

Vulcan Materials CO
Form 11-K
June 30, 2008

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 11-K
ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 2007
Commission file number: 001-33841
VULCAN MATERIALS COMPANY
401(k) AND PROFIT SHARING RETIREMENT PLAN
(full title of the plan)
VULCAN MATERIALS COMPANY
(Name of issuer of the securities held pursuant to the plan)
1200 Urban Center Drive
Birmingham, Alabama 35242
(Address of issuer's principal executive offices and address of the plan)
Vulcan Materials Company
401(k) and Profit Sharing Retirement Plan
Financial Statements as of December 31, 2007,
for the period from July 15, 2007 (date of inception) to December 31, 2007
and Report of Independent Registered Public Accounting Firm**

**VULCAN MATERIALS COMPANY
401(k) AND PROFIT SHARING RETIREMENT PLAN
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustees and Participants of
Vulcan Materials Company 401(k) and Profit
Sharing Retirement Plan

We have audited the accompanying statement of net assets available for benefits of Vulcan Materials Company 401(k) and Profit Sharing Retirement Plan (the Plan) as of December 31, 2007, and the related statement of changes in net assets available for benefits for the period from July 15, 2007 (date of inception) to December 31, 2007. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting.

Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2007, and the changes in net assets available for benefits for the period from July 15, 2007 (date of inception) to December 31, 2007, in conformity with accounting principles generally accepted in the United States of America.

/s/DELOITTE & TOUCHE LLP
Birmingham, Alabama
June 30, 2008

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**VULCAN MATERIALS COMPANY 401(k) AND PROFIT SHARING
RETIREMENT PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
AS OF DECEMBER 31, 2007**

ASSETS

| | |
|--|--------------|
| Interest in Vulcan Materials Company Retirement Savings Trust, at fair value | \$ 1,432,815 |
| Employer contributions receivable | 691,595 |
| | |
| NET ASSETS AVAILABLE FOR BENEFITS At fair value | 2,124,410 |
| | |
| Adjustment from fair value to contract value for fully benefit-responsive investment contracts | (1,835) |
| | |
| NET ASSETS AVAILABLE FOR BENEFITS | \$ 2,122,575 |

See notes to financial statements.

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**VULCAN MATERIALS COMPANY 401(k) AND PROFIT SHARING
RETIREMENT PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE PERIOD FROM JULY 15, 2007 (DATE OF INCEPTION) TO DECEMBER 31, 2007**

ADDITIONS TO NET ASSETS:

Contributions:

| | |
|--------------|------------|
| Participants | \$ 949,805 |
| Employer | 1,198,580 |

| | |
|-------------------------------|-----------|
| Total additions to net assets | 2,148,385 |
|-------------------------------|-----------|

DEDUCTIONS FROM NET ASSETS:

| | |
|--|--------|
| Investment loss from interest in Vulcan Materials Company Retirement Savings Trust | 24,483 |
| Withdrawals by participants | 1,327 |

| | |
|----------------------------------|--------|
| Total deductions from net assets | 25,810 |
|----------------------------------|--------|

| | |
|--------------|-----------|
| NET INCREASE | 2,122,575 |
|--------------|-----------|

NET ASSETS AVAILABLE FOR BENEFITS:

Date of inception

| | |
|-------------|--------------|
| End of year | \$ 2,122,575 |
|-------------|--------------|

See notes to financial statements.

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**VULCAN MATERIALS COMPANY 401(k) AND PROFIT SHARING
RETIREMENT PLAN**

NOTES TO FINANCIAL STATEMENTS

**AS OF DECEMBER 31, 2007, AND FOR THE PERIOD FROM JULY 15, 2007 (DATE OF
INCEPTION) TO DECEMBER 31, 2007**

1. DESCRIPTION OF THE PLAN

General - The Vulcan Materials Company 401(k) and Profit Sharing Retirement Plan (the Plan), a defined contribution employee benefit plan established effective July 15, 2007, provides for accumulation of savings, including ownership of common stock of Vulcan Materials Company (the Company), for all qualified employees of the Company hired on or after July 15, 2007.

The Company has designated a portion of the Plan consisting of the Vulcan Materials Company common stock fund as an Employee Stock Ownership Plan (ESOP). The ESOP fund allows a participant to elect to have the dividends on Vulcan Materials Company common stock reinvested in the Company's common stock or paid to the participant in cash.

If a qualified employee was previously a participant in another defined contribution plan maintained by the Company, the net assets of the participant's account will be transferred to this Plan. In these instances, the net assets of the participant's account will be transferred between the other defined contribution employee benefit plans that participate in the Vulcan Materials Company Retirement Savings Trust (the Master Trust).

All assets of the Plan are held by The Northern Trust Company of Chicago, Illinois (the Trustee). The Company pays the administrative costs of the Plan, including the Trustee's fees and charges. Hewitt Associates, LLC (the Recordkeeper) is the recordkeeper for the Plan.

Participation and Vesting Generally, all qualified employees participate on the first day of employment. Participants are fully vested in all contributions at all times.

Contributions The Plan is funded through contributions by participants and the Company. The Plan provides for before-tax contributions. An employee may designate multiples of 1%, ranging from 1% to 35%, of earnings as before-tax contributions. Pay conversion contributions, which are subject to annual increases pursuant to federal regulations, are limited to a maximum dollar amount of \$15,500 in 2007. Certain additional limits may be imposed on the amount of contributions by or on behalf of certain higher-paid employees. For participants over the age of 50, additional contributions may be made in the amount of \$5,000 for the year ended December 31, 2007. Participants may also contribute amounts representing distributions from other qualified plans.

The Company expects to make matching contributions out of accumulated earnings and profits to match a portion of an employee's contribution equal to 100% of that contribution, not to exceed 4% of the employee's earnings. In addition to the contributions described above, the Company may make an additional discretionary bonus match not to exceed 2% of the employee's earnings and a profit sharing contribution with a minimum equal to 3% of the employee's earnings for the portion of the Plan year in which the employee was an eligible participant. These discretionary profit sharing contributions totaled approximately \$692,000 for the period ended December 31, 2007.

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Investment Options Participants' contributions are invested in 14 separate investment funds of the Plan in proportions elected by the participant. The Company's matching contributions are invested in the Company stock fund, which invests primarily in the Company's common stock and are available for immediate reallocation by the participants. The Company's profit sharing contributions are invested as selected by the participant. In the event that no contribution investment election is made by the participant, the profit sharing contribution is invested into a target fund based on the participant's year of birth.

Participant Accounts Separate accounts are maintained for each investment option, before-tax contribution, rollover, transfer, and Company contributions and accumulated earnings thereon. Earnings (losses) are allocated daily to each participant's account in the ratio of the participant's account balance to total participants' account balances. Distributions and withdrawals are charged to participant accounts.

Distributions and Withdrawals A participant's total account is distributed upon retirement, disability, death, or termination of employment, unless the account value is greater than \$5,000, in which case the participant may defer distribution until age 70-1/2. Distributions are made in cash, except that the portion invested in common stock of the Company may be distributed in whole shares of such stock, if requested by the participant or beneficiary.

Prior to a termination of employment, a participant may withdraw any amount up to the value of his or her entire account provided, however, that (1) no portion of an actively employed participant's pay conversion contribution account may be distributed to him or her before age 59-1/2, unless the administrative committee approves a hardship withdrawal (as defined in the Plan) and (2) the preceding 24 months of matching contributions may not be withdrawn by an actively employed participant who has not been a participant in the Plan for at least 60 months.

Participant Loans A participant may apply for a loan at any time provided that the participant is receiving compensation from which payroll deductions may be made. The amount of the loan cannot exceed the lesser of 50% of the participant's total account, less the outstanding balance of all existing loans, or \$50,000, reduced by the highest outstanding balance of existing loans during the 12 months preceding the effective date of such loan. The interest rate of the loan will be determined by the administrative committee, which consists of at least three members appointed by the Chief Executive Officer of the Company, at the time the application for the Loan is made and may not exceed the maximum rate for such loans permitted by law. A loan is considered an investment of the Plan. The participant's investment accounts will be reduced by the amount of the loan. Any repayment made will be allocated to the participant's investment accounts in accordance with his or her current investment direction. Loans must be repaid in monthly installments through payroll deductions within 60 months. As of December 31, 2007, there were no loans outstanding in the Plan.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting The financial statements of the Plan have been prepared in accordance with accounting principles generally accepted in the United States of America.

As of December 31, 2007, the statement of net assets available for benefits presents the fair value of investments as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value in accordance with Financial Accounting Standards Board (FASB) Staff Position, *FSP AAG INV-1 and SOP 94-4-1, Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans* (the FSP). As described in the FSP, investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measure for fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The statement of changes in net assets available for benefits is prepared on a contract value basis.

Recently Issued Accounting Pronouncement In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 157, *Fair Value Measurements* (FAS 157), which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. FAS 157 does not require new fair value measurements, but provides guidance on how to measure fair value by establishing a fair value hierarchy used to classify the source of information. FAS 157 is effective for fiscal years beginning after November 15, 2007. The Plan s management is currently evaluating the impact the adoption of FAS 157 would have on the Plan s financial position or results of operations.

Valuation of Investments and Income Recognition The Plan s investment in the Master Trust represents its proportionate interest. The Plan s investment in the Master Trust is presented at estimated fair value, which has been determined based on the underlying fair values of the assets of the Master Trust.

Investments, other than stable value funds, are reported at fair value. Investments in securities traded on national and over-the-counter exchanges are valued at the closing bid price of the security as of the last day of the year. Investments in common/collective-trust funds are stated at estimated fair value based on the underlying investments in those funds. Fully benefit-responsive stable value funds are stated at fair value and then adjusted to contract value. Contract value represents contributions made under the contract, plus earnings, less withdrawals and administrative expenses. There are no reserves against contract value for credit risks of the contract issuer or otherwise. The average yield and crediting interest rate was approximately 5.27% and 5.90%, respectively for 2007.

The average cost of securities sold or distributed is used to determine net investment gains or losses realized. Security transactions are recorded on the trade date. Distributions of common stock, if any, to participants are recorded at the market value of such stock at the time of distribution. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Investment manager fees are netted against Plan investment income. Expenses incurred in connection with the transfer of securities, such as brokerage commissions and transfer taxes, are added to the cost of such securities or deducted from the proceeds thereof.

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Use of Estimates and Risks and Uncertainties The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires Plan management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates. The Master Trust invests in various securities including U.S. government securities, corporate debt instruments, stable value funds, other equities, common/collective-trusts, interest-bearing cash, commingled funds, corporate equity investments, and corporate stocks. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Payment of Benefits Benefits are recorded when paid.

3. INTEREST IN MASTER TRUST

The Plan's investment assets are held in a trust account by the Trustee. Use of the Master Trust permits the commingling of investment assets of a number of employee benefit plans of the Company. Each participating plan has an undivided interest in the Master Trust. Although assets of the plans are commingled in the Master Trust, the Recordkeeper maintains supporting records for the purpose of allocating the net gain or loss of the investment account to the participating plans.

The fair value of investments of the Master Trust at December 31, 2007, are summarized as follows:

| | |
|--|----------------------|
| Vulcan Materials Company common stock* | \$ 312,109,010 |
| Stable value fund | 35,295,147 |
| Corporate debt investments-preferred | 42,233,352 |
| U.S. government securities | 41,271,526 |
| Other equities | 464,274,187 |
| Interest-bearing cash | 82,184,223 |
| Value of interest in common/collective-trusts | 182,932,018 |
| Commingled funds holding principally venture capital and partnership investments | 80,161,245 |
| | |
| Total assets | 1,240,460,708 |
| | |
| Adjustment from fair value to contract value for fully benefit-responsive investment contracts | (1,587,111) |
| | \$ 1,238,873,597 |
| | |
| Percentage of Plan's investments in the Master Trust's investments | 0.1% |

* The Master Trust's investment in the Company's common stock

is held solely by
participants in
the Company's
defined
contribution
plans.

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The total investment income of the Master Trust as of December 31, 2007, is summarized as follows:

| | |
|----------------------|-------------------|
| Interest | \$ 10,687,766 |
| Dividends | 7,880,892 |
| Other | 4,096,731 |
| Net investment gains | 29,768,993 |
| | |
| Total | \$ 52,434,382 |

4. PLAN TERMINATION

Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in the Employee Retirement Income Security Act.

5. FEDERAL INCOME TAX STATUS

The Plan has applied for a letter from the Internal Revenue Service determining and informing the Company that the Plan and related trust were designed in accordance with the applicable regulations of the Internal Revenue Code (IRC). However, the Plan has not received such letter. The Company and Plan administrator believe that the Plan is currently designed and operated in compliance with the applicable requirements of the IRC and that the Plan and the related trust is tax-exempt. Therefore, no provision for income taxes has been included in the Plan's financial statements.

6. EXEMPT PARTY-IN-INTEREST TRANSACTIONS

At December 31, 2007, the Master Trust held 3,847,598 shares of common stock of the Company with a cost basis of \$172,815,016. During the period from July 15, 2007 (date of inception) to December 31, 2007, the Master Trust recorded dividend income of \$7,047,509 attributable to its investment in the Company's common stock.

7. SUBSEQUENT EVENTS

Effective January 1, 2008, the Plan was amended to allow after-tax contributions. A subaccount was established for such after-tax contributions. An employee may designate multiples of 1%, ranging from 1% to 35%, of earnings as after-tax contributions.

Effective February 14, 2008, the Florida Rock Industries, Inc. Profit Sharing and Deferred Earnings Plan and the Arundel Corporation Profit Sharing and Savings Plan were merged into the Plan.

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SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustee (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

**VULCAN MATERIALS COMPANY
401(k) AND PROFIT SHARING
RETIREMENT PLAN**

Date: June 30, 2008

By: /s/ Charles D. Lockhart
Charles D. Lockhart
Chairman of the Administrative
Committee

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