

2004 Annual Report



What do people see in rocks?

Corporate Profile

Vulcan Materials Company provides essential infrastructure materials required by the U.S. economy. Vulcan is the nation's leading producer of construction aggregates; primarily crushed stone, sand and gravel. These aggregates are used in nearly all forms of construction. We shipped 243 million tons of aggregates in 2004, an increase of 4% over 2003. Some 44% of shipments were used in publicly funded projects, the majority in the construction of highways. Based in Birmingham, Alabama, Vulcan is listed and traded on the New York Stock Exchange under the symbol VMC and is a member of the S&P 500 Index.

Financial Highlights

For the years ended December 31	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Amounts in millions, except per share data										
Net Sales	\$2,213.2	\$2,086.9	\$1,980.6	\$2,113.6	\$1,885.9	\$1,810.6	\$1,158.6	\$1,051.0	\$961.9	\$884.7
Earnings from Continuing Operations										
Before Interest and Income Taxes	\$ 410.2	\$ 384.7	\$ 380.4	\$ 396.9	\$ 372.5	\$ 367.3	\$ 297.7	\$ 221.6	\$188.9	\$174.4
Cash Provided by Operating Activities	\$ 580.6	\$ 519.0	\$ 458.0	\$ 512.1	\$ 434.6	\$ 422.0	\$ 361.7	\$ 342.1	\$339.8	\$265.8
Diluted Earnings Per Share from Continuing Operations Before Cumulative Effect of Accounting Changes	\$2.52	\$2.31	\$2.28	\$2.26	\$2.20	\$2.13	\$2.02	\$1.53	\$1.19	\$1.02
Diluted Net Earnings Per Share	\$2.77	\$1.90	\$1.66	\$2.17	\$2.16	\$2.35	\$2.50	\$2.03	\$1.79	\$1.54
Dividends Paid Per Share	\$1.04	\$0.98	\$0.94	\$0.90	\$0.84	\$0.78	\$0.69	\$0.63	\$0.56	\$0.49
Total Debt as a Percent of Total Capital	23.2%	33.0%	35.6%	37.6%	39.5%	37.9%	6.8%	8.4%	9.6%	11.2%
Market Price Per Share at Year End	\$54.61	\$47.57	\$37.50	\$47.94	\$47.88	\$39.94	\$43.85	\$34.04	\$20.29	\$19.21
Market Equity	\$5,604	\$4,841	\$3,807	\$4,856	\$4,837	\$4,023	\$4,411	\$3,440	\$2,084	\$2,015



“A long-term relationship.”

PAUL ECKLEY BLOOMINGTON, ILLINOIS SENIOR VICE PRESIDENT OF INVESTMENTS, STATE FARM INSURANCE

“I put a lot of work into every investment decision I make. State Farm depends on them paying off.”

Paul Eckley researched Vulcan as a potential investment for State Farm back in 1979 and still closely follows the Company’s performance. “It’s my job to know a stock well, to evaluate the risk and potential it holds,” he explains. “The original reasons for investing in Vulcan are still true, and now they’re even more convincing. Vulcan plants are irreplaceable; cities have grown up around them. Because of zoning and space considerations, new quarries can’t be constructed in a number of metropolitan areas, a disadvantage for possible competitors. Additionally, the Company is well managed and operationally excellent. Vulcan has astutely built and acquired new facilities and made them perform admirably.”

Shareholders with a long-term outlook like State Farm’s have found Vulcan to be a good steward of their investment. Since we became a public company in 1956, our dedication to managing for the long term has produced superior results for our shareholders.

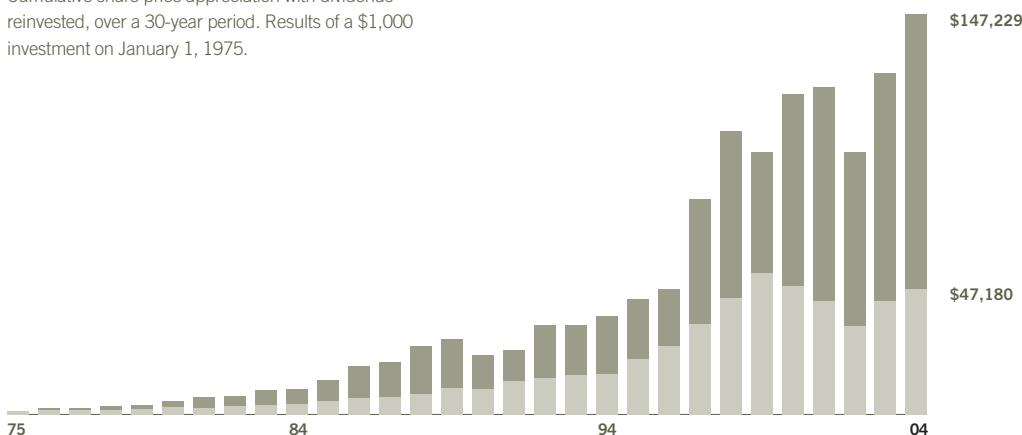
For many companies, strategies just a few years old are irrelevant because of the incredible pace of change in their industries. In contrast, decisions made a decade ago by Vulcan are still bearing fruit. Our products don’t fall in and out of fashion; buyers want the quality and consistent availability they can count on from Vulcan.

Our sizable, strategically located reserves ensure we have the raw materials to deliver our principal products for decades to come. At the end of 2004, we controlled 10.9 billion tons of reserves. At current production rates, that’s enough zoned and permitted reserves to meet the infrastructure needs of the communities we serve for another 48 years, on average.

Total Shareholder Return

■ Vulcan
■ S&P 500

Cumulative share price appreciation with dividends reinvested, over a 30-year period. Results of a \$1,000 investment on January 1, 1975.





“13 years of good fortune.”

ANN WOODSON GOEHRING GOSHEN, KENTUCKY INDIVIDUAL INVESTOR

“It’s not luck that my dividend’s been raised 13 years straight. It’s got to be good planning.”

In 1968, Ann Goehring bought Vulcan stock on the advice of a friend. She kept it over the years because it did what a good investment should—it worked hard for her. “Vulcan has helped us at every stage of life, through all the things you do to raise a family. It helped us buy a home, save to put two kids through college and pay for retirement. Investing in a strong company like Vulcan can give you great returns when you need them.”

The business fundamentals that enable us to manage Vulcan for the long term generate very significant cash flow. This allows us to consistently meet capital requirements and maintain prudent debt ratios—and still dependably pay out a reasonable share of net cash as dividends.

In an uncertain financial market, reliable dividends are more attractive to investors than ever, especially since legislation in 2003 lowered the maximum tax rate on dividend payouts to 15%. Our dividend per share has steadily increased at a rate significantly greater than the dividend payout of the S&P 500. Comparing our payout rate to inflation, as measured by the Consumer Price Index, reveals even more dramatic results.

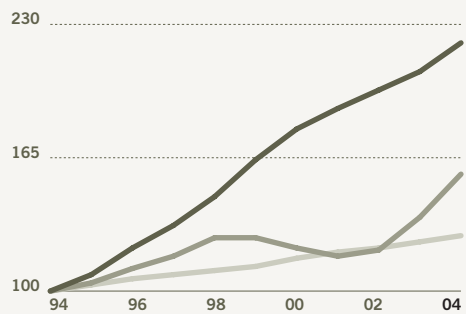
On April 1, 2004, our Company retired \$243 million in debt, reducing interest expense for the year by \$12.9 million compared to 2003. At year end, our total debt to total capital ratio was 23.2%, down from 33.0% in 2003.

As the country’s largest aggregates producer in a fragmented industry, Vulcan is strongly positioned to capitalize on industry consolidation. We continually invest in our plants to improve productivity and margins. In the past, when growth opportunities at reasonable prices have not been available, we engaged in stock repurchases to enhance shareholder value.

Dividend Growth Rates

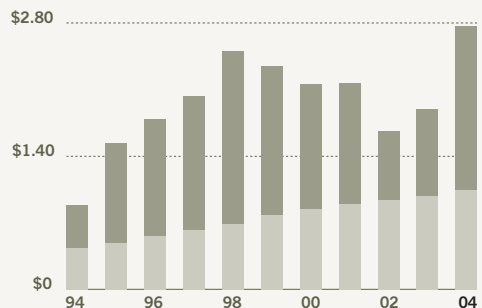
- Vulcan (annualized)
- S&P 500 (theoretical, annualized)
- Consumer Price Index

Indexed at 100 in 1994. Vulcan's dividend per share has steadily increased at a rate significantly greater than the dividend payout of the S&P 500 and inflation (as measured by the Consumer Price Index).



Earnings Per Share and Dividend Paid Per Share of Common Stock (Diluted, in dollars per common share)

- Earnings Reinvested
- Dividends Paid





“A trip to the mall—or across the country.”

WINNILA WALKER | LOMBARD, ILLINOIS | COLLEGE SENIOR

“I heard about Vulcan from my college advisor. Knowing everything rock is used for, I realized that everywhere you go, there they are.”

“I knew about rocks,” says Winnila Walker, “but I wasn’t familiar with Vulcan.” A civil and mining engineering student at Southern Illinois University, Winnila was chosen for a summer internship at Vulcan’s Lombard, Illinois location, where she received an education in the Company’s products and markets. “I soon discovered that Vulcan supplies construction materials that are essential to this country’s infrastructure.”

Our principal products are absolutely essential to maintaining and growing the economy of our country. Vulcan produces more of the crushed stone used to build and maintain our roads and highways than any other company in America. Construction aggregates form the foundation of our railroads and airport runways. They are used to build malls, homes, schools and stadiums. We help move people and goods, and thereby help keep our country strong and our neighborhoods growing.

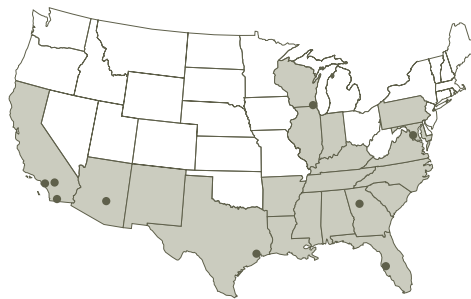
Our coast-to-coast footprint ensures our products are available in the fastest-growing areas of the nation. Demand for construction materials remains stable, and Vulcan is a low-cost producer of the materials our towns, cities and states need to maintain roadways, modernize airports and construct buildings. Even in a recession, our products are needed to build and maintain the essential transportation infrastructure on which our economy depends. In better times, demand for our construction materials soars.

Strategic Locations in Growth Areas

■ Vulcan-served States

We have a significant market presence in 9 of the top 10 metropolitan areas that demographers expect will experience the largest absolute growth in population in this decade:

- Atlanta, GA
- Chicago, IL
- Houston, TX
- Los Angeles, CA
- Phoenix, AZ
- Riverside/San Bernardino, CA
- San Diego, CA
- Tampa, FL
- Washington, DC

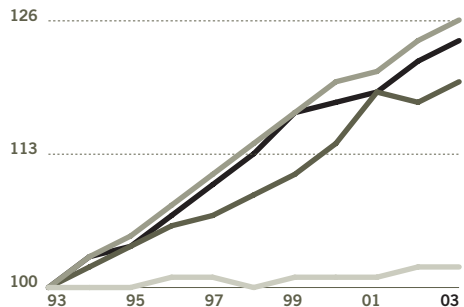


Source: National Planning Association, as of December 2004.

U.S. Highway Driving Intensity

- Motor Fuel Consumption
- Vehicle Registrations
- Vehicle Miles of Travel
- Lane Miles

Indexed at 100 in 1993. The number of vehicles on U.S. highways, and the number of miles driven, have increased significantly while lane miles have remained relatively flat. Additional highway spending is needed to relieve increasing congestion.



Source: Federal Highway Administration.



“A job I really dig.”

JONATHAN WATSON CLARKSVILLE, TENNESSEE TRUCK DRIVER

“I’ve been with Vulcan for nearly six years, and compared to most of my coworkers, I’m the new guy.”

Jonathan Watson may be the new guy for a while longer. Many of his coworkers have been employed at the Clarksville plant for decades, and they don’t have plans to leave.

“I took a job at Vulcan because I heard it was a good place to work,” he says. “It’s also a safe place to work.” At the Clarksville operation, employees are encouraged to continuously improve plant safety. Any new idea can be brought up at the weekly safety meeting, where experienced employees can bounce it back and forth, refining it in the process. Then the idea is put into action, and progress is reported periodically. “We’ll try anything and everything to increase safety in the plant,” remarks Danny Sisk, Clarksville plant manager.

As the industry leader in doing good business and being a good neighbor, Vulcan attracts and retains superior employees throughout the organization. Our long-term focus and steady management style appeal to the strongest managerial candidates and enable us to promote from within. This consistently results in an experienced management team with the ability to quickly recognize and evaluate opportunities.

Employees at our plants are equally experienced and important. We have established operational excellence as a core competency. That’s essential to realizing the value of opportunities when you are a buyer in a consolidating industry. When we acquire a new facility, we bring together the best of two worlds: our proven processes and the irreplaceable know-how of experienced employees. This combination ensures our operations will run smoothly and safely, while driving costs down.



“My third-grade class.”

HOLLY PHARIS TRUSSVILLE, ALABAMA THIRD-GRADE TEACHER

“Field trip! My students’ favorite phrase. One we all love is visiting the nearby Vulcan quarry.”

Like other schools across the country, Paine Intermediate School in Trussville, Alabama had to cut many extras, such as field trips, because of budget reductions. But not the trip to Vulcan’s nearby Dolcito Quarry. “Vulcan picks up the tab for this school outing year after year,” Holly Pharis explains. “And the people at Vulcan make the visit both fun and educational. Students see a rock crusher in action, view an on-site rock and mineral display and speak with a geologist. A crew of workers even weighs the bus. It’s remarkable what kids learn about rocks and minerals there.”

Beth Bruno, Paine’s principal, was grateful to have Vulcan as a neighbor when the school was scheduled to move to a new building but couldn’t afford the \$70,000 moving expense. “Vulcan contributed a crew and trucks. They worked for four days and got the job done. If they hadn’t stepped in, our teachers would have had to manage it around their classroom responsibilities. It would have taken weeks.”

Involvement with Paine Intermediate School characterizes the relationships we build with schools in our communities. Our goal is for every Vulcan plant to be closely associated with an educational center. We open lines of communication to find out what our schools need. By meshing those needs with the talents of our employees, we can forge rock-solid relationships with a very bright future.

Being a good neighbor in other ways is equally important. We strive to build positive, give-and-take relationships with all our community stakeholders, working to serve the needs of growing communities while also being responsible environmental stewards. As a company and as individuals, Vulcan actively seeks opportunities to contribute meaningfully to the community.

What do we see in rocks?

People

People who count on a company committed to producing consistently superior results in a socially responsible manner.

Nearly five decades of success in the construction materials industry demonstrate our ability to manage effectively through numerous business cycles and reward our shareholders for their confidence in us. We have led our industry in addressing the needs and concerns of the communities we serve. We believe our consistent strategy will ensure continued success in managing our shareholders' investment while respecting our other stakeholders' priorities.

We focus on acquisitions that make long-term sense for our shareholders, strategic improvements to our existing business, repurchasing shares and rewarding our shareholders with growing dividends. We are committed to producing sustainably superior results. We work to capitalize on our strengths while acknowledging the unique nature of the construction materials industry.

This industry is inherently different from many others. Success primarily results from a long-term focus on fundamentals rather than an ability to respond to dramatic overnight change. Our farsighted view enables us to manage effectively through periods of increasing and decreasing demand that are part of the business cycle.

Demand for construction aggregates, while cyclical, generally follows a pattern. Periods of growth in demand for aggregates tend to be relatively long, from 8 to 10 years. Conversely, declines are usually rapid and deep. During 2002 and early 2003, we were roughly in the same part of the cycle as in the downturns of 1982 and 1991. If history repeats itself, we have seen the bottom of the cycle and are moving into a period of sustained growth for the next several years.



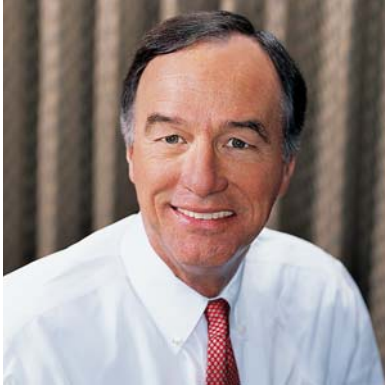
Top: For Ann Woodson Goehring and her husband Richard, "Investing in Vulcan paid off when it came to buying our home, providing for our kids' education and planning for retirement."

Bottom: "Though Vulcan is new to the area, it has already donated rock for a community lake," says Maury County, Tennessee CEO Jim Bailey. "Vulcan will be a strong partner in the region, and there are many opportunities ahead for the Company to get involved in our community."

Top: According to Raul Regalado, CEO and president of the Metropolitan Nashville Airport Authority, "We serve a growing, economically healthy area, and the Nashville airport has contributed to that growth. Vulcan products are integral to protecting the airport's investment in its assets."

Bottom: "A trip to the Dolcito Quarry helps students understand how crushed rock is used," says Holly Pharis, third-grade teacher. "Our school building is made of it."

To our shareholders:



Donald M. James
Chairman and Chief Executive Officer

Two thousand four was a year of significant events for Vulcan Materials Company. Along with a number of important senior management changes within our Construction Materials business, we announced the sale of our Chemicals business. One thing remained constant, however—our focus on achieving outstanding operating results, cash flows and returns to shareholders. We continued to outperform the S&P 500 Index, of which we are a part, and our financial performance was record-setting. We achieved record earnings per diluted share of \$2.77. Operating cash flow and operating cash flow less capital expenditures also reached record levels. As scheduled, in April we retired \$243 million of debt with available cash.

Earnings from continuing operations, which now consist solely of Construction Materials, were a record \$261 million. Net sales of \$2.2 billion increased 6% from 2003. Aggregates shipments grew 4% over last year as Vulcan-served states experienced strong demand. Pricing increased almost 3%. Higher diesel, performance-based compensation and healthcare costs reduced earnings by approximately \$31 million. Liquid asphalt costs rose 7%, resulting in lower asphalt margins compared to 2003. In 2004, Construction Materials achieved a record-low total case injury rate, which helped to reduce injury and liability costs 67% over the previous year.

In Chemicals, pricing for both chlorine and caustic soda continued to strengthen, and demand for most products remained strong. Demand for our 5CP product grew, and the performance of our joint venture continued to improve. With respect to safety and environmental performance, 2004 was an outstanding year for Chemicals. The rate of injuries as defined by the Occupational Safety and Health Administration was 40% lower than Chemicals' best previous year, making this one of the best safety performances among all American Chemistry Council companies. We also completed the year with no lost-time injuries and no reportable environmental releases.

Despite significant challenges, Vulcan's Chemicals employees have done an outstanding job over the past four years, greatly improving the operating performance of this business. These dedicated and experienced individuals have improved operating efficiencies, reduced production and overhead costs, and returned the business to profitability—in the face of unprecedented high costs for energy and raw materials along with increasing demand for our products.

Although the chloralkali business historically has been a valuable asset, there is no synergy between this business and our Construction Materials business. We had explored the possible sale of our Chemicals business for some time, and in October 2004 announced an agreement to sell the business to a subsidiary of Occidental Chemical. Operating improvements in our chemical plants over the past several quarters, combined with strong demand and improved pricing, raised the outlook for the business. We determined that this turn in the chloralkali cycle presented the best opportunity to sell our Chemicals business. We expect the sale to be completed in the first half of 2005, and we are confident the business will be a valuable and productive complement to Occidental's existing business.

For more than 40 years, Vulcan has outperformed the broader market in total shareholder return, a feat matched by only a limited number of companies. As an indication of our strong record of sustained, superior performance, Vulcan outperformed the S&P 500 Index in total shareholder return for the fifth year in a row; our total return of 17.3% surpassed the S&P 500 by over 600 basis points. We are excited about the prospects of building on this track record, particularly in light of our business portfolio dedicated solely to construction materials. We believe that this will bring even greater growth prospects, while also producing more predictable cash flows and earnings. Moving forward, we will focus on continuing to improve and grow our superb Construction Materials business.

Strategy

We have a consistent strategy that focuses our efforts on maximizing shareholder value. We are committed to using the strong cash generated by our business to improve our existing operations, seek out traditional growth opportunities, and return value to shareholders through increasing dividends and share repurchases.

We plan to use future cash flows for internal capital improvement projects that offer high returns, as well as to grow through acquisitions and greenfield site development.

This strategy capitalizes on our unmatched coast-to-coast footprint in high-growth markets and our ability to execute successfully and integrate key acquisitions. Our geographic footprint diversifies our regional exposure and provides a platform for disciplined, profitable growth. Despite ongoing consolidation in the aggregates industry, more than 5,000 companies remain; many of these are potential acquisition candidates. While greenfield site development remains important, rapid growth and accelerating earnings depend on large, strategic acquisitions. We will continue to pursue such opportunities.

The fundamentals of the U.S. aggregates industry remain very attractive, and aggregates are our focus. However, we will continue to evaluate other construction materials products—such as asphalt and ready-mixed concrete—where aggregates constitute a core element and we can better serve our customers. Our strong balance sheet and ability to generate solid cash flows will allow us to incorporate bolt-on acquisitions while seizing opportunities when larger acquisitions become available.

During 2004, we acquired five aggregates facilities in South Carolina, Tennessee and Virginia and worked on new site development projects in a number of other states. Additionally, we opened sales distribution yards in Florida, Louisiana and Mississippi. We divested asphalt, ready-mixed concrete and construction businesses in Chattanooga, Tennessee, where we believe our shareholders

are better served by a nonintegrated aggregates business.

Vulcan continues aggressively to recruit, train and develop our employees. While the mechanics of operating a quarry are simple enough, doing so in a way that consistently adds shareholder value is more challenging. Skilled and motivated workers are crucial. Our employees remain the best in the industry and the key to our success. When we acquire an operation, we begin with the same location and equipment, and often the same production employees as the previous owner. Our managers then make these acquired operations run better and more efficiently to provide superior returns. Our employees provide exceptional products and customer support while improving our low-cost position—and fulfilling our commitment to excellence in safety, health and environmental stewardship.

The employees of Vulcan Materials Company are also vital to our continuing role as the industry leader in social responsibility. From America's small towns to its major metropolitan areas, our employees fulfill our commitment to these communities. Through Adopt-A-School and college scholarship programs, plant tours and numerous volunteer activities in local schools, Vulcan demonstrates our strong support for education. As environmental and community stewards, we are committed to actions that improve the overall quality of life while protecting the environment. As one example, we have developed wildlife habitats in cooperation with the international Wildlife Habitat Council. Our 34 sites set a record among U.S. industrial companies.

Management Update

In 2004, Thomas R. Ransdell announced his retirement from the Company. Tom joined Vulcan in 1978 and most recently served as president of Vulcan's Southwest Division. We will miss Tom's skills and guidance and appreciate the many contributions he has made to Vulcan over his 26-year career with us. I make special note of Tom's

significant role in establishing our operations in Mexico and, in recent years, his leadership in improving the performance of our Southwest Division. James T. (Tom) Hill, most recently vice president and general manager of the Southwest Division, succeeded Tom Ransdell as president of the Southwest Division. Tom Hill joined Vulcan in 1979, left the Company in 1990 and returned in 1996.

James W. Smack was named senior vice president of Vulcan's Construction Materials Group, responsible for marketing, procurement, technical, geological, and operations and engineering support services. In this capacity, he also serves as an advisor to the Construction Materials divisions and promotes the sharing of best practices. Jim joined Vulcan in 1982 and for the past five years served as president of the Company's Western Division. G.M. (Mac) Badgett III continues his service to the Company as senior vice president, Construction Materials Group, with responsibilities for the Mideast, Midsouth, Midwest, Southeast, Southern and Gulf Coast, and Southwest Divisions.

Ronald G. McAbee succeeded Jim Smack as president of Vulcan's Western Division. Ron joined Vulcan in 1974 and most recently served as president of our Mideast Division. D. Gray Kimel, Jr. succeeded Ron as president of the Mideast Division. Gray joined Vulcan in 1972 and most recently served as vice president and general manager for North Carolina in the Mideast Division.

Looking Forward

On February 11, 2005, your Board of Directors increased the annual dividend 11.5%—the 13th consecutive year in which the dividend has been increased. This action indicates our continuing commitment to our shareholders. As a company now keenly focused on a single important business—construction materials—we recognize a significant challenge and opportunity to make Vulcan even stronger. We will continue to add value for our shareholders by seeking

out traditional opportunities for growth: acquisitions of large, multiple-facility companies; development of greenfield sites; and smaller acquisitions that provide more immediate returns. We will also continue our commitment to improving Vulcan's existing operations and lowering costs, while maintaining high standards for safety, health and environmental performance.

The fundamentals of both public and private construction point to stronger demand for aggregates. In the near term, the more cyclical private sector is poised for further strengthening. This sector, which includes both residential and nonresidential construction, accounted for 56% of our aggregates volume in 2004. Single-family housing starts remain at high levels. Current interest rates and demographics suggest that this will not change in the near term.

Private nonresidential construction holds the key to incrementally strengthened future demand. The decline that started in 2000 appears to have ended, with government statistics for construction-put-in-place suggesting a moderate recovery is under way. Private nonresidential construction accounted for 27% of aggregates shipments in 2004.

In the long term, we see good prospects for both residential and nonresidential construction; both sectors are strongest in growing markets. Vulcan has facilities in 9 of the top 10 metropolitan areas expected to experience the largest absolute population growth in the current decade—which drives demand for construction and for our products.

Public construction stabilizes aggregates demand. Construction activity in this sector has grown steadily since the early 1980s; U.S. aggregates demand follows a similar pattern. For Vulcan, public construction historically has accounted for more than half our aggregates volume. Our largest end market within this sector is highways.

The nation faces an ongoing challenge with respect to highway funding, a critically important issue for all of us. Gridlock, delays

and lost productivity remind the driving public every day of the need for more and better roads. In 1980, the Federal Highway Administration began collecting standard data on the condition, use, performance and physical characteristics of highways. Since that time, according to its most recent data, vehicle miles traveled have nearly doubled while motor fuel consumption and vehicle registrations have risen by 50%. Yet highway lane miles increased by only 5%.

As I wrote this letter last year, Congress provided short-term funding as it debated reauthorization of the federal highway bill. While Congress did not pass a highway bill in 2004, short-term funding levels approximated those in the previous six-year bill, so essential work on the nation's roads and highways continued. We are relatively optimistic that Congress will enact a favorable long-term bill in 2005. We will continue to communicate vigorously with members of Congress representing Vulcan states on this most important matter, through individual contacts, industry coalitions and grassroots efforts involving our employees.

Vulcan, like other companies, continues to face escalating healthcare costs. We have taken numerous steps to slow the rate of increase of healthcare expenditures and will make vigilant efforts to control future costs.

The years ahead promise to be exciting ones as we move into a new era for Vulcan Materials Company, and we are eager to make the most of the bright future we see for this Company. On behalf of all our employees, I thank you for demonstrating your confidence in us through your continued ownership in Vulcan.



Donald M. James
Chairman and Chief Executive Officer
February 21, 2005

Construction Materials



"I started working for Vulcan when I was still in high school," says Jonathan Watson (center), pictured with Jerry Scott (left) and Elmer Yearout. "Some of my coworkers have been here over 30 years."

Vulcan Materials Company is the largest producer of construction aggregates in the United States. Aggregates—primarily crushed stone, sand and gravel—are cost-effective building materials used in almost every form of construction. Our nation depends on these materials to maintain infrastructure and support economic growth.

Our Markets In 2004, our operations supplied construction materials to markets in 21 states, the District of Columbia and Mexico. We served four additional states with railroad ballast. Key end-use customers include heavy construction and paving contractors; residential and commercial building contractors; concrete products manufacturers; state, county and municipal governments; and railroads.

When it enhances our position in aggregates markets, we operate vertically integrated businesses and services. We are a leading supplier of asphalt mix in the Southwest and West. Asphalt is used as pavement for more than 90% of the nation's roadways. We can produce our asphalt mix to meet specific, differing and rigorous customer requirements.

Vulcan's coast-to-coast presence offers tremendous advantages. Construction materials are expensive to transport, so production should take place near markets. Because demand for aggregates and related products correlates with population growth, we have strategically positioned our facilities in the fastest-growing regions of the United States. In fact, we have solid positions in 9 of the 10 metropolitan areas where population is projected to grow the fastest this decade.

Historically, more than half of our aggregates shipments have been used in publicly funded projects. In 2004, this sector accounted for 44% of demand, and included the construction and maintenance of highways, roads and government buildings. The remainder was used for housing, in privately funded commercial and industrial projects, as railroad ballast, and for agricultural and industrial applications.

Operational Excellence Acquisitions and expansions in growing markets allow us to serve a major portion of the country through our seven divisions. Experienced and effective managers lead by example at each new facility. Active participation by our employees to promote and implement operational excellence contributes to our success.

At the end of 2004, we operated 210 aggregates production facilities in 17 states and Mexico. These included 162 crushed stone plants, 29 sand and gravel plants, and 19 plants producing other aggregates (principally recycled concrete). We operated 67 truck, rail and marine distribution yards in select market areas. Other facilities included 39 asphalt plants, 23 ready-mixed concrete plants, and another 17 operations related to service and repair, and transportation operations. All these facilities benefit from the research and development conducted by our Technical Services Center in Birmingham, Alabama, which also offers support services to our customers and third-party specialists.

A Strong Business Aggregates reserves are crucial to our long-term viability. At the end of 2004, Vulcan's estimated proven and probable reserves totaled 10.9 billion tons, which would support our facilities for an average of approximately 48 years at current operating rates. We have long-standing commitments to customer service; operational excellence; safety, health and environmental stewardship; and community outreach. Our programs and processes to fulfill these commitments help strengthen our business, improve community relationships and enhance shareholder value.

vulcanmaterials.com

