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

FORM 10-Q

(Mark One)

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

For the quarterly period ended **March 31, 2024**

OR

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

For the transition period from to

Commission File Number **001-33841**

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VULCAN MATERIALS COMPANY

(Exact name of registrant as specified in its charter)

New Jersey (State or other jurisdiction of incorporation)	**20-8579133** (I.R.S. Employer Identification No.)
1200 Urban Center Drive, Birmingham, Alabama (Address of principal executive offices)	**35242** (zip code)

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o

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

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

Large accelerated filer	þ	Accelerated filer	o	Smaller reporting company	o
Non-accelerated filer	o			Emerging growth company	o

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

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

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

Class	Shares outstanding at April 22, 2024
Common Stock, $1 Par Value	132,252,263

VULCAN MATERIALS COMPANY

FORM 10-Q
QUARTER ENDED MARCH 31, 2024

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

VULCAN MATERIALS COMPANY AND SUBSIDIARY COMPANIES

CONDENSED CONSOLIDATED BALANCE SHEETS

Unaudited

in millions	March 31 2024	December 31 2023	March 31 2023
Assets			
Cash and cash equivalents	$ 292.4	$ 931.1	$ 139.6
Restricted cash	7.7	18.1	0.4
Accounts and notes receivable, gross	900.4	903.3	988.1
Allowance for credit losses	(14.3)	(13.6)	(13.1)
Accounts and notes receivable, net	886.1	889.7	975.0
Inventories	647.2	615.6	585.6
Other current assets	74.2	70.4	91.9
Total current assets	1,907.6	2,524.9	1,792.5
Investments and long-term receivables	31.4	31.3	31.3
Property, plant & equipment, cost	11,949.3	11,835.5	11,413.5
Allowances for depreciation, depletion & amortization	(5,740.0)	(5,617.8)	(5,368.6)
Property, plant & equipment, net	6,209.3	6,217.7	6,044.9
Operating lease right-of-use assets, net	512.4	511.7	569.5
Goodwill	3,531.7	3,531.7	3,689.6
Other intangible assets, net	1,445.8	1,460.7	1,679.2
Other noncurrent assets	272.7	267.7	269.9
Total assets	$ 13,910.9	$ 14,545.7	$ 14,076.9
Liabilities			
Current maturities of long-term debt	0.5	0.5	0.5
Trade payables and accruals	320.9	390.4	370.3
Other current liabilities	374.8	406.7	386.1
Total current liabilities	696.2	797.6	756.9
Long-term debt	3,330.7	3,877.3	3,876.9
Deferred income taxes, net	1,027.3	1,028.9	1,060.1
Deferred revenue	143.6	145.3	157.8
Noncurrent operating lease liabilities	508.2	507.4	545.9
Other noncurrent liabilities	688.3	681.3	668.6
Total liabilities	$ 6,394.3	$ 7,037.8	$ 7,066.2
Other commitments and contingencies (Note 8)			
Equity			
Common stock, $1 par value, Authorized 480.0 shares, Outstanding 132.3, 132.1 and 133.1 shares, respectively	132.3	132.1	133.1
Capital in excess of par value	2,865.0	2,880.1	2,832.9
Retained earnings	4,636.7	4,615.0	4,174.0
Accumulated other comprehensive loss	(142.1)	(143.8)	(153.1)
Total shareholders' equity	7,491.9	7,483.4	6,986.9
Noncontrolling interest	24.7	24.5	23.8
Total equity	$ 7,516.6	$ 7,507.9	$ 7,010.7
Total liabilities and equity	$ 13,910.9	$ 14,545.7	$ 14,076.9

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

VULCAN MATERIALS COMPANY AND SUBSIDIARY COMPANIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Unaudited in millions, except per share data	Three Months Ended March 31 2024	 2023
Total revenues	$ 1,545.7	$ 1,649.0
Cost of revenues	(1,240.8)	(1,347.0)
Gross profit	304.9	302.0
Selling, administrative and general expenses	(129.7)	(117.3)
Gain on sale of property, plant & equipment and businesses	0.6	1.7
Other operating income (expense), net	(2.9)	0.8
Operating earnings	172.9	187.2
Other nonoperating income (expense), net	(0.3)	1.4
Interest expense, net	(39.1)	(49.0)
Earnings from continuing operations before income taxes	133.5	139.6
Income tax expense	(28.9)	(16.6)
Earnings from continuing operations	104.6	123.0
Loss on discontinued operations, net of tax	(1.7)	(2.1)
Net earnings	102.9	120.9
Earnings attributable to noncontrolling interest	(0.2)	(0.2)
Net earnings attributable to Vulcan	$ 102.7	$ 120.7
Other comprehensive income, net of tax		
Amortization of prior cash flow hedge loss	0.4	0.4
Amortization of actuarial loss and prior service cost for benefit plans	1.3	1.3
Other comprehensive income	1.7	1.7
Comprehensive income	104.6	122.6
Comprehensive earnings attributable to noncontrolling interest	(0.2)	(0.2)
Comprehensive income attributable to Vulcan	$ 104.4	$ 122.4
Basic earnings (loss) per share attributable to Vulcan		
Continuing operations	$ 0.79	$ 0.92
Discontinued operations	(0.01)	(0.01)
Net earnings	$ 0.78	$ 0.91
Diluted earnings (loss) per share attributable to Vulcan		
Continuing operations	$ 0.78	$ 0.92
Discontinued operations	(0.01)	(0.02)
Net earnings	$ 0.77	$ 0.90
Weighted-average common shares outstanding		
Basic	132.4	133.2
Assuming dilution	133.1	133.7
Effective tax rate from continuing operations	21.6 %	11.9 %

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

VULCAN MATERIALS COMPANY AND SUBSIDIARY COMPANIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited in millions	Three Months Ended March 31 2024	2023
Operating Activities		
Net earnings	$ 102.9	$ 120.9
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation, depletion, accretion and amortization	150.9	148.4
Noncash operating lease expense	12.9	13.6
Net gain on sale of property, plant & equipment and businesses	(0.6)	(1.7)
Contributions to pension plans	(1.7)	(1.9)
Share-based compensation expense	9.1	8.2
Deferred income taxes, net	(2.1)	(13.3)
Changes in assets and liabilities before initial effects of business acquisitions and dispositions	(102.2)	(55.2)
Other, net	4.2	2.3
Net cash provided by operating activities	$ 173.4	$ 221.3
Investing Activities		
Purchases of property, plant & equipment	(152.8)	(193.6)
Proceeds from sale of property, plant & equipment	1.4	1.4
Proceeds from sale of businesses	0.0	130.0
Payment for businesses acquired, net of acquired cash and adjustments	(12.3)	0.5
Other, net	(0.1)	0.0
Net cash used for investing activities	$ (163.8)	$ (61.7)
Financing Activities		
Proceeds from short-term debt	0.0	28.0
Payment of short-term debt	0.0	(128.0)
Payment of current maturities and long-term debt	(550.4)	(550.4)
Proceeds from issuance of long-term debt	0.0	550.0
Debt issuance and exchange costs	0.0	(3.4)
Payment of finance leases	(3.6)	(5.8)
Purchases of common stock	(18.8)	0.0
Dividends paid	(62.0)	(57.2)
Share-based compensation, shares withheld for taxes	(23.8)	(14.3)
Other, net	(0.1)	0.0
Net cash used for financing activities	$ (658.7)	$ (181.1)
Net decrease in cash and cash equivalents and restricted cash	(649.1)	(21.5)
Cash and cash equivalents and restricted cash at beginning of year	949.2	161.5
Cash and cash equivalents and restricted cash at end of period	$ 300.1	$ 140.0

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

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

We operate primarily in the United States, and our principal product — aggregates — is used in most types of public and private construction projects and in the production of asphalt mix and ready-mixed concrete. We serve aggregates markets in twenty-three states, the U.S. Virgin Islands, Washington D.C., and the local markets surrounding our operations in Freeport, Bahamas; British Columbia, Canada; Puerto Cortés, Honduras; and Quintana Roo, Mexico (see Note 8, NAFTA Arbitration). Our primary focus is serving metropolitan markets in the United States that are expected to experience the most significant growth in population, households and employment. These three demographic factors are significant drivers of demand for aggregates. While aggregates is our focus and primary business, we produce and sell aggregates-intensive asphalt mix and/or ready-mixed concrete products in our Alabama, Arizona, California, Maryland, New Mexico, Tennessee, Texas, Virginia, U.S. Virgin Islands and Washington D.C. markets.

BASIS OF PRESENTATION

Our accompanying unaudited condensed consolidated financial statements were prepared in compliance with the instructions to Form 10-Q and Article 10 of Regulation S-X and thus do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America (GAAP) for complete financial statements. We prepared the accompanying condensed consolidated financial statements on the same basis as our annual financial statements, except for the adoption of new accounting standards, if any, as described in Note 17. Our Condensed Consolidated Balance Sheet as of December 31, 2023 was derived from the audited financial statement, but it does not include all disclosures required by GAAP. In the opinion of our management, the statements reflect all adjustments, including those of a normal recurring nature, necessary to present fairly the results of the reported interim periods. For further information, refer to the consolidated financial statements and footnotes included in our most recent Annual Report on Form 10-K.

Operating results for the three month period ended March 31, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024.

Our condensed consolidated financial statements reflect estimates and assumptions made by management that affect the reported amounts of assets, liabilities, revenues and expenses. The most significant estimates and assumptions included in the preparation of these financial statements are related to goodwill and long-lived asset impairments, business combinations and purchase price allocation, pension and other postretirement benefits, environmental compliance, claims and litigation including self-insurance, and income taxes (refer to the Critical Accounting Policies included in Item 7 of our most recent Annual Report on Form 10-K). Events that relate to conditions arising after March 31, 2024 will be reflected in management’s estimates for future periods.

NONCONTROLLING INTEREST

We own an 88% controlling interest in the Orca Sand and Gravel Limited Partnership (Orca) which was formed to develop the Orca quarry in British Columbia, Canada. The remaining 12% noncontrolling interest is held by the Namgis First Nation (Namgis). This noncontrolling interest consists of the Namgis’ share of the fair value equity in the partnership. Our condensed consolidated financial statements recognize the full fair value of all of the subsidiary’s assets and liabilities offset by the noncontrolling interest in total equity.

RESTRICTED CASH

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

INVENTORIES

Inventories and supplies are stated at the lower of cost or net realizable value. Inventories are as follows:

in millions	March 31 2024	December 31 2023	March 31 2023
Finished products	$ 512.7	$ 494.4	$ 437.8
Raw materials	58.7	51.2	70.6
Products in process	6.8	6.5	6.2
Operating supplies and other	69.0	63.5	71.0
Total inventories	$ 647.2	$ 615.6	$ 585.6

DISCONTINUED OPERATIONS

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

	Three Months Ended March 31	
in millions	2024	2023
Pretax loss	$ (2.3)	$ (2.9)
Income tax benefit	0.6	0.8
Loss on discontinued operations, net of tax	$ (1.7)	$ (2.1)

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

EARNINGS PER SHARE (EPS)

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

	Three Months Ended March 31	
in millions	2024	2023
Weighted-average common shares outstanding	132.4	133.2
Dilutive effect of		
Stock-Only Stock Appreciation Rights	0.2	0.2
Other stock compensation awards	0.5	0.3
Weighted-average common shares outstanding, assuming dilution	133.1	133.7

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

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

	Three Months Ended March 31	
in millions	2024	2023
Antidilutive common stock equivalents	0.1	0.1

RECLASSIFICATIONS

As a result of a first quarter 2024 change in our internal management reporting structure, prior period segment information has been revised to conform to our current segment reporting structure. This change had no impact on our prior consolidated results of operations, financial position or cash flows (refer to Note 13 for further information).

NOTE 2: LEASES

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

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

in millions	Classification on the Balance Sheet		March 31 2024		December 31 2023		March 31 2023
Assets							
Operating lease ROU assets		$	641.8	$	636.1	$	669.6
Accumulated amortization			(129.4)		(124.4)		(100.1)
Operating leases, net	Operating lease right-of-use assets, net		512.4		511.7		569.5
Finance lease ROU assets			60.4		62.3		91.6
Accumulated depreciation			(21.5)		(20.2)		(16.6)
Finance leases, net	Property, plant & equipment, net		38.9		42.1		75.0
Total lease assets		$	551.3	$	553.8	$	644.5
Liabilities							
Current							
Operating	Other current liabilities	$	47.3	$	47.3	$	48.6
Finance	Other current liabilities		11.7		12.5		21.3
Noncurrent							
Operating	Noncurrent operating lease liabilities		508.2		507.4		545.9
Finance	Other noncurrent liabilities		14.6		16.6		30.5
Total lease liabilities		$	581.8	$	583.8	$	646.3
Lease Term and Discount Rate							
Weighted-average remaining lease term (years)							
Operating leases			19.4		19.5		19.6
Finance leases			2.5		2.5		2.8
Weighted-average discount rate							
Operating leases			4.4 %		4.3 %		4.0 %
Finance leases			2.6 %		2.4 %		1.9 %

The decreases from March 31, 2023 in total lease assets and liabilities presented above primarily relate to the November 2023 sale of concrete operations in Texas (see Note 16 for additional information). Our lease agreements do not contain material residual value guarantees, restrictive covenants or early termination options. In addition to the lease assets and liabilities presented in the table above, we entered into an agreement to lease a terminal in California and expect to have all permits in place associated with all lease commencement options by the middle of 2024.

The components of lease expense are as follows:

	Three Months Ended March 31	
in millions	2024	2023
Finance lease cost		
Depreciation of right-of-use assets	$ 2.5	$ 3.4
Interest on lease liabilities	0.2	0.2
Operating lease cost	18.8	19.4
Short-term lease cost [1]	11.1	11.7
Variable lease cost	5.3	5.1
Sublease income	(0.8)	(0.8)
Total lease expense	$ 37.1	$ 39.0

[1] Includes the cost of leases with an initial term of one year or less (including those with terms of one month or less).

Cash paid for operating leases was $18.4 million and $18.3 million for the three months ended March 31, 2024 and 2023, respectively. Cash paid for finance leases (principal and interest) was $3.7 million and $6.1 million for the three months ended March 31, 2024 and 2023, respectively.

NOTE 3: INCOME TAXES

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

In the first quarter of 2024, we recorded income tax expense from continuing operations of $28.9 million compared to $16.6 million in the first quarter of 2023. The increase in tax expense was primarily due to a discrete tax benefit recognized in the first quarter of 2023 related to a 2022 business disposition.

In August 2022, the Inflation Reduction Act (IRA) was signed into law, effective for tax years beginning on or after January 1, 2023. The IRA introduced a corporate alternative minimum tax (CAMT) of 15% applicable to corporations with adjusted financial statement income in excess of $1 billion, as well as certain climate-related tax provisions. We were not subject to CAMT in 2023 and do not anticipate being subject to CAMT in 2024.

As discussed in Note 8, in May 2022, Mexican government officials unexpectedly and arbitrarily shut down our Calica operations in Mexico. In 2023, Calica had deferred tax assets (including net operating losses) of $27.4 million against which we have a full valuation allowance recorded. In 2024, we project a $6.7 million increase in deferred tax assets against which a valuation allowance was recorded as a component of the EAETR in the first three months of 2024. A majority of the deferred tax assets relate to a net operating loss (NOL) carryforward which would expire between 2032 and 2034 if not utilized. Should the Mexican government lift the shutdown and/or if we are successful in our North American Free Trade Agreement (NAFTA) claim, we will reevaluate the need for a valuation allowance against the deferred tax assets.

We project Alabama NOL carryforward deferred tax assets at December 31, 2024 of $68.4 million against which we have a valuation allowance of $48.2 million. Almost all of the Alabama NOL carryforward would expire between 2024 and 2029 if not utilized.

A summary of our deferred tax assets and liabilities is included in Note 9 “Income Taxes” in our Annual Report on Form 10-K for the year ended December 31, 2023.

NOTE 4: REVENUES

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

Our segment total revenues by geographic market for the three month periods ended March 31, 2024 and 2023 are disaggregated as follows (the decrease in Gulf Coast market concrete revenues is primarily attributable to the sale of concrete operations in Texas in November 2023; see Note 16 for additional information):

	Three Months Ended March 31, 2024			
in millions	Aggregates	Asphalt	Concrete	Total
Total Revenues by Geographic Market [1]				
East	$ 339.0	$ 22.7	$ 75.9	$ 437.6
Gulf Coast	756.3	42.5	2.1	800.9
West	196.0	121.0	70.3	387.3
Segment sales	$ 1,291.3	$ 186.2	$ 148.3	$ 1,625.8
Intersegment sales	(80.1)	0.0	0.0	(80.1)
Total revenues	$ 1,211.2	$ 186.2	$ 148.3	$ 1,545.7

	Three Months Ended March 31, 2023			
in millions	Aggregates	Asphalt	Concrete	Total
Total Revenues by Geographic Market [1]				
East	$ 343.2	$ 21.8	$ 87.8	$ 452.8
Gulf Coast	789.1	46.2	136.2	971.5
West	164.3	101.8	61.1	327.2
Segment sales	$ 1,296.6	$ 169.8	$ 285.1	$ 1,751.5
Intersegment sales	(102.5)	0.0	0.0	(102.5)
Total revenues	$ 1,194.1	$ 169.8	$ 285.1	$ 1,649.0

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

East market - Arkansas, Delaware, Illinois, Kentucky, Maryland, New Jersey, New York, North Carolina, Pennsylvania, Tennessee, Virginia and Washington D.C.

Gulf Coast market - Alabama, Florida, Georgia, Louisiana, Mississippi, Oklahoma, South Carolina, Texas, U.S. Virgin Islands, Freeport (Bahamas), Puerto Cortés (Honduras) and Quintana Roo (Mexico)

West market - Arizona, California, Hawaii, New Mexico and British Columbia (Canada)

Total revenues are primarily derived from our product sales of aggregates (crushed stone, sand and gravel, sand and other aggregates), asphalt mix and ready-mixed concrete, and include freight & delivery costs that we pass along to our customers to deliver these products. We also generate service revenues from our asphalt construction paving business and service revenues related to our aggregates business, such as landfill tipping fees. Our total service revenues were $36.5 million (2.4% of total revenues) and $35.0 million (2.1% of total revenues) for the three months ended March 31, 2024 and 2023, respectively.

Our products typically are sold to private industry and not directly to governmental entities. Although approximately 40% to 55% of our aggregates shipments have historically been used in publicly funded construction (such as highways, airports and government buildings), a relatively small portion of our sales are made directly to federal, state, county or municipal governments/agencies. Therefore, although reductions in state and federal funding can curtail publicly funded construction, the vast majority of our business is not directly subject to renegotiation of profits or termination of contracts with local, state or federal governments.

PRODUCT REVENUES

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

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

Freight & delivery revenues are as follows:

	Three Months Ended March 31	
in millions	2024	2023
Total revenues	$ 1,545.7	$ 1,649.0
Freight & delivery revenues [1]	(221.8)	(226.0)
Total revenues excluding freight & delivery	$ 1,323.9	$ 1,423.0

[1] Includes freight & delivery to remote distribution sites.

CONSTRUCTION PAVING SERVICE REVENUES

Revenue from our asphalt construction paving business is recognized over time using the percentage-of-completion method under the cost approach. The percentage of completion is determined by costs incurred to date as a percentage of total costs estimated for the project. Under this approach, recognized contract revenue equals the total estimated contract revenue multiplied by the percentage of completion. Future revenues from unsatisfied performance obligations (including contracts with an expected duration of 1 year or less) at March 31, 2024 and 2023 were $158.6 million and $126.2 million, respectively. The remaining period to complete the obligations at March 31, 2024 ranged from 1 month to 42 months.

Our construction contracts are unit priced, and an account receivable is recorded for amounts invoiced based on actual units produced. Contract assets for estimated earnings in excess of billings, contract assets related to retainage provisions and contract liabilities for billings in excess of costs are immaterial. Variable consideration in our construction paving contracts is immaterial and consists of incentives and penalties based on the quality of work performed. Our construction paving contracts may contain warranty provisions covering defects in equipment, materials, design or workmanship that generally run from nine months to one year after project completion. Due to the nature of our construction paving projects, including contract owner inspections of the work during construction and prior to acceptance, we have not experienced material warranty costs for these short-term warranties.

VOLUMETRIC PRODUCTION PAYMENT DEFERRED REVENUES

In 2013 and 2012, we sold a percentage interest in certain future aggregates production for net cash proceeds of $226.9 million. These transactions, structured as volumetric production payments (VPPs):

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

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

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

Changes in our deferred revenue balances (current and noncurrent) are as follows:

	Three Months Ended March 31	
in millions	2024	2023
Deferred revenue balance at beginning of period	$ 152.8	$ 161.8
Revenue recognized from deferred revenue	(1.7)	(2.0)
Deferred revenue balance at end of period	$ 151.1	$ 159.8

Based on expected sales from the specified quarries, we expect to recognize $7.5 million of VPP deferred revenue as income during the twelve-month period ending March 31, 2025 (reflected in other current liabilities in our March 31, 2024 Condensed Consolidated Balance Sheet).

NOTE 5: FAIR VALUE MEASUREMENTS

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

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

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

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

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

in millions	March 31 2024	December 31 2023	March 31 2023
Level 1 Fair Value			
Rabbi Trust			
Mutual funds	$ 31.1	$ 31.7	$ 28.3
Total	$ 31.1	$ 31.7	$ 28.3
Level 2 Fair Value			
Interest rate swaps	$ 0.0	$ (0.3)	$ 3.0
Rabbi Trust			
Money market mutual fund	0.8	0.5	0.4
Total	$ 0.8	$ 0.2	$ 3.4

We have two Rabbi Trusts for the purpose of providing a level of security for the employee nonqualified retirement and deferred compensation plans and for the directors' nonqualified deferred compensation plans. The fair values of these investments are estimated using a market approach. The Level 1 investments include mutual funds for which quoted prices in active markets are available. Level 2 investments are stated at estimated fair value based on the underlying investments in the fund (high-quality, short-term, U.S. dollar-denominated money market instruments).

Net gains of the Rabbi Trusts’ investments were $2.4 million and $1.1 million for the three months ended March 31, 2024 and 2023, respectively. The portions of the net gains related to investments still held by the Rabbi Trusts at March 31, 2024 and 2023 were $2.3 million and $1.3 million, respectively.

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

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

NOTE 6: DERIVATIVE INSTRUMENTS

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

In March 2023, we issued $550.0 million of 5.80% fixed-rate debt maturing in March 2026. Concurrently, we entered into fixed-to-floating interest rate swap agreements designated as fair value hedges in the amount of $550.0 million. Under these swap agreements, we received a fixed interest rate of 5.80% (matches the fixed rate we paid on the $550.0 million of debt) and paid daily compound Secured Overnight Financing Rate (SOFR) plus 0.241%. These swap agreements terminated in March 2024, coinciding with the redemption of the debt.

The changes in the fair value of these swaps designated as fair value hedges were recorded in interest expense and were perfectly offset by changes in the fair value of the related debt also recorded in interest expense. These swaps were recognized at fair value in the accompanying Condensed Consolidated Balance Sheets as follows:

in millions	Balance Sheet Location	March 31 2024	December 31 2023	March 31 2023
Fair Value Hedges [1]				
Interest rate swaps	Other current/noncurrent assets	$ 0.0	$ 3.9	$ 3.8
Interest rate swaps	Other current/noncurrent liabilities	0.0	(4.2)	(0.8)
Interest rate swaps net asset (liability)		$ 0.0	$ (0.3)	$ 3.0

1 See Note 5 for further discussion of fair value determination.

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

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

		Three Months Ended March 31	
in millions	Income Statement Location	2024	2023
Cash Flow Hedges			
Loss reclassified from AOCI	Interest expense	$ (0.5)	$ (0.5)

For the twelve-month period ending March 31, 2025, we estimate that $2.3 million of the $19.0 million net of tax loss in AOCI will be reclassified to interest expense.

NOTE 7: DEBT

Debt is detailed as follows:

in millions	Effective Interest Rates	March 31 2024	December 31 2023	March 31 2023
Bank line of credit expires 2027 [1]		$ 0.0	$ 0.0	$ 0.0
Commercial paper expires 2027 [1]		0.0	0.0	0.0
Total short-term debt		$ 0.0	$ 0.0	$ 0.0
Bank line of credit expires 2027 [1]		$ 0.0	$ 0.0	$ 0.0
Commercial paper expires 2027 [1]		550.0	550.0	550.0
4.50% notes due 2025	4.65%	400.0	400.0	400.0
5.80% notes due 2026		0.0	550.0	550.0
3.90% notes due 2027	4.00%	400.0	400.0	400.0
3.50% notes due 2030	3.94%	750.0	750.0	750.0
7.15% notes due 2037	8.05%	129.2	129.2	129.2
4.50% notes due 2047	4.59%	700.0	700.0	700.0
4.70% notes due 2048	5.42%	460.9	460.9	460.9
Other notes	0.47%	1.0	1.4	1.5
Total long-term debt - face value		$ 3,391.1	$ 3,941.5	$ 3,941.6
Unamortized discounts and debt issuance costs		(59.9)	(63.4)	(67.2)
Fair value adjustments [2]		0.0	(0.3)	3.0
Total long-term debt - book value		$ 3,331.2	$ 3,877.8	$ 3,877.4
Less current maturities		(0.5)	(0.5)	(0.5)
Total long-term debt - reported value		$ 3,330.7	$ 3,877.3	$ 3,876.9
Estimated fair value of long-term debt		$ 3,205.2	$ 3,798.0	$ 3,770.2

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

[2] See Note 6 for additional information on our fair value hedging strategy.

Discounts and debt issuance costs are amortized using the effective interest method over the terms of the respective notes resulting in $3.5 million and $2.5 million of net interest expense for these items for the three months ended March 31, 2024 and 2023, respectively.

DELAYED DRAW TERM LOAN, LINE OF CREDIT AND COMMERCIAL PAPER PROGRAM

In June 2021, we entered into a $1,600.0 million unsecured delayed draw term loan which was fully drawn in August 2021 upon the acquisition of U.S. Concrete. The delayed draw term loan was paid down to $1,100.0 million in September 2021 with cash on hand, paid down to $550.0 million in August 2022 using the proceeds from the issuance of commercial paper as described below and fully repaid in March 2023 using proceeds from the issuance of 5.80% senior notes as described below.

In 2022, we established a $1,600.0 million commercial paper program through which we borrowed $550.0 million that was used to partially repay the delayed draw term loan. Commercial paper borrowings bear interest at rates determined at the time of borrowing and as agreed between us and the commercial paper investors.

Our $1,600.0 million unsecured line of credit matures in August 2027 and contains covenants customary for an unsecured investment-grade facility. As of March 31, 2024, we were in compliance with the covenants. Borrowings on the line of credit bear interest, at our option, at either SOFR plus a margin or Truist Bank’s base rate plus a margin. The margins are determined by our credit ratings. Standby letters of credit, which are issued under the line of credit and reduce availability, are charged a fee equal to the margin for SOFR borrowings plus 0.175%. We also pay a commitment fee on the daily average unused amount of the line of credit that ranges from 0.090% to 0.225% determined by our credit ratings. As of March 31, 2024, the margin for SOFR borrowings was 1.125%, the margin for base rate borrowings was 0.125% and the commitment fee for the unused amount was 0.100%.

As of March 31, 2024, our available borrowing capacity under the line of credit was $1,510.8 million. Utilization of the borrowing capacity was as follows:

- None was borrowed
- $89.2 million was used to support standby letters of credit

TERM DEBT

All of our $3,391.1 million (face value) of term debt (which includes the $550.0 million commercial paper) is unsecured. All of the covenants in the debt agreements are customary for investment-grade facilities. As of March 31, 2024, we were in compliance with all term debt covenants.

In March 2023, we issued $550.0 million of 5.80% senior notes due 2026. Total proceeds of $546.6 million (net of discounts and transaction costs), together with cash on hand, were used to repay the $550.0 million delayed draw term loan. We redeemed these notes at par in March 2024 using cash on hand and recognized noncash expense of $2.3 million with the acceleration of unamortized deferred debt issuance costs.

STANDBY LETTERS OF CREDIT

We provide, in the normal course of business, certain third-party beneficiaries with standby letters of credit to support our obligations to pay or perform according to the requirements of an underlying agreement. Such letters of credit typically have an initial term of one year, renew automatically and can only be modified or canceled with the approval of the beneficiary. Our standby letters of credit are issued by banks that participate in our $1,600.0 million line of credit and reduce the borrowing capacity thereunder. Our standby letters of credit as of March 31, 2024 are summarized by purpose in the table below:

in millions		
Risk management insurance	$	80.5
Reclamation/restoration requirements		8.7
Total	$	89.2

NOTE 8: COMMITMENTS AND CONTINGENCIES

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

As stated in Note 2, our lease liabilities totaled $581.8 million as of March 31, 2024.

As summarized by purpose in Note 7, our standby letters of credit totaled $89.2 million as of March 31, 2024.

As described in Note 9, our asset retirement obligations totaled $325.7 million as of March 31, 2024.

LITIGATION AND ENVIRONMENTAL MATTERS

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

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

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

in millions	March 31 2024	December 31 2023	March 31 2023
Accrued Environmental Remediation Costs			
Continuing operations	$ 33.2	$ 32.6	$ 28.5
Retained from former Chemicals business	8.3	8.3	8.3
Total	$ 41.5	$ 40.9	$ 36.8

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

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

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

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

In August 2017, the EPA informed certain members of the CPG, including Vulcan and others, that it planned to use the services of a third-party allocator with the expectation of offering cash-out settlements to some parties in connection with the bank-to-bank remedy identified in the ROD. This voluntary allocation process established an impartial third-party expert recommendation for use by the government and the participants as the basis of possible settlements, including settlements related to future remediation actions. The final allocation recommendations, which are subject to confidentiality provisions, were submitted to the EPA for its review and consideration in late December 2020. Certain PRPs, including Vulcan, thereafter received a joint confidential settlement demand from the EPA/Department of Justice (DOJ). Vulcan and certain of the other PRPs that received the joint confidential settlement demand (the Settling Defendants) reached an agreement to settle with the EPA/DOJ and negotiated a Consent Decree. The Consent Decree has been lodged with the court. Vulcan's portion of the settlement is within the immaterial loss recorded for this matter in 2015.

In July 2018, Vulcan, along with more than 100 other defendants, was sued by Occidental in United States District Court for the District of New Jersey, Newark Vicinage. Occidental is seeking cost recovery and contribution under CERCLA for costs related to the River. This lawsuit is currently stayed pending adjudication of the Consent Decree. In another related proceeding, Occidental filed a lawsuit in March 2023 against Vulcan and 39 other defendants in United States District Court for the District of New Jersey, Newark Vicinage seeking cost recovery and contribution under CERCLA for costs related to the upper 9 miles of the River. It is unknown at this time how the settlement and approval of the Consent Decree with the EPA/DOJ would affect the Occidental lawsuits.

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

In these lawsuits, the main plaintiffs sued numerous defendants, including Texas Brine, Occidental and Vulcan, alleging various damages including, but not limited to, property damages; a claim by the State of Louisiana for response costs and civil penalties; physical damages to oil and gas pipelines and storage facilities (pipelines); and business interruption losses. All such claims have been settled except for the claims by the State of Louisiana. Our insurers to date have funded these settlements in excess of our self-insured retention amount.

Additionally, Texas Brine, Occidental and Vulcan sued each other in various state and federal court forums. Vulcan and Occidental have since dismissed all of their claims against one another; Texas Brine's and Occidental's claims against each other are pending in arbitration; and Texas Brine's and Vulcan's claims against each other are pending in state and federal court. In general, Texas Brine alleges that the sinkhole was caused, in whole or in part, by our negligent or fraudulent actions or failure to act; that we breached the salt lease with Occidental, as well as an operating agreement and related contracts with Texas Brine; that we were strictly liable for certain property damages in our capacity as a former lessee of the salt lease; and that we violated the agreement under which we sold our Chemicals Division to Occidental. Texas Brine's claims against Vulcan include claims for past and future response costs, lost profits and investment costs, indemnity payments, attorneys' fees, other litigation costs, and judicial interests. Texas Brine also recently filed a lawsuit against Vulcan seeking indemnity for potential exposure Texas Brine may have to Occidental in the related arbitration, the State of Louisiana, and for ongoing and future Louisiana regulatory matters. In August 2022, we removed the lawsuit to federal court.

The state court held a joint bench trial (judge only) in 2017 in three cases brought by pipeline companies claiming damages to their facilities as a result of the sinkhole. This “Phase 1” trial was limited in scope to comparative fault and liability for causing the sinkhole. In December 2017, the trial court issued a ruling allocating fault as follows: Occidental 50%, Texas Brine (and its wholly-owned subsidiary) 35% and Vulcan 15%. In December 2020, the Louisiana Court of Appeal, First Circuit reversed the judgment in part in one of the three jointly tried cases, allocating 55% of the fault to Texas Brine (and its wholly-owned subsidiary); 30% to Occidental; and affirming the 15% fault allocation to Vulcan. In May 2021 and April 2022, the Court of Appeal issued judgments in the other two pipeline cases, adopting the same fault allocation. The Louisiana Supreme Court has declined to review the judgments, resulting in final judgments regarding fault allocations in those matters.

In the second quarter of 2022, we recorded an immaterial loss related to the claims brought by Texas Brine. In August 2022, Vulcan and Texas Brine commenced a joint “Phase 2” bench trial in the same three pipeline cases where fault was allocated. Prior to trial, the trial court granted various motions by Vulcan seeking dismissal of Texas Brine’s contract-based claims and hundreds of millions of dollars in alleged damages. Thus, the Phase 2 trial addressed the claims that remained pending between Texas Brine and Vulcan after that motion practice. During the Phase 2 trial, Texas Brine and Vulcan reached a negotiated joint stipulation as to the amount of Texas Brine’s damages for its surviving tort claims at issue in the trial. After applying Vulcan’s 15% fault allocation, Vulcan’s stipulated financial responsibility for the damages at issue in the trial is within the immaterial loss recorded during the second quarter of 2022. In December 2022, the trial court entered a judgment in the pipeline cases reflecting this stipulation. Texas Brine moved to assess all trial costs against Vulcan. Texas Brine and Vulcan thereafter reached a settlement, wherein Vulcan agreed to pay a portion of Texas Brine's trial costs, the amount of which was within the remaining immaterial loss recorded in the second quarter of 2022.

The December 2022 Phase 2 judgment did not address numerous of Texas Brine’s claims seeking hundreds of millions of dollars in damages that were dismissed prior to trial. Texas Brine has appealed those judgments. We cannot at this time reasonably estimate the range of liability, if any, that could result if an appellate court reverses any of the trial court’s decisions. At this time, we also cannot reasonably estimate a range of liability pertaining to the claims brought by the State of Louisiana.

- NEW YORK WATER DISTRICT CASES AND NEW JERSEY NATURAL RESOURCE DAMAGES CASE (DISCONTINUED OPERATIONS) — During the operation of our former Chemicals Division, which was divested to Occidental in 2005, Vulcan manufactured a chlorinated solvent known as 1,1,1-trichloroethane (TCA). We are a defendant in 29 cases allegedly involving TCA. We are a defendant in 28 cases brought by New York water providers, and in one case brought by the State of New Jersey, all involving TCA stabilized with 1,4-dioxane. The cases in New York are filed in the United States District Court for the Eastern District of New York. According to the various complaints, the plaintiff-water providers serve customers in a number of New York counties (Nassau, Suffolk, Orange, Putnam, Sullivan, Ulster, Washington and Westchester) and seek unspecified compensatory damages associated with the remediation of water wells allegedly contaminated with 1,4-dioxane. They are also seeking punitive damages. The New Jersey case, filed in state court in Mercer County (Trenton) in March 2023, seeks recovery for the entire State of New Jersey based on alleged damages to surface water, ground water and other natural resources. In the New Jersey case, the plaintiff seeks unspecified compensatory damages to restore the allegedly contaminated natural resources to a condition with zero 1,4-dioxane. The plaintiff also seeks disgorgement of profits from the sale of TCA in New Jersey, as well as penalties and attorneys' fees under various New Jersey statutes. We will vigorously defend these cases on substantive and procedural grounds. At this time, we cannot determine the likelihood of loss, or reasonably estimate a range of loss, if any, pertaining to the above-referenced cases.
- HEWITT LANDFILL MATTER (SUPERFUND SITE) — In September 2015, the Los Angeles Regional Water Quality Control Board (RWQCB) issued a Cleanup and Abatement Order directing Calmat Co., a Vulcan subsidiary (hereinafter "Vulcan") to assess, monitor, cleanup, and abate wastes that have been discharged to soil, soil vapor, and/or groundwater at the former Hewitt Landfill in Los Angeles.

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

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

  The EPA and Vulcan entered into an AOC and Statement of Work having an effective date of September 2017 for the design of two extraction wells south of the Hewitt Landfill to protect the North Hollywood West (NHW) well field located within the NHOU. In November 2017, we submitted a Pre-Design Investigation (PDI) Work Plan to the EPA, which sets forth the activities and schedule for collection of data in support of our evaluation of the need for an offsite remedy. In addition, this evaluation was expanded as part of the PDI to include the evaluation of a remedy in light of LADWP's Rinaldi-Toluca (RT) wellfield project. PDI investigative activities were completed between the first and third quarters of 2018, and in December 2018 we submitted a Draft PDI Evaluation Report to the EPA. The Draft PDI Evaluation Report summarizes data collection activities conducted pursuant to the Draft PDI Work Plan and provides model updates and evaluation of remediation alternatives for offsite areas. The EPA provided a final set of comments to the Draft PDI Evaluation Report in October 2020. The final set of comments included a request that Vulcan revise and develop a final PDI Evaluation Report. The final comments further provided a proposal for an alternative approach for offsite remediation (as opposed to installation of offsite extraction wells) and development of a Supplemental PDI Evaluation Report (Supplemental Report) that would require the EPA to modify the remedy in the 2009 ROD as it relates to the Hewitt Landfill. In December 2020, we submitted the Final PDI Evaluation Report, which included responses to the EPA's comments.

At the EPA's request, we submitted a Supplemental Report in March 2023 and an Alternative Design Work Plan (ADWP) in May 2023. Similar to the PDI Evaluation Report, the Supplemental Report and ADWP identified expansion of the onsite Hewitt remedy in conjunction with the offsite treatment being performed by LADWP as the preferred option for addressing contamination in offsite areas, instead of the two wells proposed by the EPA. In conjunction with its review of the Supplemental Report, the EPA held an initial meeting with stakeholders, including LADWP, in November 2023 and has requested additional meetings to determine a path forward.

In December 2019, Honeywell agreed with LADWP to build a water treatment system (often referred to as the Cooperative Containment Concept or CCC or the second interim remedy) that will provide treated groundwater in the NHOU to LADWP for public water supply purposes. Honeywell contends that some of the contamination to be remediated by the treatment system it is building originated from the Hewitt Landfill and that Vulcan should fund some portion of the costs that Honeywell has incurred and will incur in developing and implementing the second interim remedy. During the fourth quarter of 2021, we completed a partial settlement with Honeywell related to certain of the costs that Honeywell has incurred for an immaterial amount. In March 2023, Honeywell filed a lawsuit against Vulcan and a third party alleging that Honeywell has incurred more than $11 million in costs to resolve its liability to the EPA and that it estimates that it will spend in excess of $100 million to construct and operate its water treatment system. Honeywell seeks an "equitable share of necessary response costs" from the defendants. Discussions are ongoing with Honeywell regarding the reasonable costs Honeywell has incurred. We are also gathering and analyzing data and developing technical information to determine the extent of possible contribution by the Hewitt Landfill to the groundwater contamination in the area. Based on this technical information, we have accrued an immaterial amount for our contribution of costs anticipated to be incurred by Honeywell. This work is also intended to assist in identification of other PRPs that may have contributed to groundwater contamination in the area.

Further, LADWP is constructing two new production and treatment facilities at city wellfields located near the Hewitt Landfill — the NHW wellfield and the RT wellfield (also referred to as the NHW treatment system and North Hollywood Central (NHC) treatment system, respectively). LADWP has alleged that the Hewitt Landfill is one of the primary sources of contamination at the NHW treatment system and one of the sources of contamination at the NHC treatment system. According to information available on the California State Water Resources Control Board (SWRCB) website, the capital cost of the NHW treatment system is estimated at $92 million, and the capital cost of the NHC treatment system is estimated at $245 million. Both systems are expected to commence operations in 2024 and will thereafter incur costs for operation and maintenance. LADWP has applied for and received substantial funding to contribute to both treatment systems from grants of Proposition 1 bond funding from the SWRCB. According to information available on the SWRCB website, the bond money obtained for the NHW treatment system is $46 million, and the bond money obtained for the NHC treatment system is $95 million.

We anticipate continued discussions with LADWP regarding its potential claims. In conjunction with those discussions, we are engaging in further efforts to gather and analyze records and data in order to assess the extent of possible contribution by the Hewitt Landfill to the groundwater contamination in the area, consistent with the parallel request by the EPA, and the reasonableness of LADWP's remediation efforts. This work is also intended to assist in identification of other PRPs that may have contributed to groundwater contamination in the area of the NHW and RT wellfields. Together, these efforts will allow us to analyze our anticipated equitable contribution to LADWP's remediation efforts. Among other factors, we anticipate that any equitable contribution should take into account the on-site source control and other measures implemented by Vulcan at the former Hewitt Landfill, the relative contribution and duration of any contaminants originating from the Hewitt Landfill to the LADWP systems, and the cost effectiveness of the LADWP systems. At this time, we cannot reasonably estimate a range of a loss to Vulcan pertaining to LADWP's potential contribution claim.

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

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

  A hearing on the merits took place in July 2021. While we awaited the final resolution from the tribunal, we continued to engage with government officials to pursue an amicable resolution of the dispute. On May 5, 2022, Mexican government officials unexpectedly and arbitrarily shut down Calica's remaining operations in Mexico. On May 8, 2022, Legacy Vulcan filed an application in the NAFTA arbitration seeking provisional measures and leave to file an ancillary claim in connection with this latest shutdown (see Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations – Known Trends or Uncertainties). In July 2022, the NAFTA arbitration tribunal granted Legacy Vulcan's application and ordered Mexico not to take any action that might further aggravate the dispute between the parties or render the resolution of the dispute potentially more difficult. A hearing on the merits of the ancillary claim took place in August 2023. We expect that the NAFTA arbitration tribunal will issue a decision on the claim and ancillary claim during 2024.

At this time, there can be no assurance whether we will be successful in our NAFTA claim and ancillary claim, and we cannot quantify the amount we may recover, if any, under this arbitration proceeding if we are successful.

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

NOTE 9: ASSET RETIREMENT OBLIGATIONS

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

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

	Three Months Ended March 31	
in millions	2024	2023
Accretion	$ 3.5	$ 3.4
Depreciation	2.4	2.2
Total	$ 5.9	$ 5.6

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

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

	Three Months Ended March 31	
in millions	2024	2023
Balance at beginning of period	$ 324.1	$ 311.3
Liabilities incurred	0.0	0.0
Liabilities settled	(1.8)	(2.9)
Accretion expense	3.5	3.4
Revisions, net	(0.1)	0.1
Balance at end of period	$ 325.7	$ 311.9

NOTE 10: BENEFIT PLANS

PENSION PLANS

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

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

	Three Months Ended March 31	
in millions	2024	2023
Service cost	$ 0.7	$ 0.6
Interest cost	8.2	8.5
Expected return on plan assets	(7.1)	(6.9)
Amortization of prior service cost	0.3	0.4
Amortization of actuarial loss	1.2	1.4
Net periodic pension benefit cost	$ 3.3	$ 4.0
Pretax reclassifications from AOCI included in net periodic pension benefit cost	$ 1.5	$ 1.8

The contributions to pension plans for the three months ended March 31, 2024 and 2023, as reflected on the Condensed Consolidated Statements of Cash Flows, pertain to benefit payments under nonqualified plans for both periods.

POSTRETIREMENT PLANS

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

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

in millions	Three Months Ended March 31 2024	2023
Service cost	$ 0.6	$ 0.5
Interest cost	0.5	0.5
Amortization of prior service cost	0.4	0.4
Amortization of actuarial gain	(0.2)	(0.4)
Net periodic postretirement benefit cost	$ 1.3	$ 1.0
Pretax reclassifications from AOCI included in net periodic postretirement benefit credit	$ 0.2	$ 0.0

DEFINED CONTRIBUTION PLANS

In addition to our pension and postretirement plans, we sponsor four defined contribution plans. Substantially all salaried and nonunion hourly employees are eligible to be covered by one of these plans. Under these plans, we match employees' eligible contributions at established rates. Expense recognized in connection with these matching obligations totaled $30.4 million and $18.9 million for the three months ended March 31, 2024 and 2023, respectively.

NOTE 11: OTHER COMPREHENSIVE INCOME

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

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

in millions	March 31 2024	December 31 2023	March 31 2023
AOCI			
Cash flow hedges	$ (19.0)	$ (19.4)	$ (20.6)
Pension and postretirement plans	(123.1)	(124.4)	(132.5)
Total	$ (142.1)	$ (143.8)	$ (153.1)

Changes in AOCI, net of tax, for the three months ended March 31, 2024 are as follows:

in millions	Cash Flow Hedges	Pension and Postretirement Benefit Plans	Total
AOCI			
Balances as of December 31, 2023	$ (19.4)	$ (124.4)	$ (143.8)
Amounts reclassified from AOCI	0.4	1.3	1.7
Net current period OCI changes	0.4	1.3	1.7
Balances as of March 31, 2024	$ (19.0)	$ (123.1)	$ (142.1)

Amounts reclassified from AOCI to earnings are as follows:

	Three Months Ended March 31	
in millions	2024	2023
Amortization of Cash Flow Hedge Losses		
Interest expense	$ 0.5	$ 0.5
Benefit from income taxes	(0.1)	(0.1)
Total	$ 0.4	$ 0.4
Amortization of Pension and Postretirement Plan Actuarial Loss and Prior Service Cost		
Other nonoperating expense	$ 1.7	$ 1.7
Benefit from income taxes	(0.4)	(0.4)
Total	$ 1.3	$ 1.3
Total reclassifications from AOCI to earnings	$ 1.7	$ 1.7

NOTE 12: EQUITY

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

There were no shares held in treasury as of March 31, 2024, December 31, 2023 and March 31, 2023.

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

in millions, except average cost	March 31 2024	December 31 2023	March 31 2023
Number of shares purchased and retired	0.1	1.0	0.0
Total purchase price [1]	$ 18.8	$ 200.0	$ 0.0
Average cost per share	$ 265.44	$ 204.52	$ 0.00

[1] The amount paid to purchase shares in excess of the par value and related excise taxes are recorded in retained earnings.

As of March 31, 2024, 7,016,328 shares may be purchased under the current authorization of our Board of Directors.

Changes in total equity are summarized below:

	Three Months Ended March 31	
in millions, except per share data	2024	2023
Total Shareholders' Equity		
Balance at beginning of period	$ 7,483.4	$ 6,928.6
Net earnings attributable to Vulcan	102.7	120.7
Common stock issued		
Share-based compensation plans, net of shares withheld for taxes	(24.2)	(15.1)
Purchase and retirement of common stock	(18.8)	0.0
Share-based compensation expense	9.1	8.2
Cash dividends on common stock ($0.46/$0.43 per share, respectively)	(62.0)	(57.2)
Other comprehensive income	1.7	1.7
Balance at end of period	$ 7,491.9	$ 6,986.9
Noncontrolling Interest		
Balance at beginning of period	$ 24.5	$ 23.6
Earnings attributable to noncontrolling interest	0.2	0.2
Balance at end of period	$ 24.7	$ 23.8
Total Equity		
Balance at end of period	$ 7,516.6	$ 7,010.7

NOTE 13: SEGMENT REPORTING

Our operating segments are based on our internal management reporting structure. We continually assess our internal management reporting structure and the financial information evaluated by our Chief Operating Decision Maker (CODM) to determine whether any changes have occurred that would impact segment reporting. During the first quarter of 2024, we reorganized the financial information provided to our CODM to allocate resources and evaluate operating performance. As a result, we now report our calcium operation within our Aggregates reporting segment to align with our new reporting structure. All prior period segment information has been revised to conform to the current presentation. This change in our reporting segments had no impact on previously reported consolidated financial results.

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

SEGMENT FINANCIAL DISCLOSURE

in millions	Three Months Ended March 31 2024		Three Months Ended March 31 2023	
Total Revenues				
Aggregates [1]	$	1,291.3	$	1,296.6
Asphalt [2]		186.2		169.8
Concrete		148.3		285.1
Segment sales	$	1,625.8	$	1,751.5
Aggregates intersegment sales		(80.1)		(102.5)
Total revenues	$	1,545.7	$	1,649.0
Gross Profit				
Aggregates	$	303.3	$	303.6
Asphalt		4.7		0.8
Concrete		(3.1)		(2.4)
Total	$	304.9	$	302.0
Depreciation, Depletion, Accretion and Amortization (DDA&A)				
Aggregates	$	123.5	$	112.3
Asphalt		8.9		9.0
Concrete		12.3		20.4
Other		6.2		6.7
Total	$	150.9	$	148.4
Identifiable Assets [3, 4]				
Aggregates	$	11,816.8	$	11,507.0
Asphalt		630.6		608.4
Concrete		896.4		1,513.3
Total identifiable assets	$	13,343.8	$	13,628.7
General corporate assets		267.0		308.2
Cash and cash equivalents and restricted cash		300.1		140.0
Total assets	$	13,910.9	$	14,076.9

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

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

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

4 The decrease in Concrete Identifiable Assets is primarily due to the divestiture of concrete operations in Texas in November 2023 (see Note 16).

NOTE 14: SUPPLEMENTAL CASH FLOW INFORMATION

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

in millions	Three Months Ended March 31 2024	2023
Cash Payments		
Interest (exclusive of amount capitalized)	$ 38.8	$ 23.9
Income taxes	2.6	(0.7)
Noncash Investing and Financing Activities		
Accruals for purchases of property, plant & equipment	$ 18.9	$ 28.0
Recognition of new and revised lease obligations for		
Operating lease right-of-use assets	13.8	11.5
Finance lease right-of-use assets	0.9	0.6

NOTE 15: GOODWILL

Goodwill is recognized when the consideration paid for a business exceeds the fair value of the tangible and identifiable intangible assets acquired. Goodwill is allocated to reporting units for purposes of testing goodwill for impairment. We test goodwill for impairment on an annual basis or more frequently if events or circumstances change in a manner that would more likely than not reduce the fair value of a reporting unit below its carrying value.

There were no charges for goodwill impairment in the three-month periods ended March 31, 2024 and 2023. Accumulated goodwill impairment losses amount to $303.6 million ($252.7 million in our former Cement segment and $50.9 million in our Concrete segment).

There were no changes in the carrying amount of goodwill by reportable segment from December 31, 2023 to March 31, 2024 as shown below:

in millions	Aggregates	Asphalt	Concrete	Total
Totals at December 31, 2023	$ 3,330.2	$ 91.6	$ 109.9	$ 3,531.7
Totals at March 31, 2024	$ 3,330.2	$ 91.6	$ 109.9	$ 3,531.7

NOTE 16: ACQUISITIONS AND DIVESTITURES

BUSINESS ACQUISITIONS

2024 BUSINESS ACQUISITIONS — Through the three months ended March 31, 2024, we acquired the following operations for total cash consideration of $12.3 million:

- North Carolina – aggregates operations

Subsequent to quarter end, in April 2024 we acquired aggregates and asphalt operations in Alabama using existing cash on hand.

2023 BUSINESS ACQUISITIONS — For the full year 2023, we completed no business acquisitions.

DIVESTITURES AND PENDING DIVESTITURES

We had no significant divestitures through the three months ended March 31, 2024.

In 2023, we sold:

- Fourth quarter – concrete operations in Texas resulting in a third quarter impairment charge of $28.3 million and a fourth quarter loss on sale of $13.8 million (the assets were written down to fair value less cost to sell in the third quarter)
- Fourth quarter – excess real estate in Virginia resulting in a pretax gain of $65.7 million
- Second quarter – real estate associated with a former recycled concrete facility in Illinois resulting in a pretax gain of $15.2 million

No material assets met the criteria for held for sale at March 31, 2024, December 31, 2023 or March 31, 2023.

NOTE 17: NEW ACCOUNTING STANDARDS

ACCOUNTING STANDARDS RECENTLY ADOPTED

None

ACCOUNTING STANDARDS PENDING ADOPTION

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-07, “Segment Reporting – Improvements to Reportable Segment Disclosures,” which requires enhanced disclosures related to significant segment expenses and a description of how the chief operating decision maker utilizes segment operating profit or loss to assess segment performance. The new standard is effective for fiscal years beginning after December 15, 2023 and is to be applied retrospectively. We are assessing the effect of this ASU on our consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, “Income Taxes – Improvements to Income Tax Disclosures,” which requires disclosure of specific categories and disaggregation of information in the rate reconciliation table and expands disclosures related to income taxes paid. The new standard is effective for fiscal years beginning after December 15, 2024 and is to be applied prospectively. We are assessing the effect of this ASU on our consolidated financial statements and related disclosures.

GENERAL COMMENTS

OVERVIEW

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

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

Aggregates have a very high weight-to-price ratio and, in most cases, must be produced near where they are used; if not, transportation can cost more than the materials, rendering them uncompetitive compared to locally produced materials. Exceptions to this typical market structure include areas along the U.S. Gulf Coast and the Eastern Seaboard where there are limited supplies of locally available, high-quality aggregates. We serve these markets from quarries that have access to cost-effective long-haul transportation — shipping by barge and rail — and from our quarries in Quintana Roo, Mexico (see the NAFTA Arbitration section in Note 8 to the condensed consolidated financial statements) and Puerto Cortés, Honduras with our fleet of Panamax-class, self-unloading ships. Additionally, we serve markets in California and Hawaii from our quarry in British Columbia, Canada by means of a long-term marine shipping agreement with CSL Americas.

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

No material part of our business depends upon any single customer whose loss would have a significant adverse effect on our business. In 2023, our five largest customers accounted for less than 8% of our total revenues, and no single customer accounted for more than 3% of our total revenues. Although approximately 40% to 55% of our aggregates shipments have historically been used in publicly-funded construction, such as highways, airports and government buildings, a relatively small portion of our sales are made directly to federal, state, county or municipal governments/agencies. Therefore, although reductions in state and federal funding can curtail publicly-funded construction, the vast majority of our business is not directly subject to renegotiation of profits or termination of contracts with local, state or federal governments. In addition, our sales to government entities span several hundred entities coast-to-coast, ensuring that negative changes to various government budgets would have a muted impact across such a diversified set of government customers.

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

SEASONALITY AND CYCLICAL NATURE OF OUR BUSINESS

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

EXECUTIVE SUMMARY
FINANCIAL HIGHLIGHTS FOR FIRST QUARTER 2024

Compared to first quarter of 2023:

- Total revenues decreased $103.3 million, or 6%, to $1,545.7 million
- Gross profit increased $2.9 million, or 1%, to $304.9 million
- Aggregates segment sales decreased $5.3 million to $1,291.3 million
- Aggregates segment freight-adjusted revenues increased $23.3 million, or 2%, to $991.4 million
  - Shipments decreased 7%, or 3.7 million tons, to 48.1 million tons
  - Freight-adjusted sales price increased 10.2%, or $1.90 per ton to $20.59
- Aggregates segment gross profit decreased slightly by $0.3 million to $303.3 million
  - Unit profitability (as measured by gross profit per ton) increased 8% to $6.30 per ton
- Asphalt and Concrete segment gross profit increased $3.2 million to $1.6 million, collectively
- Selling, administrative and general (SAG) expenses increased $12.4 million (130 basis points as a percentage of total revenues)
- Operating earnings decreased $14.3 million, or 8%, to $172.9 million
- Earnings attributable to Vulcan from continuing operations were $0.78 per diluted share compared to $0.92 per diluted share
- Adjusted earnings attributable to Vulcan from continuing operations were $0.80 per diluted share compared to $0.95 per diluted share
- Net earnings attributable to Vulcan were $102.7 million, a decrease of $18.0 million, or 15%
- Adjusted EBITDA was $323.5 million, a decrease of $14.2 million, or 4%
- Returned capital to shareholders via dividends of $62.0 million at $0.46 per share versus $57.2 million at $0.43 per share
- Returned capital to shareholders via share repurchases of $18.8 million at $265.44 average price per share compared to none in the prior year

Our teams' solid execution helped us overcome challenging weather conditions throughout much of the first quarter. Margins expanded despite lower aggregates shipments, demonstrating the durability of our aggregates business and its attractive compounding growth characteristics. Aggregates gross profit per ton increased 8% in the first quarter, and cash gross profit per ton increased 10%, with improvements widespread across our footprint. A consistent focus on our strategic disciplines coupled with continued pricing momentum reinforces our confidence in our full year outlook and our ability to deliver another year of double-digit earnings growth and strong cash generation.

Capital expenditures, including maintenance and growth projects, were $103.1 million in the first quarter. During 2024, we expect to spend between $625 million and $675 million on maintenance and growth projects. During the quarter, we returned $80.8 million to shareholders through $18.8 million of common stock repurchases and $62.0 million of dividends.

We used $550 million of cash on hand to redeem our 2026 notes, resulting in a ratio of total debt to trailing-twelve months Adjusted EBITDA of 1.7 times (or 1.5 times on a net debt basis reflecting $300.1 million of cash on hand). Our stated long-term target leverage range is 2.0 to 2.5 times total debt to trailing-twelve months Adjusted EBITDA.

A strong liquidity and balance sheet profile positions us well for continued growth. Our weighted-average debt maturity was 10.9 years, and our weighted-average effective interest rate was 4.78%.

Interest expense, net of interest income, was $39.1 million in the first quarter compared with $49.0 million in the prior year. The decrease in interest expense reflects the first quarter 2024 redemption of $550.0 million senior notes due 2026.

On a trailing-twelve months basis, return on average invested capital was 16.3%, a 260 basis points improvement over the prior year.

OUTLOOK

Our operating performance in the first quarter was solid and in line with our expectations. We remain on track to deliver $2,150 to $2,300 million of Adjusted EBITDA, marking the fourth consecutive year of double-digit growth. The pricing environment remains positive, and our focus remains on compounding unit margins through all parts of the cycle, creating value for our shareholders through improving returns on capital.

RESULTS OF OPERATIONS

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

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

CONSOLIDATED OPERATING RESULTS HIGHLIGHTS

in millions, except per share and per unit data	Three Months Ended March 31 2024	2023
Total revenues	$ 1,545.7	$ 1,649.0
Cost of revenues	(1,240.8)	(1,347.0)
Gross profit	304.9	302.0
Gross profit margin	19.7 %	18.3 %
Selling, administrative and general expenses	(129.7)	(117.3)
SAG as a percentage of total revenues	8.4 %	7.1 %
Gain on sale of property, plant & equipment and businesses	0.6	1.7
Operating earnings	172.9	187.2
Interest expense, net	(39.1)	(49.0)
Earnings from continuing operations before income taxes	133.5	139.6
Income tax expense	(28.9)	(16.6)
Effective tax rate from continuing operations	21.6 %	11.9 %
Earnings from continuing operations	104.6	123.0
Loss on discontinued operations, net of tax	(1.7)	(2.1)
Earnings attributable to noncontrolling interest	(0.2)	(0.2)
Net earnings attributable to Vulcan	$ 102.7	$ 120.7
Diluted earnings (loss) per share attributable to Vulcan		
Continuing operations	$ 0.78	$ 0.92
Discontinued operations	(0.01)	(0.02)
Net earnings	$ 0.77	$ 0.90
EBITDA [1]	$ 321.0	$ 333.8
Adjusted EBITDA [1]	$ 323.5	$ 337.7
Average Sales Price and Unit Shipments		
Aggregates		
Tons	48.1	51.8
Freight-adjusted sales price	$ 20.59	$ 18.69
Asphalt Mix		
Tons	2.1	2.1
Average sales price	$ 77.83	$ 73.44
Ready-mixed concrete		
Cubic yards	0.8	1.8
Average sales price	$ 182.73	$ 161.25

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

FIRST QUARTER 2024 COMPARED TO FIRST QUARTER 2023

First quarter 2024 total revenues were $1,545.7 million, down 6% from the first quarter of 2023. Shipments decreased in aggregates (-7%), decreased in ready-mixed concrete (-54%) and increased in asphalt mix (+3%). Gross profit decreased slightly in the Aggregates segment (-$0.3 million) and increased in the Asphalt segment (+$3.9 million or 460%). Concrete segment gross profit decreased by $0.7 million (-28%) as a result of the divestiture of our operations in Texas in November 2023 (see Note 16 to the condensed consolidated financial statements).

Net earnings attributable to Vulcan for the first quarter of 2024 were $102.7 million, or $0.77 per diluted share, compared to $120.7 million, or $0.90 per diluted share in the first quarter of 2023. Each period's results were impacted by discrete items, as follows:

Net earnings attributable to Vulcan for the first quarter of 2024 include:

- pretax charges of $0.1 million associated with non-routine acquisitions
- pretax loss on discontinued operations of $2.3 million
- $1.6 million of tax charges related to a valuation allowance against Calica deferred tax assets, including NOL carryforwards

Net earnings attributable to Vulcan for the first quarter of 2023 include:

- pretax charges of $0.5 million associated with non-routine acquisitions
- pretax charges of $0.4 million associated with divested operations
- pretax loss on discontinued operations of $2.9 million
- $3.6 million of tax charges related to a Calica NOL carryforward valuation allowance

Adjusted for these discrete items, earnings attributable to Vulcan from continuing operations (Adjusted Diluted EPS) was $0.80 per diluted share for the first quarter of 2024 compared to $0.95 per diluted share for the first quarter of 2023.

CONTINUING OPERATIONS — Changes in earnings from continuing operations before income taxes for the first quarter of 2024 versus the first quarter of 2023 are summarized below:

in millions		
First quarter 2023	$	139.6
Lower aggregates gross profit		(0.3)
Higher asphalt gross profit		3.9
Lower concrete gross profit		(0.7)
Higher selling, administrative and general expenses		(12.4)
Lower gain on sale of property, plant & equipment and businesses		(1.1)
Lower interest expense, net		9.9
All other		(5.4)
First quarter 2024	$	133.5

First quarter Aggregates segment gross profit decreased slightly to $303.3 million (increased 8% to $6.30 on a per ton basis). Cash gross profit per ton improved 10% to $8.86 per ton, despite lower shipments due to unfavorable weather conditions throughout most of the quarter. Improvements in unit profitability were widespread across our footprint and resulted from continued pricing momentum and solid operational execution.

Price increases effective at the beginning of the year resulted in another quarter of attractive growth. Freight-adjusted selling prices increased 10.2%, or $1.90 per ton, as compared to the prior year to $20.59, with all markets realizing year-over-year improvement. Freight-adjusted unit cash cost of sales increased 10%, primarily driven by a 7% decline in aggregates shipments due to unfavorable weather. On a trailing-twelve months basis, unit cash costs increased 9%, marking the fourth consecutive quarter of unit cost deceleration.

Overall, non-aggregates segments gross profit of $1.6 million was $3.2 million higher than the prior year’s first quarter.

Asphalt segment gross profit of $4.7 million was up $3.9 million from the prior year’s first quarter, and cash gross profit of $13.6 million was up $3.8 million compared to the prior year. Asphalt mix shipments increased 3%, and pricing increased 6.0%. Strong shipments in Arizona and California, our largest asphalt markets, were partially offset by lower shipments in Texas due to weather impacts.

Concrete segment gross profit was a loss of $3.1 million for the first quarter. Cash gross profit was $9.2 million compared to $18.0 million in the prior year which included earnings from our divested operations in Texas. While unit gross profit declined compared to the prior year's first quarter, unit cash gross profit improved 10% despite lower volumes.

SAG expense of $129.7 million was in line with our expectations for the first quarter. On a trailing-twelve months basis, SAG expense was $555.1 million, or 7.2% of total revenues.

Other operating income (expense), which is composed primarily of idle facilities expense, environmental remediation costs, gain (loss) on settlement of AROs, finance charges collected and net rental income (expense), was $2.9 million of expense for the first quarter of 2024 compared to $0.8 million of income in the first quarter of 2023.

Other nonoperating income (expense), net was $0.3 million of expense for the first quarter of 2024 compared to $1.4 million of income in the first quarter of 2023.

Net interest expense was $39.1 million in the first quarter of 2024 compared to $49.0 million in the first quarter of 2023. The decrease in interest expense reflects the first quarter 2024 redemption of $550.0 million senior notes due 2026.

Income tax expense from continuing operations was $28.9 million in the first quarter of 2024 compared to $16.6 million in the first quarter of 2023. The increase in tax expense was primarily due to a discrete tax benefit recognized in the first quarter of 2023 related to a 2022 business disposition.

Earnings attributable to Vulcan from continuing operations were $0.78 per diluted share in the first quarter of 2024 compared to $0.92 per diluted share in the first quarter of 2023.

DISCONTINUED OPERATIONS — First quarter pretax loss from discontinued operations was $2.3 million in 2024 compared with a pretax loss of $2.9 million in 2023. Both periods include charges related to general and product liability costs, including legal defense costs, and environmental remediation costs associated with our former Chemicals business. For additional details, see Note 1 to the condensed consolidated financial statements under the caption Discontinued Operations.

KNOWN TRENDS OR UNCERTAINTIES

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

Further, the Mexican government has taken actions adverse to our property and operations in Mexico. On May 5, 2022, Mexican government officials presented employees at our Calica operations in Quintana Roo, Mexico with arbitrary shutdown orders to immediately cease underwater quarrying and extraction operations. On May 13, 2022, the Mexican government suspended the three-year customs permit granted in March 2022 to Calica and began a proceeding that could result in the revocation of that permit. We strongly believe that the actions taken by Mexico are arbitrary and illegal, and we intend to vigorously pursue all lawful avenues available to us in order to protect our rights, under both Mexican and international law. For additional information regarding our Calica operations, see the NAFTA Arbitration section in Note 8 to the condensed consolidated financial statements.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

AGGREGATES SEGMENT FREIGHT-ADJUSTED REVENUES

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

in millions, except per ton data	Three Months Ended March 31 2024	2023
Aggregates segment		
Segment sales	$ 1,291.3	$ 1,296.6
Freight & delivery revenues [1]	(277.4)	(309.8)
Other revenues	(22.5)	(18.7)
Freight-adjusted revenues	$ 991.4	$ 968.1
Unit shipments - tons	48.1	51.8
Freight-adjusted sales price	$ 20.59	$ 18.69

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

CASH GROSS PROFIT

GAAP does not define “cash gross profit,” and it should not be considered as an alternative to earnings measures defined by GAAP. We and the investment community use this metric to assess the operating performance of our business. Additionally, we present this metric as we believe that it closely correlates to long-term shareholder value. Cash gross profit adds back noncash charges for depreciation, depletion, accretion and amortization to gross profit. Segment cash gross profit per unit is computed by dividing segment cash gross profit by units shipped. Segment cash cost of sales per unit is computed by subtracting segment cash gross profit per unit from segment freight-adjusted sales price. Segment freight-adjusted sales price is calculated by dividing revenues generated from the shipment of product (excluding service revenues generated by the segments) by the total units of the product shipped. Reconciliation of these metrics to their nearest GAAP measures are presented below:

in millions, except per ton data	Three Months Ended March 31 2024	Three Months Ended March 31 2023
Aggregates segment		
Gross profit	$ 303.3	$ 303.6
Depreciation, depletion, accretion and amortization	$ 123.5	$ 112.3
Aggregates segment cash gross profit	$ 426.8	$ 415.9
Unit shipments - tons	48.1	51.8
Aggregates segment gross profit per ton	$ 6.30	$ 5.86
Aggregates segment freight-adjusted sales price	$ 20.59	$ 18.69
Aggregates segment cash gross profit per ton	$ 8.86	$ 8.03
Aggregates segment freight-adjusted cash cost of sales per ton	$ 11.73	$ 10.66
Asphalt segment		
Gross profit	$ 4.7	$ 0.8
Depreciation, depletion, accretion and amortization	$ 8.9	$ 9.0
Asphalt segment cash gross profit	$ 13.6	$ 9.8
Unit shipments - tons	2.1	2.1
Asphalt segment gross profit per ton	$ 2.20	$ 0.41
Asphalt segment average sales price	$ 77.83	$ 73.44
Asphalt segment cash gross profit per ton	$ 6.31	$ 4.70
Asphalt segment cash cost of sales per ton	$ 71.52	$ 68.74
Concrete segment		
Gross profit	$ (3.1)	$ (2.4)
Depreciation, depletion, accretion and amortization	$ 12.3	$ 20.4
Concrete segment cash gross profit	$ 9.2	$ 18.0
Unit shipments - cubic yards	0.8	1.8
Concrete segment gross profit per cubic yard	$ (3.77)	$ (1.36)
Concrete segment average sales price	$ 182.73	$ 161.25
Concrete segment cash gross profit per cubic yard	$ 11.30	$ 10.24
Concrete segment cash cost of sales per cubic yard	$ 171.43	$ 151.01

EBITDA AND ADJUSTED EBITDA

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

	Three Months Ended March 31		Trailing-Twelve Months March 31	
in millions	2024	2023	2024	2023
Net earnings attributable to Vulcan	$ 102.7	$ 120.7	$ 915.2	$ 604.4
Income tax expense, including discontinued operations	28.3	15.8	308.1	184.2
Interest expense, net of interest income	39.1	49.0	169.8	181.4
Depreciation, depletion, accretion and amortization	150.9	148.4	619.5	594.9
EBITDA	$ 321.0	$ 333.8	$ 2,012.6	$ 1,564.9
Loss on discontinued operations	$ 2.3	$ 2.9	$ 14.1	$ 25.7
(Gain) loss on sale of real estate and businesses, net	0.0	0.0	(67.1)	(6.1)
Loss on impairments	0.0	0.0	28.3	67.8
Charges associated with divested operations	0.0	0.4	7.6	3.8
Acquisition related charges [1]	0.1	0.5	1.7	13.3
Adjusted EBITDA	$ 323.5	$ 337.7	$ 1,997.1	$ 1,669.4

[1] Represents charges associated with acquisitions requiring clearance under federal antitrust laws.

ADJUSTED DILUTED EPS ATTRIBUTABLE TO VULCAN FROM CONTINUING OPERATIONS

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

	Three Months Ended March 31	
	2024	2023
Diluted Earnings Per Share		
Net earnings attributable to Vulcan	$ 0.77	$ 0.90
Items included in Adjusted EBITDA above, net of tax	0.02	0.03
NOL carryforward valuation allowance	0.01	0.02
Adjusted diluted EPS attributable to Vulcan from continuing operations	$ 0.80	$ 0.95

NET DEBT TO ADJUSTED EBITDA

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

	March 31	
in millions	2024	2023
Current maturities of long-term debt	$ 0.5	$ 0.5
Long-term debt	3,330.7	3,876.9
Total debt	$ 3,331.2	$ 3,877.4
Cash and cash equivalents and restricted cash	(300.1)	(140.0)
Net debt	$ 3,031.1	$ 3,737.4
Trailing-Twelve Months (TTM) Adjusted EBITDA	$ 1,997.1	$ 1,669.4
Total debt to TTM Adjusted EBITDA	1.7x	2.3x
Net debt to TTM Adjusted EBITDA	1.5x	2.2x

RETURN ON INVESTED CAPITAL

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

in millions	Trailing-Twelve Months March 31 2024	Trailing-Twelve Months March 31 2023
Adjusted EBITDA	$ 1,997.1	$ 1,669.4
Average invested capital		
Property, plant & equipment, net	$ 6,137.9	$ 5,910.0
Goodwill	3,594.9	3,707.1
Other intangible assets	1,542.1	1,723.5
Fixed and intangible assets	$ 11,274.9	$ 11,340.6
Current assets	$ 2,194.0	$ 1,918.0
Cash and cash equivalents	(380.5)	(141.0)
Current tax	(24.3)	(45.6)
Adjusted current assets	1,789.2	1,731.4
Current liabilities	(781.6)	(999.6)
Current maturities of long-term debt	0.5	1.2
Short-term debt	0.0	137.6
Adjusted current liabilities	(781.1)	(860.8)
Adjusted net working capital	$ 1,008.1	$ 870.6
Average invested capital	$ 12,283.0	$ 12,211.2
Return on invested capital	16.3 %	13.7 %

2024 PROJECTED ADJUSTED EBITDA

Projected Adjusted EBITDA is not defined by GAAP and should not be considered as an alternative to earnings measures defined by GAAP. Reconciliation of this metric to its nearest GAAP measure is presented below:

in millions		2024 Projected Mid-point
Net earnings attributable to Vulcan	$	1,130
Income tax expense, including discontinued operations		330
Interest expense, net of interest income		155
Depreciation, depletion, accretion and amortization		610
Projected EBITDA	$	2,225
Items included in Adjusted EBITDA above		0
Projected Adjusted EBITDA	$	2,225

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

LIQUIDITY AND FINANCIAL RESOURCES

Our primary sources of liquidity are cash provided by our operating activities, a substantial, committed bank line of credit and our commercial paper program. Additional sources of capital include access to the capital markets, the sale of surplus real estate and dispositions of nonstrategic operating assets. We believe these financial resources are sufficient to fund our business requirements for 2024 including:

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

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

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

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

CASH

Included in our March 31, 2024 cash and cash equivalents and restricted cash balances of $300.1 million is $7.7 million of restricted cash as described in Note 1 to the condensed consolidated financial statements under the section Restricted Cash.

CASH FROM OPERATING ACTIVITIES

	Three Months Ended March 31	
in millions	2024	2023
Net earnings	$ 102.9	$ 120.9
Depreciation, depletion, accretion and amortization (DDA&A)	150.9	148.4
Noncash operating lease expense	12.9	13.6
Net gain on sale of property, plant & equipment and businesses	(0.6)	(1.7)
Deferred income taxes, net	(2.1)	(13.3)
Other operating cash flows, net [1]	(90.6)	(46.6)
Net cash provided by operating activities	$ 173.4	$ 221.3

[1] Primarily reflects changes to working capital balances.

Net cash provided by operating activities was $173.4 million during the three months ended March 31, 2024, a $47.9 million decrease compared to the same period of 2023. The decrease was primarily attributable to a $18.0 million decrease in net earnings and changes in working capital balances.

Days sales outstanding, a measurement of the time it takes to collect receivables, were 43.0 days at March 31, 2024 compared to 44.1 days at March 31, 2023. Additionally, our over 90 day receivables balance was $22.7 million at March 31, 2024, a decrease of $26.5 million from the $49.2 million balance at March 31, 2023. All customer accounts are actively managed, and no losses in excess of amounts reserved are currently expected.

CASH FROM INVESTING ACTIVITIES

Net cash used for investing activities was $163.8 million during the first three months of 2024, a $102.1 million increase compared to cash used of $61.7 million in the same period of 2023. This increase was primarily attributable to a $130.0 million note receivable collected in 2023 related to the 2022 sale of concrete operations in New Jersey, New York and Pennsylvania. During the first three months of 2024, we acquired businesses for $12.3 million (see Note 16 to the condensed consolidated financial statements) whereas there were no business acquisitions in 2023. Additionally, during the first three months of 2024, we invested $152.8 million in our existing operations (includes changes in accruals for property, plant & equipment) compared to $193.6 million in the prior year period. This $152.8 million investment includes both maintenance and internal growth projects to enhance our distribution capabilities, develop new production sites and improve existing production facilities.

CASH FROM FINANCING ACTIVITIES

Net cash used for financing activities was $658.7 million during the first three months of 2024, a $477.6 million increase compared to cash used of $181.1 million in the same period of 2023. The current year includes cash paid to redeem the $550.0 million senior notes due 2026 whereas the prior year includes a $100.0 million net payment on our line of credit. Additionally, we returned $80.8 million to shareholders through $62.0 million of dividends ($0.46 per share compared to $0.43 per share) and $18.8 million of common stock repurchases of (70,932 shares repurchased at $265.44 average price per share compared to none in the first three months of 2023).

DEBT

Certain debt measures are presented below:

in millions	March 31 2024	December 31 2023	March 31 2023
Debt			
Current maturities of long-term debt	$ 0.5	$ 0.5	$ 0.5
Long-term debt	3,330.7	3,877.3	3,876.9
Total debt	$ 3,331.2	$ 3,877.8	$ 3,877.4
Capital			
Total debt	$ 3,331.2	$ 3,877.8	$ 3,877.4
Total equity	7,516.6	7,507.9	7,010.7
Total capital	$ 10,847.8	$ 11,385.7	$ 10,888.1
Total Debt as a Percentage of Total Capital	30.7 %	34.1 %	35.6 %
Weighted-Average Effective Interest Rates			
Line of credit [1]	1.13 %	1.13 %	1.13 %
Commercial paper	5.55 %	5.64 %	5.23 %
Term debt	4.63 %	4.82 %	4.73 %
Fixed versus Floating Interest Rate Debt			
Fixed-rate debt	83.8 %	72.1 %	72.1 %
Floating-rate debt	16.2 %	27.9 %	27.9 %

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

At March 31, 2024, total debt to trailing-twelve months Adjusted EBITDA was 1.7 times (1.5 times on a net debt basis reflecting $300.1 million of cash on hand). Our weighted-average debt maturity was 10.9 years, and our total weighted-average effective interest rate was 4.78%.

DELAYED DRAW TERM LOAN, LINE OF CREDIT AND COMMERCIAL PAPER PROGRAM

In June 2021, we entered into a $1,600.0 million unsecured delayed draw term loan which was fully drawn in August 2021 upon the acquisition of U.S. Concrete. The delayed draw term loan was paid down to $1,100.0 million in September 2021 with cash on hand, paid down to $550.0 million in August 2022 using the proceeds from the issuance of commercial paper as described below and fully repaid in March 2023 using proceeds from the issuance of 5.80% senior notes as described below.

In 2022, we established a $1,600.0 million commercial paper program through which we borrowed $550.0 million that was used to partially repay the delayed draw term loan. Commercial paper borrowings bear interest at rates determined at the time of borrowing and as agreed between us and the commercial paper investors.

Our $1,600.0 million unsecured line of credit matures in August 2027 and contains covenants customary for an unsecured investment-grade facility. Covenants, borrowings, cost ranges and other details are described in Note 7 to the condensed consolidated financial statements. As of March 31, 2024, we were in compliance with the covenants, the margin for SOFR borrowings was 1.125%, the margin for base rate borrowings was 0.125% and the commitment fee for the unused amount was 0.100%.

As of March 31, 2024, our available borrowing capacity under the line of credit was $1,510.8 million. Utilization of the borrowing capacity was as follows:

- None was borrowed
- $89.2 million was used to support standby letters of credit

TERM DEBT

All of our $3,391.1 million (face value) of term debt (which includes the $550.0 million commercial paper) is unsecured. All of the covenants in the debt agreements are customary for investment-grade facilities. As of March 31, 2024, we were in compliance with all term debt covenants.

In March 2023, we issued $550.0 million of 5.80% senior notes due 2026. Total proceeds of $546.6 million (net of discounts and transaction costs), together with cash on hand, were used to repay the $550.0 million delayed draw term loan. We redeemed these notes at par in March 2024 using cash on hand and recognized noncash expense of $2.3 million with the acceleration of unamortized deferred debt issuance costs.

CURRENT MATURITIES OF LONG-TERM DEBT

The $0.5 million of current maturities of long-term debt as of March 31, 2024 is due as follows:

in millions		Current Maturities
Second quarter 2024	$	0.0
Third quarter 2024		0.0
Fourth quarter 2024		0.0
First quarter 2025		0.5

DEBT RATINGS

Our debt ratings and outlooks as of March 31, 2024 are as follows:

	Short-term	Long-term	Outlook
Fitch	F2	BBB	Stable
Moody's	P-2	Baa2	Stable
Standard & Poor's	A-2	BBB+	Stable

EQUITY

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

in millions	March 31 2024	December 31 2023	March 31 2023
Common stock shares at January 1, issued and outstanding	132.1	132.9	132.9
Common Stock Issuances			
Share-based compensation plans	0.3	0.2	0.2
Common Stock Purchases			
Purchased and retired	(0.1)	(1.0)	0.0
Common stock shares at end of period, issued and outstanding	132.3	132.1	133.1

As of March 31, 2024, there were 7,016,328 shares remaining under the February 2017 share purchase authorization by our Board of Directors. Depending upon market, business, legal and other conditions, we may purchase shares from time to time through the open market (including plans designed to comply with Rule 10b5-1 of the Securities Exchange Act of 1934) and/or privately negotiated transactions. The authorization has no time limit, does not obligate us to purchase any specific number of shares and may be suspended or discontinued at any time.

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

in millions, except average cost	March 31 2024	December 31 2023	March 31 2023
Number of shares purchased and retired	0.1	1.0	0.0
Total purchase price	$ 18.8	$ 200.0	$ 0.0
Average cost per share	$ 265.44	$ 204.52	$ 0.00

There were no shares held in treasury as of March 31, 2024, December 31, 2023 and March 31, 2023.

OFF-BALANCE SHEET ARRANGEMENTS

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

STANDBY LETTERS OF CREDIT

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

CRITICAL ACCOUNTING POLICIES

We follow certain significant accounting policies when preparing our consolidated financial statements. A summary of these policies is included in our Annual Report on Form 10-K for the year ended December 31, 2023 (Form 10-K).

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

We believe that the accounting policies described in the “Management's Discussion and Analysis of Financial Condition and Results of Operations” section of our Form 10-K require the most significant judgments and estimates used in the preparation of our consolidated financial statements, so we consider these to be our critical accounting policies. There have been no changes to our critical accounting policies during the three months ended March 31, 2024.

NEW ACCOUNTING STANDARDS

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

FORWARD-LOOKING STATEMENTS

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

- general economic and business conditions
- our dependence on the construction industry, which is subject to economic cycles
- the timing and amount of federal, state and local funding for infrastructure
- changes in the level of spending for private residential and private nonresidential construction
- changes in our effective tax rate
- domestic and global political, economic or diplomatic developments
- the increasing reliance on information technology infrastructure, including the risks that the infrastructure does not work as intended, experiences technical difficulties or is subjected to cyber-attacks
- the impact of the state of the global economy on our businesses and financial condition and access to capital markets
- international business operations and relationships, including recent actions taken by the Mexican government with respect to our property and operations in that country
- the highly competitive nature of the construction industry
- a pandemic, epidemic or other public health emergency
- the impact of future regulatory or legislative actions, including those relating to climate change, biodiversity, land use, wetlands, greenhouse gas emissions, the definition of minerals, tax policy and domestic and international trade
- the outcome of pending legal proceedings
- pricing of our products
- weather and other natural phenomena, including the impact of climate change and availability of water
- availability and cost of trucks, railcars, barges and ships, as well as their licensed operators, for transport of our materials
- energy costs
- costs of hydrocarbon-based raw materials
- healthcare costs
- labor relations, shortages and constraints
- the amount of long-term debt and interest expense we incur
- changes in interest rates
- volatility in pension plan asset values and liabilities, which may require cash contributions to the pension plans
- the impact of environmental cleanup costs and other liabilities relating to existing and/or divested businesses
- our ability to secure and permit aggregates reserves in strategically located areas
- our ability to manage and successfully integrate acquisitions
- the effect of changes in tax laws, guidance and interpretations
- significant downturn in the construction industry may result in the impairment of goodwill or long-lived assets

- changes in technologies, which could disrupt the way we do business and how our products are distributed
- the risks of open pit and underground mining
- expectations relating to environmental, social and governance considerations
- claims that our products do not meet regulatory requirements or contractual specifications
- other assumptions, risks and uncertainties detailed from time to time in our periodic reports filed with the SEC

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

INVESTOR INFORMATION

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

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

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

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

We have a:

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

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

Our Board of Directors has also adopted:

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

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

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

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

ITEM 3

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

MARKET RISK

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

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

At March 31, 2024, the estimated fair value of our long-term debt including current maturities was $3,205.6 million compared to a face value of $3,391.1 million. The estimated fair value was determined by averaging several asking price quotes for the publicly traded notes and assuming par value for the remainder of the debt. The fair value estimate is based on information available as of the balance sheet date. The effect of a decline in interest rates of one percentage point would increase the fair value of our debt by approximately $0.2 million.

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

ITEM 4

CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES

We maintain a system of controls and procedures designed to ensure that information required to be disclosed in reports we file with the SEC is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms. These disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rules 13a - 15(e) or 15d - 15(e)), include, without limitation, controls and procedures designed to ensure that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. Our Chief Executive Officer and Chief Financial Officer, with the participation of other management officials, evaluated the effectiveness of the design and operation of the disclosure controls and procedures as of March 31, 2024. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2024.

We are in the process of replacing our quote to invoice system for our aggregates and asphalt operations and expect the full implementation of this system to be completed by the fourth quarter of 2024.

No other changes were made during the first quarter of 2024 to our internal controls over financial reporting, nor have there been other factors that materially affect these controls.

PART II OTHER INFORMATION

ITEM 1

LEGAL PROCEEDINGS

Certain legal proceedings in which we are involved are discussed in Note 12 to the consolidated financial statements and Part I, Item 3 of our Annual Report on Form 10-K for the year ended December 31, 2023. See Note 8 to the condensed consolidated financial statements of this Form 10-Q for a discussion of certain recent developments concerning our legal proceedings.

ITEM 1A

RISK FACTORS

There were no material changes to the risk factors disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023.

ITEM 2

UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Purchases of our equity securities during the quarter ended March 31, 2024 are summarized below.

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased As Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs [1]
2024				
January 1 - January 31	0	$ 0.00	0	7,087,260
February 1 - February 29	0	$ 0.00	0	7,087,260
March 1 - March 31	70,932	$ 265.44	70,932	7,016,328
Total	70,932	$ 265.44	70,932	

[1] In February 2017, our Board of Directors authorized us to purchase up to 10,000,000 shares of our common stock. As of March 31, 2024, there were 7,016,328 shares remaining under this authorization. Depending upon market, business, legal and other conditions, we may purchase shares from time to time through the open market (including plans designed to comply with Rule 10b5-1 of the Securities Exchange Act of 1934) and/or through privately negotiated transactions. The authorization has no time limit, does not obligate us to purchase any specific number of shares and may be suspended or discontinued at any time.

We did not have any unregistered sales of equity securities during the first quarter of 2024.

ITEM 4

MINE SAFETY DISCLOSURES

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

ITEM 5

OTHER INFORMATION

SECURITIES TRADING PLANS OF SECTION 16 OFFICERS AND DIRECTORS

During the three months ended March 31, 2024, none of our Section 16 officers and directors adopted or terminated trading arrangements for the sale of shares of our common stock, except that Mr. Hill adopted a trading arrangement as follows:

	Trading Arrangement				
Name and Title	Rule 10b5-1 [1]	Non-Rule 10b5-1 [2]	Date	Expiration of Plan	Number of Shares to be Sold [3]
Tom Hill, Chairman and Chief Executive Officer	X		March 14, 2024	Earlier of when all shares under plan are sold and February 11, 2025	62,900

1 Intended to satisfy the affirmative defense conditions of Rule 10b5-1(c).

2 Not intended to satisfy the affirmative defense conditions of Rule 10b5-1(c).

3 The actual number of shares of our common stock to be sold may vary as a result of shares withheld for payment of taxes.

ITEM 6

EXHIBITS

Exhibit 31(a)	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 31(b)	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 32(a)	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Exhibit 32(b)	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Exhibit 95	MSHA Citations and Litigation
Exhibit 101	The following unaudited financial information from this Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 are formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Comprehensive Income, (iii) the Condensed Consolidated Statements of Cash Flows and (iv) the Notes to Condensed Consolidated Financial Statements.
Exhibit 104	Cover Page Interactive Data File – the cover page from this Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 is formatted in iXBRL (contained in Exhibit 101).

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

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

		VULCAN MATERIALS COMPANY
		/s/ Randy L. Pigg Randy L. Pigg Vice President, Controller
Date	May 2, 2024	(Principal Accounting Officer)
		/s/ Mary Andrews Carlisle Mary Andrews Carlisle Senior Vice President and Chief Financial Officer
Date	May 2, 2024	(Principal Financial Officer)