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

FORM 10-K

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

For the Fiscal Year Ended December 31, 2009
Commission file number: 001-33841

VULCAN MATERIALS COMPANY
(Exact name of registrant as specified in its charter)

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

1200 Urban Center Drive, Birmingham, Alabama 35242
(Address, including zip code, of registrant's principal executive offices)

(205) 298-3000
(Registrant's telephone number, including area code)

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

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

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes X No ___

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

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 X No __

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

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

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

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

(Do not check if a smaller reporting company)

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

Aggregate market value of voting stock held by non-affiliates as of June 30, 2009:	**$5,362,319,558**
Number of shares of common stock, $1.00 par value, outstanding as of February 19, 2010:	**126,334,086**

DOCUMENTS INCORPORATED BY REFERENCE

(1) Portions of the registrant's annual proxy statement for the annual meeting of its shareholders to be held on May 14, 2010, are incorporated by reference into Part III of this Annual Report on Form 10-K.

VULCAN MATERIALS COMPANY

Annual Report on Form 10-K

Fiscal Year Ended December 31, 2009

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

PART I

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

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

- general economic and business conditions
- changes in interest rates
- the timing and amount of federal, state and local funding for infrastructure, including the federal stimulus funds
- changes in the level of spending for residential and private nonresidential construction
- the highly competitive nature of the construction materials industry
- the impact of future regulatory or legislative action
- the outcome of pending legal proceedings
- pricing of our products
- weather and other natural phenomena
- energy costs
- costs of hydrocarbon-based raw materials
- healthcare costs
- the amount of long-term debt and interest expense incurred by us
- volatility in pension plan asset values which may require cash contributions to our pension plans
- the timing and amount of any future payments to be received under the 5CP earn-out contained in the agreement for the divestiture of our Chemicals business
- the impact of environmental clean-up costs and other liabilities relating to previously divested businesses
- our ability to secure and permit aggregates reserves in strategically located areas
- our ability to manage and successfully integrate acquisitions
- the impact of the global economic recession on our business and financial condition and access to capital markets
- the potential impact of future legislation or regulations relating to climate change or greenhouse gas emissions
- the risks set forth in Item 1A "Risk Factors," Item 3 "Legal Proceedings," Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations," and Note 12 "Other Commitments and Contingencies" to the consolidated financial statements in Item 8 "Financial Statements and Supplementary Data," all as set forth in this report
- other assumptions, risks and uncertainties detailed from time to time in our filings made with the Securities and Exchange Commission.

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

ITEM 1. BUSINESS
SUMMARY

Vulcan Materials Company is a New Jersey corporation and the nation's *largest producer of construction aggregates*: primarily crushed stone, sand, and gravel. We have 317 aggregates facilities. We also are a major producer of asphalt mix and ready-mixed concrete as well as a leading producer of cement in Florida. As of January 1, 2010, we employed 8,227 people in the U.S,

Strategy for Continued and New Markets

- Our reserves are strategically located throughout the United States in high growth areas that will require large amounts of aggregates to meet construction demand. Vulcan-served states are predicted to have 74% of the total growth in the U.S. population to 2020. Our top five revenue states are
  - **Florida 13%**
  - **California 12%**
  - **Texas 12%**
  - **Georgia 7%**
  - **Virginia 4%**
- We operate only in those states and only in those locations close to our local markets because the cost of trucking materials long distances is prohibitive. Approximately 84% of our total aggregates shipments are delivered locally by truck.
- We have pursued a strategy of increasing our presence in metropolitan areas that are expected to grow the most rapidly.
- Since becoming a public company in 1956, Vulcan has principally grown by mergers and acquisitions.

Date	Acquisition	Materials	States
1999	CalMat, Inc	Aggregates Hot-mixed asphalt Ready-mixed concrete	• California • Arizona • New Mexico
2007	Florida Rock Industries, Inc (Florida Rock)	Aggregate Ready-mixed concrete Cement	• Florida • Southeastern Mid-Atlantic • Maryland • Virginia • Washington, D.C.

Competitors
We estimate that the ten largest aggregates producers account for approximately 30% to 35% of the total U.S. aggregates' production. Despite being the industry leader, Vulcan's total U.S. market share is less than 10%. Other publicly traded companies among the ten largest U.S. aggregates producers include the following:

- Cemex
- CRH
- Heidelberg
- Holcim
- Lafarge
- MDU Resources
- Martin Marietta Materials

Because the U.S. aggregates industry is highly fragmented, with approximately 5,000 companies managing more than 10,000 operations, many opportunities for consolidation exist. Therefore, companies in the industry tend to grow by entering new markets or enhancing their market positions by acquiring existing facilities. Since our beginning as a public company in 1956, we have grown mainly through mergers and acquisitions.

Operations

- Aggregate reserves are essential to long-term success in our business. We have 14.2 billion tons of permitted and proven or probable reserves.
- In 2009,
    - publicly funded construction accounted for 50% of our total aggregates shipments
    - approximately 27% of our aggregates sales by volume were used in public highway construction projects
    - privately-funded construction accounted for 50% of our total aggregates shipments

Cash Flow and Expenditures

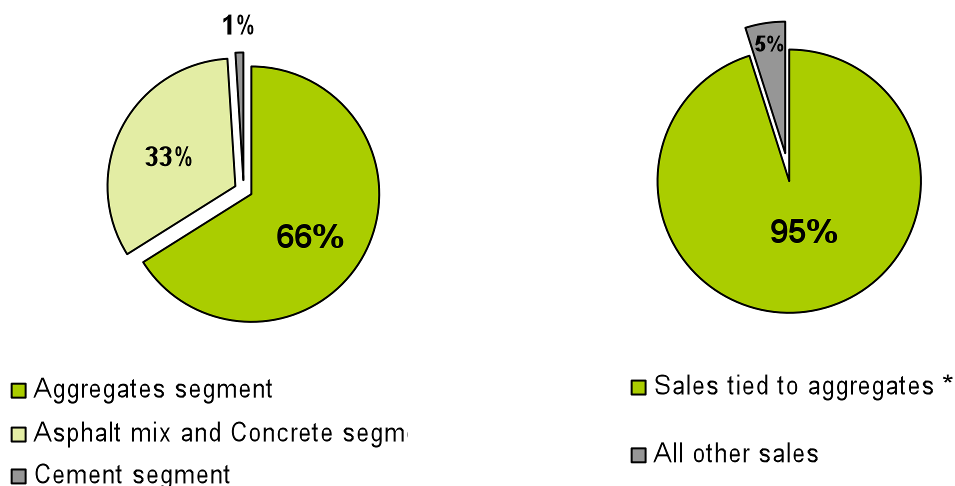
In 2009, we faced declining demand for our products due to economic conditions that resulted in a sharp slowdown in the private construction market. Despite the downturn:

- Cash flow increased by approximately $17 million from $435.2 million in 2008 to $453.0 million in 2009.
- Net earnings from continuing operations were $18.6 million compared to $3.4 million in the prior year
- Aggregates cash fixed costs decreased $48.7 million, or 14%
- Aggregates pricing increased 3%, increasing earnings by $48.3 million
- Total debt was reduced by $809.8 million
- Free cash flow increased to $343.3 million in 2009 compared to $82.0 million in 2008
- Cash provided by operating activities increased 4% to $453.0 million in 2009 compared to $435.2 million in 2008
- Full year capital spending was reduced 69% to $109.7 million compared to $353.2 million in the prior year
- We spent $1.5 million in 2009 and 2008 and $1.6 million in 2007 on research and development activities.
- We estimate that capital expenditures for environmental control facilities in 2010 and 2011 will be approximately $8.1 million and $7.2 million, respectively.

BUSINESS STRATEGY

Vulcan provides the basic materials for the infrastructure needed to expand the U.S. economy. Our strategy is based on our strength in aggregates. Aggregates are used in all types of construction and in the production of asphalt mix and ready-mixed concrete. Our materials are used to build the roads, tunnels, bridges, and airports that connect us, and to build the hospitals, churches, shopping centers, and factories that are essential to our lives and the economy.
Figure 1 illustrates the relationship of our three basic segments to sales.

AGGREGATES-LED VALUE CREATION — 2009 NET SALES



* Represents sales to external customers of our aggregates and our downstream products that use our aggregates

Figure 1

Our business strategies include 1) our dominance in the aggregates market, 2) our coast-to-coast reserves, 3) our profitable growth, and 4) our effective land management.

1. Dominance in Aggregates Market

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

- *Build and hold substantial reserves:* Because of barriers to entry created by zoning and permitting regulations and because of high transportation costs, the location of reserves is critical to long-term success. Our reserves are strategically located throughout the United States in high growth areas that will require large amounts of aggregates to meet construction demand. Aggregates operations have flexible production capabilities and require no raw material other than our owned or leased aggregates reserves. Our downstream businesses (asphalt-mix and ready-mixed concrete) use Vulcan-produced aggregates — Virtually all of the aggregates used at our asphalt-mix and ready-mixed concrete plants are produced internally.

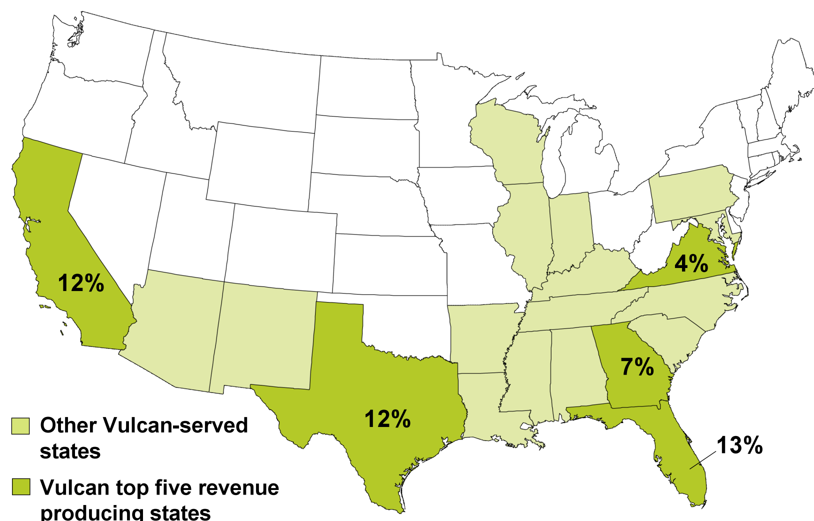
- *Take advantage of being the largest producer:* Each aggregates operation is unique because of its location within a local market with particular geological characteristics. However, every operation uses a similar group of assets to produce saleable aggregates and provide customer service. Vulcan is the largest aggregates company in the U.S., whether measured by production or by revenues. Our 317 aggregates' facilities provide opportunities to standardize and procure equipment (fixed and mobile), parts, supplies, and services in the most efficient and cost-effective manner possible whether regionally or nationally. Additionally, we are able to share best practices across the organization and leverage our size for administrative support, customer service, accounts receivables and accounts payable, technical support, and engineering.

- *Generate strong cash flows, even in a recession:* Our knowledgeable and experienced workforce and our flexible production capabilities have allowed us to aggressively manage costs during the current recession. As a result, our operating cash flow increased by approximately $17 million from $435.2 million in 2008 to $453.0 million in 2009.

2. Coast-to-coast footprint

Demand for construction aggregates generally correlates with changes in population growth, household formation, and employment. We have pursued a strategy to increase our presence in metropolitan areas that are expected to grow the most rapidly. Figure 2 illustrates our larger, high-growth markets.

PERCENTAGE SHARE OF PREDICTED U.S. POPULATION GROWTH TO 2020



Source: Woods & Poole Economics and Moody's Economy.com
Figure 2

We have aggregates operations in 9 of the 10 metropolitan areas that demographers expect to have the largest absolute growth in population over the next decade. Our top five revenue-producing states (California, Texas, Florida, Virginia, and Georgia) are predicted to have 48% of the total growth in the U.S. population to 2020. Vulcan-served states are predicted to have 74% of the total growth in the U.S. population to 2020. Therefore, we have located reserves where they are and will be most needed. Additionally, many of these reserves are located in areas where zoning and permitting laws have made opening new quarries increasingly difficult. Our diversified geographic locations helps insulate Vulcan from variations in local weather and economies.

3. Profitable growth

Vulcan's growth is a result of its acquisitions, managed costs and investment activities:

- ***Strategic acquisitions*****:** Since becoming a public company in 1956, Vulcan has principally grown by mergers and acquisitions. For example, in 1999 we acquired CalMat, Inc., thereby expanding our aggregates operations into California, Arizona, and New Mexico and making us one of the nation's leading producers of hot-mix asphalt and ready-mixed concrete. In 2007, we acquired Florida Rock Industries, Inc. (Florida Rock), the largest acquisition in our history. This acquisition

    - expanded our aggregates business in Florida and other southeastern and mid-Atlantic states
    - added an extensive ready-mixed concrete business in Florida, Maryland, Virginia, and Washington,
    - D.C.
    - increased our cement manufacturing and distribution facilities in Florida

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

- ***Tightly managed costs*****:** In a business where our aggregates sell, on average, for $10.30 per ton, we are accustomed to rigorous cost management throughout economic cycles. Small savings per ton add up to significant cost reductions. We are able to reduce or expand production and adjust employment levels to meet changing market demands without jeopardizing our ability to take advantage of future increased demand.

- ***Reinvestment opportunities with high returns*****:** In the next decade, 74% of the U.S. population growth will occur in Vulcan-served states. The close proximity of our production facilities and our aggregates reserves to this projected population growth creates many opportunities to invest capital in high-return projects — projects that will add reserves, increase production capacity, and improve costs.

4. Effective land management

Vulcan's success is due, in part, to believing that effective land management is both a business strategy and a social responsibility. Good stewardship requires the careful use of existing resources as well as long-term planning because mining, ultimately, is an interim use of the land. We, therefore, strive to achieve a balance between the value we create through our mining activities and the value we create when properties can be reused. We continue to expand our thinking and focus our actions on wise decisions regarding the life cycle management of the land we currently hold and will hold in the future.

PRODUCT LINES

We have three reporting segments organized around our principal product lines: 1) aggregates, 2) asphalt mix and concrete, and 3) cement, which are discussed below.

1. AGGREGATES

Figure 3 shows Vulcan's predicted growth rate from 2009 to 2020.

Billions of tons of proven and probable aggregates reserves as of December 31, 2009	Aggregates intensity per dollar of spending for highways compared to housing construction	Percentage share of predicted U.S. population growth to 2020 in Vulcan-served states
14.2	7x	74%

Source: internal estimates
Source: Woods & Poole Economics and Moody's Economy.com
Figure 3

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

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

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

- ***Location and quality of reserves:*** Vulcan currently has 14.2 billion tons of permitted and proven or probable reserves. The bulk of these reserves are located in areas where we expect greater than average rates of growth in population, jobs, and households, which require new infrastructure, housing, offices, schools and other development. Such growth requires aggregates for construction. Zoning and permitting regulations in some markets have made it increasingly difficult for the aggregates industry to expand existing quarries or to develop new quarries. These restrictions could curtail expansion in certain areas, but they also could increase the value of our reserves at existing locations.

- ***Demand cycles****:* Long-term growth in demand for aggregates is largely driven by growth in population, jobs, and households. While short- and medium-term demand for aggregates fluctuates with economic cycles, the declines have historically been followed by strong recoveries, with each peak establishing a new historical high. In comparison to all other recent demand cycles, the current downturn has been unusually steep and long making it difficult to predict the timing or strength of any future recovery.

Highway construction is the most aggregates-intensive form of construction and residential construction is the least intensive (see Figure 4 below). A dollar spent for highway construction is estimated to consume seven times the quantity of aggregates consumed by a dollar spent for residential construction. Other non-highway infrastructure markets like airports, sewer and waste disposal, or water supply plants and utilities also require large quantities of aggregates in their foundations and structures. These types of infrastructure-related construction can be four times more aggregates-intensive than residential construction. Generally, nonresidential buildings require two to three times as much aggregates per dollar of spending as a new home with most of the aggregates used in the foundations, building structure, and parking lots

ESTIMATED U.S. AGGREGATES DEMAND BY END-MARKET

Major End Markets	*Aggregates Intensity (per dollar of construction spending)*	*Demand Drivers*
Highways	●●●●●●● High	Federal and State Funding
Airports, Sewers, Water and Utilities	●●●●○○○ Medium	State and Local Funding; Population Growth
Nonresidential Buildings	●●●○○○○ Low/Medium	Employment; Income; Interest Rates; Vacancy Rates
Residential Buildings	●○○○○○○ Low	Employment; Interest Rates

Source: internal estimates
Figure 4

In addition, the following factors influence the aggregates market:

- ***Highly fragmented industry:*** The U.S. aggregates industry is composed of approximately 5,000 companies managing more than 10,000 operations. This fragmented structure provides many opportunities for consolidation. Companies in the industry commonly enter new markets or expand positions in existing markets through the acquisition of existing facilities.

- ***Relatively stable demand from the public sector:*** Publicly funded construction activity historically has been more stable than privately funded construction. Public construction also has been less cyclical than private construction and requires more aggregates per dollar of construction spending. Private construction (primarily residential and nonresidential buildings) typically is more affected by general economic cycles than public construction. Publicly funded projects (particularly highways, roads and bridges) tend to receive consistent levels of funding throughout economic cycles.

- ***Limited product substitution:*** With few exceptions, no practical substitutes exist for quality aggregates. In some areas, typically urban locations, recycled concrete has limited applications as a lower-cost alternative to virgin aggregates. However, many types of construction projects cannot be served by recycled concrete but require the use of virgin aggregates to meet specifications and performance-based criteria for durability, strength, and other qualities.

- ***Widely used in downstream products:*** In the production process, aggregates are processed for specific applications or uses. Two products that use aggregates are asphalt mix and ready-mixed concrete. By weight, aggregates comprise approximately 95% of asphalt mix and 78% of ready-mixed concrete.

- ***Flexible production capabilities:*** The production of aggregates is a mechanical process in which stone is crushed and, through a series of screens, separated into various sizes depending on how it will be used. The production does not require high start-up costs like continuous process manufacturing. Production capacity can be flexible by adjusting operating hours to meet changing market demand. For example, we reduced production during 2009 in response to the economic downturn but retain the capacity to quickly increase production as economic conditions and demand improve.

- ***No raw material inputs:*** Unlike much industrial manufacturing, the aggregates industry does not require the input of raw material beyond owned or leased aggregates reserves. Stone, sand, and gravel are naturally occurring resources. However, production does require the use of explosives, hydrocarbon fuels, and electric power.

.... NOTE FROM THE PLAIN LANGUAGE GROUP:
WE ELIMINATED MATERIAL TO SHOW A BRIEFER SAMPLE OF OUR WORK.

IN ADDITION TO REVISING THE LANGUAGE, THE PLAIN LANGUAGE GROUP REDESIGNED THE WAY VULCAN SHOWS RISK AND HOW IT MITIGATES RISK.

ITEM 1A. RISK FACTORS

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

The following section includes a description of what we currently consider to be risks to Vulcan. After describing each risk, we discuss if and how we plan to mitigate those risks.

FINANCIAL

Debt: Our merger with Florida Rock significantly increased our interest expense, financial leverage. and debt service requirements**.** We incurred considerable short-term and long-term debt to finance the Florida Rock merger. This debt significantly increased our leverage and caused downgrades in our credit rating.

Our cash flow, depending on circumstances, may be affected by payments of principal and/or interest on this debt. For example, various financial and restrictive covenants are attached to our debt instruments. If we fail to comply with any of these requirements, the related indebtedness (and other unrelated indebtedness) could become due and payable prior to its stated maturity. If we default under our debt instruments, our ability to obtain additional or alternative financing may be significantly affected. Our ability to make scheduled payments or to refinance our obligations with respect to indebtedness will depend on our operating and financial performance, which in turn is subject to prevailing economic conditions and to financial, business, and other factors beyond our control.

> ***Mitigating Risk:*** Because we have little to no control over economic conditions, we may be unable to mitigate against this risk. However,

Credit Markets: Difficult and volatile conditions in the credit markets could affect our financial position, results of operations, and cash flows. The current credit environment has negatively affected the U.S. economy and demand for our products. Commercial and residential construction could continue to decline if companies and consumers are unable to finance construction projects or if the economic slowdown continues to cause delays or cancellations of capital projects.

A recessionary economy can also increase the likelihood we will not be able to collect on our accounts receivable from our customers. We have experienced payment delays from some of our customers during this economic downturn.

The credit environment could limit our ability to issue commercial paper. Additional financing or refinancing might not be available and, if available, may not be at economically favorable terms. Interest rates on new issuances of long-term public debt in the market may increase due to higher credit and risk premiums. There is no guarantee we will be able to access the capital markets at economical interest rates, which could negatively affect our business.

> ***Mitigating Risk:*** We may be required to obtain financing in order to fund certain strategic acquisitions, if they arise, or to refinance our outstanding debt. We are also exposed to risks from tightening credit markets, through the interest payable on our outstanding short-term debt and the interest cost on our commercial paper, to the extent it is available to us. While it is our objective to maintain our credit ratings at investment grade levels, we cannot be assured these ratings will remain at those levels. While we believe that we will continue to have adequate credit available to meet our needs, there can be no assurance of such credit availability.

Earnings: Our industry requires a substantial amount of capital as a result of significant fixed and semi-fixed costs. Therefore, our earnings are highly sensitive to changes in volume. Due to the high levels of fixed capital required for the extraction and production of construction aggregates, both our dollar profits and our percentage of net sales (margin) can be affected by changes in volume.

> ***Mitigating Risk:*** Because we have little to no control over the amount of volume purchased from us, we may be unable to mitigate against this risk. However,

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

> ***Mitigating Risk:*** Because we have little to no control over transportation and distribution costs, we may be unable to mitigate against this risk. However,

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

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

> ***Mitigating Risk:*** We believe we have sufficient experience and reasonable procedures to enable us to make appropriate assumptions and formulate reasonable estimates; however, these assumptions and estimates could change significantly in the future and could result in a material adverse effect on our financial position, results of operations, or cash flows.

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

> ***Mitigating Risk:*** Because we have little to no control over cost and availability of these natural resources, we may be unable to mitigate against this risk. However,

Employee Benefits: The costs of providing pension and healthcare benefits to our employees have risen in recent years. Continuing increases in such costs could negatively affect our earnings.

> ***Mitigating Risk:*** We have instituted measures to help slow the rate of increase. However, if these costs continue to rise, we could experience an adverse effect on our financial position, results of operations, or cash flows.

CONSTRUCTION RISKS

Effect of U.S. Economy: Both commercial and residential construction is dependent upon the overall U.S. economy, which remains weak and could weaken further. Commercial and residential construction levels generally move with economic cycles; when the economy is strong, construction levels rise and when the economy is weak, construction levels fall. The overall U.S. economy has been hurt by the changes in the financial services sector, including failures of several large financial institutions, significant merger and acquisition activity within that industry, and the resulting constraints on available credit. The commercial construction market declined in 2008 and 2009, due mostly to the recession and disruptions in available credit. Also, continued weakness in the residential construction market negatively affected the commercial construction market. The residential construction market further softened in 2009 as a result of the housing market downturn.

> ***Mitigating Risk:*** The overall weakness in the economy and the uncertainty in the credit markets could cause commercial and residential construction to remain at low levels or weaken further. Because we have no control over commercial and residential construction, we may be unable to mitigate against this risk

Reduction in Construction: A decline in public sector construction and reductions in governmental funding could adversely affect our operations and results. In 2009, 50% of our sales volume of construction aggregates was made to contractors on publicly funded construction projects. Our earnings and cash flows could be negatively affected as a result of a loss of federal funding. This loss could occur if there is a 1) delay by Congress to extend or replace the multi-year federal transportation bill that expired on September 30, 2009, or 2) a significant reduction in state or federal budgets, spending on publicly funded construction were to be reduced significantly. Further, any delays in expenditure of stimulus funds designated for highways and other public work projects pursuant to the American Recovery and Reinvestment Act of 2009 could negatively impact our earnings for 2010.

> ***Mitigating Risk:*** Because we have no control over commercial and residential construction, we may be unable to mitigate against this risk. However, some indications…

Housing Market: The collapse of the subprime mortgage market and, in turn, the housing market could continue to negatively affect demand for our products. In most of our markets, particularly Florida and California, sales volumes have been negatively affected by the collapse of the subprime mortgage market and a significant decline in residential construction. Our sales volumes and earnings could continue to be depressed and negatively impacted by this segment of the market until the slowdown in residential construction improves.

> ***Mitigating Risk:*** Because we have no control over the housing market, we may be unable to mitigate against this risk. However, housing markets in some areas where we provide materials appear to be improving. An improvement in the housing market will positively affect our profits.

GROWTH AND COMPETITIVE RISKS

Competitive Industry: Within our local markets, we operate in a highly competitive industry. The construction aggregates industry is highly fragmented with a large number of independent local producers in a number of our markets. In addition, in most markets, we also compete against large private and public companies, some of which are more vertically integrated than we are. This results in intense competition in a number of markets in which we operate. Significant competition could lead to lower prices, lower sales volumes and higher costs in some markets, negatively affecting our earnings and cash flows. In certain markets, vertically integrated competitors have acquired some asphalt mix and ready-mixed concrete customers and this trend may continue to accelerate.

> ***Mitigating Risk:*** In order to position our company, we plan to…

Aggregate Reserves: Our long-term success depends on securing and holding aggregates reserves in strategically located areas. Construction aggregates are bulky and heavy and, therefore, difficult to transport efficiently. Because of the nature of the products, the freight costs can quickly surpass the production costs. Therefore, except for geographic regions that do not possess commercially viable deposits of aggregates and are served by rail, barge or ship, the markets for our products tend to be very localized around our quarry sites. New quarry sites often take a number of years to develop, so our strategic planning and new site development must stay ahead of actual growth. Additionally, in a number of urban and suburban areas in which we operate, it is increasingly difficult to permit new sites or expand existing sites due to community resistance.

> ***Mitigating Risk:*** Our future success depends, in part, on our ability to accurately forecast future areas of high growth in order to locate optimal facility sites and on our ability to secure operating and environmental permits to operate at those sites. We mitigate costs by locating our reserves near quarry sites.

Acquisitions: Our future growth depends in part on acquiring other businesses in our industry that own or control aggregates reserves and successfully integrating these new businesses with our existing operations. However, the availability of credit and financing could make it more difficult to capitalize on potential acquisitions. Additionally, our future results will be dependent in part on our ability to successfully integrate these businesses with our existing operations.

> ***Mitigating Risk:*** Our ability to continue to acquire new businesses is a result of our ability to secure funding, which – because of the U.S. economy – is difficult. However, we are optimistic that the economy will improve. In addition, in the past, we have been very successful in integrating new acquisitions with our existing business. We assume we will continue this success.

LEGAL RISKS

Requirements and Policy Changes: Changes in legal requirements and governmental policies concerning zoning, land use, environmental, and other areas of the law impact our business. Our operations are affected by numerous federal, state and

local laws, and regulations related to zoning, land use and environmental matters. Despite our compliance efforts, we face an inherent risk of liability, particularly environmentally, in the operation of our business. These potential liabilities could have an adverse impact on our operations and profits. Our operations require numerous governmental approvals and permits, which often require us to make significant capital and maintenance expenditures to comply with zoning and environmental laws and regulations. Stricter laws and regulations, or more stringent interpretations of existing laws or regulations, may impose new liabilities on us, reduce operating hours, require additional investment by us in pollution control equipment, or impede our opening new or expanding existing plants or facilities.

> ***Mitigating Risk:*** Because we have little to no control over changes in legal requirements and government policies, we may be unable to mitigate against this risk.

Litigation: We are involved in a number of legal proceedings. We cannot predict the outcome of litigation and other contingencies with certainty. We are involved in several class action and complex litigation proceedings, some arising from our previous ownership and operation of our chemicals business. Although we divested our chemicals business in June 2005, we retained certain liabilities related to the business.

> ***Mitigating Risk***: As required by generally accepted accounting principles, we establish reserves when we expect a loss and can reasonably estimate the amount. Our assessment of probability and loss estimates are based on the facts and circumstances known to us at a particular time. Subsequent developments in legal proceedings may affect our assessment and estimates of a loss contingency, and could result in an adverse effect on our financial position, results of operations, or cash flows.
>
> (For a description of our current significant legal proceedings see Note 12 "Commitments and Contingencies" in Item 8 "Financial Statements and Supplementary Data.")

PERSONNEL RISKS

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

> ***Mitigating Risk:*** In order to maintain a highly qualified workforce, we offer competitive compensation and benefit packages, conduct expert training, and hire according to our current needs.

CLIMATE RISKS

Climate Change Regulations: Climate change and climate change legislation or regulations may adversely impact our business. A number of governmental bodies have introduced or are contemplating legislative and regulatory change in response to the potential impacts of climate change including legislation that, if enacted, would limit and reduce greenhouse gas emissions through a "cap and trade" system of allowances and credits, among other provisions. In addition, the Environmental Protection Agency (EPA) has for the first time required large emitters of greenhouse gases to collect and report data about their greenhouse gas emissions and has proposed a permitting process for large emitters. Our Newberry cement plant would likely be subject to this permitting under the regulations as currently proposed. These regulatory mechanisms may be either voluntary or legislated and may impact our operations directly or indirectly through customers or our supply chain. Any such "cap-and-trade" system or other limitations imposed on the emission of "greenhouse gases" could have a material adverse affect on our financial position, results of operation, or cash flows.

In addition, the potential physical impacts of climate change on our operations are highly uncertain, and will be particular to the specific geographic location of our facilities and operations. These may include changes in rainfall patterns, shortages of water or other natural resources, changing sea levels, changing storm patterns and intensities, and changing temperature levels. The impact of these laws and regulations could also potentially increase our energy costs. These effects may adversely impact the cost, production and financial performance of our operations.

> ***Mitigating Risk:*** Because we have little to no control over climate change legislation, we may be unable to mitigate against this risk.

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

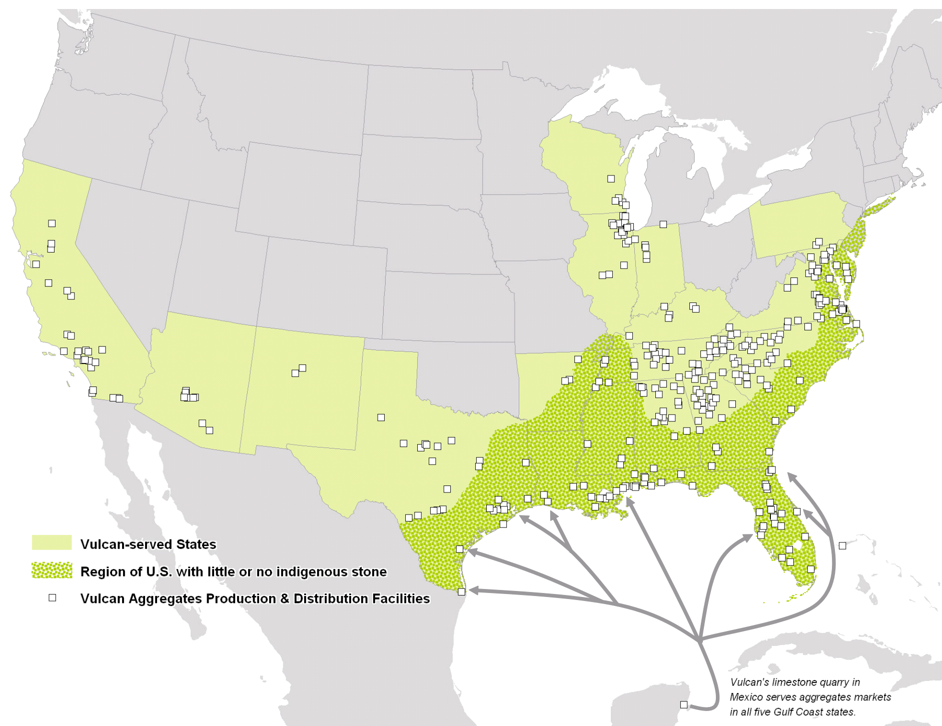
Mitigating Risk: Because we have little to no control over weather, we may be unable to mitigate against this risk.

……. NOTE FROM THE PLAIN LANGUAGE GROUP:
WE ELIMINATED MATERIAL BETWEEN ITEM 1 AND ITEM 2 TO SHOW A BRIEFER SAMPLE OF OUR WORK.

ITEM 2. PROPERTIES

Aggregates

As the largest U.S. producer of construction aggregates, we have operating facilities across the U.S. and in Mexico and the Bahamas. We principally serve markets in 21 states, the District of Columbia and the local markets surrounding our operations in Mexico and the Bahamas. Our primary focus is serving states and metropolitan markets in the U.S. that are predicted to experience the most significant growth in population, households and employment. These three demographic factors are significant drivers of demand for aggregates.



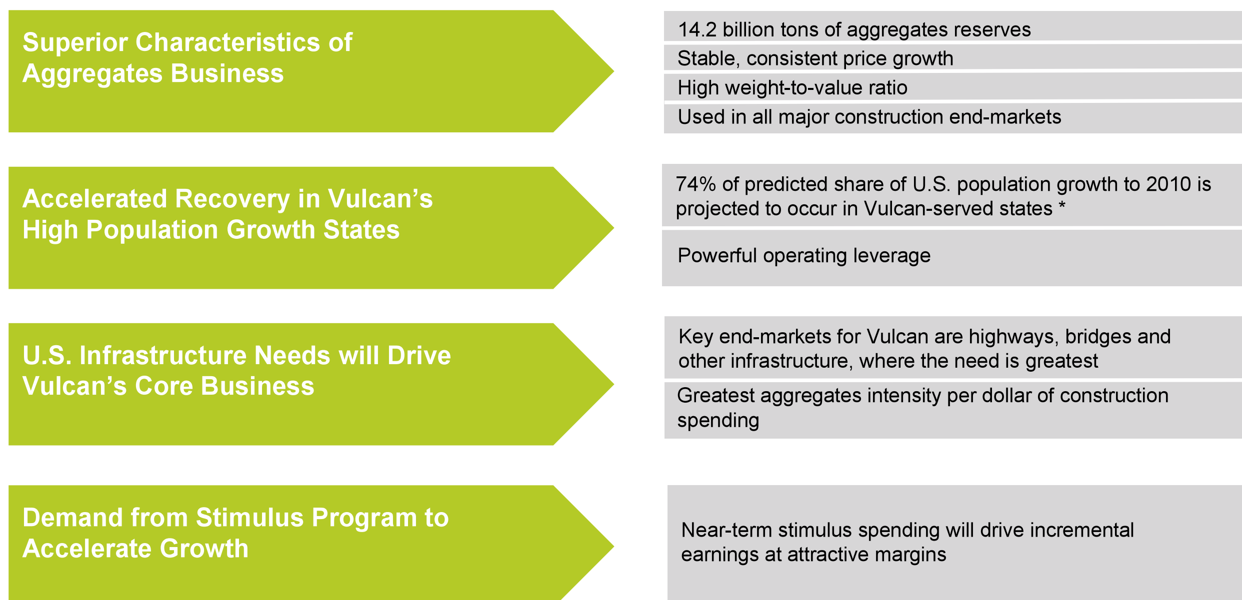
Our current estimate of 14.2 billion tons of proven and probable aggregates reserves reflects a decrease of 0.2 billion tons, on a comparable basis, from the estimate at the end of 2008. Estimates of reserves are of recoverable stone, sand and gravel of suitable quality for economic extraction, based on drilling and studies by our geologists and engineers, recognizing reasonable economic and operating restraints as to maximum depth of overburden and stone excavation, and subject to permit or other restrictions.

……. NOTE FROM THE PLAIN LANGUAGE GROUP:
WE ELIMINATED SECTIONS TO SHOW A BRIEFER SAMPLE OF OUR WORK.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

EXECUTIVE SUMMARY

KEY DRIVERS OF VALUE CREATION



**Source: Woods & Poole Economics and Moody's Economy.com*

Financial highlights for 2009

- Net earnings from continuing operations were $18.6 million compared to $3.4 million in the prior year
- EBITDA was $548.4 million compared to adjusted EBITDA of $886.5 million in the prior year
- Aggregates shipments declined 26%, reducing earnings by $333.7 million
- Aggregates pricing increased 3%, increasing earnings by $48.3 million
- Cost management and productivity improvements reduced the effects of lower volumes on our earnings and cash flow
- Aggregates cash fixed costs decreased $48.7 million, or 14%
- Selling, administrative and general expense decreased 6%
- Cash provided by operating activities increased 4% to $453.0 million in 2009 compared to $435.2 million in 2008
- Full year capital spending was reduced 69% to $109.7 million compared to $353.2 million in the prior year
- Free cash flow increased to $343.3 million in 2009 compared to $82.0 million in 2008
- Private placement debt offering in the first quarter raised $394.6 million in net proceeds
- Public offering of equity in the second quarter raised $520.0 million in net proceeds
- Total debt was reduced by $809.8 million

Declining Markets in 2009: In 2009, we faced declining demand for our products due to economic conditions that resulted in a sharp slowdown in the private construction market. New home construction declined to historically low levels, while tight credit and business failures contributed to a sharp decrease in construction of nonresidential buildings, particularly stores and offices. Construction activity funded by the public sector, typically less affected in economic cycles, also was weak in 2009 because declining state revenues reduced the amount of funds available at the state level for public construction projects. The effects of The American Recovery and Reinvestment Act of 2009 (ARRA) were helpful, but the bulk of funds for transportation infrastructure under this Act will be spent in 2010 and 2011. The positive effects of ARRA spending in

2009 were somewhat offset by the failure of Congress to extend or reauthorize the most recent multi-year federal transportation bill, which expired on September 30, 2009. As a result, funds for highway construction are being provided by a series of relatively short continuing resolutions and at funding levels considerably below what would have been available had Congress extended the provisions of SAFETEA-LU. This uncertainty compelled many states to postpone highway maintenance and improvement projects.

Anticipated Upturn in 2010: ARRA includes economic stimulus funding of $50 to $60 billion for heavy construction projects that use our products, including $27.5 billion for highways and bridges. Vulcan-served states were apportioned 55% more funds than other states, with California, Texas and Florida receiving nearly 23% of the total for highways and bridges. Beginning in mid-year 2009, highway construction awards were buoyed by stimulus-related funding. Through December 2009, the Federal Highway Administration reported that approximately 85% of the $27.5 billion of funding for highway and bridge projects had been obligated, $15 billion was under construction, and $5.6 billion had been paid to contractors for completed projects.

During this period, the states that Vulcan serves lagged behind the rest of the country in awarding and starting stimulus-related highway construction projects. These differences due, in part, to the types of planned projects and to the proportion sub-allocated to metropolitan planning organizations where project planning and execution can be more complicated and time consuming. However, in the fourth quarter, contract awards for highways in Vulcan-served states increased 13% from 2008 compared to a 2% increase in other states. This upturn provides some evidence that construction activity in Vulcan-served states will improve in 2010.

Despite these challenging conditions, we have worked diligently to manage effectively those aspects of the business that we are able to control. Vulcan

- achieved modest price increases, which helped offset lower sales volumes
- reduced selling, administrative and general expenses by $21.0 million compared to 2008
- adjusted production levels to meet lower demand by decreasing employees 12% lower than in 2008.

Using these effective cost management efforts, we have maximized cash flow in a period of unprecedented and prolonged economic downturn.

.... NOTE FROM THE PLAIN LANGUAGE GROUP:
THE PROXY STATEMENT CONTINUES