

Vulcan Materials CO  
Form DEF 14A  
March 27, 2015  
**Table of Contents**

## SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a party other than the Registrant

### Check the appropriate box:

- Preliminary Proxy Statement
- CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**Vulcan Materials Company**

*(Name of Registrant as Specified in Its Charter)*

*(Name of Person(s) Filing Proxy Statement, if other than the Registrant)*

### Payment of filing fee (Check the appropriate box):

- No fee required.
  - Fee computed on table below per Exchange Act Rules 14a-6(I)(1) and 0-11.
- (1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11

(set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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.. **Fee paid previously with preliminary materials:**

.. **Check box if any part of the fee is offset as provided by Exchange Act Rule 240.0-11 and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.**

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**Table of Contents**

**DEAR FELLOW SHAREHOLDER:**

I would like to extend a personal invitation for you to join us at our Annual Meeting of Shareholders on Friday, May 8, 2015, at 9:00 a.m., Central Daylight Time, at the company headquarters, 1200 Urban Center Drive, Birmingham, Alabama 35242.

At the meeting, you will be asked to elect six Vulcan directors and to vote on the other proposals more fully described in the accompanying notice and proxy statement. We hope that you will attend the meeting. However, whether or not you plan to attend the meeting, we encourage you to vote by proxy.

For your convenience, you can vote your proxy in one of the following ways:

Use the Internet at the web address shown on your proxy card;

Use the telephone number shown on your proxy card; or

Complete, sign, date and return the enclosed proxy card in the postage-paid envelope provided. Instructions regarding each method of voting are contained in the proxy statement and on the proxy card. If you attend the Annual Meeting and desire to vote your shares personally rather than by proxy, you may withdraw your proxy at any time before it is exercised. **Your vote is important. Whether you own one share or many, your prompt vote is greatly appreciated.**

Thank you for your ongoing support and continued interest in Vulcan.

**March 27, 2015**

Sincerely yours,

**J. THOMAS HILL**

*President and Chief Executive Officer*

**THIS PROXY STATEMENT AND PROXY CARD ARE BEING DISTRIBUTED ON OR ABOUT MARCH  
27, 2015.**

**Table of Contents**

**1200 Urban Center Drive**

**Birmingham, Alabama 35242**

**NOTICE OF 2015 ANNUAL MEETING OF SHAREHOLDERS**

**Friday, May 8, 2015**

**9:00 a.m., Central Daylight Time**

**TO OUR SHAREHOLDERS:**

NOTICE IS HEREBY GIVEN that the 2015 Annual Meeting of Shareholders of Vulcan Materials Company will be held at the company headquarters, 1200 Urban Center Drive, Birmingham, Alabama 35242, on Friday, May 8, 2015, at 9:00 a.m., Central Daylight Time, for the following purposes:

To elect six nominees as directors;

To vote on an advisory basis on the compensation of our named executive officers;

To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2015; and

To conduct such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

Only shareholders of record as of the close of business on March 13, 2015 are entitled to receive notice of, to attend and to vote at the Annual Meeting. Whether or not you plan to attend, we urge you to review these materials carefully and to vote by Internet, telephone or by submitting your proxy card.

**March 27, 2015**

By Order of the Board of Directors,

**JERRY F. PERKINS, JR.**

*Secretary*

Birmingham, Alabama

**Table of Contents**

**TABLE OF CONTENTS**

<b><u>GENERAL INFORMATION ABOUT THE ANNUAL MEETING AND VOTING</u></b>	<b>1</b>
<b><u>PROPOSAL 1. ELECTION OF DIRECTORS</u></b>	<b>8</b>
<b><u>PROPOSAL 2. ADVISORY VOTE ON EXECUTIVE COMPENSATION (SAY ON PAY)</u></b>	<b>19</b>
<b><u>PROPOSAL 3. RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u></b>	<b>20</b>
<b><u>CORPORATE GOVERNANCE OF OUR COMPANY AND PRACTICES OF OUR BOARD OF DIRECTORS</u></b>	<b>21</b>
<b><u>Director Independence</u></b>	<b>21</b>
<b><u>Director Nomination Process</u></b>	<b>23</b>
<b><u>Board Leadership Structure</u></b>	<b>23</b>
<b><u>Non-Management Executive Sessions</u></b>	<b>24</b>
<b><u>Meetings and Attendance</u></b>	<b>24</b>
<b><u>Annual Meeting Policy</u></b>	<b>24</b>
<b><u>Committees of the Board of Directors</u></b>	<b>25</b>
<b><u>Risk Management</u></b>	<b>28</b>
<b><u>Compensation Committee Interlocks and Insider Participation</u></b>	<b>29</b>
<b><u>Transactions with Related Persons</u></b>	<b>29</b>
<b><u>Shareholder Communication with Our Board of Directors</u></b>	<b>30</b>
<b><u>Policy on Reporting of Concerns Regarding Accounting Matters</u></b>	<b>30</b>
<b><u>REPORT OF THE AUDIT COMMITTEE</u></b>	<b>31</b>
<b><u>INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u></b>	<b>32</b>
<b><u>Fees Paid to Independent Registered Public Accounting Firm</u></b>	<b>32</b>
<b><u>Pre-approval of Services Performed by Independent Registered Public Accounting Firm</u></b>	<b>32</b>
<b><u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u></b>	<b>33</b>
<b><u>Security Ownership of Certain Beneficial Owners</u></b>	<b>33</b>
<b><u>Security Ownership of Management</u></b>	<b>34</b>
<b><u>EQUITY COMPENSATION PLANS</u></b>	<b>35</b>

TABLE OF CONTENTS

**Table of Contents**

<b><u>COMPENSATION DISCUSSION AND ANALYSIS</u></b>	<b>36</b>
<b><u>Introduction</u></b>	36
<b><u>Executive Summary</u></b>	36
<b><u>Executive Compensation Program in Detail</u></b>	41
<b><u>Compensation Decision Process</u></b>	44
<b><u>Elements of Compensation</u></b>	48
<b><u>Considering Risk, Accounting and Tax Considerations</u></b>	56
<b><u>COMPENSATION COMMITTEE REPORT</u></b>	<b>56</b>
<b><u>EXECUTIVE COMPENSATION</u></b>	<b>57</b>
<b><u>Summary Compensation Table</u></b>	57
<b><u>Grants of Plan-Based Awards</u></b>	58
<b><u>Outstanding Equity Awards at Fiscal Year-End</u></b>	59
<b><u>Option Exercises and Stock Vested</u></b>	62
<b><u>Retirement and Pension Benefits</u></b>	62
<b><u>Payments Upon Termination or Change in Control</u></b>	64
<b><u>DIRECTOR COMPENSATION</u></b>	<b>72</b>
<b><u>Director Summary Compensation Table</u></b>	74
<b><u>GENERAL INFORMATION</u></b>	<b>75</b>
<b><u>Section 16(a) Beneficial Ownership Reporting Compliance</u></b>	75
<b><u>Shareholder Proposals For 2015</u></b>	75
<b><u>Forward-Looking Statements</u></b>	75
<b><u>ANNEX A: RECONCILIATION OF NON-GAAP FINANCIAL MEASURES</u></b>	<b>A-1</b>

TABLE OF CONTENTS



**Table of Contents**

**GENERAL INFORMATION ABOUT THE ANNUAL MEETING AND VOTING**

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be held on May 8, 2015

The Notice of Annual Meeting of Shareholders, Proxy Statement, Form of Proxy and 2014 Annual Report to Shareholders are available at **[www.proxyvote.com](http://www.proxyvote.com)**

**WHY AM I RECEIVING THESE MATERIALS?**

This proxy statement is furnished in connection with the solicitation by our Board of Directors of proxies to be voted at the 2015 Annual Meeting of Shareholders for the purposes set forth in the accompanying notice, and at any adjournments or postponements thereof. This proxy statement is being sent to all shareholders of record as of the close of business on March 13, 2015 for use at the 2015 Annual Meeting of Shareholders. This proxy statement, the accompanying proxy card and our 2014 Annual Report to Shareholders are being first mailed or made available to our shareholders on or about March 27, 2015. The meeting will be held at the company headquarters, 1200 Urban Center Drive, Birmingham, Alabama 35242 on Friday, May 8, 2015, at 9:00 a.m. Central Daylight Time.

**WHY DID I RECEIVE A NOTICE IN THE MAIL REGARDING THE INTERNET AVAILABILITY OF THE PROXY MATERIALS INSTEAD OF A PAPER COPY OF THE PROXY MATERIALS?**

We are using the Securities and Exchange Commission's rule that allows companies to furnish their proxy materials over the Internet. As a result, we are mailing to many of our shareholders a notice about the Internet availability of proxy materials instead of a paper copy of the proxy materials. All shareholders receiving the notice will have the ability to access the proxy materials over the Internet and may request to receive a paper copy of the proxy materials by mail.

**HOW CAN I ACCESS THE PROXY MATERIALS OVER THE INTERNET OR OBTAIN A PAPER COPY?**

Your notice about the Internet availability of the proxy materials, proxy card or voting instruction card will contain instructions on how to:

view our proxy materials for the 2015 Annual Meeting of Shareholders on the Internet; and

obtain a paper copy of the proxy materials by mail.

In addition, the notice contains instructions on how shareholders may request to receive proxy materials in printed form by mail or electronically on an ongoing basis.

Your notice will also provide instructions on how to receive your future proxy materials electronically. If you choose to receive future proxy materials electronically, we will provide instructions, containing a link to the website where those materials are available and a link to the proxy voting website. Your election to receive proxy materials electronically will remain in effect until you revoke it.



**Table of Contents**

**WHAT SHOULD I DO IF I RECEIVE MORE THAN ONE NOTICE ABOUT THE INTERNET AVAILABILITY OF THE PROXY MATERIALS OR MORE THAN ONE PAPER COPY OF THE PROXY MATERIALS?**

You may receive more than one notice of this proxy statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you may receive a separate notice or a separate voting instruction card for each brokerage account in which you hold shares. If you are a shareholder of record and your shares are registered in more than one name, you may receive more than one notice or more than one proxy card. To vote all of your shares by proxy, you must either (i) complete, date, sign and return each proxy card and voting instruction card that you receive or (ii) vote over the Internet or telephone the shares represented by each notice that you receive (unless you have requested and received a proxy card or voting instruction card for the shares represented by one or more of the notices).

**WHAT PROPOSALS ARE TO BE PRESENTED AT THE ANNUAL MEETING?**

The purpose of the Annual Meeting is to (i) elect six nominees as directors, (ii) vote on an advisory basis on the compensation of our named executive officers (NEOs), (iii) ratify the appointment of Deloitte & Touche LLP as Vulcan's independent registered public accounting firm for 2015, and (iv) conduct such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

**WHO CAN ATTEND THE ANNUAL MEETING?**

Only shareholders of Vulcan as of the close of business on March 13, 2015 (the record date for the Annual Meeting), their authorized representatives and invited guests of our company will be permitted to attend the Annual Meeting. Proof of ownership of Vulcan common stock as of the record date, along with personal identification (such as a driver's license or passport), must be presented in order to be admitted to the Annual Meeting. If your shares are held in the name of a bank, broker, trustee or nominee and you plan to attend the Annual Meeting in person, you must bring a brokerage statement, and a legal proxy from your bank, broker, trustee or nominee entitling you to vote the shares held as of the record date at the Annual Meeting, along with personal identification, to be admitted to the Annual Meeting. No cameras, recording equipment, electronic devices, large bags, briefcases or packages will be permitted in the Annual Meeting.

**WHO IS ENTITLED TO VOTE?**

All of our shareholders as of the record date, March 13, 2015, will be entitled to vote at the 2015 Annual Meeting of Shareholders. As of the close of business on that date, approximately 132,615,027 shares were outstanding and entitled to vote. Each share of common stock is entitled to one vote on each matter properly brought before the meeting. Our amended and restated by-laws do not provide for cumulative voting and, accordingly, our shareholders do not have cumulative voting rights with respect to the election of directors.

**WHAT IS THE DIFFERENCE BETWEEN A SHAREHOLDER OF RECORD AND A BENEFICIAL HOLDER OF SHARES?**

If your common stock is held directly in your name with our transfer agent, Computershare Shareowner Services, you are considered a shareholder of record with respect to those shares. If this is the case, the notice or proxy materials have been sent or provided directly to you.

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If your common stock is held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial holder of the shares held for you in what is known as street name. If this is

## **Table of Contents**

the case, the notice card or proxy materials should have been forwarded to you by your brokerage firm, bank or other nominee, or their agent, which is considered the shareholder of record with respect to these shares. As a beneficial holder, you have the right to direct your bank, broker, trustee or nominee on how to vote the shares by using the voting instruction card or by following their instructions for voting by telephone or internet.

## **HOW DO I VOTE?**

Proxies are solicited to give all shareholders who are entitled to vote on the matters that come before the meeting the opportunity to vote their shares whether or not they attend the meeting in person. You can vote by one of the following manners:

**By Internet** Shareholders of record may submit proxies over the Internet by following the instructions on the proxy card. Shareholders who are beneficial owners may vote by Internet by following the instructions on the voting instruction card sent to them by their bank, broker, trustee or nominee.

**By Telephone** Shareholders of record who live in the United States or Canada may submit proxies by telephone by calling the toll-free number on your proxy card and following the instructions. Shareholders of record will need to have the control number that appears on their proxy card available when voting. In addition, shareholders who are beneficial owners living in the United States or Canada and who have received a voting instruction card by mail from their bank, broker, trustee or nominee may vote by phone by calling the number specified on the voting instruction card. Those shareholders should check the voting instruction card for telephone voting availability.

**By Mail** Shareholders of record who have received a paper copy of a proxy card by mail may submit proxies by completing, signing and dating their proxy card and mailing it in the accompanying pre-addressed envelope. Shareholders who are beneficial owners who have received a voting instruction card from their bank, broker or nominee may return the voting instruction card by mail as set forth on the card.

**In Person** Shareholders of record may vote shares held in their name in person at the Annual Meeting. You also may be represented by another person at the Annual Meeting by executing a proper proxy designating that person. Shares for which a shareholder is the beneficial holder but not the shareholder of record may be voted in person at the Annual Meeting only if such shareholder is able to obtain a legal proxy from the bank, broker or nominee that holds the shareholder's shares, indicating that the shareholder was the beneficial holder as of the record date and the number of shares for which the shareholder was the beneficial owner on the record date.

Shareholders are encouraged to vote their proxies by Internet, telephone or completing, signing, dating and returning a proxy card or voting instruction card, but not by more than one method. If you vote by more than one method, or vote multiple times using the same method, only the last-dated vote that is received by the inspector of election will be counted, and each previous vote will be disregarded.

If you receive more than one set of proxy materials or more than one proxy card or voting instruction card, it may mean that you hold shares of Vulcan stock in more than one account. You must return a proxy or voting instruction card or vote using one of the methods described above for EACH account in which you own shares.

## **WHAT CONSTITUTES A QUORUM FOR THE ANNUAL MEETING?**

A majority of the issued and outstanding shares of the common stock entitled to vote, represented in person or by proxy, is required to constitute a quorum.

## **Table of Contents**

### **HOW MANY VOTES ARE REQUIRED TO PASS EACH OF THE PROPOSALS?**

The votes required to approve each matter to be considered by Vulcan's shareholders at the Annual Meeting are set forth below:

***Proposal 1 Election of Directors:*** Each Vulcan shareholder has the right to vote each share of stock owned by such shareholder on the record date for six director nominees. Cumulative voting is not permitted. To be elected, a director-nominee must receive a majority of the votes cast at the Annual Meeting. Abstentions and broker non-votes will not be counted as votes cast for such purposes and, therefore, will have no effect on the results of the election.

***Proposal 2 Advisory Vote on Executive Compensation:*** The affirmative vote of a majority of the votes cast on this proposal is required to approve, on an advisory basis, the compensation of the named executive officers set forth in this proxy statement. Abstentions and broker non-votes will have no effect on the results of this vote.

***Proposal 3 Ratification of Selection of Deloitte & Touche LLP:*** The affirmative vote of a majority of the votes cast on this proposal is required to ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for 2015. Abstentions and broker non-votes will have no effect on the results of this vote.

### **WHO IS SOLICITING MY VOTE?**

Our Board of Directors is soliciting your vote for matters being submitted for shareholder approval at the Annual Meeting.

Giving us your proxy means that you authorize the proxy holders identified on the proxy card to vote your shares at the meeting in the manner you direct. If you sign and return the enclosed proxy card but do not specify how your shares are to be voted, your shares will be voted in accordance with the recommendations of the Vulcan Board. If any other matters are properly presented at the Annual Meeting for consideration, the persons named as proxies in the proxy card will vote as recommended by the Vulcan Board or, if no recommendation is given, in their own discretion.

### **HOW DOES THE VULCAN BOARD RECOMMEND SHAREHOLDERS VOTE?**

The Vulcan Board recommends that you vote:

**FOR** the election of the following six individuals nominated by the Board as directors: Thomas A. Fanning, J. Thomas Hill, Cynthia L. Hostetler, Richard T. O'Brien, Elaine L. Chao, and Donald B. Rice;

**FOR** the approval of the compensation of each of the two individuals who served as our principal executive officer during the fiscal year, our principal financial officer and our three other most highly compensated executive officers (NEOs) who were serving at year end; and

**FOR** the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2015.

### **WILL MY SHARES BE VOTED IF I DO NOTHING?**

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If you are a shareholder of record, you must sign and return a proxy card, submit your proxy by telephone or Internet, or attend the Annual Meeting in person, in order for your shares to be voted.



## **Table of Contents**

If your common stock is held through a broker, bank or other nominee, you will receive instructions from such entity that you must follow in order to have your shares voted. You must instruct the broker how to vote your shares. If you do not provide voting instructions, your shares will not be voted on any proposal on which the broker, bank or other nominee does not have discretionary authority to vote. This is called a broker non-vote. In these cases, the broker, bank or nominee can register your shares as being present at the Annual Meeting for purposes of determining the presence of a quorum but will not be able to vote on those matters for which specific authorization is required under the rules of the New York Stock Exchange (NYSE).

If you are a beneficial owner whose shares are held of record by a broker, bank or nominee, then your broker, bank or nominee has discretionary voting authority under NYSE rules to vote your shares on the ratification of the appointment of Deloitte & Touche LLP as Vulcan's independent registered public accounting firm for 2015, even if the broker, bank or nominee does not receive voting instructions from you. However, your broker, bank or nominee does not have discretionary authority to vote on (i) the election of the six nominees as directors, or (ii) the advisory approval of compensation of our NEOs.

## **HOW CAN I REVOKE MY PROXY?**

If you are a shareholder of record, you may revoke your proxy at any time before it is voted at the meeting by taking one of the following actions:

by giving written notice of the revocation prior to the commencement of the Annual Meeting to: Corporate Secretary, Vulcan Materials Company, 1200 Urban Center Drive, Birmingham, Alabama 35242;

by executing and delivering another valid proxy with a later date;

by voting by telephone or Internet at a later date; or

by attending the 2015 Annual Meeting of Shareholders and voting in person by written ballot, if you are a shareholder of record or, if you are a beneficial owner of your shares, with a legal proxy from the entity that holds your shares giving you the right to vote the shares.

If you are a beneficial owner of your shares and you vote by proxy, you may change your vote by submitting new voting instructions to your bank, broker or nominee in accordance with that entity's procedures.

If you vote the same shares by more than one method or vote multiple times with respect to the same shares using the same method, only the last-dated vote that is received will be counted, and each previous vote will be disregarded.

## **IS MY VOTE CONFIDENTIAL?**

Proxy instructions, ballots and voting tabulations that identify individual shareholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed either within our company or to third parties, except: (1) as necessary to meet applicable legal requirements; (2) to allow for the tabulation of votes and certification of the vote; and (3) to facilitate a successful proxy solicitation.

**WHO WILL PAY FOR THE COSTS INVOLVED IN THE SOLICITATION OF PROXIES?**

Vulcan is making this solicitation and will pay the entire cost of preparing, assembling, printing, mailing and distributing the notices and these proxy materials and soliciting votes. In addition to the mailing of notices and these proxy materials, the solicitation of proxies or votes may be made in person or by

## **Table of Contents**

telephone or email by directors, officers, or regular employees of Vulcan. In addition, Vulcan has engaged MacKenzie Partners, Inc. to act as its proxy solicitor and has agreed to pay it approximately \$9,500 plus reasonable fees and expenses for such services.

## **WHAT IS HOUSEHOLDING AND HOW DOES IT AFFECT ME?**

We have adopted a procedure, approved by the Securities and Exchange Commission (SEC), called householding. Under this procedure, shareholders of record who have the same address and last name and do not participate in electronic delivery of proxy materials or in notice and access will receive only one copy of this Notice of Annual Meeting and Proxy Statement and the 2014 Annual Report to Shareholders, unless we are notified that one or more of these shareholders wishes to continue receiving individual copies. If you and other Vulcan shareholders living in your household do not have the same last name, you also may request to receive only one copy of future proxy statements and annual reports to shareholders.

Householding reduces our printing costs and postage fees and conserves natural resources. Shareholders who participate in householding will continue to receive separate proxy cards.

If you are eligible for householding but you and other shareholders of record with whom you share an address currently receive multiple copies of this Notice of Annual Meeting and Proxy Statement and any accompanying documents, or if you hold Vulcan stock in more than one account, and in either case you wish to receive only a single copy of each document for your household, please obtain instructions by contacting us at the following address or phone number: Vulcan Materials Company, 1200 Urban Center Drive, Birmingham, Alabama 35242, Attention: Mark D. Warren, Director, Investor Relations, phone: (205) 298-3200.

If you participate in householding and wish to receive a separate copy of this Notice of Annual Meeting and Proxy Statement and any accompanying documents, please contact us at the address or phone number as indicated above and a separate copy will be sent to you promptly. If you do not wish to continue to participate in householding and prefer to receive separate copies of these documents in the future, please contact us at the address or phone number as indicated above.

If you are a beneficial owner, you can request information about householding from your broker, bank or other holder of record.

## **COULD OTHER MATTERS BE DECIDED AT THE ANNUAL MEETING?**

As of the mailing date of this Proxy Statement, we did not know of any matters to be raised at the Annual Meeting other than those referred to in this Proxy Statement.

If you return your signed and completed proxy card or vote by telephone or Internet and other matters are properly presented at the Annual Meeting for consideration, your shares will be voted as the Board of Directors recommends.

## **WHERE CAN I FIND THE VOTING RESULTS OF THE ANNUAL MEETING?**

The preliminary voting results will be announced at the Annual Meeting of Shareholders. The final voting results will be reported in a Current Report on Form 8-K filed with the SEC within four business days of the Annual Meeting and posted on our website.



**Table of Contents**

**WHOM SHOULD I CALL IF I HAVE QUESTIONS ABOUT THE ANNUAL MEETING?**

If you have any questions or need any assistance in voting your shares, please contact our proxy solicitor, whose information is listed below:

MacKenzie Partners, Inc.

105 Madison Avenue

New York, New York 10016

**Telephone: (212) 929-5500 (Call Collect)**

or

Call Toll-Free (800) 322-2885

[proxy@MacKenziePartners.com](mailto:proxy@MacKenziePartners.com)

A COPY OF OUR ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2014 WILL BE PROVIDED TO YOU WITHOUT CHARGE UPON WRITTEN REQUEST TO MARK D. WARREN, DIRECTOR, INVESTOR RELATIONS, VULCAN MATERIALS COMPANY, 1200 URBAN CENTER DRIVE, BIRMINGHAM, ALABAMA 35242.

## **Table of Contents**

### **PROPOSAL 1. ELECTION OF DIRECTORS**

Our constituent documents provide that our Board shall be divided into three classes, with the term of office of one class expiring each year. At the 2015 Annual Meeting, six people will be elected to serve as members of our Board, four for terms expiring in 2018, and two for terms expiring in 2016, or until their successors have been duly elected and qualified. Our Board, upon the recommendation of the Governance Committee, has nominated Thomas A. Fanning, J. Thomas Hill, Cynthia L. Hostetler and Richard T. O'Brien as directors to serve three-year terms expiring in 2018, and Elaine L. Chao and Donald B. Rice as directors to serve one-year terms expiring in 2016. Dr. Rice will reach the company's mandatory director retirement age at the 2015 Annual Meeting. However, due to Allen Franklin's unexpected retirement from the Board in December 2014 due to health reasons, the Board decided that it was in the best interest of the company and its shareholders for Dr. Rice to continue to serve as a director for one additional year. The Board took action at its February 2015 meeting to waive the director retirement policy for Dr. Rice as provided in the company's Corporate Governance Guidelines and nominated him for an additional term of one year. Each of our nominees is currently serving as a director of the company. Each of the nominees has consented to be named in this proxy statement and to serve if elected, and our Board has no reason to believe that any of the persons nominated will be unable to serve as a director. The Board believes that each of the six nominees is highly qualified and has experience, skills, backgrounds and attributes that qualify each of them to serve as a director of Vulcan.

In accordance with the amended and restated by-laws of our company, our Board of Directors is required to be composed of not fewer than 9 nor more than 13 directors. The number of directors may be set by a resolution adopted by a majority of our Board of Directors and our charter provides that any vacancies on the Board, including vacancies resulting from an increase in the number of directors, shall be filled by the affirmative vote of a majority of the remaining directors.

### **DIRECTOR QUALIFICATIONS**

Directors are responsible for reviewing and approving corporate strategy and overseeing management of our company to assure that the long-term interests of the shareholders are being served. The Board believes that there are general skills and characteristics required for service on the Board of Directors that are applicable to all directors. Additionally, the Board needs a diverse skill set among its members to ensure that the Board is able to respond to the needs of management and the company. The Governance Committee believes that each director nominee has an established record of accomplishments and possesses the qualifications set forth below.

### **GENERAL QUALIFICATIONS**

The Governance Committee, along with the Board, is responsible for reviewing on an annual basis the requisite skills and characteristics of Board members and nominees to the Board. The Governance Committee considers, among other factors:

high ethical standards

integrity

independence

experience

sound business judgment

ability to devote the time and effort necessary to fulfill his or her responsibilities to the Board

The Board and the Governance Committee require that each director be a person of high integrity with a proven record of success. The Board does not have specific diversity quotas, but considers race, ethnicity, gender, age, education and professional experiences in evaluating candidates for the Board.

**Table of Contents**

**INDIVIDUAL QUALIFICATIONS FOR DIRECTORS**

The Board believes that a number of particular qualifications, attributes, skills and experiences are desirable for the Board as a whole. These include:

financial and audit committee experience

knowledge of the company's industry and related industries

relevant chief executive officer/president experience

government or political expertise

human resources experience

diversity of race, ethnicity or gender

**NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS:**

**TERMS EXPIRING IN 2018**

**THOMAS A. FANNING**

**Director since February 2015**

**Age: 58**

Chairman of the Board, President and Chief Executive Officer of Southern Company, Atlanta, Georgia (a super-regional energy company in the Southeast and a leading U.S. producer of energy) since 2010.

**OTHER PUBLIC COMPANY DIRECTORSHIPS:**



Southern Company

**COMMITTEE MEMBERSHIPS:**

Audit; Compensation.

**SKILLS AND QUALIFICATIONS:**

Mr. Fanning is Chairman, President and Chief Executive Officer of Southern Company, one of America's largest producers of electricity. Mr. Fanning has worked for Southern Company for more than 30 years and has held 15 different positions in eight different business units, including numerous officer positions with a variety of Southern Company subsidiaries in the areas of finance, strategy, international business development and technology. Mr. Fanning previously was Chief Financial Officer of Southern Company, where he was responsible for the accounting, finance, tax, investor relations, treasury and risk management functions. Mr. Fanning serves as Chairman of the Federal Reserve Bank of Atlanta. As CEO of a large public utility, Mr. Fanning provides the Board with valuable business, leadership, and management skills. His prior service as CFO of Southern Company makes him well qualified to serve on our audit committee. Additionally, Mr. Fanning's understanding of the issues facing an industrial company, including governmental and regulatory issues, and safety, health and environmental matters, which are important issues in our industry, make him well qualified to serve on our Board.

**Table of Contents**

**J. THOMAS HILL**

**Director since July 2014**

**Age: 56**

President and Chief Executive Officer of the company since July 2014.

**SKILLS AND QUALIFICATIONS:**

Mr. Hill was appointed President and Chief Executive Officer of the company effective July 2014. Before that he was Executive Vice President and Chief Operating Officer from January 2014 until July 2014. Prior to that he served as Senior Vice President South Region (December 2011 – December 2013), President, Florida Rock Division (September 2010 – December 2011), and President, Southwest Division (July 2004 – August 2010). Mr. Hill has extensive knowledge of our company and our industry with over 30 years experience in the aggregates industry. Mr. Hill has served in a wide variety of management positions during his career with the company. Mr. Hill has also served in leadership positions in a number of industry trade groups, including the Texas Concrete and Aggregates Association, Florida Concrete and Products Association, and National Stone, Sand and Gravel Association. Mr. Hill's extensive experience with the company in operations and management over a wide variety of geographic regions makes him well-qualified to serve as a member of the company's Board.

**CYNTHIA L. HOSTETLER**

**Director since July 2014**

**Age: 52**

Trustee of Aberdeen International Funds, New York, New York (international mutual funds) since 2013; Director of TriLink Global, Los Angeles, California (international investment fund) since 2013; Director of Artio Global Funds, New York, New York (international mutual funds) from 2010 until 2013; Director of Edgen Group, Baton Rouge, Louisiana (international mutual funds) from 2012 to 2014.

**OTHER PUBLIC COMPANY DIRECTORSHIPS:**

Edgen Group (2012-2014).

**COMMITTEE MEMBERSHIPS:**

Audit; Finance.

**SKILLS AND QUALIFICATIONS:**

Ms. Hostetler has significant financial, investment and audit committee experience. She is an experienced public and investment company board member, having served on a number of public and private company boards, with committee chairmanships that include Nominating and Governance and Investment Management. She is the former head of Investment Funds at the Overseas Private Investment Corporation, responsible for a multibillion dollar private equity fund and a former president of a regional bank and bank holding company. Ms. Hostetler began her career as a corporate lawyer with Simpson Thatcher & Bartlett in New York. Ms. Hostetler has a Juris Doctorate from the University of Virginia. Ms. Hostetler has developed risk assessment skills through her bank, private equity and mutual fund leadership. Ms. Hostetler's financial and investment acumen make her well-suited to serve as a member of our company's Board.

**Table of Contents**

**RICHARD T. O BRIEN**

**Director Since 2008**

**Age: 61**

President and Chief Executive Officer of Boart Longyear Limited, Salt Lake City, Utah (an international provider of drilling services, drilling equipment and performance tooling for mining and drilling companies) since April 2013; Chief Executive Officer of Newmont Mining Corporation, Greenwood Village, Colorado (an international gold production company) from 2007 until February 2013; President and Chief Financial Officer during 2006 and 2007; Senior Vice President and Chief Financial Officer from 2005 until 2006.

**OTHER PUBLIC COMPANY DIRECTORSHIPS:**

Xcel Energy.

**COMMITTEE MEMBERSHIPS:**

Audit; Executive; Safety, Health and Environmental Affairs.

**SKILLS AND QUALIFICATIONS:**

Mr. O'Brien began serving as President and CEO of Boart Longyear Limited in April 2013. He previously served as CEO of Newmont Mining Corporation from July 2007 to February 2013, and previously served as its President and CFO. Mr. O'Brien's work includes extensive experience with NYSE listed companies in finance and accounting, operations and strategic and business planning. Mr. O'Brien's experience as CEO demonstrates his ability to provide experience in management, governance, and financial issues similar to those faced by Vulcan. Mr. O'Brien holds a Bachelor of Arts in economics from the University of Chicago and a Doctor of Jurisprudence degree from Lewis and Clark Law School. Mr. O'Brien's 25 years of management experience in the

mining and natural resources industries and his financial background, including serving as chief financial officer of four different public companies, makes him well qualified to serve as a member of our Board.

**Table of Contents**

**NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS:**

**TERMS EXPIRING IN 2016**

**ELAINE L. CHAO**

**Director since February 2015**

**Age: 62**

24<sup>th</sup> U.S. Secretary of Labor (2001 – 2009); Chair, Ruth Mulan Chu Chao Foundation, New York, New York (an educational foundation) since 2013.

**OTHER PUBLIC COMPANY DIRECTORSHIPS:**

News Corp; Wells Fargo & Company.

**COMMITTEE MEMBERSHIPS:**

Finance; Governance.

**SKILLS AND QUALIFICATIONS:**

Secretary Chao is the first Asian Pacific American woman to be appointed to the President's Cabinet in our nation's history and the longest serving Secretary of Labor since World War II. She is currently Chair of Ruth Mulan Chu Chao Foundation. From January 2009 to August 2014, Secretary Chao was a Distinguished Fellow at the Heritage Foundation. Prior to the Department of Labor, Secretary Chao was President and Chief Executive Officer of United Way of America, one of the nation's premier institutions of private charitable giving. Her government service also includes serving as Director of the Peace Corps and Deputy Secretary at the U.S. Department of Transportation, and as Chairman of the Federal Maritime Commission. She has also worked in the

private sector as Vice President of Syndications at BankAmerica Capital Markets Group and Citicorp. Secretary Chao earned her MBA from the Harvard Business School and an economics degree from Mount Holyoke College. Her experience as Secretary of Labor and Deputy Secretary of Transportation provides the Board with a valuable perspective on workforce, transportation and regulatory issues important to the company. Secretary Chao's skills in building constructive working relationships with diverse stakeholders provides useful insight for the company in various social responsibility and community affairs areas as it strives to enhance its relationships in the communities where it does business. Additionally, having overseen corporate governance issues at the Department of Labor Employee Benefits Security Administration and as a current and former board member of a number of prominent public companies, including past chair of the governance committee of Dole Food Company and a member of the nominating and corporate governance committee of News Corp, she also brings valuable corporate governance experience to the Board. Secretary Chao also brings to the Board significant financial experience from her tenure as a senior executive at two of the nation's largest banks and service on the audit and finance committees of two other public companies.

**Table of Contents**

**DONALD B. RICE**

**Director Since 1986(\*)**

**Age: 75**

Retired; President and Chief Executive Officer of Agensys, Inc., Santa Monica, California (a biotechnology company developing monoclonal antibody therapeutics for cancer) from 1996 until 2010; Former U.S. Secretary of the Air Force from 1989 to 1993.

**COMMITTEE MEMBERSHIPS:**

Compensation; Executive; Governance.

**SKILLS AND QUALIFICATIONS:**

Dr. Rice served as President and Chief Executive Officer of Agensys for 14 years. He also served as President and Chief Operating Officer of Teledyne, Inc. for three years, and as President and CEO of the RAND Corporation for over 17 years. Dr. Rice also served as Secretary of the Air Force from 1989 to 1993 and in other government positions where he gained experience in public policy, governmental affairs, management and strategy. Dr. Rice has served as a director of a number of large public companies where he gained significant financial experience, and has chaired the audit committees of two public companies. Dr. Rice's extensive management and governmental expertise makes him well qualified to serve as a member of our Board.

(\*) Dr. Rice was first elected a director in 1986, and served until May 1989, when he was appointed Secretary of the Air Force. He was re-elected as a director by our Board of Directors on February 12, 1993.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR EACH OF THE NOMINEES NAMED ABOVE.**



**Table of Contents**

**DIRECTORS CONTINUING IN OFFICE:**

**TERMS EXPIRING IN 2016**

**DOUGLAS J. MCGREGOR**

**Director Since 1992**

**Age: 74**

Senior Advisor of Blue Point Capital Partners, Cleveland, Ohio (a national private equity firm) since January 2003; President, Chief Operating Officer and Chief Restructuring Officer of Burlington Industries, Inc., Greensboro, North Carolina (a manufacturer of soft goods for apparel and interior furnishings) from June 2000 to December 2002; Chairman, Chief Executive Officer and President of M.A. Hanna Company, Cleveland, Ohio (an international specialty chemicals company) from 1988 to 1998.

**COMMITTEE MEMBERSHIPS:**

Audit; Executive; Finance.

**SKILLS AND QUALIFICATIONS:**

Mr. McGregor has served as Chief Executive Officer or President for two separate public companies, Burlington Industries and M.A. Hanna. He has over 40 years of management experience in major Fortune 1000 corporations in several different industries, including mining, providing him with valuable business, leadership and management experience with issues facing large industrial and mining companies. Mr. McGregor graduated from the University of Michigan, Ann Arbor, with a degree in business administration. He also earned a masters degree in business administration from Eastern Michigan University, Ypsilanti. Mr. McGregor's current position as Senior Advisor of Blue Point Capital Partners, a private equity firm, as well as his past management service, have given him considerable financial and investment acumen, making him well qualified to serve on our Board.

**VINCENT J. TROSINO**

**Director Since 2003**

**Age: 74**

Retired; President, Vice Chairman of the Board and Chief Operating Officer of State Farm Mutual Automobile Insurance Company, Bloomington, Illinois (a mutual insurance company) from 1998 until December 2006.

**COMMITTEE MEMBERSHIPS:**

Audit; Governance.

**SKILLS AND QUALIFICATIONS:**

Mr. Trosino is a graduate of Villanova University and holds a graduate degree from Illinois State University. Mr. Trosino has served on the Brookings Institution's Board of Trustees and the board of the Insurance Information Institute. As a result of his tenure as President and Chief Operating Officer of State Farm from 1998 until 2006, Mr. Trosino brings to the Board significant experience in financial matters, risk assessment, management, corporate governance and human resources. In addition, he provides the Board with knowledge and insight regarding the insurance industry an important consideration in the company's evaluation and mitigation of risk areas. Mr. Trosino served on the investment committee of the board of State Farm Mutual Insurance Company and served on the audit committee of the Brookings Institution. He brings valuable financial and investment experience to our company's Audit Committee, making him well qualified to serve as a member of our Board.

**Table of Contents**

**LEE J. STYSLINGER, III**

**Director Since 2013**

**Age: 54**

Chairman and Chief Executive Officer of Altec, Inc., Birmingham, Alabama (a holding company for businesses that design, manufacture and market equipment for the electric and telecommunications industries globally) since 1997 (CEO) and 2011 (Chairman).

**OTHER PUBLIC COMPANY DIRECTORSHIPS:**

Regions Financial Corporation.

**COMMITTEE MEMBERSHIPS:**

Compensation; Safety, Health and Environmental Affairs.

**SKILLS AND QUALIFICATIONS:**

Mr. Styslinger received his Bachelor of Arts degree from Northwestern University and earned a Master of Business Administration degree from Harvard University. He actively serves on the boards of many educational, civic and leadership organizations, including Harvard Business School, National Association of Manufacturers and Northwestern University College of Arts and Sciences. He was appointed to the President's Export Council advising the President of the United States on international trade policy from 2006 to 2008. As Chairman and Chief Executive Officer of Altec, Inc., Mr. Styslinger brings a wealth of management and business experience running a large company in today's global market. Additionally, Mr. Styslinger has over 16 years' experience leading companies engaged in the heavy equipment industry. Vulcan is a major purchaser of heavy equipment for its operations, and Mr. Styslinger's expertise in this area greatly benefits Vulcan. Mr. Styslinger's experience and knowledge leading a large, multinational business makes him well qualified to serve as a member of our Board.



**Table of Contents**

**DIRECTORS CONTINUING IN OFFICE:**

**TERMS EXPIRING IN 2017**

**O.B. GRAYSON HALL, JR.**

**Director Since 2014**

**Age: 57**

Chairman, President and Chief Executive Officer of Regions Financial Corporation, Birmingham, Alabama (one of the nation's largest full-service providers of consumer and commercial banking, wealth management, mortgage and insurance products and services) since May 2013. Prior to that he served as President and Chief Executive Officer (April 2010 – May 2013) and Vice Chairman (2008 – 2010).

**OTHER PUBLIC COMPANY DIRECTORSHIPS:**

Regions Financial Corporation; Zep, Inc.

**COMMITTEE MEMBERSHIPS:**

Finance; Governance.

**SKILLS AND QUALIFICATIONS:**

Mr. Hall is Chairman, President and Chief Executive Officer of Regions Financial Corporation and leads its Executive Council. Regions Financial is the 10<sup>th</sup> largest commercial bank in the United States. Mr. Hall graduated from the University of South, Sewanee, Tennessee, with a bachelor's degree in economics. He also received a master's degree in business administration from the University of Alabama, Tuscaloosa, Alabama.

Additionally, he is a graduate of the Stonier Graduate School of Banking, University of Pennsylvania. Mr. Hall serves on the Board of Directors of Regions Financial Corporation, and also Zep, Inc., where he serves on the Compensation Committee and the Nominating and Corporate Governance Committee. He is also active in many civic and leadership organizations, including the Economic Development Partnership of Alabama, Birmingham Business Alliance and Children's of Alabama. Mr. Hall's knowledge in running a publicly-traded company, as well as his extensive background in banking and finance, make him well qualified to be a member of our Board.

**Table of Contents**

**DONALD M. JAMES**

**Director Since 1996**

**Age: 66**

Non-Executive Chairman of the company since January 2015; Executive Chairman of the company from July 2014 to January 2015; Chairman and CEO from 1997 to 2014.

**OTHER PUBLIC COMPANY DIRECTORSHIPS:**

Southern Company; Wells Fargo & Company.

**COMMITTEE MEMBERSHIPS:**

Executive.

**SKILLS AND QUALIFICATIONS:**

Mr. James has served as our Non-Executive Chairman since January 2015. From July 2014 to January 2015 he served as Executive Chairman. Prior to that, he was Chairman and Chief Executive Officer of the company (1997 – 2014). He has extensive leadership, management, operating, financial and legal experience and knowledge of our company. Mr. James has held numerous leadership positions in the aggregates industry and general business trade groups, including the National Stone, Sand & Gravel Association, exposing him to the important issues facing the aggregates industry. Mr. James also has experience serving on the boards of a number of other large public companies, including Wells Fargo & Company and Southern Company. Mr. James also serves on a number of civic and leadership boards, including Boy Scouts of Central Alabama, the U.S. Chamber of Commerce, and the Economic Development Partnership of Alabama, Inc. Mr. James extensive industry knowledge and significant tenure with the company make him well-qualified to serve on our Board.

**JAMES T. PROKOPANKO**

**Director Since 2009**

**Age: 61**

President and Chief Executive Officer of The Mosaic Company, Plymouth, Minnesota (a leading producer and marketer of concentrated phosphate and potash crop nutrients for the global agriculture industry) since January 2007.

**OTHER PUBLIC COMPANY DIRECTORSHIPS:**

The Mosaic Company.

**COMMITTEE MEMBERSHIPS:**

Compensation; Executive; Governance.

**SKILLS AND QUALIFICATIONS:**

Mr. Prokopanko has been Chief Executive Officer of Mosaic since 2007 and was with Cargill, Inc. prior to that. His management experience provides the Board with valuable insight into business, leadership and management issues. Additionally, Mr. Prokopanko brings considerable knowledge of issues facing a company engaged in the mineral extraction industry. Mr. Prokopanko has a bachelor's degree in computer science from the University of Manitoba and an MBA from the University of Western Ontario. Mr. Prokopanko's experience and knowledge make him well qualified to be a member of our Board.



**Table of Contents**

**KATHLEEN WILSON-THOMPSON**

**Director Since 2009**

**Age: 57**

Executive Vice-President and Global Chief Human Resources Officer of Walgreens Boots Alliance, Inc., Deerfield, Illinois (a drugstore chain) since January 2015. From January 2010 to December 2014, she served as Senior Vice-President and Chief Human Resources Officer of Walgreen Co. Prior to that, she was the Senior Vice-President, Global Human Resources of The Kellogg Company, Battle Creek, Michigan (a retail food manufacturer and distributor), from July 2005 until January 2010.

**COMMITTEE MEMBERSHIPS:**

Executive; Finance; Safety, Health and Environmental Affairs.

**SKILLS AND QUALIFICATIONS:**

As a result of her service as Senior Vice-President Human Resources at both Walgreens and Kellogg, Ms. Wilson-Thompson was promoted to Executive Vice-President and Global Chief Human Resources Officer in 2014. Ms. Wilson-Thompson earned a bachelor's degree in literature from the University of Michigan in Ann Arbor in 1979, a Juris Doctorate in 1982 and a master of law in corporate and finance law in 1996, both from Wayne State University in Detroit. Ms. Wilson-Thompson serves on the NAACP Special Contributions Fund Board of Trustees. She was also named by Black Enterprise Top 100 Most Powerful Executives in Corporate America. As a result of her senior leadership positions in human resources at both Walgreens and Kellogg, Ms. Wilson-Thompson brings to the Board valuable experience in managing personnel, human resource and organization issues that face a labor-intensive workforce, making her well qualified to be a member of our Board.

Table of Contents

**PROPOSAL 2. ADVISORY VOTE ON EXECUTIVE COMPENSATION (SAY ON PAY)**

In accordance with Section 14A of the Securities Exchange Act of 1934, we are asking shareholders to vote on an advisory basis to approve the compensation paid to our NEOs as disclosed in this proxy statement on page 57. While this vote is advisory and not binding on our company, it provides information to our Compensation Committee regarding investor sentiment about our executive compensation philosophy, policies and practices, which the Compensation Committee will consider when determining executive compensation in the future.

At our 2011 Annual Meeting of Shareholders, our shareholders indicated a preference that the advisory vote on the compensation for our NEOs occur on an annual basis. Therefore, our Board adopted a policy for annual Say on Pay advisory votes. The next shareholder vote on the frequency of the advisory vote on the compensation of our NEOs will be held at the 2017 Annual Meeting of Shareholders.

At the 2014 Annual Meeting, our shareholders voted over 97% in favor of our Say on Pay proposal. We believe this demonstrated strong support for our compensation program and policies. In 2014, we continued to review and make changes to our compensation program, considering new compensation trends, investor concerns and best practices. Please read the Compensation Discussion and Analysis section on pages 36 to 56 for an in-depth look at our compensation program and how it was applied to the performance of our NEOs in 2014.

Based on the foregoing, the Board recommends a vote FOR the following resolution:

**RESOLVED**, that the shareholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion contained in this proxy statement.

As an advisory vote, this proposal is not binding on our company. However, our Board and Compensation Committee will consider the outcome of the advisory vote when making future compensation decisions.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE COMPENSATION OF OUR NEOS AS DISCLOSED IN THE COMPENSATION DISCUSSION AND ANALYSIS SECTION AND ACCOMPANYING COMPENSATION TABLES CONTAINED IN THIS PROXY STATEMENT.**

**Table of Contents**

**PROPOSAL 3. RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee, which is composed solely of independent directors, has appointed Deloitte & Touche LLP as the independent registered public accounting firm for our company and its subsidiaries for the fiscal year ending December 31, 2015. The function of the independent registered public accounting firm is to audit our accounts and records; to report on the consolidated balance sheet, the related statements of consolidated earnings, consolidated shareholders' equity and consolidated statements of cash flows of our company and its subsidiaries; to audit our internal controls over financial reporting; and to perform such other appropriate accounting services as may be required and approved by the Audit Committee. Although shareholder ratification is not required, our Board is seeking shareholder ratification as a matter of good corporate governance. Even if the appointment of Deloitte & Touche LLP is ratified by a majority of the votes cast at the meeting, the Audit Committee may, in its discretion, direct the appointment of another independent registered accounting firm at any time during the year, if it believes such appointment is in the best interests of the company and the shareholders. If a majority of the votes cast at the meeting fails to ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm, the Audit Committee will consider the selection of another independent registered public accounting firm for future years.

The firm of Deloitte & Touche LLP, or its predecessors, has audited our financial statements since 1956. A representative of that firm is expected to be present at the meeting, will be given an opportunity to make a statement and will be available to respond to appropriate questions.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS VULCAN'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2015.**

## **Table of Contents**

### **CORPORATE GOVERNANCE OF OUR COMPANY AND PRACTICES OF OUR BOARD OF DIRECTORS**

We take our corporate governance responsibilities very seriously and have adopted Corporate Governance Guidelines that provide a framework for the governance of our company. These Corporate Governance Guidelines build on practices that we have followed for many years and demonstrate our continuing commitment to corporate governance excellence.

Our Governance Committee regularly reviews corporate governance developments and adopts appropriate practices as warranted. For instance, in 2014, the Board adopted a policy prohibiting our executive officers and directors from pledging shares of Vulcan stock for loans or for any other purpose.

We have a Business Conduct Policy that applies to all of our employees and directors and deals with a variety of corporate compliance issues, including conflicts of interest, compliance with laws, confidentiality of company information, fair dealing and use of company assets. All employees and directors are required to fill out a questionnaire annually regarding their personal compliance with the Business Conduct Policy and are encouraged to report any illegal or unethical behavior of which they become aware.

Our Board has adopted a Code of Ethics for the Chief Executive Officer and Senior Financial Officers. The Code of Ethics defines Senior Financial Officers to include the Chief Financial Officer, Controller and Principal Accounting Officer. The Code of Ethics covers such topics as financial reporting, conflicts of interest and compliance with laws. 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 promptly as practicable, as may be required under applicable SEC and NYSE rules.

You can access our amended and restated by-laws, Corporate Governance Guidelines, Business Conduct Policy and Code of Ethics at our website [www.vulcanmaterials.com](http://www.vulcanmaterials.com) or you can obtain a printed copy free of charge by writing to us at: Corporate Secretary, Vulcan Materials Company, 1200 Urban Center Drive, Birmingham, Alabama 35242. Please note that the information contained on our website is not incorporated by reference in, nor considered to be a part of, this proxy statement.

### **DIRECTOR INDEPENDENCE**

All of our directors, with the exception of Tom Hill, our President and CEO, and Don James, our Non-Executive Chairman and former CEO, are independent under the NYSE listing standards, the Board's Director Independence Criteria, and the applicable SEC rules and regulations. The NYSE listing standards provide that a director does not qualify as independent unless our Board affirmatively determines that the director has no material relationship with our company (either directly or as a partner, shareholder or officer of an organization that has a relationship with our company). The NYSE rules require a board to consider all of the relevant facts and circumstances in determining the materiality of a director's relationship with our company and permit the Board to adopt and disclose standards to assist the Board in making determinations of independence. Accordingly, the Board has adopted the following Director Independence Criteria to assist it in determining whether a director has a material relationship with our company:

#### **Director Independence Criteria**

The Director Independence Criteria provide that a director will be considered independent if he or she:

(a) has not been an employee of our company, or any of its consolidated subsidiaries, during the last three years;

**Table of Contents**

- (b) has not received more than \$120,000 per year in direct compensation from our company, or any of its consolidated subsidiaries, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service) during the last three years;
- (c) has not during the last three years personally performed legal or professional services for our company in an amount more than \$10,000;
- (d) is not a current partner or employee of our company's independent auditor and has not been employed by the present or former independent auditor of our company and personally worked on our company's audit during the last three years;
- (e) during the last three years, has not been part of an interlocking directorate in which an executive officer of our company, or any of its consolidated subsidiaries, served on the compensation committee of another company that concurrently employs the director;
- (f) is not, and has not been in the past three years, an executive officer or an employee of another company (exclusive of charitable organizations) that makes payments to, or receives payments from, our company, or any of its consolidated subsidiaries, for property or services in an amount which, in any single fiscal year, exceeds the greater of \$1,000,000 or 2% of the consolidated gross revenues of such other company;
- (g) has no immediate family member who is an executive officer of our company, or any of its consolidated subsidiaries;
- (h) has no immediate family member meeting any of the criteria set forth in (b) – (f); except with respect to item (d) in which case an immediate family member may be an employee (not a partner) of the independent auditor so long as such family member does not personally work on our company's audit; and
- (i) has no other material relationship with our company, or any of its consolidated subsidiaries, either directly or as a partner, shareholder, director or officer of an organization that has a material relationship with our company or any of its consolidated subsidiaries.

In determining director independence, "immediate family member" is defined as a spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law and anyone (other than a domestic employee) who shares the director's home. Individuals who are no longer immediate family members as a result of legal separation or divorce, or those who have died or become incapacitated, are not taken into consideration when determining a director's independence. The Director Independence Criteria also require our Board to consider all relevant facts and circumstances, including a director's commercial, industrial, banking, consulting, legal, accounting, familial and charitable relationships and such other criteria as our Board may determine from time to time.

In early 2015, the Board conducted an evaluation of director independence for each director, based on the Director Independence Criteria, the NYSE listing standards and applicable SEC rules and regulations. In connection with this

review, the Board evaluated commercial, industrial, banking, consulting, legal, accounting and charitable relationships with each director or immediate family member and his or her related interests and our company and its subsidiaries.

As a result of this evaluation, the Board affirmatively determined that all of the directors other than our President and CEO, Tom Hill, and our Chairman and former CEO, Don James, are independent directors under our Board's Director Independence Criteria, the NYSE listing standards and the applicable SEC rules and regulations.

**Table of Contents**

**DIRECTOR NOMINATION PROCESS**

The Governance Committee considers director candidates recommended by our shareholders. Any shareholder wishing to recommend a candidate for election at the 2016 Annual Meeting must submit that recommendation in writing, addressed to the Governance Committee, in care of our Corporate Secretary, at 1200 Urban Center Drive, Birmingham, Alabama 35242, in accordance with the deadlines and procedures set forth in our by-laws. The notice should include the following:

The name and address of the shareholder who intends to make the nomination(s) and of the person or persons to be nominated;

A representation that the shareholder is a holder of record or a beneficial holder of stock entitled to vote at the meeting (including the number of shares the shareholder owns) and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice;

A description of all arrangements and understandings between the shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination(s) are to be made by the shareholder;

Such other information regarding each nominee proposed by such shareholder as would have been required to be included in a proxy statement filed under the proxy rules of the SEC (whether or not such rules are applicable) had each nominee been nominated, or intended to be nominated, by our Board of Directors, including the candidate's name, biographical information, and qualifications; and

The written consent of each nominee to serve as a director if so elected.

The Governance Committee will identify nominees by first evaluating the current members of our Board willing to continue service. Current members of our Board with skills and experience that are relevant to our business and who are willing to continue in service are considered for nomination, balancing the value of continuity of service by existing members of our Board with the potential benefits of obtaining new Board members. If any member of the Board does not wish to continue in service or if the Governance Committee or the Board decides not to nominate a current Board member for reelection, the Governance Committee may identify the desired skills and experience for a new nominee in light of the above criteria. Directors and members of management also may suggest candidates for Board service. Timely recommendations by our shareholders will receive equal consideration by the Governance Committee. In some cases, the committee engages, for a fee, the services of a third-party executive search firm to assist it in identifying and evaluating nominees for director.

**BOARD LEADERSHIP STRUCTURE**

Our Board understands the importance of evaluating and determining the optimal leadership structure so as to provide independent oversight of management. Our Board also understands that there is no single, generally accepted approach to providing Board leadership and that given the dynamic and competitive environment in which we operate, the right Board leadership structure may vary from time to time. For this reason, our Board does not have a policy



with respect to the separation of the offices of Chairman of the Board and Chief Executive Officer. The Board has determined that our company should have the flexibility to combine or separate these functions as circumstances deem appropriate. The Board believes that it is in the best interests of our company and its shareholders to have Don James serve as our Non-Executive Chairman of the Board and Tom Hill serve as our President and CEO, at this time. In addition, our Corporate Governance Guidelines provide for an independent lead director of the Board, a position elected annually from among the independent directors on our Board.

In considering its leadership structure, our Board has taken a number of additional factors into account. The Board, which consists exclusively of independent directors, other than Mr. Hill and Mr. James, and all of whom are highly qualified and experienced, exercise a strong independent oversight function. This

## **Table of Contents**

oversight function is enhanced by the fact that all of the Board's committees, other than the Executive Committee, are comprised entirely of independent directors. Most significantly, our Corporate Governance Guidelines provide for an independent lead director, a position which is elected annually from among the independent directors of our Board. Among other things, the lead director is responsible for:

presiding at all meetings or sessions of meetings of the Board at which the Chairman is not present, including at executive sessions of the non-management and independent directors;

servicing as liaison between the Chairman and the non-management and independent directors;

approving Board meeting schedules to assure that there is sufficient time for discussion of all agenda items, as well as meeting agendas and information sent to the Board;

having authority to call meetings of the non-management and independent directors; and

if requested by major shareholders, ensuring that he or she is available for consultation and direct communication. The Board annually elects a lead director from among the independent directors. The duties of the lead director are delineated in our Corporate Governance Guidelines, which are available on our website at [www.vulcanmaterials.com](http://www.vulcanmaterials.com). Mr. McGregor currently serves as the lead director.

Our Board believes that these factors provide the appropriate balance between the authority of those who oversee our company and those who manage it on a day-to-day basis. For additional information regarding how oversight is exercised and how the Board receives information from our committees performing risk management and oversight functions, see [Risk Management](#) on page 28.

## **NON-MANAGEMENT EXECUTIVE SESSIONS**

Our Board of Directors has adopted a policy relating to non-management executive sessions. Under this policy, the Board of Directors meets at each regularly scheduled Board meeting in an executive session in which Messrs. Hill and James and other members of management are not present. During 2014, the non-management directors met in executive session five times.

## **MEETINGS AND ATTENDANCE**

Our Board held six meetings, either in person or telephonically, in 2014, and each director attended more than 75% of the total number of meetings of the Board and meetings of the committees of which he or she was a member.

## **ANNUAL MEETING POLICY**

Our directors are expected to attend the Annual Meeting of Shareholders. In furtherance of this policy, our Board holds a regularly scheduled Board meeting on the same day as the Annual Meeting of Shareholders. In 2014, all of the Board members except Mr. Hall attended the Annual Meeting.



**Table of Contents**

**COMMITTEES OF THE BOARD OF DIRECTORS**

Our Board of Directors has established six standing committees as follows:

DIRECTOR	AUDIT COMMITTEE	COMPENSATION COMMITTEE	EXECUTIVE COMMITTEE	FINANCE COMMITTEE	GOVERNANCE COMMITTEE	SAFETY, HEALTH AND ENVIRONMENTAL AFFAIRS COMMITTEE
Michael L. Chao						
Thomas A. Fanning						
Grayson Hall, Jr.						
Christina L. Hostetler						
David M. James			°			
Thomas J. McGregor				°		
Edward T. O'Brien	°					
Thomas T. Prokopanko					°	
David B. Rice		°				
Robert Styslinger, III						
Robert J. Trosino						
Debra Wilson-Thompson						°

° indicates Chair

The number of meetings held by each committee in 2014 was as follows:

COMMITTEE	NUMBER OF MEETINGS
Audit	7
Compensation	5
Executive	0
Finance	3
Governance	4
Safety, Health and Environmental Affairs	2

The charters of the Audit, Compensation and Governance Committees are available on our website at [www.vulcanmaterials.com](http://www.vulcanmaterials.com). You can also obtain a printed copy free of charge by writing to us at: Corporate Secretary, Vulcan Materials Company, 1200 Urban Center Drive, Birmingham, Alabama 35242.

All of the Board Committees, other than the Executive Committee, are composed entirely of independent, non-management directors.

**Executive Committee**

The Executive Committee has the same powers as our Board of Directors, except as limited by the New Jersey Business Corporation Act. Pursuant to its charter, the Executive Committee's primary function is to exercise the

powers of the Board of Directors on urgent matters arising between regularly scheduled board meetings when a quorum of the full Board is not available. Members of the Executive Committee are Messrs. James (Chair), McGregor, O'Brien, Prokopanko and Rice and Ms. Wilson-Thompson.

## Table of Contents

### **Audit Committee**

The Audit Committee advises our Board and management from time to time with respect to internal controls, financial systems and procedures, accounting policies and other significant aspects of our company's financial management. Pursuant to its charter, the Audit Committee selects our company's independent registered public accounting firm and oversees the arrangements for, and approves the scope of, the audits to be performed by the independent registered public accounting firm. The Audit Committee's primary responsibilities under its written charter include the following:

Hiring, evaluating and, when appropriate, replacing the independent registered public accounting firm, whose duty it is to audit our books and accounts and our internal controls over financial reporting for the fiscal year in which it is appointed;

Determining the compensation to be paid to the independent registered public accounting firm and, in its sole discretion, approving all audit and engagement fees and terms and pre-approving all auditing and non-auditing services of such firm, other than certain *de minimis* non-audit services;

Reviewing and discussing with management, the independent registered public accounting firm and internal auditors our internal reporting, audit procedures and the adequacy and effectiveness of our disclosure controls and procedures;

Reviewing and discussing with management and the independent registered public accounting firm the audited financial statements to be included in our Annual Report on Form 10-K, the quarterly financial statements to be included in our Quarterly Reports on Form 10-Q, our disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations, and the selection, application and disclosure of accounting policies used in our financial statements;

Reviewing and discussing with management quarterly earnings press releases and financial information and earnings guidance provided to analysts and rating agencies; and

Reviewing and reassessing the adequacy of the Audit Committee Charter adopted by our Board of Directors, and recommending proposed changes to our Board of Directors.

In addition, the Audit Committee is responsible for reviewing and discussing with management our company's policies with respect to risk assessment and risk management. Further information about the role of the Audit Committee in risk assessment and risk management are included in the section entitled Risk Management.

The Audit Committee has established policies and procedures for the pre-approval of all services by the independent registered public accounting firm. See Pre-Approval of Services Performed by Independent Registered Accounting Firm on page 32 for more information.

The Audit Committee has also established procedures for the receipt, retention and treatment, on a confidential basis, of complaints received by our company regarding its accounting, internal controls and auditing matters. See Policy on

Reporting of Concerns regarding Accounting Matters on page 30 for more information.

The members of the Audit Committee are Messrs. O'Brien (Chair), Fanning, McGregor and Trosino and Ms. Hostetler. All members of our Audit Committee are non-management directors. Our Board of Directors has determined that each is independent and financially literate within the meaning of the listing standards of the NYSE, SEC rules and regulations, and the Director Independence Criteria adopted by our Board of Directors and posted on our website at [www.vulcanmaterials.com](http://www.vulcanmaterials.com) under Investor Relations. In addition, our Board has determined that Mr. O'Brien is an audit committee financial expert as defined by rules adopted by the SEC. More details about the role of the Audit Committee may be found in the Report of the Audit Committee on page 31 of this proxy statement.

## **Table of Contents**

### **Compensation Committee**

The Compensation Committee determines and oversees the execution of our company's executive compensation philosophy, and oversees the administration of our company's executive compensation plans.

The Compensation Committee is responsible for, among other things:

determining and setting the amount of compensation paid to each of our executive officers, including the CEO, senior corporate officers and heads of our regional business units;

reviewing compensation plans relating to our officers;

interpreting and administering the Executive Incentive Plan and the 2006 Omnibus Long-Term Incentive Plan; and

making recommendations to the Board with respect to compensation paid by our company to any director.

The Compensation Committee also reviews and discusses with management the Compensation Discussion and Analysis required by SEC rules to be included in our proxy statement.

The Compensation Committee has engaged Compensation Strategies, Inc. as its independent compensation consultant. For a description of the process undertaken by the Compensation Committee to set compensation and the role of Compensation Strategies in that process, please refer to the section entitled "Compensation Discussion and Analysis" in this proxy statement.

The members of the Compensation Committee are Dr. Rice (Chair), and Messrs. Fanning, Prokopanko and Styslinger. The Compensation Committee is composed solely of non-management directors who are independent within the meaning of the listing standards of the NYSE, SEC rules and regulations and the Board's Director Independence Criteria. In addition, each Compensation Committee member is a nonemployee director as defined in Rule 16b-3 under the Exchange Act, and is an outside director as defined in Section 162(m) of the Internal Revenue Code of 1986 (Code).

### **Governance Committee**

The Governance Committee is responsible for reviewing and assessing our policies and practices relating to corporate governance, including our Corporate Governance Guidelines. The Governance Committee also plans for the succession of the CEO and other senior executives. In addition, the Governance Committee serves as the nominating committee and is responsible for identifying and assessing director candidates, including making recommendations to our Board regarding such candidates. In fulfilling its responsibilities, the Governance Committee, among other things:

identifies individuals qualified to become Board members consistent with criteria established in its charter;



recommends director nominees to our Board for the next Annual Meeting of Shareholders; and

evaluates individuals suggested by shareholders as director nominees.

In recommending director nominees to the Board, the Governance Committee considers all of the factors listed under Director Qualifications set forth in this proxy statement.

The Governance Committee believes it appropriate for at least one member of the Board to meet the criteria for an audit committee financial expert as defined by the SEC rules, and for a substantial majority of the members of the Board to meet the definition of independent as defined by the listing standards of the NYSE, SEC rules and regulations and the Board's Director Independence Criteria.

## **Table of Contents**

The Governance Committee also reviews our Board's committee structure and recommends to our Board, for its approval, directors to serve as members of each committee. The Governance Committee also is responsible for overseeing the evaluations of the Board and its committees.

Members of the Governance Committee are Messrs. Prokopanko (Chair), Hall, Rice and Trosino and Ms. Chao. The Governance Committee is composed solely of non-management directors who are independent within the meaning of the listing standards of the NYSE, SEC rules and regulations and the Board's Director Independence Criteria.

## **Safety, Health and Environmental Affairs Committee**

The Safety, Health and Environmental Affairs Committee has the responsibility for reviewing our policies, practices and programs with respect to the management of safety, health and environmental affairs. It also monitors our compliance with safety, health and environmental laws and regulations. Every member of this Committee is a non-management director who is independent within the meaning of the listing standards of the NYSE, SEC rules and regulations and the Board's Director Independence Criteria. Members of the Safety, Health and Environmental Affairs Committee are Ms. Wilson-Thompson (Chair), and Messrs. O'Brien and Styslinger.

## **Finance Committee**

The Finance Committee has responsibility for overseeing our financial policies. It recommends to our Board financial policies and actions to accommodate our goals and operating strategies while maintaining a sound financial condition. Its functions include keeping informed about our financial condition, recommending a dividend policy, reviewing and recommending changes in the quarterly dividend payments, and evaluating and making recommendations concerning the appropriate mix of debt and equity, incurrence of long-term debt, and changes in the authorized limit of short-term debt. The Finance Committee also is responsible for overseeing the funding and management of assets for pension plans sponsored by our company. To fulfill these functions, it establishes funding policies and methods consistent with pension plan objectives and the Employee Retirement Income Security Act of 1974, as amended, selects and removes investment managers, and appoints trustees for the pension plans. Every member of this Committee is a non-management director who is independent within the meaning of the listing standards of the NYSE, SEC rules and regulations and the Board's Director Independence Criteria. Members of the Finance Committee are Messrs. McGregor (Chair) and Hall, and Ms. Chao, Ms. Hostetler and Ms. Wilson-Thompson.

## **RISK MANAGEMENT**

Although the Board of Directors has the ultimate oversight responsibility for the risk management process, various committees of the Board assist the Board in fulfilling its oversight responsibilities in certain areas of risk. In particular, the Audit Committee focuses on financial risk, including internal controls, and discusses with management, the internal auditors, and our independent registered public accounting firm our company's policies with respect to risk assessment and risk management. Our Audit Committee also assists the Board in fulfilling its duties and oversight responsibilities relating to our company's compliance and ethics programs. In addition, our Safety, Health and Environmental Affairs Committee assists the Board in fulfilling its responsibilities with respect to monitoring operational risks and compliance with safety, health and environmental laws and regulations and works closely with our company's legal and regulatory groups. The Compensation Committee also assists the Board in fulfilling its oversight responsibilities to create long-term value for our company, while discouraging behavior that leads to excessive risk taking. Finally, the Finance Committee assists the Board in managing risk relating to investment of the pension funds assets and debt/leverage risks. The Board is kept informed of its Committees' risk oversight and other activities through reports of the Committees' chairs to the Board. These reports are presented at Board meetings and include discussions of Committee agenda topics. The Board also considers specific risk topics, including risks

associated with our strategic plan, our capital structure and our development activities.

## **Table of Contents**

Our company has a management risk committee comprised of senior managers from diverse departments, including finance and accounting, operations, safety and health, legal, risk management, internal audit, community relations, and human resources. The management risk committee meets on a regular basis to discuss and evaluate risks faced by the company. The committee develops mitigation plans in response to identified risks and monitors the implementation of such plans. The management risk committee makes regular reports to the Board of Directors and its Committees.

We believe the division of risk management responsibilities described above is an effective approach for addressing the risks facing our company and that our Board structure supports this approach.

## **COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

None.

## **TRANSACTIONS WITH RELATED PERSONS**

Except as discussed below, since the beginning of our last fiscal year, no financial transactions, arrangements or relationships, or any series of them, were disclosed or proposed through our processes for review, approval or ratification of transactions with related persons in which (i) Vulcan was or is to be a participant, (ii) the amount involved exceeded \$120,000, and (iii) any related person had or will have a direct or indirect material interest. A related person means any person who was a director, nominee for director, executive officer or 5% owner of our common stock or an immediate family member of any such person.

Mr. Hall is the Chairman and Chief Executive Officer of Regions Financial Corporation (Regions Financial), one of the nation's largest full-service banking institutions. Regions Bank, a subsidiary of Regions Financial, provides certain lending (including as a lender in the company's revolving credit facility), deposit and similar banking services to the company. Any loans made by Regions Bank to the company during fiscal year 2014 were made in the ordinary course of business, were made on substantially the same terms as those prevailing at the time for comparable loans with persons not related to the company and did not involve more than the normal risk of collectability or present other unfavorable features.

During 2014, the company sold aggregates to The Mosaic Company for its operations in arms-length transactions, in the amount of approximately \$8.5 million, which is less than 1% of either company's revenues in 2014. One of our directors, James T. Prokopanko, is the Chief Executive Officer of The Mosaic Company.

Additionally, in 2014, the company sold approximately \$2.5 million worth of product to Southern Company, which is less than 1% of either company's revenues for 2014. Mr. Fanning is the Chairman, President and CEO of Southern Company.

**Table of Contents**

**SHAREHOLDER COMMUNICATION WITH OUR BOARD OF DIRECTORS**

Our Board has established a process for shareholders and other interested parties to communicate directly with the lead director or with the non-management directors individually or as a group. Any shareholder or other interested party who desires to contact one or more of our non-management directors, including our Board's lead director, may send correspondence to the following address:

Board of Directors (or lead director or name of individual director)

c/o Corporate Secretary

Vulcan Materials Company

1200 Urban Center Drive

Birmingham, Alabama 35242

All such communications will be forwarded to the appropriate director or directors specified in such communications as soon as practicable in accordance with the Policy on Shareholder Communications with the Board, adopted by the independent directors in February 2004.

**POLICY ON REPORTING OF CONCERNS REGARDING ACCOUNTING MATTERS**

Our Business Conduct Policy (available on our website at [www.vulcanmaterials.com](http://www.vulcanmaterials.com) under the heading "Investor Relations" under the subheading "Corporate Governance") sets forth our policies regarding reporting of accounting-related concerns or complaints (as well as reporting of other concerns or complaints) to our Compliance Officer or the Audit Committee.

Any shareholder or interested party who has any concerns or complaints relating to accounting, internal accounting controls or auditing matters, may contact the Audit Committee by writing to the following address:

Vulcan Audit Committee

c/o Corporate Secretary

Vulcan Materials Company

1200 Urban Center Drive

Birmingham, Alabama 35242

**Table of Contents**

**REPORT OF THE AUDIT COMMITTEE**

The Audit Committee of the Board is responsible for, among other things, reviewing our company's financial statements with management and our company's independent registered public accounting firm. The Audit Committee acts under a written charter which is available on our website at [www.vulcanmaterials.com](http://www.vulcanmaterials.com). Each member of the Audit Committee is an independent director as determined by our Board, based on the requirements of the NYSE, the SEC and our Board's Director Independence Criteria.

Our company's management has the primary responsibility for our company's financial statements and financial reporting process, including the system of internal controls. Deloitte & Touche LLP, our independent registered public accounting firm, is responsible for expressing an opinion on the conformity of our company's audited financial statements with generally accepted accounting principles. Our independent registered public accounting firm also audits, in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB), the effectiveness of our company's internal control over financial reporting. The Audit Committee is responsible for monitoring and overseeing these processes.

In this context, the Audit Committee has reviewed and discussed our company's audited financial statements with management and the independent registered public accounting firm. The Audit Committee has discussed with the independent registered public accounting firm the matters required to be discussed by Auditing Standard No. 16 Communications with Audit Committees issued by the PCAOB. In addition, the Audit Committee has received from the independent registered public accounting firm the written disclosures and letter required by the applicable requirements of the PCAOB regarding the independent accountant's communications with the Audit Committee concerning independence, and discussed with the independent accountant its independence. The Audit Committee has also considered whether the independent registered public accounting firm's provision of any non-audit services is compatible with the firm's independence. The Audit Committee has concluded that the independent registered public accounting firm is independent from our company and management.

Based on the reviews and discussions noted above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in our company's Annual Report on Form 10-K for the year ended December 31, 2014, for filing with the SEC.

Dated: February 19, 2015

AUDIT COMMITTEE

**Richard T. O'Brien, Chair**

**Thomas A. Fanning**

**Cynthia L. Hostetler**

**Douglas J. McGregor**

**Vincent J. Trosino**

The Report of the Audit Committee does not constitute soliciting material, and shall not be deemed to be filed or incorporated by reference into any other company filing under the Securities Act of 1933, as amended, or the Exchange Act except to the extent that the company specifically incorporates the Report of the Audit Committee by reference therein.

**Table of Contents****INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM****FEES PAID TO INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Aggregate fees billed to us for the fiscal years ended December 31, 2014 and 2013, by Deloitte & Touche LLP, and its affiliates, all of which are subsidiaries of Deloitte, LLP, the United States member firm of Deloitte Touche Tohmatsu Limited, were as follows:

	2014	2013
Audit Fees <sup>(1)</sup>	\$ 3,047,516	\$ 2,921,792
Audit-Related Fees <sup>(2)</sup>	158,981	222,407
Tax Fees <sup>(3)</sup>	0	4,872
All Other Fees <sup>(4)</sup>	24,174	0
<b>Total</b>	<b>\$ 3,230,671</b>	<b>\$ 3,149,071</b>

- (1) Consists of fees for the audit of our financial statements, including the audit of the effectiveness of our internal control over financial reporting, reviews of our quarterly financial statements, and services associated with other SEC filings.
- (2) Consists of fees for the audits of our employee benefit plans and accounting consultations relating to various asset sale transactions.
- (3) Consists of fees for services related to state tax audits, credits and refund claims.
- (4) Consists of services related to 2013 Committee of Sponsoring Organizations of the Treadway Commission (COSO) Framework Implementation.

**PRE-APPROVAL OF SERVICES PERFORMED BY INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has policies and procedures that require the pre-approval by the Audit Committee of all fees paid to, and all services performed by, our company's independent registered public accounting firm. At the beginning of each year, the Audit Committee approves the proposed services, including the nature, type and scope of services contemplated and the related fees, to be rendered by the independent registered public accounting firm during the year.

During the year, circumstances may arise when it may become necessary to engage the independent registered public accounting firm for additional services not contemplated in the original pre-approval. In those instances, the Audit Committee requires specific pre-approval before engaging the independent registered public accounting firm. The Audit Committee has delegated pre-approval authority to the Chair of the Audit Committee for those instances when pre-approval is needed prior to a scheduled Audit Committee meeting. The Chair of the Audit Committee must report on such approvals at the next scheduled Audit Committee meeting. The Audit Committee pre-approved all audit, audit-related, tax, and other services performed by Deloitte & Touche LLP during the fiscal year ended December 31, 2014.



No audit-related, tax or other services were rendered in 2014 pursuant to the *de minimis* exception to the pre-approval requirement set forth in the Exchange Act Rule 2-01(c)(7)(i)(C).

**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS**

The following is information regarding persons known to us to have beneficial ownership of more than 5% of the outstanding common stock of our company, which is our only outstanding class of voting securities, as of the dates indicated in the footnotes below.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership (# of shares)	Percent of Class
T. Rowe Price Associates, Inc.  100 E. Pratt Street  Baltimore, Maryland 21202	21,153,968 <sup>(1)</sup>	16.0%
State Farm Mutual Automobile Insurance  Company and Affiliates  One State Farm Plaza  Bloomington, Illinois 61710	12,741,882 <sup>(2)</sup>	9.6%
The Vanguard Group, Inc.  100 Vanguard Blvd  Malvern, Pennsylvania 19355	10,128,132 <sup>(3)</sup>	7.7%
Black Rock, Inc.  55 East 52 <sup>nd</sup> Street  New York, NY 10022	7,121,540 <sup>(4)</sup>	5.4%

(1) Based on information contained in a Schedule 13G/A filed with the SEC on February 11, 2015. T. Rowe Price Associates, Inc. (Price Associates) reports sole power to vote, or direct the vote of, 7,557,280 shares. Price Associates reports sole power to dispose, or direct the disposition of, 21,153,968 shares. These securities are owned by various individuals and institutional investors which Price Associates serves as an investment adviser with power to direct investments and/or sole power to vote the securities. For the purposes of reporting requirements of the Securities Exchange Act of 1934, Price Associates is deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities.

(2) Based on information contained in a Schedule 13G, filed with the SEC on January 27, 2015 by State Farm Mutual Automobile Insurance Company and various affiliated entities. The combined State Farm group reports sole power

to vote, or direct the vote of, 12,680,600 shares. The combined State Farm group reports shared power to vote, or direct the vote of, 61,282 shares. The combined State Farm group reports sole power to dispose, or direct the disposition of, 12,680,600 shares. The combined State Farm group reports shared power to dispose, or direct the disposition of, 61,282 shares.

- (3) Based on information contained in a Schedule 13G/A, filed with the SEC on February 10, 2015. The Vanguard Group reports sole power to vote, or direct the vote of, 228,040 shares. The Vanguard Group reports sole power to dispose, or direct the disposition of, 9,912,496 shares. The Vanguard Group reports shared power to dispose, or direct the disposition of, 215,636 shares.
- (4) Based on information contained in a Schedule 13G/A, filed with the SEC on February 9, 2015. BlackRock, Inc. reports sole power to vote, or direct the vote of, 6,027,980 shares. BlackRock, Inc. reports sole power to dispose, or direct the disposition of, all 7,121,540 shares. Various persons have the right to receive, or the power to direct, the receipt of dividends from, the proceeds from the sale of the company's common stock. No one person's interest in the company's common stock is more than five percent of the total outstanding common shares.

**Table of Contents****SECURITY OWNERSHIP OF MANAGEMENT**

The following table sets forth information, unless otherwise indicated, as of March 1, 2015, regarding beneficial ownership of our company's common stock, our only outstanding class of equity securities, by each of our directors, each of our NEOs identified in the Summary Compensation Table on page 57 of this proxy statement, and the directors and executive officers as a group. We believe that, for each of the individuals set forth in the table below, such individual's financial interest is aligned with the interests of our other shareholders because the value of such individual's total holdings will increase or decrease in line with the price of our common stock.

Name of Beneficial Owner  Non-employee Directors <sup>(1)</sup>	Amount and Nature of Beneficial Ownership (# of shares)			Percent of Class
	Shares Owned	Phantom	Total	
	Directly or Indirectly	Shares Held Pursuant to Plans		
Elaine L. Chao <sup>(2)</sup>	0	0	0	*
Thomas A. Fanning <sup>(2)</sup>	0	0	0	*
O.B. Grayson Hall, Jr.	0	3,222	3,222	*
Cynthia L. Hostetler <sup>(3)</sup>	0	0	0	*
Douglas J. McGregor	9,249 <sup>(4)</sup>	83,105	92,354	*
Richard T. O'Brien	0	12,206	12,206	*
James T. Prokopanko	0	10,136	10,136	*
Donald B. Rice	49,683	26,739	76,422	*
Lee J. Styslinger, III	4,000	6,670	10,670	*
Vincent J. Trosino	11,584 <sup>(5)</sup>	36,792	48,376	*
Kathleen Wilson-Thompson	0	10,136	10,136	*

CEO and other NEOs <sup>(6)</sup>	Shares Owned	Exercisable	Deferred and	Total		Percent of Class
	Directly or Indirectly	Options/ SOSARs	Thrift Plan	Restricted Stock Units		
Tom Hill	10,803	76,765	10,017	28,117	125,702	*
John McPherson	9,774	374,250	2,577	20,000	406,601	*
Don James	171,428	696,125	38,588	239,350	1,145,491	*
Danny Shepherd	52,934	86,960	13,703	8,496	162,093	*
Dan Sansone	39,342	206,090	25,549	26,763	297,744	*
Stan Bass	5,026	75,390	10,304	20,000	110,720	*
All Directors and Executive Officers as a group (24 persons)					2,848,079	2.1%

\* Less than 1% of issued and outstanding shares of our company's common stock.

(1) Beneficial ownership for the non-employee directors includes all shares held of record or in street name and, if noted, by trusts or family members. The amounts also include restricted shares granted under our Restricted Stock

Plan for Non-employee Directors, phantom shares settled in stock accrued under the Directors' Deferred Compensation Plan, and deferred stock units awarded under the Deferred Stock Plan for Non-employee Directors and the 2006 Omnibus Long-Term Incentive Plan.

- (2) Ms. Chao and Mr. Fanning were elected to the Board in February 2015.
- (3) Ms. Hostetler was elected to the Board in July 2014.
- (4) All shares are held in a trust of which Mr. McGregor is the trustee.
- (5) Includes 2,321 shares held in a trust of which Mr. Trosino is the trustee.
- (6) Beneficial ownership for the executive officers includes shares held of record or in street name. The amounts also include shares that may be acquired upon the exercise of options which are presently exercisable or that will become exercisable on or before May 1, 2015, shares credited to the executives' accounts under our 401(k) Plan and deferred and restricted stock units.

Table of Contents**EQUITY COMPENSATION PLANS**

The table below sets forth information regarding the number of shares of our common stock authorized for issuance under all of our equity compensation plans as of December 31, 2014.

<b>EQUITY COMPENSATION PLAN INFORMATION</b>			
<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-Average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
Equity compensation plans approved by security holders <sup>(1)</sup> :			
<b>1996 Long-Term Incentive Plan (For Employees) <sup>(2)</sup></b>			
Stock Options	1,510,157	\$ 66.89	
Performance Share Units	0		
Deferred Stock Units	711		
<b>Total 1996 Long-Term Incentive Plan</b>	<b>1,510,868</b>		<b>0(2)</b>
<b>Deferred Stock Plan for Non-employee Directors <sup>(2)</sup></b>			
	5,265		0(2)
<b>Restricted Stock Plan for Non-employee Directors <sup>(2)</sup></b>			
	852		0(2)
<b>2000 Florida Rock Industries Amended &amp; Restated Stock Plan <sup>(3)</sup></b>			
Stock-Only Stock Appreciation Rights	81,757	\$ 45.98	
Performance Share Units	0		
<b>Total 2000 Florida Rock Industries Stock Plan</b>	<b>81,757</b>		<b>0(3)</b>
<b>2006 Omnibus Long-Term Incentive Plan</b>			
Stock-Only Stock Appreciation Rights	3,194,393	\$ 56.58	
Performance Share Units	1,368,420		
Restricted Stock Units	60,000		
Deferred Stock Units for Non-employee Directors	135,242		

Total 2006 Omnibus Plan	4,758,055	2,765,475
Equity compensation plans not approved by security holders	NONE	NONE
Total of All Plans	6,356,797	2,765,475

(1) All of our company's equity compensation plans have been approved by the shareholders of our company or, in the case of the 2000 Florida Rock Industries Amended and Restated Stock Plan, by the shareholders of Florida Rock Industries, Inc. prior to our acquisition of that company. Column (a) sets forth the number of shares of common stock issuable upon the exercise of options, warrants or rights outstanding under the 1996 Long-Term Incentive Plan, the Deferred Stock Plan for Non-employee Directors, the Restricted Stock Plan for Non-employee Directors, the 2000 Florida Rock Industries Amended and Restated Stock Plan, and the 2006 Omnibus Long-Term Incentive Plan (Omnibus Plan). The weighted-average exercise price of outstanding stock options is shown in Column (b). The remaining number of shares that may be issued under the equity compensation plans are shown in Column (c).

(2) Future grants will not be made under these plans. The plans will be used only for the administration and payment of grants that were outstanding when the Omnibus Plan was approved.

(3) This plan was approved by the shareholders of Florida Rock Industries, Inc. Shares available have been adjusted for the merger transaction. Units were only available for granting of awards until September 30, 2010. Future grants will not be made under this plan. The plan will be used only for the administration and payment of grants that are outstanding.

Please read the Compensation Discussion and Analysis section following for an in-depth look at our compensation program and how it was applied to the performance of our NEOs in 2014.

**Table of Contents****COMPENSATION DISCUSSION AND ANALYSIS****INTRODUCTION**

In this section, we describe our executive compensation program for our named executive officers (NEOs). On July 11, 2014, our Board named J. Thomas (Tom) Hill as the company's new President and Chief Executive Officer. Mr. Hill replaced Donald M. James as CEO and Mr. James assumed the role of Executive Chairman for the remainder of 2014. On January 15, 2015, Mr. James retired as an employee of the company and transitioned to the position of Non-Executive Chairman. The company's NEOs for 2014 were:

<b>Name</b>	<b>Principal Position</b>
J. Thomas Hill	President and Chief Executive Officer
John R. McPherson	Executive Vice President and Chief Financial and Strategy Officer
Donald M. James	Executive Chairman
Danny R. Shepherd	Vice Chairman
Daniel F. Sansone	Executive Vice President, Strategy
Stanley G. Bass	Senior Vice President, West

**EXECUTIVE SUMMARY**

Vulcan's unwavering commitment to reliability, quality and customer service has long provided us with a competitive edge. Now, as the construction economy gains momentum, we are well-positioned as an industry leader. Vulcan's mission continues to drive every aspect of our business.

Our 2014 results reflect the continuing recovery of our markets and the benefits of our powerful earnings leverage. We experienced volume growth across our footprint in 2014 in virtually every market. In addition, our margins improved considerably. Throughout our business, Vulcan is reaping the benefits of our intense operational discipline, our geographical footprint and the spirited performance of our people.



**Table of Contents**

**2014 PERFORMANCE RESULTS**

The following key metrics reflect our continued improvement in financial performance over the last three fiscal years. We manage and measure our business performance with a significant focus on Adjusted EBITDA, Cash Gross Profit per Ton for Aggregates, and Aggregates Gross Profit as a Percentage of Freight-Adjusted Revenue. We emphasize these metrics because we believe they closely correlate to long-term shareholder value. We also believe that total revenue is an important metric in evaluating the company's operational and financial performance.

Note: Cash Gross Profit, Adjusted EBITDA and Aggregates Gross Profit as a Percentage of Freight-Adjusted Revenue are non-GAAP financial measures. We provide a reconciliation of each of these non-GAAP financial measures to the most directly comparable GAAP financial measure in Annex A to this Proxy Statement.

**2014 Performance was Strong**

In 2014, our Adjusted EBITDA grew 28% while Total Revenue grew 8% reflecting our focus on growing Cash Gross Profit Per Ton for Aggregates. While our business is benefiting from a general economic and construction industry recovery, we are leveraging this to produce more profit per ton.

**Table of Contents**

**CEO PAY-AT-A-GLANCE**

Each year, the Compensation Committee assesses our CEO's actual compensation relative to the company's performance. Our current President and CEO, Tom Hill, was named to that position in July of 2014. Mr. Hill has been with Vulcan for over 24 years, serving in a variety of operations and general management assignments. Prior to becoming President and CEO, Mr. Hill was Executive Vice President and Chief Operating Officer for the company.

The Compensation Committee of the Board set Mr. Hill's base salary and total compensation significantly below the median pay of peer CEOs according to benchmarking data provided by Compensation Strategies, Inc., the Compensation Committee's independent compensation consultant. The percentile ranking of Mr. Hill's compensation as compared to other CEOs in our peer group is as follows:

Additionally, Mr. Hill did not receive any promotion grants of long-term incentive awards when he was named President and CEO in July 2014.

**COMPENSATION MIX**

To ensure management's interests are aligned with those of shareholders and the performance of our company, a substantial portion of our NEOs' compensation is at-risk and will vary above or below target levels commensurate with company performance. The chart below shows the percentage of our NEOs' 2014 target compensation that was performance-based and at-risk.

\* Target amounts as of July 2014 when Mr. Hill and Mr. McPherson were promoted to President and CEO and to Executive Vice President, Chief Financial and Strategy Officer, respectively.

**Table of Contents**

**SAY ON PAY RESULTS AND 2014 COMPENSATION DECISIONS**

At our 2014 Annual Meeting of Shareholders, 97% of the votes cast were in favor of the advisory vote to approve executive compensation (say on pay vote). This was a marked increase from 2013 when we received 81% support, which led members of the Compensation Committee to engage in discussions with many of the company's largest shareholders about the company's executive compensation program. These discussions resulted in several modifications to the company's executive compensation program. We believe the 2014 vote of 97% support demonstrates strong shareholder support for our current compensation program.

In 2014, the Compensation Committee continued to review the changing market conditions for executive compensation and benefits, and made the following key compensation decisions:

Set the starting compensation package of our newly-appointed CEO at the 25<sup>th</sup> percentile of the market

Instituted a policy prohibiting the pledging of Vulcan shares by our executives and directors

Limited the 2014 short-term bonus for the NEOs to 2.5 times target bonus (previously was 4.0 times)

Increased stock ownership guidelines for CFO from 3 times to 5 times base salary

Waived the change-in-control (CIC) provisions for all executives (not just NEOs) relating to single-trigger, long-term incentive bonuses and excise tax gross-ups

## Table of Contents

### SUMMARY OF EXECUTIVE COMPENSATION PRACTICES

The table below highlights certain of our executive compensation practices, including practices we have implemented that drive performance as well as those not implemented because we do not believe they would serve our shareholders interests.

#### What We Do

**Pay for performance.** Tie pay to performance by ensuring that a significant portion of NEO compensation is performance-based and at-risk

**Median compensation targets.** All compensation elements of our executives are targeted at the median of our peer group companies. In 2014, the Compensation Committee set our new CEO's total compensation at the 25<sup>th</sup> percentile of our peer group

**PSUs are substantial portion of LTI.** PSU grants, tied to our relative performance against the S&P 500, comprised approximately 78% of the total value of annual long-term incentive grants made to our NEOs in 2014. SOSARs comprise the remaining 22%

**Robust share ownership guidelines.** We have stock ownership guidelines of 7 times base salary for the CEO and 3 to 5 times base salary for our other NEOs

**No pledging of shares.** Our directors and officers are not permitted to pledge Vulcan shares as collateral for loans or any other purpose

**No hedging.** Vulcan prohibits directors and officers from engaging in short sales of Vulcan stock or similar transactions intended to hedge or offset the market value of Vulcan stock owned by them

**Limited CIC agreements.** None of our CIC agreements provide for:

- Ø Single trigger termination right
- Ø Inclusion of long-term incentive value in the calculation of cash severance
- Ø Excise tax gross-ups

**Independent compensation consultant.** The Compensation Committee uses an independent compensation consultant that provides no other services to the company

**Minimal executive perquisites.**

**What We Don't Do**

**No employment contracts.** None of our NEOs or other executives have employment contracts except a limited consulting agreement with Mr. McPherson that takes effect in the event of termination

**No dividends on unvested PSUs.** Our PSUs require 4 years to vest and dividends are neither paid nor accrued during the 4 year vesting period

**No repricing.** Stock options and SOSAR exercise prices are set equal to the grant date market price and may not be repriced

**Table of Contents**

**EXECUTIVE COMPENSATION PROGRAM IN DETAIL**

**COMPENSATION PHILOSOPHY**

The dedication and performance of our employees, including our NEOs, enables us to accomplish our corporate goals. The compensation program for our NEOs is intended to motivate them to achieve Vulcan's strategic goals and operational plans while adhering to our high ethical business standards.

Vulcan's executive compensation program is centered on a pay-for-performance philosophy, which aligns executive compensation with shareholder value and ultimately impacts our compensation program design.

**BENCHMARKING TOTAL COMPENSATION**

On an annual basis, the Compensation Committee conducts a benchmarking study and analysis of total compensation paid to our CEO and other NEOs against a relevant composite group of companies (peer group).

**Our Three Compensation Principles**

**Link a significant portion of compensation to performance.**

We believe that compensation levels should reflect performance—both the performance of Vulcan and the performance of the recipient. This is accomplished by:

Motivating, recognizing, and rewarding individual excellence

Paying short-term cash bonuses based upon company financial performance and individual performance

Linking long-term compensation to our company's stock performance through the use of Performance Share Units (PSUs) and Stock-Only Stock Appreciation Rights (SOSARs)

**Maintain competitive compensation levels.**

We strive to offer programs and levels of compensation that are competitive with those offered by industrial companies of similar size in order to attract, retain and reward our NEOs.

**Align management's interests with those of shareholders.**

We seek to implement programs that will encourage NEOs to remain with us and to increase long-term shareholder value

by providing competitive compensation and granting long-term equity-based awards each year.

### **Peer Group Development**

The peer group is reviewed by our compensation consultant each year to ensure representation from organizations that generally are impacted by the same economic factors affecting Vulcan. Compensation data from the peer group companies is adjusted to eliminate distortions that may result from companies in the peer group being of differing sizes. Adjustments are made through the use of statistical regression analysis of total revenues for companies in the peer group, which is a common practice and used extensively in the compensation consulting industry. This technique considers the relationship between actual compensation and revenue levels for the peer group companies and enables us to estimate compensation levels appropriate for an organization of our size.

## **Table of Contents**

Our peer group is comprised of 20 companies from the following industries: Construction Materials; Building Products; Construction Equipment; Engineering and Construction; Forest Products; Coal Mining; Metals Mining; and Metals Producers/Manufacturers. Our peer group (whose median market capitalization at year end was \$8.8 billion as compared to our market capitalization at year end of \$8.7 billion) consists of the following companies:

Arch Coal, Inc.  
CONSOL Energy Inc.  
Cummins Inc.  
Danaher Corporation  
Freeport-McMoRan Copper & Gold Inc.  
Granite Construction Incorporated  
Jacobs Engineering Group Inc.  
Louisiana-Pacific Corporation  
Martin Marietta Materials, Inc.  
Masco Corporation  
MeadWestvaco Corporation  
Newmont Mining Corporation  
Nucor Corporation  
PPG Industries, Inc.  
Peabody Energy Corporation  
Stanley Black & Decker, Inc.  
Texas Industries, Inc.\*  
The Sherwin-Williams Company  
U.S. Steel Corporation  
Weyerhaeuser Company

### **Selection of Peers**

We select peers either based on their size or their industry (construction, materials and mining). In the event that industry peers are significantly larger than our company, we use statistical regression analysis to make their compensation data comparable to ours.

\* Removed from peer group as of July 2014 due to its acquisition by Martin Marietta Materials, Inc.

### **Use of Peer Group and Market Compensation Studies**

The peer group compensation data, in combination with consideration of each NEO's experience and performance, assists the Compensation Committee in making informed, market-based decisions regarding our executive pay program.

In an effort to provide an additional reference point for competitive pay, our compensation consultant conducts an executive market study (using survey data from Aon Hewitt and Towers Watson, two global consulting firms specializing in compensation practices) that compares our NEOs' total compensation to that of similarly situated



executives among U.S. manufacturing companies with revenues between \$1 billion and \$4.9 billion.

Using the peer group analysis and the Aon Hewitt and Towers Watson survey data, we seek to provide target compensation at a competitive level for each of the three elements: base salary, short-term cash bonus and long-term equity-based awards.

This analysis serves as a starting point for evaluating appropriate levels of base salary. We generally target base salaries at the 50th percentile of the market as determined by our analysis, which we believe is the appropriate level for ensuring the competitiveness of our compensation.

We set the target cash bonus opportunity for our NEOs at competitive market levels consistent with similarly situated executives in our size adjusted comparison group and in the compensation surveys. Corporate performance at target levels is intended to yield a bonus for each NEO at a level approximately equal to the median level indicated in the compensation study with respect to similarly situated executive officers.

**Table of Contents**

We establish a standard percentage of each NEO's base salary to be used as the targeted value of long-term awards to each NEO. The Compensation Committee sets the standard at approximately the 50th percentile of the awards made to individuals with similar positions in the market as determined by our competitive market analysis.

**KEY PAY ELEMENTS**

The following chart summarizes the key pay elements for our NEOs. Each element is described in detail beginning on page 48 in the section Elements of Compensation.

**Table of Contents**

**COMPENSATION DECISION PROCESS**

**Compensation Committee**

Composed entirely of  
independent directors

- Annually reviews and approves corporate goals and objectives relevant to CEO's compensation
- Reviews CEO's performance and independent compensation consultant's recommendations and, accordingly, determines CEO's compensation
- Presents CEO's overall compensation package to the entire Board of Directors for ratification
- Determines and sets base salary and short- and long-term incentives for NEOs, administers Executive Incentive Plan (EIP) and 2006 Omnibus Long-Term Incentive Plan (Omnibus Plan)
- Makes regular reports to the board, including an annual report and the approval or disapproval of management's recommendations for material changes in NEOs' existing retirement and benefit plans

**Compensation Committee Charter**

The Compensation Committee administers our executive compensation program in accordance with our Compensation Committee Charter. The current charter is available at [www.vulcanmaterials.com](http://www.vulcanmaterials.com). On our website, select Investor Relations, then Corporate Governance. From there, you can visit our Committees page, which lists the composition of our board committees as well as their respective charters.

**Independent Compensation**

Compensation

**Consultant**

Strategies, Inc. (CSI)

In 2014, CSI:

- Provided the Compensation Committee with observations on the competitiveness of our compensation programs with comparable companies
- Provided its recommendations with respect to Board compensation, as well as its advice on regulatory

compliance and development of new programs

Conducted a benchmarking market study and analysis of executive compensation practices to ensure that compensation programs are reasonable and competitive

Representatives of CSI attended 5 meetings of the Compensation Committee in 2014 and participated in 2 executive sessions of the Compensation Committee

**About CSI**

CSI is engaged by and reports to the Compensation Committee, and occasionally meets with management to discuss compensation initiatives and issues. CSI does not provide any other services to the company. The Compensation Committee determined that CSI's work as the Compensation Committee's compensation consultant does not present any conflicts of interest.

In 2014, the company paid CSI \$187,403 for executive compensation consulting services.

**Table of Contents**

**Management**

Supports the Compensation Committee by making recommendations and providing analyses and meets with CSI to discuss compensation initiatives and competitive practices

The CEO is responsible for establishing annual performance goals for each of the NEOs

The CEO is responsible for conducting an annual performance evaluation of each of the NEOs against pre-established goals

Based on performance and competitive benchmarking reports, the CEO can make recommendations to the Compensation Committee for the compensation of the other NEOs

**Our NEOs for 2014 and Their Tenures**

Tom Hill, 25 years                      Danny Shepherd, 32 years

John McPherson, 3 years              Dan Sansone, 27 years

Don James, 22 years                      Stan Bass, 18 years

**THE ROLE OF INDIVIDUAL PERFORMANCE**

In addition to the consideration of company performance and competitive market-based pay, the individual performance of each NEO is considered in determining his base salary and annual bonus. The Compensation Committee reviews a performance report for each NEO that is prepared by management. The performance of each NEO, including the CEO, is based primarily on how well the NEO achieves a set of pre-established goals during the year. The major accomplishments of the management team for 2014 are as follows:

Achieved Adjusted EBITDA of \$600 million, a \$132 million improvement over prior year

Expanded aggregates gross profit as a percent of freight-adjusted revenues 400 basis points from the prior year

Implemented succession plan and named CEO and new senior management team

Completed the sale of its Florida cement and concrete asset for gross cash proceeds of \$721 million and a gain of \$228 million

Completed a number of acquisitions totaling \$332 million, representing a strategic redeployment of proceeds from the Florida cement and concrete business sale

Repaid over \$500 million of debt

**Table of Contents**

Following are the notable accomplishments of each NEO in 2014.

Mr. Hill's accomplishments during the year included:

Upon appointment as President and CEO in July 2014, led new senior management team in executing the company's strategic plan and improving operating and financial performance.

**Tom Hill,  
President and  
Chief Executive  
Officer**

Led efforts to restructure the company's reporting units into seven geographic divisions to facilitate close to the market, local management decision making and to better position the company for growth.

Led the company's divestiture of its Florida cement and ready mix concrete assets to Cementos Argos, S.A., generating a gain of \$228 million while also securing a 20-year aggregates supply agreement.

Led efforts to acquire significant aggregates assets in California, Texas, Arizona and New Mexico, which, together with other strategic initiatives, increased the company's reserve position by 748 million tons, resulting in total tons of 15.8 billion at December 31, 2014.

Mr. McPherson's accomplishments during the year included:

**John McPherson,  
Executive Vice  
President and  
Chief Financial  
and Strategy  
Officer**

Supported operations in exceeding targets for shipments, unit profitability, gross profit margins and overall EBITDA.

Strengthened the company's balance sheet and financial flexibility, including the successful execution of a \$500 million debt tender and renegotiation of the company's revolving credit facility.

Supported strategic improvements to the company's asset portfolio, including the divestiture of its Florida cement and ready-mix concrete operations and the acquisition of aggregates-focused operations across several key states.

Updated the company's 5-year strategic plan, including its approach to capital allocation and capital structure; aligned leadership expectations, incentives, and other human resources practices to support the company's strategic plan and execution focus.

Mr. James' accomplishments during the year included:

**Don James,**

**Executive**

**Chairman\***

Executed the company's management succession plan with the appointment of a new CEO and senior management team.

**\*Mr. James served  
as CEO of the**

**company until**

**July 2014 and as**

**Executive Chairman  
thereafter. He  
retired as an  
employee of the  
company on  
January 15, 2015.**

Led the company in significantly improving earnings per share, EBITDA and profit margins.

Assisted in planning and negotiating the sale of the company's Florida cement and ready-mix concrete assets, generating cash proceeds of \$721 million and a pre-tax gain of \$228 million, allowing the company to reduce debt by \$500 million and reinvest in strategic bolt-on acquisitions.

Assisted in the identification and negotiation of strategic bolt-on acquisitions.



**Table of Contents**

Mr. Shepherd's accomplishments during the year included:

Mentored and developed four key senior management candidates during the company's CEO succession process.

**Danny Shepherd,  
Vice Chairman**

With Mr. Hill, led negotiations on transaction to successfully sell the company's under-performing Florida cement and ready-mix concrete assets.

Successfully supported the restructure of the company's reporting units into seven geographic regions.

Helped manage operations to exceed targeted improvement in EBITDA.

Mr. Sansone's accomplishments during the year included:

**Dan Sansone,  
Executive Vice  
President,  
Strategy\***

Provided support and counsel to new executive team, enabling an effective transition as Messrs. Hill and McPherson assumed their new leadership roles.

Assisted Mr. McPherson in successful execution of \$500 million debt tender offer and establishment of new revolving credit facility.

**\*Mr. Sansone  
retired from the  
company effective  
January 1, 2015.**

Assisted in strategy and business development efforts, resulting in aggregates acquisitions of \$330 million in 2014.

Mr. Bass's accomplishments during the year included:

**Stan Bass,**

**Senior Vice  
President, West**

Reduced the West Region's lost time injury rate by 10%.

Exceeded prior year operating EBITDA performance in the West Region by 24%.

Provided leadership during the successful completion of five acquisitions in California, Arizona, and New Mexico.

Enhanced key customer alignments to increase volumes and profitability in asphalt and aggregate product lines.

47

**Table of Contents**

**ELEMENTS OF COMPENSATION**

Our elements of compensation, all of which are discussed in greater detail below, include:

Base salary

Short-term performance-based bonus

Long-term equity-based incentives

Benefits and perquisites

Change-in-control protections

Retirement benefits

**BASE SALARY**

The base salary element of our compensation program is designed to be competitive with compensation paid to similarly-situated, competent, and skilled executives.

The Compensation Committee uses the information and procedures described below to set base salaries tied to individual performance, contribution to business results, and market compensation comparisons. The Compensation Committee determines if base salary increases are appropriate for our NEOs after considering all of the following factors:

NEO s performance relative to the pre-established goals and objectives in his areas of responsibility

NEO s overall managerial effectiveness with respect to planning, personnel development, communications, regulatory compliance and similar matters

Competitive pay levels for similarly situated executives set forth in the compensation surveys and our comparison group, set forth on page 42

Marketplace trends in salary increases

NEO's potential for future contributions to the company, retention risks, fairness in view of our overall salary increases, and the ability of our company to pay the increased salaries

Economic environment and its impact on the company

We review annually the base salaries of the NEOs, and also at the time of a promotion or change in responsibilities. The following table sets forth the base salary of each NEO at December 31, 2014:

<b>Name</b>	<b>Position</b>	<b>2014 Salary</b>
Tom Hill	President and Chief Executive Officer	\$ 850,000
John McPherson	Executive Vice President and Chief Financial and Strategy Officer	\$ 700,000
Don James	Executive Chairman	\$ 1,250,000
Danny Shepherd	Vice Chairman	\$ 573,000
Dan Sansone	Executive Vice President, Strategy	\$ 573,000
Stan Bass	Senior Vice President, West	\$ 547,260

To further our goal of aligning the executives' interests with those of our shareholders, we generally reward superior performance through our short-term cash bonus program and long-term equity-based incentives rather than through base salary.

**Table of Contents****SHORT-TERM PERFORMANCE-BASED BONUS**

Our short-term cash bonus incentive program is designed to motivate our executives, including the NEOs, and reward them with cash payments for achieving quantifiable, pre-established business results. We pay short-term incentives to our NEOs under the shareholder-approved Executive Incentive Plan (EIP) which is intended to yield cash bonus payments that constitute qualified performance-based compensation under Section 162(m) of the Code.

**Meeting the Minimum Performance Threshold under the Executive Incentive Plan (EIP)**

In order for the NEOs to be eligible to receive a cash bonus, the company must attain a minimum performance threshold for the year, as established by the Compensation Committee. The minimum performance threshold is used only to determine an NEO's eligibility for a bonus payment under the EIP. If the minimum performance threshold is met, the actual amount of bonus payable is calculated in accordance with the process described in Determining Bonus Payable. For 2014, the minimum threshold was either: (1) cash earnings in the amount of \$200 million; or (2) EBITDA in the amount of \$350 million. Company performance exceeded each of these established minimum thresholds.

If the Compensation Committee determines that either of the minimum performance thresholds are met, our NEOs may receive a bonus under the EIP, subject to the Compensation Committee's discretion to adjust the bonus downward from the maximum bonus amount set under the EIP. The Compensation Committee cannot exercise upward discretion.

**Determining Bonus Payable**

The Compensation Committee based 2014 performance goals for annual incentive bonuses on Adjusted EBITDA. The Adjusted EBITDA target of \$429 million was based on performance during the preceding three years, weighted most heavily on the most recent fiscal year, less any gains on sales of property or assets. The Compensation Committee determined to pay cash bonuses for 2014 financial performance (as reflected in the table below) based on Adjusted EBITDA of \$600 million, which was \$171 million above the target. In computing Adjusted EBITDA, the Compensation Committee subtracted from total EBITDA all gains from sales of businesses and properties in 2014, including the net gain from the sale of the company's Florida cement and ready mix concrete assets. To recognize and reward management for the strategic divestiture of the Florida cement and ready mix concrete businesses, as well as the sale of other properties, the Compensation Committee considered one-half of the gains from these transactions in determining the 2014 bonuses. A summary is as follows:

Performance Metric	Percent of Bonus Payable
Adjusted EBITDA (not including gains on sales of property or assets)	169.0%
One-half of 2014 gains from sales of property and assets	44.8%
<b>Total</b>	<b>213.8%</b>

(Adjusted EBITDA is a non-GAAP measure. See Annex A for a reconciliation of non-GAAP financial measures to our results reported under GAAP.)



**Table of Contents****Target and Actual Bonus**

The table below shows for each NEO the target bonus, the maximum bonus payable under the EIP, and the actual cash bonus paid to each NEO based on 2014 financial performance. The maximum bonuses payable, referenced in the table below, are established under the shareholder-approved EIP. The EIP permits the payment of bonuses based on financial performance of up to 4 times an NEO's target bonus, but not to exceed \$7 million. In 2014, the Compensation Committee took action to limit the actual cash bonuses paid for 2014 financial performance to 2.5 times each NEO's target bonus as set in February 2014.

Name	Base Salary	Target Bonus as a Percentage of Base Salary	Target Bonus Amount	Maximum Bonus Per EIP <sup>1</sup>	Cash Bonus Paid for 2014 Performance
Tom Hill	\$850,000	87.5%	\$743,750	\$1,594,000 <sup>2</sup>	\$1,590,000
John McPherson	\$700,000	87.5%	\$612,500	\$1,313,000 <sup>2</sup>	\$1,310,000
Don James	\$1,250,000	100%	\$1,250,000	\$3,125,000	\$2,673,000
Danny Shepherd	\$573,000	75%	\$429,750	\$1,074,000	\$ 919,000
Dan Sansone	\$573,000	75%	\$429,750	\$1,074,000	\$ 919,000
Stan Bass	\$547,260	60%	\$328,356	\$821,000	\$ 567,000

<sup>1</sup> Per the shareholder-approved EIP, no payment may exceed \$7,000,000 in any year to any participant. The amounts in this column equal the lesser of \$7,000,000 or 2.5 times the target bonus.

<sup>2</sup> Based on a target bonus percentage as of February 13, 2014 of 75%. Both Mr. Hill and Mr. McPherson were promoted in July 2014, increasing their target bonus percentage to 100% for the period July – December 2014.

**New for 2015 Fiscal Year: EBITDA EP as the Performance Metric for Short-Term Incentives**

In order to incorporate Return on Capital Employed (ROCE) into our short-term incentive metric, the Compensation Committee approved EBITDA Economic Profit (EP) as the short-term incentive metric for 2015. This new metric will provide an additional incentive for management to carefully consider deployment of capital as the company increases capital expenditures during the current construction up cycle. This metric will be calculated as follows:

$$\text{EBITDA EP} = \text{Adjusted EBITDA less Average Capital Employed} \times \text{Pretax Cost of Capital}$$

**LONG-TERM EQUITY INCENTIVES**

Our long-term equity incentive compensation program rewards the NEOs based on the future performance of our company, by providing awards for creating value for our shareholders. The goals of the long-term incentive program are to:

Ensure NEOs' financial interests are aligned with our shareholders' interests

Motivate decision making that improves financial performance over the long-term

Recognize and reward superior financial performance of our company

Provide a retention element to our compensation program

Promote compliance with the stock ownership guidelines for executives



**Table of Contents**

Based principally on data and analysis from the compensation consultant, the Compensation Committee establishes a standard long-term equity incentive opportunity, expressed as a percentage of each NEO's base salary, to be used when making long-term equity awards. The table below shows the applicable 2014 percentages for each of our NEOs when long-term awards were granted in February 2014.

Standard Long-Term Award Expressed as a Percentage of Base Salary for 2014	
Tom Hill	150%
John McPherson	150%
Don James	300%
Danny Shepherd	150%
Dan Sansone	150%
Stan Bass	100%

The Compensation Committee retains the discretion to deviate from these percentages in determining actual long-term incentive grants it makes each year to reflect our company's past performance, based on total shareholder return (TSR) or other quantifiable financial measures deemed appropriate.

Our shareholder-approved long-term incentive plan, the 2006 Omnibus Plan, provides a variety of alternative forms of incentives that the Compensation Committee may use, at its discretion, for granting long-term incentives. These incentives include:

stock options

stock-only stock appreciation rights (SOSARs)

performance share units (PSUs)

restricted stock

In recent years, the Compensation Committee has used PSUs, SOSARs or a combination of both for annual equity incentive grants.

**2014 Long-Term Incentive Grants**

Annually at its February meeting, the Compensation Committee grants long-term incentive awards. All such equity-based awards are priced on the date of grant. Typically, additional equity-based incentive grants have been made to NEOs at other times during the year only upon hire or promotion. However, Messrs. Hill and McPherson did not receive any additional grants of long-term incentive awards when they were promoted to their new positions in

July 2014.

In 2014, the Compensation Committee made the annual long-term incentive grant to the NEOs in the form of a combination of SOSARs and PSUs. PSU grants comprised 78% of the total value of the annual long-term incentive grants made to each NEO, while SOSARs comprised the remaining 22%. The number of equity-based awards granted is determined by valuing SOSARs and PSUs under valuation principles similar to generally accepted accounting principles (in the case of SOSARs, a Black-Scholes option pricing model and in the case of PSUs, a Monte Carlo simulation model). The Compensation Committee normally grants a number of equity-based awards that produces an award value on the date of the grant that approximates the 50th percentile level of awards made to similarly-situated executives determined by our competitive market analysis. However, the Compensation Committee may make adjustments each year to the number of units granted.

**Table of Contents**

A summary of all long-term incentive (LTI) grants made to NEOs in 2014 is as follows:

Name	2014 Annual Grants		Total LTI Grants
	SOSARs	PSU Units	
Tom Hill	12,500	12,500	25,000
John McPherson	12,500	12,500	25,000
Don James	61,300	61,300	122,600
Danny Shepherd	13,600	13,700	27,300
Dan Sansone	13,600	13,700	27,300
Stan Bass	7,000	7,000	14,000

These awards are also reflected in the Summary Compensation Table on page 57 and the Grants of Plan-Based Awards table on page 58.

**Performance Share Units (PSUs)**

PSUs vest at the end of a four-year period to the extent that the company has met the performance goals established by the Compensation Committee. Vested PSUs are paid in Vulcan common stock. Unvested PSUs do not earn dividends. For PSUs granted in 2014, the performance measurement is the company's total shareholder return (TSR) percentile rank relative to the TSR of the S&P 500 for the four-year period ending December 31, 2017. The Compensation Committee chose the S&P 500 as the comparison group for relative TSR performance because it is a broad and stable index group that represents investors' alternative capital investment opportunities. Vulcan is also a member of the S&P 500. The following table shows the percentage of 2014 PSUs that will vest over the four-year period based on levels of performance achieved.

Performance Share Unit Payment Table <sup>1</sup>			
Grant Value	4-Year Average		% of PSUs Payable <sup>2</sup>
	TSR Percentile Rank		
	Relative to S&P 500 Index		
50 <sup>th</sup> Percentile level of awards made to similar executives, based upon a market analysis	75 <sup>th</sup> or more		200
	50 <sup>th</sup>		100
	25 <sup>th</sup> or less		0

<sup>1</sup> The 2014 grant amount was set at a level that approximated the 50<sup>th</sup> percentile level of awards made to similarly situated executives. Therefore, if the company's 4-year average TSR relative to the S&P 500 Index is at the 50<sup>th</sup> percentile, the full award is paid. The payout is adjusted incrementally for performance above and below the 50<sup>th</sup> percentile and can range from 0% to 200%.

<sup>2</sup> Payouts interpolated for returns between 25<sup>th</sup> and 50<sup>th</sup> percentile and 50<sup>th</sup> and 75<sup>th</sup> percentile.

**Stock-Only Stock Appreciation Rights (SOSARs)**

SOSARs entitle the recipient to receive, at the time of exercise, shares of Vulcan stock with a market value equal to the difference between the exercise price (the closing price of Vulcan stock on the date of grant) and the market price of Vulcan stock on the date the SOSARs are exercised. SOSARs have a ten-year term and vest at a rate of 25%

annually over the first four years of their term.

**2014 Long-Term Incentive Payments of Prior Grants**

There were no payments for prior PSU grants in 2014 because the vesting period for PSUs granted in 2011 was increased from 3 years to 4 years.

In March 2014, payments were made for vested Deferred Stock Units (DSUs) from grants made in 2004 and 2005. The NEOs may elect to defer payment of the DSUs through the Executive Deferred Compensation Plan (EDCP). All DSU payments deferred into the EDCP must remain in company stock. All the NEOs who hold DSUs elected deferral until the year of their retirement; therefore such shares must be held until the sixth month following retirement.

**Table of Contents****SUMMARY OF 2014 COMPENSATION DECISIONS**

The table below shows each named executive's 2014 base salary, short-term performance-based bonus and long-term incentive grant values as determined by FASB ASC Topic 718. The table is not a substitute for, and should be read together with the Summary Compensation Table on page 57, which presents 2014 NEO compensation in accordance with SEC disclosure rules and includes additional compensation elements and other important information.

Name and Principal Position	Base Salary (\$)	Short-Term Performance Bonus (\$)	Performance Share Units <sup>(1)</sup> (\$)	Stock Only Stock Appreciation Rights <sup>(2)</sup> (\$)	Total (\$)
J. Thomas Hill President and Chief Executive Officer	668,917	1,590,000	792,750	274,250	3,325,917
John R. McPherson Executive Vice President,	598,808	1,310,000	792,750	274,250	2,975,808
Chief Financial and Strategy Officer					
Donald M. James	1,250,004	2,673,000	3,887,646	1,344,922	9,155,572
Executive Chairman					
Danny R. Shepherd	570,168	919,000	868,854	298,384	2,656,406
Vice Chairman					
Daniel F. Sansone	570,168	919,000	868,854	298,384	2,656,406
Executive Vice President, Strategy					
Stanley G. Bass	545,134	567,000	443,940	153,580	1,709,654

Senior Vice President, West

(1) Dollar value of 2014 Performance Share Units at target. Actual pay delivered or realized for PSUs will be determined in the first quarter of 2018 and may range from zero to 200% of the target shares. See footnote (1) of the Summary Compensation Table on page 57 for explanation of determination of value.

(2) Dollar value of Stock Only Stock Appreciation Rights (SOSARs). See footnote (1) of the Summary Compensation Table on page 57 for explanation of determination of value. SOSARs vest over 4 years beginning on the first anniversary of the grant date.

**STOCK OWNERSHIP GUIDELINES**

In order to align the interests of the NEOs with our shareholders' interests and to promote a long-term focus for these officers, our company has executive stock ownership guidelines for the officers of our company. The guidelines are

based on management's and the compensation consultant's assessment of market practice. The stock ownership requirements are higher for the CEO than for the other NEOs.

The table below shows the guidelines for the NEOs, expressed as a multiple of base salary:

Name	Multiple of Base	
	Salary	Ownership
	<b>Guidelines</b>	
Tom Hill	7x	
John McPherson	5x	
Don James	7x	
Danny Shepherd	4x	
Dan Sansone	4x	
Stan Bass	3x	

## Table of Contents

### What Counts Toward the Guideline

shares owned personally

shares in the Vulcan 401(k) savings plan or other qualified retirement plans

shares in the company's deferred compensation and nonqualified supplemental benefit plans

shares owned by a family member, shares held in trust for the benefit of the NEO or a family member, or shares held in trust for which such officer is trustee

### What Does Not Count Toward the Guideline

in the money value of vested stock options and SOSARs

unvested performance share units

Annually, our CEO reviews compliance with the ownership guidelines and reports the results to the Compensation Committee. Messrs. James, Sansone and Shepherd, meet or exceed our ownership guidelines. Messrs. Hill, McPherson and Bass were recently promoted and have 5 years from the date of promotion to comply with applicable ownership requirements.

## **BENEFITS AND PERQUISITES**

NEOs participate in each of the benefit plans or arrangements that generally are made available to all salaried employees including:

medical and dental benefits;

life, accidental death and disability insurance; and

retirement plans.

Our company pays 100% of the premiums for individual long-term disability policies that insure base salary and target bonus in excess of that insured under the group contract up to a limit of \$500,000 covered compensation.

We provide company-owned cars to the NEOs for their use. Additionally, we pay for the insurance, maintenance and fuel for such vehicles. Executives reimburse our company for a portion of the expense associated with personal use of these vehicles. In addition, the value of personal mileage is charged to the NEO as imputed income. We also make the

company-owned aircraft available to the CEO and other senior executives for business travel. The aircraft is available to the CEO and the other NEOs for personal use at the expense of the NEO. In 2014, our CEO, Tom Hill, and our Vice Chairman, Danny Shepherd, each used the company aircraft on a single occasion. The amount attributable to such use was included in the officers' taxable income for 2014. None of the other NEOs used company-owned aircraft for personal use. We do not provide other perquisites, such as country club memberships or financial planning services, to the NEOs.

The Compensation Committee reviews our policies and determines whether and to what extent perquisites should be modified or continued.

#### **CHANGE-IN-CONTROL PROTECTION AND POST TERMINATION AGREEMENTS**

We do not have written employment agreements with executives. Instead, each of our NEOs has a change-in-control (CIC) severance agreement and equity award agreements that provide for severance payments and accelerated vesting or payment of equity-based incentive awards only if a CIC actually



**Table of Contents**

occurs. We provide such protections in order to provide for retention and continuity in order to minimize disruptions during a pending or anticipated CIC. For a detailed description of these change-in-control benefits, refer to NEO Change-in-Control Agreements and Related Cash Severance Benefits on page 65.

As of 2014, all of our NEOs have waived their rights under their CIC agreements to the inclusion of target long-term incentive values in the calculation of cash severance and tax gross-ups with respect to excise taxes under Section 280G of the Code and, if applicable, waived their right to receive severance upon a voluntary termination of employment without good reason during a 30-day period following the first anniversary of a change-in-control (single-trigger).

Other than the CIC severance agreements, we have one post-termination agreement with an NEO. Mr. McPherson is entitled to serve as a consultant pursuant to a springing consulting agreement in the event that Vulcan terminates his employment without cause or he terminates his employment for any reason prior to October 2015. In the event that Mr. McPherson's employment is terminated under such circumstances, pursuant to the consulting agreement, Vulcan has agreed to retain him as a consultant for three years thereafter. Mr. McPherson would be expected to provide 400 hours of services annually for which he would be entitled to compensation at a rate of \$43,300 per month. In connection with his services as a consultant, Mr. McPherson would be subject to covenants regarding the use of confidential information. Vulcan may terminate the consulting agreement for cause or if Mr. McPherson dies or becomes disabled.

**RETIREMENT BENEFITS**

Our company provides the following retirement benefits to our NEOs:

Benefit	Background
<b>Retirement Plan*</b>	This pension plan covers all salaried employees of our company hired prior to July 15, 2007.
<b>Supplemental Plan*</b>	The Unfunded Supplemental Benefit Plan provides for benefits that are curtailed under the Retirement Plan and the 401(k) Plans due to Internal Revenue Service pay and benefit limitations for qualified plans. This Plan is designed to provide retirement income benefits, as a percentage of pay, which are similar for all employees regardless of compensation levels. The Unfunded Supplemental Benefit Plan eliminates the effect of tax limitations on the payment of retirement benefits, except to the extent that it is an unfunded plan and a general obligation of our company.
<b>Supplemental Executive Retirement Agreement (SERA)</b>	Mr. James has a SERA, which was adopted in 2001 to provide a retention incentive. The effect of the SERA was to give Mr. James 1.2 years of service credit for every year he participates in the Retirement Income Plan and Unfunded Supplemental Benefit Plan. No additional service years have been credited under the SERA since February 2011.
<b>401(k) Plan</b>	

This plan has two components; (1) an employee contribution feature with company matching, and (2) a profit-sharing feature.

*A discussion of all retirement benefits provided to the NEOs is set forth under the heading Retirement and Pension Benefits on page 62.*

**\* Important Pension Change**

As of December 31, 2013, benefits under the Retirement Plan and the Supplemental Plan were frozen.

These plans were amended to freeze service accruals effective December 31, 2013 and pay accruals effective December 31, 2015.

**Table of Contents**

**CONSIDERING RISK, ACCOUNTING AND TAX CONSIDERATIONS**

Our compensation programs are balanced, focused and give considerable weight to the long-term performance of our company. Under this structure, the highest amount of compensation can only be achieved through consistent superior performance over sustained periods of time. Goals and objectives reflect a balanced mix of quantitative and qualitative performance measures to avoid excessive weight on a single performance measure. Likewise, the elements of compensation are balanced among current cash payments and long-term equity-based incentive awards. The Compensation Committee retains the discretion to adjust compensation for quality of performance and adherence to our company's values.

Based on the foregoing features of our compensation programs, the Compensation Committee has concluded that risks arising from compensation policies and practices for employees of the company and its affiliates are not reasonably likely to have a material adverse effect on the company as a whole.

**COMPLIANCE WITH INTERNAL REVENUE CODE SECTION 162(m)**

In administering the compensation program for NEOs, the Compensation Committee considers the applicability of Section 162(m) of the Code, the consequences under financial accounting standards, the tax consequences in our analysis of total compensation and the mix of compensation elements, base, bonus and long-term incentives. Section 162(m) prohibits public companies from taking a tax deduction for compensation that is paid to any one of certain employees in excess of \$1,000,000, unless the compensation qualifies as performance-based compensation within the meaning of the Code. To preserve the deductibility of compensation, we intend that bonus payments made according to the EIP and grants of long-term incentives under our Omnibus Plan are intended to qualify as qualified performance-based compensation. The Compensation Committee has the discretion to design and implement compensation elements that may not be deductible under Section 162(m) if the Compensation Committee determines that, despite the tax consequences, those elements are in our company's best interest to adopt.

WE CONSIDER THE TAX AND FINANCIAL ACCOUNTING IMPLICATIONS TO OUR COMPANY IN ALLOCATING AWARDS AMONG VARIOUS COMPENSATION VEHICLES AND SEEK TO PRESERVE THE TAX DEDUCTION FOR COMPENSATORY AWARDS. FOR EXAMPLE, WE DO NOT ISSUE INCENTIVE STOCK OPTIONS (ISOs), EVEN THOUGH ISOS PROVIDE POTENTIAL TAX ADVANTAGES TO THE RECIPIENT, BECAUSE OF THE NEGATIVE TAX AND ACCOUNTING CONSEQUENCES TO OUR COMPANY.

**COMPENSATION COMMITTEE REPORT**

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis as set forth above with management and, based on such review and discussions, recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

**COMPENSATION COMMITTEE\***

Donald B. Rice, Chair

James T. Prokopanko

Lee J. Styslenger, III

\* Mr. Fanning joined the Compensation Committee after this report was approved by the committee.

**Table of Contents****EXECUTIVE COMPENSATION****SUMMARY COMPENSATION TABLE**

The following table sets forth, for the three most recently completed fiscal years, information concerning the compensation of our NEOs employed as of December 31, 2014:

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards <sup>(1)</sup> (\$)	Option Awards <sup>(1)</sup> (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value And Nonqualified Deferred Compensation Earnings <sup>(2)</sup> <sup>(3)</sup> (\$)	All Other Compensation <sup>(4)</sup> (\$)	Total (\$)
J. Thomas Hill President and Chief Executive Officer	2014	668,917	0	792,750	274,250	1,590,000	805,186	74,358	4,205,461
	2013	391,674	0	1,462,550	118,720	390,000		93,783	2,456,727
	2012	350,004	0	471,444		259,000	0	72,838	1,598,535
					0		445,249		
John R. McPherson Executive Vice President  and Chief Financial and Strategy Officer	2014	598,808	0	792,750	274,250	1,310,000	0	118,646	3,094,454
	2013	461,250	0	1,521,565	137,376	325,000		53,190	2,498,381
	2012	450,000	0	610,104		360,000	0	21,383	1,441,487
					0		0		
Donald M. James <sup>(5)</sup> Executive Chairman	2014	1,250,004	0	3,887,646	1,344,922	2,673,000	3,975,899	228,533	13,360,004
	2013	1,250,004	0	3,916,450	1,238,080	1,835,000	0	133,583	8,373,117
	2012	1,250,004	0	3,836,260	0	1,600,000		85,296	7,613,488
							841,928		
Danny R. Shepherd Vice Chairman	2014	570,168	0	868,854	298,384	919,000	1,094,463	90,042	3,840,911
	2013	553,340	0	783,290	245,920	612,000	184,642	55,215	2,434,407
	2012	540,000	0	1,455,930		550,000	599,172	32,799	3,177,901
					0				
Daniel F. Sansone <sup>(6)</sup> Executive Vice	2014	570,168	0	868,854	298,384	919,000	808,489	145,912	3,610,807
	2013	553,340	0	783,290	245,920	612,000	157,952	56,490	2,408,992
	2012	540,000	0	1,455,930		550,000	796,581	34,599	3,377,110
					0				

President, Strategy									
Stanley G. Bass,	2014	545,134	0	443,940	153,580	567,000	653,327	96,175	2,459,156
	2013	647,714	0	375,550	118,720	568,000	213,903	495,168	2,419,055
Senior Vice President,	2012	350,004	0	471,444		200,000	276,359	23,335	1,321,142
					0				

## West

- (1) Pursuant to the rules of the SEC, we have provided a grant date fair value for Stock Awards and Option Awards in accordance with the provisions of FASB ASC Topic 718. For Option Awards (including SOSARs), the fair value is estimated as of the date of grant using the Black-Scholes option pricing model, which requires the use of certain assumptions, including the risk-free interest rate, dividend yield, volatility and expected term. The risk-free interest rate is based on the yield at the date of grant of a U.S. Treasury security with a maturity period equal to or approximating the option's expected term. The dividend yield assumption is based on our historical dividend payouts adjusted for current expectations of future dividend payouts. The volatility assumption is based on the historical volatility, and expectations regarding future volatility, of our common stock over a period equal to the option's expected term. The expected term of options granted is based on historical experience and expectations about future exercises and represents the period of time that options granted are expected to be outstanding. For Performance Share Awards, the fair value is estimated on the date of grant using a Monte Carlo simulation model. For the highest performance level the maximum number of shares payable and the estimated grant date value are 25,000 shares (\$1,585,500) for Mr. Hill; 25,000 shares (\$1,585,500) for Mr. McPherson; 122,600 shares (\$7,775,292) for Mr. James; 27,400 shares (\$1,737,708) for Mr. Shepherd; 27,400 shares (\$1,737,708) for Mr. Sansone; and 14,000 shares (\$887,880) for Mr. Bass. We do not believe that the fair values estimated on the grant date, either by the Black-Scholes model or any other model, are necessarily indicative of the values that might eventually be realized by an executive.
- (2) The Executive Incentive Plan (EIP) payments were made on March 13, 2015 for the previous year's performance. See discussion of the EIP under heading "Compensation Discussion and Analysis" above.
- (3) Includes only the amount of change in pension value because our company does not provide any above market earnings on deferred compensation balances. The year over year change in pension value was attributable to three primary factors which were: (1) aging (one year closer to retirement), (2) increase in the accrued benefit (pay accrual) and (3) change in actuarial assumptions (change in interest rate from 3.80% to 3.50%, and mortality table to RP-2014 Health Employee & Annuitant Mortality Table).

**Table of Contents**

## FOOTNOTE 3 BREAKOUT DETAIL OF CHANGE IN PENSION VALUE

Name	Aging (one year closer to retirement) (\$)	Increase in Accrued Benefit (\$)	Change in Assumptions (\$)	Total Change (\$)
Tom Hill	71,769	574,947	158,470	805,186
John McPherson <sup>(a)</sup>	0	0	0	0
Don James <sup>(b)</sup>	(773,824)	(3,607)	4,753,330	3,975,899
Danny Shepherd	(110,665)	1,010,656	194,472	1,094,463
Dan Sansone	122,385	601,321	84,783	808,489
Stan Bass	48,274	480,896	124,157	653,327

(a) Mr. McPherson was hired after 2007 and is not eligible to participate in the company's defined benefit plan.

(b) Mr. James retired as an employee of the company on January 15, 2015. He has not accrued additional benefits since a service freeze was implemented on February 10, 2011. The increase in present value during 2014 is primarily due to the adoption of the new RP 2014 mortality tables as recommended by our actuaries and outside auditors and the impact of these tables on the value of the optional forms of benefit payment. A decrease in interest rates year over year also increased the present value of the benefits.

(4) Includes qualified defined contribution plans contributions, company-paid life insurance premiums, deferred stock unit dividend equivalents granted in 2014 and personal use of company automobile, as set forth in the following table.

## FOOTNOTE 4 BREAKOUT DETAIL OF ALL OTHER COMPENSATION

Name	Non-Qualified SERP Contributions (\$)	Qualified 401(k) Contributions (\$)	Company Paid Life Insurance Premiums (\$)	Personal Use of Company Automobile (\$)	Personal Commuting Expenses (\$)	Personal Use of Company Aircraft (\$)	Relocation Expenses (\$)	Total (\$)
Tom Hill	53,474	19,170	1,476	0	0	238	0	74,358
John McPherson	64,743	26,820	1,476	1,899	23,708	0	0	118,646
Don James	205,830	19,170	1,476	2,057	0	0	0	228,533
Danny Shepherd	67,207	19,170	1,476	354	0	1,835	0	90,042

Dan Sansone	120,350	19,170	1,476	4,916	0	0	0	145,912
Stan Bass	56,686	19,170	1,476	1,763	0	0	17,080	96,175

(5) Mr. James retired from the company January 15, 2015.

(6) Mr. Sansone retired from the company January 1, 2015.

### GRANTS OF PLAN-BASED AWARDS

The following table sets forth the grants of plan-based awards in 2014 to our NEOs:

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards (# of shares)			All Other Stock Awards: Number of Shares of Securities Underlying Awards (#)	All Other Option Awards: Price of Option (\$/Sh)	Exercise or Base	Grant Date Fair Value of Stock and Option Awards (2)
		Threshold	Target	Maximum	Threshold	Target	Maximum				
Tom Hill	2/13/2014	0	743,750	1,594,000	0	12,500	25,000	0	12,500	66.00	1,067,000
John McPherson	2/13/2014	0	612,500	1,313,000	0	12,500	25,000	0	12,500	66.00	1,067,000
Don James	2/13/2014	0	1,250,000	3,125,000	0	61,300	122,600	0	61,300	66.00	5,232,568
Danny Shepherd	2/13/2014	0	429,750	1,074,000	0	13,700	27,400	0	13,600	66.00	1,167,238
Dan Sansone	2/13/2014	0	429,750	1,074,000	0	13,700	27,400	0	13,600	66.00	1,167,238
Stan Bass	2/13/2014	0	328,356	821,000	0	7,000	14,000	0	7,000	66.00	597,520

(1) Exercise price was determined using the closing price of our common stock on the grant date as required under the Omnibus Plan.

(2) Amount represents the grant date fair values calculated in accordance with FASB ASC Topic 718. The grant date fair value of \$63.42 for the PSUs granted on 2/13/2014 was calculated using a Monte Carlo simulation model. The grant date fair value of \$21.94 for the SOSARs granted on 2/13/2014 was calculated using a Black-Scholes option pricing model. Fair value was calculated on the number of units granted.



**Table of Contents**

**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END**

Certain information concerning unexercised options, stock awards that have not vested and equity incentive plan awards for each of the NEOs outstanding as of December 31, 2014 is set forth in the table below:

Name	Grant Date	OPTION AWARDS					STOCK AWARDS				
		Number of Securities Underlying Unexercisable Options (#)	Number of Securities Underlying Unexercisable Options (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested <sup>(13)</sup> (#)	Market Value of Shares or Units of Stock That Have Not Vested <sup>(14)</sup> (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Rights That Have Not Vested <sup>(15)</sup> (#)	Equity Incentive Plan Awards: Market Payout Value of Unearned Shares, Units or Rights That Have Not Vested <sup>(14)</sup> (\$)	
Tom Hill	2/10/2005		0			711 <sup>(7)</sup>	46,734				
	12/8/2005	22,000	0		68.6300	12/8/2015					
	2/8/2007	8,910	0		109.200	2/8/2017					
	2/7/2008	5,760	0		70.6900	2/7/2018					
	2/12/2009	18,570	0		47.4700	2/12/2019					
	2/11/2010	9,300	0		43.0500	2/11/2020					
	3/1/2011	4,200 <sup>(1)</sup>	1,400		43.6300	3/1/2021		5,501 <sup>(8)</sup>	561,580		
	2/9/2012	0 <sup>(2)</sup>	0		0	n/a		10,200 <sup>(9)</sup>	670,440		
	2/7/2013	1,750 <sup>(3)</sup>	5,250		55.4100	2/7/2023		7,000 <sup>(10)</sup>	460,110		
	12/20/2013						20,000 <sup>(12)</sup>	1,314,600			
2/13/2014	0 <sup>(4)</sup>	12,500		66.0000	2/13/2024			12,500 <sup>(11)</sup>	821,620		
John McPherson	11/9/2011	355,600 <sup>(5)</sup>	0		29.0500	11/9/2021					

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	11/9/2011	11,475 <sup>(6)</sup>	3,825	29.0500	11/9/2021		14,958 <sup>(8)</sup>	981,180
	2/9/2012	0 <sup>(2)</sup>	0	0	n/a		13,200 <sup>(9)</sup>	867,630
	2/7/2013	2,025 <sup>(3)</sup>	6,075	55.4100	2/7/2023		8,100 <sup>(10)</sup>	532,410
	12/20/2013					20,000 <sup>(12)</sup>	1,314,600	
	2/13/2014	0 <sup>(4)</sup>	12,500	66.0000	2/13/2024		12,500 <sup>(11)</sup>	821,620
on James	2/10/2005	73,000	0	57.0950	2/10/2015			
	12/8/2005	118,000	0	68.6300	12/8/2015			
	1/24/2006	169,800	0	69.3100	1/24/2016			
	2/8/2007	111,250	0	109.200	2/8/2017			
	2/7/2008	75,000	0	70.6900	2/7/2018			
	2/11/2010	121,200	0	43.0500	2/11/2020			
	3/1/2011	32,700 <sup>(1)</sup>	16,350	43.6300	3/1/2021		63,980 <sup>(8)</sup>	4,205,400
	2/9/2012	0 <sup>(2)</sup>	0	0	n/a		83,000 <sup>(9)</sup>	5,455,590
	2/7/2013	18,250 <sup>(3)</sup>	54,750	55.4100	2/7/2023		73,000 <sup>(10)</sup>	4,798,290
	2/13/2014	0 <sup>(4)</sup>	61,300	66.0000	2/13/2024		61,300 <sup>(11)</sup>	4,029,240
anny Shepherd	12/8/2005	22,000	0	68.6300	12/8/2015			
	2/8/2007	19,560	0	109.200	2/8/2017			
	2/7/2008	14,450	0	70.6900	2/7/2018			
	2/12/2009	44,850	0	47.4700	2/12/2019			
	2/11/2010	23,400	0	43.0500	2/11/2020			
	3/1/2011	15,225 <sup>(1)</sup>	5,075	43.6300	3/1/2021		19,879 <sup>(8)</sup>	1,306,640
	2/9/2012	0 <sup>(2)</sup>	0	0	n/a		31,500 <sup>(9)</sup>	2,070,490
	2/7/2013	3,625 <sup>(3)</sup>	10,875	55.4100	2/7/2023		14,600 <sup>(10)</sup>	959,650
	2/13/2014	0 <sup>(4)</sup>	13,600	66.0000	2/13/2024		13,700 <sup>(11)</sup>	900,500

**Table of Contents**

Name	Grant Date	OPTION AWARDS				STOCK AWARDS			
		Number of Securities Underlying Unexercisable Options (#)	Number of Securities Underlying Unexercised Options (#)	Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested <sup>(13)</sup> (#)	Market Value of Shares or Units of Stock That Have Not Vested <sup>(14)</sup> (\$)	Number of Unearned Shares, Units or Rights That Have Not Vested <sup>(15)</sup> (#)
Dan Sansone									
	5/13/2005	12,000	0		54.8350	5/13/2015			
	12/8/2005	51,000	0		68.6300	12/8/2015			
	2/8/2007	22,040	0		109.200	2/8/2017			
	2/7/2008	15,590	0		70.6900	2/7/2018			
	2/12/2009	48,410	0		47.4700	2/12/2019			
	2/11/2010	25,200	0		43.0500	2/11/2020			
	3/1/2011	15,900 <sup>(1)</sup>	5,300		43.6300	3/1/2021		20,844 <sup>(8)</sup>	1,370,076
	2/9/2012	0 <sup>(2)</sup>	0		0	n/a		31,500 <sup>(9)</sup>	2,070,495
	2/7/2013	3,625 <sup>(3)</sup>	10,875		55.4100	2/7/2023		14,600 <sup>(10)</sup>	959,658
	2/13/2014	0 <sup>(4)</sup>	13,600		66.0000	2/13/2024		13,700 <sup>(11)</sup>	900,501
Stan Bass									
	2/10/2005	3,400	0		57.0950	2/10/2015			
	12/8/2005	22,000	0		68.6300	12/8/2007			
	2/8/2007	8,910	0		109.2000	2/8/2017			
	2/7/2008	5,760	0		70.6900	2/7/2018			
	2/12/2009	18,570	0		47.4700	2/12/2019			
	2/11/2010	9,300	0		43.0500	2/11/2020			
	3/1/2011	4,200 <sup>(1)</sup>	1,400		43.6300	3/1/2021		5,501 <sup>(8)</sup>	361,501

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2/9/2012	0 <sup>(2)</sup>	0	0	n/a	10,200 <sup>(9)</sup>	670,446
2/7/2013	1,750 <sup>(3)</sup>	5,250	55.4100	2/7/2023	7,000 <sup>(10)</sup>	460,110
2/13/2014	0 <sup>(4)</sup>	7,000	66.0000	2/13/2024	7,000 <sup>(11)</sup>	460,110

Options in footnotes 1, 3, 4 and 6 vest at a rate of 25% per year in years 1 - 4.

(1) Options with vesting dates 3/1/12, 3/1/13, 3/1/14, 3/1/15.

(2) No Options were granted in 2012.

(3) Options with vesting dates 2/7/14, 2/7/15, 2/7/16, and 2/7/17.

(4) Options with vesting dates 2/13/15, 2/13/16, 2/13/17, and 2/13/18.

(5) Options vest 40% on 12/31/2011 with the remainder vesting 1/35th per month beginning on 1/9/2012. The final vesting date is 11/9/2014.

(6) Options with vesting dates 11/9/12, 11/9/13, 11/9/14, and 11/9/15.

DSUs in footnote 7 vest at the rate of 20% on each annual vesting date beginning on the sixth anniversary of the date of grant.

(7) DSUs with vesting dates of 3/1/11, 3/1/12, 3/1/13, 3/1/14, and 3/1/15.

PSUs in footnotes 8, 9, and 10 cliff vest 100% after a four-year performance period.

(8) PSUs with vesting date of 12/31/14.

(9) PSUs with vesting date of 12/31/15.

(10) PSUs with vesting date of 12/31/16.

(11) PSUs with vesting date of 12/31/17.

(12) Restricted Stock Units cliff vest 100% after a four-year period, with a vesting date of 12/20/2017.

(13) DSUs include dividend equivalents through 12/31/14.

(14) Based on closing price of our common stock on the NYSE on December 31, 2014, \$65.73.

(15) Vested PSUs adjusted for company performance through 12/31/2014. Unvested PSUs reported at target.

**Deferred Compensation Plan**

Our Executive Deferred Compensation Plan was established in 1998 to allow executives to defer a portion of their current year's compensation in a tax-efficient manner. We believe that providing a tax deferral plan gives our executives flexibility in tax and financial planning and provides an additional benefit at little cost to our shareholders. Our company does not make any contributions to the plan on behalf of the participants. Because our company purchases assets that mirror, to the extent possible,

**Table of Contents**

participants deemed investment elections under the plan, the only costs to our company related to the plan are administrative costs and any contributions that may be necessary to true-up account balances with deemed investment results. The plan allows executives with annual compensation (base salary and average annual short-term bonus) of \$200,000 or more to defer receipt of up to 50% of base salary, up to 100% of annual cash bonus and, beginning in 2007, up to 100% (net of FICA and any applicable local taxes) of long-term incentive awards, which are not excluded from deferral eligibility by the Code (or regulations thereunder), until a date selected by the participant. The amounts deferred are deemed invested as designated by participants in our company's common stock (a phantom stock account) or in dollar-denominated accounts that mirror the gains or losses of the various investment options available under our company's 401(k) plan. The plan does not offer any guaranteed return to participants.

The plan is funded by a rabbi trust arrangement owned by our company, which holds assets that correspond to the deemed investments of the plan participants and pays benefits at the times elected by the participants. Participants have an unsecured contractual commitment from our company for payment when the amounts accrue. Upon the death or disability of a participant or upon a change in control of our company, all deferred amounts and all earnings related thereto will be paid to the participant or participant's beneficiaries in a single lump sum cash payment.

Effective for deferrals made after January 1, 2007, the plan permits executives to defer payouts of PSUs and DSUs into the plan, which would, absent such deferral, be distributed to the executives and immediately taxable. The PSU and DSU deferrals generally will be credited to the plan participant accounts in the form of phantom stock and an equal number of shares of our common stock will be deposited by our company into the rabbi trust. Deferrals of long-term incentive compensation payments are also invested in phantom stock of our company and may not be reallocated to an alternative investment option while in the plan.

The following table shows the contributions, earnings, distributions and year-end account values for the NEOs under the plan:

NONQUALIFIED DEFERRED COMPENSATION PLAN					Aggregate
Name	Executive Registrant	Aggregate	Aggregate	Withdrawals/ Distributions	Balance at Last Fiscal Year End (1)
	Contributions	Contributions	Earnings in Plan		
	Last Fiscal Year	Last Fiscal Year	Fiscal Year		
	(\$)	(\$)	(\$)	(\$)	(\$)
Tom Hill	46,940	0	99,298	0	1,072,981
John McPherson	0	0	0	0	0
Don James	0	0	1,974,995	0	19,704,119
Danny Shepherd	58,827	0	110,868	0	1,305,375
Dan Sansone	0	0	234,743	0	2,740,879
Stan Bass	0	0	0	0	0

(1) Includes both the executive contributions and the earnings on those contributions. Cash-based salary and cash annual bonus amounts contributed by the executives are included in the amounts reported in the Summary Compensation Table in the year of deferral. PSU and DSU deferrals are included as compensation in the year of the grant. Above-market earnings are not reported as our company does not provide for such earnings on deferred compensation.



**Table of Contents****OPTION EXERCISES AND STOCK VESTED**

Certain information concerning each exercise of stock options and each vesting of stock during the fiscal year ended December 31, 2014, for each of the NEOs on an aggregate basis is set forth in the table below:

Name	OPTION AWARDS		STOCK AWARDS	
	Number of Shares Acquired on Exercise	Value Realized on Exercise <sup>(1)</sup>	Number of Shares	
			Acquired on Exercise <sup>(1)</sup>	Value Realized on
				Vesting <sup>(3)</sup>
(#)	(\$)	(#)	(\$)	
Tom Hill	16,000	211,616	712	48,336
John McPherson	0	0	0	0
Don James	73,000	840,595	0	0
Danny Shepherd	11,000	75,188	866	58,832
Dan Sansone	26,000	252,793	0	0
Stan Bass	0	0	0	0

(1) Calculated by multiplying the difference between the fair market value of our common stock on the date of exercise and the option exercise price by the number of options exercised.

(2) Represents the payment of Deferred Stock Units (DSUs). DSUs were paid 100% in stock.

(3) Calculated by multiplying the number of units vested by the high/low average price of our common stock on the vesting date for DSUs.

**RETIREMENT AND PENSION BENEFITS**

Generally most full-time salaried employees of our company that were hired prior to July 15, 2007, including all of the NEOs except Mr. McPherson, participate in our company's pension plans. Our NEOs are also eligible for supplemental retirement programs, as described below. Retirement benefits become payable as early as the date on which participants both attain age 55 and complete one year of service.

The following table provides for each NEO the number of years of credited service and the present value of accumulated benefits as of December 31, 2014 under each plan in which the NEO participates. The narrative that follows this table provides a description of the material features of each plan.

Name	PENSION BENEFITS	
	Plan Name	Number of Years of Present Value of Payment
		Accumulated Benefits as of 12/31/14



		Credited Service	(\$)	Fiscal Year
		(#)		(\$)
Tom Hill	Retirement Income Plan	23 3/12	1,077,144	0
	Supplemental Benefit Plan	23 3/12	1,591,100	0
John McPherson	Retirement Income Plan	n/a	n/a	0
	Supplemental Benefit Plan	n/a	n/a	0
Don James	Retirement Income Plan	21	1,197,853	0
	Supplemental Benefit Plan	18 2/12	16,130,750	0
	Supp. Executive Retirement Agreement	21 10/12 <sup>(2)</sup>	16,157,244	0
Danny Shepherd	Retirement Income Plan	30 8/12	1,746,662	0
	Supplemental Benefit Plan	30 8/12	3,601,801	0
Dan Sansone	Retirement Income Plan	25 10/12	1,414,093	0
	Supplemental Benefit Plan	25 10/12	4,716,272	0
Stan Bass	Retirement Income Plan	17 7/12	770,887	0
	Supplemental Benefit Plan	17 7/12	1,138,446	0

(1) The present value of accumulated benefits are based on benefits payable at age 62, the earliest age under the plans at which benefits are not reduced, or current age if the participant is older than age 62. The following FASB ASC Topic 715 Compensation Retirement Benefits (formerly SFAS No. 87), assumptions as of December 31, 2014 were used to determine the present values:

- (i) discount rate of 3.50%;
- (ii) mortality based on the RP-2014 Healthy Employee & Annuitant Mortality Table with white collar adjustments, and generational improvement with Scale MP-2014;
- (iii) present values for lump sums are based on projected segmented interest rates and the prescribed 2014 IRS Mortality Table;

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**Table of Contents**

- (iv) Supplemental Executive Retirement Agreement and Supplemental Benefit Plan benefits assumed to be paid as a 10 Year Term Certain Annuity (except for Mr. James, see (vi) below);
- (v) for the Retirement Income Plan, 40% of the benefit accrued before December 31, 2000 is assumed to be paid as a lump sum, with the remainder of the accrued benefit assumed to be paid as a single life annuity; and
- (vi) for Mr. James the present value was a result of his actual form of payment elected when he retired from the company on January 15, 2015.

(2) This represents additional years of service credited to Mr. James in prior years under the SERA. Mr. James ceased accruing benefits under this Plan in 2011. The total value of his SERA is represented in the column Present Value of Accumulated Benefit.

**Retirement Income Plan**

The Retirement Income Plan for Salaried Employees (Retirement Plan) provides benefits under a funded noncontributory defined benefit plan and covers most salaried employees, including all executive officers, hired prior to July 15, 2007. Employees hired after July 15, 2007 are covered under a 401(k) Plan that includes company matching of employee contributions and an annual discretionary company contribution to all eligible participants. In 2013, the Retirement Plan was amended to freeze service accruals effective December 31, 2013 and pay accruals effective December 31, 2015.

The normal retirement date is defined in the Retirement Plan as the first day of the calendar month immediately following a participant's 65th birthday. The amount of benefit is based on earnings, service and the age at which a participant commences receiving a benefit. Eligible earnings under the Retirement Plan, or Final Average Earnings, is the average of a participant's highest 36 consecutive months of earnings and includes base monthly salary and any awards under the EIP, as reflected in the Salary and Non-equity Incentive Plan Compensation columns of the Summary Compensation Table. Under Section 415 of the Code, the maximum annual benefit allowable under the Retirement Plan for an employee retiring at age 65 in 2014 is \$200,000. In addition, Section 401 of the Code limits the amount of a participant's compensation that may be taken into account under the Plan to \$260,000. These dollar limits are subject to cost of living adjustments.

The Retirement Plan formula provides a monthly benefit equal to 0.9% of final average earnings per year of service accrued prior to age 45, plus 1.2% of final average earnings per year of service accrued after age 44, plus .5% of Final Average Earnings in excess of 50% of the Social Security Wage Base applied to all years of service. A vested participant may commence receiving early retirement benefits under the Retirement Plan as early as age 55. The amount of early retirement reduction depends on the age of a participant when active employment ceases. If active employment ceases after age 55 and retirement income commences at age 62, or later, the monthly benefit is not reduced. However, if the benefit commences prior to age 62, the monthly benefit is reduced at a rate of 7% per year for commencement between ages 55 and 62. If active employment ceases prior to age 55, the monthly benefit is actuarially reduced for commencement between ages 55 and 65.

The normal form of retirement benefit under the Retirement Plan for an unmarried participant is a single life annuity, which is a monthly payment for life. The normal form of retirement benefit under the Retirement Plan for a married participant is a 75% joint and survivor annuity, which is a monthly payment for the life of the participant, and thereafter 75% of that amount to the surviving spouse payable for his or her lifetime. The Retirement Plan also

permits the participant to elect, with spousal consent, other annuity options and a lump sum payment for benefits accrued prior to 2001. The optional forms of payment are subject to actuarial adjustment.

**Unfunded Supplemental Benefit Plan**

The Unfunded Supplemental Benefit Plan for Salaried Employees (Supplemental Plan) enables our company to pay any person whose pension under the Retirement Plan has been reduced as a result of the limitations imposed by Sections 401 and 415 of the Code, an amount equal to the difference between the amount the person would have received under the Retirement Plan had there been no limitations and the amount the person will receive under the Retirement Plan after giving effect to the

## **Table of Contents**

limitations. In 2013, the Supplemental Plan was also amended to freeze future service and pay accruals in the same manner as described above for the qualified Retirement Plan.

The Supplemental Plan is unfunded and amounts payable to the employees covered thereby are considered to be general obligations of our company; however, the Supplemental Plan contains provisions that allow for the funding of a rabbi trust to improve the security of the benefit, to some extent, upon the occurrence of a CIC event (as defined in the Supplemental Plan).

The determination of the benefit amount and the payment options under the Supplemental Plan are the same as the Retirement Plan, except as follows. Effective January 1, 2007, the Supplemental Plan was amended to allow existing participants to make an election to receive supplemental pension benefits in the form of installment payments over a period of 10 years, thereby accelerating payout somewhat and minimizing to some extent the risk of future non-payment. The installment payments are actuarially equivalent to the various annuity options available under the Retirement Plan. New participants in the Supplemental Benefit Plan on or after January 1, 2007 automatically receive their supplemental pension benefits in the form of installment payments over a period of 10 years and have no other payment options.

### **Supplemental Executive Retirement Agreement**

Mr. James, who retired as an employee of the company on January 15, 2015, is entitled to benefits under a Supplemental Executive Retirement Agreement (SERA), which provides for additional retirement benefits based on the formula in the Retirement Plan using his actual years of service multiplied by 1.2. The maximum benefit service provided by the combination of the SERA, the Retirement Plan and the Supplemental Plan is 40 years. The SERA is an unfunded, noncontributory defined benefit plan and also is considered to be a general obligation of the company.

The SERA was established in 2001 as an additional retention incentive for the CEO. This program supplements the monthly retirement benefits Mr. James will receive under the Retirement Plan and the Supplemental Plan. Mr. James ceased accruing benefits under this Plan in 2011.

### **Eligibility for Early Retirement**

As of February 1, 2015, Messrs. Hill and Shepherd were eligible for early retirement under the Retirement Plan and the Supplemental Plan. Mr. James retired from the company on January 15, 2015, and Mr. Sansone retired effective January 1, 2015.

## **PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL**

This section describes and estimates payments that could be made to the NEOs under different termination and change-in-control (CIC) events. The estimated payments would be made under the terms of our company's compensation and benefits programs or the CIC severance agreements with each of the NEOs. The amount of potential payments is calculated as if the different events occurred as of December 31, 2014 and assumes that the price of our company's common stock is the closing market price as of December 31, 2014.

### **Description of Termination and Change-In-Control Events**

The following charts list different types of termination and CIC events that can affect the treatment of payments under our company's compensation and benefit programs. These events also affect payments to the NEOs under their CIC agreements. None of the CIC agreements provide for a single trigger, therefore, no payments are made under the CIC

agreements unless, within two years of the CIC, the officer is involuntarily terminated or he voluntarily terminates for good reason (as described below).

**Table of Contents****Termination Events**

**Retirement or Retirement Eligible** Termination of a NEO who is at least 55 years old and has at least one year of credited service.

**Involuntary Termination without Cause** Termination by our company of a NEO who is not retirement eligible.

**Resignation** Voluntary termination by a NEO who is not retirement eligible.

**Death or Disability** Termination of a NEO due to death or disability.

**Involuntary Termination for Cause** Termination of a NEO for cause. Cause includes individual performance below minimum performance standards and misconduct.

**NEO Change-In-Control Agreements and Related Cash Severance Benefits**

Our company has previously entered into individual CIC agreements with each of our NEOs. In addition to the treatment of the benefits described above, our NEOs are entitled to a cash severance benefit, if within two years of a CIC their employment is involuntarily terminated, without cause, or they voluntarily resign for good reason. These claims are subject to standard release and waiver of claims requirements.

The CIC severance payment is three times each NEO's base annual salary, and short-term bonus, as defined in their CIC agreements. Also, such severance payments include the continuation of health, medical and other fringe benefits for a period of three years following termination. All of our CIC agreements have a double trigger termination right (requiring both a CIC and a qualifying termination of employment in order to receive CIC severance payments), and do not include the long-term incentive value in the severance calculation or have tax gross-ups. In addition, each CIC agreement provides for the payment of a pro-rata short-term bonus for the year of termination.

The table below reflects an estimate of the severance payments that would be made to our NEOs if they were terminated as of December 31, 2014 in connection with a CIC:

Name	Severance Multiple	2014	Greater of	Total Cash Severance Payments	Pro-rata Bonus	Cash Severance Amount <sup>(1)</sup>
		Base Salary	3-Year Avg or Target Bonus			
		(\$)	(\$)	(\$)	(\$)	(\$)
Tom Hill	3	850,000	850,000	5,100,000	850,000	5,950,000

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John McPherson	3	700,000	700,000	4,200,000	700,000	4,900,000
Don James	3	1,250,000	1,250,000	7,500,000	1,250,000	8,750,000
Danny Shepherd	3	573,000	429,800	3,008,400	429,800	3,438,200
Dan Sansone	3	573,000	429,800	3,008,400	429,800	3,438,200
Stan Bass	3	547,260	328,400	2,626,980	328,400	2,955,380

(1) These amounts represent cash severance payments to be paid to the NEOs in the event of a CIC and do not include the value of other CIC benefits.

**Table of Contents**

**Termination Pay and Benefits Programs**

The following chart describes the treatment of different pay and benefit elements in connection with these termination events:

<b>PROGRAM</b>	<b>RETIREMENT/ RETIREMENT ELIGIBLE</b>	<b>INVOLUNTARY TERMINATION NOT FOR CAUSE</b>	<b>RESIGNATION</b>	<b>DEATH OR DISABILITY</b>	<b>INVOLUNTARY TERMINATION FOR CAUSE</b>
Pension: Retirement Plan Supplemental Plan 401(k) Plan 403(b) Plan 457(b) Plan IRA	Participant may commence benefit payment	Participant is considered Terminated Vested	Participant is considered Terminated Vested	Spouse may commence survivor benefit on or after the date that the Participant would have attained age 55	Participant may commence benefit payment or will be considered Terminated Vested depending on age
Executive Deferred Compensation	Payment commences the year after retirement in the form elected	Payout made the year following the year of termination in a lump sum	Payout made the year following the year of termination in a lump sum	Payment commences the year after death or disability in the form elected	Payout made the year following the year of termination in a lump sum
	Eligible to receive full payment	Eligible to receive full payment	Eligible to receive full payment	Eligible to receive full payment	No payment
Stock Options/SOSARs	Full term to exercise vested options; if 62 or older, non-vested options continue to vest; noncompetition agreement may be required for exercising vested options	Non-vested options forfeited; 30 days to exercise vested options	Non-vested options forfeited; 30 days to exercise vested options	Vesting accelerated. Under death, estate has one year to exercise. Under disability, have full remaining term to exercise.	Forfeit all, vested and non-vested
Restricted Stock Units	If age 62 or older, vesting is accelerated; otherwise forfeit non-vested DSUs	Non-vested units are forfeited	Non-vested units are forfeited	Vesting is accelerated on a pro-rata basis	Non-vested are forfeited



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Js	If age 62 or older, vesting is accelerated, otherwise pro-rata vesting	Non-vested units are forfeited	Non-vested units are forfeited	Vesting is accelerated	Forfeit all, vested and non-vested
Js	Non-vested units are forfeited	Non-vested units are forfeited	Non-vested units are forfeited	Vesting is accelerated	Non-vested units are forfeited
(k) Plan	May take payment or defer until age 70 ½	May take payment or defer until age 70 ½	May take payment or defer until age 70 ½	Account distributed by March 1 of the following year	May take payment or defer until age 70 ½
Supplemental Plan (Defined Contribution)	May take payment or defer until age 70 ½	May take payment or defer until age 70 ½	May take payment or defer until age 70 ½	Account distributed by March 1 of the following year	May take payment or defer until age 70 ½
Termination Benefits	None	None	None	None	None
Health Benefits	May continue to age 65 if age + years of service equals at least 70	Coverage ceases; eligible for coverage extension under COBRA	Coverage ceases; eligible for coverage extension under COBRA	Under age 55, 3 months spousal extension, then COBRA; over age 55, same as retiree	Under age 55, same as resignation; over age 55, same as retiree

## Table of Contents

### CIC-Related Events

A CIC occurs under certain of our company's compensation plans upon:

- (i) acquisition by any person or group of more than 50% of the total fair market value or voting power of our common stock. A transfer or issuance of our stock is counted only if the stock remains outstanding after the transaction. An increase in stock ownership as a result of the company's acquisition of its own stock in exchange for property is counted for purposes of the change in ownership standard; or
- (ii) (a) acquisition by a person or group during a 12-month period of stock possessing 30% of the total voting power of our stock, or  
  
(b) replacement of a majority of our Board of Directors during any 12-month period by directors not endorsed by a majority of the members of our Board prior to the date of the appointment or election; or
- (iii) acquisition by a person or group during a 12-month period of assets from our company having a total gross fair market value of 40% of the total gross fair market value of our assets immediately prior to such acquisition. An exception exists for a transfer of our assets to a shareholder controlled entity, including transfer to a person owning 50% or more of the total value or voting power of our shares.

For purposes of our CIC agreements with executive officers and certain of our other compensation plans, a CIC is defined as: (a) the acquisition by a person or group of 20% or more of the then outstanding common stock or voting securities of our company; or (b) a change in the majority of members of the Board of Directors; or (c) consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of our company's assets unless our company's shareholders before such business combination or sale own more than 60% of the outstanding common stock following the business combination or sale.

**Involuntary CIC Termination or Voluntary CIC Termination for Good Reason** Employment is terminated within two years of a CIC, other than for cause, or the employee voluntarily terminates for Good Reason.

Good reason would generally be considered to have occurred if there were a reduction in certain types of compensation, a relocation under certain circumstances or a diminution in duties and responsibilities.

**Table of Contents****Change-in-Control (CIC) Pay and Benefits Programs**

The following table describes treatment of payments under pay and benefit programs upon a CIC, and upon a termination (voluntary or involuntary) upon a CIC:

<b>PLAN OR PROGRAM</b>	<b>CIC</b>	<b>CIC with Termination (other than cause)</b>
Pension: Retirement Plan Supplemental Plan SERA	No payment to NEOs solely upon the CIC	Service ceases except to the extent that additional service is provided under the terms of the CIC agreements
Executive Deferred Compensation Plan	Accelerate all deferred amounts and pay lump sum within 10 business days	Accelerate all deferred amounts and pay lump sum within 10 business days
EIP	The amount paid will be equal to the greater of (A) the average bonus during the three preceding years, (B) the target bonus, or (C) the bonus determined under the Plan for the year in which the CIC occurs	The amount paid will be equal to the greater of (A) the average bonus during the three preceding years, (B) the target bonus, or (C) the bonus determined under the Plan for the year in which the CIC occurs
Stock Options/SOSARs	Immediately deemed fully vested and exercisable; remaining term to exercise	Immediately deemed fully vested and exercisable; remaining term to exercise
DSUs	All immediately deemed non-forfeitable; pay on 90th day following the CIC	All immediately deemed non-forfeitable; pay on 90th day following the CIC
PSUs	Vesting is accelerated; pay within 2 1/2 months after end of the year in which the CIC occurs	Vesting is accelerated; pay within 2 1/2 months after end of the year in which the CIC occurs
RSUs	All immediately deemed non-forfeitable; pay within 90 days following the CIC	All immediately deemed non-forfeitable; pay within 90 days following the CIC
401(k) Plan	No payment to the NEOs solely upon the CIC	Service ceases except to the extent that additional service is provided under the terms of the CIC Agreements; participant is entitled to distribution
Supplemental Plan (Defined Contribution)	No payment to the NEOs solely upon the CIC	Participant is entitled to distribution
Severance Benefits	No payment to the NEOs solely upon the CIC	For all NEOs, payment is 3 times the NEO's annual base salary, and

short-term bonus

Health Benefits	No payment to the NEOs solely upon the CIC	3 year coverage extension provided under the terms of the CIC agreements
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**Potential Payments**

This section describes and estimates payments that would have become payable to the NEOs upon a termination or change-in-control as of December 31, 2014.

**Pension Benefits**

The monthly amounts that would have become payable to our NEOs if the termination event occurred as of December 31, 2014 under the Retirement Plan, the Supplemental Plan, and the SERA are itemized in the chart set forth below. The amounts shown in the chart are monthly benefit amounts (other than with respect to the accrued benefits payable upon a CIC, which would be paid in a lump sum) whereas the pension values shown in the Summary Compensation and Pension Benefits Tables are present values of all the monthly values anticipated to be paid over the lifetimes of our NEOs and their spouses in the event of their death while actively employed. These plans are described in the notes following the Pension Benefits Table. Messrs. Hill, James, Shepherd and Sansone were retirement eligible on December 31, 2014. The benefits were determined using the same assumptions used to compute benefit

**Table of Contents**

values in the Pension Benefit Table with three exceptions. First, the benefit payments were assumed to commence as soon as possible following December 31, 2014, instead of at normal retirement. Second, approximate early retirement reductions were applied. Finally, the benefits were not adjusted to reflect optional forms of payment. All benefits are the amounts that would be paid monthly over the NEO's life, except for the value of CIC-enhanced benefits which would be paid in a lump sum.

**Pension Benefits Table**

Name		Retirement	Resignation	Death (monthly	CIC (Value of
		(Monthly	or Involuntary	payments to	Enhanced
		Payments)	Retirement	a	Benefits) <sup>(1)</sup>
		(\$)	(monthly payments)	spouse)	(\$)
		(\$)	(\$)	(\$)	(\$)
Tom Hill	Retirement Plan	6,845	Terminated Vested <sup>(3)</sup>	n/a	0
	Supplemental Plan	14,131	Terminated Vested <sup>(3)</sup>	n/a	5,836,015
	Defined Contribution	0	None	0	217,933
John McPherson	Retirement Plan	n/a	n/a <sup>(2)</sup>	n/a	n/a
	Supplemental Plan	n/a	n/a <sup>(2)</sup>	n/a	n/a
	Defined Contribution	0	None	0	274,689
Don James	Retirement Plan	6,872	Same as Retirement	4,467	0
	Supplemental Plan	98,834	Same as Retirement	62,942	0
	SERA	124,448	Same as Retirement	80,891	0
	Defined Contribution	0	None	0	675,000
Danny Shepherd	Retirement Plan	9,301	Same as Retirement	6,046	0
	Supplemental Plan	26,395	Same as Retirement	17,157	1,679,083
	Defined Contribution	0	None	0	259,131
Dan Sansone	Retirement Plan	7,949	Same as Retirement	5,167	0
	Supplemental Plan	33,782	Same as Retirement	21,958	1,797,032
	Defined Contribution	0	None	0	418,560
Stan Bass	Retirement Plan	5,196	Terminated Vested <sup>(3)</sup>	3,443	0
	Supplemental Plan	10,831	Terminated Vested <sup>(3)</sup>	7,040	1,721,274
	Defined Contribution	0	None	0	227,568

(1) Value of retirement and defined contribution enhancements is payable in a lump sum in the event of a CIC. In accordance with CIC agreements, lump-sum values for the Supplemental Plan pension benefits are based upon credit as if the employee worked for three additional years and received the compensation required to be paid under the CIC agreement for each NEO, except for Mr. James, who would receive no additional pension service as he has accrued the maximum service under the pension plans. Pension values reflected above are valued in accordance with the footnotes to the Retirement and Pension Benefits Table. The defined contribution amounts represent three years of company matching contributions for each executive.

(2) Participation in the Retirement Plan was frozen in 2007. Therefore, Mr. McPherson is not eligible to participate in that Plan.

(3) Eligible for reduced payments as early as age 55 and unreduced payments at age 65.

**Table of Contents****Deferred Stock Units (DSUs)**

The chart below shows the number of DSUs for which vesting would be accelerated under certain events:

Name	RETIREMENT		CIC (WITH OR WITHOUT TERMINATION)	
	Number of Deferred Stock Units	Number of Deferred Stock Units	Number of Deferred Stock Units	Number of Deferred Stock Units
	Stock Units with Accelerated Vesting	Stock Units Following Accelerated Vesting	Units with Accelerated Vesting	Stock Units Following Accelerated Vesting
Tom Hill	0	0	711	711
John McPherson	0	0	0	0
Don James	0	0	0	0
Danny Shepherd	0	0	0	0
Dan Sansone	0	0	0	0
Stan Bass	0	0	0	0

**Performance Share Units (PSUs)**

The chart below shows the number of PSUs for which vesting would be accelerated under certain events. Unvested PSUs were adjusted to the maximum allowed under the agreements because the performance was unknown at December 31, 2014.

Name	RETIREMENT		CIC (WITH OR WITHOUT TERMINATION)	
	Number of Performance Share Units	Number of Performance Share Units	Number of Performance Share Units	Total Number of Performance Share Units
	Share Units with Accelerated Vesting	Share Units Following Accelerated Vesting	Share Units with Accelerated Vesting	Share Units Following Accelerated Vesting
Tom Hill	28,550	34,051	59,400	64,901
John McPherson	0	14,958	67,600	82,558
Don James	434,600	498,580	434,600	498,580
Danny Shepherd	119,600	139,479	119,600	139,479
Dan Sansone	119,600	140,444	119,600	140,444
Stan Bass	0	5,501	48,400	53,901

**Stock Options and SOSARs**

The chart below shows the number of stock options for which vesting would be accelerated under certain events:

Name	RETIREMENT		CIC (WITH OR WITHOUT TERMINATION)	
	Total Number of Options		Total Number of Options	
	Number of Options with Following Accelerated		Number of Options with Following Accelerated	
	Accelerated Vesting	Vesting	Accelerated Vesting	Vesting
Tom Hill	6,275	76,765	19,150	89,640
John McPherson	0	369,100	22,400	391,500
Don James	132,400	851,600	132,400	851,600
Danny Shepherd	29,550	172,660	29,550	172,660
Dan Sansone	29,775	223,540	29,775	223,540
Stan Bass	0	73,890	13,650	87,540

70



**Table of Contents****Restricted Stock Units (RSUs)**

The chart below shows the number of RSUs for which vesting would be accelerated under certain events.

Name	RETIREMENT		CIC (WITH OR WITHOUT TERMINATION)	
	Number of Deferred Stock Units	Number of Deferred Stock Units	Number of Deferred Stock Units	Number of Deferred Stock Units
	Stock Units with Accelerated Vesting	Stock Units Following Accelerated Vesting	Units with Accelerated Vesting	Stock Units Following Accelerated Vesting
Tom Hill	0	0	20,000	20,000
John McPherson	0	0	20,000	20,000
Don James	0	0	0	0
Danny Shepherd	0	0	0	0
Dan Sansone	0	0	0	0
Stan Bass	0	0	0	0

**Executive Deferred Compensation Plan**

The aggregate balances reported in the Nonqualified Deferred Compensation Plan Table would be payable to the NEOs as described in the termination events and CIC-Related Events chart above. There is no enhancement or acceleration of payments under these plans associated with termination or CIC events, other than the lump sum payment opportunity described in the above charts. The lump sums that would be payable are those that are reported in the Nonqualified Deferred Compensation Plan Table.

**Health Benefits**

Because Messrs. Hill, James, Shepherd, and Sansone met the age and service eligibility requirement for health care benefits provided to early retirees, there is no incremental payment associated with the termination or CIC events. Messrs. McPherson and Bass did not meet the eligibility requirement; therefore, their incremental costs for health benefits would be approximately \$57,153 each.

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**Table of Contents****DIRECTOR COMPENSATION**

We use a combination of cash and stock-based compensation to attract and retain qualified candidates to serve on our Board of Directors. In setting director compensation, our company considers the significant amount of time that directors expend on fulfilling their duties to our company, as well as the limited pool of, and competition among public companies for, well-qualified Board members. Additional amounts are paid to committee chairs in recognition of the substantial responsibilities of the chair. Directors are subject to a minimum share ownership requirement. Within five years of becoming a director, each director is required to own at least 5,000 shares of our company's common stock. Shares or units held by a director under a deferred compensation plan are included in calculating the director's ownership.

**CASH COMPENSATION PAID TO BOARD MEMBERS.** Members of the Board who are not employees of our company are paid a retainer of \$45,000 per year, plus the following fees:

\$ 5,000 Board meeting fee for in-person attendance;

\$ 3,000 Committee meeting fee for in-person attendance;

\$ 1,500 Board and committee fees for telephonic meetings or actions by written consent;

\$ 20,000 Audit Committee chair retainer fee;

\$ 10,000 Compensation Committee chair retainer fee;

\$ 5,000 Retainer fee for all other committee chairs; and

\$ 1,500 Lead Director fee per meeting.

**DEFERRED COMPENSATION PLAN.** We maintain a Deferred Compensation Plan for directors who are not employees of our company (Directors' Deferred Compensation Plan), under which such directors are permitted to defer the cash compensation to which they are entitled for specified periods or until they cease to be directors. The deferred amounts, at the election of the director, are either: (i) credited with interest at prescribed rates; or (ii) converted into a number of stock equivalents equal to the number of shares of our company's common stock (based on the market price at the time of deferral) that could be purchased with the amount deferred. Whenever a dividend is paid on our common stock, the stock equivalent accounts are credited with an additional number of stock units corresponding to the amount of the dividend. At the end of the deferral period, the stock equivalents are settled in shares of our company's common stock, and interest-based deferrals are settled in cash. The Directors' Deferred Compensation Plan also provides for a lump-sum settlement of a director's deferred compensation account in stock or cash, as applicable, if following a Change in Control (as defined in the Directors' Deferred Compensation Plan): (i) the participating director ceases to be a member of the Board; (ii) the Directors' Deferred Compensation Plan is terminated; or (iii) our company's capital structure is changed materially. The Directors' Deferred Compensation Plan was approved by our

company's shareholders in 1993.

**DEFERRED STOCK UNITS.** Equity-based grants are awarded to our non-management directors on an annual basis. These grants represent a significant portion of their compensation package. We believe that equity grants promote a greater alignment of interests between our directors and our shareholders through increasing their ownership of our common stock. Further, we believe that equity grants support our ability to attract and retain qualified individuals to serve as directors of our company by affording them an opportunity to share in our future success.

In May 2014, 2,060 DSUs were granted to each non-management director pursuant to the Omnibus Plan, which was approved by our shareholders in 2006. These units become nonforfeitable on the third anniversary of the grant; however, payment is deferred until the director ceases to serve on the Board or

**Table of Contents**

a CIC occurs. The DSUs are an unfunded, unsecured obligation of our company, and no shares have been set aside for these grants. The non-management directors have no right to receive the DSUs until the restrictions imposed either lapse or are waived. Generally, the restrictions expire when the non-management director ceases to be a director because of retirement (age 70 or above), death, disability or a CIC. However, the Compensation Committee, subject to Board approval, may waive restrictions in the event the non-management director fails to remain a director for any reason other than retirement at the mandatory age, death or disability. During the period the shares are restricted, the non-management directors have no right to vote the shares. Dividend equivalents are credited as additional DSUs quarterly when dividends are paid on our stock. The DSUs are settled in shares of our common stock when the restrictions expire.

In prior years, grants to our directors were made under the Restricted Stock Plan for Non-employee Directors or the Deferred Stock Plan for Non-employee Directors. No further grants will be made under either of these plans.

**Table of Contents****DIRECTOR SUMMARY COMPENSATION TABLE**

The table below summarizes the compensation paid by our company to non-employee directors for the fiscal year ended December 31, 2014:

Name	Fees Earned or Paid in Cash (\$)	Stock Awards <sup>(3)</sup> (\$)	Option Awards (\$)	Incentive Plan Compensation (\$)	Change in Pension Value and Non-Equity Nonqualified Deferred Compensation (\$)	All Other Compensation <sup>(4)</sup> (\$)	Total (\$)
Elaine L. Chao <sup>(1)</sup>	0	0	0	0	0	0	0
Thomas A. Fanning <sup>(1)</sup>	0	0	0	0	0	0	0
Phillip W. Farmer	55,500	125,866	0	0	0	3,420	184,786
H. Allen Franklin	88,500	125,866	0	0	0	4,007	218,373
O.B. Grayson Hall, Jr.	75,000	125,866	0	0	0	351	201,217
Cynthia L. Hostetler	41,500	0 <sup>(2)</sup>	0	0	0	0	41,500
Douglas J. McGregor	103,500	125,866	0	0	0	3,923	233,289
Richard T. O'Brien	109,500	125,866	0	0	0	2,577	237,943
James T. Prokopanko	103,500	125,866	0	0	0	2,122	231,488
Donald B. Rice	110,000	125,866	0	0	0	6,263	242,129
Lee J. Styslinger, III	95,500	125,866	0	0	0	714	222,080
Vincent J. Trosino	97,000	125,866	0	0	0	3,420	226,286
Kathleen Wilson-Thompson	86,500	125,866	0	0	0	2,122	214,488

(1) Ms. Chao and Mr. Fanning were elected to the Board in February 2015, and therefore received no compensation in 2014.

(2) Ms. Hostetler was elected to the Board in July 2014, after the date on which stock awards were granted.

(3) This column represents the accounting expense for the awards granted in 2014; therefore, the values shown are not representative of the amounts that may eventually be realized by a director. Pursuant to the rules of the SEC, we have provided a grant date fair value for stock awards in accordance with the provisions of FASB ASC Topic 718. For DSUs, the fair value is estimated on the date of grant based on the closing market price of our stock on the grant date. At December 31, 2014, the aggregate number of restricted stock units and DSUs accumulated on account for all years of service, including dividend equivalent units, were:

## AGGREGATE ACCUMULATED RSUs AND DSUs

Name	Units
Elaine L. Chao <sup>(5)</sup>	0
Thomas A. Fanning <sup>(5)</sup>	0
Phillip W. Farmer	16,049
H. Allen Franklin	16,901
O.B. Grayson Hall, Jr.	2,066
Cynthia L. Hostetler <sup>(5)</sup>	0
Douglas J. McGregor	18,338
Richard T. O'Brien	12,206
James T. Prokopanko	10,136
Donald B. Rice	18,338
Lee J. Styslinger, III	3,722
Vincent J. Trosino	16,049
Kathleen Wilson-Thompson	10,136

(4) None of our directors received perquisites or other personal benefits in excess of \$10,000. The amounts set forth in this column represent the accounting expense for the dividend equivalents earned in 2014 by our directors for restricted stock, deferred stock and DSUs which earn dividend equivalents. Mr. Rice's amount also includes imputed income for personal use of company aircraft.

(5) Ms. Chao and Mr. Fanning were first elected to the Board in February 2015. Ms. Hostetler was elected to the Board in July 2014.

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**Table of Contents**

**GENERAL INFORMATION**

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Under Section 16(a) of the Exchange Act, each of our directors, executive officers, and any beneficial owner of more than 10% of our common stock, is required to file with the SEC initial reports of beneficial ownership of our common stock and reports of changes in beneficial ownership of our common stock. Such persons also are required by SEC regulations to furnish us with copies of all such reports. Based solely on our review of the copies of such reports furnished to us for the year ended December 31, 2014, and on the written representations made by our directors and executive officers that no other reports were required, we believe that during the year ended December 31, 2014 all reports were filed in a timely manner.

**SHAREHOLDER PROPOSALS FOR 2015**

To be eligible for consideration for inclusion in our proxy statement and form of proxy for our 2016 Annual Meeting, a shareholder's proposal must be received by us at our principal office no later than November 28, 2015. Proposals should be addressed to Jerry F. Perkins Jr., Secretary, 1200 Urban Center Drive, Birmingham, Alabama 35242. Proposals received after that date will be considered untimely and will not be eligible for inclusion in the 2016 proxy statement. If a shareholder desires to bring a matter before our Annual Meeting and the matter is submitted outside the process of Exchange Act Rule 14a-8, including with respect to nominations for election as directors, the shareholder must follow the procedures set forth in our by-laws. Our by-laws provide generally that shareholder proposals and director nominations to be considered at an Annual Meeting may be made by a shareholder only if (1) the shareholder is a shareholder of record and is entitled to vote at the meeting, and (2) the shareholder gives timely written notice of the matter to our corporate secretary. To be timely, a shareholder's notice must be received at our principal executive offices not earlier than the close of business on the 120th day and not later than the close of business on the 90th day prior to the first anniversary of the preceding year's Annual Meeting or between January 9, 2016 and February 8, 2016. However, in the event that the date of the Annual Meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the shareholder to be timely must be so delivered not earlier than the close of business on the 120th day prior to the date of such Annual Meeting and not later than the close of business on the later of the 90th day prior to the date of such Annual Meeting or, if the first public announcement of the date of such Annual Meeting is less than 100 days prior to the date of such Annual Meeting, the 10th day following the day on which public announcement of the date of such meeting is first made by our company. The notice must set forth the information required by the provisions of our by-laws dealing with shareholder proposals and nominations of directors.

**FORWARD-LOOKING STATEMENTS**

Certain matters discussed in this proxy statement, including expectations regarding future performance, contain forward-looking statements. Statements that are not historical fact, including statements about Vulcan's beliefs and expectations, are forward-looking statements. Generally, these statements relate to future financial performance, results of operations, business plans or strategies, projected or anticipated revenues, expenses, earnings (including EBITDA and other measures), dividend policy, shipment volumes, pricing, levels of capital expenditures, intended cost reductions and cost savings, anticipated profit improvements and/or planned divestitures and asset sales. These forward-looking statements are sometimes identified by the use of terms and phrases such as believe, should, would, expect, project, estimate, anticipate, intend, plan, will, can, may or similar expressions elsewhere in the proxy statement. These statements are subject to numerous risks, uncertainties, and assumptions, including but not limited to general business conditions, competitive factors, pricing, energy costs, and other risks and uncertainties discussed in the reports Vulcan periodically files with the SEC.





**Table of Contents**

Forward-looking statements are not guarantees of future performance and actual results, developments, and business decisions may vary significantly from those expressed in or implied by the forward-looking statements. The following risks related to Vulcan's business, among others, could cause actual results to differ materially from those described in the forward-looking statements: risks that Vulcan's intentions, plans and results with respect to cost reductions, profit enhancements and asset sales, as well as streamlining and other strategic actions adopted by Vulcan, will not be able to be realized to the desired degree or within the desired time period and that the results thereof will differ from those anticipated or desired; uncertainties as to the timing and valuations that may be realized or attainable with respect to intended asset sales; those associated with general economic and business conditions; the timing and amount of federal, state and local funding for infrastructure; risks that changes in Vulcan's effective tax rate may adversely impact results; risks associated with Vulcan's reliance on information technology infrastructure for its ticketing, procurement, financial statements and other processes that could adversely affect operations in the event that the infrastructure does not work as intended or experiences technical difficulties; the impact of the state of the global economy on Vulcan's business and financial condition and access to capital markets; changes in the level of spending for private residential and nonresidential construction; the highly competitive nature of the construction materials industry; the impact of future regulatory or legislative actions; the outcome of pending legal proceedings; pricing of Vulcan's 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 Vulcan; changes in interest rates; the impact of Vulcan's below investment grade debt rating on Vulcan's cost of capital; volatility in pension plan asset values which may require cash contributions to the pension plans; the impact of environmental clean-up costs and other liabilities relating to previously divested businesses; Vulcan's ability to secure and permit aggregates reserves in strategically located areas; Vulcan's ability to manage and successfully integrate acquisitions; the potential of goodwill impairment; the potential impact of future legislation or regulations relating to climate change or greenhouse gas emissions or the definition of minerals; and other assumptions, risks and uncertainties detailed from time to time in the reports filed by Vulcan with the SEC. All forward-looking statements in this communication are qualified in their entirety by this cautionary statement. Vulcan disclaims and does not undertake any obligation to update or revise any forward-looking statement in this document except as required by law. Vulcan notes that forward-looking statements made in connection with a tender offer are not subject to the safe harbors created by the Private Securities Litigation Reform Act of 1995. Vulcan is not waiving any other defenses that may be available under applicable law.

VULCAN MATERIALS COMPANY

JERRY F. PERKINS, JR.

Secretary

1200 Urban Center Drive

Birmingham, Alabama 35242

March 27, 2015



**Table of Contents****ANNEX A: RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**

Generally Accepted Accounting Principles (GAAP) does not define cash gross profit or Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA). Thus, cash gross profit and EBITDA should not be considered as alternatives to earnings measures defined by GAAP. We present these metrics for the convenience of investment professionals who use these metrics in their analyses and for shareholders who need to understand the metrics we use to assess performance. We use cash gross profit and EBITDA and other such measures to assess the operating performance of our various business units and the consolidated company. Additionally, we adjust EBITDA for certain items to provide a more consistent comparison of performance from period to period. We do not use these metrics as a measure to allocate resources. Reconciliations of these metrics to their nearest GAAP measures are presented below:

**EBITDA AND ADJUSTED EBITDA**

EBITDA is an acronym for Earnings Before Interest, Taxes, Depreciation and Amortization.

<b>in millions</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Net earnings (loss)	\$ 204.9	\$ 24.4	\$ (52.6)
Benefit from income taxes	91.7	(24.5)	(66.5)
Interest expense, net of interest income	242.4	201.7	211.9
Earnings on discontinued operations, net of taxes	2.2	(3.6)	(1.3)
Depreciation, depletion, accretion and amortization	279.5	307.1	332.0
EBITDA	\$ 820.7	\$ 505.1	\$ 423.5
Gain on sale of real estate and businesses	\$ (238.5)	\$ (36.8)	\$ (65.1)
Revenue amortized from deferred revenue	(5.0)	(2.0)	0.0
Charges associated with acquisitions or divestitures	21.2	0.0	0.0
Restructuring charges	1.3	1.5	9.5
Exchange offer costs	0.0	0.0	43.4
Adjusted EBITDA	\$ 599.7	\$ 467.8	\$ 411.3

**CASH GROSS PROFIT**

Cash gross profit adds back noncash charges for depreciation, depletion, accretion and amortization to gross profit.

<b>in millions, except per ton data</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Aggregates segment			
Gross profit	\$ 544.1	\$ 413.3	\$ 352.1
Depreciation, depletion, accretion and amortization	227.0	224.8	240.7
Aggregates segment cash gross profit	\$ 771.1	\$ 638.1	\$ 592.8
Unit shipments tons	162.4	145.9	141.0
Aggregates segment cash gross profit per ton	\$ 4.75	\$ 4.37	\$ 4.21

**Table of Contents****AGGREGATES SEGMENT GROSS PROFIT MARGIN AS A PERCENTAGE OF FREIGHT-ADJUSTED REVENUES**

We present aggregates segment gross profit margin as a percentage of freight-adjusted revenues as it is consistent with the basis by which we review our operating results. We believe that this presentation is more meaningful to investors as it excludes freight, delivery and transportation revenues, which are pass-through activities. It also excludes immaterial other revenues related to our services, such as landfill tipping fees, that are derived from our aggregates business.

<b>in millions</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Gross profit	\$ 544.1	\$ 413.3	\$ 352.1
Segment sales	\$ 2,346.4	\$ 2,025.0	\$ 1,863.9
Excluding			
Freight, delivery and transportation revenue	532.2	424.9	367.5
Other revenues	20.2	24.1	24.8
Freight-adjusted revenues	\$ 1,794.0	\$ 1,576.0	\$ 1,471.6
Gross profit as a percentage of freight-adjusted revenues	30%	26%	24%

A-2

**Table of Contents**

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

***VULCAN MATERIALS COMPANY  
1200 URBAN CENTER DR***

***VESTAVIA, AL 35242***

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS  
DETACH AND RETURN THIS PORTION ONLY

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

**The Board of Directors  
recommends you vote FOR the  
following:**

	<b>For</b>	<b>Against</b>	<b>Abstain</b>
1. Election of Directors			
01 Thomas A. Fanning	..	..	..

02	J. Thomas Hill	..	..	..
03	Cynthia L. Hostetler	..	..	..
04	Richard T. O Brien	..	..	..
05	Elaine L. Chao	..	..	..
06	Donald B. Rice	..	..	..

**The Board of Directors  
recommends you vote FOR  
proposals 2. and 3.**

	<b>For</b>	<b>Against</b>	<b>Abstain</b>
2. Proposal to approve the advisory (non-binding) resolution relating to executive compensation.	..	..	..
3. Ratification of appointment of independent registered public accounting firm.	..	..	..

**NOTE:** Such other business as may properly come before the meeting or any adjournment thereof.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature [PLEASE SIGN WITHIN BOX]

Signature (Joint Owners) \_\_\_\_\_ Date \_\_\_\_\_

**Table of Contents**

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:** The Annual Report, Notice & Proxy Statement is/ are available at [www.proxyvote.com](http://www.proxyvote.com).

**VULCAN MATERIALS COMPANY  
Annual Meeting of Shareholders**

**May 8, 2015**

**This proxy is solicited by the Board of Directors**

The undersigned hereby appoints Douglas J. McGregor, James T. Prokopanko and Vincent J. Trosino, each of them, with power to act without the other and with power of substitution, as proxies and attorneys-in-fact and hereby authorizes them to represent and vote, as provided on the other side, all the shares of Vulcan Materials Company common stock which the undersigned is entitled to vote, and, in their discretion, to vote upon such other business as may properly come before the 2015 Annual meeting of Shareholders of the company to be held Friday, May 8, 2015 or at any adjournment or postponement thereof, with all powers which the undersigned would possess if present at the Annual Meeting.

**Continued and to be signed on reverse side**