GA	1	1	0	0	0	0	\$0.0	0	No
RICHMOND ROAD, TN	2	2	0	0	0	0	\$1.6	0	No
WILSON CO, TN	1	1	0	0	0	0	\$0.4	0	No
OTHER OPERATIONS - 115	137	0	0	0	0	0	\$0.0	0	No
Total	146	18	0	0	0	0	\$2.0	0	

The total dollar value of proposed assessments received during the three months ended March 31, 2021 for all other citations, as well as proposed assessments received during the reporting period for citations previously issued, is \$5,993.

The table below sets forth, by mine, category of legal action and number of legal actions pending before the Federal Mine Safety and Health Review Commission as of March 31, 2021.

Name of Operation	Number of Legal Actions		
	Contest Penalty	Contest Citations	Complaint of Discharge, Discrimination
BARTLETT UNDERGROUND QUARRY, IL	2	0	0
BLAIRSVILLE QUARRY, GA	1	0	0
JACK PLANT, VA	1	0	0
SOUTH RUSSELLVILLE QUARRY, AL	1	0	0

The table below sets forth, by mine, category of legal action and number of legal actions filed before the Federal Mine Safety and Health Review Commission during the three months ended March 31, 2021.

Name of Operation	Number of Legal Actions		
	Contest Penalty	Contest Citations	Complaint of Discharge, Discrimination
SOUTH RUSSELLVILLE QUARRY, AL	1	0	0

The table below sets forth, by mine, category of legal action and number of legal actions resolved (disposed) by the Federal Mine Safety and Health Review Commission during the three months ended March 31, 2021.

Name of Operation	Number of Legal Actions		
	Contest Penalty	Contest Citations	Complaint of Discharge, Discrimination
GRAHAM VIRGINIA, VA	1	0	0