

VULCAN MATERIALS CO
Form DEF 14A
April 11, 2007

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

Filed by the registrant

Filed by a party other
than the registrant

Check the appropriate
box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to § --240.14a-12

VULCAN MATERIALS COMPANY
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement)

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April 11, 2007

Dear Fellow Shareholder:

You are cordially invited to attend the Annual Meeting of the Shareholders of Vulcan Materials Company, which will be held at The Wynfrey Hotel in Birmingham, Alabama, on Friday, May 11, 2007, at 9:00 a.m., Central Daylight Time. The formal Notice of the annual meeting, the proxy statement and a proxy accompany this letter.

We hope that you will attend the meeting. However, whether or not you plan to attend the meeting, we encourage you to vote by proxy. For your convenience, you can also vote your proxy in one of the following ways:

- Use the Internet at the web address shown on your proxy card;
- Use the touch-tone telephone number shown on your proxy card; or
- Complete, sign, date and return the enclosed proxy card in the postage-paid envelope provided.

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

Our Annual Report to Shareholders for 2006 is enclosed. We trust you will find it interesting and informative.

Sincerely yours,

DONALD M. JAMES
*Chairman and
Chief Executive Officer*

TABLE OF CONTENTS

Notice of Annual Meeting of the Shareholders	1
General Information About the Annual Meeting and Voting	2
Proposal 1: Election of Directors	5
Nominees for Election to the Board of Directors	5
Corporate Governance of our company and Practices of The Board of Directors	8
Board of Directors and Committees	
Director Independence	8
Director Nomination Process	9
Meetings and Attendance	9
Annual Meeting Policy	9
Non-Management Executive Sessions and Presiding Director	9
Committees of the Board of Directors	10
Transactions with Related Persons	13
Security Holder Communication with the Board of Directors	13
Policy on Reporting Concerns Regarding Accounting Matters	13
Security Ownership of Certain Beneficial Owners	14
Security Ownership of Management	15
Equity Compensation Plans	16
Compensation Committee Report	18
Compensation Discussion and Analysis	18
Grants of Plan-Based Awards Table	27
Summary Compensation Table	28
Option Exercises and Stock Vested Table	29
Deferred Compensation Plan	29
Nonqualified Deferred Compensation Plan Table	30
Outstanding Equity Awards at Fiscal Year-End Table	31
Retirement and Pension Benefits	32
Director Compensation	34
Director Summary Compensation Table	36
Payments Upon Termination or Change in Control	37
Report of the Audit Committee	44
Independent Auditors	45
Proposal 2: Ratification of Appointment of Independent Registered Public Accountants	46
General Information	
Section 16(a) Beneficial Ownership Reporting Compliance	47
Shareholder Proposals for 2008	47

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 11, 2007**

To our Shareholders:

NOTICE IS HEREBY GIVEN that the Annual Meeting of the Shareholders of Vulcan Materials Company will be held at The Wynfrey Hotel, 1000 Riverchase Galleria, Birmingham, Alabama, on Friday, May 11, 2007, at 9:00 a.m., Central Daylight Time, for the following purposes:

1. To elect three directors to serve three-year terms;
2. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2007; and
3. To conduct such other business as may properly come before the meeting or any postponements thereof.

Shareholders who owned stock at the close of business on March 16, 2007 can vote at the meeting.

By Order of the Board of Directors,

WILLIAM F. DENSON, III
Secretary

1200 Urban Center Drive
Birmingham, Alabama 35242
April 11, 2007

NOTE — WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON, TO ASSURE THE PRESENCE OF A QUORUM, PLEASE VOTE YOUR PROXY BY INTERNET, TELEPHONE OR BY COMPLETING, DATING, SIGNING AND MAILING THE ENCLOSED PROXY AS SOON AS POSSIBLE.

VULCAN MATERIALS COMPANY
1200 URBAN CENTER DRIVE, BIRMINGHAM, ALABAMA 35242

PROXY STATEMENT FOR
ANNUAL MEETING OF SHAREHOLDERS
MAY 11, 2007

GENERAL INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

Why am I receiving these materials?

This proxy statement is being sent to all shareholders of record as of the close of business on March 16, 2007 in connection with the solicitation of proxies by Vulcan Materials Company (the “company” or “Vulcan”) for use at the Annual Meeting of Shareholders. This proxy statement, the enclosed proxy card and Vulcan’s 2006 Annual Report to Shareholders are being first mailed to our shareholders on or about April 11, 2007. The meeting will be held at The Wynfrey Hotel, 1000 Riverchase Galleria, Birmingham, Alabama on May 11, 2007, at 9:00 a.m., Central Daylight Time.

Who can attend the Annual Meeting?

Only shareholders of our company as of the record date, March 16, 2007, their authorized representatives and invited guests of our company will be able to attend the annual meeting.

Who is entitled to vote?

All Vulcan shareholders as of the record date, March 16, 2007, will be entitled to vote at the 2007 annual meeting. On the record date there were 94,921,132 shares outstanding. Each share is entitled to one vote on each matter properly brought before the meeting.

What is the difference between a registered shareholder and a beneficial holder of shares?

If your common stock is registered directly in your name with our transfer agent, The Bank of New York, you are considered a “registered shareholder” with respect to those shares. If this is the case, the proxy materials have been sent or provided directly to you by our company.

If your common stock is held in a stock brokerage account or by a bank or other nominee, you are considered the “beneficial holder” of the shares held for you in what is known as “street name.” If this is the case, the proxy materials have been forwarded to you by your brokerage firm, bank or other nominee, or their agent which is considered the shareholder of record with respect to these shares.

How do I vote if I am a registered shareholder?

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

- § Via Internet;
- § By telephone;
- § By mail; or

§ In person at the annual meeting.

Shareholders are encouraged to vote their proxies by Internet, telephone or completing, signing, dating and returning the enclosed proxy card, but not by more than one method. Choosing to vote via the Internet or calling the toll-free number listed on the proxy card will save our company expense. Internet and telephone voting information is provided on the proxy card. A control number, located on the upper right of the proxy card, is used to verify your identity when voting via the Internet or by telephone. If you vote via the Internet or by telephone, please do not return a signed proxy card. If you vote by more than one method, only the last vote that is submitted will be counted, and each previous vote will be disregarded.

2

If you choose to vote by mail, mark your proxy card enclosed with the proxy statement, date and sign it, and mail it in the postage-paid envelope.

If you wish to vote in person, you can do so by ballot at the meeting.

How do I specify how I want my shares voted?

You can specify how you want your shares voted on each proposal by marking the appropriate boxes on the proxy card or indicating your vote on each proposal via the telephone or Internet. Please review the voting instructions on the proxy card and read the entire text concerning the proposals in this proxy statement prior to voting. If your signed proxy card or your telephone or Internet instructions do not specify how your shares are to be voted on a proposal, your shares will be voted (a) FOR the election of the nominees for directors described in the proxy statement, (b) FOR ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm and (c) in accordance with the recommendation of our Board of Directors on any other proposal that may properly come before the meeting or any postponement or adjournment thereof.

How do I vote if I am a beneficial shareholder?

If you are a beneficial shareholder, meaning you hold your Vulcan shares in street name, you have the right to direct your bank, broker or nominee on how to vote the shares. You should complete a voting instruction card provided to you by your bank, broker or nominee or provide your voting instructions by Internet or telephone, if made available by your bank, broker or other nominee. If you wish to vote in person at the meeting, you must first obtain from the holder of record a proxy issued in your name.

How are my shares voted if I am a beneficial holder and I do not return voting instructions?

Your shares may be voted if they are held in the name of a brokerage firm, even if you do not provide the brokerage firm with voting instructions. Brokerage firms have the authority, under the listing standards of the New York Stock Exchange, to vote shares on certain "routine" matters for which their customers do not provide voting instructions by the tenth day before the meeting. The election of directors and the ratification of the independent registered public accounting firm are considered routine matters.

What items will be voted upon at the Annual Meeting?

There are two proposals that will be presented at the meeting:

- § election of three directors to serve three-year terms; and
- § ratification of appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2007.

These proposals have been submitted on behalf of Vulcan's Board of Directors. We know of no other matters that may be brought before the meeting. However, if any other matters are properly presented for action, it is the intention of the proxies named on the proxy card to vote on them according to their best judgment.

What are the Board of Directors' voting recommendations?

For the reasons set forth in more detail later in this proxy statement, the Board recommends a vote FOR the election of each of the director nominees and FOR the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2007.

What constitutes a quorum for the Annual Meeting?

A majority of the shares of Common Stock entitled to vote, represented in person or by proxy, is required to constitute a quorum. If a quorum is not present at the time of the Annual Meeting of Shareholders, the shareholders entitled to vote, present in person or by proxy, shall have the power to adjourn the Annual Meeting until a quorum shall be present or represented by proxy.

How many votes are needed to have the proposals pass?

The affirmative vote of a majority of the votes cast is required to elect each of the director nominees and to ratify the appointment of Deloitte & Touche LLP. Director nominees who do not receive the required majority are required to tender their resignations to the Board for consideration.

How are the votes counted?

For purposes of determining the number of votes cast with respect to a particular matter, only those cast “For” or “Against” and, with respect to the election of directors, “Withheld” are included. Abstentions and broker non-votes are counted only for purposes of determining whether a quorum is present at the meeting, are not considered votes cast, and thus will not affect the outcome of the vote.

How can I revoke my Proxy?

You may revoke your proxy at any time before it is voted at the meeting by taking one of the following actions:

- § by giving timely written notice of the revocation to the Secretary of our company;
- § by executing and delivering a proxy with a later date;
- § by voting by telephone or via Internet at a later date (in which case only the last vote is counted); or
- § by voting in person at the annual meeting.

If you vote by more than one method, only the last vote that is submitted will be counted, and each previous vote will be disregarded.

Who counts the votes?

Tabulation of the votes cast at the meeting is conducted by The Bank of New York, independent inspectors of election.

Is my vote confidential?

All proxies are held in confidence, unless (i) the shareholder writes comments or requests disclosure on the proxy card, (ii) disclosure may be required by law, or (iii) where the proxy solicitation is made by a party other than the Board.

Who will pay for the costs involved in the solicitation of proxies?

Our company will pay all costs of preparing, assembling, printing and distributing the proxy materials. Management has retained Georgeson Shareholder Communications Inc. to assist in soliciting proxies for a fee of \$7,000.00, plus reasonable out-of-pocket expenses. Our company will, upon request, reimburse brokerage firms and others for their reasonable expenses incurred for forwarding this proxy material to beneficial owners of such shares.

What is “householding” and how does it affect me?

Some banks and brokers may be participating in the practice of “householding” proxy statements and annual reports. This means that only one copy of this proxy statement or our Annual Report to Shareholders may have been sent to multiple shareholders in your household. We will promptly deliver a separate copy of either or both documents to you if you write or call us at the following address or phone number: Vulcan Materials Company, P.O. Box 385014, Birmingham, Alabama 35238-5014, Attention: Mark D. Warren, Director, Investor Relations, phone: (205) 298-3220. If you want to receive separate copies of our Annual Report to Shareholders and proxy statement in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank or broker, or you may contact us at the above address and phone number.

Can I view the Proxy Statement and Annual Report over the Internet instead of receiving them in the mail?

You also may access our company's proxy statement and Annual Report on Form 10-K for the year ended December 31, 2006, which includes our annual report to shareholders, via the Internet at www.vulcanmaterials.com under the heading "Investor Relations." For next year's shareholders' meeting, you can help us save significant printing and mailing expenses by consenting to access the proxy statement, proxy card and annual report to shareholders electronically over the Internet. If you hold your shares in your own name (instead of through a bank, broker or other nominee), you can choose this option by following the instructions at the Internet voting website at <https://www.proxypush.com/vmc>, which has been established for you to vote your shares for the meeting. If you choose to receive your proxy materials and annual report to shareholders electronically, then prior to next year's shareholders' meeting you will receive an e-mail notification when the proxy materials and annual report to shareholders are available for on-line review over the Internet, as well as the instructions for voting electronically over the Internet. Your choice for electronic distribution will remain in effect for subsequent meetings unless you revoke it prior to future meetings by sending a written request to: Secretary, Vulcan Materials Company, 1200 Urban Center Drive, Birmingham, Alabama 35242 or revoking your request online.

A copy of our Annual Report on Form 10-K for the year ended December 31, 2006 will be provided to you without charge (except for exhibits) upon written request to Mark D. Warren, Director, Investor Relations, Vulcan Materials Company, 1200 Urban Center Drive, Birmingham, Alabama 35242.

PROPOSAL 1. ELECTION OF DIRECTORS

Our company's Board is divided into three classes for purposes of election. One class is elected at each annual meeting to serve a three-year term.

The Board has nominated three persons for election as directors to serve three-year terms expiring in 2010. Unless otherwise directed, proxies will be voted in favor of these three nominees. Should any of the nominees be unable to accept election, the proxies will be voted for the election of such other person or persons who is nominated by the Board on the recommendation of the Governance Committee. Each of the nominees has consented to serve if elected, and the Board has no reason to believe that any of the persons nominated will be unable to serve as a director.

NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS

Douglas J. McGregor

Age: 66. Director since 1992.

Blue Point Capital Partners, Cleveland, Ohio (a national private equity firm), since January 2003; retired President and Chief Operating Officer, Burlington Industries, Inc., Greensboro, North Carolina (a leading soft goods manufacturer with interests in apparel, home fashions, carpets and rugs), from June 2000 until December 2002.

Committee memberships: Audit; Finance and Pension Funds; Safety, Health and Environmental Affairs.

Donald B. Rice

Age: 67. Director since 1986.^(*)

Chairman (since 2002), President and Chief Executive Officer of Agensys, Inc., Santa Monica, California (a biotechnology company developing monoclonal antibody therapeutics for cancer), since 1996.

Committee memberships: Audit; Executive; Finance and Pension Funds; Governance.

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

Vincent J. Trosino

Age: 66. Director since 2003.

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

Committee memberships: Finance and Pension Funds; Safety, Health and Environmental Affairs.

**The Board of Directors of our company
recommends a vote FOR each of the nominees named above.**

DIRECTORS CONTINUING IN OFFICE

TERM EXPIRING IN 2008

Philip J. Carroll, Jr.

Age: 69. Director since 1999.

Retired Chairman and Chief Executive Officer of Fluor Corporation, Aliso Viejo, California (an engineering, construction and diversified services company), from July 1998 to February 2002.

Other directorships: BAE Systems; Texas Medical Center; Envirofuels, LLC.

Committee memberships: Compensation; Executive; Governance; Safety, Health and Environmental Affairs.

Donald M. James

Age: 58. Director since 1996.

Chairman and Chief Executive Officer of Vulcan since May 1997.

Other directorships: The Southern Company; Wachovia Corporation.

Committee memberships: Executive.

Orin R. Smith

Age: 71. Director since 1983.

Retired Chairman and Chief Executive Officer of Engelhard Corporation, Iselin, New Jersey (provider of environmental technologies, performance products, engineered materials and related services), from January 1995 to December 2000.

Other directorships: Applera Corporation; Ingersoll-Rand Company.

Committee memberships: Compensation; Executive; Governance; Safety, Health and Environmental Affairs.

TERMS EXPIRING IN 2009

Phillip W. Farmer

Age: 68. Director since 1999.

Retired Chairman of the Board of Harris Corporation, Melbourne, Florida (an international communications equipment company) from February 2003 until June 2003; Chairman and Chief Executive Officer from July 1995 to February 2003.

Other directorships: George Weston, Limited.

Committee memberships: Audit; Finance and Pension Funds; Governance.

H. Allen Franklin

Age: 62. Director since 2001.

Retired Chairman and Chief Executive Officer of Southern Company, Atlanta, Georgia (a super-regional energy company in the Southeast and a leading U.S. producer of energy) from April 2004 until July 2004; Chairman, President and Chief Executive Officer from April 2001 to March 2004.

Committee memberships: Audit; Compensation; Safety, Health and Environmental Affairs.

James V. Napier

Age: 70. Director since 1983.

Retired Chairman of the Board of Scientific-Atlanta, Inc., Atlanta, Georgia (a manufacturer and designer of telecommunication systems, satellite-based communications networks, and instrumentation for industrial, telecommunications and government applications) from 1992 to 2000.

Other directorships: Intelligent Systems, Inc.; McKesson Corporation; WABTEC, Corp.

Committee memberships: Audit; Compensation; Executive; Finance and Pension Funds.

Mr. Livio D. DeSimone has served as a director since 1987. His current term ends May 11, 2007, and he has decided not to stand for re-election.

CORPORATE GOVERNANCE OF OUR COMPANY AND PRACTICES OF THE BOARD OF DIRECTORS

Our company takes its corporate governance responsibilities very seriously and has adopted Corporate Governance Guidelines which provide a framework for the governance of our company. The Guidelines build on practices which we have followed for many years and, we believe, demonstrate our continuing commitment to corporate governance excellence.

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

The Board has adopted a Code of Ethics for the Chief Executive Officer and Senior Financial Officers. The Code of Ethics defines "Senior Financial Officers" to include the Chief Financial Officer, Controller and principal accounting officer. The Code of Ethics covers such topics as financial reporting, conflicts of interest and compliance with laws. If we make any amendment to, or waiver of, any provision of the Code of Ethics, we will disclose such information on our website. As discussed in this proxy statement, our Governance Committee regularly reviews corporate governance developments and adopts appropriate practices as warranted. You can access our by-laws, Corporate Governance Guidelines, Business Conduct Policy and Code of Ethics at our website www.vulcanmaterials.com or you can obtain a printed copy free of charge by writing to us at: Corporate Secretary, Vulcan Materials Company, 1200 Urban Center Drive, Birmingham, Alabama 35242. Please note that the information contained on our website is not incorporated by reference in, nor considered to be a part of, this proxy statement.

Board of Directors and Committees

Director Independence

The Board believes that all of the non-management directors are independent under the New York Stock Exchange listing standards, the Board's Director Independence Criteria, and the applicable Securities and Exchange rules and regulations. The New York Stock Exchange listing standards provide that a director does not qualify as independent unless the Board affirmatively determines that the director has no material relationship with our company (either directly or as a partner, shareholder or officer of an organization that has a relationship with our company). The New York Stock Exchange rules require a board to consider all of the relevant facts and circumstances in determining the materiality of a director's relationship with our company and permit the Board to adopt and disclose standards to assist the Board in making determinations of independence. Accordingly, the Board has adopted the Director Independence Criteria to assist the Board in determining whether a director has a material relationship with our company.

In February 2007, the Board conducted an evaluation of director independence, based on the Director Independence Criteria, the New York Stock Exchange listing standards and applicable Securities and Exchange Commission rules and regulations. In connection with this review, the Board evaluated commercial, charitable, consulting, familial or other relationships with each director or immediate family member and their related interests and Vulcan and its subsidiaries, including those relationships described under "Other Matters Relating to Executive Officers and Directors."

As a result of this evaluation, the Board affirmatively determined that Messrs. Carroll, DeSimone, Farmer, Franklin, McGregor, Napier, Rice, Smith and Trosino are independent directors under the Board's Director Independence Criteria, the New York Stock Exchange listing standards and the applicable Securities and Exchange Commission rules and regulations.

Director Nomination Process

The Governance Committee described in detail below considers director candidates recommended by shareholders. Any shareholder wishing to recommend a candidate for election at the 2008 Annual Meeting must submit that recommendation in writing, addressed to the committee, in care of the Secretary of our company, at 1200 Urban Center Drive, Birmingham, Alabama 35242, by December 13, 2007. The notice should include the following:

- § The name and address of the shareholder who intends to make the nomination(s) and of the person or persons to be nominated;
- § A representation that the shareholder is a holder of record or a beneficial holder of stock entitled to vote at the meeting (including the number of shares the shareholder owns) and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice;
- § A description of all arrangements and understandings between the shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder;
- § Such other information regarding each nominee proposed by such shareholder as would have been required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission (whether or not such rules are applicable) had each nominee been nominated, or intended to be nominated, by the Board of Directors, including the candidate's name, biographical information, and qualifications; and
- § The written consent of each nominee to serve as a director if so elected, with such written consent attached thereto.

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

Meetings and Attendance

Our Board held nine meetings in 2006. In 2006, each director attended more than 75% of the total number of meetings of the Board and meetings of the committees of which he was a member.

Annual Meeting Policy

Our directors are expected to attend the Annual Meeting of Shareholders. In furtherance of this policy, our Board holds a regularly scheduled Board meeting on the same day as the Annual Meeting of Shareholders. In 2006, all of the Board members attended the Annual Meeting.

Non-Management Executive Sessions and Presiding Director

Our Board of Directors has adopted a policy relating to non-management executive sessions. Under this policy, the Board of Directors must meet at each regularly scheduled Board meeting in executive sessions in which management directors and other members of management do not participate. During 2006, the non-management directors met in executive session five times.

Each year at the May Board meeting, the Board designates a non-management presiding director, a position which is filled by rotation among the chairs of the Board committees. The duties of the presiding director are delineated in our Corporate Governance Guidelines, which are available on our website at www.vulcanmaterials.com. The Chairman of the Safety, Health and Environmental Affairs Committee, Mr. Carroll, served as the presiding director at the executive sessions after the annual meeting in 2006. Mr. Napier, Chairman of the Audit Committee, will serve as the presiding director following the 2007 Annual Meeting. We encourage constructive communications from our shareholders. Shareholders and other parties interested in communicating directly with the presiding director or with the non-management directors as a group, may do so by writing to Presiding Director, c/o Corporate Secretary, Vulcan Materials Company, P. O. Box 385014, Birmingham, Alabama, 35238-5014. The shareholder communications will be forwarded to the Board in accordance with the Policy on Shareholder Communications with the Board, adopted by the independent directors in February 2004.

Committees of the Board of Directors

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

- § Executive Committee;
- § Audit Committee;
- § Compensation Committee;
- § Governance Committee;
- § Safety, Health and Environmental Affairs Committee; and
- § Finance and Pension Funds Committee.

The charters of the audit, governance and compensation committees are available on our website at www.vulcanmaterials.com, or you can obtain a printed copy free of charge by writing to us at: Corporate Secretary, Vulcan Materials Company, 1200 Urban Center Drive, Birmingham, Alabama 35242.

Each committee, except the Executive Committee, is comprised entirely of independent, non-management directors.

Executive Committee

The Executive Committee has the same powers as our Board of Directors, except as limited by the New Jersey Business Corporation Act. In practice, the powers of the Executive Committee are exercised only for matters that arise between meetings of the Board. Members of the Executive Committee are Messrs. James (Chair), Carroll, DeSimone, Napier, Rice and Smith. The Executive Committee did not meet in 2006.

Audit Committee

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

§

Hire, evaluate and, when appropriate, replace the independent registered public accounting firm, whose duty it is to audit our books and accounts for the fiscal year in which it is appointed;

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

- § Review and discuss with management the independent registered public accounting firm and internal auditors our internal reporting, audit procedures and the adequacy and effectiveness of our disclosure controls and procedures;
- § Review and discuss with management and the independent registered public accounting firm the audited financial statements to be included in our Annual Report on Form 10-K, the quarterly financial statements to be included in our Quarterly Reports on Form 10-Q, our disclosures under “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and the selection, application and disclosure of accounting policies used in our financial statements;
- § Review and discuss with management with quarterly earnings press releases and financial information and earnings guidance provided to analysts and rating agencies;
- § Review and discuss with management all existing related-party transactions and approve any proposed related-party transactions to ensure that they are in our best interest; and
- § Review and reassess the adequacy of the Audit Committee Charter adopted by the Board of Directors, and recommend proposed changes to the Board of Directors.

The members of the Audit Committee are Messrs. Napier (Chair), Farmer, Franklin, McGregor and Rice. All members of our Audit Committee are non-management directors. Our Board of Directors has determined that each is “independent” and “financially literate” within the meaning of the listing standards of the New York Stock Exchange, Securities and Exchange Commission rules and regulations, and the Director Independence Criteria adopted by our Board of Directors and posted on our website at www.vulcanmaterials.com under “Investor Relations”. In addition, our Board has determined that Mr. Napier is an “audit committee financial expert” within the meaning of that term as defined by rules adopted by the Securities and Exchange Commission. He has served on our company’s Board since 1983 and on its Audit Committee since 1987. The Audit Committee met seven times during 2006. Further detail about the role of the Audit Committee may be found in the Report of the Audit Committee on page 35 of this proxy statement.

Compensation Committee

The Compensation Committee is responsible for, among other things: determining and setting the amount of compensation paid to each of our executive officers, including the Chief Executive Officer, senior officers and Division presidents; reviewing compensation plans relating to officers; interpreting and administering the Executive Incentive Plan, Management Incentive Plan, and the 2006 Omnibus Long-Term Incentive Plan; and making recommendations to the Board with respect to compensation paid by our company to any director. The Compensation Committee also reviews and discusses with management the Compensation Discussion and Analysis required by Securities and Exchange Commission Regulation S-K, Item 402(b).

During the year, the Compensation Committee works with Compensation Strategies, a consultant retained by management, which provides market data regarding executive compensation programs and amounts. The Compensation Committee obtains specific data and reports from Compensation Strategies on an annual basis and at other times upon request. The Compensation Committee invites representatives of Compensation Strategies to attend meetings of the Compensation Committee from time to time. The Compensation Committee also meets with the Chief Executive Officer to consider recommendations for the compensation arrangements for executives other than the Chief Executive Officer. For more information on these meetings, please refer to the section entitled “Compensation Discussion and Analysis” in this proxy statement.

The members of the Compensation Committee are Messrs. Smith (Chair), Carroll, DeSimone, Franklin and Napier. The Committee is comprised solely of non-management directors who are “independent” within the meaning of the

listing standards of the New York Stock Exchange and the Board's Director Independence Criteria. The Compensation Committee met six times during 2006.

Governance Committee

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

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

§ recommends to the Board director nominees for the next annual meeting of shareholders; and

§ evaluates individuals suggested by shareholders as director nominees.

In recommending director candidates to the Board, the Governance Committee Charter requires the committee to select individuals who, at a minimum, possess high ethical standards, integrity and sound business judgment. In its assessment of each potential candidate, the Governance Committee will review the candidate's experience, potential conflicts of interest, understanding of our company's industry or related industries, financial acumen and such other factors the Committee determines are pertinent in light of the current needs of the Board. The committee may also take into account the contribution of the candidate to the diversity of the Board, the ability of a candidate if elected a director to devote the time and effort necessary to fulfill his or her responsibilities as a Board member, and the needs of our company given the range of talent and experience represented on the Board. The Governance Committee believes it appropriate for at least one, and preferably several, members of the Board to meet the criteria for an "audit committee financial expert" as defined by the Securities and Exchange Commission rules, and that a substantial majority of the members of the Board meet the definition of "independence" as defined by the listing standards of the New York Stock Exchange and the Board's Director Independence Criteria.

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

Members of the Governance Committee are Messrs. DeSimone (Chair), Carroll, Farmer, Rice and Smith. This Committee is comprised solely of non-management directors who are "independent" within the meaning of the listing standards of the New York Stock Exchange and the Board's Director Independence Criteria. The Governance Committee met three times during 2006.

Safety, Health and Environmental Affairs Committee

The Safety, Health and Environmental Affairs Committee has the responsibility for reviewing our policies, practices and programs with respect to the management of safety, health and environmental affairs and monitoring our compliance with safety, health and environmental laws and regulations. Members of the Safety, Health and Environmental Affairs Committee are Messrs. Carroll (Chair), Franklin, McGregor, Smith and Trosino. The Committee met two times during 2006.

Finance and Pension Funds Committee

The Finance and Pension Funds Committee has responsibility for overseeing our financial policies and recommending to the Board financial policies and actions to accommodate our goals and operating strategies while maintaining a sound financial condition. Its functions include keeping informed about our financial condition, recommending a dividend policy, reviewing and recommending changes in the quarterly dividend payments, and evaluating and

making recommendations concerning the appropriate mix of debt and equity, incurrence of long-term debt, and changes in the authorized limit of short-term debt. The Finance and Pension Funds Committee is also responsible for overseeing the funding and management of assets for pension plans sponsored by our company. To fulfill these functions, it establishes funding policies and methods consistent with pension plan objectives and the Employee Retirement Income Security Act of 1974, selects and removes investment managers, and appoints trustees for the pension plans. Members of the Finance and Pension Funds Committee are Messrs. Rice (Chair), Farmer, McGregor, Napier and Trosino. The Finance and Pension Funds Committee met two times in 2006.

Transactions with Related Persons

The brother-in-law of Mr. Donald James, Chairman and Chief Executive Officer, and the son of Mr. Philip Carroll, Jr., a member of the Board of Directors, are both partners in a large law firm which provides legal services to Vulcan. In determining that this is not a material relationship involving Mr. James or Mr. Carroll, the Board determined that payments made by Vulcan to the firm represented less than 2% of the firm's consolidated gross revenues, and the revenues from Vulcan received by Mr. James' brother-in-law and Mr. Carroll's son as a result of their status as partners were not material. Additionally the Board made the assessment that Mr. Carroll was independent and that this was not a material relationship. Neither Mr. James' brother-in-law nor Mr. Carroll's son were directly involved in providing significant legal services to Vulcan. Vulcan is not aware of any other material relationships or related transactions which are required to be disclosed pursuant to applicable Securities and Exchange Commission rules or regulations.

Security Holder Communication with the Board of Directors

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

Board of Directors (or presiding director or name of individual director)
c/o Corporate Secretary
Vulcan Materials Company
1200 Urban Center Drive
Birmingham, Alabama 35242

All such communications will be forwarded to the appropriate director or directors specified in such communications as soon as practicable.

Policy on Reporting of Concerns Regarding Accounting Matters

As provided on our website at www.vulcanmaterials.com under the heading "Investor Relations" under the subheading "Corporate Governance - Contact the Board of Directors," any shareholder or interested party who has any concerns or complaints relating to accounting, internal accounting controls or auditing matters, may contact the Audit Committee by writing to the following address:

Vulcan Audit Committee
c/o Corporate Secretary
Vulcan Materials Company
1200 Urban Center Drive
Birmingham, Alabama 35242

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

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

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
State Farm Mutual Automobile Insurance Company and Affiliates One State Farm Plaza Bloomington, Illinois 61710	11,072,672 shares ⁽¹⁾	11.72%
Davis Selected Advisors, L.P. 2949 East Elvira Road, Suite 101 Tucson, Arizona 85706	8,234,304 shares ^{(2) (4)}	8.72%
Regions Financial Corporation 1900 Fifth Avenue North Birmingham, Alabama 35203	5,772,762 shares ^{(3) (4)}	6.11%

⁽¹⁾ Based on information contained in the Schedule 13G/A, dated February 3, 2007, filed with the Securities and Exchange Commission. According to this Schedule 13G/A, the total includes the following shares over which the listed entities have sole or share either or both voting and dispositive power:

<u>Affiliate</u>	<u>Shares</u>
State Farm Mutual Automobile Insurance Company	8,399,798
State Farm Life Insurance Company	3,635
State Farm Fire and Casualty Company	3,216
State Farm Growth Fund	1,039,200
State Farm Balanced Fund	160,200
State Farm Variable Product Trust	4,615
State Farm Insurance Companies Employee Retirement Trust	2,808

State Farm Insurance Companies Savings and Thrift Plan for U.S. Employees	
- E q u i t i e s Account	1,208,400
- B a l a n c e d Account	250,800

(2) Based on information contained in the Schedule 13G/A, dated February 3, 2007, filed with the Securities and Exchange Commission. According to this Schedule 13G/A, the total includes the following shares over which the listed entities have sole

(3) Based on information contained in a Schedule 13G dated February 14, 2007, filed with the Securities and Exchange Commission.

(4) Has sole voting and investment power over these shares.

SECURITY OWNERSHIP OF MANAGEMENT

The following table sets forth information, unless otherwise indicated, as of March 1, 2007, regarding beneficial ownership of our company's common stock, the company's only outstanding class of equity securities, by each of the directors, the executive officers named in the Summary Compensation Table below, and the directors and executive officers as a group. This table indicates that the named individual's financial interest is aligned with the interests of our shareholders, because the value of the individual's total holdings will increase or decrease in line with the price of our common stock.

Name	Amount and Nature of Stock-Based Ownership	Percent of Class
Directors⁽¹⁾		
Philip J. Carroll, Jr.	19,555	*
Livio D. DeSimone	65,754	*
Phillip W. Farmer ⁽²⁾	20,619	*
H. Allen Franklin	14,043	*
Douglas J. McGregor ⁽³⁾	53,533	*
James V. Napier	22,249	*
Donald B. Rice	39,460	*
Orin R. Smith	64,134	*
Vincent J. Trosino	13,001	*
Chief Executive Officer and other Executive Officers⁽⁴⁾		
Donald M. James	1,629,152	1.7%
Guy M. Badgett, III	314,015	*
James W. Smack	246,823	*
Daniel F. Sansone	234,304	*
Ronald G. McAbee	156,191	*
All Directors and Executive Officers as a group (17 persons)	3,345,948	3.5%

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

⁽¹⁾ Beneficial ownership for the directors includes all shares held of record or in street name, and, if noted, by trusts or family members. The amounts also include restricted shares granted under our Restricted Stock Plan for Nonemployee Directors and phantom shares settled in stock accrued under the Directors' Deferred Compensation Plan, and the Deferred Stock Plan for Nonemployee Directors, as follows:

	Shares Owned		Phantom Shares
	Directly or Indirectly	Restricted Shares	Held Pursuant to Plans
Philip J. Carroll, Jr.	0	5,950	13,605
Livio D. DeSimone	25,303	6,185	34,266
Phillip W. Farmer	1,000	5,550	13,055
H. Allen Franklin	0	4,000	10,043
Douglas J. McGregor	1,350	6,185	45,998

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James V. Napier	3,550	6,185	12,514
Donald B. Rice	21,950	6,185	11,325
Orin R. Smith	3,150	6,185	54,799
Vincent J. Trosino	5,500	2,000	5,501

(2) Held in a trust of which Mr. Farmer is the trustee.

(3) Includes 1,350 shares held in a trust of which Mr. McGregor is the trustee.

(4) Beneficial ownership for the executive officers includes shares held of record or in street name. The amounts also include shares that may be acquired upon the exercise of options which are presently exercisable or that will become exercisable on or before May 1, 2007, and shares credited to the executives' accounts under our Thrift Plan for Salaried Employees ("Thrift Plan") as follows:

	Shares Owned Directly or Indirectly	Exercisable Options	Thrift Plan
Donald M. James	111,843	1,490,200	18,790
Guy M. Badgett, III	24,003	250,250	38,362
James W. Smack	5,055	203,255	38,374
Daniel F. Sansone	28,611	188,400	16,456
Ronald G. McAbee	3,465	129,825	22,079

EQUITY COMPENSATION PLANS

The table below sets forth information regarding the number of shares of our common stock authorized for issuance under all of our equity compensation plans as of December 31, 2006.

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders ⁽¹⁾			
1996 Long Term Incentive Plan (For Employees)			
Stock Options	6,768,562	\$48.76	
Performance Share Units	376,800		
Deferred Stock Units	304,338		

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Employees - Total	7,449,700	(2)
Deferred Stock Plan for Non-employee Directors	13,281	(2)
Restricted Stock Plan for Non-employee Directors	54,384	(2)

2006 Long-Term Incentive
Plan - Employees

Stock Only Stock

Appreciation Rights	0		
PSUs	0		
Deferred Stock Units for Non-employee Directors	16,427		
Total	16,427		5,383,573
Equity compensation plans not approved by security holders	None		None
Total	7,533,792	48.76	5,383,573

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

(2) Future grants will not be made under these plans. The plans will be used only for the administration and payment of grants that were outstanding when the 2006 LTIP was approved.

COMPENSATION COMMITTEE REPORT

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

*The
Compensation
Committee*