

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

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended **June 30, 2022**

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
<b>Common Stock, \$1 par value</b>	<b>VMC</b>	<b>New York Stock Exchange</b>

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 July 25, 2022
132,900,968

# FORM 10-Q

## QUARTER ENDED JUNE 30, 2022

### CONTENTS

		Page
PART I	FINANCIAL INFORMATION	
Item 1.	<u>Financial Statements</u>	
	<u>Condensed Consolidated Balance Sheets</u>	2
	<u>Condensed Consolidated Statements of Comprehensive Income</u>	3
	<u>Condensed Consolidated Statements of Cash Flows</u>	4
	<u>Notes to Condensed Consolidated Financial Statements</u>	5
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	28
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	50
Item 4.	<u>Controls and Procedures</u>	50
PART II	OTHER INFORMATION	
Item 1.	<u>Legal Proceedings</u>	51
Item 1A.	<u>Risk Factors</u>	51
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	51
Item 4.	<u>Mine Safety Disclosures</u>	52
Item 6.	<u>Exhibits</u>	52
	<u>Signatures</u>	53

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 millions</i>	<i>June 30 2022</i>	<i>December 31 2021</i>	<i>June 30 2021</i>
<b>Assets</b>			
Cash and cash equivalents	\$ 120.7	\$ 235.0	\$ 857.6
Restricted cash	3.0	6.5	110.8
Accounts and notes receivable			
Accounts and notes receivable, gross	1,121.6	849.0	689.6
Allowance for credit losses	(10.0)	(10.3)	(2.7)
Accounts and notes receivable, net	1,111.6	838.7	686.9
Inventories			
Finished products	405.2	418.0	373.7
Raw materials	63.5	59.9	37.9
Products in process	4.8	4.2	5.1
Operating supplies and other	50.7	39.2	33.9
Inventories	524.2	521.3	450.6
Other current assets	140.0	95.1	94.5
Total current assets	1,899.5	1,696.6	2,200.4
Investments and long-term receivables	33.1	34.1	34.3
Property, plant & equipment			
Property, plant & equipment, cost	10,831.1	10,444.4	9,094.7
Allowances for depreciation, depletion & amortization	(5,087.9)	(4,897.6)	(4,729.5)
Property, plant & equipment, net	5,743.2	5,546.8	4,365.2
Operating lease right-of-use assets, net	692.6	691.4	464.8
Goodwill	3,742.4	3,696.7	3,172.1
Other intangible assets, net	1,776.0	1,749.0	1,103.1
Other noncurrent assets	294.7	268.0	231.1
Total assets	\$ 14,181.5	\$ 13,682.6	\$ 11,571.0
<b>Liabilities</b>			
Current maturities of long-term debt	0.5	5.2	15.4
Short-term debt	176.0	0.0	0.0
Trade payables and accruals	441.0	365.5	300.1
Other current liabilities	411.8	398.6	283.7
Total current liabilities	1,029.3	769.3	599.2
Long-term debt	3,873.7	3,874.8	2,769.9
Deferred income taxes, net	1,036.1	1,005.9	748.3
Deferred revenue	163.9	167.1	170.2
Noncurrent operating lease liabilities	645.1	642.5	443.1
Other noncurrent liabilities	689.2	655.3	547.2
Total liabilities	\$ 7,437.3	\$ 7,114.9	\$ 5,277.9
Other commitments and contingencies (Note 8)			
<b>Equity</b>			
Common stock, \$1 par value, Authorized 480.0 shares, Outstanding 132.9, 132.7 and 132.7 shares, respectively	132.9	132.7	132.7
Capital in excess of par value	2,817.3	2,816.5	2,806.7
Retained earnings	3,921.4	3,748.5	3,531.8
Accumulated other comprehensive loss	(150.5)	(152.7)	(178.1)
Total shareholders' equity	6,721.1	6,545.0	6,293.1
Noncontrolling interest	23.1	22.7	0.0
Total equity	\$ 6,744.2	\$ 6,567.7	\$ 6,293.1
Total liabilities and equity	\$ 14,181.5	\$ 13,682.6	\$ 11,571.0

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 millions, except per share data</i>	<i>Three Months Ended</i> <i>June 30</i>		<i>Six Months Ended</i> <i>June 30</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
Total revenues	\$ 1,954.3	\$ 1,361.0	\$ 3,495.0	\$ 2,429.4
Cost of revenues	1,508.1	962.6	2,780.1	1,801.8
Gross profit	446.2	398.4	714.9	627.6
Selling, administrative and general expenses	134.4	100.7	253.4	189.3
Gain on sale of property, plant & equipment and businesses	2.0	0.2	4.6	117.4
Other operating expense, net	(6.2)	(10.4)	(11.6)	(18.7)
Operating earnings	307.6	287.5	454.5	537.0
Other nonoperating income (expense), net	(4.7)	8.3	(3.0)	14.2
Interest expense, net	38.7	41.7	74.7	74.8
Earnings from continuing operations before income taxes	264.2	254.1	376.8	476.4
Income tax expense	63.7	57.3	82.4	118.0
Earnings from continuing operations	200.5	196.8	294.4	358.4
Loss on discontinued operations, net of tax	(13.1)	(1.5)	(14.9)	(2.4)
Net earnings	187.4	195.3	279.5	356.0
(Earnings) loss attributable to noncontrolling interest	(0.1)	0.0	(0.4)	0.0
Net earnings attributable to Vulcan	\$ 187.3	\$ 195.3	\$ 279.1	\$ 356.0
Other comprehensive income (loss), net of tax				
Amortization of prior cash flow hedge loss	0.4	0.4	0.7	0.7
Amortization of actuarial loss and prior service cost for benefit plans	0.7	1.2	1.5	2.5
Other comprehensive income	1.1	1.6	2.2	3.2
Comprehensive income	188.5	196.9	281.7	359.2
Comprehensive (earnings) loss attributable to noncontrolling interest	(0.1)	0.0	(0.4)	0.0
Comprehensive income attributable to Vulcan	\$ 188.4	\$ 196.9	\$ 281.3	\$ 359.2
Basic earnings (loss) per share attributable to Vulcan				
Continuing operations	\$ 1.51	\$ 1.48	\$ 2.21	\$ 2.70
Discontinued operations	(0.10)	(0.01)	(0.11)	(0.02)
Net earnings	\$ 1.41	\$ 1.47	\$ 2.10	\$ 2.68
Diluted earnings (loss) per share attributable to Vulcan				
Continuing operations	\$ 1.50	\$ 1.47	\$ 2.20	\$ 2.69
Discontinued operations	(0.10)	(0.01)	(0.11)	(0.02)
Net earnings	\$ 1.40	\$ 1.46	\$ 2.09	\$ 2.67
Weighted-average common shares outstanding				
Basic	133.0	132.8	133.0	132.8
Assuming dilution	133.5	133.5	133.6	133.5
Effective tax rate from continuing operations	24.1%	22.5%	21.9%	24.8%

*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 in millions</i>	<i>Six Months Ended June 30</i>	
	<i>2022</i>	<i>2021</i>
<b>Operating Activities</b>		
Net earnings	\$ 279.5	\$ 356.0
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation, depletion, accretion and amortization	284.0	203.5
Noncash operating lease expense	31.3	20.9
Net gain on sale of property, plant & equipment and businesses	(4.6)	(117.4)
Contributions to pension plans	(3.9)	(4.1)
Share-based compensation expense	18.2	17.7
Deferred tax expense	6.6	41.1
Changes in assets and liabilities before initial effects of business acquisitions and dispositions	(289.2)	(135.0)
Other, net	3.6	15.2
<b>Net cash provided by operating activities</b>	<b>\$ 325.5</b>	<b>\$ 397.9</b>
<b>Investing Activities</b>		
Purchases of property, plant & equipment	(290.6)	(192.2)
Proceeds from sale of property, plant & equipment	10.2	190.7
Payment for businesses acquired, net of acquired cash	(188.1)	0.0
Other, net	(0.2)	0.0
<b>Net cash used for investing activities</b>	<b>\$ (468.7)</b>	<b>\$ (1.5)</b>
<b>Financing Activities</b>		
Proceeds from short-term debt	559.8	0.0
Payment of short-term debt	(383.8)	0.0
Payment of current maturities and long-term debt	(7.6)	(500.0)
Debt issuance and exchange costs	(0.7)	(13.3)
Payment of finance leases	(18.8)	(1.3)
Dividends paid	(106.3)	(98.2)
Share-based compensation, shares withheld for taxes	(17.2)	(12.8)
Other, net	0.0	(0.4)
<b>Net cash provided by (used for) financing activities</b>	<b>\$ 25.4</b>	<b>\$ (626.0)</b>
Net decrease in cash and cash equivalents and restricted cash	(117.8)	(229.6)
Cash and cash equivalents and restricted cash at beginning of year	241.5	1,198.0
<b>Cash and cash equivalents and restricted cash at end of period</b>	<b>\$ 123.7</b>	<b>\$ 968.4</b>

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

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### NATURE OF OPERATIONS

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

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-two states, the U.S. Virgin Islands, Washington D.C., the Bahamas and the local markets surrounding our operations in British Columbia, Canada and Quintana Roo, Mexico (see Note 8, NAFTA Arbitration). 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 Jersey, New Mexico, New York, Oklahoma, Pennsylvania, Tennessee, Texas, Virginia, the U.S. Virgin Islands, Washington D.C. and the Bahamas 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, if any, as described in Note 17. Our Condensed Consolidated Balance Sheet as of December 31, 2021 was derived from the audited financial statement, but it does not include all disclosures required by GAAP. In the opinion of our management, the statements reflect all adjustments, including those of a normal recurring nature, necessary to present fairly the results of the reported interim periods. For further information, refer to the consolidated financial statements and footnotes included in our most recent Annual Report on Form 10-K.

Operating results for the three and six month periods ended June 30, 2022 are not necessarily indicative of the results that may be expected for the year ending December 31, 2022, particularly in light of the uncertainty over the economic and operational impacts of the ongoing COVID-19 pandemic and the current conflict between Russia and Ukraine. Construction activity continues to be impacted by capacity constraints (including supply chain bottlenecks, labor shortages and transportation availability) and cost inflation. Additionally, period-over-period comparisons are significantly impacted by our August 2021 acquisition of U.S. Concrete (see Note 16).

Our condensed consolidated financial statements reflect estimates and assumptions made by management that affect the reported amounts of assets, liabilities, revenues and expenses. The most significant estimates and assumptions included in the preparation of these financial statements are related to goodwill and long-lived asset impairments, business combinations and purchase price allocation, pension and other postretirement benefits, environmental compliance, claims and litigation including self-insurance, and income taxes. Events that relate to conditions arising after June 30, 2022, will be reflected in management’s estimates for future periods.

### NONCONTROLLING INTEREST

In connection with our August 2021 U.S. Concrete acquisition, we obtained an 88% controlling interest in the Orca Sand and Gravel Limited Partnership (Orca). Orca was formed to develop the Orca quarry in British Columbia, Canada. The remaining 12% noncontrolling interest is held by the Namgis First Nation (Namgis). This noncontrolling interest consists of the Namgis’ share of the fair value equity in the partnership offset by capital contributions loaned to the Namgis by us. Our consolidated financial statements recognize the full fair value of all of the subsidiary’s assets and liabilities offset by the noncontrolling interest in total equity.

## 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.

## 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 millions</i>	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Discontinued Operations</b>				
Pretax loss	\$ (17.6)	\$ (1.9)	\$ (20.0)	\$ (3.4)
Income tax benefit	4.5	0.4	5.1	1.0
Loss on discontinued operations, net of tax	\$ (13.1)	\$ (1.5)	\$ (14.9)	\$ (2.4)

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 millions</i>	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Weighted-average common shares outstanding	133.0	132.8	133.0	132.8
Dilutive effect of				
Stock-Only Stock Appreciation Rights	0.2	0.3	0.2	0.3
Other stock compensation awards	0.3	0.4	0.4	0.4
Weighted-average common shares outstanding, assuming dilution	133.5	133.5	133.6	133.5

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 millions</i>	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Antidilutive common stock equivalents	0.1	0.1	0.1	0.1

## NOTE 2: LEASES

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

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

<i>dollars in millions</i>	<i>Classification on the Balance Sheet</i>	<b>June 30 2022</b>	<i>December 31 2021</i>	<i>June 30 2021</i>
<b>Assets</b>				
Operating lease ROU assets		<b>\$ 780.0</b>	\$ 771.1	\$ 530.8
Accumulated amortization		<b>(87.4)</b>	(79.7)	(66.0)
Operating leases, net	Operating lease right-of-use assets, net	<b>692.6</b>	691.4	464.8
Finance lease assets		<b>117.0</b>	129.2	11.1
Accumulated depreciation		<b>(9.9)</b>	(8.8)	(3.0)
Finance leases, net	Property, plant & equipment, net	<b>107.1</b>	120.4	8.1
Total lease assets		<b>\$ 799.7</b>	\$ 811.8	\$ 472.9
<b>Liabilities</b>				
Current				
Operating	Other current liabilities	<b>\$ 50.8</b>	\$ 49.2	\$ 36.7
Finance	Other current liabilities	<b>30.1</b>	35.4	2.8
Noncurrent				
Operating	Noncurrent operating lease liabilities	<b>645.1</b>	642.5	443.1
Finance	Other noncurrent liabilities	<b>48.9</b>	60.5	5.3
Total lease liabilities		<b>\$ 774.9</b>	\$ 787.6	\$ 487.9
<b>Lease Term and Discount Rate</b>				
Weighted-average remaining lease term (years)				
Operating leases		<b>20.3</b>	21.0	9.1
Finance leases		<b>3.2</b>	3.3	3.8
Weighted-average discount rate				
Operating leases		<b>3.7%</b>	3.8%	3.3%
Finance leases		<b>1.4%</b>	1.3%	1.3%

The increases from June 30, 2021 in ROU assets and liabilities presented above primarily relate to the acquisition of U.S. Concrete (see Note 16 for additional information). 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 millions</i>	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2022</b>	<i>2021</i>	<b>2022</b>	<i>2021</i>
<b>Lease Cost</b>				
Finance lease cost				
Depreciation of right-of-use assets	<b>\$ 4.3</b>	\$ 0.7	<b>\$ 8.7</b>	\$ 1.3
Interest on lease liabilities	<b>0.4</b>	0.0	<b>0.7</b>	0.1
Operating lease cost	<b>20.9</b>	15.5	<b>43.9</b>	30.8
Short-term lease cost <sup>1</sup>	<b>10.2</b>	5.3	<b>20.5</b>	10.4
Variable lease cost	<b>2.4</b>	2.8	<b>4.2</b>	5.5
Sublease income	<b>(0.8)</b>	(0.8)	<b>(1.6)</b>	(1.6)
Total lease cost	<b>\$ 37.4</b>	\$ 23.5	<b>\$ 76.4</b>	\$ 46.5

<sup>1</sup> Our short-term lease cost includes the cost of leases with an initial term of one year or less (including those with terms of one month or less).

Cash paid for operating leases was \$40.8 million and \$28.7 million for the six months ended June 30, 2022 and 2021, respectively. Cash paid for finance leases was \$19.4 million and \$1.3 million for the six months ended June 30, 2022 and 2021, 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 second quarter of 2022, we recorded income tax expense from continuing operations of \$63.7 million compared to \$57.3 million in the second quarter of 2021. The increase in tax expense was primarily related to an increase in pretax earnings and an increase in our reserve for uncertain tax positions.

For the first six months of 2022, we recorded income tax expense from continuing operations of \$82.4 million compared to \$118.0 million for the first six months of 2021. The decrease in tax expense was primarily related to a decrease in pretax earnings in 2022 and the 2021 increase in the valuation allowance against the Alabama net operating loss (NOL).

In February 2021, the Alabama Business Competitiveness Act (ABC Act) was signed into law. The ABC 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 NOL carryforward. As a result, we recorded a charge in the first quarter of 2021 to increase the valuation allowance by \$13.7 million. No other material tax impacts resulted from the enactment of the ABC 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, 2021.

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 NOL carryforward deferred tax assets at December 31, 2022 of \$61.6 million against which we have a valuation allowance of \$42.9 million (after considering the ABC 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. While it is often difficult to predict the final outcome or the timing of resolution of any particular tax matter, we believe our liability for unrecognized tax benefits is appropriate.

## 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 recorded as liabilities until remitted and thus 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 (excluding the U.S. Concrete acquisition which is only presented by segment) for the three and six month periods ended June 30, 2022 and 2021 are disaggregated as follows:

<b>Three Months Ended June 30, 2022</b>					
<i>in millions</i>	<i>Aggregates</i>	<i>Asphalt</i>	<i>Concrete</i>	<i>Calcium</i>	<i>Total</i>
<b>Total Revenues by Geographic Market <sup>1</sup></b>					
East	\$ 370.0	\$ 49.3	\$ 74.5	\$ 0.0	\$ 493.8
Gulf Coast	740.5	66.2	18.9	1.4	827.0
West	184.6	159.3	15.4	0.0	359.3
U.S. Concrete	106.7	0.0	313.5	0.0	420.2
Segment sales	\$ 1,401.8	\$ 274.8	\$ 422.3	\$ 1.4	\$ 2,100.3
Intersegment sales	(146.0)	0.0	0.0	0.0	(146.0)
Total revenues	\$ 1,255.8	\$ 274.8	\$ 422.3	\$ 1.4	\$ 1,954.3

<b>Three Months Ended June 30, 2021</b>					
<i>in millions</i>	<i>Aggregates</i>	<i>Asphalt</i>	<i>Concrete</i>	<i>Calcium</i>	<i>Total</i>
<b>Total Revenues by Geographic Market <sup>1</sup></b>					
East	\$ 354.4	\$ 42.8	\$ 66.3	\$ 0.0	\$ 463.5
Gulf Coast	607.5	46.1	18.6	1.9	674.1
West	163.5	123.7	11.3	0.0	298.5
Segment sales	\$ 1,125.4	\$ 212.6	\$ 96.2	\$ 1.9	\$ 1,436.1
Intersegment sales	(75.1)	0.0	0.0	0.0	(75.1)
Total revenues	\$ 1,050.3	\$ 212.6	\$ 96.2	\$ 1.9	\$ 1,361.0

<b>Six Months Ended June 30, 2022</b>					
<i>in millions</i>	<i>Aggregates</i>	<i>Asphalt</i>	<i>Concrete</i>	<i>Calcium</i>	<i>Total</i>
<b>Total Revenues by Geographic Market <sup>1</sup></b>					
East	\$ 625.5	\$ 70.6	\$ 132.6	\$ 0.0	\$ 828.7
Gulf Coast	1,369.9	102.7	37.5	3.3	1,513.4
West	336.7	268.7	29.6	0.0	635.0
U.S. Concrete	190.9	0.0	583.1	0.0	774.0
Segment sales	\$ 2,523.0	\$ 442.0	\$ 782.8	\$ 3.3	\$ 3,751.1
Intersegment sales	(256.1)	0.0	0.0	0.0	(256.1)
Total revenues	\$ 2,266.9	\$ 442.0	\$ 782.8	\$ 3.3	\$ 3,495.0

<b>Six Months Ended June 30, 2021</b>					
<i>in millions</i>	<i>Aggregates</i>	<i>Asphalt</i>	<i>Concrete</i>	<i>Calcium</i>	<i>Total</i>
<b>Total Revenues by Geographic Market <sup>1</sup></b>					
East	\$ 597.8	\$ 60.2	\$ 121.4	\$ 0.0	\$ 779.4
Gulf Coast	1,126.4	87.5	36.0	4.0	1,253.9
West	296.1	212.0	20.2	0.0	528.3
Segment sales	\$ 2,020.3	\$ 359.7	\$ 177.6	\$ 4.0	\$ 2,561.6
Intersegment sales	(132.2)	0.0	0.0	0.0	(132.2)
Total revenues	\$ 1,888.1	\$ 359.7	\$ 177.6	\$ 4.0	\$ 2,429.4

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

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

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

West market — Arizona, California and New Mexico

U.S. Concrete — British Columbia (Canada), California, Hawaii, New Jersey, New York, Oklahoma, Pennsylvania, Texas, the U.S. Virgin Islands and Washington D.C.

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 \$67.9 million (3.5% of total revenues) and \$60.8 million (4.5% of total revenues) for the three months ended June 30, 2022 and 2021, respectively, and \$106.9 million (3.1% of total revenues) and \$102.0 million (4.2% of total revenues) for the six months ended June 30, 2022 and 2021, 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 15<sup>th</sup> day of the following month — we do not offer discounts for early payment.

Freight & delivery generally represents pass-through transportation costs 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 millions</i>	<i>Three Months Ended June 30</i>		<i>Six Months Ended June 30</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
<b>Freight &amp; Delivery Revenues</b>				
Total revenues	<b>\$ 1,954.3</b>	\$ 1,361.0	<b>\$ 3,495.0</b>	\$ 2,429.4
Freight & delivery revenues <sup>1</sup>	<b>(256.5)</b>	(195.0)	<b>(465.6)</b>	(358.5)
Total revenues excluding freight & delivery	<b>\$ 1,697.8</b>	\$ 1,166.0	<b>\$ 3,029.4</b>	\$ 2,070.9

<sup>1</sup> Includes freight & delivery to remote distribution sites.

## CONSTRUCTION PAVING SERVICE REVENUES

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

## VOLUMETRIC PRODUCTION PAYMENT DEFERRED REVENUES

In 2013 and 2012, we sold a percentage interest in certain future aggregates production for net cash proceeds of \$226.9 million. 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 millions</i>	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Deferred Revenue</b>				
Balance at beginning of period	<b>\$ 168.1</b>	\$ 176.3	<b>\$ 170.1</b>	\$ 178.0
Revenue recognized from deferred revenue	<b>(2.2)</b>	(2.2)	<b>(4.2)</b>	(3.9)
Balance at end of period	<b>\$ 165.9</b>	\$ 174.1	<b>\$ 165.9</b>	\$ 174.1

Based on expected sales from the specified quarries, we expect to recognize \$7.5 million of VPP deferred revenue as income during the 12-month period ending June 30, 2023 (reflected in other current liabilities in our June 30, 2022 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 millions</i>	<i>Level 1 Fair Value</i>		
	<i>June 30</i> <i>2022</i>	<i>December 31</i> <i>2021</i>	<i>June 30</i> <i>2021</i>
<b>Fair Value Recurring</b>			
Rabbi Trust			
Mutual funds	\$ 26.0	\$ 34.7	\$ 31.2
<b>Total</b>	<b>\$ 26.0</b>	<b>\$ 34.7</b>	<b>\$ 31.2</b>

  

<i>in millions</i>	<i>Level 2 Fair Value</i>		
	<i>June 30</i> <i>2022</i>	<i>December 31</i> <i>2021</i>	<i>June 30</i> <i>2021</i>
<b>Fair Value Recurring</b>			
Rabbi Trust			
Money market mutual fund	\$ 1.1	\$ 0.6	\$ 1.2
<b>Total</b>	<b>\$ 1.1</b>	<b>\$ 0.6</b>	<b>\$ 1.2</b>

We have two Rabbi Trusts for the purpose of providing a level of security for the employee nonqualified retirement and deferred compensation plans and for the directors' nonqualified deferred compensation plans. The fair values of these investments are estimated using a market approach. The Level 1 investments include mutual funds 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 (high-quality, short-term, U.S. dollar-denominated money market instruments).

Net gains (losses) of the Rabbi Trusts' investments were \$(6.1) million and \$3.4 million for the six months ended June 30, 2022 and 2021, respectively. The portions of the net gains (losses) related to investments still held by the Rabbi Trusts at June 30, 2022 and 2021 were \$(6.3) million and \$3.0 million, respectively.

Interest rate swaps are measured at fair value using quoted market prices or pricing models that use prevailing market interest rates as of the measurement date. These interest rate swaps are more fully described in Note 6.

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, 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 cash flow 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:

		Three Months Ended June 30		Six Months Ended June 30	
<i>in millions</i>	<i>Location on Statement</i>	<b>2022</b>	2021	<b>2022</b>	2021
<b>Cash Flow Hedges</b>					
Loss reclassified from AOCI	Interest expense	\$ (0.5)	\$ (0.5)	\$ (1.0)	\$ (1.0)

For the 12-month period ending June 30, 2023, we estimate that \$2.1 million of the \$21.8 million net of tax loss in AOCI will be reclassified to interest expense.

## NOTE 7: DEBT

Debt is detailed as follows:

in millions	Effective Interest Rates	June 30 2022	December 31 2021	June 30 2021
<b>Short-term Debt</b>				
Bank line of credit expires 2026 <sup>1</sup>		\$ 176.0	\$ 0.0	\$ 0.0
Total short-term debt		\$ 176.0	\$ 0.0	\$ 0.0
<b>Long-term Debt</b>				
Bank line of credit expires 2026 <sup>1</sup>		\$ 0.0	\$ 0.0	\$ 0.0
Delayed draw term loan expires 2026		1,100.0	1,100.0	0.0
8.85% notes due 2021		0.0	0.0	6.0
4.50% notes due 2025	4.65%	400.0	400.0	400.0
3.90% notes due 2027	4.00%	400.0	400.0	400.0
3.50% notes due 2030	3.94%	750.0	750.0	750.0
7.15% notes due 2037	8.05%	129.2	129.2	129.2
4.50% notes due 2047	4.59%	700.0	700.0	700.0
4.70% notes due 2048	5.42%	460.9	460.9	460.9
Other notes	0.42%	1.8	9.5	11.3
Total long-term debt - face value		\$ 3,941.9	\$ 3,949.6	\$ 2,857.4
Unamortized discounts and debt issuance costs		(67.7)	(69.6)	(72.1)
Total long-term debt - book value		\$ 3,874.2	\$ 3,880.0	\$ 2,785.3
Less current maturities		0.5	5.2	15.4
Total long-term debt - reported value		\$ 3,873.7	\$ 3,874.8	\$ 2,769.9
Estimated fair value of long-term debt		\$ 3,792.5	\$ 4,418.5	\$ 3,345.4

<sup>1</sup> 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 \$2.4 million and \$11.4 million of net interest expense for these items for the six months ended June 30, 2022 and 2021, respectively.

### BRIDGE FACILITY, DELAYED DRAW TERM LOAN AND LINE OF CREDIT

In June 2021, concurrent with the announcement of the pending acquisition of U.S. Concrete (see Note 16 for additional information), we obtained a \$2,200.0 million bridge facility commitment from Truist Bank. Later, in June 2021, we entered into a \$1,600.0 million unsecured delayed draw term loan with a subset of the banks that provide our line of credit and terminated the bridge facility commitment. The delayed draw term loan was drawn in August 2021 for \$1,600.0 million upon the acquisition of U.S. Concrete and was paid down to \$1,100.0 million in September 2021 (amounts repaid are no longer available for borrowing). In March 2022, the delayed draw term loan was amended to extend the maturity date from August

2024 to August 2026. The delayed draw term loan contains covenants customary for an unsecured investment-grade facility and mirror those in our line of credit. As of June 30, 2022, we were in compliance with the delayed draw term loan covenants.

Financing costs for the bridge facility commitment and the delayed draw term loan totaled \$13.3 million, \$9.4 million of which was recognized as interest expense in the second quarter of 2021. Borrowings on the delayed draw term loan bear interest, at our option, at either the Secured Overnight Financing Rate (SOFR) plus a margin ranging from 0.750% to 1.250%, or Truist Bank's base rate (generally, its prime rate) plus a margin ranging from 0.000% to 0.250%. The margins are determined by our credit ratings. As of June 30, 2022, the margin for SOFR borrowings was 0.875% and the margin for base rate borrowings was 0.000%.

Our unsecured \$1,000.0 million line of credit was amended in March 2022 to extend the maturity date from September 2025 to September 2026. Our line of credit contains covenants customary for an unsecured investment-grade facility. As of June 30, 2022, we were in compliance with the line of credit covenants.

Borrowings on the line of credit bear interest, at our option, at either SOFR plus a margin ranging from 1.000% to 1.625%, or Truist Bank's base rate (generally, its prime rate) plus a margin ranging from 0.000% to 0.625%. The margins are 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 margin for SOFR borrowings plus 0.175%. We also pay a commitment fee on the daily average unused amount of the line of credit that ranges from 0.090% to 0.225% determined by our credit ratings. As of June 30, 2022, the margin for SOFR borrowings was 1.125%, the margin for base rate borrowings was 0.125%, and the commitment fee for the unused amount was 0.100%.

As of June 30, 2022, our available borrowing capacity under the line of credit was \$745.9 million. Utilization of the borrowing capacity was as follows:

- \$176.0 million was borrowed
- \$78.1 million was used to support standby letters of credit

## TERM DEBT

Essentially all of our \$3,941.9 million (face value) of term debt (which includes the \$1,100.0 million delayed draw term loan) is unsecured. \$2,840.2 million of such debt is governed by two essentially identical indentures that contain customary investment-grade type covenants. As of June 30, 2022, we were in compliance with all term debt covenants.

In August 2021, we assumed \$434.5 million (fair value) of senior notes due 2029 in connection with the acquisition of U.S. Concrete and retired these notes in September 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. Except for \$24.8 million of risk management letters of credit that expire in July 2022, our standby letters of credit are issued by banks that participate in our \$1,000.0 million line of credit, and reduce the borrowing capacity thereunder. Our standby letters of credit as of June 30, 2022 are summarized by purpose in the table below:

*in millions*

<b>Standby Letters of Credit</b>	
Risk management insurance	\$ 95.4
Reclamation/restoration requirements	7.5
<b>Total</b>	<b>\$ 102.9</b>



## 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 \$774.9 million as of June 30, 2022.

As summarized by purpose in Note 7, our standby letters of credit totaled \$102.9 million as of June 30, 2022.

As described in Note 9, our asset retirement obligations totaled \$321.1 million as of June 30, 2022.

### 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 millions</i>	<i>June 30 2022</i>	<i>December 31 2021</i>	<i>June 30 2021</i>
<b>Accrued Environmental Remediation Costs</b>			
Continuing operations	\$ 24.1	\$ 23.2	\$ 25.5
Retained from former Chemicals business	10.6	10.7	10.9
<b>Total</b>	<b>\$ 34.7</b>	<b>\$ 33.9</b>	<b>\$ 36.4</b>

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.



Efforts to investigate and 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 to include 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.

In August 2017, the EPA informed certain members of the CPG, including Vulcan and others, 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 identified in the ROD. This voluntary allocation process established an impartial third-party expert recommendation for use by the government and the participants as the basis of possible settlements, including settlements related to future remediation actions. The final allocation recommendations, which are subject to confidentiality provisions, were submitted to the EPA for its review and consideration in late December 2020. Certain PRPs, including Vulcan, thereafter received a joint confidential settlement demand from the EPA/Department of Justice (DOJ). In early February 2022, Vulcan and certain of the other PRPs that received the joint confidential settlement demand (the Settling Defendants) reached an agreement in principle with the EPA/DOJ. The Settling Defendants and the governmental agencies intend to negotiate a consent decree. If the consent decree is approved by the court, Vulcan's portion of the settlement 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 how the proposed settlement with the EPA/DOJ would affect the Occidental lawsuit.

- **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, the Texas Brine Company (Texas Brine) was the operator contracted by Vulcan (and later Occidental Chemical Company (Occidental)) to mine and deliver the salt. We sold our Chemicals Division in 2005 and transferred our rights and interest 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 have been 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, but are not limited to, individual plaintiffs' claims for property damage; a claim by the state of Louisiana for response costs and civil penalties; claims by Texas Brine for past and future response costs, lost profits and investment costs, indemnity payments, attorneys' fees, other litigation costs and judicial interests; 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 or fraudulent 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 were 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 joint 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 second trial phase addressed to contract and damages set to be held during the third quarter of 2022. 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 its wholly-owned subsidiary) and Vulcan 15%. This ruling was appealed by the parties in each of the pipeline cases. In December 2020, the Louisiana Court of Appeal, First Circuit issued its Notice of Judgment 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 (and its wholly-owned subsidiary). 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 May 2021 and April 2022, the Court of Appeal issued judgments in the other two pipeline cases, assigning the same allocation of fault between the parties. Writs were sought from the Louisiana Supreme Court for review of all three appellate decisions. Those applications were denied, resulting in final judgments regarding fault allocations in two of the three pipeline cases. Texas Brine's writ in the third pipeline case remains pending.

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 cases involve Texas Brine and the State of Louisiana. This quarter we recorded an immaterial loss related to the claims brought by Texas Brine. At this time we cannot reasonably estimate a range of liability pertaining to the claims brought by the State of Louisiana. The State's lawsuit has been dormant awaiting final disposition of the Phase 1 (liability) proceedings, which remain pending before the Louisiana Supreme Court in one of the three pipeline cases.

- **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 (NHOU) 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 NHOU. 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 LADWP's Rinaldi-Toluca (RT) wellfield project. 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. The 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 included a request for Vulcan to revise and develop a final PDI Evaluation Report. The final comments further provided, 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 included edits to the Draft PDI Evaluation Report and responses to the 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 selected by the EPA or agreed upon, we cannot identify any further remedial action that may be required. 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 fourth quarter of 2021, Vulcan completed a partial settlement with Honeywell related to certain of the costs that Honeywell has incurred for an immaterial amount. Discussions are ongoing with Honeywell regarding other costs Honeywell has incurred or will incur. 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 with the International Centre for Settlement of Investment Disputes (ICSID) in December 2018. In January 2019, ICSID registered our Request for Arbitration.

A hearing on the merits took place in July 2021. While we awaited the final resolution from the tribunal, we continued to engage with government officials to pursue an amicable resolution of the dispute. On May 5, 2022, Mexican government officials unexpectedly and arbitrarily shut down Calica's remaining operations in Mexico. On May 8, 2022, Legacy Vulcan filed an application in the NAFTA arbitration seeking provisional measures and leave to file an ancillary claim in connection with this latest shutdown (see Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations – Known Trends or Uncertainties). On July 11, 2022, the NAFTA arbitration tribunal granted Legacy Vulcan's application and ordered Mexico not to take any action that might further aggravate the dispute between the parties or render the resolution of the dispute potentially more difficult. Legacy Vulcan's ancillary claim will be addressed as part of the pending arbitration, and we expect that the NAFTA arbitration tribunal will issue a decision no earlier than 2023.

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 are successful.

It is not possible to predict 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 millions</i>	<i>Three Months Ended June 30</i>		<i>Six Months Ended June 30</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
<b>ARO Operating Costs</b>				
Accretion	\$ 3.6	\$ 3.2	\$ 7.1	\$ 6.5
Depreciation	2.4	2.7	4.8	5.3
<b>Total</b>	<b>\$ 6.0</b>	<b>\$ 5.9</b>	<b>\$ 11.9</b>	<b>\$ 11.8</b>

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

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

<i>in millions</i>	<i>Three Months Ended June 30</i>		<i>Six Months Ended June 30</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
<b>Asset Retirement Obligations</b>				
Balance at beginning of period	\$ 319.7	\$ 285.4	\$ 315.2	\$ 283.2
Liabilities incurred	0.0	0.0	2.3	0.9
Liabilities settled	(2.0)	(2.2)	(3.3)	(5.0)
Accretion expense	3.6	3.2	7.1	6.5
Revisions, net	(0.2)	0.0	(0.2)	0.8
<b>Balance at end of period</b>	<b>\$ 321.1</b>	<b>\$ 286.4</b>	<b>\$ 321.1</b>	<b>\$ 286.4</b>

The increase in ARO liabilities from June 30, 2021 to June 30, 2022 primarily relate to those assumed in the acquisition of U.S. Concrete (see Note 16).

## 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 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.

During October 2021, we purchased (using pension plan assets) an irrevocable group annuity contract (pension lift-out) from an insurance company to transfer approximately 10% of the total projected benefit obligation as of the purchase date. As a result of this transaction: 1) we incurred a settlement charge of \$12.1 million, 2) we were relieved of all responsibility for these pension obligations, and 3) the insurance company is now required to pay and administer the retirement benefits owed to 2,764 U.S. retirees and beneficiaries (representing approximately 50% of retirees in payment status at that time), with no change to the amount, timing or form of retirement benefit payments.

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

PENSION BENEFITS <i>in millions</i>	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
<b>Components of Net Periodic Benefit Cost</b>				
Service cost	\$ 1.0	\$ 1.2	\$ 2.0	\$ 2.4
Interest cost	5.2	4.9	10.5	9.8
Expected return on plan assets	(7.6)	(11.4)	(15.1)	(22.8)
Amortization of prior service cost	0.3	0.3	0.7	0.7
Amortization of actuarial loss	1.0	2.2	2.1	4.3
Net periodic pension benefit cost (credit)	\$ (0.1)	\$ (2.8)	\$ 0.2	\$ (5.6)
Pretax reclassifications from AOCI included in net periodic pension benefit cost	\$ 1.3	\$ 2.5	\$ 2.8	\$ 5.0

The contributions to pension plans for the six months ended June 30, 2022 and 2021, 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 2021, we amended our postretirement healthcare plan to increase our employer contribution rate from the previously capped level (established in 2015) to a higher level effective 2022. This will serve as a cost reduction for retirees in 2022 that will carry forward as we use this new benchmark for future employer contributions. 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 <i>in millions</i>	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
<b>Components of Net Periodic Benefit Cost</b>				
Service cost	\$ 0.5	\$ 0.2	\$ 1.1	\$ 0.6
Interest cost	0.2	0.1	0.4	0.2
Amortization of prior service credit	(0.1)	(0.5)	(0.2)	(1.0)
Amortization of actuarial gain	(0.4)	(0.3)	(0.7)	(0.7)
Net periodic postretirement benefit cost (credit)	\$ 0.2	\$ (0.5)	\$ 0.6	\$ (0.9)
Pretax reclassifications from AOCI included in net periodic postretirement benefit credit	\$ (0.5)	\$ (0.8)	\$ (0.9)	\$ (1.7)

## DEFINED CONTRIBUTION PLANS

In addition to our pension and postretirement plans, we sponsor five defined contribution plans including three plans related to the U.S. Concrete acquisition. 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 \$29.6 million and \$35.0 million for the six months ended June 30, 2022 and 2021, 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 (loss) (AOCI), net of tax, are as follows:

<i>in millions</i>	<b>June 30 2022</b>	<i>December 31 2021</i>	<i>June 30 2021</i>
<b>AOCI</b>			
Cash flow hedges	\$ (21.8)	\$ (22.5)	\$ (23.2)
Pension and postretirement plans	(128.7)	(130.2)	(154.9)
<b>Total</b>	<b>\$ (150.5)</b>	<b>\$ (152.7)</b>	<b>\$ (178.1)</b>

Changes in AOCI, net of tax, for the six months ended June 30, 2022 are as follows:

<i>in millions</i>	<i>Cash Flow Hedges</i>	<i>Pension and Postretirement Benefit Plans</i>	<i>Total</i>
<b>AOCI</b>			
Balances as of December 31, 2021	\$ (22.5)	\$ (130.2)	\$ (152.7)
Amounts reclassified from AOCI	0.7	1.5	2.2
Net current period OCI changes	0.7	1.5	2.2
<b>Balances as of June 30, 2022</b>	<b>\$ (21.8)</b>	<b>\$ (128.7)</b>	<b>\$ (150.5)</b>

Amounts reclassified from AOCI to earnings are as follows:

<i>in millions</i>	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2022</b>	<i>2021</i>	<b>2022</b>	<i>2021</i>
<b>Amortization of Cash Flow Hedge Losses</b>				
Interest expense	\$ 0.5	\$ 0.5	\$ 1.0	\$ 1.0
Benefit from income taxes	(0.1)	(0.1)	(0.3)	(0.3)
<b>Total</b>	<b>\$ 0.4</b>	<b>\$ 0.4</b>	<b>\$ 0.7</b>	<b>\$ 0.7</b>
<b>Amortization of Pension and Postretirement Plan Actuarial Loss and Prior Service Cost</b>				
Other nonoperating expense	\$ 1.0	\$ 1.7	\$ 2.0	\$ 3.3
Benefit from income taxes	(0.3)	(0.5)	(0.5)	(0.8)
<b>Total</b>	<b>\$ 0.7</b>	<b>\$ 1.2</b>	<b>\$ 1.5</b>	<b>\$ 2.5</b>
<b>Total reclassifications from AOCI to earnings</b>	<b>\$ 1.1</b>	<b>\$ 1.6</b>	<b>\$ 2.2</b>	<b>\$ 3.2</b>

## NOTE 12: EQUITY

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

There were no shares held in treasury as of June 30, 2022, December 31, 2021 and June 30, 2021.

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

	June 30 2022	December 31 2021	June 30 2021
<i>in millions, except average cost</i>			
<b>Shares Purchased and Retired</b>			
Number	0.0	0.0	0.0
Total purchase price	\$ 0.0	\$ 0.0	\$ 0.0
Average cost per share	\$ 0.00	\$ 0.00	\$ 0.00

As of June 30, 2022, 8,064,851 shares may be purchased under the current authorization of our Board of Directors.

Changes in total equity are summarized below:

	Three Months Ended June 30		Six Months Ended June 30	
<i>in millions, except per share data</i>	2022	2021	2022	2021
<b>Total Shareholders' Equity</b>				
Balance at beginning of period	\$ 6,575.3	\$ 6,136.2	\$ 6,545.0	\$ 6,027.3
Net earnings attributable to Vulcan	187.3	195.3	279.1	356.0
Common stock issued				
Share-based compensation plans, net of shares withheld for taxes	(0.1)	(0.7)	(17.1)	(12.9)
Share-based compensation expense	10.7	9.8	18.2	17.7
Cash dividends on common stock (\$0.40/\$0.37/\$0.80/\$0.74 per share, respectively)	(53.2)	(49.1)	(106.3)	(98.2)
Other comprehensive income	1.1	1.6	2.2	3.2
Balance at end of period	\$ 6,721.1	\$ 6,293.1	\$ 6,721.1	\$ 6,293.1
<b>Noncontrolling Interest</b>				
Balance at beginning of period	\$ 23.0	\$ 0.0	\$ 22.7	\$ 0.0
Earnings (loss) attributable to noncontrolling interest	0.1	0.0	0.4	0.0
Balance at end of period	\$ 23.1	\$ 0.0	\$ 23.1	\$ 0.0
<b>Total Equity</b>				
Balance at end of period	\$ 6,744.2	\$ 6,293.1	\$ 6,744.2	\$ 6,293.1

## 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 and are excluded from total revenues. Management reviews earnings from the product line reporting segments principally at the gross profit level.

### SEGMENT FINANCIAL DISCLOSURE

<i>in millions</i>	<i>Three Months Ended June 30</i>		<i>Six Months Ended June 30</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
<b>Total Revenues</b>				
Aggregates <sup>1</sup>	\$ 1,401.8	\$ 1,125.4	\$ 2,523.0	\$ 2,020.3
Asphalt <sup>2</sup>	274.8	212.6	442.0	359.7
Concrete	422.3	96.2	782.8	177.6
Calcium	1.4	1.9	3.3	4.0
Segment sales	\$ 2,100.3	\$ 1,436.1	\$ 3,751.1	\$ 2,561.6
Aggregates intersegment sales	(146.0)	(75.1)	(256.1)	(132.2)
Total revenues	\$ 1,954.3	\$ 1,361.0	\$ 3,495.0	\$ 2,429.4
<b>Gross Profit</b>				
Aggregates	\$ 402.4	\$ 373.8	\$ 645.2	\$ 597.5
Asphalt	13.6	13.5	10.7	10.5
Concrete	30.0	10.3	58.2	18.1
Calcium	0.2	0.8	0.8	1.5
Total	\$ 446.2	\$ 398.4	\$ 714.9	\$ 627.6
<b>Depreciation, Depletion, Accretion and Amortization (DDA&amp;A)</b>				
Aggregates	\$ 107.3	\$ 84.3	\$ 210.9	\$ 165.1
Asphalt	8.5	9.1	17.1	18.2
Concrete	20.7	4.0	41.8	8.0
Calcium	0.1	0.0	0.1	0.1
Other	6.4	5.7	14.1	12.1
Total	\$ 143.0	\$ 103.1	\$ 284.0	\$ 203.5
<b>Identifiable Assets <sup>3, 4</sup></b>				
Aggregates			\$ 11,345.3	\$ 9,492.9
Asphalt			631.6	579.2
Concrete			1,762.7	314.2
Calcium			4.1	3.5
Total identifiable assets			\$ 13,743.7	\$ 10,389.8
General corporate assets			314.1	212.8
Cash and cash equivalents and restricted cash			123.7	968.4
Total assets			\$ 14,181.5	\$ 11,571.0

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

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

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

<sup>4</sup> The increases in Aggregates, Concrete and General corporate Identifiable Assets are largely attributable to the August 2021 U.S. Concrete acquisition (see Note 16).



## NOTE 14: SUPPLEMENTAL CASH FLOW INFORMATION

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

<i>in thousands</i>	<i>Six Months Ended June 30</i>	
	<i>2022</i>	<i>2021</i>
<b>Cash Payments</b>		
Interest (exclusive of amount capitalized)	\$ 72.6	\$ 65.2
Income taxes	112.2	87.4
<b>Noncash Investing and Financing Activities</b>		
Accrued liabilities for purchases of property, plant & equipment	\$ 38.4	\$ 27.0
Recognition of new and revised asset retirement obligations <sup>1</sup>	2.1	1.7
Recognition of new and revised lease obligations for <sup>1</sup>		
Operating leases	23.4	67.6
Finance leases	2.8	3.3
Amounts referable to business acquisitions		
Other liabilities assumed	15.1	0.0
Consideration payable to seller	45.4	0.0

<sup>1</sup> Excludes amounts acquired in business acquisitions.

## NOTE 15: GOODWILL

Goodwill is recognized when the consideration paid for a business exceeds the fair value of the tangible and identifiable intangible assets acquired. Goodwill is allocated to reporting units for purposes of testing goodwill for impairment. There were no charges for goodwill impairment in the six month periods ended June 30, 2022 and 2021. Accumulated goodwill impairment losses amount to \$252.7 million (year 2008) in our former Cement 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, 2021 to June 30, 2022 are shown below:

<i>in millions</i>	<i>Aggregates</i>	<i>Asphalt</i>	<i>Concrete</i>	<i>Calcium</i>	<i>Total</i>
<b>Goodwill</b>					
Totals at December 31, 2021	\$ 3,316.6	\$ 91.6	\$ 288.5	\$ 0.0	\$ 3,696.7
Goodwill of acquired businesses <sup>1</sup>	1.3	0.0	44.4	0.0	45.7
<b>Totals at June 30, 2022</b>	<b>\$ 3,317.9</b>	<b>\$ 91.6</b>	<b>\$ 332.9</b>	<b>\$ 0.0</b>	<b>\$ 3,742.4</b>

<sup>1</sup> See Note 16 for acquisitions.

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

## NOTE 16: ACQUISITIONS AND DIVESTITURES

### BUSINESS ACQUISITIONS

2022 BUSINESS ACQUISITIONS — Through the six months ended June 30, 2022, we purchased the following operations for total consideration of \$233.5 million:

- Texas — five aggregates facilities (includes three production stage properties, one development stage property and one sales yard)
- Virginia — four ready-mixed concrete facilities and two idle ready-mixed concrete sites

The 2022 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. The fair value of consideration transferred for these 2022 acquisitions and the preliminary amounts (pending final appraisals of intangible assets and property, plant & equipment and related deferred taxes) of assets acquired and liabilities assumed are summarized below:

<i>in millions</i>	<i>June 30 2022</i>
<b>Fair Value of Purchase Consideration</b>	
Cash	\$ 188.1
Payable to seller	45.4
<b>Total fair value of purchase consideration</b>	<b>\$ 233.5</b>
<b>Identifiable Assets Acquired and Liabilities Assumed</b>	
Accounts and notes receivable, net	\$ 4.5
Inventories	4.8
Property, plant & equipment	187.0
Intangible assets	
Contractual rights in place	41.3
Liabilities assumed	(4.1)
<b>Net identifiable assets acquired</b>	<b>\$ 233.5</b>
<b>Goodwill</b>	<b>\$ 0.0</b>

As a result of the 2022 acquisitions, we recognized \$41.3 million of amortizable intangible assets and no goodwill. The amortizable intangible assets will be amortized against earnings over a weighted-average 16 years and \$41.3 million will be deductible for income tax purposes over 15 years.

2021 BUSINESS ACQUISITIONS — On August 26, 2021, we purchased the following operations in connection with the acquisition of U.S. Concrete, Inc. for total consideration of \$1,634.5 million, net of cash acquired:

- British Columbia, Canada — aggregates and aggregates blue-water transportation operations
- California — aggregates distribution terminals and concrete operations
- New Jersey — aggregates and concrete operations
- New York — aggregates and concrete operations
- Oklahoma — aggregates and concrete operations
- Pennsylvania — concrete operations
- Texas — aggregates and concrete operations
- U.S. Virgin Islands — aggregates and concrete operations
- Washington, D.C. — concrete operations

The unaudited pro forma financial information in the table below summarizes the results of operations for Vulcan and U.S. Concrete as if they were combined as of January 1, 2020. The pro forma financial information does not reflect any cost savings, operating efficiencies or synergies as a result of this combination. Consistent with the assumed acquisition date of January 1, 2020, the pro forma information excludes transactions between Vulcan and U.S. Concrete. The following pro forma information also includes 1) charges directly attributable to the acquisition, 2) cost of sales related to the sale of acquired inventory marked up to fair value, 3) depreciation, depletion, amortization & accretion expense related to the mark up to fair value of acquired assets and 4) interest expense and debt retirement costs reflecting the new debt structure:

	<b>Three Months Ended June 30</b>	<b>Six Months Ended June 30</b>
<i>in millions</i>	<i>2021</i>	<i>2021</i>
<b>Supplemental Pro Forma Results</b>		
Total revenues	\$ 1,677.8	\$ 3,023.3
Net earnings attributable to Vulcan	\$ 168.6	\$ 317.9

The unaudited pro forma results above may not be indicative of the results that would have been obtained had this acquisition occurred at the beginning of 2020, nor does it intend to be a projection of future results.

The fair value of consideration transferred for the U.S. Concrete acquisition and the preliminary amounts (pending final inspection of property, plant & equipment and related deferred taxes) of assets acquired and liabilities assumed are summarized below:

<i>in millions</i>	<b>June 30 2022</b>
<b>Fair Value of Purchase Consideration</b>	
Cash <sup>1</sup>	\$ 1,634.5
Total fair value of purchase consideration	\$ 1,634.5
<b>Identifiable Assets Acquired and Liabilities Assumed</b>	
Accounts and notes receivable, net	\$ 237.3
Inventories	80.6
Other current assets	8.8
Property, plant & equipment	1,086.2
Operating lease right-of-use assets	217.6
Intangible assets	
Contractual rights in place	622.6
Other intangibles	60.3
Other noncurrent assets	5.3
Deferred income taxes, net	(245.4)
Debt assumed	(443.7)
Other liabilities assumed	(543.1)
Noncontrolling interest	(22.3)
Net identifiable assets acquired	\$ 1,064.2
<b>Goodwill</b>	<b>\$ 570.3</b>

<sup>1</sup> Includes \$1,268.5 million paid to acquire all issued and outstanding shares of U.S. Concrete common stock and \$384.4 million of U.S. Concrete obligations paid on the acquisition date, less \$18.4 million of cash acquired.

Additionally, during 2021, we purchased concrete operations in California for total consideration of \$4.9 million.

As a collective result of the 2021 acquisitions, we recognized \$685.5 million of amortizable intangible assets and \$570.3 million of goodwill (including an increase of \$45.7 million from December 31, 2021). The amortizable intangible assets will be amortized against earnings over a weighted-average period in excess of 15 years. The \$570.3 million of goodwill recognized represents deferred tax liabilities generated from carrying over the seller's tax basis in the assets acquired and synergies expected to be realized from acquiring an established business with assets that have been assembled over a long period of time — the collection of those assets combined with our assets can earn a higher rate of return than either individually. Of the total goodwill recognized, \$108.5 million will be deductible for income tax purposes.

## **DIVESTITURES AND PENDING DIVESTITURES**

We had no significant divestitures through the six months ended June 30, 2022.

In 2021, we sold:

- First quarter — a reclaimed quarry in Southern California resulting in a pretax gain of \$114.7 million (net of a \$12.9 million contingency and other directly related obligations)

No material assets met the criteria for held for sale at June 30, 2022, December 31, 2021 or June 30, 2021.

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

### **ACCOUNTING STANDARDS RECENTLY ADOPTED**

NONE

### **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), a major producer of asphalt mix and ready-mixed concrete, and a supplier of construction paving services. 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 (see Known Trends or Uncertainties within this Item 2.) with our fleet of Panamax-class, self-unloading ships. Additionally, as a result of our 2021 acquisition of U.S. Concrete, we serve markets in California and Hawaii from our quarry in British Columbia, Canada by means of a long-term marine shipping agreement with CSL Americas.

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 2021, our five largest customers accounted for 8% of our total revenues, and no single customer accounted for more than 2% of our total revenues. Although approximately 45% to 55% of our aggregates shipments have historically been used in publicly-funded construction, such as highways, airports and government buildings, 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 Jersey, New Mexico, New York, Oklahoma, Pennsylvania, Tennessee, Texas, Virginia, the U.S. Virgin Islands, Washington D.C. and the Bahamas markets. Aggregates comprise approximately 95% of asphalt mix by weight and 80% of ready-mixed concrete by weight. In both of these downstream businesses, aggregates are primarily supplied from our operations.

### SEASONALITY AND CYCLICAL NATURE OF OUR BUSINESS

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

## EXECUTIVE SUMMARY

### FINANCIAL HIGHLIGHTS FOR SECOND QUARTER 2022

Compared to second quarter of 2021:

- Total revenues increased \$593.3 million, or 44%, to \$1,954.3 million
- Gross profit increased \$47.8 million, or 12%, to \$446.2 million
- Aggregates segment sales increased \$276.4 million, or 25%, to \$1,401.8 million
- Aggregates segment freight-adjusted revenues increased \$162.6 million, or 19%, to \$1,036.6 million
  - Shipments increased 9%, or 5.3 million tons, to 63.8 million tons
    - Same-store shipments increased 2%, or 1.3 million tons, to 59.8 million tons
  - Freight-adjusted sales price increased 8.8%, or \$1.32 per ton to \$16.25
    - Same-store freight-adjusted sales price increased 9.0%, or \$1.35 per ton to \$16.28
- Aggregates segment gross profit increased \$28.6 million, or 8%, to \$402.4 million
  - Unit profitability (as measured by gross profit per ton) decreased 1% to \$6.31 per ton
- Asphalt, Concrete and Calcium segment gross profit increased \$19.2 million, or 78%, to \$43.8 million, collectively
- Selling, administrative and general (SAG) expenses increased \$33.7 million but decreased 0.5 percentage points (50 basis points) as a percentage of total revenues
- Operating earnings increased \$20.1 million, or 7%, to \$307.6 million
- Earnings attributable to Vulcan from continuing operations were \$1.50 per diluted share compared to \$1.47 per diluted share
- Adjusted earnings attributable to Vulcan from continuing operations were \$1.53 per diluted share, compared to \$1.57 per diluted share
- Net earnings attributable to Vulcan were \$187.3 million, a decrease of \$8.0 million, or 4%
- Adjusted EBITDA was \$450.2 million, an increase of \$44.2 million, or 11%
  - Includes an approximate \$20 million negative impact related to our aggregates operations in Mexico that were unexpectedly and arbitrarily shut down in May
- Returned capital to shareholders via dividends (\$53.2 million @ \$0.40 per share versus \$49.1 million @ \$0.37 per share)

Total revenues increased sharply from the prior year driven by double-digit growth in our legacy operations as well as the addition of U.S. Concrete operations. Our teams continued to execute well and delivered another quarter of solid earnings growth amidst a challenging backdrop. We are well on our way to delivering another year of double-digit earnings growth.

During the trailing-twelve months, we increased our Aggregates segment gross profit by 11% despite ongoing inflation and other external headwinds. Robust growth in aggregates pricing and a relentless focus on operating disciplines will help us carry this momentum forward. Our asphalt pricing actions, which began late last year, are increasingly offsetting sharply higher liquid asphalt costs, and we remain focused on growing our gross profit in our Asphalt segment. In our Concrete segment, leading indicators for private nonresidential construction activity and a favorable pricing environment will support earnings growth in 2022.

Capital expenditures in the second quarter were \$117.4 million, including \$56.3 million for growth projects (year-to-date \$240.1 million and \$90.7 million, respectively). For the full year, we expect to spend \$600 million to \$650 million on capital expenditures. Full-year capital expenditures include spending for U.S. Concrete operations (acquired in August 2021) as well as spending for projects put on hold in 2020 due to the pandemic. We will continue to review our plans and will adjust as needed, while being thoughtful about preserving liquidity. During the quarter, we completed acquisitions of Virginia ready-mixed concrete facilities (see Note 16 to the condensed consolidated financial statements).

As of June 30, 2022, the ratio of total debt to trailing-twelve months Adjusted EBITDA was 2.6 times (2.5 times on a net debt basis). We remain committed to our stated long-term target leverage range of 2.0 to 2.5 times total debt to trailing-twelve months Adjusted EBITDA.

Interest expense, net of interest income, was \$38.7 million in the second quarter compared with \$41.7 million in the prior year.

On a trailing-twelve months basis, return on invested capital was 13.6%, 1.2 percentage points (120 basis points) lower than the comparable prior year period. We are focused on driving further improvement through solid operating earnings growth coupled with disciplined capital management.

## OUTLOOK

We are revising our full-year Adjusted EBITDA guidance range to reflect the considerable pricing momentum in our aggregates business as well as higher than expected energy-related cost inflation that is currently impacting each of our segments. Additionally, our outlook now reflects the previously disclosed impact (\$80 million to \$100 million) of the closure of our Mexico operations for the balance of 2022.

Updates to our expectations for 2022 include:

- Net earnings attributable to Vulcan of between \$680 million to \$760 million
- Adjusted EBITDA of between \$1.60 billion to \$1.70 billion
- Aggregates freight-adjusted price increase of 9% to 11% (\$14.87 per ton in 2021)
- Mid-single digit growth in Aggregates segment cash gross profit per ton despite severe inflationary pressures from diesel fuel and other commodities and supply chain challenges
- Cash gross profit of \$280 to \$300 million in Asphalt, Concrete and Calcium segments, collectively, with the Concrete segment expected to account for approximately 80% of the total
- SAG expense of between \$495 million to \$505 million
- Interest expense of approximately \$165 million
- Depreciation, depletion, accretion and amortization expense of approximately \$565 million

Our ability to grow our aggregates unit profitability consistently during the last two years of pandemic-related disruptions differentiates us from the rest of our industry. These results demonstrate the resiliency of our business and our ability to capitalize on changes in the macro environment. We are positioned in markets that will continue to outperform other parts of the country, from a demand perspective, both in the near-term and longer term, and we expect both the favorable pricing dynamics and our strong execution to lead to attractive growth in aggregates unit profitability in 2022 and beyond.

## Mexico Update

After the unexpected and arbitrary shut down of our Mexico operations on May 5, 2022, and upon suspension of its three-year customs permit (granted in March 2022) on May 13, 2022, we disclosed a potential EBITDA impact of \$80 million to \$100 million should we be unable to fully operate in Mexico for the balance of 2022. Operations remain shut down, and the aforementioned potential impact has now been incorporated into our full year 2022 outlook as noted above.

On May 8, 2022, we filed an application in our NAFTA arbitration seeking permission to file an ancillary claim in connection with this latest shutdown of our remaining Mexico operations. On July 11, 2022, the NAFTA arbitration tribunal granted our application. The ancillary claim will be addressed as part of the pending arbitration, and it is expected that the NAFTA arbitration tribunal will issue a decision no earlier than 2023.

# RESULTS OF OPERATIONS

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

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

## CONSOLIDATED OPERATING RESULTS HIGHLIGHTS

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
<i>in millions, except unit and per unit data</i>				
Total revenues	\$ 1,954.3	\$ 1,361.0	\$ 3,495.0	\$ 2,429.4
Cost of revenues	1,508.1	962.6	2,780.1	1,801.8
Gross profit	\$ 446.2	\$ 398.4	\$ 714.9	\$ 627.6
Gross profit margin	22.8%	29.3%	20.5%	25.8%
Selling, administrative and general (SAG)	\$ 134.4	\$ 100.7	\$ 253.4	\$ 189.3
SAG as a percentage of total revenues	6.9%	7.4%	7.3%	7.8%
Gain on sale of property, plant & equipment and businesses	\$ 2.0	\$ 0.2	\$ 4.6	\$ 117.4
Operating earnings	\$ 307.6	\$ 287.5	\$ 454.5	\$ 537.0
Interest expense, net	\$ 38.7	\$ 41.7	\$ 74.7	\$ 74.8
Earnings from continuing operations before income taxes	\$ 264.2	\$ 254.1	\$ 376.8	\$ 476.4
Income tax expense	\$ 63.7	\$ 57.3	\$ 82.4	\$ 118.0
Effective tax rate from continuing operations	24.1%	22.5%	21.9%	24.8%
Earnings from continuing operations	\$ 200.5	\$ 196.8	\$ 294.4	\$ 358.4
Loss on discontinued operations, net of income taxes	(13.1)	(1.5)	(14.9)	(2.4)
(Earnings) loss attributable to noncontrolling interest	(0.1)	0.0	(0.4)	0.0
Net earnings attributable to Vulcan	\$ 187.3	\$ 195.3	\$ 279.1	\$ 356.0
Diluted earnings (loss) per share attributable to Vulcan				
Continuing operations	\$ 1.50	\$ 1.47	\$ 2.20	\$ 2.69
Discontinued operations	(0.10)	(0.01)	(0.11)	(0.02)
Diluted net earnings per share attributable to Vulcan	\$ 1.40	\$ 1.46	\$ 2.09	\$ 2.67
EBITDA <sup>1</sup>	\$ 445.8	\$ 398.9	\$ 735.1	\$ 754.7
Adjusted EBITDA <sup>1</sup>	\$ 450.2	\$ 406.0	\$ 744.1	\$ 650.3
<b>Average Sales Price and Unit Shipments</b>				
Aggregates				
Tons (thousands)	63,809	58,528	116,830	104,965
Freight-adjusted sales price	\$ 16.25	\$ 14.93	\$ 15.91	\$ 14.82
Asphalt Mix				
Tons (thousands)	3,422	3,134	5,743	5,351
Average sales price	\$ 69.42	\$ 58.14	\$ 67.25	\$ 57.58
Ready-mixed concrete				
Cubic yards (thousands)	2,831	731	5,331	1,344
Average sales price	\$ 148.75	\$ 130.61	\$ 146.43	\$ 131.03
Calcium				
Tons (thousands)	49	71	103	145
Average sales price	\$ 28.75	\$ 27.64	\$ 31.85	\$ 27.64

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



## SECOND QUARTER 2022 COMPARED TO SECOND QUARTER 2021

Second quarter 2022 total revenues were \$1,954.3 million, up 44% from the second quarter of 2021. Shipments increased in aggregates (+9%), asphalt mix (+9%) and ready-mixed concrete (+287%). Likewise, gross profit increased in the Aggregates (+\$28.6 million or 8%), Concrete (+\$19.7 million or +191%) and Asphalt (+\$0.1 million or less than 1%) segments. A 102% increase in the unit cost of diesel fuel increased costs by \$40.3 million from the prior year's second quarter with most (\$32.2 million) of this cost increase reflected in the Aggregates segment.

Net earnings attributable to Vulcan for the second quarter of 2022 were \$187.3 million, or \$1.40 per diluted share, compared to \$195.3 million, or \$1.46 per diluted share, in the second quarter of 2021. Each period's results were impacted by discrete items, as follows:

Net earnings attributable to Vulcan for the second quarter of 2022 include:

- pretax charges of \$0.4 million associated with divested operations
- pretax charges of \$3.1 million associated with non-routine business development
- pretax charges of \$0.9 million for managerial restructuring (related to U.S. Concrete)
- pretax charges of \$15.3 million for a litigation matter included in discontinued operations

Net earnings attributable to Vulcan for the second quarter of 2021 include:

- pretax charges of \$0.4 million associated with divested operations
- pretax charges of \$5.5 million associated with non-routine business development
- pretax charges of \$1.3 million for COVID-19 pandemic direct incremental costs
- pretax interest charges of \$9.4 million related to financing the acquisition of U.S. Concrete

Adjusted for these discrete items, earnings attributable to Vulcan from continuing operations (Adjusted Diluted EPS) was \$1.53 per diluted share for the second quarter of 2022 compared to \$1.57 per diluted share in the second quarter of 2021.

CONTINUING OPERATIONS — Changes in earnings from continuing operations before income taxes for the second quarter of 2022 versus the second quarter of 2021 are summarized below:

### EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES

*in millions*

Second quarter 2021	\$ 254.1
Higher aggregates gross profit	28.6
Higher asphalt gross profit	0.1
Higher concrete gross profit	19.7
Lower calcium gross profit	(0.6)
Higher selling, administrative and general expenses	(33.7)
Higher gain on sale of property, plant & equipment and businesses	1.8
Lower interest expense, net	3.0
All other	(8.8)
<b>Second quarter 2022</b>	<b>\$ 264.2</b>

Second quarter Aggregates segment sales increased 25%, while gross profit increased \$28.6 million, or 8%, to \$402.4 million (\$6.31 per ton). Strong price growth and solid operational execution helped offset a \$2.9 million unfavorable impact from selling acquired inventory after its markup to fair value, a \$32.2 million unfavorable impact from significantly higher (102%) diesel fuel costs and inflationary pressures for many other parts and supplies. Cash gross profit per ton was \$7.99 in the quarter compared to \$7.83 in the prior year quarter. Excluding the impact of higher diesel fuel costs, cash gross profit per ton increased 9% to \$8.50 per ton. Results in the second quarter were also negatively impacted by the unexpected and arbitrary shut down by the Mexican government of our Mexico operations in early May.

Total aggregates shipments were 63.8 million tons versus 58.5 million in last year's second quarter, an increase of 9%. This increase reflects shipment contribution from acquisitions and construction activity consistent with our expectations. Same-store aggregates shipments increased 2%. Shipment activity was particularly good in many southeastern markets and Texas.

Price growth in the second quarter was widespread across our markets. Freight-adjusted pricing was \$16.25 per ton, an increase of 8.8% (\$1.32 per ton) over the prior year. Same-store freight-adjusted average sales price increased 9.0%, or

\$1.35 per ton — excluding mix impact, aggregates price increased 9.6%. We expect this pricing momentum to continue throughout the remainder of the year as the second round of price increases gains traction across our markets.

Freight-adjusted unit cash cost of sales increased 16%, or \$1.16 per ton, as compared to the prior year's second quarter. Excluding the impact of higher diesel fuel costs and the impact of selling acquired inventory, cash cost of sales increased 8%, or \$0.60 per ton.

Overall, non-aggregates segments gross profit of \$43.8 million was \$19.2 million higher than the prior year's second quarter.

Asphalt segment gross profit of \$13.6 million was up \$0.1 million from the prior year's second quarter. Asphalt pricing increased 19.4%, or \$11.28 per ton, helping offset a 42% (\$29.5 million) increase in the average price paid for liquid asphalt as well as a \$3.8 million year-over-year increase in natural gas cost. Asphalt volumes increased 9% overall driven by growth in Arizona, California, and Texas, three of our largest asphalt markets. Strong price growth through the first half of the year (up 16.8%, or \$9.67 per ton, year-over-year) helped preserve unit material margins (selling price per ton less cost of raw materials per ton) despite sharp increases in liquid asphalt as well as higher prices for aggregates supplied by our Aggregates segment.

Concrete segment gross profit was \$30.0 million for the second quarter compared to \$10.3 million in the prior year. Concrete results benefited from the contribution of U.S. Concrete operations as well as strong price growth in our legacy operations. Material unit margins improved as higher selling prices helped offset higher raw materials costs, including aggregates supplied by our Aggregates segment. Segment results were negatively impacted by higher diesel prices and the availability of truck drivers and cement in certain markets.

Calcium segment gross profit of \$0.2 million was \$0.6 million lower than the prior year quarter.

SAG expenses were \$134.4 million in the quarter, or 6.9% of total revenues, and included overhead expenses associated with U.S. Concrete that were not in the prior year's quarter. Additionally, increased routine business development activities and more normalized travel expenses, due in part to integration activities, contributed to the year-over-year increase. Trailing-twelve months SAG expenses were 7.3% of total revenues, down 0.3 percentage points (30 basis points) from the comparable prior year amount.

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:

- \$6.2 million in second quarter 2022 — includes discrete items as follows:
  - \$0.4 million of charges associated with divested operations
  - \$0.2 million of non-routine business development charges (excludes items included in cost of goods sold)
  - \$0.9 million for managerial restructuring (related to U.S. Concrete)
- \$10.4 million in second quarter 2021 — includes discrete items as follows:
  - \$0.4 million of charges associated with divested operations
  - \$5.5 million of non-routine business development charges
  - \$1.3 million for COVID-19 pandemic direct incremental costs

Other nonoperating income (expense) was a net expense of \$4.7 million for the second quarter of 2022 and was unfavorable by \$13.0 million from the second quarter of 2021. This unfavorable variance resulted primarily from unfavorable Rabbi Trust gains/losses and benefit plan costs of \$6.3 million and \$3.4 million, respectively.

Net interest expense was \$38.7 million in the second quarter of 2022 compared to \$41.7 million in the second quarter of 2021. The prior year quarter included \$9.4 million of interest expense related to financing the acquisition of U.S. Concrete (see Note 7 to the condensed consolidated financial statements).

Income tax expense from continuing operations was \$63.7 million in the second quarter of 2022 compared to \$57.3 million in the second quarter of 2021. The increase in tax expense was primarily related to an increase in pretax earnings in 2022 and an increase in our reserve for uncertain tax positions.

Earnings attributable to Vulcan from continuing operations were \$1.50 per diluted share in the second quarter of 2022 compared to \$1.47 per diluted share in the second quarter of 2021.

**DISCONTINUED OPERATIONS** — Second quarter pretax loss from discontinued operations was \$17.6 million in 2022 compared with a pretax loss of \$1.9 million in 2021. 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 while the second quarter of 2022 includes an additional charge for a litigation matter. For additional details, see Note 1 to the condensed consolidated financial statements under the caption Discontinued Operations.

## YEAR-TO-DATE JUNE 30, 2022 COMPARED TO YEAR-TO-DATE JUNE 30, 2021

Total revenues for the first six months of 2022 were \$3,495.0 million, up 44% from the first six months of 2021. Shipments increased in aggregates (+11%), asphalt mix (+7%) and ready-mixed concrete (+297%). Gross profit increased in the Aggregates (+\$47.7 million or 8%), Asphalt (+\$0.2 million or 1%) and Concrete (+\$40.1 million or 222%) segments. An 83% increase in the unit cost of diesel fuel increased costs by \$60.9 million from the first half of 2021 with most (\$48.5 million) of this cost increase reflected in the Aggregates segment.

Net earnings attributable to Vulcan for the first six months of 2022 were \$279.1 million, or \$2.09 per diluted share, compared to \$356.0 million, or \$2.67 per diluted share, in the first six months of 2021. Each period's results were impacted by discrete items, as follows:

Net earnings attributable to Vulcan for the first six months of 2022 include:

- pretax charges of \$0.7 million associated with divested operations
- pretax charges of \$5.6 million associated with non-routine business development
- pretax charges of \$2.7 million for managerial restructuring (related to U.S. Concrete)
- pretax charges of \$15.3 million for a litigation matter included in discontinued operations

Net earnings attributable to Vulcan for the first six months 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 \$0.7 million associated with divested operations
- pretax charges of \$5.9 million associated with non-routine business development
- pretax charges of \$3.8 million for COVID-19 pandemic direct incremental costs
- pretax interest charges of \$9.4 million related to financing the acquisition of U.S. Concrete

Adjusted for these discrete items, earnings attributable to Vulcan from continuing operations (Adjusted Diluted EPS) was \$2.25 per diluted share for the first half of 2022 compared to \$2.26 per diluted share in the first half of 2021.

**CONTINUING OPERATIONS** — Changes in earnings from continuing operations before income taxes for year-to-date June 30, 2022 versus year-to-date June 30, 2021 are summarized below:

### EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES

*in millions*

Year-to-date June 30, 2021	\$ 476.4
Higher aggregates gross profit	47.7
Higher asphalt gross profit	0.2
Higher concrete gross profit	40.1
Lower calcium gross profit	(0.7)
Higher selling, administrative and general expenses	(64.1)
Lower gain on sale of property, plant & equipment and businesses	(112.8)
Lower interest expense, net	0.1
All other	(10.1)
<b>Year-to-date June 30, 2022</b>	<b>\$ 376.8</b>

First half 2022 Aggregates segment sales of \$2,523.0 million were up 25% while aggregates shipments increased 11%, or 11.9 million tons, compared to the prior year. Same-store aggregates shipments increased 4.5%, or 4.7 million tons. Freight-adjusted average sales price for aggregates increased 7.4%, or \$1.09 per ton, versus the first half of 2021. Same-store freight-adjusted average sales price increased 7.8%, or \$1.15 per ton — excluding mix impact, aggregates price increased 8.3%.

Aggregates segment gross profit was \$645.2 million (\$5.52 per ton) versus \$597.5 million (\$5.69 per ton) in the first half of 2021. Cash gross profit per ton increased 1% from the prior year's first half to \$7.33 per ton. First half 2022 freight-adjusted unit cost of sales increased 14%, or \$1.26 per ton, versus the prior year. The average unit cost of diesel fuel increased 83% versus the first half of 2021, decreasing Aggregates segment gross profit by \$48.5 million or \$0.41 per ton. Additionally, first half results were negatively impacted by the aforementioned shut down by the Mexican government of our Mexico operations in early May.

On a trailing-twelve months basis, Aggregates segment gross profit margin as a percentage of segment sales excluding freight & delivery decreased 2.2 percentage points (220 basis points) to 36.1%.

Asphalt segment gross profit of \$10.7 million was up \$0.2 million from the first six months of 2021. Asphalt mix shipments increased 7% while average unit selling prices increased 16.8%, or \$9.67 per ton. Compared to the prior year's first half, asphalt mix unit material margins only decreased 1% despite a 39% increase in the average unit cost for liquid asphalt.

Concrete segment gross profit was \$58.2 million for the first six months of 2022, an increase of \$40.1 million from the prior year period. Ready-mixed concrete shipments increased 297% (flat same-store) while the average sales price increased 11.8% and the unit material margins increased 18%.

Calcium segment's gross profit of \$0.8 million was down \$0.7 million compared to the first half of 2021.

SAG expenses were \$253.4 million versus \$189.3 million in the prior year's first half reflecting a 0.5 percentage point (50 basis point) decrease as a percentage of total revenues. The current year included overhead expenses associated with U.S. Concrete that were not in the prior year's first half.

Gain on sale of property, plant & equipment and businesses was \$4.6 million in the first half of 2022 versus \$117.4 million in the first half of 2021. The 2021 amount includes the aforementioned 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 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:

- \$11.6 million in first half of 2022 — includes discrete items as follows:
  - \$0.7 million of charges associated with divested operations
  - \$0.2 million of non-routine business development charges (excludes items included in cost of goods sold)
  - \$2.7 million for managerial restructuring (related to U.S. Concrete)
- \$18.7 million in first half of 2021 — includes discrete items as follows:
  - \$0.7 million of charges associated with divested operations
  - \$5.9 million of non-routine business development charges
  - \$3.8 million for COVID-19 pandemic direct incremental costs

Other nonoperating income (expense) was a net expense of \$3.0 million for the first half of 2022, unfavorable by \$17.2 million from the first half of 2021. This unfavorable variance resulted primarily from unfavorable Rabbi Trust gains/losses and benefit plan costs of \$9.5 million and \$7.3 million, respectively.

Net interest expense was \$74.7 million in the first half of 2022 compared to \$74.8 million in the first half of 2021. The 2022 expense factored in a higher debt level resulting from financing the acquisition of U.S. Concrete while 2021 included \$9.4 million of interest expense related to financing the acquisition of U.S. Concrete (see Note 7 to the condensed consolidated financial statements).

Income tax expense from continuing operations was \$82.4 million in the first half of 2022 compared to \$118.0 million in the first half of 2021. The decrease in tax expense was primarily related to a decrease in pretax earnings in 2022 and the 2021 increase in the valuation allowance against the Alabama net operating loss (NOL).

Earnings attributable to Vulcan from continuing operations were \$2.20 per diluted share in the first half of 2022 compared to \$2.69 per diluted share in the first half of 2021.

**DISCONTINUED OPERATIONS** — First half pretax loss from discontinued operations was \$20.0 million in 2022 compared with a loss of \$3.4 million in 2021. 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 while 2022 includes an additional charge for a litigation matter. For additional details, see Note 1 to the condensed consolidated financial statements under the caption Discontinued Operations.

## **KNOWN TRENDS OR UNCERTAINTIES**

Inflationary pressures and labor constraints are trends continuing to impact our operations in 2022. Although inflationary pressures can create short- to medium-term headwinds, the combination of inflation and improving visibility of demand has created and may continue to create a favorable environment for price increases. Additionally, labor constraints (especially truck drivers) have caused delays and inefficiencies in our operations as well as those of our customers. If labor constraints continue and demand remains strong, our operations may proceed at a slower pace, which may effectively extend the recovery while allowing us the opportunity to compound price, control costs and grow earnings.

Further, recently, the Mexican government has taken actions adverse to our operations in that country. On May 5, 2022, Mexican government officials presented employees at our SAC TUN subsidiary in Quintana Roo, Mexico with arbitrary shutdown orders to immediately cease underwater quarrying and extraction operations. On May 13, 2022, the Mexican government suspended the three-year customs permit granted in March 2022 to our SAC TUN subsidiary and began a proceeding that could result in the revocation of that permit. We strongly believe that the actions taken by Mexico are arbitrary and illegal. We have sought injunctive relief in Mexico that, if granted and complied with, would enable us to resume normal operations including the extraction, processing and export of materials. We intend to vigorously pursue all lawful avenues available to us in order to protect our rights, under both Mexican and international law, and resume normal operations as soon as permitted. Our second quarter results included an approximate \$20 million impact from this shutdown while our full year 2022 Outlook includes a potential EBITDA impact of \$80 million to \$100 million should we be unable to fully operate in Mexico for the balance of 2022.

# 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 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 June 30</i>		<i>Six Months Ended June 30</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
<i>in millions, except per ton data</i>				
<b>Aggregates segment</b>				
Segment sales	\$ 1,401.8	\$ 1,125.4	\$ 2,523.0	\$ 2,020.3
Less				
Freight & delivery revenues <sup>1</sup>	336.0	234.9	608.3	432.1
Other revenues	29.2	16.5	55.4	33.1
Freight-adjusted revenues	\$ 1,036.6	\$ 874.0	\$ 1,859.3	\$ 1,555.1
Unit shipments - tons	63.8	58.5	116.8	105.0
Freight-adjusted sales price	\$ 16.25	\$ 14.93	\$ 15.91	\$ 14.82

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

## AGGREGATES SEGMENT INCREMENTAL GROSS PROFIT

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

## MARGIN IN ACCORDANCE WITH GAAP

	Three Months Ended June 30		Trailing-Twelve Months June 30	
	2022	2021	2022	2021
<i>dollars in millions</i>				
<b>Aggregates segment</b>				
Gross profit	\$ 402.4	\$ 373.8	\$ 1,343.4	\$ 1,211.4
Segment sales	\$ 1,401.8	\$ 1,125.4	\$ 4,847.7	\$ 4,025.7
Gross profit margin	28.7%	33.2%	27.7%	30.1%
Incremental gross profit margin	10.3%		16.1%	

## FLOW-THROUGH RATE (NON-GAAP)

	Three Months Ended June 30		Trailing-Twelve Months June 30	
	2022	2021	2022	2021
<i>dollars in millions</i>				
<b>Aggregates segment</b>				
Gross profit	\$ 402.4	\$ 373.8	\$ 1,343.4	\$ 1,211.4
Segment sales	\$ 1,401.8	\$ 1,125.4	\$ 4,847.7	\$ 4,025.7
Less: Freight & delivery revenues <sup>1</sup>	336.0	234.9	1,128.2	862.4
Segment sales excluding freight & delivery	\$ 1,065.8	\$ 890.5	\$ 3,719.5	\$ 3,163.3
Gross profit margin excluding freight & delivery	37.8%	42.0%	36.1%	38.3%
Incremental gross profit flow-through rate	16.3%		23.7%	

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

## CASH GROSS PROFIT

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

	<i>Three Months Ended June 30</i>		<i>Six Months Ended June 30</i>	
<i>in millions, except per ton data</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
<b>Aggregates segment</b>				
Gross profit	\$ 402.4	\$ 373.8	\$ 645.2	\$ 597.5
Depreciation, depletion, accretion and amortization	107.3	84.3	210.9	165.1
Aggregates segment cash gross profit	\$ 509.7	\$ 458.1	\$ 856.1	\$ 762.6
Unit shipments - tons	63.8	58.5	116.8	105.0
Aggregates segment gross profit per ton	\$ 6.31	\$ 6.39	\$ 5.52	\$ 5.69
Aggregates segment cash gross profit per ton	\$ 7.99	\$ 7.83	\$ 7.33	\$ 7.27
Aggregates segment freight-adjusted sales price	\$ 16.25	\$ 14.93	\$ 15.91	\$ 14.82
Aggregates segment cash cost of sales per ton	\$ 8.26	\$ 7.10	\$ 8.58	\$ 7.55
<b>Asphalt segment</b>				
Gross profit	\$ 13.6	\$ 13.5	\$ 10.7	\$ 10.5
Depreciation, depletion, accretion and amortization	8.5	9.1	17.1	18.2
Asphalt segment cash gross profit	\$ 22.1	\$ 22.6	\$ 27.8	\$ 28.7
<b>Concrete segment</b>				
Gross profit	\$ 30.0	\$ 10.3	\$ 58.2	\$ 18.1
Depreciation, depletion, accretion and amortization	20.7	4.0	41.8	8.0
Concrete segment cash gross profit	\$ 50.7	\$ 14.3	\$ 100.0	\$ 26.1
<b>Calcium segment</b>				
Gross profit	\$ 0.2	\$ 0.8	\$ 0.8	\$ 1.5
Depreciation, depletion, accretion and amortization	0.1	0.0	0.1	0.1
Calcium segment cash gross profit	\$ 0.3	\$ 0.8	\$ 0.9	\$ 1.6



## EBITDA AND ADJUSTED EBITDA

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

in millions	Three Months Ended		Six Months Ended		Trailing-Twelve Months	
	June 30		June 30		June 30	
	2022	2021	2022	2021	2022	2021
Net earnings attributable to Vulcan	\$ 187.3	\$ 195.3	\$ 279.1	\$ 356.0	\$ 594.0	\$ 670.3
Income tax expense	63.7	57.3	82.4	118.0	164.6	200.2
Interest expense, net of interest income	38.7	41.7	74.7	74.8	147.6	144.5
Loss on discontinued operations, net of tax	13.1	1.5	14.9	2.4	15.7	5.2
Depreciation, depletion, accretion and amortization	143.0	103.1	284.0	203.5	543.5	405.3
EBITDA	\$ 445.8	\$ 398.9	\$ 735.1	\$ 754.7	\$ 1,465.3	\$ 1,425.5
Gain on sale of real estate and businesses, net	\$ 0.0	\$ 0.0	\$ 0.0	\$ (114.7)	\$ 0.0	\$ (114.7)
Charges associated with divested operations	0.4	0.4	0.7	0.7	1.5	6.8
Business development <sup>1</sup>	3.1	5.5	5.6	5.9	38.7	15.7
COVID-19 direct incremental costs	0.0	1.3	0.0	3.8	9.6	8.9
Pension settlement charge	0.0	0.0	0.0	0.0	12.1	22.7
Restructuring charges	0.9	0.0	2.7	0.0	17.7	0.0
Adjusted EBITDA	\$ 450.2	\$ 406.0	\$ 744.1	\$ 650.3	\$ 1,545.1	\$ 1,365.0

<sup>1</sup> Represents non-routine charges or gains associated with acquisitions and dispositions.

## 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:

in millions	June 30	
	2022	2021
<b>Debt</b>		
Current maturities of long-term debt	\$ 0.5	\$ 15.4
Short-term debt	176.0	0.0
Long-term debt	3,873.7	2,769.9
Total debt	\$ 4,050.2	\$ 2,785.3
Less: Cash and cash equivalents and restricted cash	123.7	968.4
Net debt	\$ 3,926.5	\$ 1,816.9
Trailing-Twelve Months (TTM) Adjusted EBITDA	\$ 1,545.1	\$ 1,365.0
Total debt to TTM Adjusted EBITDA	2.6x	2.0x
Net debt to TTM Adjusted EBITDA	2.5x	1.3x

## ADJUSTED DILUTED EPS ATTRIBUTABLE TO VULCAN FROM CONTINUING OPERATIONS

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

	<i>Three Months Ended June 30</i>		<i>Six Months Ended June 30</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
<b>Diluted Earnings Per Share</b>				
Net earnings attributable to Vulcan	\$ 1.40	\$ 1.46	\$ 2.09	\$ 2.67
Less: Discontinued operations	(0.10)	(0.01)	(0.11)	(0.02)
Diluted EPS attributable to Vulcan from continuing operations	\$ 1.50	\$ 1.47	\$ 2.20	\$ 2.69
Items included in Adjusted EBITDA above	\$ 0.03	\$ 0.05	\$ 0.05	\$ (0.58)
AL NOL carryforward valuation allowance	0.00	0.00	0.00	0.10
Acquisition financing interest costs	0.00	0.05	0.00	0.05
Adjusted diluted EPS attributable to Vulcan from continuing operations	\$ 1.53	\$ 1.57	\$ 2.25	\$ 2.26

## 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>Trailing-Twelve Months June 30</i>	
<i>dollars in millions</i>	<i>2022</i>	<i>2021</i>
Adjusted EBITDA	\$ 1,545.1	\$ 1,365.0
Average invested capital		
Property, plant & equipment, net	\$ 5,385.6	\$ 4,376.3
Goodwill	3,599.0	3,172.1
Other intangible assets	1,640.0	1,112.6
Fixed and intangible assets	\$ 10,624.6	\$ 8,661.0
Current assets	\$ 1,835.5	\$ 2,153.2
Less: Cash and cash equivalents	320.6	991.9
Less: Current tax	46.2	19.2
Adjusted current assets	1,468.7	1,142.2
Current liabilities	833.5	864.3
Less: Current maturities of long-term debt	7.5	311.2
Less: Short-term debt	55.2	0.0
Adjusted current liabilities	770.8	553.2
Adjusted net working capital	\$ 697.9	\$ 589.0
Average invested capital	\$ 11,322.5	\$ 9,250.0
Return on invested capital	13.6%	14.8%

## 2022 PROJECTED EBITDA

The following reconciliation to the mid-point of the range of 2022 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>	<i>2022 Projected Mid-point</i>
Net earnings attributable to Vulcan	\$ 720
Income tax expense	200
Interest expense, net of interest income	165
Depreciation, depletion, accretion and amortization	565
Projected EBITDA	\$ 1,650

Because GAAP financial measures on a forward-looking basis are not accessible, and reconciling information is not available without unreasonable effort, we have not provided reconciliations for forward-looking non-GAAP measures, other than the reconciliation of Projected EBITDA as noted above. For the same reasons, we are unable to address the probable significance of the unavailable information, which could be material to future results.

## 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 2022, 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

## CASH

Included in our June 30, 2022 cash and cash equivalents and restricted cash balances of \$123.7 million is \$3.0 million of restricted cash as described in Note 1 under the caption Restricted Cash.

### CASH FROM OPERATING ACTIVITIES

<i>in millions</i>	<i>Six Months Ended June 30</i>	
	<i>2022</i>	<i>2021</i>
Net earnings	\$ 279.5	\$ 356.0
Depreciation, depletion, accretion and amortization (DDA&A)	284.0	203.5
Noncash operating lease expense	31.3	20.9
Net gain on sale of property, plant & equipment and businesses	(4.6)	(117.4)
Contributions to pension plans	(3.9)	(4.1)
Deferred tax expense	6.6	41.1
Other operating cash flows, net <sup>1</sup>	(267.4)	(102.1)
Net cash provided by operating activities	\$ 325.5	\$ 397.9

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

Net cash provided by operating activities was \$325.5 million during the six months ended June 30, 2022, a \$72.4 million decrease compared to the same period of 2021.

Days sales outstanding, a measurement of the time it takes to collect receivables, were 46.5 days at June 30, 2022 compared to 41.7 days at June 30, 2021. Additionally, our over 90 day balance of \$39.1 million at June 30, 2022 was up from the \$10.0 million at June 30, 2021. All customer accounts are actively managed and no losses in excess of amounts reserved are currently expected.

### CASH FROM INVESTING ACTIVITIES

Net cash used for investing activities was \$468.7 million during the first six months of 2022, a \$467.2 million increase in cash used compared to cash used of \$1.5 million in the same period of 2021. During the first six months of 2022, we invested \$290.6 million in our existing operations (includes changes in accruals for property, plant & equipment) compared to \$192.2 million in the prior year period. Of this \$290.6 million, \$90.7 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. In the first six months of 2022, proceeds from the sale of property, plant & equipment were down \$180.5 million from the first six months of 2021. In 2021, we sold reclaimed real estate in Southern California for net cash proceeds of \$182.3 million. Additionally, during the first half of 2022 we acquired businesses for \$188.1 million of cash consideration as compared to no business acquisitions in the same period of 2021 (see Note 16 to the condensed consolidated financial statements).

### CASH FROM FINANCING ACTIVITIES

Net cash provided by financing activities in the first six months of 2022 was \$25.4 million, compared to cash used of \$626.0 million in the same period of 2021. The current year includes a \$176.0 million net draw on our line of credit (see Note 7 to the condensed consolidated financial statements). The prior year period includes cash paid to retire the \$500.0 million floating rate notes due March 2021 and \$13.3 million of financing costs for a bridge facility commitment and delayed draw term loan.

Additionally, capital returned to our shareholders increased by \$8.1 million as a result of higher dividends (\$0.80 per share compared to \$0.74 per share).

## DEBT

Certain debt measures are presented below:

<i>dollars in millions</i>	<i>June 30 2022</i>	<i>December 31 2021</i>	<i>June 30 2021</i>
<b>Debt</b>			
Current maturities of long-term debt	\$ 0.5	\$ 5.2	\$ 15.4
Short-term debt	176.0	0.0	0.0
Long-term debt	3,873.7	3,874.8	2,769.9
Total debt	\$ 4,050.2	\$ 3,880.0	\$ 2,785.3
<b>Capital</b>			
Total debt	\$ 4,050.2	\$ 3,880.0	\$ 2,785.3
Total equity	6,744.2	6,567.7	6,293.1
Total capital	\$ 10,794.4	\$ 10,447.7	\$ 9,078.4
<b>Total Debt as a Percentage of Total Capital</b>	<b>37.5%</b>	37.1%	30.7%
<b>Weighted-average Effective Interest Rates</b>			
Line of credit <sup>1</sup>	1.125%	1.125%	1.125%
Term debt	4.05%	3.68%	4.63%
<b>Fixed versus Floating Interest Rate Debt</b>			
Fixed-rate debt	69.0%	72.1%	100.0%
Floating-rate debt	31.0%	27.9%	0.0%

<sup>1</sup> Reflects the margin above SOFR for SOFR-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.

At June 30, 2022, total debt to trailing-twelve months Adjusted EBITDA was 2.6 times (2.5 times on a net debt basis reflecting \$123.7 million of cash on hand). Our weighted-average debt maturity was 11.4 years.

### BRIDGE FACILITY, DELAYED DRAW TERM LOAN AND LINE OF CREDIT

In June 2021, concurrent with the announcement of the pending acquisition of U.S. Concrete (see Note 16 for additional information), we obtained a \$2,200.0 million bridge facility commitment from Truist Bank. Later, in June 2021, we entered into a \$1,600.0 million unsecured delayed draw term loan with a subset of the banks that provide our line of credit and terminated the bridge facility commitment. The delayed draw term loan was drawn in August 2021 for \$1,600.0 million upon the acquisition of U.S. Concrete and was paid down to \$1,100.0 million in September 2021 (amounts repaid are no longer available for borrowing). In March 2022, the delayed draw term loan was amended to extend the maturity date from August 2024 to August 2026. The delayed draw term loan contains covenants customary for an unsecured investment-grade facility and mirror those in our line of credit. As of June 30, 2022, we were in compliance with the delayed draw term loan covenants. Borrowings, cost ranges and other details are described in Note 7 to the condensed consolidated financial statements. Financing costs for the bridge facility commitment and the delayed draw term loan facility totaled \$13.3 million, \$9.4 million of which was recognized as interest expense in the second quarter of 2021.

Our unsecured \$1,000.0 million line of credit was amended in March 2022 to extend the maturity date from September 2025 to September 2026. Our line of credit contains covenants customary for an unsecured investment-grade facility. Covenants, borrowings, cost ranges and other details are described in Note 7 to the condensed consolidated financial statements. As of June 30, 2022, we were in compliance with the line of credit covenants, the margin for the Secured Overnight Financing Rate (SOFR) borrowings was 1.125%, the margin for base rate borrowings was 0.125%, and the commitment fee for the unused amount was 0.100%.

As of June 30, 2022, our available borrowing capacity under the line of credit was \$745.9 million. Utilization of the borrowing capacity was as follows:

- \$176.0 million was borrowed
- \$78.1 million was used to support standby letters of credit

## TERM DEBT

Essentially all of our \$3,941.9 million (face value) of term debt (which includes the \$1,100.0 million delayed draw term loan) is unsecured. \$2,840.2 million of such debt is governed by two essentially identical indentures that contain customary investment-grade type covenants. As of June 30, 2022, we were in compliance with all term debt covenants.

In August 2021, we assumed \$434.5 million (fair value) of senior notes due 2029 in connection with the acquisition of U.S. Concrete and retired these notes in September 2021.

## CURRENT MATURITIES OF LONG-TERM DEBT

The \$0.5 million of current maturities of long-term debt as of June 30, 2022 is due as follows:

<i>in millions</i>	<i>Current Maturities</i>
Third quarter 2022	\$0.0
Fourth quarter 2022	0.0
First quarter 2023	0.5
Second quarter 2023	0.0

## DEBT RATINGS

Our debt ratings and outlooks as of June 30, 2022 are as follows:

	<i>Rating/Outlook</i>	<i>Date</i>	<i>Description</i>
<b>Senior Unsecured Term Debt</b>			
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

## EQUITY

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

<i>in millions</i>	<b>June 30 2022</b>	<i>December 31 2021</i>	<i>June 30 2021</i>
Common stock shares at January 1, issued and outstanding	<b>132.7</b>	132.5	132.5
<b>Common Stock Issuances</b>			
Share-based compensation plans	<b>0.2</b>	0.2	0.2
<b>Common Stock Purchases</b>			
Purchased and retired	<b>0.0</b>	0.0	0.0
Common stock shares at end of period, issued and outstanding	<b>132.9</b>	132.7	132.7

As of June 30, 2022, 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 the 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 millions, except average cost</i>	<b>June 30 2022</b>	<i>December 31 2021</i>	<i>June 30 2021</i>
<b>Shares Purchased and Retired</b>			
Number	<b>0.0</b>	0.0	0.0
Total purchase price	<b>\$ 0.0</b>	\$ 0.0	\$ 0.0
Average cost per share	<b>\$ 0.00</b>	\$ 0.00	\$ 0.00

There were no shares held in treasury as of June 30, 2022, December 31, 2021 and June 30, 2021.

## 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.

## 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, 2021 (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 six months ended June 30, 2022.

## 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
- international business operations and relationships, including recent actions taken by the Mexican government with respect to our property and operations in that country
- 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
- availability and cost of trucks, railcars, barges and ships, as well as their licensed operators, for transport of our materials
- energy costs
- costs of hydrocarbon-based raw materials
- healthcare costs
- labor shortages and constraints
- the amount of long-term debt and interest expense we incur
- changes in interest rates
- volatility in pension plan asset values and liabilities, which may require cash contributions to the pension plans
- the impact of environmental cleanup costs and other liabilities relating to existing and/or divested businesses
- our ability to secure and permit 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](http://www.vulcanmaterials.com), free of charge, copies of our:

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

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

In addition to accessing copies of our reports online, you may request a copy of our Annual Report on Form 10-K, including financial statements, by writing to 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 June 30, 2022, the estimated fair value of our long-term debt including current maturities was \$3,792.9 million compared to a face value of \$3,941.9 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 \$0.3 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 June 30, 2022. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2022.

Excluding the U.S. Concrete acquisition noted below, no material changes were made during the second quarter of 2022 to our internal controls over financial reporting, nor have there been other factors that materially affect these controls.

On August 26, 2021, we completed our acquisition of U.S. Concrete, which operated under its own set of systems and internal controls. Subsequent to the acquisition, we began the process of integrating certain of U.S. Concrete's processes to our internal control over financial reporting environment. This integration will continue during the first year of the business combination.

## 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, 2021 and in Note 8 to the condensed consolidated financial statements and Part II, Item 1 of our quarterly Report on Form 10-Q for the quarter ended March 31, 2022. See Note 8 to the condensed consolidated financial statements of this Form 10-Q for a discussion of certain recent developments concerning our legal proceedings.

### ITEM 1A RISK FACTORS

Other than the risk factor set forth below, there 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, 2021.

**We are subject to various risks arising from our international business operations and relationships, which could adversely affect our business** — We have international operations and are subject to both the risks of conducting international business and the requirements of the Foreign Corrupt Practices Act of 1977 (the FCPA). We face political and other risks, including legal risks for failure to comply with the FCPA, associated with our international operations, including our largest aggregates production facility located in Playa del Carmen, Mexico and our newly acquired aggregates production facility in British Columbia, Canada. These risks have included and may in the future include changes in international trade policies, such as the United States - Mexico - Canada Agreement (USMCA), imposition of duties, taxes or government royalties, arbitrary changes to permits, zoning classifications or operating agreements, or overt acts by foreign governments, including expropriations and other forms of takings of property. Recently, the Mexican government has taken actions that adversely affect our operations in that country (see Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Known Trends or Uncertainties). We strongly believe that the actions taken by Mexico are arbitrary and illegal. We intend to vigorously pursue all lawful avenues available to us in order to protect our rights, under both Mexican and international law, and resume normal operations as soon as permitted.

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

Purchases of our equity securities during the quarter ended June 30, 2022 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 <sup>1</sup>
<b>2022</b>				
Apr 1 - Apr 30	0	\$ 0.00	0	8,064,851
May 1 - May 31	0	\$ 0.00	0	8,064,851
June 1 - June 30	0	\$ 0.00	0	8,064,851
<b>Total</b>	<b>0</b>	<b>\$ 0.00</b>	<b>0</b>	

<sup>1</sup> In February 2017, our Board of Directors authorized us to purchase up to 10,000,000 shares of our common stock. As of June 30, 2022, 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 second quarter of 2022.

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 June 30, 2022 are formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Comprehensive Income, (iii) the Condensed Consolidated Statements of Cash Flows and (iv) the Notes to Condensed Consolidated Financial Statements.
Exhibit 104	Cover Page Interactive Data File – the cover page from this Quarterly Report on Form 10-Q for the quarter ended June 30, 2022 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	August 5, 2022	/s/ Randy L. Pigg Randy L. Pigg Vice President, Controller (Principal Accounting Officer)
Date	August 5, 2022	/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 August 5, 2022

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

I, Suzanne H. Wood, certify that:

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

Date August 5, 2022

/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 June 30, 2022, filed with the Securities and Exchange Commission on the date hereof:

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

/s/ J. Thomas Hill  
J. Thomas Hill  
Chairman, President and Chief Executive Officer  
August 5, 2022

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

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

I, Suzanne H. Wood, Senior Vice President and Chief Financial Officer of Vulcan Materials Company, certify that the Quarterly Report on Form 10-Q (the "report") for the quarter ended June 30, 2022, filed with the Securities and Exchange Commission on the date hereof:

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

/s/ Suzanne H. Wood  
Suzanne H. Wood, Senior Vice President and  
Chief Financial Officer  
August 5, 2022

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

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

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

The following disclosures are made pursuant to Section 1503.

During the three months ended June 30, 2022, 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); or (iii) received notice from MSHA of a pattern of violations of mandatory health or safety standards under Section 104(e).

## SECOND QUARTER 2022

The table below sets forth, by mine, the total number of citations and/or orders issued by MSHA during the period covered by this report under the indicated provisions of the Mine Act, together with the total dollar value of proposed assessments, if any, from MSHA, received during the three months ended June 30, 2022. Of our 276 active MSHA-regulated facilities during the quarter, we received 151 federal mine safety inspections at 143 facilities during the reporting period. Of our inspected facilities, 126 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)
115 QUARRY, NC	1	1	0	0	0	0	\$0.0	0	No
BARTLETT, IL	2	1	0	0	0	0	\$0.0	0	No
BLACK LEASE, TX	1	1	0	0	0	0	\$0.0	0	No
BRIGGS, TX	1	2	0	0	0	0	\$0.0	0	No
CHATTANOOGA, TN	1	1	0	0	0	0	\$1.1	0	No
CHULA VISTA, CA	1	1	0	0	0	0	\$0.0	0	No
GRAHAM VA, VA	1	1	0	0	0	0	\$0.0	0	No
GRAYSON, GA	1	2	0	0	0	0	\$0.0	0	No
GREENVILLE SHOP, SC	1	1	0	0	0	0	\$0.0	0	No
HAMBURG, NJ	1	2	0	0	0	0	\$0.0	0	No
HAVRE DE GRACE, PA	1	2	0	0	0	0	\$0.0	0	No
JACKSON COUNTY, GA <sup>1</sup>	1	1	0	0	0	0	\$0.0	1	No
LEXINGTON STONE, CA	1	1	0	0	0	0	\$0.0	0	No
MANASSAS, VA	1	1	0	0	0	0	\$0.0	0	No
PRIDE, AL	1	1	0	0	0	0	\$0.0	0	No
RICHMOND ROAD, TN	2	1	0	0	0	0	\$0.0	0	No
TORRANCE, NM	1	1	0	0	0	0	\$0.0	0	No
OTHER OPERATIONS - 126	132	0	0	0	0	0	\$0.0	0	No
<b>Total</b>	<b>151</b>	<b>21</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$1.1</b>	<b>1</b>	

<sup>1</sup> This fatality relates to a subcontractor's employee who was performing work for a contractor on our property.

The total dollar value of proposed assessments received during the three months ended June 30, 2022 for all other citations, as well as proposed assessments received during the reporting period for citations previously issued, is \$16,623.

The table below sets forth, by mine, category of legal action and number of legal actions pending before the Federal Mine Safety and Health Review Commission as of June 30, 2022.

Name of Operation	Number of Legal Actions		
	Contest Penalty	Contest Citations	Complaint of Discharge, Discrimination
WILSON COUNTY QUARRY, TN	0	0	2
WILSON COUNTY QUARRY, TN	1	0	0

The table below sets forth, by mine, category of legal action and number of legal actions filed before the Federal Mine Safety and Health Review Commission during the three months ended June 30, 2022.

Name of Operation	Number of Legal Actions		
	Contest Penalty	Contest Citations	Complaint of Discharge, Discrimination
MADRAS QUARRY, GA	0	0	2
LEXINGTON QUARRY, CA	1	0	0
BOONE QUARRY, NC	1	0	0
SPRUCE PINE, NC	1	0	0
JACKSON COUNTY QUARRY, GA	0	1	0

The table below sets forth, by mine, category of legal action and number of legal actions resolved (disposed) by the Federal Mine Safety and Health Review Commission during the three months ended June 30, 2022.

Name of Operation	Number of Legal Actions		
	Contest Penalty	Contest Citations	Complaint of Discharge, Discrimination
NONE			