Virginia Holdco, Inc.
Form S-4/A
July 06, 2007

Table of Contents

As filed with the Securities and Exchange Commission on July 6, 2007
Registration No. 333-142060

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 2
To

Form S-4

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

VIRGINIA HOLDCO, INC.
(Exact name of Registrant as specified in its charter)

New Jersey	**1400**	**20-8579133**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification No.)*

c/o Vulcan Materials Company
1200 Urban Center Drive
Birmingham, Alabama 35242
205-298-3000
(Address, including zip code, and telephone number, including area code, of Registrant s principal executive offices)

William F. Denson, III, Esq.
Vice President and Secretary
Virginia Holdco, Inc.
c/o Vulcan Materials Company
1200 Urban Center Drive
Birmingham, Alabama 35242
205-298-3000
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

John D. Milton, Jr., Esq. **Florida Rock Industries, Inc.** **155 East 21st Street** **Jacksonville, Florida 32206** **904-355-1781**	**Thomas A. Roberts, Esq.** **Raymond O. Gietz, Esq.** **Weil, Gotshal & Manges LLP** **767 Fifth Avenue** **New York, New York 10154** **212-310-8000**	**Daniel B. Nunn Jr., Esq.** **McGuireWoods LLP** **Bank of America Tower** **50 North Laura Street, Suite 3300** **Jacksonville, Florida 32202** **904-360-6339**	**Edward D. Herlihy, Esq.** **Igor Kirman, Esq.** **Wachtell, Lipton, Rosen & Katz** **51 West 52nd Street** **New York, New York 10019** **212-403-1000**

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this Registration Statement becomes effective and all other conditions to the proposed mergers described herein have been satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Title of Each Class of Securities to be Registered	**Amount to be Registered(1)**	**Proposed Maximum Offering Price Per Share**	**Proposed Maximum Aggregate Offering Price(2)**	**Amount Registra Fee(3**
mmon Stock, par value 1 per share	13,087,491	Not Applicable	$1,441,008,865	$45,00

(1) The number of shares of common stock, par value $0.01 per share, of the registrant (Holdco Common Stock) being registered is based upon the product obtained by multiplying (i) 69,245,981 shares of common stock, par value $0.10 per share, of Florida Rock Industries, Inc. (Florida Rock Common Stock) estimated to be outstanding immediately prior to the Florida Rock merger (including 3,296,644 shares of Florida Rock common stock subject to options exercisable prior to the expected closing of the Florida Rock merger), by (ii) 30% (being the maximum number of shares of Florida Rock Common Stock convertible into shares of Holdco Common

Stock), by (iii) the exchange ratio of 0.63.

(2) Pursuant to Rules 457(f)(1) and 457(c) under the Securities Act of 1933, as amended (the Securities Act) and solely for the purpose of calculating the registration fee, the proposed maximum aggregate offering price is equal to (i) the product obtained by multiplying (a) $67.71 (the average of the high and low prices of Florida Rock Common Stock on April 11, 2007), by (b) 69,245,981 shares of Florida Rock Common Stock (estimated number of shares of Florida Rock Common Stock to be cancelled in the Florida Rock merger), minus (ii) $3,247,636,509 (the estimated amount of cash to be paid by the registrant to Florida Rock s shareholders in the Florida Rock merger).

(3) Previously paid.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

The information in this proxy statement/prospectus is not complete and may be changed. We may not sell the securities offered by this proxy statement/prospectus until the registration statement filed with the Securities and Exchange Commission is effective. This proxy statement/prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction where an offer or solicitation is not permitted.

SUBJECT TO COMPLETION DATED JULY 6, 2007

TO THE SHAREHOLDERS OF
FLORIDA ROCK INDUSTRIES, INC.

FLORIDA ROCK MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Dear Shareholder,

After careful consideration, the board of directors of Florida Rock Industries, Inc. (Florida Rock), by a unanimous vote of directors voting, has adopted an agreement and plan of merger with Vulcan Materials Company (Vulcan). As part of the transaction, Florida Rock and Vulcan will become subsidiaries of Virginia Holdco, Inc., a new holding corporation (Holdco), and Florida Rock common shareholders will have the right to elect to receive either $67.00 in cash, without interest, or 0.63 of a share of Holdco common stock for each share of Florida Rock common stock that they own. The elections are subject to proration so that, in the aggregate, 70% of all outstanding shares of Florida Rock common stock will be exchanged for cash and 30% of all outstanding shares of Florida Rock common stock will be exchanged for shares of Holdco common stock. In addition, Vulcan common shareholders will receive one share of Holdco common stock for each share of Vulcan common stock that they own. Approximately 13,034,069 shares of Holdco common stock will be issued in the merger in exchange for shares of Florida Rock common stock. Upon completion of the transaction, we estimate that Florida Rock s former shareholders will own approximately 12%, and former Vulcan shareholders will own approximately 88%, of the common stock of Holdco. The common stock of Holdco is expected to be listed on the New York Stock Exchange under Vulcan s current ticker symbol, VMC, Vulcan is expected to be renamed VMC Corp. and Holdco is expected to be renamed Vulcan Materials Company after the closing of the transaction.

Florida Rock will hold a special meeting of shareholders at which we will ask our shareholders to approve the merger agreement. Information about this meeting and the transaction is contained in this proxy statement/prospectus. **In particular, see Risk Factors beginning on page 14.** We urge you to read this proxy statement/prospectus, and the documents incorporated by reference into this proxy statement/prospectus, carefully and in their entirety.

The approval of the merger agreement requires the affirmative vote of a majority of the outstanding shares of Florida Rock common stock. No vote of Vulcan shareholders is required in order to approve the merger agreement. Pursuant to a support agreement with certain members and affiliates of the Baker family, such members and affiliates of the Baker family have agreed to vote certain of the shares of Florida Rock common stock beneficially owned by them, representing approximately 9.9% of the outstanding shares of Florida Rock common stock, in favor of the approval of the merger agreement.

Whether or not you plan to attend the special meeting, please vote as soon as possible to make sure that your shares are represented at that meeting. If you do not vote, it will have the same effect as voting against the merger proposal.

The Florida Rock board of directors unanimously recommends (with the undersigned, Edward L. Baker and Thompson S. Baker II abstaining) that you vote FOR the approval of the merger agreement.

Sincerely,

/s/ John D. Baker II
John D. Baker II
President and Chief Executive Officer
Florida Rock Industries, Inc.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this proxy statement/prospectus or determined if this proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated , 2007, and is first being mailed to shareholders of Florida Rock on or about , 2007.

Table of Contents

FLORIDA ROCK INDUSTRIES, INC.
155 East 21st Street, Jacksonville, Florida 32206

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD , 2007

To the Shareholders of Florida Rock Industries, Inc.:

A special meeting of the shareholders of Florida Rock Industries, Inc. will be held at , on , 2007 at a.m., local time, for the following purposes:

1. to consider and vote upon the approval of the Agreement and Plan of Merger, dated as of February 19, 2007, as amended on April 9, 2007, by and among Vulcan Materials Company, a New Jersey corporation, Florida Rock Industries, Inc., a Florida corporation, Virginia Holdco, Inc., a New Jersey corporation, Virginia Merger Sub, Inc., a New Jersey corporation, and Fresno Merger Sub, Inc., a Florida corporation;

2. to consider and vote upon an adjournment of the special meeting, if necessary or appropriate, to permit further solicitation of proxies if there are not sufficient votes at the special meeting to approve the first proposal described above; and

3. to transact such other business as may properly come before the special meeting and any adjournment or postponement thereof.

We have included a copy of the Agreement and Plan of Merger as Annex A to the accompanying proxy statement/prospectus. The proxy statement/prospectus further describes the matters to be considered at the special meeting.

The approval of the merger agreement requires the affirmative vote of a majority of the outstanding shares of Florida Rock common stock. Pursuant to a support agreement with certain members and affiliates of the Baker family, such members and affiliates of the Baker family have agreed to vote certain of the shares of Florida Rock common stock beneficially owned by them, representing approximately 9.9% of the outstanding shares of Florida Rock common stock, in favor of the approval of the merger agreement. The affirmative vote of a majority of the votes cast at the special meeting is required to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies.

The board of directors of Florida Rock unanimously (with Edward L. Baker, John D. Baker II and Thompson S. Baker II abstaining) recommends that you vote FOR the approval of the Agreement and Plan of Merger at the special meeting and FOR the approval of the adjournment of the meeting, if necessary or appropriate, to solicit additional proxies.

Only shareholders of record at the close of business on , 2007 will be entitled to notice of and to vote at the special meeting and any adjournments or postponements thereof. To vote your shares, please complete and return the enclosed proxy card or voting instruction card, or, if available, submit your voting instruction by telephone or through the Internet. You may also cast your vote in person at the special meeting. Please vote promptly whether or not you expect to attend the special meeting.

By Order of the Board of Directors,

/s/ John D. Milton, Jr.

John D. Milton, Jr.
Executive Vice President
Treasurer and Chief Financial Officer

, 2007

PLEASE VOTE YOUR SHARES PROMPTLY.

YOU CAN FIND INSTRUCTIONS FOR VOTING ON THE ENCLOSED PROXY CARD OR VOTING INSTRUCTION CARD. IF YOU HAVE QUESTIONS ABOUT THE PROPOSALS OR ABOUT VOTING YOUR SHARES, PLEASE CALL D.F. KING & CO., INC. AT (212) 269-5550 COLLECT OR (800) 347-4750 TOLL FREE.

Table of Contents

REFERENCES TO ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information from other documents that are not included in or delivered with this proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain those documents incorporated by reference in this proxy statement/prospectus or other information about the companies that is filed with the Securities and Exchange Commission (the SEC) under the Securities and Exchange Act of 1934, as amended (the Exchange Act), by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

For information about Vulcan:		For information about Florida Rock:	
By Mail:	Vulcan Materials Company 1200 Urban Center Drive Birmingham, Alabama 35242 Attention: Office of the Secretary	By Mail:	Florida Rock Industries, Inc. 155 East 21st Street Jacksonville, Florida 32206 Attention: Office of the Secretary
By Telephone:	205-298-3000	By Telephone:	904-355-1781

IF YOU WOULD LIKE TO REQUEST ANY DOCUMENTS, PLEASE DO SO BY [ ], 2007 IN ORDER TO RECEIVE THEM BEFORE THE SPECIAL MEETING.

For additional information on documents incorporated by reference in this proxy statement/prospectus, please see Where You Can Find More Information.

Table of Contents

TABLE OF CONTENTS

Table of Contents

Page

Table of Contents

Page

LIST OF ANNEXES

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE TRANSACTION

The questions and answers below highlight only selected procedural information from this proxy statement/prospectus. They do not contain all of the information that may be important to you. You should read carefully the entire proxy statement/prospectus and the additional documents incorporated by reference into this proxy statement/prospectus to fully understand the voting procedures for the special meeting and the procedures for making cash and share elections.

Q. What is the proposed transaction for which I am being asked to vote?

A. You, as a shareholder of Florida Rock Industries, Inc., are being asked to vote to approve at a special meeting an Agreement and Plan of Merger dated as of February 19, 2007, as amended on April 9, 2007, which we refer to in this proxy statement/prospectus as the merger agreement, entered into by and among Vulcan Materials Company, Florida Rock Industries, Inc., Virginia Holdco, Inc., Virginia Merger Sub, Inc. and Fresno Merger Sub, Inc. In this proxy statement/prospectus, we also refer to Vulcan Materials Company as Vulcan, to Florida Rock Industries, Inc. as Florida Rock, and to Virginia Holdco, Inc. as Holdco.

Subject to the terms and conditions of the merger agreement, Virginia Merger Sub, Inc. (a wholly owned subsidiary of Holdco) will merge with and into Vulcan (which we refer to as the Vulcan merger), and Fresno Merger Sub, Inc. (a wholly owned subsidiary of Holdco) will merge with and into Florida Rock (which we refer to as the Florida Rock merger). We refer to the Vulcan merger and the Florida Rock merger together as the mergers, and neither merger will occur unless both do. Vulcan and Florida Rock will survive their respective mergers as wholly owned subsidiaries of Holdco.

You are also being asked to vote to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the merger agreement.

Q. Are Vulcan shareholders being asked to vote on the proposed transaction?

A. No. No vote of Vulcan shareholders is required to approve the merger agreement.

Q. What will I receive for my Florida Rock shares in the Florida Rock merger?

A. You may make one of the following elections, or a combination of the two, regarding the type of merger consideration you wish to receive in exchange for your shares of Florida Rock common stock:

a cash election to receive $67.00 in cash, without interest, for each share of Florida Rock common stock; or

a share election to receive 0.63 of a share of Holdco common stock for each share of Florida Rock common stock.

If you make a cash election or a share election, the form of merger consideration that you actually receive as a Florida Rock shareholder may be adjusted as a result of the proration procedures pursuant to the merger agreement as described in this proxy statement/prospectus under The Mergers Florida Rock Shareholders Making Cash and Share Elections on page 55. These proration procedures are designed to ensure that 30% of Florida Rock shares outstanding immediately prior to the Florida Rock merger are converted into Holdco shares

and 70% of Florida Rock shares outstanding immediately prior to the Florida Rock merger are converted into cash.

Q. How and when do I make a cash election or a share election?

A. You should carefully review and follow the instructions accompanying the form of election provided together with this proxy statement/prospectus. To make a cash election or a share election, Florida Rock shareholders of record must properly complete, sign and send the form of election and any stock certificates representing their Florida Rock shares to The Bank of New York, the Exchange Agent, at the following address:

Table of Contents

By mail:

The Bank of New York
Florida Rock Industries, Inc.
P.O. Box 859208
Braintree, MA 02185-9208
By overnight courier:

The Bank of New York
Florida Rock Industries, Inc.
161 Bay State Drive
Braintree, MA 02184
By hand:

The Bank of New York
Reorganization Services
101 Barclay Street
Receive and Deliver Window
Street Level
New York, NY 10286
By facsimile transmission:
(for eligible institutions only)

781-930-4903

To confirm facsimile only:

(Tel.) 781-930-4900

Questions regarding the cash or share elections should be directed to D. F. King & Co., Inc., the Information Agent, at 800-347-4750 (banks and brokers call collect: 212-269-5550).

The exchange agent must receive the form of election and any stock certificates representing Florida Rock shares, a book-entry transfer of shares or a guarantee of delivery as described in the instructions accompanying the form of election by the election deadline. **The election deadline will be 5:00 p.m., EDT, on , 2007, the date of the special meeting, unless the completion of the Florida Rock merger will occur more than four business days following the date of the special meeting, in which case the election deadline will be extended until two business days before the completion of the Florida Rock merger.** Vulcan and Florida Rock will publicly announce the election deadline at least five business days prior to the anticipated completion date of the Florida Rock merger.

If you own Florida Rock shares in street name through a bank, broker or other nominee and you wish to make an election, you should seek instructions from the financial institution holding your shares concerning how to make your election.

If you are a participant in the Florida Rock Industries, Inc. Profit Sharing and Deferred Earnings Plan or The Arundel Corporation Profit Sharing and Savings Plan and you wish to make an election, you will receive instructions from your plan administrator concerning how to make your election with respect to Florida Rock shares allocated to your account.

Q. Can I elect to receive cash consideration for a portion of my Florida Rock shares and share consideration for my remaining Florida Rock shares?

A. Yes. The form of election allows an election to be made for cash consideration or share consideration for all or any portion of your Florida Rock shares.

Q. Can I change my election after the form of election has been submitted?

A. Yes. You may revoke your election prior to the election deadline by submitting a written notice of revocation to the exchange agent or by submitting new election materials. Revocations must specify the name in which your shares are registered on the stock transfer books of Florida Rock and such other information as the exchange agent may request. If you wish to submit a new election, you must do so in accordance with the election procedures described in this proxy statement/prospectus and the form of election. If you instructed a broker to submit an election for your shares, you must follow your broker s directions for changing those instructions. **Whether you revoke your election by submitting a written notice of revocation or by submitting new election materials, the notice or materials must be received by the exchange agent by the election deadline in order for the revocation to be valid.**

Q. May I transfer Florida Rock shares after an election is made?

A. No. Florida Rock shareholders who have made elections will be unable to sell or otherwise transfer their shares after making the election, unless the election is properly revoked before the election deadline or unless the merger agreement is terminated.

Q. What if I do not send a form of election or it is not received?

A. If the exchange agent does not receive a properly completed form of election from you before the election deadline, together with any stock certificates representing the shares you wish to exchange for cash or shares of Holdco common stock, properly endorsed for transfer, a book-entry transfer of shares or a guarantee of delivery as described in the form of election, then you will have no control over the type of merger consideration you receive. As a result, your Florida Rock shares may be exchanged for cash consideration, share consideration or a combination of cash consideration and share consideration consistent with the proration procedures contained in the merger agreement and described under The Mergers Florida Rock Shareholders Making Cash and Share Elections beginning on page 55. Because the value of the share consideration and cash consideration

Table of Contents

may differ and other shareholders would likely elect the consideration having the higher value, in such a circumstance you would likely receive the consideration having the lower value at the time. **You bear the risk of delivery and should send any form of election by courier or by hand to the appropriate addresses shown in the form of election.**

If you do not make a valid election with respect to the Florida Rock shares you own of record, after the completion of the Florida Rock merger, you will receive written instructions from the exchange agent on how to exchange your Florida Rock stock certificates for the shares of Holdco common stock and/or cash that you are entitled to receive in the Florida Rock merger as a non-electing Florida Rock shareholder.

Q. May I submit a form of election even if I do not vote to approve the merger agreement?

A. Yes. You may submit a form of election even if you vote against the approval of the merger agreement or abstain with respect to the approval of the merger agreement.

Q. What shareholder approvals are needed for Florida Rock?

A. Approval of the merger agreement requires the affirmative vote of a majority of the outstanding shares of Florida Rock common stock.

Each holder of Florida Rock common stock is entitled to one vote per share.

As of , 2007, the record date for determining shareholders entitled to vote at the special meeting, there were shares of Florida Rock common stock outstanding.

Pursuant to a support agreement with certain members and affiliates of the Baker family, such members and affiliates of the Baker family have agreed to vote certain shares of Florida Rock common stock beneficially owned by them, representing approximately 9.9% of the outstanding shares of Florida Rock common stock, in favor of the approval of the merger agreement.

The affirmative vote of a majority of the votes cast at the special meeting is required to approve the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the meeting to approve the merger agreement.

Q. When and where is the special meeting?

A. The special meeting will be held at , on , 2007 at a.m., local time.

Q. What is the recommendation of the Florida Rock Board of Directors?

A. The Florida Rock Board of Directors unanimously (with Edward L. Baker, John D. Baker II and Thompson S. Baker II abstaining) recommends a vote FOR the approval of the merger agreement and a vote FOR the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies.

Q. Why was the merger agreement amended?

A. The merger agreement was amended on April 9, 2007, for the purpose of providing that certificates representing shares of Vulcan common stock immediately prior to the Vulcan merger will from and after the Vulcan merger represent the same number of shares of Holdco common stock. Consequently, no new certificates representing

shares of Holdco common stock will be issued in exchange for existing certificates representing shares of Vulcan common stock.

Q. What do I need to do now?

A. After carefully reading and considering the information contained in this proxy statement/prospectus, please respond by completing, signing and dating your proxy card or voting instruction card and returning it in the enclosed postage-paid envelope, or, if available, by submitting your voting instruction by telephone or through the Internet, as soon as possible so that your shares may be represented and voted at the special meeting. If you hold shares registered in the name of a broker, bank or other nominee, that broker, bank or other nominee has enclosed or will provide a voting instruction card for use in directing your broker, bank or other nominee how to vote those shares.

Table of Contents

Q. Should I send in my stock certificates with my proxy card or my form of election?

A. **Please DO NOT send your Florida Rock stock certificates with your proxy card.** You should send in your Florida Rock stock certificates to the exchange agent with your form of election.

If you wish to make an election with respect to your Florida Rock shares, prior to the election deadline, you should send your completed, signed form of election together with your Florida Rock stock certificates, properly endorsed for transfer, a book-entry transfer of your Florida Rock shares or a guarantee of delivery to the exchange agent as described in the form of election. If your shares are held in street name, you should follow your broker s instructions for making an election with respect to your shares. If you are a participant in the Florida Rock Industries, Inc. Profit Sharing and Deferred Earnings Plan or The Arundel Corporation Profit Sharing and Savings Plan and you wish to make an election, you will receive instructions from your plan administrator concerning how to make your election with respect to Florida Rock shares allocated to your account.

If you make no election with respect to your Florida Rock shares, after the completion of the Florida Rock merger you will receive a letter of transmittal for you to use in surrendering any Florida Rock stock certificates you have at that time.

Q. If my shares are held in street name by a broker, bank or other nominee, will my broker, bank or other nominee vote my shares for me?

A. If you hold your shares in street name and do not provide voting instructions to your broker, your shares will not be voted on any proposal on which your broker does not have discretionary authority to vote. Generally, your broker, bank or other nominee does not have discretionary authority to vote on the merger proposal. Accordingly, your broker, bank or other nominee will vote your shares held by it in street name only if you provide instructions to it on how to vote. You should follow the directions your broker, bank or other nominee provides. Shares that are not voted because you do not properly instruct your broker, bank or other nominee will have the effect of votes against the approval of the merger agreement. Broker non-votes will have no effect on the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies.

Q. If I beneficially own Florida Rock shares held pursuant to any Florida Rock Plan, will I be able to vote on approval of the merger agreement and elect whether to receive cash or share consideration?

A. If your shares are held through the Florida Rock Industries, Inc. Profit Sharing and Deferred Earnings Plan or The Arundel Corporation Profit Sharing and Savings Plan, which we refer to in this proxy statement/prospectus collectively as the Florida Rock Plans, you must instruct your plan administrator on how to vote your shares. If you hold shares through any Florida Rock Plan, your shares in the plan may be voted even if you do not instruct the trustee how to vote, as explained in your voting instructions. Participants in the Florida Rock Industries, Inc. Profit Sharing and Deferred Earnings Plan and The Arundel Corporation Profit Sharing and Savings Plan will be able to direct how they want Florida Rock shares allocated to their accounts as of the record date to be voted and whether they want to elect cash consideration or share consideration to be allocated to their accounts in exchange for each Florida Rock share in their accounts as of the closing date.

Q. What if I don t vote?

A. If you fail to respond with a vote on the merger proposal, or if you respond and indicate that you are abstaining from voting, it will have the same effect as a vote against the approval of the merger agreement. A non-response or abstention will have no effect with respect to the proposal to adjourn the special meeting, if necessary or

appropriate, to solicit additional proxies. If you respond but do not indicate how you want to vote, your proxy will be counted as a vote in favor of approving the merger agreement and a vote in favor of the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies. If you hold your shares through any Florida Rock Plan, your shares in the plan may be voted even if you do not instruct the trustee how to vote as explained in your voting instructions.

Q. Can I change my vote after I have delivered my proxy?

A. Yes. You can change your vote at any time before your proxy is voted at the special meeting. If you are a holder of record, you can do so by:

filing a written notice of revocation with the Secretary, Florida Rock Industries, Inc., 155 E. 21st Street, Jacksonville, Florida 32206.

submitting a new proxy before the special meeting.

Table of Contents

attending the special meeting and voting in person. Attendance at the special meeting will not in and of itself constitute revocation of a proxy.

For shares held beneficially by you, you may change your vote only by submitting new voting instructions to your broker or nominee. If you submit your voting instruction through the Internet or by telephone, you can change your vote by submitting a voting instruction at a later date, in which case your later-submitted voting instruction will be recorded and your earlier voting instruction will be revoked. If the special meeting is postponed or adjourned, it will not affect the ability of shareholders of record as of the record date to exercise their voting rights or to revoke any previously granted proxy using the methods described above.

Q. What does it mean if I receive more than one proxy card or more than one email instructing me to vote?

A. If you receive more than one proxy card or more than one email instructing you to vote, your shares are registered in more than one name or are registered in different accounts. Please complete, date, sign and return each proxy card, and respond to each email, to ensure that all your shares are voted.

Q. What does it mean if multiple members of my household are shareholders but we received only one set of proxy materials?

A. If you hold shares in street name, in accordance with a notice sent to certain brokers, banks or other nominees, we are sending only one proxy statement/prospectus to an address unless we received contrary instructions from any shareholder at that address. This practice, known as householding, is designed to reduce our printing and postage costs.

Q. Am I entitled to appraisal rights?

A. No. Under the Florida Business Corporation Act (the FBCA), Florida Rock shareholders are not entitled to appraisal rights in connection with the Florida Rock merger.

Q. What are the tax consequences to Florida Rock shareholders of the mergers?

A. Assuming that the mergers are completed as currently contemplated, we expect that the exchange of shares by a Florida Rock shareholder solely for Holdco common stock will be nontaxable to such shareholder for U.S. federal income tax purposes, except in respect of any cash that such shareholder receives in lieu of fractional shares of Holdco common stock. We expect that a Florida Rock shareholder who exchanges shares of Florida Rock common stock for a combination of Holdco common stock and cash will only recognize gain up to the amount of cash received. We expect that the exchange of shares of Florida Rock common stock by a Florida Rock shareholder solely for cash will be taxable to such shareholder for U.S. federal income tax purposes.

Tax matters are very complicated. You should be aware that the tax consequences to you of either merger may depend upon your own situation. In addition, you may be subject to state, local or foreign tax laws that are not discussed in this proxy statement/prospectus. You should therefore consult with your own tax advisor for a full understanding of the tax consequences to you of the mergers. For more information regarding the tax consequences of the mergers, please see The Mergers Material United States Federal Income Tax Consequences beginning on page 51.

Q. When are the mergers expected to be completed?

A. We expect to complete the mergers in mid-year 2007. Because the Florida Rock merger is subject to shareholder approval and because the mergers are subject to governmental approvals, we cannot predict the exact timing of their completion.

Q. Who can help answer my questions?

A. If you have any questions about the mergers or how to submit your proxy or make an election, or if you need additional copies of this proxy statement/prospectus, the form of election or the enclosed proxy card or voting instruction card, you should contact:

D.F. King & Co., Inc.
48 Wall Street
New York, NY 10005
Toll Free: 800-347-4750
Banks and Brokers Call Collect: 212-269-5550

Table of Contents

SUMMARY

This summary highlights selected information in this proxy statement/prospectus and may not contain all of the information that is important to you. To understand the transaction fully and to obtain a more complete description of the legal terms of the merger agreement, you should carefully read this entire proxy statement/prospectus, including the Annexes, and the documents to which we refer you. Please see Where You Can Find More Information.

THE COMPANIES

Vulcan Materials Company

1200 Urban Center Drive
Birmingham, Alabama 35242
205-298-3000

Vulcan Materials Company, a New Jersey corporation, provides infrastructure materials that are required by the American economy. Vulcan is the nation s largest producer of construction aggregates and a leader in the production of other construction materials. Vulcan s construction materials business produces and sells aggregates primarily crushed stone, sand and gravel that are used in nearly all forms of construction. In particular, large quantities of aggregates are used to build roads and nonresidential infrastructure. References to Vulcan in this proxy statement/prospectus refer to Vulcan Materials Company.

Florida Rock Industries, Inc.

155 East 21st Street
Jacksonville, Florida 32206
904-355-1781

Florida Rock Industries, Inc., a Florida corporation, is one of the nation s leading producers of construction aggregates, a major provider of ready-mix concrete and concrete products in the Southeastern and mid-Atlantic states and a significant supplier of cement in Florida and Georgia. Florida Rock operates through three business segments: construction aggregates, concrete products and cement and calcium. The construction aggregates segment is engaged in the mining, processing, distribution and sale of sand, gravel and crushed stone. The concrete products segment is engaged in production and sale of ready-mix concrete and concrete products, as well as sales of other building materials. The cement and calcium products segment is engaged in the production and sale of Portland and masonry cement, the importation of cement and slag and the sale of calcium products to the animal feed industry. References to Florida Rock in this proxy statement/prospectus refer to Florida Rock Industries, Inc.

Virginia Holdco, Inc.

c/o Vulcan Materials Company
1200 Urban Center Drive
Birmingham, Alabama 35242
205-298-3000

Virginia Holdco, Inc. is a newly incorporated New Jersey corporation that is currently a wholly owned subsidiary of Vulcan but, upon consummation of the mergers, will become the holding company of Vulcan and Florida Rock.

Holdco was formed solely in contemplation of the mergers, has not commenced any operations, has only nominal assets and has no liabilities or contingent liabilities, nor any outstanding commitments other than as set forth in the merger agreement. The common stock of Holdco is expected to be listed on the New York Stock Exchange under Vulcan s current ticker symbol, VMC, and following the mergers, Holdco will be renamed Vulcan Materials Company. References to Holdco in this proxy statement/prospectus refer to Virginia Holdco, Inc.

Table of Contents

Virginia Merger Sub, Inc.

c/o Vulcan Materials Company
1200 Urban Center Drive
Birmingham, Alabama 35242
205-298-3000

Virginia Merger Sub, Inc. is a wholly owned subsidiary of Holdco formed solely to effect the Vulcan merger and has not conducted and will not conduct any business during any period of its existence. Pursuant to the merger agreement, Virginia Merger Sub, Inc. will merge with and into Vulcan, with Vulcan continuing as the surviving corporation and a wholly owned subsidiary of Holdco. References to Virginia Merger Sub in this proxy statement/prospectus refer to Virginia Merger Sub, Inc.

Fresno Merger Sub, Inc.

c/o Vulcan Materials Company
1200 Urban Center Drive
Birmingham, Alabama 35242
205-298-3000

Fresno Merger Sub, Inc. is a wholly owned subsidiary of Holdco formed solely to effect the Florida Rock merger and has not conducted and will not conduct any business during any period of its existence. Pursuant to the merger agreement, Fresno Merger Sub, Inc. will merge with and into Florida Rock, with Florida Rock continuing as the surviving corporation and a wholly owned subsidiary of Holdco. References to Fresno Merger Sub in this proxy statement/prospectus refer to Fresno Merger Sub, Inc.

Table of Contents

THE MERGERS

Effect of the Mergers (see page 24)

The organization of Vulcan, Florida Rock and Holdco before and after the mergers is illustrated below.

Before the Mergers

Table of Contents

After the Mergers

(1) To be renamed Vulcan Materials Company

(2) To be renamed VMC Corp.

Florida Rock Common Shareholders
to Choose Among Receiving Shares of Holdco Common Stock or Cash, or a Combination of the Two, Subject to Proration (see page 24)

In the Florida Rock merger, Florida Rock common shareholders will have the right to choose between receiving $67.00 in cash, without interest, or 0.63 of a share of Holdco common stock per share of Florida Rock common stock, subject to proration. These proration procedures are designed to ensure that 70% of Florida Rock shares outstanding immediately prior to the Florida Rock merger are converted into cash and 30% of Florida Rock shares outstanding immediately prior to the Florida Rock merger are converted into Holdco shares.

Vulcan Common Shareholders to Receive Shares of Holdco Common Stock (see page 24)

In the Vulcan merger, each outstanding share of Vulcan common stock (other than shares owned by Vulcan) will be converted into one share of Holdco common stock.

Stock Exchange Listing and Stock Prices (see page 73)

Because the exchange ratio is fixed in the merger agreement, the market value of the Holdco common stock that Florida Rock shareholders receive in the Florida Rock merger may vary significantly from that implied by current trading prices.

Holdco common stock is currently not traded or quoted on a stock exchange or quotation system. However, upon consummation of the mergers, it is expected that Holdco common stock will be traded on the New York Stock Exchange under the ticker symbol VMC.

Table of Contents

Vulcan common stock trades on the New York Stock Exchange under the symbol VMC and Florida Rock common stock trades on the New York Stock Exchange under the symbol FRK. The table below shows the pro forma equivalent per share value of Vulcan common stock and Florida Rock common stock at the close of the regular trading session on February 16, 2007, the last trading day before the public announcement of the mergers, and July 5, 2007, the most recent trading day for which information was available.

Date	Vulcan Closing Price	Florida Rock Closing Price	Vulcan Pro Forma Equivalent(1)	Florida Rock Pro Forma Equivalent(2)
February 16, 2007	$ 111.81	$ 46.96	$ 111.81	$ 70.44
July 5, 2007	$ 113.78	$ 67.47	$ 113.78	$ 71.68

(1) The pro forma equivalent per share value of Vulcan common stock is calculated by multiplying the Vulcan closing price by the Vulcan merger exchange ratio of 1.0.

(2) The pro forma equivalent per share value of Florida Rock common stock is calculated by multiplying the Vulcan closing price by the Florida Rock merger exchange ratio of 0.63.

Because the 0.63 exchange ratio in the Florida Rock merger is fixed and will not be adjusted as a result of changes in market prices, the implied value of the merger consideration will fluctuate with the market price of Vulcan common stock. You should obtain current market quotations for the shares of both companies from a newspaper, the Internet or your broker.

Receipt of Shares of Holdco Common Stock
in Florida Rock Merger Structured to Be Generally Nontaxable to Florida Rock Shareholders (see page 51)

Subject to the limitations and qualifications described in The Merger Agreement Material U.S. Federal Income Tax Consequences below, the exchange of Florida Rock common stock and Vulcan common stock for Holdco common stock pursuant to the mergers, taken together, has been structured to be treated for United States federal income tax purposes as an exchange described in Section 351 of the Internal Revenue Code of 1986, as amended (the Code). As a result, assuming the mergers are so treated, for United States federal income tax purposes, (i) holders of Florida Rock common stock who receive solely cash will have a taxable transaction and will recognize gain or loss in connection with the receipt of cash in exchange for their Florida Rock common stock; (ii) holders of Florida Rock common stock who receive Holdco common stock will not recognize any loss in the Florida Rock merger, and will recognize gain on the exchange only to the extent of any cash received; and (iii) no gain or loss will be recognized by Holdco, Vulcan, Virginia Merger Sub, Florida Rock or Fresno Merger Sub as a result of the mergers.

The United States federal income tax consequences described above may not apply to all holders of Florida Rock common stock, including certain holders specifically referred to in the section titled The Merger Agreement Material U.S. Federal Income Tax Consequences. Your tax consequences will depend on your own situation. You should consult your tax advisor to fully understand the tax consequences of the mergers to you.

Florida Rock Board of Directors Recommends

that Florida Rock Shareholders Vote to Approve the Merger Agreement and the Adjournment of the Special Meeting, if Necessary or Appropriate, to Solicit Additional Proxies (see page 31)

The Florida Rock board of directors unanimously (with Edward L. Baker, John D. Baker II and Thompson S. Baker II abstaining) recommends that the Florida Rock shareholders vote FOR the approval of the merger agreement and FOR the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the meeting to approve the merger agreement.

Florida Rock Board of Directors Reasons for the Merger (see page 31)

In the course of reaching its decision to adopt the merger agreement and the transactions contemplated thereby, the Florida Rock board of directors considered a number of factors in its deliberations. Those factors are described in The Mergers Florida Rock s Reasons for the Florida Rock Merger beginning on page 31.

Table of Contents

Opinion of Florida Rock s Financial Advisor (see page 34)

Lazard Frères & Co. LLC (Lazard) has rendered its opinion to the Florida Rock board of directors that as of February 19, 2007, the date of the merger agreement, and based on and subject to the considerations, assumptions and limitations described in its opinion, the merger consideration to be paid to the holders of Florida Rock common stock (other than Vulcan and its subsidiaries) in the Florida Rock merger was fair, from a financial point of view, to such holders. See The Mergers Opinion of Florida Rock s Financial Advisor beginning on page 34.

Vulcan Board of Directors Reasons for the Merger (see page 45)

In the course of reaching its decision to approve the merger agreement and the transactions contemplated thereby, the Vulcan board of directors considered a number of factors in its deliberations. Those factors are described in The Mergers Vulcan s Reasons for the Mergers beginning on page 45.

Florida Rock Shareholder Vote Required (see page 20)

Approval of the merger agreement requires the affirmative vote of a majority of the outstanding shares of Florida Rock common stock. The affirmative vote of a majority of the votes cast at the special meeting is required to approve the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the meeting to approve the merger agreement.

Interests of Certain Persons in the Florida Rock Merger (see page 46)

You should be aware that some of the directors and executive officers of Florida Rock have interests in the Florida Rock merger that are different from, or are in addition to, the interests of shareholders of Florida Rock. These interests include, but are not limited to: the treatment of stock options held by directors and executive officers of Florida Rock in the Florida Rock merger; the vesting and accelerated payment of certain bonus payments and retirement benefits and the potential payment of certain severance benefits to executive officers; the continued employment after the mergers of Thompson S. Baker II as President of the Florida Rock division of Holdco; John D. Baker II s service as a director of Holdco after the mergers; the possible purchase by Edward L. Baker and John D. Baker II from Florida Rock of a 6,300 acre property immediately prior to the mergers; the support agreement between Vulcan and the Baker Shareholders; the shareholders agreement among Vulcan, Holdco and the Baker Shareholders; and the indemnification of former Florida Rock officers and directors by Holdco.

The Support Agreement (see page 70)

Baker Holdings, L.P., Edward L. Baker Living Trust, Edward L. Baker, John D. Baker II Living Trust and Anne D. Baker Living Trust, which we refer to collectively in this proxy statement/prospectus as the Baker Shareholders, entered into a support agreement with Vulcan. The Baker Shareholders (except for the Anne D. Baker Living Trust) are controlled, directly or indirectly, by Edward L. Baker and John D. Baker II. The support agreement is attached as Annex B to this proxy statement/prospectus.

Pursuant to the support agreement, among other things, the Baker Shareholders have agreed to vote shares of Florida Rock common stock representing approximately 9.9% of the outstanding shares of Florida Rock in favor of the approval of the merger agreement and to irrevocably elect to receive Holdco common stock in exchange for shares of Florida Rock common stock representing approximately 30% of the Florida Rock common stock beneficially owned by Edward L. Baker, John D. Baker II and Baker Holdings, L.P. in the Florida Rock merger, subject to proration like

all Florida Rock shareholders. The Baker Shareholders have also agreed not to sell or otherwise transfer these shares until the termination of the support agreement.

The Shareholders Agreement (see page 71)

Vulcan, Holdco and the Baker Shareholders have also entered into a shareholders agreement. The shareholders agreement is attached as Annex C to this proxy statement/prospectus.

Pursuant to the shareholders agreement, each Baker Shareholder has agreed not to transfer any shares of Holdco common stock owned by such Baker Shareholder during a restrictive period, other than to certain permitted

Table of Contents

transferees (including, among others, family members and heirs of, and charitable foundations established by, such Baker Shareholder). The restrictive period is generally three years beginning on the effective date of the mergers, subject to some exceptions.

Each of the Baker Shareholders has also agreed to additional transfer restrictions for a period of five years following the expiration of the applicable restrictive period, during which a Baker Shareholder may only transfer shares of Holdco common stock if the transfer complies with specified conditions, including a right of first refusal in favor of Holdco.

Each of the Baker Shareholders has also agreed, until the expiration of the applicable restrictive period, to vote its shares of Holdco common stock consistent with the recommendations of the Holdco board of directors, and not to tender its shares of Holdco common stock in any tender offer opposed by the Holdco board of directors.

Comparison of Shareholder Rights (see page 87)

The rights of Florida Rock shareholders are currently governed by the FBCA and Florida Rock s restated articles of incorporation and restated bylaws. The rights of Vulcan shareholders are currently governed by the New Jersey Business Corporation Act (the NJBCA) and Vulcan s restated certificate of incorporation and restated by-laws. Upon completion of the transaction, Florida Rock shareholders that receive Holdco common stock in the Florida Rock merger and Vulcan shareholders will all be shareholders of Holdco, and their rights will be governed by the NJBCA and Holdco s restated certificate of incorporation and restated by-laws, which after completion of the transaction will be the same in all material respects as the Vulcan restated certificate of incorporation and restated by-laws that are currently in effect.

No Appraisal Rights (see page 60)

Under the FBCA, Florida Rock shareholders are not entitled to appraisal rights in connection with the Florida Rock merger. Under the NJBCA, Vulcan shareholders are not entitled to appraisal rights in connection with the Vulcan merger.

Board of Directors and Management After the Mergers (see page 51)

Immediately following the mergers, the board of directors of Holdco will consist of the Vulcan directors as of the time of the mergers. On the day following the completion of the mergers, the board of directors of Holdco will be expanded to include John D. Baker II, Florida Rock s current President and Chief Executive Officer and a director of Florida Rock. At that time, Holdco s board of directors will be divided into three classes, with one class elected at each annual meeting to serve a three-year term.

Following the mergers, officers of Holdco will consist of the Vulcan officers as of the time of the Vulcan merger, except Thompson S. Baker II, a director and Vice President of Florida Rock, is expected to become president of Holdco s Florida Rock division.

Regulatory Approvals and Conditions to Completion of the Mergers (see pages 54 and 61)

Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the HSR Act), the mergers cannot be completed until the companies have filed required notifications with the Federal Trade Commission and the Antitrust Division of the United States Department of Justice and the specified waiting period requirements have expired or been terminated. Vulcan and Florida Rock both filed the required Notification and Report forms with the Antitrust Division and the Federal Trade Commission on March 12, 2007. On April 11, 2007 the Department of Justice issued a

request for additional information and documentary material (referred to as a Second Request) which extends the waiting period until thirty days after the parties have substantially complied with this request.

In addition to expiration or termination of the relevant waiting period under the HSR Act, the completion of the mergers depends upon the satisfaction or waiver of a number of conditions described below in this proxy statement/prospectus, including, among other things:

approval of the merger agreement by the Florida Rock shareholders;

Table of Contents

absence of any legal prohibition on completion of the transaction;

receipt of opinions of counsel to Vulcan (with respect to Vulcan common stock) and Florida Rock (with respect to Florida Rock common stock) to the effect that the exchanges of Vulcan common stock or Florida Rock common stock for Holdco common stock will qualify for tax-free treatment for U.S. federal income tax purposes; and

material accuracy, as of the closing, of the representations and warranties made by the parties and material compliance by the parties with their respective obligations under the merger agreement.

Termination of the Merger Agreement; Fees Payable (see pages 65 and 66)

Vulcan and Florida Rock may jointly agree to terminate the merger agreement at any time. Either of Vulcan or Florida Rock also may terminate the merger agreement in various circumstances, including failure to receive the necessary approval of Florida Rock shareholders, failure to receive certain regulatory approvals, or if the other party breaches certain of its obligations in the merger agreement.

In several circumstances, including those involving a change in the Florida Rock board s recommendation in favor of the merger agreement or a third party acquisition proposal, Florida Rock may become obligated to pay a termination fee of $135 million.

THE SPECIAL MEETING

Special Meeting (see page 20)

The special meeting will be held at [ ], Jacksonville, Florida on [ ], 2007, starting at 9:00 a.m., local time.

You may vote at the special meeting if you owned shares of Florida Rock common stock at the close of business on [ ], 2007, the record date for the special meeting. On that date there were [ ] shares of Florida Rock common stock outstanding and entitled to vote at the special meeting.

You may cast one vote for each share of Florida Rock common stock you owned as of the record date. The affirmative vote of a majority of the outstanding shares of Florida Rock common stock is required for the approval of the merger agreement. The affirmative vote of a majority of the votes cast at the special meeting is required to approve the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the meeting to approve the merger agreement.

As of the record date, Florida Rock directors and executive officers and their affiliates (other than Edward L. Baker, John D. Baker II and Baker Holdings, L.P.) owned and were entitled to vote approximately [ ]% of the outstanding shares of Florida Rock common stock. As of the record date, Edward L. Baker, John D. Baker II and Baker Holdings, L.P. beneficially owned shares of Florida Rock common stock representing the power to vote approximately [ ]% of the outstanding shares of Florida Rock common stock.

Table of Contents

SELECTED HISTORICAL AND PRO FORMA FINANCIAL DATA

How the Financial Data Was Prepared

The following information is provided to aid you in your analysis of the financial aspects of the transaction. The information for Vulcan was derived from the audited financial statements of Vulcan for the years ended December 31, 2002 through 2006 and the unaudited financial statements of Vulcan for the three months ended March 31, 2007 and 2006. The information for Florida Rock was derived from the audited financial statements of Florida Rock for the years ended September 30, 2002 through 2006 and the unaudited financial statements of Florida Rock for the six months ended March 31, 2007 and 2006. The information is only a summary and you should read it together with Vulcan s and Florida Rock s historical financial statements and related notes contained in the annual and quarterly reports and other information that Vulcan and Florida Rock have filed with the SEC, which in the case of Vulcan may be found in its Form 10-K for the year ended December 31, 2006 and its Form 10-Q for the quarter ended March 31, 2007 attached hereto as Annex G and Annex I, respectively, and in the case of Florida Rock are incorporated by reference. Please see Where You Can Find More Information.

Selected Historical Financial Data of Vulcan

The selected historical financial data set forth below for each of the five years ended December 31, 2006, have been derived from Vulcan s audited consolidated financial statements. The data as of March 31, 2007 and 2006 and for the three months then ended have been derived from Vulcan s unaudited condensed consolidated financial statements and, in management s opinion, reflect all adjustments, including those of a normal recurring nature, necessary to present fairly the results of operations and financial position for the periods presented. The following data is only a summary and should be read in conjunction with the audited consolidated financial statements, which may be found in Vulcan s Annual Report on Form 10-K for the year ended December 31, 2006 attached as Annex G hereto, and the unaudited condensed consolidated financial statements, which may be found in Vulcan s Quarterly Report on Form 10-Q for the three months ended March 31, 2007 attached as Annex I hereto. Operating results for the three months ended March 31, 2007, are not necessarily indicative of the results for the full year ending December 31, 2007. The statement of earnings data represents amounts from continuing operations.

	Three Months Ended March 31		Years Ended December 31				
	2007	2006	2006	2005	2004	2003	2002
	(Amounts in thousands, except per share data)						
Statement of Earnings Data:							
Net sales	$ 630,187	$ 642,272	$ 3,041,093	$ 2,614,965	$ 2,213,160	$ 2,086,944	$ 1,980,576
Depreciation, depletion, amortization and accretion	60,801	53,673	224,677	220,488	209,989	216,122	205,185
Operating earnings(1)	137,146	99,014	695,059	476,378	401,933	378,318	375,575
Interest expense, net	5,312	3,638	20,139	20,519	34,681	49,635	51,251
Earnings from continuing operations before income taxes(2)	133,036	107,469	703,461	480,237	375,566	335,080	329,195

Earnings from continuing operations	89,339	71,905	477,498	343,835	261,213	237,513	233,236
Basic earnings per share from continuing operations	$ 0.94	$ 0.72	$ 4.89	$ 3.37	$ 2.55	$ 2.33	$ 2.29
Diluted earnings per share from continuing operations	$ 0.91	$ 0.70	$ 4.79	$ 3.30	$ 2.52	$ 2.31	$ 2.28
Basic weighted average common shares outstanding	95,172	100,552	97,577	102,179	102,447	101,849	101,709
Diluted weighted average common shares outstanding	97,778	102,346	99,777	104,085	103,664	102,710	102,515
Balance Sheet Data (end of period):							
Cash and cash equivalents	$ 69,960	$ 80,343	$ 55,230	$ 275,138	$ 271,450	$ 147,769	$ 127,008
Working capital(3)	239,358	596,915	243,686	585,708	991,270	507,290	491,979
Total assets	3,570,915	3,406,957	3,427,834	3,588,884	3,665,133	3,636,860	3,448,221
Long-term debt	321,503	322,859	322,064	323,392	604,522	607,654	857,757
Total shareholders equity	2,094,556	2,190,282	2,010,899	2,126,541	2,013,975	1,802,836	1,696,986
Book value per common share	$ 21.98	$ 21.77	$ 21.26	$ 21.20	$ 19.62	$ 17.71	$ 16.71

Table of Contents

(1) Operating earnings during the year ended December 31, 2006 include a pretax gain of $24.8 million related to the sale of contractual rights to mine the Bellwood Quarry in Atlanta, Georgia. Operating earnings also reflect pretax gains on the sale of property, plant and equipment, including real estate sales, as follows: for the years ended December 31, 2006 $5.6 million; 2005 $8.3 million; 2004 $23.8 million; 2003 $27.8 million; 2002 $9.1 million; and for the three months ended March 31, 2007 $46.4 million; 2006 $0.8 million.

(2) Earnings from continuing operations before income taxes include pretax gains of $28.7 million and $20.4 million during the years ended December 31, 2006 and 2005, respectively, and pretax gains of $0.7 million and $12.2 million during the three months ended March 31, 2007 and 2006, respectively, related to the increase in the carrying value of the ECU (electrochemical unit) earn-out received in connection with the 2005 sale of Vulcan s Chemicals business. Earnings from continuing operations are presented before the cumulative effect of accounting changes.

(3) Working capital as of December 31, 2004 includes the total assets and total liabilities, including noncurrent assets and noncurrent liabilities, of Vulcan s former Chemicals business, which was sold in 2005. At December 31, 2004, the assets and liabilities of this business were classified as assets held for sale ($458.2 million) and liabilities of assets held for sale including minority interest ($188.4 million).

Selected Historical Financial Data of Florida Rock

The selected historical financial data set forth below for the five years ended September 30, 2006, have been derived from Florida Rock s audited consolidated financial statements. The data as of March 31, 2007 and 2006 and for the six months then ended have been derived from Florida Rock s unaudited consolidated financial statements and, in management s opinion, include all adjustments, consisting of normal recurring accruals, considered necessary for a fair presentation of the results of operations and financial position for the periods presented.

The following data is only a summary and should be read in conjunction with the audited consolidated financial statements, which may be found in Florida Rock s Annual Report on Form 10-K for the fiscal year ended September 30, 2006, and the unaudited consolidated condensed financial statements, which may be found in Florida Rock s Quarterly Report on Form 10-Q for the six months ended March 31, 2007 incorporated herein by reference. Operating results for the six months ended March 31, 2007, are not necessarily indicative of the results for the full fiscal year ending September 30, 2007.

	Six Months Ended March 31		Years Ended September 30				
	2007	2006	2006	2005	2004	2003	2002
	(Amounts in thousands, except per share data)						
Statement of Earnings Data:							
Net sales	$ 529,865	$ 652,334	$ 1,328,271	$ 1,126,608	$ 926,609	$ 728,674	$ 707,459
Depreciation, depletion, amortization and accretion	38,742	35,592	74,687	64,558	63,628	63,126	66,152
Operating earnings(1)	107,491	152,125	319,475	249,473	175,928	112,299	106,447
Interest (income) expense, net	(1,956)	(1,069)	(2,902)	295	1,340	(659)	2,412
	109,795	157,199	330,084	255,632	177,953	116,308	106,320

Earnings from continuing operations before income taxes							
Earnings from continuing operations	70,489	99,825	211,409	157,653	113,670	75,601	68,895
Basic earnings per share from continuing operations	$ 1.08	$ 1.52	$ 3.22	$ 2.41	$ 1.75	$ 1.17	$ 1.08
Diluted earnings per share from continuing operations	$ 1.06	$ 1.49	$ 3.16	$ 2.36	$ 1.72	$ 1.15	$ 1.06
Basic weighted average common shares outstanding	65,447	65,618	65,621	65,306	64,810	64,420	63,934
Diluted weighted average common shares outstanding	66,634	66,892	66,829	66,764	66,133	65,464	65,144
Balance Sheet Data (end of period):							
Cash and cash equivalents	$ 57,818	$ 43,025	$ 93,353	$ 68,921	$ 45,891	$ 38,135	$ 3,845
Working capital	116,177	116,494	153,925	121,545	39,435	94,371	39,406
Total assets	1,318,937	1,163,313	1,236,260	1,052,991	934,929	886,154	733,349
Long-term debt	16,308	16,525	16,423	18,437	41,927	118,964	43,695
Total shareholders equity	990,102	836,612	915,896	747,933	620,880	574,422	510,647
Book value per common share	$ 15.01	$ 12.72	$ 14.02	$ 11.41	$ 9.55	$ 8.89	$ 7.94

Table of Contents

(1) Operating earnings include pretax gains on the sale of real estate for the fiscal years ended September 30 as follows: 2006 $3.6 million; 2005 $6.4 million; 2004 $13.2 million; 2003 $3.6 million; 2002 $2.8 million. Operating earnings include pretax gains on the sale of real estate for the six month periods ended March 31 as follows: 2007 $4.0 million; 2006 $1.7 million.

Selected Unaudited Pro Forma Condensed Combined Financial Data of Holdco

The following selected unaudited pro forma condensed combined financial data has been prepared using the purchase method of accounting and is based on the historical financial statements of Vulcan and Florida Rock. The unaudited pro forma condensed combined statement of earnings data for the twelve months ended December 31, 2006 combines Vulcan s historical consolidated statement of earnings data for the year ended December 31, 2006 with Florida Rock s historical consolidated statement of earnings data for the twelve months ended September 30, 2006, and gives effect to the mergers as if the mergers had occurred on January 1, 2006. The unaudited pro forma condensed combined statement of earnings data for the three months ended March 31, 2007 combines Vulcan s historical condensed consolidated statement of earnings data for the three months ended March 31, 2007 with Florida Rock s historical condensed consolidated statement of earnings data for the three months ended December 31, 2006, and gives effect to the mergers as if the mergers had occurred on January 1, 2006. The unaudited pro forma condensed combined balance sheet data combines Vulcan s and Florida Rock s historical consolidated balance sheets as of March 31, 2007, and gives effect to the mergers as if the mergers had occurred on March 31, 2007.

The selected unaudited pro forma condensed combined financial data is based on certain assumptions, estimates and adjustments as discussed in the section entitled Holdco Unaudited Pro Forma Condensed Combined Financial Statements, including assumptions relating to the allocation of the consideration paid for the assets and liabilities of Florida Rock based on preliminary estimates of their fair value. The data is presented for informational purposes only and is not intended to represent or be indicative of the combined results of operations or financial condition that would have occurred had the mergers been completed on the dates indicated or that may be achieved in the future. Please see the sections entitled Risk Factors and Information Regarding Forward-Looking Statements.

The following data should be read in conjunction with the historical financial statements and accompanying notes of Vulcan, which may be found in its Annual Report on Form 10-K for the year ended December 31, 2006 attached as Annex G hereto, and its Quarterly Report on Form 10-Q for the three months ended March 31, 2007 attached as Annex I hereto and Florida Rock, which are incorporated by reference in this proxy statement/prospectus, and the unaudited pro forma condensed combined financial statements and accompanying notes beginning on page 74. See Holdco Unaudited Pro Forma Condensed Combined Financial Statements beginning on page 74 and Where You Can Find More Information beginning on page 104.

Pro Forma Condensed Combined Statement of Earnings Data:

	For the Three Months Ended March 31, 2007	For The Year Ended December 31, 2006
	(Amounts in thousands, except per share data)	

Net sales		$ 920,169	$	4,354,198
Depreciation, depletion, amortization and accretion		93,965		360,589
Operating earnings		189,905		953,309
Interest expense, net		49,787		199,983
Earnings from continuing operations before income taxes		142,197		789,574
Earnings from continuing operations		97,610		541,997
Basic earnings per share from continuing operations		$ 0.91	$	4.93
Diluted earnings per share from continuing operations		$ 0.89	$	4.83
Weighted-average common shares outstanding	basic	107,636		110,041
Weighted-average common shares outstanding	diluted	110,242		112,241

Table of Contents

Pro Forma Condensed Combined Balance Sheet Data:

	As of March 31, 2007 (Amounts in thousands, except per share data)
Cash and cash equivalents	$ 127,778
Working capital	(857,633)
Total assets	9,078,281
Long-term debt	2,337,811
Total shareholders equity	3,515,126
Book value per common share	$ 32.62

COMPARATIVE PER SHARE DATA

The following table sets forth certain historical per share data for Vulcan and Florida Rock, unaudited pro forma combined per share data, and unaudited pro forma equivalent per share data for Florida Rock. The unaudited pro forma combined per share data has been based upon the historical weighted average number of outstanding shares of Vulcan common stock adjusted to include the number of shares of Holdco common stock that would be issued in the Florida Rock merger under the proposed exchange ratio of 0.63 of a Holdco share for each Florida Rock share and the proposed proration, which provides that 30% of the outstanding shares of Florida Rock common stock will be exchanged for shares of Holdco common stock at the exchange ratio and 70% of the outstanding shares of Florida Rock common stock will be exchanged for $67.00 per share. The unaudited pro forma equivalent per share data for Florida Rock has been based upon the unaudited pro forma combined per share data, multiplied by the exchange ratio of 0.63.

The unaudited pro forma combined per share data reflects the mergers as if they had occurred on January 1, 2006. Such pro forma combined per share data has been based upon the historical financial statements of Vulcan and Florida Rock and gives effect to the mergers under the purchase method of accounting for business combinations. As a result, the pro forma combined per share data has been based upon certain assumptions and adjustments as discussed in the section entitled Holdco Unaudited Pro Forma Condensed Combined Financial Statements. The pro forma combined financial information is presented for informational purposes only and is not intended to represent or be indicative of the combined results of operations or financial condition that would have occurred had the mergers been completed on the dates indicated or that may be achieved in the future. The following data should be read in conjunction with the historical financial statements and accompanying notes of Vulcan and Florida Rock contained in the annual and quarterly reports and other documents that have been filed with the Securities and Exchange Commission, and the information included under the section entitled Holdco Unaudited Pro Forma Condensed Combined Financial Statements. Please see the section entitled Where You Can Find More Information.

Vulcan Historical per Share Data	For the Three Months Ended March 31, 2007	For the Year Ended December 31, 2006
Basic earnings from continuing operations	$ 0.94	$ 4.89
Diluted earnings from continuing operations	0.91	4.79
Cash dividends	0.46	1.48

Book value (as of March 31, 2007)	21.98

Florida Rock Historical per Share Data	**For the Three Months Ended December 31, 2006**	**For the Twelve Months Ended September 30, 2006**
Basic earnings from continuing operations	$ 0.68	$ 3.22
Diluted earnings from continuing operations	0.67	3.16
Cash dividends	0.15	0.60
Book value (as of March 31, 2007)	15.01	

Table of Contents

Unaudited Pro Forma Combined per Share Data	For the Three Months Ended March 31, 2007	For the Year Ended December 31, 2006
Basic earnings from continuing operations	$ 0.91	$ 4.93
Diluted earnings from continuing operations	0.89	4.83
Cash dividends	0.41	1.31
Book value (as of March 31, 2007)	32.62	

Unaudited Pro Forma Equivalent per Share Data for Florida Rock	For the Three Months Ended December 31, 2006	For the Twelve Months Ended September 30, 2006
Basic earnings from continuing operations	$ 0.57	$ 3.10
Diluted earnings from continuing operations	0.56	3.04
Cash dividends	0.26	0.83
Book value (as of March 31, 2007)	20.55	

Table of Contents

RISK FACTORS

In addition to the other information included in, incorporated by reference in and found in the Annexes attached to, this proxy statement/prospectus, including the matters addressed in the Information Regarding Forward-Looking Statements on page 18, you should carefully consider the following risk factors in deciding whether to vote for approval of the merger agreement. Other than risks that could apply to any issuer or any offering, all material risks relating to the transaction are discussed below. In addition, you should read and consider the risks associated with the businesses of Florida Rock and Vulcan. Risks relating to Florida Rock can be found in Item 1A Risk Factors, in Florida Rock s Annual Report on Form 10-K for the year ended September 30, 2006, which has been filed with the SEC and is incorporated by reference to this proxy statement/prospectus. Risks relating to Vulcan can be found in Item 1A Risk Factors, in Vulcan s Annual Report on Form 10-K for the year ended December 31, 2006, which has been filed with the SEC and is attached as Annex G to this proxy statement/prospectus. You should also read and consider the other information in this proxy statement/prospectus and the other documents incorporated by reference in this proxy statement/prospectus. Please see Where You Can Find More Information on page 104. Additional risks and uncertainties not presently known to Florida Rock or Vulcan or that are not currently believed to be important also may adversely affect the transaction and Holdco following the mergers.

Florida Rock shareholders may not receive the form of merger consideration that they elect for all their shares and may receive in part a form of consideration that has lower value.

The merger agreement contains provisions that are designed to ensure that, in the aggregate, 70% of Florida Rock shares will be converted into cash and 30% of Florida Rock shares will be converted into Holdco common shares. The value of the share consideration at the time of the mergers may be higher than the value of the cash consideration at such time, or vice versa. If elections are made by Florida Rock shareholders to receive more cash or more shares of Holdco than these percentages, either those electing to receive cash or those electing to receive shares of Holdco, respectively, will have the consideration of the type they selected reduced by a pro rata amount, and will receive a portion of their consideration in the form that they did not elect to receive. Accordingly, it is likely that a substantial number of Florida Rock shareholders will not receive a portion of the merger consideration in the form that they elect and that the consideration they do receive will have a lower value than what they elected to receive.

Pursuant to the support agreement, among other things, the Baker Shareholders irrevocably elect to receive Holdco common stock in exchange for shares of Florida Rock common stock representing approximately 30% of the Florida Rock common stock beneficially owned by Edward L. Baker, John D. Baker II and Baker Holdings, L.P. in the Florida Rock merger, subject to proration like all Florida Rock shareholders.

Because the exchange ratio is fixed, the market value of Holdco common stock issued to you may be less than the value of your shares of Florida Rock common stock.

Florida Rock shareholders who receive shares in the Florida Rock merger will receive a fixed number of shares of common stock of Holdco rather than a number of shares with a particular fixed market value. The market values of Vulcan and Florida Rock common stock at the time of the mergers may vary significantly from their prices on the date the merger agreement was executed, the date of this proxy statement/prospectus or the date on which Florida Rock shareholders vote on the Florida Rock merger. Because the exchange ratio will not be adjusted to reflect any changes in the market value of Vulcan or Florida Rock common stock, the market value of the Holdco common stock issued in the Florida Rock merger and the Florida Rock common stock surrendered in the Florida Rock merger may be higher or lower than the values of such shares on such earlier dates, and may be higher or lower than the $67.00 to be paid to Florida Rock shareholders in the cash portion of the Florida Rock merger. Stock price changes may result from a

variety of factors, including changes in their businesses and operations, and other factors that are beyond the control of Vulcan and Florida Rock, including changes in their business prospects, regulatory considerations and general and industry specific market and economic conditions. Neither Vulcan nor Florida Rock is permitted to terminate the merger agreement solely because of changes in the market price of either party s common stock.

Table of Contents

After you submit a form of election, you will not be able to sell those shares, unless you revoke your election prior to the election deadline or the merger agreement is terminated.

The deadline for making a cash or share election for Florida Rock shares is 5:00 p.m., EDT, on [ ], 2007, the day of the special meeting of Florida Rock shareholders, unless the completion of the Florida Rock merger will occur more than four business days following the date of this special meeting, in which case the election deadline will be extended until two business days before the completion of the Florida Rock merger. After you submit a form of election, under the terms of the election, you will not be able to sell any Florida Rock shares covered by your form of election, regardless of whether those shares are held in certificated or book-entry form, unless you revoke your election before the deadline by providing written notice to the exchange agent. If you do not revoke your election, you will not be able to sell your Florida Rock shares covered by a form of election prior to completion of the Florida Rock merger. In the time between your submission of a form of election and the completion of the Florida Rock merger, the trading price of Florida Rock common stock may change, and you might otherwise want to sell your Florida Rock shares covered by a form of election to gain access to cash, make other investments, or reduce the potential for an adverse change in the value of your investment.

We may fail to realize the anticipated benefits of the mergers, which could adversely affect the value of Holdco stock.

The mergers involve the integration of two companies that have previously operated independently. Vulcan and Florida Rock expect the combined company to result in financial and operational benefits, including enhanced earnings growth, overhead savings, operating cost savings and other synergies. However, to realize the anticipated benefits from the mergers, we must successfully combine the businesses of Vulcan and Florida Rock in a manner that permits this earnings growth and cost savings. In addition, we must achieve these savings without adversely affecting revenues. If we are not able to successfully achieve these objectives, the anticipated benefits of the mergers may not be realized fully or at all or may take longer to realize than expected.

The failure to integrate successfully Vulcan s and Florida Rock s businesses and operations in the expected timeframe may adversely affect Holdco s future results.

Vulcan and Florida Rock have operated and, until the completion of the mergers, will continue to operate, independently. Vulcan and Florida Rock will face significant challenges in consolidating functions, integrating their organizations, procedures and operations in a timely and efficient manner and retaining key Vulcan and Florida Rock personnel. The integration of Vulcan and Florida Rock will be costly, complex and time consuming.

The integration process and other disruptions from the transaction could be more costly than we expect or result in the loss of key employees, the disruption of each company s ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect our ability to maintain relationships with customers, suppliers, employees and others with whom we have business dealings or to achieve the anticipated benefits of the mergers.

Integrating Vulcan and Florida Rock may divert management s attention away from our operations.

Successful integration of Vulcan s and Florida Rock s organizations, procedures and operations may place a significant burden on the managements of Vulcan and Florida Rock and their internal resources. The integration efforts could divert management s focus and resources from other strategic opportunities and from operational matters during the integration process.

Officers and directors of Florida Rock have certain interests in the Florida Rock merger that are different from, or in addition to, interests of Florida Rock shareholders. These interests may be perceived to have

affected their decision to support or approve the Florida Rock merger.

Florida Rock officers and directors have certain interests in the Florida Rock merger that are different from, or in addition to, interests of Florida Rock shareholders. These interests include, but are not limited to, the treatment of stock options held by directors and executive officers of Florida Rock in the Florida Rock merger (including the acceleration of stock options), the vesting and accelerated payment of certain retirement benefits and the potential

payment of certain severance benefits to executive officers, the continued employment after the mergers of Thompson S. Baker II as President of the Florida Rock division of Holdco, John D. Baker II s service as a director of Holdco after the mergers, the possible purchase by Edward L. Baker and John D. Baker II from Florida Rock of a 6,300 acre property immediately prior to the mergers, the support agreement between Vulcan and the Baker Shareholders, the shareholders agreement among Vulcan, Holdco and the Baker Shareholders, and the indemnification of former Florida Rock officers and directors by Holdco. Florida Rock shareholders should be aware of these interests when considering the Florida Rock board of directors recommendation to approve the merger agreement. Please see The Mergers Interests of Certain Persons in the Florida Rock Merger.

The costs of the merger could adversely affect Holdco s operating results.

Vulcan and Florida Rock estimate the total merger-related costs, exclusive of employee benefit costs, to be approximately $[ ], primarily consisting of investment banking, legal and accounting fees and financial printing and other related charges. The foregoing estimate is preliminary and subject to change. In addition, the combined company will incur certain expenses in connection with the integration of Vulcan s and Florida Rock s businesses. Although Vulcan and Florida Rock expect that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, may offset incremental transaction and transaction-related costs over time, this net benefit may not be achieved in the near term, or at all.

Vulcan s incurrence of additional debt to pay the cash portion of the merger consideration will significantly increase Vulcan s interest expense, financial leverage and debt service requirements.

Vulcan anticipates arranging approximately $4.0 billion of new credit facilities in connection with the mergers, and expects to borrow approximately $3.3 billion under such credit facilities in order to acquire 70% of the outstanding shares of Florida Rock common stock, cash settle Florida Rock stock options outstanding immediately prior to the effective time of the mergers and finance Vulcan s transaction costs. Incurrence of this new debt will significantly increase the combined company s leverage. While management believes Holdco s cash flows will be more than adequate to service this debt, there may be circumstances in which required payments of principal and/or interest on this new debt could adversely affect Holdco s cash flows and operating results, and therefore the market price of Holdco stock.

Florida Rock and Vulcan may not be able to obtain the regulatory approvals required to consummate the mergers unless they agree to material restrictions or conditions.

Completion of the mergers is conditioned upon the receipt of all required governmental consents and authorizations, including under the HSR Act. Vulcan and Florida Rock intend to pursue all of these consents and authorizations as required by and in accordance with the terms of the merger agreement. Complying with requests from governmental agencies, including requests for additional information and documents, could delay consummation of the mergers. In connection with granting these consents and authorizations, governmental authorities may require divestitures of Vulcan or Florida Rock assets or seek to impose conditions on Holdco s operations after completion of the mergers. Such divestitures or conditions may jeopardize or delay completion of the mergers or may reduce the anticipated benefits of the mergers. Please see The Mergers Regulatory Matters, The Merger Agreement Conditions to Completion of the Mergers and The Merger Agreement Additional Agreements.

The merger agreement contains provisions that could affect the decisions of a third party considering making an alternative acquisition proposal to the Florida Rock merger.

Under the terms of the merger agreement, Florida Rock will be required to pay to Vulcan a termination fee of $135 million if the merger agreement is terminated under certain circumstances. In addition, the merger agreement

limits the ability of Florida Rock to initiate, solicit, encourage or facilitate certain acquisition or merger proposals from a third party. These provisions could affect the decision by a third party to make a competing acquisition proposal, including the structure, pricing and terms proposed by a third party seeking to acquire or merge with Florida Rock. Please see The Merger Agreement Termination Fees and The Merger Agreement No Solicitation of Alternative Transactions.

Table of Contents

Former Florida Rock shareholders who become shareholders of Holdco will be governed by the restated certificate of incorporation and restated by-laws of Holdco.

Florida Rock shareholders who receive Holdco common stock in the Florida Rock merger will become Holdco shareholders and their rights as shareholders will be governed by the restated certificate of incorporation and restated by-laws of Holdco and New Jersey corporate law. As a result, there will be material differences between the current rights of Florida Rock shareholders and the rights they can expect to have as Holdco shareholders. Please see Comparison of Shareholder Rights.

A purported shareholder class action complaint has been filed against Florida Rock and the members of its board of directors challenging the mergers and an unfavorable judgment or ruling in this lawsuit could prevent or delay the consummation of the mergers and result in substantial costs.

Florida Rock and the members of its board of directors were named in a purported shareholder class action complaint filed in Florida state court (the Duval County Circuit Court) on March 6, 2007, captioned Dillinger v. Florida Rock, et al., Case No. 16-20007-CA-001906. The complaint seeks to enjoin the mergers, and alleges, among other things, that the directors have breached their fiduciary duties owed to Florida Rock shareholders by attempting to sell Florida Rock to Vulcan for an inadequate price.

Florida Rock is obliged under certain circumstances to indemnify and hold harmless each director and officer from and against any and all claims and liabilities to which such director or officer shall have become subject by reason of being a director or officer, to the full extent permitted under Florida law. An adverse outcome in this lawsuit could prevent or delay the consummation of the mergers and result in substantial costs to Florida Rock and/or Vulcan. It is also possible that other similar lawsuits may be filed in the future. Florida Rock cannot reasonably estimate any possible loss from current or future litigation at this time.

Table of Contents

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements may be made directly in this proxy statement/prospectus or they may be made a part of this proxy statement/prospectus by appearing in other documents filed with the SEC by Florida Rock and Holdco and incorporated by reference in this proxy statement/prospectus. These statements may include statements regarding the period following completion of the mergers.

Words such as anticipate, estimate, expect, project, intend, plan, believe, target, objective, goal, terms of similar substance used in connection with any discussion of future operating or financial performance of Vulcan, Florida Rock, Holdco or the mergers identify forward-looking statements. All forward-looking statements are management s present expectations or forecasts of future events and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. In addition to the factors relating to the mergers discussed under the caption Risk Factors beginning on page 14 above, the following risks related to the businesses of Vulcan, Florida Rock and Holdco, among others, could cause actual results to differ materially from those described in the forward-looking statements:

- the possibility that the companies may be unable to obtain shareholder or regulatory approvals required for the mergers;
- the possibility that problems may arise in successfully integrating the businesses of the two companies;
- the possibility that the mergers may involve unexpected costs;
- the possibility that the combined company may be unable to achieve cost-cutting synergies;
- the possibility that the businesses may suffer as a result of uncertainty surrounding the mergers;
- the possibility that the industry may be subject to future regulatory or legislative actions;
- the outcome of pending legal proceedings;
- changes in interest rates;
- the timing and amount of federal, state and local funding for infrastructure;
- changes in the level of spending for residential and private nonresidential construction;
- the highly competitive nature of the construction materials industry;
- pricing;
- weather and other natural phenomena;
- energy costs;
- costs of hydrocarbon-based raw materials;

increasing healthcare costs;

the timing and amount of any future payments to be received under two earn-outs contained in the agreement for the divestiture of Vulcan s chemicals business; and

other risks and uncertainties.

We caution you not to place undue reliance on the forward-looking statements, which speak only as of the date of this proxy statement/prospectus in the case of forward-looking statements contained in this proxy statement/prospectus, or the dates of the documents incorporated by reference in this proxy statement/prospectus in the case of forward-looking statements made in those incorporated documents. Except as may be required by law, none of Vulcan, Florida Rock or Holdco has any obligation to update or alter these forward-looking statements, whether as a result of new information, future events or otherwise.

Table of Contents

For additional information about factors that could cause actual results to differ materially from those described in the forward-looking statements, please see the annual reports on Form 10-K and the quarterly reports on Form 10-Q that Florida Rock has filed with the SEC as described under Where You Can Find More Information on page 104 and the annual report on Form 10-K and quarterly report on Form 10-Q of Vulcan attached hereto as Annexes G and I, respectively.

We expressly qualify in their entirety all forward-looking statements attributable to Vulcan, Florida Rock or Holdco or any person acting on our behalf by the cautionary statements contained or referred to in this section.

Table of Contents

THE SPECIAL MEETING

Proxy Statement/Prospectus

This proxy statement/prospectus is being furnished to you in connection with the solicitation of proxies by Florida Rock s board of directors in connection with the special meeting of shareholders.

This proxy statement/prospectus is first being furnished to Florida Rock shareholders on or about [, 2007].

Date, Time and Place of the Special Meeting

The special meeting will be held at 9:00 a.m., local time, on [, , 2007], at [ ], Jacksonville, Florida [ ].

Purpose of the Special Meeting

At the special meeting, Florida Rock s shareholders will be asked to consider and vote upon a proposal to approve the merger agreement, a proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the meeting to approve the merger agreement, and to transact such other business as may properly come before the special meeting or any adjournment or postponement of such meeting.

Record Date for the Special Meeting

The board of directors of Florida Rock has fixed the close of business on [, 2007] as the record date for determination of shareholders entitled to notice of and to vote at the special meeting of shareholders.

On the record date, there were [ ] shares of Florida Rock common stock outstanding and entitled to vote at the special meeting, held by approximately [ ] holders of record. Shares that are held in Florida Rock s treasury are not entitled to vote at the special meeting.

Votes Required

A majority of the outstanding shares of Florida Rock common stock must be represented, either in person or by proxy, to constitute a quorum at the special meeting. The affirmative vote of holders of a majority of the shares of Florida Rock common stock outstanding on the record date is required to approve the merger agreement. The affirmative vote of a majority of the votes cast at the special meeting is required to approve the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the meeting to approve the merger agreement. At the special meeting, each holder of Florida Rock common stock is entitled to one vote for each share of Florida Rock common stock held as of the Florida Rock record date on all matters properly submitted to the Florida Rock shareholders.

As of the record date, Florida Rock directors and executive officers and their affiliates (other than Edward L. Baker, John D. Baker II and Baker Holdings, L.P.), owned and were entitled to vote approximately [ ] shares of Florida Rock common stock, representing approximately [%] of the outstanding shares of Florida Rock common stock.

Pursuant to a support agreement, the Baker Shareholders have agreed to vote shares of Florida Rock common stock representing approximately 9.9% of the outstanding shares of Florida Rock common stock in favor of approving the

merger agreement. Further information concerning the support agreement can be found under The Mergers The Support Agreement on page 70.

Proxies

All shares of Florida Rock common stock represented by properly executed proxies or voting instructions (including those voting instructions given through electronic voting through the Internet or by telephone) received before or at the Florida Rock special meeting prior to the closing of the polls will, unless revoked, be voted in

accordance with the instructions indicated on those proxies or voting instructions. If no instructions are indicated on a properly executed proxy card, the shares will be voted FOR approval of the merger agreement and FOR the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies. If you return a properly executed proxy card or voting instruction card and have indicated that you have abstained from voting, your Florida Rock common stock represented by the proxy will be considered present at the applicable special meeting for purposes of determining a quorum, but will have the same effect as a vote against approving the merger agreement. We urge you to mark each applicable box on the proxy card or voting instruction card to indicate how to vote your shares.

If your shares are held in an account at a broker, bank or other nominee, or through the Florida Rock Employee Stock Purchase Plan, the Florida Rock Industries, Inc. Profit Sharing and Deferred Earnings Plan or The Arundel Corporation Profit Sharing and Savings Plan, which we refer to collectively as the Florida Rock Plans, you must instruct the broker, bank or plan administrator on how to vote your shares. If an executed proxy card returned by a broker, bank or plan administrator holding shares indicates that the broker, bank or plan administrator does not have discretionary authority to vote on a particular matter, the shares will be considered present at the meeting for purposes of determining the presence of a quorum, but will have the same effect as a vote against approving the merger agreement. This is called a broker non-vote. Your broker, bank or plan administrator will vote your shares over which it does not have discretionary authority only if you provide instructions on how to vote by following the instructions provided to you by your broker, bank or plan administrator. If you hold shares through any Florida Rock Plan, your shares in the plan may be voted even if you do not instruct the trustee how to vote, as explained in your voting instructions.

Because the approval of the merger agreement requires the affirmative vote of a majority of the outstanding shares of Florida Rock common stock, abstentions, failures to vote and broker non-votes will have the same effect as votes against approving the merger agreement. Abstentions, failures to vote and broker non-votes will have no effect with respect to the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies.

Florida Rock does not expect that any matter other than the proposal to approve the merger agreement and the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies will be presented at the special meeting. If, however, other matters are properly presented, the persons named as proxies will vote in accordance with their judgment with respect to those matters, unless you withhold authority to do so on the proxy card or voting instruction card.

You may revoke your proxy at any time before it is voted at the special meeting. If you are a holder of record you may do so by:

- Filing a written notice of revocation with the Secretary, Florida Rock Industries, Inc., 155 E. 21st Street, Jacksonville, Florida 32206.

- Submitting a new proxy before the special meeting.

- Attending the special meeting and voting in person. Attendance at the special meeting will not in and of itself constitute revocation of a proxy.

For shares held beneficially by you, you may change your vote only by submitting new voting instructions to your broker or nominee. If you submit your voting instruction through the Internet or by telephone, you can change your vote by submitting a voting instruction at a later date, in which case your later-submitted voting instruction will be recorded and your earlier voting instruction will be revoked. If the special meeting is postponed or adjourned, it will not affect the ability of shareholders of record as of the record date to exercise their voting rights or to revoke any

previously granted proxy using the methods described above.

Voting Electronically or by Telephone

Many shareholders who hold their shares through a broker, bank or other nominee will have the option to submit their voting instructions electronically through the Internet or by telephone. If you hold your shares through

Table of Contents

a broker, bank or other holder of record, you should check your proxy card or voting instruction card forwarded by your broker, bank or other holder of record to see which options are available.

Delivery of Documents to Shareholders Sharing an Address

The SEC has adopted rules that permit companies and intermediaries (*e.g.,* brokers) to satisfy the delivery requirements for proxy statements and annual reports with respect to two or more shareholders sharing the same address by delivering a single proxy statement/prospectus and annual report addressed to those shareholders. This process, which is commonly referred to as householding, potentially means extra convenience for shareholders and cost savings for companies.

A single proxy statement/prospectus will be delivered to multiple shareholders sharing an address unless contrary instructions have been received from the affected shareholders. Once you have received notice from your broker that it will be householding communications to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement/prospectus, please notify your broker, direct your written request to Florida Rock Industries, Inc., Investor Relations, 155 East 21st Street, Jacksonville, Florida 32206 or contact investor relations at 904-355-1781. Shareholders who currently receive multiple copies of the proxy statement/prospectus at their address and would like to request householding of their communications should contact their broker.

Solicitation of Proxies

Florida Rock will bear the expenses incurred in connection with the printing and mailing of this proxy statement/prospectus. To assist in the solicitation of proxies, Florida Rock has retained D.F. King & Co., Inc. for a fee of $15,000 plus reimbursement of expenses to assist in the solicitation of proxies. Florida Rock and its proxy solicitors will also request banks, brokers and other intermediaries holding shares of Florida Rock common stock beneficially owned by others to send this proxy statement/prospectus to, and obtain proxies from, the beneficial owners and will, if requested, reimburse the record holders for their reasonable out-of-pocket expenses in so doing. Solicitation of proxies by mail may be supplemented by telephone and other electronic means, advertisements and personal solicitation by the directors, officers or employees of Florida Rock. No additional compensation will be paid to our directors, officers or employees for solicitation.

Voting and Elections by Participants in the Florida Rock Plans

Participants in the Florida Rock Industries, Inc. Profit Sharing and Deferred Earnings Plan and The Arundel Corporation Profit Sharing and Savings Plan, which we collectively refer to as the Florida Rock Plans, will be able to direct how they want Florida Rock shares allocated to their accounts as of the record date to be voted and whether they want to elect cash consideration or share consideration to be allocated to their accounts in exchange for each Florida Rock share in their accounts as of the closing date. All voting instructions submitted by Florida Rock Plan participants are confidential and will not be disclosed to Florida Rock management.

After the voting instructions with respect to the Florida Rock Plans are tabulated, the results will be given to the plan trustee. Your instructions on how to vote on the approval of the merger agreement and to elect the merger consideration will be subject, in the case of all Florida Rock Plans, to the plan trustee s fiduciary duties under ERISA. If you are a participant in the Florida Rock Plans, please follow the instructions that you receive for voting and elections with respect to the shares allocated to your account.

As of the Florida Rock record date, the Florida Rock Plans held approximately [%] of the then outstanding shares of Florida Rock common stock.

Participants in the Florida Rock Plans will be able to direct their shares to be voted at the special meeting in one of three ways: vote for approval of the merger agreement, vote against approval of the merger agreement or abstain

Table of Contents

from voting on approval of the merger agreement. Please note that the plan trustee will take the following steps with respect to shares in a Florida Rock Plan account, subject to its fiduciary duties under ERISA:

If you fail to properly provide any instructions as to how you want the shares allocated to your plan account to be voted, your plan shares will be voted ratably FOR and AGAINST the approval of the merger agreement, in the same proportion as for those plan shares for which specific directions have been received.

If you return a properly signed voting instruction form but do not specifically indicate how you want your shares to be voted on the approval of the merger agreement, your plan shares will be voted FOR the approval of the merger agreement.

If you indicate you wish to abstain, your shares will not be voted, which will have the same effect as a vote AGAINST the approval of the merger agreement.

You will be separately provided with an opportunity to elect whether, if the Florida Rock merger is completed, you wish to request either $67.00 in cash, without interest, or 0.63 of a share of Holdco common stock as consideration for each Florida Rock share allocated to your account, subject to the proration procedures described in this proxy statement/prospectus and applicable to all Florida Rock shareholders.

You will be provided with separate instructions on how to make such an election. The procedure outlined in the instructions will be the only opportunity you will have to choose the form of consideration to be requested in exchange for your plan shares. Accordingly, please note that, if participants in a Florida Rock Plan do not properly provide instructions as to the type of consideration they request for their plan shares, cash and stock will be elected for their plan shares ratably in the same proportion as for those plan shares for which properly completed elections were received.

Table of Contents

THE MERGERS

This section of the proxy statement/prospectus describes material aspects of the proposed mergers, including the merger agreement. This summary may not contain all of the information that is important to you. You should carefully read this entire proxy statement/prospectus, including the full text of the merger agreement, which is attached as Annex A, and the other documents we refer you to for a more complete understanding of the mergers. In addition, important business and financial information about Vulcan is included in the Annexes hereto and important business and financial information about Florida Rock is incorporated into this proxy statement/prospectus by reference. See Where You Can Find More Information.

Effect of the Florida Rock Merger; What Florida Rock Shareholders Will Receive in the Florida Rock Merger

Upon completion of the Vulcan merger, Fresno Merger Sub, a wholly owned subsidiary of Holdco newly organized to effect the Florida Rock merger, will merge with and into Florida Rock. Florida Rock will be the surviving corporation in the Florida Rock merger and will become a wholly owned subsidiary of Holdco.

In the Florida Rock merger, each outstanding share of Florida Rock common stock (other than shares owned by Florida Rock, Fresno Merger Sub, Vulcan or any wholly owned subsidiary of Vulcan or Florida Rock) will be converted into the right to receive, at the holder s election, $67.00 in cash per share, without interest, or 0.63 of a share of Holdco common stock per share, subject to proration. Florida Rock shareholder elections will be subject to proration to ensure that 30% of Florida Rock shares will be exchanged for Holdco shares and 70% of Florida Rock shares will be exchanged for cash. The exchange ratio and the per share amount of cash to be paid are fixed and will not be adjusted to reflect stock price changes prior to the date of the Florida Rock merger. Each share of Florida Rock common stock owned by Florida Rock or Fresno Merger Sub will be cancelled without consideration. Each share of Florida Rock common stock owned by Vulcan or any direct or indirect wholly owned subsidiary of Florida Rock or Vulcan (other than Fresno Merger Sub) will be converted into the right to receive 0.63 of a share of Holdco common stock. The conversion of these shares is not subject to proration, and these shares will not be taken into consideration when determining the proration calculations.

In the Florida Rock merger, all outstanding company-issued Florida Rock stock options will vest and become exercisable at least 10 business days prior to the election deadline. Option holders who exercise their options and receive shares of Florida Rock common stock prior to the fourth business day prior to the election deadline may make elections with respect to such shares. Each Florida Rock stock option that remains outstanding immediately prior to the effective time of the Florida Rock merger will be exchanged for the right to receive cash in an amount equal to the number of shares of Florida Rock common stock subject to such option multiplied by the excess, if any, of $67.00 over the exercise price for such stock option. See Treatment of Stock Options and Other Equity-Based Awards on page 59.

The rights pertaining to Holdco common stock will be different from the rights pertaining to Florida Rock common stock, because the restated certificate of incorporation and restated by-laws of Holdco in effect immediately after the mergers are completed will be different from the restated articles of incorporation and restated bylaws of Florida Rock and because Holdco is a New Jersey and not a Florida corporation. A further description of the rights pertaining to Holdco common stock and Holdco s restated certificate of incorporation and restated by-laws which will be in effect immediately after the mergers are completed is further described under Description of Holdco Capital Stock Common Stock on page 86 and Comparison of Shareholders Rights on page 87.

Effect of the Vulcan Merger; What Vulcan Shareholders Will Receive in the Vulcan Merger

Virginia Merger Sub, a wholly owned subsidiary of Holdco newly organized to effect the Vulcan merger, will merge with and into Vulcan. Vulcan will be the surviving corporation in the Vulcan merger and will become a wholly owned subsidiary of Holdco.

In the Vulcan merger, each outstanding share of Vulcan common stock (other than shares owned by Vulcan) will be converted into one share of Holdco common stock. The exchange ratio is fixed and will not be adjusted to reflect stock price changes prior to the date of the Vulcan merger. Each share of Vulcan common stock owned by

Table of Contents

Vulcan will be cancelled without consideration. Each share of Vulcan common stock owned by Florida Rock or any direct or indirect wholly owned subsidiary of Florida Rock or Vulcan will be converted into the right to receive one share of Holdco common stock.

All outstanding Vulcan stock options and stock appreciation rights under employee benefit plans will be converted into options to purchase an equivalent number of shares of Holdco common stock, subject to the same terms and conditions. All restricted stock units, deferred stock units, or phantom units of Vulcan will be converted into a number of restricted stock units, deferred stock units or phantom units in respect of shares of Holdco common stock, equal to the number of shares underlying the applicable restricted stock units, deferred stock units or phantom units immediately prior to the effective time of the Vulcan merger.

The rights pertaining to Holdco common stock will be the same in all material respects to the rights pertaining to Vulcan common stock, because the restated certificate of incorporation and restated by-laws of Holdco in effect immediately after the completion of the mergers will be substantially similar to the current restated certificate of incorporation and restated by-laws of Vulcan. A further description of the rights pertaining to Holdco common stock and Holdco s restated certificate of incorporation and restated by-laws is further described under Description of Holdco Capital Stock Common Stock on page 86 and Comparison of Shareholder Rights on page 87.

Background of the Mergers

For a number of years, the Florida Rock board of directors and senior management have periodically reviewed Florida Rock s strategic position in the heavy building materials industry and the impact of industry changes and developments on Florida Rock. To enhance Florida Rock s strategic position, the Florida Rock board of directors and senior management have pursued a number of strategic initiatives in recent years, including the Lafarge Florida acquisition, the expansion of the Newberry cement plant, acquisitions of additional reserves on the Ohio and Tennessee rivers and other strategic acquisitions. The Florida Rock board of directors and senior management have explored various potential alternatives, including acquisitions and possible business combinations, to improve Florida Rock s strategic position and to increase shareholder value.

Vulcan and Florida Rock operate in the same industry and consequently representatives of each company have commercial interactions with representatives of the other from time to time. The companies also conduct business with each other. In particular, Florida Rock purchases aggregates from Vulcan at several facilities and the companies negotiate from time to time regarding other commercial arrangements that may be beneficial to both companies. Donald M. James, Vulcan s chairman and chief executive officer and a member of Vulcan s board of directors, and John D. Baker II, Florida Rock s president and chief executive officer and a member of Florida Rock s board of directors, have both participated for many years in the National Stone, Sand & Gravel Association, an industry trade group, and both serve on the board of directors of Wachovia Corporation.

From time to time over the past several years, each of Mr. John Baker and Mr. James has contacted the other to discuss potential transactions between the two companies, including the possible acquisition of Florida Rock by Vulcan. These discussions were informal, general in nature and did not advance to detailed consideration of any specific transaction because the parties were not able to agree on a value range for the acquisition of Florida Rock. Over the past several years, representatives of Florida Rock have also had informal discussions with two other industry participants with respect to possible business combination transactions. These informal discussions focused on business combination transactions which offered no premium for Florida Rock common stock, and were abandoned at preliminary stages because the parties could not agree on valuations.

In the summer of 2006, Mr. John Baker suggested to Daniel F. Sansone, Vulcan s senior vice president and chief financial officer, that their respective companies should once again discuss a possible transaction.

In late October 2006, at a meeting of Vulcan s board of directors, the Vulcan board authorized Mr. James to explore a number of potential transactions, including a transaction with Florida Rock. Goldman Sachs & Co., financial advisor to Vulcan, provided analyses to Vulcan s management in late October 2006 regarding three hypothetical business combinations, including an acquisition of Florida Rock. The other two hypothetical business combinations, each involving an industry participant already familiar to Vulcan management, were selected by Goldman Sachs based on discussions with Vulcan s management and Goldman Sachs own research with respect to transactions that it

believed might be attractive to Vulcan. The analyses included a presentation of pro forma post-combination financial results, including revenue and earnings, and factual data about the companies drawn from public filings. Vulcan management discussed with Goldman Sachs on a preliminary basis the relative merits of the three hypothetical transactions, but because of the familiarity of Vulcan s management with the potential subjects of these transactions, including their respective financial and market positions and corporate cultures, Vulcan management concluded that a transaction with Florida Rock would be more attractive and achievable than either of the other two hypothetical business combinations. Goldman Sachs did not provide any financial advisory services to Florida Rock in connection with the mergers and has never received, and will not receive a fee for providing any such services to Florida Rock.

In early December 2006, Mr. James called Mr. John Baker to express an interest in discussing with Florida Rock a potential transaction whereby Vulcan would acquire Florida Rock. During this and subsequent telephonic discussions and meetings in December 2006 among Mr. James, Mr. John Baker and, in some instances, Edward L. (Ted) Baker, Mr. John Baker s brother and Florida Rock s chairman, the parties discussed Vulcan s interest in a potential transaction with Florida Rock and a number of possible transaction structures. These discussions included a general exchange of views on the forms of consideration payable in a potential transaction, which focused on the percentage of cash and stock consideration that would be paid to Florida Rock shareholders in a potential transaction and the tax consequences of a potential transaction. The parties also discussed the possibility that Vulcan might need to simultaneously acquire Patriot Transportation Holding, Inc., which we refer to in this proxy statement/prospectus as Patriot, as a means for Vulcan to acquire reserves owned by Patriot and leased to Florida Rock. Messrs. John Baker and Ted Baker and Baker Holdings, L.P., beneficially own, in the aggregate, approximately 44.8% of the outstanding shares of Patriot common stock. In addition, Messrs. John Baker and Ted Baker, Thompson S. Baker II, Mr. Ted Baker s son and a director and vice president of Florida Rock, and Luke E. Fichthorn III, a director of Florida Rock, are on the board of directors of Patriot.

Also in early December 2006, Mr. John Baker called Mr. James to indicate his belief, based upon his knowledge of both Florida Rock, including its prospects and strategic alternatives, and the heavy building materials industry generally, that the Florida Rock board of directors might consider pursuing a transaction in which Vulcan would simultaneously acquire Florida Rock and Patriot for aggregate consideration to shareholders of Florida Rock and Patriot having a value equivalent to approximately $71.00 times the number of outstanding shares of Florida Rock common stock. Mr. James responded that Vulcan would need to perform due diligence in order to determine whether Vulcan could support such a valuation, including a detailed review of Florida Rock s real estate portfolio and aggregates reserves.

In a subsequent telephone conversation with Mr. John Baker, Mr. James indicated that, subject to satisfactory completion of its due diligence, Vulcan might consider acquiring Florida Rock on a stand-alone basis for equivalent value in the low $60 range per share of Florida Rock common stock. Mr. John Baker indicated to Mr. James his belief, based upon the factors discussed above, that a valuation in the low $60 range per share would not likely be acceptable to the Florida Rock board of directors.

On December 8, 2006, at a regularly scheduled meeting of the Vulcan board of directors, Mr. James provided an update on the discussions with Messrs. John and Ted Baker. The Vulcan board of directors authorized Mr. James to continue to engage in discussions with respect to a potential transaction.

On December 12, 2006, Florida Rock and Vulcan entered into a non-disclosure agreement to facilitate the exchange of due diligence materials.

On December 14, 2006, Mr. James met with Messrs. John and Ted Baker in Jacksonville to continue the discussion of a potential transaction. The discussion focused on the valuation of Florida Rock s real estate portfolio and the amount of aggregates reserves.

At the time of and subsequent to these discussions, Vulcan continued its legal due diligence of Florida Rock and Patriot and worked to determine an appropriate valuation for the potential transaction, including an appropriate valuation for an acquisition of both Florida Rock and Patriot and an acquisition of Florida Rock on a stand-alone basis.

On January 8, 2007, Mr. John Baker, Mr. Thompson Baker and John Milton, Florida Rock s executive vice president and chief financial officer, met with Mr. James, Mr. Sansone, G. M. (Mac) Badgett III, Vulcan s senior

vice president, Construction Materials Group, Robert A.Wason IV, Vulcan s senior vice president, corporate development and William F. Denson III, Vulcan s senior vice president and general counsel in Jacksonville, Florida to discuss the potential transaction. The Florida Rock representatives reviewed the terms of the Florida Rock/Patriot leases with the Vulcan representatives and explained that they generally permit Florida Rock to mine the leased reserves for the life of such reserves. Based upon this understanding, the Vulcan representatives indicated that pursuing the simultaneous acquisition of Patriot was not necessary and that Vulcan was no longer interested in considering the acquisition of Patriot. The parties also reviewed the status of Florida Rock s Lake Belt litigation. Due to uncertainty as to the remedies that might be ordered by the court in the Lake Belt litigation, the likely impact of the Lake Belt litigation on Florida Rock could not be quantified with any accuracy, and consequently the parties focused their discussion on Florida Rock s plans for mitigating the impact of any potential adverse rulings in that litigation. At the meeting, Mr. John Baker indicated his belief, based upon the same factors discussed above in connection with previous pricing discussions between the parties, that the Florida Rock board of directors might be willing to consider an offer valuing Florida Rock common stock at $67.00 per share (excluding Patriot). Mr. James did not make a counterproposal, but expressed to Mr. John Baker his preliminary view that a valuation of $66.00 per share of Florida Rock common stock (excluding Patriot) would be consistent with previous pricing discussions regarding an acquisition of both Florida Rock and Patriot.

On January 11, 2007, Mr. John Baker called members of the Florida Rock board of directors to inform them of the discussions that had occurred with Vulcan with respect to a potential transaction. Based upon these conversations, it was the consensus of the Florida Rock board of directors that discussions with Vulcan regarding the potential transaction should continue.

In early January 2007, at the request of Messrs. John and Ted Baker, Weil, Gotshal & Manges, LLP, legal counsel to Florida Rock, contacted several financial advisory firms, including Lazard Frères & Co., on a confidential basis, without naming Florida Rock or its industry, to determine each firm s availability to accept an engagement on behalf of Florida Rock, as well as the fees such firms would charge for their advisory services. Based on the results of these initial contacts, the views of Florida Rock s directors and subsequent discussions between Lazard and Florida Rock s management, Lazard was retained by Florida Rock, pursuant to an engagement letter dated January 25, 2007, to act as its financial advisor in connection with the potential transaction, to assist in negotiating the financial terms of the potential transaction, and, if necessary, to opine on the fairness of the consideration to be received by the shareholders of Florida Rock in the potential transaction.

On January 18, 2007, Mr. John Baker, Mr. Ted Baker, Mr. Milton and representatives of Weil, Gotshal & Manges and Lazard met in New York City with Mr. James, Mr. Sansone, Mr. Denson and Mr. Wason and representatives of Wachtell, Lipton, Rosen & Katz, legal counsel to Vulcan, and Goldman Sachs to discuss the potential transaction. The parties discussed the due diligence process, the structure of the potential transaction, the form of consideration to be paid by Vulcan (which would include the ability of Florida Rock shareholders to choose between cash and stock, subject to limitations) and Vulcan s desire that certain members of the Baker family execute a support agreement and shareholders agreement in connection with the transaction. The parties also reviewed analyses of a number of properties owned by Florida Rock. These analyses, which were principally compiled by Florida Rock management, estimated the value of the properties based on future development that could occur after the properties are no longer mined for aggregates or otherwise used in business operations.

On January 19, 2007, Messrs. John Baker, Thompson Baker and Milton met with Messrs. James, Denson, Badgett and Wason in Jacksonville, Florida to further discuss the analyses of Florida Rock s real estate holdings and aggregates reserves, including the length of life and quality of the reserves, and potential new aggregates projects. The parties also discussed Florida Rock s business generally and the potential synergies that could result from the proposed transaction. After discussion, the parties reached a consensus that $50 million of annual pre-tax synergies was a reasonable estimate of what could be achieved as a result of the proposed transaction.

In late January 2007, Vulcan and Florida Rock continued exchanging due diligence materials, including leases of real property, material agreements, financing documents, acquisition and disposition agreements, employment and employee benefits documents, tax documentation and litigation documentation. The exchange of due diligence materials continued until the execution of the merger agreement.

Table of Contents

On January 25, 2007, the Florida Rock board of directors held a special meeting with representatives of Weil, Gotshal & Manges and Lazard in attendance to discuss the potential transaction. At this meeting, Mr. John Baker and Mr. Milton, representing Florida Rock s senior management, provided the Florida Rock board of directors with an overview of Florida Rock s discussions with Vulcan relating to the potential transaction. In addition, representatives of Weil, Gotshal & Manges advised the Florida Rock board of directors of its fiduciary duties in connection with such a transaction and summarized the general terms proposed by Vulcan with respect to the transaction, including structure, timing, antitrust review and required shareholder vote. Also at the meeting, representatives of Lazard gave a financial presentation regarding Florida Rock and the heavy building materials sector generally, as well as a preliminary valuation analysis of Florida Rock and the Florida Rock board of directors asked questions regarding the financial presentation, including the discount rate used by Lazard in the discounted cash flow analysis, the comparable companies and transactions analyzed by Lazard, Lazard s views of the interest and ability of various industry participants to acquire Florida Rock at the price levels being discussed by the parties and Lazard s views on industry conditions and outlook. The Florida Rock board of directors also discussed with Florida Rock s management and representatives of Lazard five-year financial projections. The five-year financial projections, which we refer to in this proxy statement-prospectus as the Florida Rock financial projections, were prepared by Florida Rock s management at Vulcan s request solely for purposes of the evaluation of the potential transaction. Vulcan provided to Florida Rock s management Vulcan s macroeconomic outlook for the United States economy as well as Vulcan s estimates of market demand for aggregates and growth by aggregates end use market for each state in which Florida Rock operates. In developing the Florida Rock financial projections, Florida Rock management utilized the foregoing data provided by Vulcan and made certain adjustments to Vulcan s outlook for near-term periods. The material Florida Rock financial projections can be found under Certain Florida Rock Financial Projections beginning on page 42.

The Florida Rock board of directors then discussed with Florida Rock s senior management and representatives of Weil, Gotshal & Manges and Lazard, potential strategic alternatives available to Florida Rock, including the benefits, opportunities, risks and uncertainties associated with Florida Rock remaining an independent company, as well as the merits of a possible business combination transaction. The Florida Rock board of directors discussed whether it was an opportune time to enter into the potential transaction in light of the current downturn in the housing market in the Southeast generally and Florida in particular and inquired of Lazard how potential acquirors might value Florida Rock. During the course of this discussion, the Florida Rock board of directors considered the factors that they believed would affect an acquiror s determination of the purchase price that it might be willing to pay for Florida Rock, and concluded that there were other factors, such as the net present value of Florida Rock s mining reserves and the pricing cycle of Florida Rock s products, that would be important to such a determination. The discussion also included an analysis of the benefits and risks related to approaching other industry participants regarding a potential transaction prior to entering into a merger agreement with Vulcan and, in particular, an assessment of the risks to Florida Rock s business and the potential transaction associated with conducting a market check prior to entering into a merger agreement with Vulcan. In particular, the Florida Rock board of directors was concerned about the negative effect a premature public announcement of a potential transaction would have on Florida Rock s customers, suppliers, operations and key employees. Based upon its analysis of the merits of a possible business combination transaction, including the timing issues discussed above, the substantial premium and pricing multiple that Vulcan was offering, the continued uncertainty over when the housing market might improve, the risks to the business of Florida Rock associated with approaching other industry participants regarding a potential transaction, the resources and ability of certain of the larger industry participants to make an offer for Florida Rock after a transaction was announced if they had an interest in doing so, and the Florida Rock board of directors favorable outlook regarding Vulcan s future performance, including the Florida Rock board of directors belief that Vulcan s product mix and business prospects were superior to other industry participants, the Florida Rock board of directors concluded that it was unlikely that a transaction as favorable as the one being discussed with Vulcan could be achieved in the foreseeable future. Therefore, the independent members of the Florida Rock board of directors directed that Florida Rock management should continue to engage in discussions with Vulcan management with respect to the potential transaction and that neither management of Florida Rock nor Lazard should solicit third-party indications of interest to acquire Florida

Rock.

Following these discussions, the independent members of the Florida Rock board of directors met in executive session, together with representatives of Weil Gotshal & Manges, and discussed potential conflicts of interest that

might arise in connection with the potential transaction. See Interests of Florida Rock Directors and Executive Officers beginning on page 46 for a discussion of these potential conflicts of interest. After this discussion, the independent members of the Florida Rock board of directors concluded that it was not necessary to form a special committee of the Florida Rock board of directors to negotiate the potential transaction or to condition the merger on a vote of a majority of the public shareholders because there were no significant conflicts of interest. In particular, the independent members of the Florida Rock board of directors noted that members of the Baker family were not receiving disparate consideration for their Florida Rock shares, the Baker family s interests generally were aligned with those of the public shareholders because of their substantial holdings of Florida Rock stock and the possibility of a simultaneous acquisition of Patriot was no longer being considered. The independent members of the Florida Rock board of directors also determined that they would meet in executive session at the end of each meeting of the Florida Rock board of directors to discuss the proposed transaction. Additionally, the independent members of the Florida Rock board of directors believed that Messrs. John and Ted Baker were best suited to conduct negotiations on behalf of Florida Rock, because of their extensive knowledge and experience with respect to both Florida Rock and the industry generally.

On January 30, 2007, Mr. John Baker, Mr. Milton and representatives of Weil, Gotshal & Manges and Lazard met with Messrs. Sansone, Wason, Badgett, Denson, Ejaz A. Khan, Vulcan s vice president, controller and chief information officer and representatives of Goldman Sachs in Birmingham, Alabama to discuss the five-year financial projections prepared by Florida Rock management, which had previously been provided to Vulcan.

On February 6, 2007, Mr. John Baker, Mr. Ted Baker and Mr. Milton met with Messrs. James, Sansone and Wason in Birmingham, Alabama to discuss the terms of the potential transaction, including the consideration payable to Florida Rock shareholders. At the meeting, Mr. James provided to Mr. John Baker, Mr. Ted Baker and Mr. Milton Vulcan s five-year financial projections, and a summary of terms of the potential transaction, which contemplated Vulcan paying merger consideration per share of Florida Rock common stock of, at the election of Florida Rock shareholders, either $67.00 or a fraction of a share of Holdco common stock, which exchange ratio would be calculated based on the closing price of Vulcan s common stock immediately preceding the announcement of the transaction. The summary of terms provided that the election by Florida Rock shareholders of either cash or stock consideration would be subject to the requirement that 70% of the aggregate consideration be paid in cash and 30% in Holdco common stock. The summary of terms also contemplated a support agreement and shareholders agreement to be entered into with certain members of the Baker family that would require them to vote approximately 9.9% of the outstanding shares of Florida Rock common stock in support of the transaction and provided for certain voting and transfer restrictions on shares held by certain members of the Baker family after the closing of the transaction that would not be applicable to Florida Rock s public shareholders. Additionally, the summary of terms provided by Vulcan contemplated that Mr. John Baker would serve on the board of directors of Holdco and Mr. Thompson Baker would serve as president of the new Florida Rock division of Holdco following the closing of the transaction. The parties discussed certain of the proposed terms, and the representatives of Florida Rock indicated that they believed the exchange ratio should be calculated based on the then-current trading price of Vulcan common stock, so that Florida Rock shareholders would receive the benefit of any subsequent increase in the trading price of Vulcan common stock over then-current levels. Mr. James indicated that he believed that the Vulcan board of directors would be agreeable to this request, and that the stock portion of the merger consideration would be based on a 0.63 exchange ratio, which was equal to $67.00 divided by the then-current trading price of Vulcan common stock.

On February 7, 2007, the board of directors of Florida Rock held a regularly scheduled meeting with representatives of Weil, Gotshal & Manges, McGuireWoods, legal counsel to Florida Rock, and Lazard participating to discuss the terms of the potential transaction proposed by Vulcan. The Florida Rock board of directors received updates from the senior management of Florida Rock and representatives of Weil, Gotshal & Manges and Lazard concerning the status of negotiations and the open issues related to the potential transaction and asked questions of Lazard regarding the exchange ratio proposed by Vulcan, including with respect to the date used in calculating the exchange ratio. The

Florida Rock board of directors discussed Vulcan s stated preference that Florida Rock sell a certain property owned by a subsidiary of Florida Rock consisting of approximately 6,300 acres located in Suwanee and Columbia counties, Florida in order to eliminate a non-operating asset (for a discussion of the sale of this property, please see Interests of Certain Persons in the Florida Rock Merger). Following this

discussion, the independent members of the Florida Rock board of directors determined that Florida Rock should continue to engage in discussions with Vulcan with respect to the potential transaction. After further considering the potential for conflicts of interest (as further discussed in Interests of Florida Rock Directors and Executive Officers beginning on page 46), the independent members of the Florida Rock board of directors also directed that Florida Rock senior management conclude negotiations with respect to the material provisions of the merger agreement before requirements imposed by Vulcan on the Baker family were negotiated, including the support agreement and shareholders agreement, and that separate counsel should be retained by the Baker family with respect to those agreements.

On February 9, 2007, the board of directors of Vulcan held a regularly scheduled meeting. At the meeting, a comprehensive review of the potential transaction with Florida Rock was presented by Vulcan management and representatives of Goldman Sachs.

Also on February 9, 2007, Wachtell Lipton Rosen & Katz provided Weil, Gotshal & Manges with a draft merger agreement. The draft merger agreement prepared by Wachtell, Lipton Rosen & Katz proposed that Florida Rock be required to pay a termination fee of $135 million under certain circumstances, that Florida Rock would reimburse Vulcan for Vulcan s expenses up to $25 million if Florida Rock s shareholders did not vote to approve the merger agreement, that Florida Rock would convene a special meeting of shareholders to vote upon the approval of the merger agreement even if the Florida Rock board of directors changed its recommendation in favor of the merger agreement and that Vulcan would not be required to complete the proposed transaction if the U.S. antitrust regulators required Florida Rock to divest assets that produced more than a specified volume of aggregates in 2006.

On February 11, 2007, Weil, Gotshal & Manges provided Wachtell Lipton Rosen & Katz with a revised draft merger agreement. The draft merger agreement prepared by Weil, Gotshal & Manges limited the circumstances under which Florida Rock would be required to pay the $135 million termination fee to Vulcan, eliminated the concept of expense reimbursement by Florida Rock, proposed that Vulcan would be required to complete the proposed transaction regardless of any divestitures required by the U.S. antitrust regulators and proposed that Vulcan would be required to pay a termination fee, the amount of which was not specified, to Florida Rock if the proposed transaction did not close because it was not approved by U.S. antitrust regulators.

At various times through the execution of the merger agreement, Vulcan s senior management as well as its legal counsel and financial advisors negotiated the draft merger agreement and related documents and agreements with Florida Rock s senior management and its legal counsel and financial advisors. These negotiations included discussions regarding, and the exchange of drafts of and comments on, these documents.

On February 12, 2007, Messrs. Sansone, Wason, Khan and Milton and representatives of Lazard and Goldman Sachs held a teleconference to discuss Vulcan s five-year financial projections, which had been provided to Florida Rock on February 6, 2007.

On February 12, 2007 and February 13, 2007, Wachtell Lipton Rosen & Katz provided to Weil, Gotshal & Manges and the Baker family s legal counsel draft copies of the support agreement and shareholders agreement, respectively. At various times, following the conclusion of the negotiation of the material provisions of the merger agreement, through the execution of these agreements, the parties negotiated these draft agreements. These negotiations included discussions regarding, and the exchange of drafts of and comments on, these documents.

On February 18, 2007, the Vulcan board of directors held a special meeting with representatives of Goldman Sachs and Wachtell, Lipton, Rosen & Katz in attendance, to discuss the terms of the potential transaction. Mr. James updated the Vulcan board of directors on the negotiations with Florida Rock, and on Vulcan s business and accounting due diligence with respect to Florida Rock. Following presentations from Goldman Sachs and Wachtell, Lipton,

Rosen & Katz, and a full discussion, the Vulcan board of directors unanimously determined that the merger agreement and the Vulcan merger were advisable and in the best interests of Vulcan and its shareholders and approved the merger agreement. This determination was confirmed at a brief telephonic meeting of the Vulcan board of directors on February 19, 2007.

On February 19, 2007, the board of directors of Florida Rock held a special meeting with representatives of Weil, Gotshal & Manges, McGuireWoods, Lazard and KPMG, Florida Rock s auditor, in attendance to discuss the terms of the potential transaction. Mr. John Baker updated the Florida Rock board of directors on the negotiations

Table of Contents

with Vulcan. Representatives of Weil, Gotshal & Manges advised the Florida Rock board of directors of its fiduciary duties in connection with the potential transaction and then discussed the terms of the proposed merger agreement and the terms of the proposed support agreement and shareholders agreement to be entered into by the Baker Shareholders. Members of the Florida Rock board of directors asked questions of Weil, Gotshal & Manges with respect to the definition of material adverse effect in the merger agreement, and the circumstances under which the termination fee would be payable by Florida Rock. The Florida Rock board of directors then discussed the benefits and risks associated with conducting a market check prior to entering into a merger agreement with Vulcan. Representatives of Weil, Gotshal & Manges, in response to questions of the Florida Rock board of directors, explained the circumstances under which the Florida Rock board of directors could entertain an alternative acquisition proposal from a third-party after the merger agreement with Vulcan had been executed. Representatives of Weil, Gotshal & Manges further reviewed the deal protection provisions contained in the transaction documents, including the termination fee of $135 million that Florida Rock would be required to pay to Vulcan, which represented approximately 2.9% of the aggregate value of the proposed transaction, the ability of the Florida Rock board of directors in certain circumstances to change its recommendation in favor of the potential transaction and the fact that the support agreement to be entered into by the Baker Shareholders would terminate concurrently with any termination of the merger agreement. Representatives of Weil, Gotshal & Manges then summarized the legal due diligence review that had been conducted with respect to Vulcan and representatives of KPMG summarized the accounting due diligence review that had been conducted with respect to Vulcan. Representatives of Lazard made a financial presentation regarding the proposed transaction, which was substantially similar to the previous presentations Lazard made to the Florida Rock board of directors. Members of the Florida Rock board of directors asked questions of Lazard regarding the financial presentation, including questions regarding Lazard s discounted cash flow analysis, comparable company analysis and precedent transactions analysis. Lazard then delivered to the Florida Rock board of directors its opinion, subsequently confirmed in writing, that subject to the various assumptions and limitations set forth in its opinion, as of February 19, 2007, the consideration to be paid to Florida Rock shareholders (other than Vulcan and any of its direct or indirect wholly-owned subsidiaries), pursuant to the merger agreement, was fair, from a financial point of view, to those shareholders. Lazard s opinion was subject to assumptions and limitations, including the assumption that the financial projections of Florida Rock and Vulcan were reasonably prepared on bases reflecting the best currently available estimates and judgments of management of Florida Rock and Vulcan as to the future financial performance and results of operation of Florida Rock and Vulcan. Please see Opinion of Florida Rock s Financial Advisor beginning on page 34 for a discussion of the opinion delivered by Lazard to the Florida Rock board of directors, including a complete discussion of the assumptions and limitations set forth in the opinion.

During the course of these discussions and presentations, the Florida Rock board of directors engaged in a full discussion of the advantages of the transaction, a number of countervailing factors and risks, the terms of the transaction, the terms of the voting and transfer restrictions that would be applicable to, and could negatively impact the value of, the Holdco common stock that certain members of the Baker family would receive in the transaction and the interests of Florida Rock s directors and executive officers in the transaction. Following such discussions, the Florida Rock board of directors unanimously determined that the merger agreement and the Florida Rock merger were advisable and in the best interests of Florida Rock and its shareholders, adopted the merger agreement and recommended that Florida Rock shareholders approve the merger agreement (with Mr. Ted Baker, Mr. John Baker and Mr. Thompson Baker abstaining due to matters discussed in Interests of Florida Rock Directors and Executive Officers beginning on page 46).

In the afternoon of February 19, 2007, Vulcan and Florida Rock executed and delivered the merger agreement and issued a joint press release announcing the transaction. Vulcan and the Baker Shareholders also executed and delivered the support agreement and shareholders agreement.

Florida Rock s Reasons for the Florida Rock Merger; Recommendation of the Florida Rock Merger by the Florida Rock Board of Directors

At its meeting on February 19, 2007, as well as the other meetings at which it considered the transaction, the Florida Rock board of directors consulted with Florida Rock management as well as its financial and legal advisors and, at its February 19, 2007 meeting, unanimously determined (with Edward L. Baker, John D. Baker II and

Table of Contents

Thompson S. Baker II abstaining) to adopt the merger agreement and recommended that Florida Rock shareholders vote to approve the merger agreement. In reaching its conclusion to adopt the merger agreement and to recommend that the shareholders of Florida Rock approve the merger agreement, the Florida Rock board of directors considered the following factors as generally supporting its decision to enter into the merger agreement and related agreements:

the fact that Florida Rock shareholders will receive total blended cash and stock consideration of $68.03 per share, based on the closing price of Vulcan s common stock on February 16, 2007, the last full trading day which preceded the announcement of the transaction, representing a premium of approximately 45% over the closing price per share of Florida Rock common stock on February 16, 2007;

the analysis, presentation and oral opinion of Lazard delivered on February 19, 2007, and subsequently confirmed in writing as of that day, to the effect that, as of the date of such opinion, and based upon and subject to the various considerations, assumptions and limitations set forth in the opinion, the merger consideration to be provided to Florida Rock shareholders pursuant to the merger agreement is fair from a financial point of view to the holders of Florida Rock common stock (the written opinion of Lazard is attached as Annex D to this proxy statement/prospectus and discussed in detail under Opinion of Florida Rock s Financial Advisor beginning on page 32), taking into account the contingent nature of Lazard s compensation;

the Florida Rock board of directors belief that the Florida Rock merger represented the highest and best value reasonably available to Florida Rock s shareholders for their Florida Rock shares based upon the industry and business knowledge of the management and board of directors of Florida Rock and after considering the opinion of Lazard that, as of the date of the opinion and based on and subject to the considerations, assumptions and limitations described in the opinion, the merger consideration to be paid to the holders of Florida Rock common stock (other than Vulcan and its direct and indirect wholly-owned subsidiaries) in the Florida Rock merger was fair, from a financial point of view, to such holders, and the related financial presentation;

the opportunity for Florida Rock shareholders to elect cash or stock consideration, which will enable many shareholders to receive immediate cash value while those shareholders who wish to continue to participate in the combined company will have the chance to do so, subject to the proration provisions of the merger agreement, and will provide Florida Rock shareholders with a measure of value assurance in the event of a decline in the price of Vulcan common stock;

because the exchange ratio is fixed, Florida Rock shareholders who receive Holdco common stock will benefit from any increase in the trading price of Vulcan common stock between the announcement of the transaction and the closing of the Florida Rock merger;

the expectation that the exchange of Florida Rock common stock for Holdco common stock, pursuant to the mergers, generally would be nontaxable to Florida Rock shareholders to the extent of the Holdco common stock they receive;

the Florida Rock board of directors analysis and understanding of Florida Rock s strategic alternatives as an independent company in the context of both uncertainty in the commercial and home building markets in the southeast generally and Florida in particular and the increasingly competitive and rapidly consolidating heavy building materials industry, including the business, financial and execution risks associated with remaining independent;

the Florida Rock board of directors analysis of the business, operations, financial performance, earnings and prospects of Florida Rock on an independent basis, and the Florida Rock board of directors belief, based on its

analysis and understanding, that the combined company would be better able to succeed in light of the risks and potential rewards associated with Florida Rock continuing to operate as an independent entity and other alternatives reasonably available to Florida Rock, including growth through the acquisition of or merger with other companies or assets;

historical and current information concerning Vulcan s business, financial performance and condition, operations, management, competitive position and prospects, before and after giving effect to the Florida Rock merger and the Florida Rock merger s potential effect on shareholder value;

Table of Contents

the board of directors and management s assessment that the Florida Rock merger and Vulcan s operating strategy were consistent with Florida Rock s long-term operating strategy to seek to profitably grow its business by expanding its geographic scope and product offerings to serve customer needs;

given the current environment in the heavy building materials industry, the advantages that the Florida Rock board of directors believed the combined company, with an expanded geographic reach and greater emphasis on the aggregates business, would have, including the Florida Rock board of directors belief that access to Vulcan s size and scope would place Florida Rock in a better position to take advantage of growth opportunities, meet competitive pressures and serve customers more efficiently;

the fact that customers served by the combined company would benefit from greater resources and opportunities; and

the terms and conditions of the merger agreement, including:

the cash and stock election provisions described above;

the limited number and nature of the conditions to Vulcan s obligation to close the Florida Rock merger;

the ability which Florida Rock retains to provide confidential due diligence information to, and engage in discussions with, a third party that makes an unsolicited bona fide written proposal to engage in a business combination transaction, provided that the Florida Rock board of directors determines in good faith, after consultation with its outside legal counsel, that failure to take such action would be inconsistent with the Florida Rock board of directors fiduciary duties under applicable law and concludes in good faith, after consultation with its outside legal counsel and financial advisors, that the proposal is more favorable to Florida Rock shareholders, from a financial point of view, than the transactions contemplated by the merger agreement (please see the section entitled The Merger Agreement No Solicitation of Alternative Transactions beginning on page 63 of this proxy statement-prospectus);

the conclusion of the Florida Rock board of directors that the $135 million termination fee, and the circumstances when such fee may be payable, were reasonable in light of the benefits of the Florida Rock merger and commercial practice; and

the fact that the Florida Rock merger is subject to the approval of the merger agreement by Florida Rock shareholders.

The Florida Rock board of directors also considered a number of potentially countervailing factors and risks. These countervailing factors and risks included the following:

the fact that Florida Rock will no longer exist as an independent company and, except to the extent its shareholders elect and receive shares of Holdco common stock in the Florida Rock merger, its shareholders will not participate in Florida Rock s growth or benefit from any future increase in the value of Florida Rock or from any synergies that may be created by the Florida Rock merger;

the fact that under the terms of the merger agreement, Florida Rock is restricted in its ability to solicit other acquisition proposals;

the fact that under the terms of the merger agreement, Florida Rock is restricted in its ability to operate its business during the period between the signing of the merger agreement and the completion of the Florida Rock merger;

the $135 million termination fee payable to Vulcan upon the occurrence of certain events, and the potential effect of such termination fee on the decision by a third party to make a competing acquisition proposal that may be more advantageous to Florida Rock shareholders;

the fact that under the terms of the merger agreement, Florida Rock is required to hold a meeting of Florida Rock shareholders to approve the merger agreement, including under circumstances where an alternative transaction has been proposed that may be more advantageous to Florida Rock shareholders;

the risk that the Florida Rock merger might not be consummated in a timely manner or at all;

the negative impact of any customer confusion or delay in purchase commitments, the potential loss of one or more large customers as a result of any such customer s unwillingness to do business with the combined company;

Table of Contents

the possible loss of key management or other personnel;

the fact that Florida Rock officers and employees will have expended extensive efforts attempting to complete the Florida Rock merger and will experience significant distractions from their work during the pendency of the Florida Rock merger and Florida Rock will have incurred substantial transaction costs in connection with the Florida Rock merger even if the Florida Rock merger is not consummated;

the risk to Florida Rock s business, sales, operations and financial results in the event that the Florida Rock merger is not consummated;

the potential conflicts of interest of Florida Rock directors and officers in connection with the Florida Rock merger which include, but are not limited to: the treatment of stock options held by directors and executive officers of Florida Rock in the Florida Rock merger; the vesting and accelerated payment of certain retirement benefits and the potential payment of certain severance benefits to executive officers; the continued employment after the mergers of Thompson S. Baker II as President of the Florida Rock division of Holdco; John D. Baker II s service as a director of Holdco after the mergers; the purchase by Edward L. Baker and John D. Baker II from Florida Rock of a 6,300 acre property immediately prior to the mergers; the support agreement between Vulcan and the Baker Shareholders; the shareholders agreement among Vulcan, Holdco and the Baker Shareholders; and the indemnification of former Florida Rock officers and directors by Holdco (please see Interests of Certain Persons in the Florida Rock Merger beginning on page 46);

the challenges and costs of combining the operations of two large companies and the substantial expenses to be incurred in connection with the Florida Rock merger, including the risks that delays or difficulties in completing the integration could adversely affect the combined company s operating results and preclude the achievement of some benefits anticipated from the Florida Rock merger;

the fact that gains arising from the cash portion of the merger consideration would be taxable to Florida Rock shareholders for United States federal income tax purposes;

because the exchange ratio is fixed, Florida Rock shareholders who receive Holdco common stock will be adversely affected by any decrease in the trading price of Vulcan common stock between the announcement of the transaction and the closing of the Florida Rock merger; and

various other applicable risks associated with the combined company and the Florida Rock merger, including those described in the section of this proxy statement/prospectus entitled Risk Factors beginning on page 14.

This discussion of the information and factors considered by the Florida Rock board of directors in making its decision is not intended to be exhaustive but includes all material factors considered by the Florida Rock board of directors. In view of the wide variety of factors and risks considered in connection with its evaluation of the Florida Rock merger and the complexity of these matters, the Florida Rock board of directors did not find it useful, and did not attempt to, quantify, rank or otherwise assign relative weights to these factors and risks. In considering the factors and risks described above, individual members of the Florida Rock board of directors may have given different weight to different factors. The Florida Rock board of directors conducted an overall analysis of the factors described above, including discussions with, and questioning of, Florida Rock s management and Florida Rock s legal and financial advisors, and considered the factors overall to be favorable to, and to support, its determination.

The Florida Rock board of directors unanimously adopted the merger agreement (with Edward L. Baker, John D. Baker II and Thompson S. Baker II abstaining). The Florida Rock board unanimously recommends (with

Edward L. Baker, John D. Baker II and Thompson S. Baker II abstaining) that Florida Rock shareholders vote FOR approval of the merger agreement.

Opinion of Florida Rock s Financial Advisor

In early January 2007, at the request of Messrs. John and Ted Baker, Weil, Gotshal & Manges, LLP, legal counsel to Florida Rock, contacted several financial advisory firms, including Lazard Frères & Co., on a confidential basis, without naming Florida Rock or its industry, to determine each firm s availability to accept

Table of Contents

an engagement on behalf of Florida Rock, as well as the fees such firms would charge for their advisory services. Based on the results of these initial contacts, the views of Florida Rock s directors and subsequent discussions between Lazard and Florida Rock s management, Lazard was retained by Florida Rock, pursuant to an engagement letter dated January 25, 2007, to act as its financial advisor in connection with the potential transaction, to assist in negotiating the financial terms of the potential transaction, and, if necessary, to opine on the fairness of the consideration to be received by the shareholders of Florida Rock in the potential transaction. Florida Rock selected Lazard based on Lazard s qualifications, expertise and reputation. In connection with Lazard s engagement, Florida Rock requested that Lazard evaluate the fairness, from a financial point of view, to the holders of Florida Rock common stock (other than Vulcan and its direct and indirect wholly-owned subsidiaries) of the merger consideration to be paid to such holders in the Florida Rock merger. On February 19, 2007, at a meeting of the Florida Rock board of directors held to evaluate the mergers, Lazard rendered to the Florida Rock board of directors an oral opinion, which opinion was subsequently confirmed by delivery of a written opinion dated February 19, 2007, the date of the merger agreement, to the effect that, as of that date and based on and subject to the considerations, assumptions and limitations described in its opinion, the merger consideration to be paid to the holders of Florida Rock common stock (other than Vulcan and its direct and indirect wholly-owned subsidiaries) in the Florida Rock merger was fair, from a financial point of view, to such holders.

The full text of Lazard s written opinion, dated February 19, 2007, to the Florida Rock board of directors is attached as Annex D to this proxy statement/prospectus. Holders of shares of Florida Rock common stock are urged to, read this opinion carefully and in its entirety.

In connection with its opinion, Lazard:

- reviewed the financial terms and conditions of the merger agreement;
- analyzed certain publicly available historical business and financial information relating to Florida Rock and Vulcan;
- reviewed various internal financial forecasts and other data provided to Lazard by management of Florida Rock relating to the business of Florida Rock, various internal financial forecasts and other data provided to Lazard by management of Vulcan relating to the business of Vulcan and the anticipated synergies from the mergers provided to Lazard by the managements of Florida Rock and Vulcan;
- held discussions with members of the senior management of Florida Rock with respect to the business and prospects of Florida Rock;
- held discussions with members of the senior management of Vulcan with respect to the business and prospects of Vulcan;
- reviewed public information with respect to certain other companies in lines of businesses Lazard believed to be generally comparable to the businesses of Florida Rock and Vulcan;
- reviewed the financial terms of certain business combinations involving companies in lines of businesses Lazard believed to be generally comparable to the businesses of Florida Rock and Vulcan;
- reviewed the historical stock prices and trading volumes of Florida Rock common stock and Vulcan common stock; and
- conducted such other financial studies, analyses and investigations as Lazard deemed appropriate.

In performing this review, Lazard relied upon the accuracy and completeness of the foregoing information and did not assume any responsibility for any independent verification of such information or any independent valuation or appraisal of any of the assets or liabilities of Florida Rock or Vulcan, or concerning the solvency or fair value of Florida Rock or Vulcan. With respect to financial forecasts of Florida Rock and Vulcan, Lazard assumed that they had been reasonably prepared on bases reflecting the best currently available estimates and judgments of management of Florida Rock and Vulcan, respectively, as to the future financial performance and results of operations of Florida Rock and Vulcan, respectively. Lazard assumed no responsibility for and expressed no view as to such forecasts or the assumptions on which they were based.

Table of Contents

Further, Lazard s opinion was necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to Lazard as of, the date of its opinion. Lazard assumed no responsibility for advising any person of any change in any matter affecting its opinion or for updating or revising its opinion based on circumstances or events occurring after the date thereof. Lazard did not express any opinion as to any tax or other consequences that might result from the mergers, nor did its opinion address any legal, tax, regulatory or accounting matters, as to which Lazard understood that Florida Rock obtained such advice as Florida Rock deemed necessary from qualified professionals. Lazard did not express any opinion as to the price at which shares of Florida Rock common stock or Vulcan common stock may trade at any time subsequent to the announcement of the mergers.

In connection with the preparation of its opinion, Lazard was not authorized by Florida Rock or the Florida Rock board of directors to solicit, nor did it solicit, third-party indications of interest for the acquisition of all or any part of Florida Rock.

In rendering its opinion, Lazard assumed that the mergers will be consummated on the terms described in the merger agreement and without any waiver, amendment or modification of any material terms or conditions of the merger agreement and the receipt of the necessary regulatory approvals for the mergers in the time frame contemplated by the merger agreement.

Lazard s engagement and its opinion were for the benefit of the Florida Rock board of directors in connection with its consideration of the mergers. Lazard s opinion did not address the merits of the underlying decision by Florida Rock to engage in the mergers or the relative merits of the mergers as compared to other business strategies or transactions that might be available to Florida Rock. Lazard expressed no opinion or recommendation as to how the holders of Florida Rock common stock should vote at any shareholders meeting to be held in connection with the mergers.

In preparing its opinion to the Florida Rock board of directors, Lazard performed a variety of financial and comparative analyses, including those described below. The summary of Lazard s analyses described below is not a complete description of the analyses underlying Lazard s opinion. The preparation of a fairness opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analyses and the application of those methods to the particular circumstances and, therefore, is not readily susceptible to summary description. In arriving at its opinion, Lazard made qualitative judgments as to the significance and relevance of each analysis and factor that it considered. Accordingly, Lazard believes that its analyses must be considered as a whole and that selecting portions of its analyses and factors, or focusing on information presented below in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying its analyses and opinion.

In its analyses, Lazard considered industry performance, regulatory, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Florida Rock and Vulcan. No company, transaction or business used in Lazard s analyses as a comparison is identical to Florida Rock or Vulcan or the proposed mergers, and an evaluation of the results of those analyses is not entirely mathematical. Rather, the analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies, business segments or transactions being analyzed.

The estimates contained in Lazard s analyses and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. In addition, analyses relating to the value of businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold. Accordingly, Lazard s analyses and estimates are inherently subject to substantial uncertainty.

Lazard s opinion and financial analyses were only one of many factors considered by the Florida Rock board of directors in its evaluation of the proposed mergers and should not be viewed as determinative of the views of the Florida Rock board of directors or management with respect to the mergers or the merger consideration to be received in the Florida Rock merger by holders of Florida Rock common stock.

Table of Contents

The following is a summary of the material financial analyses underlying Lazard s written opinion dated February 19, 2007 delivered to the Florida Rock board of directors in connection with the mergers. The measures chosen for analysis were selected by Lazard as customary and relevant to an acquisition utilizing cash and stock. The financial analyses summarized below include information presented in tabular format. In order to fully understand Lazard s financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Lazard s financial analyses.

Florida Rock Comparable Public Companies Analysis

Lazard reviewed and analyzed selected public companies that it viewed as operating businesses reasonably comparable to one or more of Florida Rock s businesses (i.e., aggregates, concrete, and cement). Lazard selected these companies on the basis of similarity of the companies products, size, scale, and end markets to those of Florida Rock. With respect to Florida Rock s aggregates and cement businesses, a set of companies that was primarily engaged in those businesses were available and viewed as reasonably comparable to the respective Florida Rock businesses. For the concrete business, the set of comparable companies deemed most appropriate were diversified building materials companies that had a significant portion of their business in concrete and were therefore viewed as reasonably comparable to the Florida Rock concrete business. In performing this analysis, Lazard reviewed and analyzed certain financial information, valuation multiples and market trading data relating to the selected comparable companies and compared such information to the corresponding information for Florida Rock s business. This analysis was designed to assess how the market values shares of reasonably comparable publicly traded companies and provide a range of implied equity values per share of Florida Rock common stock.

Lazard compared Florida Rock s business to three aggregates companies, five diversified companies and three cement companies.

The aggregates companies were:

Martin Marietta Materials, Inc.;

Vulcan; and

Hanson PLC.

The diversified companies were:

CRH PLC;

Eagle Materials Inc.;

Rinker Group, Ltd.;

Texas Industries, Inc.; and

U.S. Concrete Inc.

The cement companies were:

Cemex S.A.B. de C.V.;

Lafarge S.A.; and

Holcim Ltd.

For each of these companies, Lazard calculated enterprise value as a multiple of projected 2007 EBITDA, as reflected in the Florida Rock financial projections, using equity analyst research reports as of February 15, 2007. In this proxy statement/prospectus, EBITDA means net earnings (loss) before interest expense (income), income tax

Table of Contents

expense (benefit) and depreciation, amortization and depletion expense and is before the cumulative effect of a change in accounting principle, if applicable. The following table summarizes the results of this review:

	Multiple of Enterprise Value to Projected 2007 EBITDA
Aggregates	
Martin Marietta	10.8x
Vulcan Materials	11.3x
Hanson	9.4x
Diversified	
CRH	8.8x
Eagle Materials	8.8x
Rinker Group	7.5x
Texas Industries	10.4x
U.S. Concrete	6.7x
Cement	
Cemex	8.0x
Lafarge	7.5x
Holcim	7.6x

Lazard calculated implied per share equity values for Florida Rock common stock by applying estimated 2007 EBITDA multiples to the projected 2007 EBITDA of the business units of Florida Rock reflected in the Florida Rock financial projections, as set forth in the table below:

	Aggregates Unit Range	Concrete Unit Range	Cement Unit Range
Projected 2007 EBITDA Multiples	10.3x - 11.3x	6.7x - 8.8x	7.1x - 8.1x

For the Florida Rock corporate unit, Lazard applied a multiple of 8.9x. Based on this analysis, Lazard calculated an implied equity value range per share of Florida Rock common stock of $48.25 to $56.50 and an implied exchange ratio of 0.4289 to 0.5622. Lazard noted that the cash consideration in the Florida Rock merger is $67.00 per share and the stock exchange ratio in the Florida Rock merger is 0.6300.

Precedent Merger Transactions Analysis

Lazard also performed a precedent merger transaction analysis, which was designed to provide a valuation of Florida Rock based on publicly available financial terms of selected transactions in the heavy building materials industry. In selecting the transactions it used in this analysis, Lazard reviewed merger transactions since 1997 involving companies in the heavy building materials industry. Lazard reviewed transactions since 1997 to obtain a

Table of Contents

broad set of meaningful and relevant transactions to benchmark. The precedent transactions selected by Lazard were (listed by date publicly announced followed by the acquiror and the target company):

Date Publicly Announced	Acquiror	Target
Recent Transactions:		
October 2006	Cemex S.A.B. de C.V.	Rinker Group, Ltd.*
June 2006	Cementos Portland Valderrivas SA	Corporacion Uniland S.A.
May 2006	Lafarge S.A.	Lafarge N.A. (47% public minority)
July 2005	Spohn Cement GmbH	HeidelbergCement AG (78% minority)
October 2005	Camargo Correa S.A.	Loma Negra S.A.
January 2005	Holcim Ltd.	Aggregate Industries Ltd.
September 2004	Cemex S.A.B. de C.V.	RMC Group Plc
Other Transactions:		
January 2001	Lafarge S.A.	Blue Circle Industries Plc
June 2000	CRS	Florida Crushed Stone Co.
November 1999	Hanson Plc	Pioneer Cement Ltd.
October 1999	Anglo American plc group	Tarmac Ltd.
November 1998	Vulcan	Calmat Co.
October 1997	Lafarge S.A.	Redland Stone

* Used latest offer bid.

For each selected comparable transaction, Lazard calculated the multiple of total transaction value to EBITDA of the acquired business for the latest 12-month period preceding the acquisition announcement. The table below summarizes the results:

	Transaction Value	TV as a Multiple of LTM EBITDA
	($ in millions)	
Cemex/Rinker Group	$ 12,767	9.4x
Cementos Portland Valderrives/Corporacion Uniland	$ 2,705	13.2x
Lafarge SA/Lafarge NA	$ 6,962	8.3x
Spohn Cement/HeidelbergCement	$ 12,711	8.1x
Camargo Correa/Loma Negra	$ 1,025	11.6x
Holcim/Aggregate Industries	$ 4,659	9.8x
Cemex/RMC	$ 5,800	7.6x
Lafarge SA/Blue Circle Industries	$ 7,536	8.6x
CSR/Florida Crushed Stone	$ 348	8.5x
Hanson/Pioneer	$ 2,389	8.5x
Anglo American/Tarmac	$ 2,828	7.8x
Vulcan Materials/Calmat	$ 883	11.0x
Lafarge SA/Redland Stone	$ 3,686	8.3x

Lazard then calculated implied per share equity values for Florida Rock common stock by applying EBITDA multiples ranging from 9.2x to 10.2x to Florida Rock s latest 12-month EBITDA. Based on this analysis, Lazard calculated an implied equity value range per share of Florida Rock common stock of $54.75 to $60.50 and an implied exchange ratio of 0.4875 to 0.5387. Lazard noted that the cash consideration in the Florida Rock merger is $67.00 per share and the stock exchange ratio in the Florida Rock merger is 0.6300.

Table of Contents

Florida Rock Discounted Cash Flow Analysis

Using the Florida Rock financial projections, Lazard performed a discounted cash flow analysis for each of Florida Rock s Aggregates, Southern Concrete, Northern Concrete, Cement and Corporate units, which was designed to provide insight into the value of those units as a function of their future unlevered free cash flows. Present value refers to the current value of future cash flows and is obtained by discounting those future cash flows or amounts by a discount rate, as described below. Other financial terms used below are projected unlevered free cash flows and terminal value. Projected unlevered free cash flows refer to a calculation of the future cash flows of an asset without including in such calculation any debt servicing costs. Terminal value refers to the estimated capitalized value of all future cash flows from an asset at a particular point in time.

Lazard s discounted cash flow analysis was based on the present value of projected unlevered free cash flow of each unit for 2007 to 2011 and the present value of the terminal value of each unit in 2011.

This analysis assumed a range of terminal year exit multiples of estimated EBITDA and discount rates based on estimates relating to each unit s weighted average cost of capital as illustrated in the table below. It also assumed net cash of approximately $0.72 per share and after-tax proceeds of real estate sales of approximately $3.00 per share. Florida Rock s weighted average cost of capital is a measure of the average expected return on all of Florida Rock s securities or loans based on the proportions of those securities or loans in Florida Rock s capital structure.

In performing this analysis, Lazard calculated the value of the Aggregates unit both without the projected unlevered free cash flow from new projects in that unit as well as the projected unlevered free cash flow from the new projects.

Unit	Discount Rate Ranges	EBITDA Exit Multiples
Aggregates (without new projects)	10.0% - 12.0%	8.0x - 9.0x
New Projects in Aggregates	10.0% - 12.0%	8.0x - 9.0x
Southern Concrete	10.0% - 12.0%	6.0x - 7.0x
Northern Concrete	10.0% - 12.0%	6.0x - 7.0x
Cement	8.0% - 10%	6.0x - 7.0x
Corporate	10.0% - 12.0%	7.0x

Based on these calculations, Lazard calculated an implied enterprise value range for each unit. Lazard combined the ranges of implied enterprise values to calculate an implied equity value range per share of Florida Rock common stock of $58.00 to $69.50 assuming no new Aggregates projects and of $61.50 to $74.00, assuming the new Aggregates projects are completed and an implied exchange ratio of 0.4158 to 0.6030, assuming no new Aggregates projects and 0.4409 to 0.6421, assuming the new Aggregates projects are completed. Lazard noted that the cash consideration in the Florida Rock merger is $67.00 per share and the stock exchange ratio in the Florida Rock merger is 0.6300.

Vulcan Comparable Public Companies Analysis

Lazard performed a comparable companies analysis with respect to Vulcan similar to that performed with respect to Florida Rock. Lazard reviewed and analyzed selected public companies that it viewed as reasonably comparable to Vulcan s business. In performing this analysis, Lazard reviewed and analyzed certain financial information, valuation multiples and market trading data relating to the selected comparable companies and compared such information to the corresponding information for Vulcan s business. This analysis was designed to assess how the market values

shares of reasonably comparable publicly traded companies and provide a range of implied equity values per share of Vulcan common stock.

In performing this analysis, Lazard used the same companies and calculated the same ranges of EBITDA multiples as described under Florida Rock Comparable Companies Analysis.

Lazard calculated implied per share equity values for Vulcan common stock by applying estimated 2007 EBITDA multiples to the estimated 2007 EBITDA of the business units of Vulcan as set forth in the table below:

Table of Contents

	Aggregates Unit Range	Asphalt Unit Range	Ready-Mix Unit Range
Projected 2007 EBITDA Multiples	10.3x - 11.3x	6.7x - 8.8x	7.1x - 8.1x

For the corporate unit, Lazard applied a multiple range of 10.3x to 11.3x. Based on this analysis, Lazard calculated an implied equity value range per share of Vulcan common stock of $100.50 to $112.50.

Vulcan Discounted Cash Flow Analysis

Using forecasts provided by Vulcan management, Lazard performed a discounted cash flow analysis for each of Vulcan s Aggregates, Asphalt, Ready-Mix, Other and Corporate units, which is designed to provide insight into the value of those units as a function of their future unlevered free cash flows.

Lazard s discounted cash flow analysis was based on the present value of projected unlevered free cash flow of each unit for 2007 to 2011 and the present value of the terminal value of each unit in 2011.

This analysis assumed a range of terminal year exit multiples of estimated EBITDA and discount rates based on estimates relating to each unit s weighted average cost of capital as illustrated in the table below. Vulcan s weighted average cost of capital is a measure of the average expected return on all of Vulcan s securities or loans based on the proportions of those securities or loans in Vulcan s capital structure.

Unit	Discount Rate Ranges	EBITDA Exit Multiples
Aggregates	10.0% - 12.0%	8.0x - 9.0x
Asphalt	10.0% - 12.0%	6.0x - 7.0x
Ready-Mix	8.0% - 10.0%	6.0x - 7.0x
Other	10.0% - 12.0%	6.0x - 7.0x
Corporate	10.0% - 12.0%	7.0x
Other Cash Flow Items	10.0% - 12.0%	NA

Based on these calculations, Lazard calculated an implied enterprise value range for each unit. Lazard combined the ranges of implied enterprise values to calculate an implied equity value range per share of Vulcan common stock of $115.25 to $139.50.

Pro Forma Merger Analysis

Lazard analyzed the potential pro forma effect of the mergers on Vulcan s projected earnings per share for years 2007 through 2011 using the Florida Rock financial projections and Vulcan financial projections, and assuming a January 1, 2007 closing of the mergers. Lazard calculated the accretion or dilution to Vulcan s estimated earnings per share under four separate scenarios:

(1) assuming no synergies from the mergers and without taking into account any new Aggregates projects of Florida Rock;

(2) assuming synergies as projected by Vulcan management and without taking into account any new Aggregates projects of Florida Rock;

(3) assuming no synergies from the mergers but taking into account the new Aggregates projects; and

(4) assuming synergies and taking into account the new Aggregates projects.

The following table summarizes the results of this analysis.

	2007E Accretion/(Dilution)	**2008E Accretion/(Dilution)**	**2009E Accretion/(Dilution)**	**2010E Accretion/(Dilution)**	**2011E Accretion/(Dilution)**
Scenario 1	(1.9) %	1.5 %	5.5 %	8.7 %	12.2 %
Scenario 2	3.4 %	6.0 %	9.3 %	11.8 %	12.4 %
Scenario 3	(1.7) %	2.7 %	7.1 %	10.9 %	14.4 %
Scenario 4	3.6 %	7.2 %	10.8 %	14.0 %	14.6 %

Table of Contents

Lazard acted as financial advisor to Florida Rock in connection with the mergers and will receive a fee from Florida Rock for its services pursuant to an engagement letter dated as of January 25, 2007. The fee payable to Lazard in connection with the mergers was determined by arms-length negotiation between Florida Rock s management and representatives of Lazard. Pursuant to this letter agreement, Florida Rock agreed to pay to Lazard $250,000 upon execution of the letter and, if the mergers are consummated, a fee of 0.3% of the aggregate consideration in the Florida Rock merger, which total fee is estimated to be approximately $14 million based upon the closing price on the NYSE of Vulcan common stock on July 5, 2007 of $113.78.

Florida Rock also has agreed to reimburse Lazard for its expenses, including reasonable fees and expenses of legal counsel and any other advisor retained by Lazard, and to indemnify Lazard and its affiliates, and its and their respective directors, officers, members, employees, agents and controlling persons, if any, against liabilities, including liabilities under the federal securities laws, arising out of its engagement.

In addition, in the ordinary course of their respective businesses, affiliates of Lazard and LFCM Holdings LLC (an entity owned indirectly in large part by managing directors of Lazard) may actively trade securities of Florida Rock or Vulcan for their own accounts and for the accounts of their customers and, accordingly, may at any time hold a long or short position in such securities. Neither Lazard nor any of its affiliates has provided any services to, or received any compensation from, Florida Rock or Vulcan during the last two years and neither Florida Rock nor Vulcan has any current plans to engage Lazard or any of its affiliates to provide services in the future. Although there are no current plans to do so, in the future Lazard or its affiliates may provide services to Vulcan or its affiliates, for which services Lazard or its affiliates would expect to receive compensation.

Certain Florida Rock Financial Projections

Florida Rock s management, as a matter of course, does not publicly disclose forecasts or projections as to future performance, revenues or earnings and is especially wary of making projections for extended earnings periods due to the unpredictability of the underlying assumptions and estimates. However, in the context of the proposed transaction, Vulcan requested that Florida Rock s management prepare certain projections as to Florida Rock s future performance, which we refer to in this proxy statement/prospectus as the Florida Rock financial projections.

The Florida Rock financial projections were prepared in January 2007, based solely on information available at that time, by Florida Rock s management. Vulcan provided to Florida Rock s management Vulcan s macroeconomic outlook for the United States economy as well as Vulcan s estimates of market demand for aggregates and growth by aggregates end use market for each state in which Florida Rock operates. In developing the Florida Rock financial projections, Florida Rock management utilized the foregoing data provided by Vulcan and made certain adjustments to Vulcan s outlook for near-term periods. The Florida Rock financial projections were provided by Florida Rock s management to Florida Rock s board of directors, Lazard and Vulcan solely in the context of their respective evaluations of the potential transactions, and were not prepared with a view toward public disclosure or compliance with published guidelines of the SEC or the American Institute of Certified Public Accountants regarding projections, forward-looking information or U.S. generally accepted accounting principles, which we refer to in this proxy statement/prospectus as GAAP. We have included the material Florida Rock financial projections in this proxy statement/prospectus because they were provided to Lazard and Vulcan in the context of their respective evaluations of the potential transactions.

Neither Florida Rock s independent auditors nor any other independent accountants have compiled, examined or performed any procedures with respect to the prospective financial information contained in the Florida Rock financial projections, nor have they expressed any opinion or given any form of assurance on this information or its achievability. Neither Florida Rock nor Florida Rock s independent auditors assumes any responsibility if future

results differ from the Florida Rock financial projections.

Furthermore, the Florida Rock financial projections:

- necessarily consist of numerous assumptions with respect to, among other things, industry performance, general business, economic, market and financial conditions, all of which are difficult or impossible to

Table of Contents

predict and many of which are beyond Florida Rock s control and may not prove to have been, or may no longer be, accurate;

do not necessarily reflect revised prospects for Florida Rock s business, changes in general business or economic conditions, or any other transaction or event that has occurred or that may occur and that was not anticipated at the time the Florida Rock financial projections were prepared;

are not necessarily indicative of current values or future performance, which may be materially more favorable or less favorable than as set forth below; and

involve risks and uncertainties and should not be regarded as a representation or guarantee that they will be achieved.

The Florida Rock financial projections are forward-looking statements. For information on factors which may cause Florida Rock s future financial results to materially vary, see Information Regarding Forward-Looking Statements on page 18. The Florida Rock financial projections have been prepared using accounting principles consistent with our annual and interim financial statements as well as any changes to those principles known to be effective in future periods. The Florida Rock financial projections do not reflect the effect of any proposed or other changes in U.S. GAAP that may be made in the future. Any such changes could have a material impact to the information shown below.

Florida Rock has neither updated or revised nor intends to update or otherwise revise the Florida Rock financial projections to reflect circumstances existing since their preparation or to reflect the occurrence of unanticipated events even in the event that any or all of the underlying assumptions are shown to be in error. Furthermore, Florida Rock does not intend to update or review the Florida Rock financial projections to reflect changes in general economic or industry conditions.

Florida Rock Consolidated Financial Projections[(a)]

	Projected Calendar Year Ending December 31				
	2007E	**2008E**	**2009E**	**2010E**	**2011E**
	($ in millions except per share data)				
Revenue	$ 1,369.6	$ 1,531.6	$ 1,645.9	$ 1,765.4	$ 1,920.0
EBITDA[(b)]	$ 378.9	$ 450.0	$ 537.6	$ 612.6	$ 706.4
Operating Profit	$ 297.9	$ 359.6	$ 440.3	$ 517.7	$ 615.2
Net Interest Income	$ 3.8	$ 7.7	$ 20.2	$ 39.1	$ 61.7
Tax Expense	$ 108.1	$ 130.9	$ 161.0	$ 193.6	$ 234.2
Net Income	$ 193.6	$ 236.4	$ 299.5	$ 363.1	$ 442.6
Earnings Per Share[(c)]	$ 2.85	$ 3.48	$ 4.41	$ 5.34	$ 6.51
Capital Expenditures	$ 272.6	$ 175.7	$ 65.5	$ 63.9	$ 61.6
Depreciation, Amortization and Depletion Expense	$ 80.9	$ 90.4	$ 97.3	$ 94.9	$ 91.3
Increase in Net Working Capital[(d)]	$ 3.0	$ 3.0	$ 3.0	$ 3.0	$ 3.0

(a) Excludes any new projects in Florida Rock s Aggregates unit.

(b) EBITDA means net earnings (loss) before interest expense (income), income tax expense (benefit) and depreciation, amortization and depletion expense and is before the cumulative effect of a change in accounting principle, if applicable. EBITDA is not a financial measurement prepared in accordance with U.S. GAAP. See Non-GAAP Financial Measures for Florida Rock s reasons for including EBITDA data in this proxy statement/prospectus and for a reconciliation of EBITDA to net income, as net income is a financial measurement prepared in accordance with U.S. GAAP.

(c) Based on 68.0 million fully diluted shares outstanding.

(d) Net working capital means working capital less cash. Net working capital is not a financial measurement prepared in accordance with U.S. GAAP. See Non-GAAP Financial Measures for Florida Rock s reasons

Table of Contents

for including net working capital data in this proxy statement/prospectus and for a reconciliation of increases (decreases) in net working capital to increases (decreases) in working capital, as working capital is a financial measurement prepared in accordance with U.S. GAAP.

Non-GAAP Financial Measures

EBITDA. The Florida Rock financial projections include a projection of Florida Rock s EBITDA. EBITDA is not a financial measurement prepared in accordance with U.S. GAAP. Accordingly, EBITDA should not be considered as a substitute for net earnings (loss) or other income or cash flow data prepared in accordance with U.S. GAAP. Florida Rock believes that these projections of EBITDA may be useful to Florida Rock shareholders because they were provided to Lazard and Vulcan in the context of their respective evaluations of the potential transactions. In addition, Florida Rock believes that EBITDA may provide additional information with respect to Florida Rock s performance or ability to meet its future debt service, capital expenditures and working capital requirements. Because EBITDA excludes some, but not all, items that affect net earnings and may vary among companies, the EBITDA presented by Florida Rock may not be comparable to similarly titled measures of other companies. A reconciliation of the differences between EBITDA and net income, a financial measurement prepared in accordance with U.S. GAAP, is set forth below.

EBITDA Reconciliation

	Projected Calendar Year Ending December 31				
	2007E	**2008E**	**2009E**	**2010E**	**2011E**
	($ in millions)				
Net Income	$ 193.6	$ 236.4	$ 299.5	$ 363.1	$ 442.6
Plus: Net Interest (Income) Expense	($ 3.8)	($ 7.7)	($ 20.2)	($ 39.1)	($ 61.7)
Plus: Tax Expense	$ 108.1	$ 130.9	$ 161.0	$ 193.6	$ 234.2
Plus: Depreciation, Amortization and Depletion Expense	$ 80.9	$ 90.4	$ 97.3	$ 94.9	$ 91.3
EBITDA	$ 378.9	$ 450.0	$ 537.6	$ 612.6	$ 706.4

Net Working Capital. The Florida Rock financial projections include a projection of increases (decreases) in Florida Rock s net working capital. Net working capital is not a financial measurement prepared in accordance with U.S. GAAP. Accordingly, net working capital should not be considered as a substitute for working capital prepared in accordance with U.S. GAAP. Florida Rock believes that these projections of increases (decreases) in net working capital may be useful to Florida Rock shareholders because they were provided to Lazard and Vulcan in the context of their respective evaluations of the potential transactions. In addition, Florida Rock believes that projections of increases (decreases) in Florida Rock s net working capital may provide additional information with respect to how funds are generated or used by Florida Rock from the components of working capital other than cash. Because net working capital excludes some, but not all, items that affect working capital and may vary among companies, the increases (decreases) in net working capital presented by Florida Rock may not be comparable to similarly titled measures of other companies. A reconciliation of the differences between of increases (decreases) in net working capital and of increases (decreases) in working capital, a financial measurement prepared in accordance with U.S. GAAP, is set forth below.

Increases (Decreases) in Net Working Capital Reconciliation

	Projected Calendar Year Ending December 31				
	2007E	2008E	2009E	2010E	2011E
	($ in millions)				
Increase (Decrease) in Working Capital	($ 17.8)	$ 151.0	$ 331.3	$ 394.1	$ 472.4
Less: Increase (Decrease) in Cash	$ (20.8)	$ 148.0	$ 328.3	$ 391.1	$ 469.4
Increase (Decrease) in Net Working Capital	$ 3.0	$ 3.0	$ 3.0	$ 3.0	$ 3.0

Table of Contents

Vulcan s Reasons for the Mergers

Vulcan is pursuing the mergers in order to:

- enhance its coast-to coast geographic footprint and further diversify its regional exposure;
- enhance its position in fast-growing, highly attractive Florida markets; and
- build on its successful aggregates-focused business mix in top growth states.

The Florida Rock merger also will add approximately 2.5 billion tons of reserves in markets where reserves are increasingly scarce, increasing Vulcan s total reserves by more than 20% to approximately 13.9 billion tons.

In the course of determining to approve the merger agreement, the Vulcan board of directors considered a number of factors and risks in its deliberations, ultimately concluding that the potentially favorable factors outweighed the potentially negative factors and risks. The Vulcan board of directors viewed the following factors as generally supporting its decision to approve the business combination with Florida Rock:

- the likelihood that the mergers will be completed on a timely basis;
- the mergers give Vulcan a significant presence in Florida and enhance its footprint in its regional markets;
- historical and current information concerning Florida Rock s and Vulcan s respective businesses, financial performance and condition, operations, management, competitive positions and prospects, before and after giving effect to the mergers and the mergers potential effect on shareholder value; and
- the terms and conditions of the merger agreement, including:
  - that not more than 30% of the outstanding shares of Florida Rock common stock can be converted into shares of Holdco common stock in the Florida Rock merger;
  - restrictions on Florida Rock s ability to solicit other acquisition proposals; and
  - Florida Rock s agreement to pay Vulcan a $135 million termination fee in connection with certain terminations of the merger agreement.

Vulcan s board of directors also considered a number of potentially countervailing factors and risks, including the following:

- the dilution associated with the shares that Holdco will issue under the Florida Rock merger;
- the risk that the mergers might not be consummated in a timely manner or that the closing of the mergers will not occur despite the parties efforts;
- the negative impact of any customer confusion or delay in purchase commitments or the potential loss of one or more large customers as a result of any such customer s unwillingness to do business with the combined company;

possible loss of key management or other personnel;

the effort and distraction required of Vulcan personnel, and the substantial expenses to be absorbed by Vulcan, in connection with attempting to complete the mergers;

the challenges and costs of combining the operations of two independent companies, including the risks that delays or difficulties in completing the integration could adversely affect the combined company s operating results and preclude the achievement of some anticipated benefits;

the risk that anticipated synergies and cost savings will not be fully realized;

conditions in the Florida housing market; and

various other applicable risks associated with the combined company and the transaction, including those described in the section of this proxy statement/prospectus entitled Risk Factors.

Table of Contents

In view of the wide variety of factors and risks considered in connection with its evaluation of the business combination with Florida Rock and the complexity of these matters, the Vulcan board of directors did not find it useful, and did not attempt, to quantify, rank or otherwise assign relative weights to these factors and risks. In considering the factors and risks described above, individual members of the Vulcan board of directors may have given different weight to different factors. The Vulcan board of directors conducted an overall analysis of the factors described above, including discussions with, and questioning of, Vulcan s management and Vulcan s legal and financial advisors, and considered the factors overall to be favorable to, and to support, its determination.

Interests of Certain Persons in the Florida Rock Merger

Interests of Florida Rock Directors and Executive Officers. In considering the recommendation of the board of directors of Florida Rock to vote for the proposal to approve the merger agreement, shareholders of Florida Rock should be aware that members of the Florida Rock board of directors and members of Florida Rock s executive management have relationships, agreements or arrangements that provide them with interests in the Florida Rock merger that may be in addition to or differ from those of Florida Rock s shareholders. The Florida Rock board of directors was aware of these relationships, agreements and arrangements during its deliberations on the merits of the Florida Rock merger and in making its decision to recommend to the Florida Rock shareholders that they vote to approve the merger agreement.

Florida Rock Director and Executive Officer Common Stock Ownership

The following table and notes set forth the beneficial ownership of Florida Rock common stock by Florida Rock s directors and executive officers and by all directors and officers as a group as of July 2, 2007.

Name and Title	Amount and Nature of Beneficial Ownership(1)	Percent of Class
Edward L. Baker *Chairman*	8,283,238[2][3][4][5][6]	12.4%
John D. Baker II *President, CEO and Director*	8,272,737[2][3][5][6][7]	12.4%
Thompson S. Baker II *Vice President and Director*	260,469[8]	*
Alvin R. Carpenter *Director*	55,623	*
Robert P. Crozer *Director*	8,828	*
John A. Delaney *Director*	12,582	*
J. Dix Druce, Jr. *Director*	19,504	*
Luke E. Fichthorn III *Director*	149,097	*
William P. Foley II *Director*	17,437	*
George J. Hossenlopp	88,902	*

President, Southern Concrete Group		
Francis X. Knott	17,392	*
Director		
John D. Milton, Jr.	303,979	*
Executive Vice President, Treasurer, CFO and Director		
William H. Walton, III	15,084	*
Director		
All Directors and Officers as a group (20 people)	17,861,862	26.3%

Table of Contents

* Less than 1%

(1) Except for shares noted in the footnotes below, the listed person has sole voting and investment power of shares listed by their name. The figures shown above include options to purchase the following number of shares that are exercisable within 60 days of July 2, 2007 (including all options that will become exercisable by virtue of the merger): Edward L. Baker 180,282 shares, John D. Baker II 180,282 shares; Thompson S. Baker II 128,550 shares; Alvin R. Carpenter 11,828 shares; Robert P. Crozer 8,828 shares; John A. Delaney 10,328 shares; J. Dix Druce, Jr. 11,828 shares; Luke E. Fichthorn III 11,828 shares; William P. Foley II 8,328 shares; Francis X. Knott 10,828 shares; George Hossenlopp 78,000 shares; John D. Milton, Jr. 294,375 shares; and William H. Walton III 11,828 shares.

(2) Edward L. Baker and John D. Baker II are the sole shareholders (with shared voting power) of the general partner of Baker Holdings, LP, which owns 11,050,080 shares of Florida Rock common stock. Each of them holds a pecuniary interest in 4,284,192 shares owned by Baker Holdings, LP, and each of them disclaims beneficial ownership of the shares owned by Baker Holdings, LP except to the extent of their pecuniary interest. In the table above, 4,284,192 of the shares owned by Baker Holdings, LP are included in the reported beneficial ownership of John D. Baker II, and the remaining 6,765,888 shares are included in the reported beneficial ownership of Edward L. Baker.

(3) Edward L. Baker and John D. Baker II are trustees (with shared voting power) and income beneficiaries of the Cynthia L. Baker Trust, which owns 375,000 shares of Florida Rock common stock. In the table above, one-half of the shares (187,500 shares) owned by the Cynthia L. Baker Trust are included in the reported beneficial ownership of each of Edward L. Baker and John D. Baker II, who disclaim beneficial ownership except to the extent of their pecuniary interest.

(4) Includes 394,941 shares held in trust for the benefit of children of John D. Baker II as to which Edward L. Baker has sole voting power and sole investment power but as to which he disclaims beneficial ownership; 162,071 shares in the Profit Sharing and Deferred Earnings Plan of the Company; and 13,603 shares held by the wife of Edward L. Baker as to which he disclaims any beneficial interest.

(5) Includes for John D. Baker II 135,000 shares held in a trust administered by an independent trustee for the benefit of his spouse and children. The beneficial ownership total shown for John D. Baker II does not include an aggregate of 394,941 shares held by certain trusts that are administered by Edward L. Baker, as trustee, for the benefit of Mr. Baker s children. Both Edward L. Baker and John D. Baker II disclaim beneficial ownership of these shares.

(6) The Thompson S. Baker Living Trust owns 5,832 shares, as to which Edward L. Baker and John D. Baker II have shared voting and dispositive powers. The table attributes to Edward Baker 1,944 shares as to which he has a pecuniary interest and an additional 1,944 shares in which another person has a pecuniary interest. The remaining 1,944 shares in which John D. Baker II has a pecuniary interest are included in the shares shown for John D. Baker II.

(7) Includes 517,657 shares owned by his wife s living trust as to which John D. Baker II disclaims any beneficial interest.

(8) Includes 27,648 shares owned by the wife and three minor children of Thompson S. Baker II, as to which Thompson S. Baker II disclaims any beneficial interest.

47

Table of Contents

Florida Rock Director and Executive Officer Stock Options. The following table sets forth information regarding outstanding stock options that have been issued to Florida Rock s directors and executive officers as of June 11, 2007.

	Shares Underlying Options				Unrealized Value(1)		
	Exercisable		Unexercisable				
Name and Title	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price	Currently Exercisable Options	Currently Unexercisable Options(2)	Total
Edward L. Baker *Chairman*	122,532	$ 18.53	57,750	$ 36.61	$ 5,939,126	$ 1,754,978	$ 7,694,104
John D. Baker II *President, CEO and Director*	122,532	$ 18.53	57,750	$ 36.61	$ 5,939,126	$ 1,754,978	$ 7,694,104
Thompson S. Baker II *Vice President and Director*	81,550	$ 19.95	47,000	$ 37.07	$ 3,837,016	$ 1,406,176	$ 5,243,192
Alvin R. Carpenter *Director*	11,828	$ 47.71	0		$ 228,168	$ 0	$ 228,168
Robert P. Crozer *Director*	8,828	$ 55.45	0		$ 150,429	$ 0	$ 150,429
John A. Delaney *Director*	10,328	$ 49.96	0		$ 187,358	$ 0	$ 187,358
J. Dix Druce, Jr. *Director*	11,828	$ 47.71	0		$ 228,168	$ 0	$ 228,168
Luke E. Fichthorn III *Director*	11,828	$ 47.71	0		$ 228,168	$ 0	$ 228,168
William P. Foley II *Director*	8,328	$ 46.79	0		$ 168,333	$ 0	$ 168,333
George J. Hossenlopp *President, Southern Concrete Group*	39,500	$ 25.12	38,500	$ 36.61	$ 1,654,185	$ 1,169,985	$ 2,824,170
Francis X. Knott *Director*	10,828	$ 47.34	0		$ 212,838	$ 0	$ 212,838
John D. Milton, Jr. *Executive Vice President, Treasurer, CFO and Director*	246,250	$ 13.95	48,125	$ 36.61	$ 13,063,300	$ 1,462,482	$ 14,525,782

William H. Walton, III *Director*	11,828	$ 47.71	0	$ 228,178	$ 0	$ 228,178

(1) Calculated based on the assumption that the director or officer will receive $67.00 per share minus the exercise price upon consummation of the Florida Rock merger (without giving effect to any tax withholding).

(2) All currently unexercisable options will become fully vested and exercisable prior to, and as a result of, the merger.

Effective 10 days prior to the Election Date, all outstanding options to purchase shares of Florida Rock common stock that are unexercisable will become vested and fully exercisable. Therefore, the options shown above under the unexercisable column will become immediately exercisable. Options not exercised prior to the effective time of the Florida Rock merger shall be converted into the right to receive an amount, per optioned share, equal to $67.00, without interest, minus the applicable exercise price for the optioned share.

For additional information about the effect of the Florida Rock merger on stock options held by Florida Rock directors and executives, see Treatment of Stock Options and Other Equity-Based Awards on page 59.

Table of Contents

Management Security Plan. Many of Florida Rock s executive officers, including Edward L. Baker, John D. Baker II, and Thompson S. Baker II, participate in Florida Rock s Management Security Plan which provides for annual payments to participants (or their beneficiaries) for a period of years following their retirement or death. In connection with the Merger, Florida Rock will amend its plan to provide that (i) the benefits of MSP Plan participants shall vest in full upon the closing of the Merger, and (ii) on January 1, 2008, Florida Rock will make a lump sum payment to such MSP Plan participants in an amount equal to the present value of such vested benefits (determined using reasonable actuarial assumptions and discount factors and subject to reduction to the extent such payments would be nondeductible under Section 280G of the Internal Revenue Code). In addition, Florida Rock will modify its supplemental executive retirement arrangement with John D. Milton, Jr. to provide for a lump sum payment to Mr. Milton of the benefit on January 1, 2008, and to calculate the benefit based on both full and partial calendar years. The benefit paid to Mr. Milton will be equal to $50,000, multiplied by the number of full and partial years contained in the period from January 1, 2004 to the closing date, plus an interest accrual of 6.5% per year. Each of the modifications described above was approved by the Compensation Committee of Florida Rock s board of directors.

Profit Sharing and Deferred Earnings Plan. Florida Rock s executive officers, including Edward L. Baker, John D. Baker II, Thompson S. Baker II, John D. Milton, Jr. and George Hossenlopp, participate in the Florida Rock Industries, Inc. Profit Sharing and Deferred Earnings Plan. Vulcan has agreed to contribute 10% of Florida Rock s pre-tax profits for the period from October 1, 2006 through the completion of the merger (or September 30, 2007, if earlier), minus the amount of any matching employer contributions under the plan, to the profit sharing plan.

Annual Management Incentive Compensation Plan and Good To Great Incentive Bonus Program. Florida Rock s executive officers, including Edward L. Baker, John D. Baker II, Thompson S. Baker II, John D. Milton, Jr. and George Hossenlopp, participate in Florida Rock s Annual Management Incentive Compensation Plan (the MIC Plan) and Good To Great Incentive Bonus Program (the G2G Plan). If the mergers are completed prior to September 30, 2007, Vulcan has agreed to pay bonuses under the MIC Plan and G2G Plan pro-rated to reflect the portion of the bonus period occurring prior to the completion of the mergers.

Severance Benefits to Executive Officers. Under the terms of the Merger Agreement, certain executive officers, including John D. Milton, Jr., will be eligible to receive severance benefits in an amount equal to two times the executive s base salary (subject to reduction to the extent that any payment would be nondeductible under Section 280G of the Internal Revenue Code) if, during the two years after the closing date of the mergers, Holdco terminates the executive other than for cause or the executive resigns for good reason. Executive officers who participate in the Management Security Plan are not eligible to receive severance benefits. Cause is generally defined as (i) conviction for commission of a felony, (ii) willful misconduct or gross negligence or material violation of policy resulting in material harm to Holdco, (iii) the repeated and continued failure by the executive to carry out, in all material respects, Holdco s reasonable and lawful directions, or (iv) fraud, embezzlement, theft or material dishonesty. Good reason is generally defined as (i) a material reduction in compensation or benefits, (ii) a requirement that the executive relocate, or (iii) any material diminution in the executive s duties, responsibilities, reporting obligations, title or authority. The Compensation Committee of Florida Rock s board of directors has approved these severance arrangements.

Indemnification and Insurance. The merger agreement provides that, upon completion of the mergers, Holdco will, to the fullest extent permitted by law, indemnify and hold harmless, and provide advancement of expenses to, all past and present officers, directors and employees of Florida Rock and its subsidiaries. Florida Rock has entered into indemnification agreements with each of its directors and officers that require Florida Rock to indemnify and advance expenses to such indemnitees to the fullest extent permitted by Florida law.

In addition, as provided by the merger agreement, Florida Rock has purchased a six year run-off directors and officers liability insurance policy with respect to claims arising from facts or events that occurred on or before the completion of the mergers.

Interests of the Baker Shareholders. On February 19, 2007, in connection with the execution of the merger agreement, Baker Holdings, L.P., Edward L. Baker Living Trust, Edward L. Baker, John D. Baker II Living Trust and Anne D. Baker Living Trust, which we refer to in this proxy statement/prospectus, collectively, as the Baker Shareholders, entered into a support agreement with Vulcan. The Baker Shareholders (except for the Anne D. Baker Living Trust) are controlled, directly or indirectly, by Edward L. Baker, Florida Rock s Chairman, and John D. Baker II, Florida Rock s President and CEO.

Table of Contents

Pursuant to the support agreement, the Baker Shareholders agreed (1) to vote shares of Florida Rock common stock representing approximately 9.9% of the outstanding shares of Florida Rock (which we refer to in this proxy statement/prospectus as the specified shares) in favor of the approval of the merger agreement at the Florida Rock shareholders meeting and against any other transaction that could reasonably be expected to prevent, impede, interfere with, delay, postpone or adversely affect the mergers and (2) to irrevocably elect to receive Holdco common stock in exchange for Florida Rock common shares representing approximately 30% of the Florida Rock common stock beneficially owned by Edward L. Baker, John D. Baker, II and Baker Holdings, L.P. in the Florida Rock merger, subject to proration like all Florida Rock shareholders.

The Baker Shareholders have also agreed not to transfer or otherwise dispose of the specified shares until the termination of the support agreement. The support agreement terminates upon the earlier to occur of the termination of the merger agreement or the effective date of the mergers.

As of the Florida Rock record date, the Baker Shareholders beneficially owned approximately [%] of the outstanding shares of Florida Rock common stock. Further information about the support agreement can be found under The Support Agreement on page 70.

Shareholders Agreement. On February 19, 2007, in connection with the execution of the merger agreement, the Baker Shareholders entered into a shareholders agreement with Vulcan and Holdco. Pursuant to the shareholders agreement, each Baker Shareholder agreed not to transfer any shares of Holdco common stock owned by such Baker Shareholder during a restrictive period, other than to certain permitted transferees. Generally, the restrictive period for each Baker Shareholder is three years, beginning on the effective date of the mergers; however, (i) solely with respect to John D. Baker, II, Florida Rock s President and CEO, this restrictive period will extend for as long as he serves on the board of directors of Holdco, (ii) solely with respect to Edward L. Baker, Florida Rock s Chairman, this restrictive period will terminate early upon his death and (iii) with respect to each Baker Shareholder, this restrictive period will terminate upon a change of control of Holdco, as defined in the stock option plan of Holdco.

Subject to limited exceptions, each Baker Shareholder also agreed, for a period of five years following the expiration of the restrictive period applicable to it (provided that the five-year period will terminate earlier at any time the Baker Shareholders and their affiliates own less than one percent of the outstanding shares of Holdco), to transfer any shares of Holdco common stock owned by such Baker Shareholder only if the transfer complies with applicable securities laws and (i) is to a permitted transferee, or (ii) such transfer complies with the right of first refusal procedures described below.

The shareholders agreement provides Holdco a right of first refusal which, during the period described in the paragraph above, requires each Baker Shareholder to give advance notice to Holdco of its desire to sell any shares of Holdco common stock. Following receipt of such notice, Holdco will have three business days to notify such Baker Shareholder stating whether Holdco will elect to purchase any shares. In the event Holdco does not elect to purchase all of the offered shares, the shares not purchased by Holdco may be sold by such Baker Shareholder in a broker transaction on the open market, subject to the same volume limitations as would be applicable to sales by an affiliate under Rule 144 of the Securities Act.

Each Baker Shareholder also agreed, until the expiration of the restrictive period applicable to it, to (i) vote its shares of Holdco common stock consistent with the recommendations of the Holdco board of directors, and (ii) not tender its shares of Holdco common stock in any tender offer opposed by the Holdco board of directors.

The shareholders agreement will automatically terminate if the merger agreement is terminated.

Sale of Property. Subject to the approval of the independent directors of Florida Rock, the merger agreement permits, but does not require, Florida Rock to sell to Edward L. Baker and John D. Baker II (or their designee) certain property owned by a subsidiary of Florida Rock consisting of approximately 6,300 acres located in Suwannee and Columbia counties, Florida. This property contains a hunting lodge which Florida Rock currently uses for business entertainment purposes. The sale would take place immediately prior to the effective time of the Florida Rock merger. The purchase price for this property will be the average of two independent appraisals prepared by appraisers chosen by the independent directors of Florida Rock (and approved by Vulcan) and may be paid either in cash or Florida Rock common stock.

Table of Contents

Patriot Transportation Holding, Inc. Four of Florida Rock s directors (Edward L. Baker, John D. Baker II, Thompson S. Baker II and Luke E. Fichthorn III) also are directors of Patriot Transportation Holding, Inc. (Patriot). Mr. Edward L. Baker serves as Chairman of both Florida Rock and Patriot. The four directors beneficially own approximately 45.9% of the common stock of Patriot. Florida Rock and a subsidiary of Patriot have established a joint venture to develop approximately 4,300 acres of land near Brooksville, Florida. The Florida Rock merger will trigger a provision in the joint venture agreement which will give Patriot the right to exercise a put/call option by giving written notice to Florida Rock within 120 days after the closing of the Florida Rock merger, specifying a purchase/sale price. Upon receipt of the notice, Florida Rock may (i) elect to purchase the joint venture interest of Patriot s subsidiary at the buy/sell price, (ii) elect to sell Florida Rock s joint venture interest to Patriot s subsidiary at the specified price, or (iii) make no election, in which case Florida Rock shall be deemed to have elected to purchase the joint venture interest of Patriot s subsidiary at the specified price. Patriot s subsidiary also leases a number of mining properties to Florida Rock under leases that will be unaffected by the mergers.

Holdco Director and Management Positions. On the day following day following the completion of the mergers, the board of directors of Holdco will be expanded to include John D. Baker II, a director and the President and CEO of Florida Rock. Mr. Baker will be compensated in accordance with Holdco s compensation arrangements with its non-employee directors. Thompson S. Baker II, a director of Florida Rock and currently Vice President of Florida Rock, is expected to become the President of the Florida Rock division of Holdco. The terms of Mr. Thompson Baker s employment have not yet been established. For further information, see Board of Directors and Management After the Mergers below.

Board of Directors and Management after the Mergers

Immediately following the mergers, the board of directors of Holdco will consist of the Vulcan directors as of the time of the mergers. On the day following the completion of the mergers, the board of directors of Holdco will be expanded to include John D. Baker II, Florida Rock s current President and Chief Executive Officer and a director of Florida Rock. At that time, Holdco s board of directors will be divided into three classes, with one class elected at each annual meeting to serve a three-year term.

Following the mergers, officers of Holdco will consist of the Vulcan officers as of the time of the Vulcan merger, except Thompson S. Baker II, a director and Vice President of Florida Rock, is expected to become president of Holdco s new Florida Rock division.

Additional information about Holdco s directors and officers may be found in Vulcan s proxy statement for its 2007 annual meeting of shareholders attached as Annex H hereto.

Material United States Federal Income Tax Consequences

The following is a discussion of certain of the material United States federal income tax consequences of the mergers to U.S. holders (as defined below) of Florida Rock common stock. The discussion is the opinion of Weil, Gotshal & Manges LLP.

This discussion is based on the Code, applicable Treasury regulations, administrative interpretations and court decisions as in effect as of the date of this proxy statement/prospectus, all of which may change, possibly with retroactive effect. This discussion assumes that the mergers will be completed in accordance with the terms of the merger agreement. No ruling has been or will be sought from the Internal Revenue Service (IRS) as to the United States federal income tax consequences of the mergers, and the following summary is not binding on the IRS or the courts. As a result, the IRS could adopt a contrary position, and such a contrary position could be sustained by a

court.

For purposes of this discussion, a U.S. holder is a beneficial owner of a share of Florida Rock common stock that is:

a citizen or individual resident of the United States;

a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States or any political subdivision thereof;

Table of Contents

an estate the income of which is subject to United States federal income tax regardless of its source; or

a trust if, in general, the trust is subject to the supervision of a court within the United States, and one or more U.S. persons have the authority to control all significant decisions of the trust.

This discussion only addresses U.S. holders who hold shares of Florida Rock common stock as capital assets within the meaning of Section 1221 the Code.

This discussion does not purport to be a complete analysis of all potential tax effects of the mergers, and, in particular, does not address United States federal income tax considerations applicable to shareholders subject to special treatment under United States federal income tax law (including, for example, non-U.S. holders, brokers or dealers in securities, financial institutions, mutual funds, insurance companies, tax-exempt entities, holders who hold Florida Rock common stock as part of a hedge, appreciated financial position, straddle, conversion transaction or other risk reduction strategy, holders who acquired Florida Rock common stock pursuant to the exercise of an employee stock option or right or otherwise as compensation, holders which are partnerships or other pass-through entities or investors in partnerships or other pass-through entities and U.S. holders liable for the alternative minimum tax). In addition, this discussion does not address the tax consequences of transactions effectuated prior to or after the mergers (whether or not such transactions occur in connection with the mergers), including, without limitation, any exercise of an option or the acquisition or disposition of shares of Florida Rock common stock other than pursuant to the mergers. Also, this discussion does not address United States federal income tax considerations applicable to holders of options or warrants to purchase Florida Rock common stock, or holders of debt instruments convertible into Florida Rock common stock. No information is provided herein with respect to the tax consequences of the mergers under applicable state, local or non-United States laws, or under any proposed Treasury regulations that have not taken effect as of the date of this proxy statement/prospectus.

HOLDERS OF FLORIDA ROCK COMMON STOCK ARE URGED TO CONSULT WITH THEIR TAX ADVISORS REGARDING THE TAX CONSEQUENCES OF THE MERGERS TO THEM, INCLUDING THE EFFECTS OF UNITED STATES FEDERAL, STATE AND LOCAL, FOREIGN AND OTHER TAX LAWS.

The obligations of Florida Rock to consummate the Florida Rock merger are conditioned on the receipt of an opinion of its tax counsel, Weil, Gotshal & Manges LLP, dated the effective date of the mergers (WGM Tax Opinion), to the effect that the exchange of Florida Rock common stock and Vulcan common stock for Holdco common stock pursuant to the mergers, taken together, will be treated for United States federal income tax purposes as an exchange described in Section 351 of the Code. The obligations of Vulcan to consummate the Vulcan merger are conditioned on the receipt of an opinion of its tax counsel, Wachtell, Lipton, Rosen & Katz, dated the effective date of the mergers (WLRK Tax Opinion and together with the WGM Tax Opinion, the Tax Opinions), to the effect that (i) the exchange of Florida Rock common stock and Vulcan common stock for Holdco common stock pursuant to the mergers, taken together, will be treated for United States federal income tax purposes as an exchange described in Section 351 of the Code and (ii) the Vulcan merger will qualify as a reorganization within the meaning of Section 368(a) of the Code.

Each of the Tax Opinions will be subject to customary qualifications and assumptions, including that the mergers will be completed according to the terms of the merger agreement. In rendering the Tax Opinions, each tax counsel may require and rely upon representations and assumptions, including those contained in the certificate of officers of Florida Rock, Vulcan and Holdco. If any of those representations, covenants or assumptions is inaccurate, the tax consequences of the mergers could differ from those described in the Tax Opinions. The Tax Opinions do not bind the IRS nor preclude the IRS from adopting a contrary position. Accordingly, there can be no assurance that the IRS will not challenge such conclusions or that a court will not sustain such a challenge. The remainder of this discussion

assumes that the mergers, taken together, will be treated as an exchange described in Section 351 of the Code.

In the event that either Florida Rock or Vulcan waives this condition and there are any material adverse changes in the United States federal income tax consequences to the Florida Rock shareholders, we will inform you of this decision and ask you to vote on the mergers taking this into consideration.

Table of Contents

United States Federal Income Tax Consequences to Florida Rock Shareholders

At the time that a U.S. holder makes an election to receive Holdco common stock, such holder will not know if, and to what extent, the proration procedures will alter the mix of the consideration to be received. As a result, the tax consequences to each U.S. holder will not be ascertainable with certainty until such holder knows the precise amount of Holdco common stock that will be received in the mergers.

Exchange of Florida Rock Common Stock Solely For Cash. A U.S. holder who exchanges Florida Rock common stock solely for cash will recognize capital gain or loss, for United States federal income tax purposes, equal to the difference between the amount of cash received and such holder s tax basis in the shares of Florida Rock common stock surrendered therefor. Such gain or loss will be long term capital gain or loss if, as of the effective time of the Florida Rock merger, the holding period for such Florida Rock common stock is more than one year.

Exchange of Florida Rock Common Stock Solely for Holdco Common Stock. A U.S. holder who exchanges Florida Rock common stock solely for Holdco common stock will not recognize any gain or loss, for United States federal income tax purposes, upon the exchange. Such holder will have a tax basis in the Holdco common stock received equal to the tax basis of the Florida Rock common stock surrendered therefor, provided either that the Florida Rock common stock exchanged does not have a tax basis that exceeds its fair market value or, if it does, that a certain election to reduce the tax basis of the Holdco common stock received to its fair market value is not made. The holding period for the Holdco common stock received will include the holding period for the Florida Rock common stock surrendered therefor.

Exchange of Florida Rock Common Stock for a combination of Holdco Common Stock and Cash. A U.S. holder who exchanges Florida Rock common stock for a combination of Holdco common stock and cash will recognize gain, but not loss, on the exchange. Subject to the discussion below regarding Section 304 of the Code, gain recognized will equal the lesser of the amount of cash received and the gain realized. The gain realized will be the excess of (i) the sum of the fair market value of Holdco common stock received and the amount of cash received over (ii) the holder s tax basis in the Florida Rock common stock surrendered. For this purpose, a holder must calculate gain or loss separately for each identifiable block of shares of Florida Rock common stock that is surrendered in the exchange, and the holder may not offset a loss recognized on one block of the shares against gain recognized on another block of the shares. Subject to the discussion below regarding Section 304 of the Code, any gain recognized by such U.S. holder will generally be treated as capital gain. Any gain that is treated as capital gain will be long term capital gain if the holding period for shares of the Florida Rock common stock that are surrendered in the exchange is more than one year as of the effective time of the Florida Rock merger.

The aggregate tax basis of the Holdco common stock received by a U.S. holder will be equal to the aggregate tax basis of the shares of Florida Rock common stock surrendered in the exchange, decreased by the amount of cash received and increased by the amount of gain recognized, provided either that the Florida Rock common stock exchanged does not have a tax basis that exceeds its fair market value or, if it does, that a certain election to reduce the tax basis of the Holdco common stock received to its fair market value is not made. The holding period of the Holdco common stock received will include the holding period of the shares of Florida Rock common stock surrendered in exchange therefor.

Application of Section 304 of the Code. The results described above may be altered if, contrary to expectations, Section 304 of the Code applies to the Florida Rock merger. Section 304 of the Code will apply to the Florida Rock merger if the Florida Rock shareholders, in the aggregate, own stock of Holdco possessing 50% or more of the total combined voting power or 50% or more of the total combined value of all classes of stock of Holdco, taking into account certain constructive ownership rules under the Code and, in the case of a Florida Rock shareholder who also

owns Vulcan common stock, taking into account any Holdco common stock received by such Florida Rock shareholder in the Vulcan merger. In the unlikely event that Section 304 of the Code were to apply to the Florida Rock merger, the amount and character of income recognized by Florida Rock shareholders could be different. U.S. holders of Florida Rock common stock should consult their own tax advisors as to the amount and character of any income in the event that Section 304 of the Code applies to the Florida Rock merger.

Cash Instead of Fractional Shares. Holdco and Florida Rock intend to take the position that the receipt of cash instead of a fractional share of Holdco common stock is treated as if the U.S. holder received the fractional

Table of Contents

share in the Florida Rock merger and then received the cash in redemption of the fractional share. Accordingly, the U.S. holder will generally recognize gain or loss equal to the difference between the amount of the cash received instead of the fractional share and the holder s tax basis allocable to such fractional share.

Information on the Mergers to Be Filed with Florida Rock Shareholders Returns. U.S. holders who receive Holdco common stock, and following the effective time of the mergers own Holdco common stock representing at least 5% of the total combined voting power or value of the total outstanding Holdco common stock, are required to attach to their tax returns for the year in which the mergers are consummated, and maintain a permanent record of, a complete statement that contains the information listed in Treasury Regulation Section 1.351-3T. Such statement must include their aggregate fair market value and tax basis in their Florida Rock common stock surrendered in the exchange.

Information Reporting and Backup Withholding. Payments of cash pursuant to the Florida Rock merger will be subject to information reporting and backup withholding unless (i) they are received by a corporation or other exempt recipient or (ii) the recipient provides a correct taxpayer identification number and certifies that no loss of exemption from backup withholding has occurred.

A U.S. holder who provides an incorrect taxpayer identification number may be subject to penalties imposed by the IRS. The amount of any backup withholding from a payment to a U.S. holder will be allowed as a credit against the U.S. holder s United States federal income tax liability and may entitle such U.S. holder to a refund, provided that the required information is timely furnished to the IRS.

Tax matters are very complicated, and the tax consequences of the mergers to you will depend upon the facts of your particular situation. Accordingly, we strongly urge you to consult with a tax advisor to determine the particular federal, state, local, or foreign income or other tax consequences to you of the mergers.

Accounting Treatment

The mergers will be accounted for using the purchase method of accounting pursuant to Statement of Financial Accounting Standards (SFAS) No. 141, Business Combinations (FAS 141). Vulcan will be treated as the acquiring corporation for accounting and financial reporting purposes; accordingly, the historical financial statements of Vulcan will become the historical financial statements of Holdco. Under FAS 141, the purchase price paid by Vulcan, together with the direct costs of the mergers incurred by Vulcan, will be allocated to Florida Rock s tangible and intangible assets and liabilities based on their estimated fair values, with any excess being treated as goodwill. The assets, liabilities and results of operations of Florida Rock will be consolidated into the assets, liabilities and results of operations of Vulcan as of the closing date of the mergers.

Regulatory Approvals

U.S. Antitrust Clearance. Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (HSR Act), and the rules promulgated thereunder, the mergers may not be consummated until notification forms have been filed with the Federal Trade Commission (FTC) and the Antitrust Division of the United States Department of Justice (DOJ) and specified waiting period requirements have been satisfied. Vulcan and Florida Rock filed notification and report forms under the HSR Act with the FTC and the DOJ on March 12, 2007. On April 11, 2007, the DOJ issued a request for additional information and documentary material (referred to as a Second Request) which extends the waiting period until thirty days after the parties have substantially complied with this request. Both before and after the expiration of the waiting period, the FTC, the DOJ or a state attorney general retain the authority to take action under the antitrust laws, including seeking to enjoin the completion of the mergers, to rescind the mergers or to conditionally approve the mergers upon the divestiture of particular assets of Vulcan or Florida Rock. Private parties also may seek to take legal action under the antitrust laws under certain circumstances.

While we believe that we will receive the requisite regulatory approvals for the mergers, there can be no assurances regarding the timing of the approvals, our ability to obtain the approvals on satisfactory terms or the absence of litigation challenging such approvals. There can likewise be no assurance that regulatory authorities will not attempt to challenge the mergers on antitrust grounds or for other reasons, or, if such a challenge is made, as to

Table of Contents

the result thereof. Our obligation to complete the mergers is conditioned upon the receipt of certain antitrust consents, approvals and actions of governmental authorities and the filing of certain antitrust and other notices with such authorities. See The Merger Agreement Conditions to Completion of the Mergers beginning on page 61.

Florida Rock Shareholders Making Cash and Share Elections

Florida Rock shareholders will be receiving under separate cover a form of election for making cash and share elections. Any Florida Rock shareholder who became a Florida Rock shareholder after the record date, or who did not otherwise receive a form of election, should contact The Bank of New York or their broker, bank or other nominee to obtain a form of election. Florida Rock shareholders who vote against approving the merger agreement are still entitled to make elections with respect to their shares. The form of election allows holders of Florida Rock common stock to make cash or share elections for some or all of their Florida Rock shares. Florida Rock shares as to which the holder has not made a valid election prior to the election deadline will be treated as though no election had been made.

The U.S. federal income tax consequences of the Florida Rock merger to each Florida Rock shareholder will vary depending on whether the Florida Rock shareholder receives cash or shares of Holdco, or a combination of cash and shares, in exchange for his or her Florida Rock shares. However, at the time that a Florida Rock shareholder is required to make a cash or share election, the Florida Rock shareholder will not know if, and to what extent, the proration procedures will change the mix of consideration that he or she will receive in the Florida Rock merger. As a result, at the time that a Florida Rock shareholder is required to make a cash or share election, the Florida Rock shareholder will not know the tax consequences to him or her with certainty. For more information regarding the tax consequences of the Florida Rock merger to the Florida Rock shareholders, please see Material United States Federal Income Tax Consequences beginning on page 51.

Exchange Agent. The Bank of New York will serve as the exchange agent for purposes of effecting the election and proration procedures.

Election Deadline. The election deadline will be 5:00 p.m., EDT, on (i) [, 2007], the date of the special meeting, or (ii) two business days prior to the date of the completion of the Florida Rock merger if the completion of the Florida Rock merger is more than four business days following the special meeting. Vulcan and Florida Rock will publicly announce the anticipated election deadline at least five days prior to the anticipated completion date.

Shareholders who hold their shares in street name or through the Florida Rock Employee Stock Purchase Plan or the Florida Rock Industries, Inc. Profit Sharing and Deferred Earnings Plan or The Arundel Corporation Profit Sharing and Savings Plan, which we refer to in this proxy statement/prospectus, collectively, as the Florida Rock Plans, may be subject to a deadline earlier than the general deadline of the date of the special meeting. Therefore, you should carefully read any materials you receive from your broker or the relevant plan trustee or administrator.

Form of Election. The applicable form of election must be properly completed and signed and accompanied by:

certificates representing all of the Florida Rock shares covered by the form of election, duly endorsed in blank or otherwise in a form acceptable for transfer on Florida Rock s books (or appropriate evidence as to the loss, theft or destruction, appropriate evidence as to the ownership of that certificate by the claimant, and appropriate and customary indemnification, as described in the form of election); or

a properly completed and signed notice of guaranteed delivery, as described in the instructions accompanying the form of election, from a firm which is a member of a registered national securities exchange or a commercial bank or trust company having an office or correspondent in the United States, provided that the actual stock certificates are in fact delivered to the exchange agent by the time set forth in the notice of

guaranteed delivery; or

if the Florida Rock shares are held in book-entry form, the documents specified in the instructions accompanying the form of election.

Table of Contents

In order to make a cash or share election, the properly completed and signed form of election, together with one of the items described above, must be actually received by the exchange agent at or prior to the election deadline in accordance with the instructions in the instructions accompanying the form of election.

If Florida Rock shares are held in street name or in the Florida Rock Plans and the holder wishes to make an election, the holder should contact his or her bank, broker or other nominee, or the plan administrator or trustee, and follow the instructions provided.

Inability to Sell Shares as to which an Election is Made. Shareholders who have made elections will be unable to sell their Florida Rock shares after making the election, unless the election is properly revoked before the election deadline or the merger agreement is terminated.

Election Revocation and Changes. Generally, an election may be revoked or changed with respect to all or a portion of the Florida Rock shares covered by the election by the holder who submitted the applicable form of election, but only by written notice received by the exchange agent prior to the election deadline. If an election is revoked, or the merger agreement is terminated, and any stock certificates have been transmitted to the exchange agent, the exchange agent will promptly return those certificates to the shareholder who submitted those certificates. Florida Rock shareholders will not be entitled to revoke or change their elections following the election deadline. As a result, Florida Rock shareholders who have made elections will be unable to revoke their elections or sell their Florida Rock shares during the interval between the election deadline and the date of completion of the mergers.

Florida Rock shares, as to which the holder has not made a valid election prior to the election deadline, including as a result of revocation, will be deemed non-electing shares. If it is determined that any purported cash election or share election was not properly made, the purported election will be deemed to be of no force or effect and the holder making the purported election will be deemed not to have made an election for these purposes, unless a proper election is subsequently made on a timely basis.

Non-Electing Holders. Florida Rock shareholders who make no election to receive cash consideration or share consideration in the Florida Rock merger, whose elections are not received by the exchange agent by the election deadline, or whose forms of election are improperly completed or are not signed will be deemed not to have made an election. Florida Rock shareholders not making an election in respect of their Florida Rock shares may receive cash consideration, share consideration, or cash consideration for some of their Florida Rock shares and share consideration for some of their Florida Rock shares, depending on elections that have been made by other Florida Rock shareholders. See Proration Procedures below.

Pursuant to the support agreement, the Baker Shareholders agreed to irrevocably elect to receive Holdco common stock in exchange for Florida Rock common shares representing approximately 30% of the Florida Rock common stock beneficially owned by Edward L. Baker, John D. Baker II and Baker Holdings, L.P. in the Florida Rock merger, subject to proration like all Florida Rock shareholders. As of the Florida Rock record date, the Baker Shareholders owned approximately [ ] shares of Florida Rock common stock or approximately [%] of the outstanding shares of Florida Rock common stock.

Proration Procedures. Florida Rock shareholders should be aware that cash elections or share elections they make may be subject to the proration procedures provided in the merger agreement. Regardless of the cash or share elections made by Florida Rock shareholders, these procedures are designed to ensure that:

- 30% of the Florida Rock shares outstanding immediately prior to the effective time of the Florida Rock merger will be converted into the right to receive 0.63 of a share of Holdco common stock per share; and

70% of the Florida Rock shares outstanding immediately prior to the effective time of the Florida Rock merger will be converted into the right to receive cash consideration of $67.00 per share, without interest.

Florida Rock shareholders will receive cash in lieu of fractional shares, if any.

In addition, any share of Florida Rock common stock owned by Florida Rock or Fresno Merger Sub (which will be cancelled in the Florida Rock merger) or owned by Vulcan or any direct or indirect subsidiary of Florida Rock or Vulcan (other than Fresno Merger Sub), which will be exchanged for Holdco common stock in the mergers, will not be subject to these proration calculations. Set forth below is a description of the proration procedures, and

the effects on Florida Rock s shareholders, including those who fail to properly make a cash or share election, under certain alternative scenarios.

Scenario 1: More than 70% of Florida Rock Shares Elect to Receive Cash Consideration:

Florida Rock Shares Subject to Cash Elections. Each Florida Rock shareholder who properly elected to receive cash consideration will receive cash consideration for only a pro rata portion of the Florida Rock shares for which he or she properly made a cash election. The Florida Rock shareholder will receive share consideration in the form of shares of Holdco (and cash in lieu of any fractional shares) for his or her remaining Florida Rock shares.

The precise number of Florida Rock shares for which a Florida Rock shareholder will receive cash consideration will be determined by multiplying the number of Florida Rock shares for which the shareholder properly made a cash election by a fraction with a numerator equal to 70% of the number of Florida Rock shares outstanding immediately prior to the completion of the Florida Rock merger and a denominator equal to the total number of Florida Rock shares for which cash elections are properly made by all Florida Rock shareholders.

EXAMPLE. Assume that 1,000,000 Florida Rock shares are outstanding at the time of the Florida Rock merger and Florida Rock shareholders make cash elections with respect to 800,000 Florida Rock shares and share elections with respect to 200,000 Florida Rock shares. If you own 100 Florida Rock shares and have made an effective cash election for all of those shares, you would receive cash consideration for 87.50 of your Florida Rock shares [100 ×((70% × 1,000,000)/800,000)] and share consideration (including cash in lieu of any fractional shares) for your remaining 12.50 Florida Rock shares.

Florida Rock Shares Subject to Share Elections. Each Florida Rock shareholder who properly elected to receive share consideration will receive share consideration in the form of shares of Holdco for all of the Florida Rock shares for which he or she made a share election (including cash in lieu of any fractional shares).

Florida Rock Shares Subject to No Election. Each Florida Rock shareholder who failed to properly make an election will receive share consideration in the form of shares of Holdco for all of the Florida Rock shares for which he or she made no election (including cash in lieu of any fractional shares).

Scenario 2: More than 30% of Florida Rock Shares Elect to Receive Share Consideration:

Florida Rock Shares Subject to Cash Elections. Each Florida Rock shareholder who properly elected to receive cash consideration will receive cash consideration for all of the Florida Rock shares for which he or she made a cash election.

Florida Rock Shares Subject to Share Elections. Each Florida Rock shareholder who properly elected to receive share consideration will receive share consideration in the form of shares of Holdco for only a pro rata portion of the Florida Rock shares for which he or she properly made a share election (including cash in lieu of any fractional shares). The shareholder will receive cash consideration for his or her remaining Florida Rock shares.

The precise number of Florida Rock shares for which a Florida Rock shareholder will receive share consideration will be determined by multiplying the number of Florida Rock shares for which the shareholder properly made a share election by a fraction with a numerator equal to 30% of the number of Florida Rock shares outstanding immediately prior to the effective time of the Florida Rock merger and a denominator equal to the total number of Florida Rock shares for which share elections are properly made by all Florida Rock shareholders.

EXAMPLE. Assume that 1,000,000 Florida Rock shares are outstanding at the time of the Florida Rock merger and Florida Rock shareholders make share elections with respect to 800,000 Florida Rock shares and cash elections with respect to 200,000 Florida Rock shares. If you own 100 Florida Rock shares and have made an effective share election for all of those shares, you would receive share consideration for 37.50 of your Florida Rock shares [100 × ((30% × 1,000,000)/800,000)] (including cash in lieu of any fractional shares) and cash consideration for your remaining 62.50 Florida Rock shares.

Florida Rock Shares Subject to No Election. Each Florida Rock shareholder who failed to properly make an election for his or her shares will receive cash consideration for all of the Florida Rock shares for which he or she made no election.

Table of Contents

Scenario 3: Less than 70% of Florida Rock Shares Elect to Receive Cash Consideration and Less than 30% of Florida Rock Shares Elect to Receive Share Consideration:

Florida Rock Shares Subject to Cash Elections. Each Florida Rock shareholder who properly elected to receive cash consideration will receive cash consideration for all of the Florida Rock shares for which he or she made a cash election.

Florida Rock Shares Subject to Share Elections. Each Florida Rock shareholder who properly elected to receive share consideration will receive share consideration in the form of shares of Holdco for all of the Florida Rock shares for which he or she made a share election (including cash in lieu of any fractional shares).

Florida Rock Shares Subject to No Election. Each Florida Rock shareholder who failed to make an election will receive cash consideration for a portion of the Florida Rock shares for which he or she made no election and share consideration in the form of shares of Holdco for a portion of the Florida Rock shares for which he or she made no election.

The precise number of Florida Rock shares for which a Florida Rock shareholder will receive share consideration, including cash in lieu of fractional shares, will be determined by multiplying the number of Florida Rock shares for which the shareholder made no election by a fraction with a numerator equal to 30% of the number of Florida Rock shares outstanding immediately prior to the effective time of the Florida Rock merger less the number of Florida Rock shares for which Florida Rock shareholders, collectively, properly made share elections and a denominator equal to the total number of Florida Rock shares for which no elections were properly made by Florida Rock shareholders.

The precise number of Florida Rock shares for which a Florida Rock shareholder will receive cash consideration will be determined by multiplying the number of Florida Rock shares for which the shareholder made no election by a fraction with a numerator equal to 70% of the number of Florida Rock shares outstanding immediately prior to the effective time of the Florida Rock merger less the number of Florida Rock shares for which Florida Rock shareholders, collectively, properly made cash elections and a denominator equal to the total number of Florida Rock shares for which no elections were properly made by Florida Rock shareholders.

EXAMPLE. Assume that 1,000,000 Florida Rock shares are outstanding at the time of the Florida Rock merger and Florida Rock shareholders make cash elections with respect to 200,000 Florida Rock shares and share elections with respect to 200,000 Florida Rock shares. If you own 100 Florida Rock shares and have not made an effective cash election or share election for any of those shares, you would receive cash consideration for 83.33 of your Florida Rock shares [100 × (700,000-200,000)/600,000] and share consideration (including cash in lieu of any fractional shares) for 16.67 of your Florida Rock shares [100 × ((300,000-200,000)/600,000)].

None of Holdco, Vulcan or Florida Rock is making any recommendation as to whether Florida Rock shareholders should elect to receive cash consideration or share consideration in the Florida Rock merger. You must make your own decision with respect to such election. No guarantee can be made that you will receive the amount of cash consideration or share consideration you elect. As a result of the proration procedures and other limitations described in this proxy statement/prospectus and in the merger agreement, you may receive share consideration or cash consideration in amounts that are different from the amounts you elect to receive. Because the value of the share consideration and cash consideration may differ, you may receive consideration having an aggregate value less than that you elected to receive. Florida Rock shareholders should obtain current market quotations for Vulcan common stock and Florida Rock common stock in deciding what elections to make.

Exchange of Florida Rock Shares

As provided for in the merger agreement, Vulcan has appointed The Bank of New York as exchange agent (the Exchange Agent) for the purpose of:

receiving election forms;

determining in accordance with the merger agreement the merger consideration to be received by each holder of shares of Florida Rock common stock; and

Table of Contents

exchanging the applicable merger consideration for certificates formerly representating shares of Florida Rock common stock or for Florida Rock shares represented by book-entry.

Promptly after the closing date of the mergers, the Exchange Agent will send to each record holder of Florida Rock common stock at the effective time of the Florida Rock merger who has not submitted an effective form of election a letter of transmittal and instructions for exchanging shares of Florida Rock common stock for the applicable merger consideration.

No Exchange of Vulcan Shares

Certificates representing shares of Vulcan common stock immediately prior to the Vulcan merger will from and after the Vulcan merger represent the same number of shares of Holdco common stock and the Exchange Agent will exchange by book-entry transfer all uncertificated shares of Vulcan common stock for the same number of shares of Holdco common stock. No new certificates representing shares of Holdco common stock will be issued in exchange for existing certificates representing shares of Vulcan common stock.

Treatment of Stock Options and Other Equity-Based Awards

Florida Rock Stock Options: Effective at least 10 business days prior to the election date, Florida Rock will cause each option or other right to acquire Florida Rock common stock under any Florida Rock stock plan to become fully vested and exercisable. Florida Rock option holders who exercise their options and receive Florida Rock shares prior to the fourth business day prior to the election deadline may make elections with respect to such shares.

Upon the completion of the Florida Rock merger, each option to purchase shares of Florida Rock common stock will be converted into the right to receive, with respect to each share underlying such option, an amount in cash equal to the excess, if any, of (A) $67.00, without interest, over (B) the exercise price payable in respect of the share underlying such option, less any applicable withholding taxes.

Vulcan Stock Options and Other Equity-Based Awards: All Vulcan stock options, stock appreciation rights, restricted stock units and other equity-based awards outstanding immediately before the Vulcan merger will remain unchanged, except that the shares underlying such awards will be shares of Holdco common stock rather than Vulcan common stock.

Effect on Stock Plans. Shares available for issuance under the Florida Rock and Vulcan stock plans may still be used for grants of options and other awards under those plans with respect to shares of Holdco common stock following the merger, provided, that:

the number of shares available for grants under the Florida Rock and Vulcan stock plans is appropriately adjusted to reflect the mergers;

the stock plans and awards issued thereunder expire at the same time they would have expired absent the occurrence of the mergers; and

options and other awards granted under a Florida Rock stock plan after the mergers are not granted to individuals who were employed, immediately before the mergers, by Vulcan or any of its subsidiaries and options and other awards granted under a Vulcan stock plan after the mergers are not granted to individuals who were employed, immediately before the mergers, by Florida Rock or any of its subsidiaries.

Restrictions on Sales of Shares by Affiliates of Vulcan and Florida Rock

The shares of Holdco common stock to be issued in connection with the mergers will be registered under the Securities Act, and will be freely transferable under the Securities Act, except for shares of Holdco common stock issued to any person who is deemed to be an affiliate of Vulcan or Florida Rock at the time of the applicable special meeting. Persons who may be deemed to be affiliates include individuals or entities that control, are controlled by, or are under the common control of either Vulcan or Florida Rock and may include our executive

officers and directors, as well as our significant shareholders. Affiliates may not sell their shares of Holdco common stock acquired in connection with the mergers except pursuant to:

an effective registration statement under the Securities Act covering the resale of those shares;

an exemption under paragraph (d) of Rule 145 under the Securities Act; or

any other applicable exemption under the Securities Act.

The merger agreement requires Florida Rock to use its reasonable best efforts to obtain from each person who is an affiliate of Florida Rock as soon as reasonably practicable and, in any event, prior to the special meeting, a written agreement to the effect that such person will not transfer any Holdco common stock issued to him or her in the Florida Rock merger except in compliance with the Securities Act.

This proxy statement/prospectus does not cover resales of Holdco common stock by affiliates of Vulcan, Florida Rock or Holdco.

Stock Exchange Listing of Holdco Common Stock; Delisting of Florida Rock Common Stock after the Florida Rock Merger

It is a condition to the Florida Rock merger that the shares of Holdco common stock to be issued in the mergers and Holdco common stock to be reserved for issuance in connection with the mergers shall have been authorized for listing on the New York Stock Exchange, upon official notice of issuance. If the Florida Rock merger is completed, Florida Rock common stock will cease to be listed on the New York Stock Exchange and will be deregistered under the Exchange Act.

No Appraisal Rights

Under the FBCA, Florida Rock shareholders are not entitled to appraisal rights in connection with the Florida Rock merger.

The Merger Agreement

The following summary describes the material provisions of the merger agreement and is qualified in its entirety by reference to the complete text of the merger agreement, a copy of which is attached as Annex A to, and is incorporated by reference in, this proxy statement/prospectus. The provisions of the merger agreement are extensive and not easily summarized. Accordingly, this summary may not contain all of the information about the merger agreement that is important to you. We encourage you to read the merger agreement carefully in its entirety for a more complete understanding of the merger agreement.

The merger agreement and this summary of its terms have been included with this proxy statement/prospectus to provide you with information regarding the terms of the merger agreement and are not intended to modify or supplement any factual disclosures about Vulcan or Florida Rock in our public reports filed with the SEC. In particular, the merger agreement and related summary are not intended to be, and should not be relied upon as, disclosures regarding any facts and circumstances relating to Vulcan or Florida Rock. The representations and warranties contained in the merger agreement have been negotiated with the principal purpose of establishing the circumstances in which a party may have the right not to close the mergers if the representations and warranties of the other party prove to be untrue due to a change in circumstance or otherwise, and allocate risk between the parties, rather than establishing matters as facts. The representations and warranties may also be subject to a

contractual standard of materiality different from those generally applicable to shareholders.

Completion of the Mergers

Pursuant to the merger agreement, Virginia Merger Sub (a wholly owned subsidiary of Holdco) will merge with and into Vulcan and Fresno Merger Sub (a wholly owned subsidiary of Holdco) will merge with and into Florida Rock, with each of Vulcan and Florida Rock surviving as wholly owned subsidiaries of Holdco. In the mergers, each outstanding share of Vulcan common stock (other than shares owned by Vulcan) will be automatically converted into one share of Holdco common stock, and each outstanding share of Florida Rock common stock (other than shares

Table of Contents

owned by Florida Rock, Fresno Merger Sub, Vulcan or any direct or indirect wholly owned subsidiary of Vulcan or Florida Rock) will be converted into the right to receive, at the election of the holder, either $67.00 in cash, without interest, or 0.63 of a share of Holdco common stock, in either case subject to proration if the holders of more than 70% of Florida Rock common stock elect the cash consideration or more than 30% elect the stock consideration. See Florida Rock Shareholders Making Cash and Share Elections Proration Procedures beginning on page 56 for more information on how the proration procedures will work. Each share of Vulcan common stock owned by Vulcan will be cancelled without consideration. Each share of Florida Rock common stock owned by Florida Rock or Fresno Merger Sub will be cancelled without consideration. Each share of Florida Rock common stock owned by Vulcan or any direct or indirect wholly owned subsidiary of Florida Rock or Vulcan (other than Fresno Merger Sub) will be converted into the right to receive 0.63 of a share of Holdco common stock. The conversion of these shares is not subject to proration, and these shares will not be taken into consideration when determining the proration calculations. In addition, the merger agreement provides that in the event that Florida Rock s representations in the merger agreement with respect to the number of shares of Florida Rock common stock outstanding and the number of shares of Florida Rock common stock underlying outstanding Florida Rock stock options collectively understate the amount of such shares of Florida Rock common stock and shares underlying Florida Rock stock options by 10,000 or more, the merger consideration and the exchange ratio shall be appropriately adjusted to provide to the holders of Florida Rock common stock and Vulcan common stock the same economic effect as contemplated by the merger agreement prior to such action.

For information on the treatment of Vulcan stock options, Vulcan stock appreciation rights, Vulcan restricted stock units and Florida Rock stock options, see Treatment of Stock Options and Other Equity-Based Awards beginning on page 59.

The Florida Rock merger will be completed when Florida Rock files articles of merger with the Secretary of State of the State of Florida and the Vulcan merger will be completed when Vulcan files a certificate of merger with the Secretary of State of the State of New Jersey. The Vulcan merger will be effective one minute before the Florida Rock merger. Florida Rock and Vulcan expect to file the articles of merger and the certificate of merger as soon as practicable after the satisfaction or waiver of the closing conditions in the merger agreement, which are described below.

Conditions to Completion of the Mergers

Conditions to Florida Rock s and Vulcan s Obligations. Florida Rock and Vulcan may not complete the mergers unless each of the following conditions is satisfied or waived:

- the merger agreement has been approved by the affirmative vote of the holders of a majority of the outstanding shares of Florida Rock common stock;
- the shares of Holdco common stock to be issued in the mergers and reserved for issuance in connection with the mergers have been authorized for listing on the New York Stock Exchange (the NYSE);
- the waiting period applicable to the mergers under the HSR Act has been terminated or has expired and no governmental authority has required any action in connection with the transaction, except as would not, individually or in the aggregate, be reasonably expected to result in a material adverse effect on Vulcan, Florida Rock or Holdco, and all other regulatory approvals necessary for the completion of the mergers have been obtained and are in full force and effect;
- the registration statement covering the Holdco shares has been declared effective by the SEC and is not subject to any stop order or proceedings seeking a stop order; and

no restraining order or injunction prohibiting completion of the mergers is in effect and completion of the mergers is not illegal under any applicable law, rule, regulation or order.

Table of Contents

Florida Rock s and Vulcan s obligations to complete the mergers are also subject to the satisfaction or waiver of each of the following additional conditions:

- truth and correctness of the representations and warranties of the other party, generally subject to any exceptions that have not had, and would not reasonably be expected to have, a material adverse effect on the other party after the mergers;

- the other party s performance in all material respects of all obligations that are required by the merger agreement to be performed on or prior to the closing date;

- each of Vulcan s and Florida Rock s receipt of an opinion from its counsel to the effect that the exchange of Florida Rock common stock and Vulcan common stock for Holdco common stock pursuant to the mergers, taken together, will be treated for federal income tax purposes as a transaction described in Section 351 of the Code and, in the letter received by Vulcan, the additional opinion that the Vulcan merger will qualify as a reorganization within the meaning of Section 368(a) of the Code; and

- as to Vulcan s obligation to complete the Vulcan merger only, absence of action with respect to the mergers taken by any court or government entity or any law, injunction, order or decree enacted, promulgated or issued with respect to the mergers by any court or other governmental entity in effect, other than the application of the waiting period provisions of the HSR Act and the waiting period or similar provisions of applicable antitrust laws, rules or regulations, that would reasonably be expected to result in a judgment that would have any of the following effects: (i) challenging or seeking to make illegal, to delay, or otherwise to restrain or prohibit the mergers, (ii) seeking to restrain or prohibit Vulcan s or Holdco s ownership or operation (or that of its respective subsidiaries or affiliates) of all or any material portion of the business or assets of Florida Rock and its subsidiaries, taken as a whole, or of Vulcan and its subsidiaries, taken as a whole, or (iii) seeking to compel Vulcan or Holdco or any of their respective subsidiaries to sell, hold separate, or otherwise dispose of any of its or Florida Rock s business or assets or materially restricting the conduct of its or Florida Rock s business if doing so would, individually or in the aggregate, reasonably be expected to result in a material adverse effect on Florida Rock.

For purposes of the merger agreement, the term material adverse effect means, with respect to either of Florida Rock and Vulcan, a material adverse effect on the financial condition, businesses or results of operations of such party and its subsidiaries taken as a whole. However, any change or event caused by or resulting from the following will not be deemed to have a material adverse effect:

- changes in prevailing economic or market conditions or the securities, credit or financial markets in the United States or elsewhere, except to the extent those changes have a materially disproportionate effect on Florida Rock or Vulcan (as applicable) and their respective subsidiaries relative to other similarly situated participants in the industries in which Florida Rock and Vulcan operate;

- changes or events affecting the industries in which Florida Rock and Vulcan operate generally, except to the extent those changes have a materially disproportionate effect on Florida Rock or Vulcan (as applicable) and their respective subsidiaries relative to other similarly situated participants in the industries in which Florida Rock and Vulcan operate;

- changes in generally accepted accounting principles applicable to either of Florida Rock and Vulcan or their respective subsidiaries;

changes in laws, rules or regulations of general applicability or interpretations by any governmental entity;

the announcement of the merger agreement;

the impact of changes in the housing or commercial building markets in the State of Florida, whether occurring prior to or after the date of the merger agreement;

any weather-related or other force majeure event, except to the extent those events have a materially disproportionate effect on Florida Rock or Vulcan (as applicable) and their respective subsidiaries relative to other similarly situated participants in the industries in which Florida Rock and Vulcan operate; or

Table of Contents

any developments, including adverse judgments, in the litigation matter pending in the federal district court for the Southern District of Florida in which the court has ruled that certain permits issued for the Lake Belt region of Florida, including the permit for Florida Rock s Miami, Florida quarry, were invalidly issued.

Notwithstanding the foregoing, solely with respect to the parties agreement to use reasonable best efforts to consummate the mergers (see Additional Agreements below) and the absence of legal restraint as a condition to Vulcan s obligation to complete the mergers (see Conditions to Florida Rock s and Vulcan s Obligations above), material adverse effect with respect to Florida Rock means a disposition or commitment to dispose of Vulcan or Florida Rock assets or businesses that, individually or in the aggregate, generated EBITDA (as defined in the merger agreement), equal to or greater than $18.5 million in 2006. If Vulcan swaps an asset or business of Florida Rock or Vulcan for an asset or business of a third-party, or agrees to effect such a swap, then in determining whether there has been a material adverse effect on Florida Rock s aggregates business, to the extent that the EBITDA of the Vulcan or Florida Rock property so disposed of exceeds the EBITDA of the third party property received in return, the difference between the EBITDA of such properties shall be added to the total of disposed EBITDA, and to the extent that the EBITDA of the Vulcan or Florida Rock property so disposed of is less than the EBITDA of the third party property received in return, the difference between the EBITDA of such properties shall be subtracted from the total of disposed EBITDA. If Vulcan sells or otherwise disposes of a Vulcan asset or business pursuant to its covenant to use reasonable best efforts to consummate the mergers (other than swaps, which shall be treated as above), then the EBITDA for the corresponding asset or business of Florida Rock that is closest to the Vulcan asset or business so sold or disposed of shall be considered for purposes of determining whether there has been a material adverse effect on Florida Rock s aggregates business.

Reasonable Best Efforts to Obtain Required Shareholder Vote. Florida Rock has agreed to take all lawful action to call, give notice of, convene and hold a meeting of its shareholders as promptly as practicable following the date the registration statement covering the Holdco shares has been declared effective for the purpose of obtaining the required shareholder vote to approve the merger agreement. In addition, Florida Rock has agreed that it will use its reasonable best efforts to obtain from its shareholders the required shareholder vote in favor of approval of the merger agreement. Nothing in the merger agreement is intended to relieve Florida Rock of its obligation to submit the merger agreement to its shareholders for a vote on its approval.

No Solicitation of Alternative Transactions. The merger agreement contains detailed provisions prohibiting Florida Rock from seeking an alternative transaction to the mergers. Under these no solicitation provisions, Florida Rock has agreed that neither it nor any of its subsidiaries may:

initiate, solicit, encourage or knowingly facilitate any inquires or the making of an acquisition proposal (as described below);

have any discussions with, or provide any confidential information or data to, any person relating to an acquisition proposal, or engage in any negotiations concerning an acquisition proposal, or knowingly facilitate any effort or attempt to make or implement an acquisition proposal; or

approve or recommend, or propose to approve or recommend, or execute or enter into, any letter of intent, agreement in principle, merger agreement, asset purchase or share exchange agreement, option agreement or other similar agreement related to any acquisition proposal or propose or agree to do any of the foregoing.

The merger agreement permits, prior to the required Florida Rock shareholder vote having been obtained, Florida Rock and its agents and representatives to make written inquiry to any person that has made a written acquisition proposal after the date of the merger agreement for the purpose of obtaining a written clarification of the terms and

conditions of such proposal, and not in order to engage in any negotiation concerning such proposal, provided that Florida Rock promptly provides Vulcan a copy of such written inquiry and the response thereto.

For purposes of the merger agreement, the term acquisition proposal means any proposal or offer with respect to, or a transaction to effect, other than a proposal or offer made by Vulcan or an affiliate thereof:

> a merger, reorganization, share exchange, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving Florida Rock or any of its significant subsidiaries, other than acquisitions permitted by the terms of the merger agreement;

any purchase or sale of 20% or more of the consolidated assets of Florida Rock and its subsidiaries (including stock of its subsidiaries), taken as a whole; or

any purchase or sale of, or tender or exchange offer for, the voting securities of Florida Rock that, if completed, would result in any person beneficially owning securities representing 20% or more of its total voting power or of the total voting power of the surviving parent entity in the transaction, or any of its significant subsidiaries.

The merger agreement permits Florida Rock or its board of directors to comply with Rule 14d-9 and Rule 14e-2 under the Exchange Act, with regard to any acquisition proposal that Florida Rock may receive.

Notwithstanding the restrictions described above, if Florida Rock receives an unsolicited bona fide written acquisition proposal prior to its shareholder meeting to vote on the merger agreement, it may engage in discussions with or provide nonpublic information to the person making that acquisition proposal if and only to the extent that:

the Florida Rock shareholders meeting has not occurred;

Florida Rock has complied in all material respects with the restrictions on the solicitation of acquisition proposals described above;

the board of directors of Florida Rock, after consultation with outside legal counsel, determines in good faith that failure to take such action would be inconsistent with the board s fiduciary duties under applicable law;

the board of directors of Florida Rock, after consultation with outside legal counsel and financial advisors, concludes in good faith that there is a reasonable likelihood that the acquisition proposal constitutes or is reasonably likely to result in a superior proposal (as described below); and

prior to providing confidential information, Florida Rock enters into a confidentiality agreement with the person making the inquiry or proposal having terms that are no less favorable to the party providing the information than those in the specified confidentiality agreement between Vulcan and Florida Rock.

In addition, if Florida Rock receives an unsolicited bona fide written acquisition proposal prior to its shareholder meeting to vote on the merger agreement, it may withdraw or change its recommendation in favor of approving the merger agreement if and only to the extent that:

the Florida Rock shareholders meeting has not occurred;

Florida Rock has complied in all material respects with the restrictions on the solicitation of acquisition proposals described above;

the board of directors of Florida Rock, after consultation with outside counsel, determines in good faith that the failure to take such action would be inconsistent with the board s fiduciary duties under applicable law;

the board of directors of Florida Rock, after consultation with its outside legal counsel and financial advisors, concludes in good faith that the acquisition proposal constitutes or is reasonably likely to result in a superior proposal (as described below);

Florida Rock provides Vulcan at least four business days advance notice of its intention to change its recommendation, specifies the material terms and conditions of the superior proposal, provides the identity of

the party making the proposal and furnishes Vulcan with material documents (such four business days advance notice to be given again if there is any significant revision to the superior proposal); and

prior to withdrawing or making a change in recommendation, Florida Rock negotiates with Vulcan in good faith to make adjustments to the merger agreement such that the acquisition proposal would no longer constitute a superior proposal.

For purposes of the merger agreement, superior proposal means a bona fide written acquisition proposal made to Florida Rock for a merger or other business combination to acquire 100% of the assets or voting power of Florida Rock that the board of directors of Florida Rock concludes in good faith, after consultation with its financial

and legal advisors, taking into account all legal, financial, regulatory, timing and other aspects of the proposal and the person making the proposal (including any break up fees, expense reimbursement and conditions to closing):

- is more favorable to the shareholders of Florida Rock from a financial point of view than the mergers; and

- is fully financed or reasonably capable of being fully financed, reasonably likely to receive all required governmental approvals on a timely basis and otherwise reasonably capable of being completed on the terms proposed.

Florida Rock has agreed in the merger agreement that it will:

- notify Vulcan as promptly as practicable of any acquisition proposal or any request for nonpublic information relating to Florida Rock by any third party considering making, or that has made, an acquisition proposal, of the identity of such third party, the material terms and conditions of any inquiries, proposals or offers, update on the status of the terms of any such proposals, offers, discussions or negotiations on a current basis, and furnish copies of any information provided to such third party;

- immediately terminate any activities, discussions or negotiations existing as of the date of the merger agreement with any parties conducted before that date with respect to any acquisition proposal;

- not release any third party from, or waive any provisions of, any confidentiality or standstill agreement relating to a possible acquisition proposal; and

- use reasonable best efforts to inform its and its subsidiaries respective directors, officers and key employees of the foregoing restrictions in the merger agreement.

Nothing contained in the above-described no solicitation provisions of the merger agreement will permit either of Florida Rock and Vulcan to terminate the merger agreement or affect any of their respective other obligations under the merger agreement. Florida Rock shall not submit to the vote of its shareholders any acquisition proposal other than the Florida Rock merger prior to the termination of the merger agreement.

Termination. Florida Rock and Vulcan may terminate the merger agreement at any time prior to the completion of the mergers, whether before or after Florida Rock shareholders have approved the merger agreement, by mutual written consent.

In addition, either Florida Rock or Vulcan may terminate the merger agreement by written notice to the other party:

- if any governmental entity of competent jurisdiction:

  - that must grant a regulatory approval under applicable laws has denied approval of the mergers and the denial has become final and non-appealable; or

  - issues an order, decree or ruling or takes any other action permanently restraining, enjoining or otherwise prohibiting either of the mergers, and the order, decree, ruling or other action has become final and non-appealable;

except that this right to terminate will not be available to a party whose failure to comply with the merger agreement has been the cause of, or resulted in, that action;

if both mergers are not completed on or before November 19, 2007, except that this right to terminate will not be available to a party whose failure to comply with any provision of the merger agreement was the cause of, or resulted in, the failure of the mergers to be completed by that date;

the other party is in breach of its representations, warranties, covenants or agreements set forth in the merger agreement and the breach would prevent satisfaction by the other party of the relevant closing condition and the breach is not cured within 30 days of written notice of the breach or, by its nature, cannot be cured within that time period; or

if the Florida Rock shareholders do not approve the merger agreement at the Florida Rock shareholders meeting.

Table of Contents

In addition, Vulcan may terminate the merger agreement by written notice to Florida Rock if:

the board of directors of Florida Rock fails to make or effects a change in its recommendation that the Florida Rock shareholders vote in favor of the approval of the merger agreement or takes any other action inconsistent with that recommendation that is adverse to Vulcan in any material respect;

Florida Rock breaches its obligation to hold its shareholders meeting to vote on approval of the merger agreement or to prepare and mail to Florida Rock shareholders the proxy statement/prospectus; or

Florida Rock materially breaches the no solicitation provisions described above.

Termination Fees. The merger agreement provides that Florida Rock will be required to pay a termination fee to Vulcan of $135 million in each of the following circumstances:

if Vulcan terminates the merger agreement due to (1) the failure of Florida Rock s board of directors to recommend that Florida Rock shareholders vote in favor of approval of the merger agreement, or the withdrawal or change in Florida Rock s board of directors recommendation that Florida Rock shareholders vote in favor of approval of the merger agreement, in each case that is adverse in any material respect to Vulcan or (2) the material breach by Florida Rock of its obligation under the merger agreement to call a meeting of, and use its reasonable best efforts to obtain approval by, Florida Rock shareholders of the merger agreement, including failure to prepare and mail the proxy statement/prospectus to shareholders, then Florida Rock must pay the termination fee on the second business day following termination;

if (1) Vulcan terminates the merger agreement because of the material breach of Florida Rock of the no solicitation restrictions described above, or either of Florida Rock and Vulcan terminates the merger agreement because the approval of the merger agreement by the Florida Rock shareholders was not obtained at the Florida Rock shareholders meeting, (2) a competing acquisition proposal for 50% or more of the assets or voting power of Florida Rock was publicly announced at or before the date of Florida Rock shareholders meeting and (3) within 12 months after this termination of the merger agreement, Florida Rock or any of its subsidiaries enters into a definitive agreement for, or completes, an acquisition proposal for 50% or more of the assets or voting power of Florida Rock, then Florida Rock must pay the termination fee on the second business day following such execution or consummation; and

if (1) either of Florida Rock and Vulcan terminates the merger agreement because both mergers have not been completed by November 19, 2007, or Vulcan terminates the merger agreement because of a breach by Florida Rock that causes a condition to the Florida Rock merger to not be satisfied, (2) a competing acquisition proposal for 50% or more of the assets or voting power of Florida Rock was publicly announced before the merger agreement was terminated and (3) within 12 months after this termination of the merger agreement, Florida Rock or any of its subsidiaries enters into a definitive agreement for, or completes, an acquisition proposal for 50% or more of the assets or voting power of Florida Rock, then Florida Rock must pay the termination fee on the second business day following such execution or consummation.

Certain Termination Expenses. If Florida Rock fails to pay all amounts due to Vulcan on the specified dates, then it must also pay Vulcan s expenses from actions taken to collect the unpaid amounts, including interest on the unpaid amounts and the additional expenses, calculated at the prevailing market rate.

Conduct of Business Pending the Mergers. Under the merger agreement, Florida Rock has agreed that, during the period before completion of the mergers, except as expressly contemplated or permitted by the merger agreement, or

to the extent that Vulcan consents in writing (which consent shall not be arbitrarily withheld or arbitrarily delayed), Florida Rock and its subsidiaries will carry on their respective businesses in the usual, regular and ordinary course consistent with past practice, and will use all reasonable efforts to preserve intact their present business organizations, maintain their rights and authorizations and preserve their relationships with customers,

Table of Contents

suppliers and others so that their goodwill and ongoing businesses are not impaired in any material respect. Florida Rock has agreed not to, and not to permit its subsidiaries to:

enter into any new material line of business;

change its or its subsidiaries operating policies in any respect that is material to Florida Rock, except as required by law or policies of a governmental entity;

incur or commit to any capital expenditures or any obligations or liabilities in connection with capital expenditures, other than in the ordinary course of business consistent with past practice within specified limits;

enter into or amend any agreement between Florida Rock or any of its subsidiaries, on one hand, and, on the other hand, any (A) present or former officer or director of Florida Rock or any of its subsidiaries or any or such officer s or director s immediate family members, (B) record or beneficial owner of more than 5% of the Florida Rock common stock or (C) any affiliate of such officer, director or owner since September 30, 2005; or

enter into, terminate or change any material leases, contracts or agreements except in the ordinary course of business consistent with past practice.

In addition to the above-described agreements regarding the conduct of business generally, Florida Rock has agreed with respect to itself and its subsidiaries to various additional specific restrictions relating to the conduct of its business during the period before completion of the mergers, including with respect to the following (subject to certain exceptions specified in the merger agreement):

the repurchase, redemption or other acquisition any shares of its capital stock;

the amendment of the restated articles of incorporation or restated bylaws of Florida Rock;

the acquisition or disposition of assets;

the incurrence or the guarantee of indebtedness;

the taking of actions that would result, or would reasonably be expected to result, in the inability to obtain the required regulatory approvals;

the adoption of changes in accounting methods, any material tax election or annual tax period, the filing of any material amended tax return, the entering into of any closing agreement with respect to a material amount of taxes, the settlement of any material tax claim or the surrender of any right to claim a refund of a material amount of taxes;

changes in employee benefit plans and compensation of its directors, executive officers and employees;

the settling or compromise of any material litigation for amounts in excess of a specified limit;

the purchase of any policies of directors and officers liability insurance, except to the extent permitted by the merger agreement; and

the restriction of any party from conducting, after the closing, any line of business in any geographic area.

In addition to the above agreements of Florida Rock, each of Florida Rock and Vulcan has agreed with respect to itself and its subsidiaries to various additional specific restrictions relating to the conduct of its businesses, including the following (in each case subject to exceptions specified in the merger agreement):

the declaration or payment of dividends and changes in capital stock, except that each of Florida Rock and Vulcan may pay its regular quarterly cash dividend on dates consistent with past practice in an amount per share no greater than the most recent quarterly dividend declared by the applicable company prior to execution of the merger agreement, which was $0.46 per share for Vulcan and $0.15 per share for Florida Rock;

the combination, splitting or reclassifying of capital stock;

Table of Contents

the issuance or sale of capital stock, voting debt or other equity interests;

the acquisition of assets or other entities;

the taking of actions that would reasonably be expected to prevent (1) the exchange of Florida Rock common stock and Vulcan common stock for Holdco common stock pursuant to the mergers, taken together, from qualifying as a transaction described in Section 351 of the Code or (2) the Vulcan merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code; and

the liquidation or recapitalization of either of Florida Rock or Vulcan or its significant subsidiaries.

Governance. As a result of the mergers, shareholders of Vulcan and shareholders of Florida Rock who receive stock will become shareholders of Holdco. The certificate of incorporation and by-laws of Holdco will be amended so that following the mergers they contain provisions substantially identical to the restated certificate of incorporation and restated by-laws of Vulcan. More information about the restated certificate of incorporation and restated by-laws of Holdco that will be in effect immediately after the mergers are completed can be found in the section Comparison of Shareholder Rights beginning on page 87.

Immediately following the mergers, the board of directors of Holdco will consist of the Vulcan directors as of the time of the mergers. On the day following the completion of the mergers, the board of directors of Holdco will be expanded to include John D. Baker II, Florida Rock s current President and Chief Executive Officer and a director of Florida Rock. In the merger agreement, Florida Rock and Vulcan agreed that the officers of Vulcan at the time of the Vulcan merger will be the officers of Holdco at the time of the Vulcan merger.

Additional Agreements. Florida Rock and Vulcan have agreed to cooperate with each other and to use reasonable best efforts to:

take all actions necessary under the merger agreement and applicable laws to consummate the mergers as soon as practicable; and

as promptly as practicable, (1) make the appropriate filings pursuant to the HSR Act and other applicable laws and (2) supply any information or materials required by these laws or applicable regulatory authorities;

except that no party is required to take any action that is not conditional on the consummation of the mergers and Vulcan is not required to take any action that would reasonably be expected to result in a material adverse effect on Florida Rock.

The merger agreement also contains covenants relating to cooperation in the preparation of this proxy statement/prospectus and additional agreements relating to, among other things, consultation regarding transition matters, access to information, notice of specified matters and public announcements.

Benefits Matters. Following the mergers, Florida Rock s employees who are hired by Vulcan will be offered participation and coverage under employee benefit plans (other than defined benefit retirement plans) that are substantially similar, on an aggregate basis, to the plans generally in effect for similarly situated employees of Vulcan. Employees will receive credit for past service with Florida Rock.

Amendment, Extension and Waiver. We may amend the merger agreement by action taken or authorized by Florida Rock s and Vulcan s respective boards of directors, at any time before or after approval of the merger agreement by the

shareholders of Florida Rock. After approval of the merger agreement by the shareholders of Florida Rock, no amendment may be made that by law requires further approval by those shareholders, unless we obtain that further approval. All amendments to the merger agreement must be in writing signed by all of the parties thereto.

At any time before the completion of the mergers, Florida Rock and Vulcan may, by written action taken or authorized by their respective boards of directors, to the extent legally allowed:

extend the time for the performance of any of the obligations or other acts provided for in the merger agreement;

Table of Contents

waive any inaccuracies in the representations and warranties contained in the merger agreement or in any document delivered pursuant to the merger agreement; and

waive compliance with any of the agreements or conditions contained in the merger agreement.

Fees and Expenses. Whether or not the mergers are completed, all costs and expenses incurred in connection with the merger agreement and the mergers will be paid by the party incurring the expense, except as otherwise provided in the merger agreement (see Certain Termination Expenses above) and except that:

if the mergers are completed, the surviving corporations will pay any property or transfer taxes imposed on either party in connection with the mergers; and

all expenses and fees incurred in connection with the filing, printing and mailing of this proxy statement/prospectus and the registration statement of which it is a part will be shared equally by Vulcan and Florida Rock.

Representations and Warranties. The merger agreement contains representations and warranties by each of the parties to the merger agreement. These representations and warranties have been made solely for the benefit of the other parties to the merger agreement and:

may be intended not as statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;

have been qualified by disclosures that were made to Vulcan or Florida Rock in connection with the negotiation of the merger agreement, which disclosures are not reflected in the merger agreement;

may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and

were made only as of the date of the merger agreement or such other date or dates as may be specified in the merger agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time.

The representations and warranties made by both Florida Rock and Vulcan relate to, among other things:

corporate organization and similar corporate matters;

capital structure;

authorization of the merger agreement and absence of conflicts;

documents filed with the SEC, financial statements included in those documents and regulatory reports filed with governmental entities;

absence of material undisclosed liabilities;

information supplied in connection with this proxy statement/prospectus and the registration statement of which it is a part;

compliance with applicable laws and reporting requirements;

legal proceedings;

taxes;

subsidiaries;

absence of certain changes or events;

board approval and applicable state takeover laws;

environmental matters; and

Table of Contents

brokers and finders.

Additional representations and warranties made only by Florida Rock relate to, among other things:

material agreements;

employee benefits matters;

the shareholder vote required to approve the merger agreement;

ownership of properties;

intellectual property;

labor and employment matters;

insurance;

customers;

related-party transactions;

plant and equipment; and

opinion of Florida Rock s financial advisor.

Amendment of the Merger Agreement

The merger agreement was amended on April 9, 2007, for the purpose of providing that certificates representing shares of Vulcan common stock immediately prior to the Vulcan merger will from and after the Vulcan merger represent the same number of shares of Holdco common stock. Consequently, no new certificates representing shares of Holdco common stock will be issued in exchange for existing certificates representing shares of Vulcan common stock.

The Support Agreement

This section of the proxy statement/prospectus describes the material terms of the support agreement. The following summary is qualified in its entirety by reference to the complete text of the support agreement, which is incorporated by reference and attached as Annex B to this proxy statement/prospectus. We urge you to read the full text of the support agreement.

On February 19, 2007, in connection with the execution of the merger agreement, Baker Holdings, L.P., Edward L. Baker Living Trust, Edward L. Baker, John D. Baker II Living Trust and Anne D. Baker Living Trust, which we refer to in this proxy statement/prospectus, collectively, as the Baker Shareholders, entered into a support agreement with Vulcan. The Baker Shareholders (except for the Anne D. Baker Living Trust) are controlled, directly or indirectly, by Edward L. Baker, Florida Rock s Chairman, and John D. Baker II, Florida Rock s President and CEO.

Pursuant to the support agreement, the Baker Shareholders agreed (1) to vote shares of Florida Rock common stock representing approximately 9.9% of the outstanding shares of Florida Rock, which we refer to in this proxy statement/prospectus as the specified shares, in favor of approval of the merger agreement at the Florida Rock shareholders meeting and against any other transaction and (2) to irrevocably elect to receive Holdco common stock in exchange for shares of Florida Rock common stock representing approximately 30% of the Florida Rock common stock beneficially owned by Edward L. Baker, John D. Baker II and Baker Holdings, L.P. in the Florida Rock merger, subject to proration like all Florida Rock shareholders.

The Baker Shareholders have also agreed not to transfer or otherwise dispose of the specified shares until the termination of the support agreement. The support agreement terminates upon the earlier to occur of the termination of the merger agreement or the effective date of the mergers.

Table of Contents

The Shareholders Agreement

This section of the proxy statement/prospectus describes the material terms of the shareholders agreement. The following summary is qualified in its entirety by reference to the complete text of the shareholders agreement, which is incorporated by reference and attached as Annex C to this proxy statement/prospectus. We urge you to read the full text of the shareholders agreement.

On February 19, 2007, in connection with the execution of the merger agreement, Baker Holdings, L.P., Edward L. Baker Living Trust, Edward L. Baker, John D. Baker II Living Trust and Anne D. Baker Living Trust, which we refer to in this proxy statement/prospectus, collectively, as the Baker Shareholders, entered into a shareholders agreement with Vulcan and Holdco. The Baker Shareholders (except for the Anne D. Baker Living Trust) are controlled, directly or indirectly, by Edward L. Baker, Florida Rock s Chairman, and John D. Baker II, Florida Rock s President and CEO.

Pursuant to the shareholders agreement, each Baker Shareholder agreed not to transfer any shares of Holdco common stock owned by such Baker Shareholder during a restrictive period, other than to certain permitted transferees (consisting of, with respect to each Baker Shareholder, Baker Investment Holdings, Inc., such Baker Shareholder s spouse or lineal descendents (whether natural or adopted), sibling, parent, heir, executor, administrator, testamentary trustee, legatee or beneficiary, or, in the case of Baker Holdings, L.P., any other Baker Shareholder, Sarah Porter or the spouse or lineal descendent (whether natural or adopted), sibling, parent, heir, executor, administrator, testamentary trustee, legatee or beneficiary of any other Baker Shareholder or Sarah Porter, or any trust, the beneficiaries of which (or any corporation, limited liability company or partnership, the stockholders, members or general or limited partners of which) include only permitted transferees or a foundation or similar entity established by a Baker Shareholder for the purpose of charitable goals, provided that the Baker Shareholder effecting the transfer retains control over the voting and disposition of the Holdco shares and provided that the transferee executes and delivers to Holdco such documentation as is reasonably requested by Holdco to reflect that the transferee is fully bound by the Shareholder Agreement). Generally, the restrictive period for each Baker Shareholder is three years beginning on the effective date of the mergers, however, (i) solely with respect to John D. Baker II, Florida Rock s President and CEO, this restrictive period will be extended for as long as he serves on the board of directors of Holdco, (ii) solely with respect to Edward L. Baker, Florida Rock s Chairman, this restrictive period will terminate early upon his death and (iii) with respect to each Baker Shareholder, this restrictive period will terminate upon a change of control of Holdco, as defined in the stock option plan of Holdco.

Subject to limited exceptions, each Baker Shareholder also agreed, for a period of five years following the expiration of the restrictive period applicable to it (provided that the five year period will terminate earlier at any time the Baker Shareholders and their affiliates own less than one percent of the outstanding shares of Holdco), to transfer any shares of Holdco common stock owned by such Baker Shareholder only if the transfer complies with applicable securities laws and (i) is to a permitted transferee, or (ii) such transfer complies with the right of first refusal procedures described below.

The shareholders agreement provides Holdco a right of first refusal which, during the period described in the paragraph above, requires each Baker Shareholder to give advance notice to Holdco of its desire to sell any shares of Holdco common stock. Following receipt of such notice, Holdco will have three business day to notify such Baker Shareholder stating whether Holdco will elect to purchase any shares. In the event Holdco does not elect to purchase all of the offered shares, the shares not purchased by Holdco may be sold by such Baker Shareholder in a broker transaction on the open market, subject to the same volume limitations as would be applicable to sales by an affiliate under Rule 144 of the Securities Act.

Each Baker Shareholder also agreed, until the expiration of the restrictive period applicable to it, to (i) vote its shares of Holdco common stock consistent with the recommendations of the Holdco board of directors and (ii) not tender its shares of Holdco common stock in any tender offer opposed by the Holdco board of directors.

The shareholders agreement will automatically terminate if the merger agreement is terminated.

Table of Contents

Holdco Restated Certificate of Incorporation and Restated By-laws

Upon completion of the mergers, the restated certificate of incorporation of Holdco will be substantially in the form set forth in Annex E to this proxy statement/prospectus, and the restated by-laws of Holdco will be substantially in the form set forth in Annex F to this proxy statement/prospectus. For a summary of the material provisions of Holdco s restated certificate of incorporation and restated by-laws, see the section entitled Comparison of Shareholder Rights beginning on page 87.

Financing

Vulcan currently anticipates arranging approximately $4.0 billion of new financing in connection with the mergers. Vulcan has secured a commitment for a $4.0 billion bridge facility from Bank of America, N.A., Goldman Sachs Credit Partners L.P., JPMorgan Chase Bank, N.A. and Wachovia Bank, National Association. Vulcan also anticipates arranging approximately $2.0 billion in syndicated bank credit facilities. The syndicated bank credit facilities will reduce the amount of the bridge, and are anticipated to be used as back-up liquidity for Vulcan s commercial paper program and for general corporate purposes. In order to pay the cash portion of the merger consideration to Florida Rock shareholders (including the associated direct transaction costs), Vulcan expects to borrow under the bridge facility and/or issue commercial paper and/or syndicated bank credit facilities for the full amount needed (approximately $3.3 billion). The remaining $0.7 billion available under the new financing arrangements will effectively replace $750 million of Vulcan s existing credit facilities. Vulcan had short-term borrowings of approximately $240 million outstanding at March 31, 2007. After closing, Vulcan expects to issue approximately $2.0 billion of primarily fixed rate debt at maturities ranging from 3 to 30 years and repay outstanding loans and reduce commitments under the bridge facility with proceeds of such debt. Any additional commercial paper issued or borrowings drawn under the bridge facility or the syndicated credit facilities will be used to fund working capital requirements or for general corporate purposes. The foregoing description of Vulcan s financing plans is preliminary and subject to change.

Legal Proceedings Relating to the Mergers

Florida Rock and the members of its board of directors were named in a purported shareholder class action complaint filed in Florida state court (the Duval County Circuit Court) on March 6, 2007, captioned Dillinger v. Florida Rock, et al., Case No. 16-20007-CA-001906. The complaint seeks to enjoin the mergers, and alleges, among other things, that the directors have breached their fiduciary duties owed to Florida Rock shareholders by attempting to sell Florida Rock to Vulcan for an inadequate price.

HOLDCO UNAUDITED PRO FORMA COMBINED RESERVES DATA

The table below presents pro forma combined estimated aggregates reserve life data based upon Vulcan s historical reserve data as of December 31, 2006 and Florida Rock s historical reserve data as of September 30, 2006. The aggregates reserve life data is presented by Vulcan s historical regional divisions, with the exception of Florida Rock s aggregates facilities in the state of Florida, which are presented as another regional division. Florida Rock s

Table of Contents

aggregates facilities outside the state of Florida have been grouped with the appropriate Vulcan historical regional division, and Vulcan s aggregates facilities inside the state of Florida have been grouped in the Florida division.

	Estimated Years of Life(1)		
	Vulcan Historical	Florida Rock Historical	Pro Forma Combined
By Region:			
Mideast	57	16	51
Midsouth	62	41	61
Midwest	42		42
Southeast	45	46	45
Southern and Gulf Coast	41	90	43
Southwest	43		43
Western	18		18
Florida	9	25	23
Total	44	31	42

(1) Estimated years of life of aggregates reserves are based on an average, by regional division, of a combination of actual annual production over the most recent three-year period and budgeted production for the 2007 fiscal year. The total pro forma combined estimated years of life is based on an average annual production of 302 million tons.

COMPARATIVE PER SHARE MARKET PRICE AND DIVIDEND INFORMATION

Shares of Vulcan common stock and Florida Rock common stock are each listed and principally traded on the NYSE. Vulcan common stock is listed for trading under the symbol VMC and Florida Rock common stock is listed for trading under the symbol FRK. The following table sets forth, for the periods indicated, the high and low sales prices per share of Vulcan common stock and Florida Rock common stock, in each case as reported on the consolidated tape of the NYSE, and the cash dividends per share of common stock, as reported, respectively, in Vulcan s and Florida Rock s Annual Report on Form 10-K with respect to the years 2004, 2005 and 2006, and thereafter as reported in published financial sources. Vulcan and Florida Rock have different fiscal year and quarter ends. Accordingly, the comparative per share market price and dividend information below reflects the Vulcan fiscal years ended December 31, 2004, 2005 and 2006, and the Florida Rock fiscal years ended September 30, 2004, 2005 and 2006.

	Vulcan Common Stock			Florida Rock Common Stock		
	Market Price			Market Price		
	High	Low	Dividends	High	Low	Dividends
2004						
First quarter	$ 50.53	$ 45.65	$ 0.26	$ 26.67	$ 21.91	$ 0.11
Second quarter	48.78	41.94	0.26	30.33	24.10	0.11
Third quarter	51.18	44.30	0.26	28.81	23.93	0.11
Fourth quarter	55.53	46.85	0.26	33.53	26.50	0.80
2005						

First quarter	$ 59.67	$ 52.36	$ 0.29	$ 39.90	$ 30.53	$ 0.13
Second quarter	65.99	52.36	0.29	43.80	36.17	0.13
Third quarter	74.55	64.04	0.29	49.21	36.00	0.15
Fourth quarter	76.31	60.72	0.29	64.62	48.16	0.15

Table of Contents

	Vulcan Common Stock Market Price			Florida Rock Common Stock Market Price		
	High	Low	Dividends	High	Low	Dividends
2006						
First quarter	$ 89.16	$ 66.98	$ 0.37	$ 67.98	$ 45.30	$ 0.15
Second quarter	93.85	70.44	0.37	60.50	48.65	0.15
Third quarter	80.18	65.85	0.37	66.10	43.61	0.15
Fourth quarter	92.00	76.81	0.37	50.31	35.71	0.15
2007						
First quarter	$ 125.79	$ 87.27	$ 0.46	$ 46.40	$ 37.00	$ 0.15
Second quarter	n/a	n/a	n/a	69.00	42.83	0.15

On February 16, 2007, the last full trading day before the announcement of the proposed transaction, the closing sales price per share of Vulcan common stock on the NYSE was $111.81, and the closing sales price per share of Florida Rock common stock on the NYSE was $46.96. On July 5, 2007, the most recent practicable date prior to the printing of this document, the reported closing sales price per share of Vulcan common stock was $113.78 and the reported closing sales price per share of Florida Rock common stock was $67.47.

The market prices of Vulcan and Florida Rock common stock will fluctuate between the date of this proxy statement/prospectus and the time of the special meeting and the completion of the mergers. No assurance can be given concerning the market prices of Vulcan common stock or Florida Rock common stock before the completion of the mergers or after the completion of the mergers. The exchange ratio is fixed in the merger agreement. One result of this is that the market value of Holdco common stock that Florida Rock shareholders will receive in the Florida Rock merger may vary significantly from the prices stated above. **You should obtain current market quotations for Vulcan common stock and Florida Rock common stock prior to deciding whether to vote for approval of the merger agreement.**

HOLDCO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma condensed combined financial statements are based on the historical financial statements of Vulcan and Florida Rock after giving effect to the mergers. The unaudited pro forma condensed combined balance sheet as of March 31, 2007 combines Vulcan s and Florida Rock s historical condensed consolidated balance sheets as of March 31, 2007 and gives effect to the mergers as if the mergers were consummated on that date. Vulcan s fiscal year ends on December 31; Florida Rock s fiscal year ends on September 30. Therefore, the unaudited pro forma condensed combined statement of earnings for the year ended December 31, 2006 combines Vulcan s historical condensed consolidated statement of earnings for the year ended December 31, 2006 with Florida Rock s historical condensed consolidated statement of earnings for the twelve month period ended September 30, 2006, and gives effect to the mergers as if the mergers were consummated as of January 1, 2006. The unaudited pro forma condensed combined statement of earnings for the three months ended March 31, 2007 combines Vulcan s historical condensed consolidated statement of earnings for the three months ended March 31, 2007 with Florida Rock s historical condensed consolidated statement of earnings for the three months ended December 31, 2006, and gives effect to the mergers as if the mergers were consummated as of January 1, 2006.

In the mergers, Vulcan shareholders will receive one share of Holdco common stock for each share of Vulcan common stock that they own. Florida Rock shareholders will have the right to elect to receive either 0.63 of a share of Holdco common stock or $67.00 in cash, without interest, for each share of Florida Rock common stock that they own. The elections are subject to proration so that, in the aggregate, 70% of all outstanding shares of Florida Rock

common stock will be exchanged for cash and 30% of all outstanding shares of Florida Rock common stock will be exchanged for shares of Holdco common stock.

Under the terms of the merger agreement, all outstanding Florida Rock stock options, which will have fully vested prior to the effective time of the mergers, shall cease to represent an option to acquire shares of Florida Rock

common stock and shall instead represent the right to receive a cash amount equal to the excess, if any, of $67.00 per option to acquire one share of Florida Rock common stock over the exercise price payable in respect of such stock option (the option consideration). For purposes of the pro forma financial statements, we have assumed that all outstanding options to acquire Florida Rock common stock as of March 31, 2007 were fully vested and remained unexercised as of the effective time of the mergers, and therefore were converted into the right to receive the option consideration described above. Such consideration has been included in the calculation of the total preliminary purchase price.

The number of shares of Florida Rock common stock outstanding could change due to the exercise of stock options under Florida Rock s share-based compensation plans, and such changes could materially affect the preliminary total purchase price reflected in the pro forma financial statements. Additionally, changes in the number of Florida Rock outstanding shares will affect the pro forma weighted average number of shares outstanding for purposes of computing pro forma basic and diluted earnings per share amounts. The maximum change to the preliminary total purchase price and to pro forma basic and diluted earnings per share amounts that could occur due to changes in the number of Florida Rock outstanding shares resulting from stock option exercises is described in Note 2 to the unaudited pro forma condensed combined financial statements.

For purposes of these unaudited pro forma condensed combined financial statements, we have assumed that Vulcan s common stock price is $113.97, which represents the average of the closing share prices, adjusted for dividends, for Vulcan s common stock during the four trading days from February 15, 2007 through February 21, 2007, centered on the day the transaction was announced, and that 65.9 million shares of Florida Rock common stock are outstanding as of the indicated dates at which the mergers are assumed to be effective.

We have assumed that 12.5 million shares of Holdco common stock will be issued and $3.3 billion in cash, including deferred financing costs, will be required to fund consideration paid for all outstanding shares of Florida Rock common stock, to settle Florida Rock stock options and to pay Vulcan s direct transaction costs. These assumptions are based upon the assumed price of Vulcan common stock of $113.97, the assumed number of Florida Rock outstanding shares, the proration provisions set forth above and the exchange ratio of 0.63 of a share of Holdco common stock for one share of Florida Rock common stock.

The mergers will be treated as a purchase business combination pursuant to Statement of Financial Accounting Standards (SFAS) No. 141, Business Combinations (FAS 141). Vulcan will be treated as the acquiring corporation for accounting and financial reporting purposes; accordingly, the historical financial statements of Vulcan will become the historical financial statements of Holdco. Under FAS 141, the purchase price paid by Vulcan, together with the direct costs of the mergers incurred by Vulcan, will be allocated to Florida Rock s tangible and intangible assets and liabilities based on their estimated fair values, with any excess recorded as goodwill. The assets, liabilities and results of operations of Florida Rock will be consolidated into the assets, liabilities and results of operations of Vulcan as of the closing date of the mergers. For purposes of these unaudited pro forma condensed combined financial statements, the allocation of the purchase price to Florida Rock s tangible and intangible assets and liabilities are based upon management s preliminary internal valuation estimates. Definitive allocations will be performed and finalized based upon valuations and other studies that will be performed following the closing date of the mergers. Accordingly, the pro forma purchase allocation adjustments are preliminary and have been made solely for the purpose of providing unaudited pro forma condensed combined financial information and are subject to revision based on a final determination of fair value following the closing of the mergers. Final determinations of fair value may differ materially from those presented herein.

We anticipate that the mergers will provide the combined company with cost-saving synergies and other financial benefits. We expect such synergies to be partially offset by merger-related integration costs. The accompanying pro forma condensed combined statement of earnings, while helpful in illustrating the operating results of the combined

company under one set of assumptions, does not reflect any cost-saving or other synergies

Table of Contents

which may be attainable subsequent to the consummation of the mergers or any potential costs to be incurred in integrating the two companies and, accordingly, does not attempt to predict or suggest future results.

The unaudited pro forma condensed combined financial statements included herein are presented for informational purposes only. This information includes certain assumptions and estimates and may not necessarily be indicative of the financial position or results of operations that would have occurred if the mergers had been consummated as of the date or at the beginning of the period presented or which may be attained in the future. The unaudited pro forma condensed combined financial statements should be read in conjunction with the historical financial statements and accompanying notes contained in the annual reports and other information that Vulcan and Florida Rock have each filed with the Securities and Exchange Commission and included as Annex G, Annex I or incorporated by reference in this proxy statement/prospectus.

Table of Contents

HOLDCO CORPORATION

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
As of March 31, 2007

	Vulcan Historical	Florida Rock Historical	Pro Forma Adjustments (Note 3)	Pro Forma Combined
	(Amounts in thousands)			
Cash and cash equivalents	$ 69,960	$ 57,818	$	$ 127,778
Accounts and notes receivable, net	392,016	148,356	55,669(a)	596,041
Inventories	266,416	54,648	12,489(b)	333,553
Deferred income taxes	22,165	3,637		25,802
Prepaid expenses	15,016	8,171		23,187
Total current assets	765,573	272,630	68,158	1,106,361
Investments and long-term receivables	2,383			2,383
Property, plant and equipment, net	1,956,120	801,752	826,661(c)	3,584,533
Goodwill	650,206	176,752	2,899,861(d)	3,726,819
Other assets	196,633	67,803	378,555(e)	658,185
			15,194(f)	
Total assets	$ 3,570,915	$ 1,318,937	$ 4,188,429	$ 9,078,281
Current maturities of long-term debt	$ 727	$ 3,280	$	$ 4,007
Short-term borrowings	240,400		1,281,326(g)	1,521,726
Trade payables and other accruals	285,088	153,173		438,261
Total current liabilities	526,215	156,453	1,281,326	1,963,994
Long-term debt	321,503	16,308	2,000,000(g)	2,337,811
Deferred income taxes	290,404	95,221	468,829(h)	854,454
Other noncurrent liabilities	338,237	60,853	7,806(i)	406,896
Total liabilities	1,476,359	328,835	3,757,961	5,563,155
Preferred stock				
Common stock	139,705	6,595	(38,545)(j)	107,755
Capital in excess of par value	228,300	51,126	1,284,403(j)	1,563,829
Retained earnings	3,026,219	935,579	(2,113,872)(j)	1,847,926
Accumulated other comprehensive loss	(4,384)	(3,198)	3,198(j)	(4,384)
Treasury stock	(1,295,284)		1,295,284(j)	
Total shareholders equity	2,094,556	990,102	430,468	3,515,126
Total liabilities and shareholders equity	$ 3,570,915	$ 1,318,937	$ 4,188,429	$ 9,078,281

See Notes to Unaudited Pro Forma Condensed Combined Financial Statements

Table of Contents

HOLDCO CORPORATION

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF EARNINGS
For the Year Ended December 31, 2006

	Historical			
	Vulcan For the Year Ended December 31, 2006	Florida Rock For the Twelve Months Ended September 30, 2006	Pro Forma Adjustments (Note 3)	Pro Forma Combined
	(Amounts in thousands, except per share data)			
Net sales	$ 3,041,093	$ 1,328,271	$ (15,166)(k)	$ 4,354,198
Delivery revenues	301,382	39,518		340,900
Total revenues	3,342,475	1,367,789	(15,166)	4,695,098
Cost of goods sold	2,109,099	882,341	61,225(l) (15,166)(k)	3,037,499
Delivery costs	301,382	39,745		341,127
Cost of revenues	2,410,481	922,086	46,059	3,378,626
Gross profit	931,994	445,703	(61,225)	1,316,472
Selling, administrative and general expenses	264,396	129,797		394,193
Gain on sale of property, plant and equipment, net	5,557	3,569		9,126
Other operating income, net	21,904			21,904
Operating earnings	695,059	319,475	(61,225)	953,309
Other income, net	28,541	7,707		36,248
Interest income	6,171	3,161		9,332
Interest expense	26,310	259	182,746(m)	209,315
Earnings from continuing operations before income taxes	703,461	330,084	(243,971)	789,574
Provision for income taxes	225,963	118,675	(97,061)(n)	247,577
Earnings from continuing operations	$ 477,498	$ 211,409	$ (146,910)	$ 541,997
Earnings per share from continuing operations:				
Basic	$ 4.89	$ 3.22		$ 4.93
Diluted	$ 4.79	$ 3.16		$ 4.83

Weighted-average common shares outstanding basic	97,577	65,621	(53,157)	110,041
Weighted-average common shares outstanding diluted	99,777	66,829	(54,365)	112,241

See Notes to Unaudited Pro Forma Condensed Combined Financial Statements

Table of Contents

HOLDCO CORPORATION

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF EARNINGS
For the Three Months Ended March 31, 2007

	Historical			
	Vulcan For the Three Months Ended March 31, 2007	Florida Rock For the Three Months Ended December 31, 2006	Pro Forma Adjustments (Note 3)	Pro Forma Combined
	(Amounts in thousands, except per share data)			
Net sales	$ 630,187	$ 287,059	$ 2,923(k)	$ 920,169
Delivery revenues	57,000	8,290		65,290
Total revenues	687,187	295,349	2,923	985,459
Cost of goods sold	462,992	195,138	14,147(l) 2,923(k)	675,200
Delivery costs	57,000	8,788		65,788
Cost of revenues	519,992	203,926	17,070	740,988
Gross profit	167,195	91,423	(14,147)	244,471
Selling, administrative and general expenses	74,402	28,489		102,891
Gain on sale of property, plant and equipment, net	46,387	3,972		50,359
Other operating expense	2,034			2,034
Operating earnings	137,146	66,906	(14,147)	189,905
Other income, net	1,202	877		2,079
Interest income	1,323	1,285		2,608
Interest expense	6,635	92	45,668(m)	52,395
Earnings from continuing operations before income taxes	133,036	68,976	(59,815)	142,197
Provision for income taxes	43,697	24,697	(23,807)(n)	44,587
Earnings from continuing operations	$ 89,339	$ 44,279	$ (36,008)	$ 97,610
Earnings per share from continuing operations:				
Basic	$ 0.94	$ 0.68		$ 0.91
Diluted	$ 0.91	$ 0.67		$ 0.89
	95,172	65,339	(52,875)	107,636

Weighted-average common shares outstanding basic					
Weighted-average common shares outstanding diluted		97,778	66,453	(53,989)	110,242

See Notes to Unaudited Pro Forma Condensed Combined Financial Statements

Table of Contents

HOLDCO CORPORATION

Notes to Unaudited Pro Forma Condensed Combined Financial Statements

1. Basis of Pro Forma Presentation

The unaudited pro forma condensed combined financial statements have been derived from the historical financial statements and accompanying notes contained in the annual reports and other information that Vulcan and Florida Rock have each filed with the Securities and Exchange Commission and included as Annex G, Annex I or incorporated by reference in this proxy statement/prospectus.

The unaudited pro forma condensed combined balance sheet as of March 31, 2007 combines Vulcan s and Florida Rock s historical condensed consolidated balance sheets as of March 31, 2007 and gives effect to the mergers as if the mergers were consummated on that date.

The unaudited pro forma condensed combined statement of earnings for the year ended December 31, 2006 combines Vulcan s historical condensed consolidated statement of earnings for the year ended December 31, 2006 with Florida Rock s historical condensed consolidated statement of earnings for the twelve month period ended September 30, 2006, and gives effect to the mergers as if the mergers were consummated as of January 1, 2006.

The unaudited pro forma condensed combined statement of earnings for the three months ended March 31, 2007 combines Vulcan s historical condensed consolidated statement of earnings for the three months ended March 31, 2007 with Florida rock s historical condensed consolidated statement of earnings for the three months ended December 31, 2006, and gives effect to the mergers as if the mergers had occurred on January 1, 2006.

The unaudited pro forma condensed combined financial statements, which are referred to as pro forma financial statements, give effect to the mergers under the purchase method of accounting prescribed by Statement of Financial Accounting Standards (SFAS) No. 141, Business Combinations (FAS 141), with Vulcan treated as the acquirer for accounting and financial reporting purposes. Under the provisions of FAS 141, the pro forma financial statements will reflect Vulcan acquiring 100% of the outstanding shares of Florida Rock common stock. The purchase price paid by Vulcan, together with the direct costs of the mergers incurred by Vulcan, will be allocated to the tangible and intangible assets and liabilities of Florida Rock based on their estimated fair values. The excess of the purchase price over the net tangible and identifiable intangible assets will be recorded as goodwill.

The pro forma financial statements are based upon certain assumptions and estimates, including assumptions and estimates related to the determination of the preliminary total purchase price and the preliminary allocation of the estimated total purchase price. Changes in the number of shares of Florida Rock common stock outstanding due to the exercise of stock options under Florida Rock s share-based compensation plans, as well as refinements to Vulcan s estimated direct transaction costs, could materially affect the final total purchase price. Additionally, changes in the number of Florida Rock outstanding shares will affect the pro forma weighted average number of shares outstanding for purposes of computing pro forma basic and diluted earnings per share amounts. The maximum change to the preliminary total purchase price and to pro forma basic and diluted earnings per share amounts that could occur due to changes in the number of Florida Rock outstanding shares resulting from stock option exercises is described in Note 2 below.

The allocation of the purchase price to Florida Rock s tangible and intangible assets and liabilities are based upon management s preliminary internal valuation estimates. Definitive allocations will be performed and finalized based upon valuations and other studies that will be completed following the closing date of the mergers. Accordingly, the pro forma adjustments are preliminary and are subject to revision based on a final determination of fair value

following the closing of the mergers. Final determinations of fair value may differ materially from those presented herein.

The pro forma adjustments are preliminary and have been made solely for purposes of developing the pro forma financial statements for illustrative purposes. The pro forma financial statements are not intended to represent or be indicative of the results of operations or financial position of the combined companies that would have resulted had the mergers been completed as of the dates and for the periods presented. The pro forma financial statements do not reflect any revenue or cost-saving synergies which may be attainable subsequent to the consummation of the

Table of Contents

HOLDCO CORPORATION

Notes to Unaudited Pro Forma Condensed Combined Financial Statements (Continued)

mergers or any potential costs to be incurred in integrating the two companies. The impact of the mergers on the combined results of operations and financial position of Vulcan and Florida Rock in periods following the mergers may differ significantly from that reflected in these pro forma financial statements.

2. Preliminary Purchase Price

The preliminary purchase price is based on an assumed Vulcan common stock price of $113.97, which represents the average of the closing share prices, adjusted for dividends, for Vulcan s common stock during the four trading days from February 15, 2007 through February 21, 2007, centered on the day the transaction was announced. Under the terms of the merger agreement, Florida Rock shareholders will have the right to receive either 0.63 of a share of Holdco common stock or $67.00 in cash for each share of Florida Rock common stock that they own, subject to proration to ensure that in the aggregate 70% of Florida Rock outstanding shares will be exchanged for cash and 30% of Florida Rock outstanding shares will be exchanged for stock. The pro forma preliminary purchase price presented below is based on the number of shares of Florida Rock common stock outstanding as of March 31, 2007, the date of the balance sheet under which the mergers are being presented. The total preliminary purchase price is estimated at $4.7 billion based on the assumed price of Vulcan common stock of $113.97, the proration provisions set forth above and the exchange ratio of 0.63 of a share of Holdco common stock for one share of Florida Rock common stock.

Preliminary Purchase Price

		(Amounts in millions, except per share data)
Aggregate purchase price of Florida Rock common stock(1)	$	4,513.6
Cash settlement of Florida Rock stock options(2)		143.1
Vulcan s direct transaction costs(3)		30.0
Total preliminary purchase price	$	4,686.7
(1) Outstanding shares of Florida Rock common stock		65.9
70% of outstanding shares of Florida Rock common stock		46.2
Exchanged for $67.00 in cash per share	$	67.00
Cash consideration paid	$	3,093.0
30% of outstanding shares of Florida Rock common stock		19.8
Exchange ratio		0.63
Holdco shares to be issued		12.5
Average closing price per share of Vulcan common stock, adjusted for dividends, for the four trading days centered around February 19, 2007	$	113.97

Issuance of Holdco common stock	$	1,420.6
Aggregate price paid for Florida Rock common stock	$	4,513.6
(2) Cash settlement per share issuable under stock options	$	67.00
Weighted-average exercise price per share issuable under stock options as of March 31, 2007		23.59
	$	43.41
Number of stock options converted to right to receive option consideration as of March 31, 2007		3.3
Liability assumed for cash settlement of Florida Rock stock options	$	143.1
(3) Represents Vulcan s estimated direct transaction costs related to the mergers, which are comprised of the following:		
Investment banker fees	$	18.2
Legal and accounting fees		8.6
Other		3.2
Total of Vulcan s estimated direct transaction costs	$	30.0

Table of Contents

HOLDCO CORPORATION

Notes to Unaudited Pro Forma Condensed Combined Financial Statements (Continued)

Changes in the number of shares of Florida Rock common stock outstanding due to the exercise of stock options under Florida Rock s share-based compensation plans, as well as refinements to estimated direct transaction costs incurred by Vulcan, will affect the determination of the final total purchase price. If we assumed that all outstanding options to acquire Florida Rock common stock as of March 31, 2007 were exercised prior to the effective time of the mergers, the total preliminary purchase price, including cash and stock consideration, would increase by approximately $82.5 million, the total Holdco shares issued in exchange for Florida Rock outstanding shares would increase by 0.6 million, and the pro forma basic and diluted earnings per share amounts presented for the year ended December 31, 2006 would each decrease by approximately $0.03 per share and the pro forma basic and diluted earnings per share amounts presented for the three months ended March 31, 2007 would change by less than $0.01 per share.

3. Pro Forma Adjustments

The total preliminary purchase price has been allocated to Florida Rock s tangible and intangible assets acquired and liabilities assumed based on preliminary internal estimates of fair value. The excess of the purchase price over the net tangible and identifiable intangible assets will be recorded as goodwill. Due to certain legal restrictions, many of the details concerning individual assets and liabilities cannot be disclosed between Vulcan and Florida Rock prior to the completion of the mergers. The final determination of fair value and allocation of the purchase price will be determined after the mergers are consummated and additional analyses and valuation studies are performed to determine the fair values of Florida Rock s tangible and intangible assets acquired and liabilities assumed as of the date the mergers are completed. Changes in the fair value of the net assets of Florida Rock as of the date the mergers are completed will change the amount of the purchase price allocable to goodwill. The actual amounts recorded when the mergers are completed may differ materially from the pro forma adjustments presented herein.

The following table presents a summary of the preliminary purchase price allocation reflected in the unaudited pro forma condensed combined balance sheet:

		(Amounts in millions)
Florida Rock s historical net book value	$	990.1
Elimination of Florida Rock s historical goodwill		(176.8)
Adjustment to accounts receivable		55.7
Adjustment to inventory		12.5
Adjustment to property, plant and equipment		826.7
Adjustment to identifiable intangible assets		378.5
Adjustment to deferred income taxes		(468.8)
Adjustment to noncurrent accrued liabilities		(7.8)
Goodwill		3,076.6
Total preliminary purchase price	$	4,686.7

The following notes refer to the pro forma adjustments included in the unaudited pro forma condensed combined balance sheet and unaudited pro forma condensed combined statements of earnings on pages 77, 78 and 79, respectively.

(a) To record the tax benefit related to the cash settlement of Florida Rock s outstanding stock options immediately prior to the effective time of the mergers. The tax benefit is reflected as a current income tax receivable due to a zero balance in current income tax liabilities.

(b) To record Florida Rock s inventory at estimated fair value.

Table of Contents

HOLDCO CORPORATION

Notes to Unaudited Pro Forma Condensed Combined Financial Statements (Continued)

(c) To record the difference between the preliminary estimated fair value, based on management s internal valuation estimates, and the historical net book value of Florida Rock s property, plant and equipment. Management s internal valuation estimates are based principally upon estimates of current replacement cost and discounted cash flows related to the underlying assets.

(d) To eliminate Florida Rock s historical goodwill and record the excess of the preliminary purchase price over the estimated fair value of the net tangible and identifiable intangible assets acquired and liabilities assumed.

(e) To record the difference between the preliminary estimated fair value, based on management s internal valuation estimates, and the historical net book value of Florida Rock s intangible assets. The increase of $378.5 million in intangible assets relates primarily to contractual rights in place, which are assumed to have a weighted-average useful life of approximately 27 years. Management s internal valuation estimates are based principally upon estimates of discounted cash flows related to the underlying assets.

(f) To record deferred financing costs incurred in connection with the issuance of short-term and long-term debt totaling approximately $3.3 billion.

(g) To record $3.3 billion in estimated borrowings, including deferred financing costs, necessary to acquire 70% of the outstanding shares of Florida Rock common stock, cash settle Florida Rock stock options outstanding immediately prior to the effective time of the mergers and finance Vulcan s direct transaction costs. Vulcan currently anticipates arranging approximately $4.0 billion of new financing in connection with the mergers. Vulcan has secured a commitment for a $4.0 billion bridge facility from Bank of America, N.A., Goldman Sachs Credit Partners L.P., JPMorgan Chase Bank, N.A. and Wachovia Bank, National Association. Vulcan also anticipates arranging approximately $2.0 billion in syndicated bank credit facilities. The syndicated bank credit facilities will reduce the amount of the bridge, and are anticipated to be used as back-up liquidity for Vulcan s commercial paper program and for general corporate purposes. In order to pay the cash portion of the merger consideration to Florida Rock shareholders (including the associated direct transaction costs), Vulcan expects to borrow under the bridge facility and/or issue commercial paper and/or syndicated bank credit facilities for the full amount needed (approximately $3.3 billion). The remaining $0.7 billion available under the new financing arrangements will effectively replace $750 million of Vulcan s existing credit facilities. Vulcan had short-term borrowings of approximately $240 million outstanding at March 31, 2007. After closing, Vulcan expects to issue approximately $2.0 billion of primarily fixed rate debt at maturities ranging from 3 to 30 years and repay outstanding loans and reduce commitments under the bridge facility with proceeds of such debt. Any additional commercial paper issued or borrowings drawn under the bridge facility or the syndicated credit facilities will be used to fund working capital requirements or for general corporate purposes. The foregoing description of Vulcan s financing plans is preliminary and subject to change.

(h) To record the tax effects of fair value adjustments related to property, plant and equipment and identifiable intangible assets.

(i) To adjust accrued pension and postretirement cost to reflect the unfunded balance of the pension and postretirement plans. The final adjustment to accrued pension and postretirement cost will be based on a remeasurement of pension and postretirement assets and obligations as of the effective date of the mergers.

Table of Contents

HOLDCO CORPORATION

Notes to Unaudited Pro Forma Condensed Combined Financial Statements (Continued)

(j) To adjust shareholders equity amounts as follows:

	Common Stock	Capital in Excess of par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock
	(Amounts in thousands)				
Eliminate Florida Rock historical amounts	$ (6,595)	$ (51,126)	$ (935,579)	$ 3,198	$
Record issuance of Holdco common stock (12,464,000 shares) in exchange for 30% of outstanding Florida Rock common stock	12,464	1,408,106			
Cancel Vulcan historical treasury stock	(44,414)	(72,577)	(1,178,293)		1,295,284
Total pro forma adjustments to shareholders equity	$ (38,545)	$ 1,284,403	$ (2,113,872)	$ 3,198	$ 1,295,284

(k) To eliminate sales and cost of goods sold between Vulcan and Florida Rock in the amount of $15.2 million for the year ended December 31, 2006 and $2.9 million for the three months ended March 31, 2007.

(l) To record additional depreciation, depletion and amortization expense of $41.6 million for the year ended December 31, 2006 and $9.4 million for the three months ended March 31, 2007 related to the adjustment to record property, plant and equipment at estimated fair value, and $19.6 million for the year ended December 31, 2006 and $4.7 million for the three months ended March 31, 2007 related to the adjustment to record identifiable intangible assets at fair value. Depreciation, depletion and amortization adjustments were calculated using estimated useful lives ranging from 3 to 13 years for property, plant and equipment and a weighted average useful life for intangible assets of approximately 27 years. As discussed in notes (c) and (e) above, the amounts of these adjustments are based on management s preliminary estimates of fair values of the related assets, and are subject to revision based on a final determination of fair value following the closing of the mergers. Final determinations of fair value may differ materially from those presented herein.

(m) To record interest expense, including amortization of deferred financing costs, associated with the borrowings used to finance the acquisition of 70% of the outstanding shares of Florida Rock common stock, the cash settlement of Florida Rock stock options outstanding immediately prior to the effective time of the mergers and Vulcan s direct transaction costs. The adjustments to interest expense are presented as if the borrowings occurred on January 1, 2006. We intend to finance the acquisition through a combination of variable rate short-term borrowings and fixed rate long-term debt. The long-term interest rates assumed are based upon current U.S. Treasury rates for periods consistent

with the terms of the borrowings, adjusted for Vulcan s estimated credit spreads. The short-term interest rates assumed are based upon current LIBOR rates ranging from one to six months. A 1/8% increase (decrease) in the assumed interest rate on the variable rate short-term borrowings would increase (decrease) annual interest expense by approximately $1.6 million.

(n) To record the income tax impact on pro forma adjustments at the estimated statutory income tax rate of the combined company.

Table of Contents

HOLDCO CORPORATION

Notes to Unaudited Pro Forma Condensed Combined Financial Statements (Continued)

4. Unaudited Pro Forma Combined Earnings Per Share

The pro forma basic and diluted earnings per share are based on the historical weighted average number of shares of Vulcan common stock outstanding adjusted for additional common stock issued to Florida Rock shareholders as part of the merger consideration. Shares of common stock issued to Florida Rock shareholders are assumed to have been issued as of January 1, 2006 and outstanding for the entire period. The following table presents the computation of pro forma basic and diluted weighted-average shares outstanding.

	Weighted-Average Shares	
(Amounts in thousands)	**For the Three Months Ended March 31, 2007**	**For the Year Ended December 31, 2006**
Vulcan historical weighted-average common shares outstanding basic	95,172	97,577
Estimated shares of Holdco common stock issued to Florida Rock shareholders	12,464	12,464
Pro forma weighted-average common shares outstanding basic	107,636	110,141
Vulcan historical weighted-average common shares outstanding diluted	97,778	99,777
Estimated shares of Holdco common stock issued to Florida Rock shareholders	12,464	12,464
Pro forma weighted-average common shares outstanding diluted	110,242	112,241

Table of Contents

DESCRIPTION OF HOLDCO CAPITAL STOCK

The following summary is a description of the material terms of Holdco s capital stock and is not complete. You should also refer to the form of Holdco s restated certificate of incorporation, which is included as Annex E to this proxy statement/prospectus, and the form of Holdco s restated by-laws, which is included as Annex F to this proxy statement/prospectus, and the applicable provisions of the NJBCA.

Common Stock

As of the effective time of the mergers, Holdco will be authorized to issue up to 480,000,000 shares of common stock. Following the mergers, Holdco expects there to be approximately 108,379,456 shares of common stock of Holdco outstanding.

Holders of Holdco common stock will be entitled to receive dividends when, as and if declared by Holdco s board of directors out of funds legally available for payment, subject to the rights of holders of the Holdco preferred stock.

Each holder of Holdco common stock will be entitled to one vote per share. Subject to the rights, if any, of the holders of any series of preferred stock if and when issued and subject to applicable law, all voting rights are vested in the holders of shares of Holdco common stock. Holders of shares of Holdco common stock will have noncumulative voting rights, which means that the holders of more than 50% of the shares voting for the election of directors will be able to elect 100% of the directors and the holders of the remaining shares will not be able to elect any directors.

In the event of a voluntary or involuntary liquidation, dissolution or winding up of Holdco, the holders of Holdco common stock will be entitled to share equally in any of the assets available for distribution after Holdco has paid in full all of its debts and after the holders of all series of Holdco s outstanding preferred stock have received their liquidation preferences in full.

The issued and outstanding shares of Holdco common stock will be fully paid and nonassessable. Holders of shares of Holdco common stock will not be entitled to preemptive rights. Shares of Holdco common stock will not be convertible into shares of any other class of capital stock. The Bank of New York will be the transfer agent, registrar and dividend disbursement agent for the Holdco common stock.

Holdco may from time to time after the consummation of the mergers engage another transfer agent, registrar or dividend disbursement agent for its stock as business circumstances warrant.

Preferred Stock

Under Holdco s restated certificate of incorporation, the Holdco board of directors will be authorized, without further shareholder action, to issue up to 5,000,000 shares of preferred stock, in one or more series, and to determine the voting powers and the designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions, of each series. As of the date of this proxy statement/prospectus, Holdco has not issued any preferred stock.

Subject to the determination of the Holdco board of directors in any certificate of designations for a series of preferred stock, Holdco preferred stock would generally have preference over Holdco common stock with respect to the payment of dividends and the distribution of assets in the event of a liquidation or dissolution of Holdco.

Table of Contents

COMPARISON OF SHAREHOLDER RIGHTS

The rights of shareholders of a corporation are governed by the laws of the state in which the corporation is incorporated, as well as the certificate (or articles) of incorporation and by-laws of the corporation. Therefore, differences in the rights of holders of Florida Rock common stock and Holdco common stock arise from the states of their respective organization and their respective certificate or articles of incorporation and by-laws. Florida Rock is organized under the laws of the state of Florida, and Holdco is organized under the laws of the state of New Jersey. After the Florida Rock merger is completed, the rights of Florida Rock shareholders who become Holdco shareholders will be governed by Holdco s restated certificate of incorporation and restated by-laws and the NJBCA.

This section of the proxy statement/prospectus summarizes certain material differences between the rights of Florida Rock shareholders and Holdco shareholders immediately following completion of the mergers. In addition, this section summarizes certain material differences between New Jersey and Florida corporate law. This section does not include a complete description of all differences among the rights of these shareholders, nor does it include a complete description of the specific rights of these shareholders or of New Jersey or Florida corporate law.

All Florida Rock shareholders are urged to read carefully the relevant provisions of the NJBCA and the FBCA, as well as the restated articles of incorporation and restated bylaws of Florida Rock and the restated certificate of incorporation and restated by-laws of Holdco, which will be in effect upon completion of the mergers will be substantially in the form attached as Annex E and Annex F to this proxy statement/prospectus. Copies of the restated articles of incorporation and restated bylaws of Florida Rock are available to Florida Rock shareholders upon request. See Where You Can Find More Information on page 104.

Authorized Capital Stock

Holdco. Holdco will have the authority to issue 485,000,000 shares of capital stock consisting of 480,000,000 shares of common stock, par value $1.00 per share, and 5,000,000 shares of preferred stock, no par value, issuable in series. Prior to the issuance of a series of preferred stock, Holdco s board of directors will be permitted to fix the designations, preferences, qualifications, limitations, restrictions and special or relative rights, if any, relating to the shares of the series. Holdco s board of directors has not yet designated any series of preferred stock, but may do so in connection with Holdco s shareholder rights plan, as described below.

Florida Rock. Florida Rock has the authority to issue 160,000,000 shares of capital stock consisting of 150,000,000 shares of common stock, par value $0.10 per share, and 10,000,000 shares of preferred stock, no par value. Prior to the issuance of a series of preferred stock, Florida Rock s board of directors may fix the designations, preferences, qualifications, limitations, restrictions and special or relative rights, if any, relating to the shares of the series. Florida Rock s restated articles of incorporation authorize and create a series of preferred stock consisting of 500,000 shares, par value $.01 per share, designated as the Series A Junior Participating Preferred Stock, which we refer to in this proxy statement/prospectus as the Series A Preferred Stock.

Shareholder Rights Plan

Under the NJBCA, a corporation may create and issue rights entitling the holders of the rights to purchase from the corporation shares of any class or series, subject to any provisions in its certificate of incorporation. The rights will be evidenced in such manner as the board approves, and which will contain the price and terms of the shares.

Florida Rock has entered into a shareholder rights plan, and Holdco will enter into a shareholder rights agreement prior to closing that contains provisions substantially similar to the rights agreement of Vulcan currently in effect. Following are summaries of these rights agreements.

Holdco. Holdco will have a shareholder rights plan under which each shareholder will have one right for each share of Holdco common stock held. Each right entitles the registered holder to purchase from Holdco one one-hundredth of a share of Holdco s Series A Junior Participating Preference Stock, no par value, at a purchase price of $400. The rights will be subject to adjustment to prevent dilution of the interests represented by each right. The description and terms of the rights will be set forth in the rights agreement to be dated on or prior to the closing date.

Table of Contents

The Holdco rights will be attached to all Holdco common stock and will be represented by the certificates representing Holdco common stock, and no separate certificates representing Holdco rights will be distributed except as follows. The Holdco rights will separate from the Holdco common stock, and be represented by separate rights certificates, upon the earlier of:

10 days following the date of any public announcement that a person or group of affiliated or associated persons (an acquiring person) has acquired, or obtained the right to acquire, beneficial ownership of 15% or more of the outstanding Holdco common stock, or

10 business days following the commencement of, or announcement of an intention to make, a tender offer or exchange offer that would result in a person beneficially owning 15% or more of the outstanding Holdco common stock.

Until the Holdco rights separate from the Holdco common stock to which they will be attached, or an earlier date on which these rights are redeemed, exchanged or expire:

the rights will be evidenced by the common share certificates and will be transferred only with them,

all common share certificates will contain a notation incorporating the terms of the rights agreement by reference, and

the surrender for transfer of any certificates for common stock outstanding will also constitute the transfer of the rights associated with the common stock represented by the certificates.

As soon as practicable after the date when the rights separate from the common stock, right certificates will be mailed to holders of record of common stock as of the close of business on that date and, after that time, the separate right certificates alone will represent the rights. Only common stock issued prior to the date when the rights separate from the common stock will be issued with rights. The Holdco rights are not exercisable until their separation from the Holdco common stock and will expire on December 31, 2008, unless the Holdco board exchanges or redeems them earlier, as described below.

If a third party acquires 15% or more of the outstanding Holdco common stock, as described above, thus triggering a separation of the Holdco rights from the Holdco common stock, each holder of a Holdco right will thereafter have the right to receive, upon exercise and payment of the exercise price, Holdco common stock having a value equal to two times the exercise price.

If, at any time after a third party acquires, or obtains the right to acquire beneficial ownership of, 15% or more of the outstanding Holdco common stock, as described above,

Holdco is acquired in a merger or other business combination,

an acquiring firm merges into Holdco, or

50% or more of Holdco s assets or earning power is sold or transferred,

each holder of a Holdco right shall thereafter have the right to receive, upon exercise and payment of the exercise price, common stock of the acquirer having a value equal to twice the exercise price.

Any rights that are or were owned by an acquirer of beneficial ownership of 15% or more of the outstanding Holdco common stock will be null and void.

At any time prior to the earlier of the date upon which a third party acquires, or obtains the right to acquire beneficial ownership of, 15% of the outstanding Holdco common stock, or December 31, 2008, the Holdco board of directors may redeem the rights in whole, but not in part, at a redemption price of $0.01 per right. Immediately upon the Holdco board of directors ordering the redemption of the rights, the rights will terminate and the holders of the rights will be entitled to receive only this redemption price.

The Holdco board of directors may amend any provision of the rights agreement without approval of the holders of the rights prior to the time a person becomes an acquiring person. After this date, the board may not amend the rights agreement in any manner that would adversely affect the interests of the holders of the rights.

Table of Contents

Until a right is exercised, a holder of rights will have no rights as a Holdco shareholder, including the right to vote and to receive dividends, beyond its rights as an existing shareholder.

The Holdco rights may have anti-takeover effects. The rights will cause substantial dilution to a person or group that attempts to acquire 15% or more of the outstanding Holdco common stock without conditioning the offer on a substantial number of rights being acquired. Accordingly, the existence of the rights may deter acquirers from making takeover proposals or tender offers. The rights are not intended to prevent a takeover, but are designed to enhance the ability of Holdco s board to negotiate with an acquirer on behalf of all the shareholders. The rights should also not interfere with any merger or other business combination approved by the Holdco board of directors and the Holdco shareholders because the board of directors may redeem the rights.

Florida Rock. Florida Rock has a shareholder rights plan under which plan Florida Rock shareholders have one right for each share of Florida Rock common stock held. Originally, each right entitled the registered holder to purchase from Florida Rock one one-hundredth of a share of Florida Rock s Series A Junior Participating Preferred Stock, par value $0.10 per share, at a purchase price of $145. However, rights are subject to adjustment to prevent dilution of the interests represented by each right. Following 3-for-2 stock splits in 2001, 2004 and 2005, each outstanding share of Florida Rock common stock is associated with four-ninths of a right. Each four-ninths of a Florida Rock right currently represents the right to purchase eight twenty-seven hundredths of a share of Florida Rock s Series A Junior Participating Preferred Stock, at a purchase price of $42.96.

The Florida Rock rights are attached to all Florida Rock common stock and are represented by the certificates representing Florida Rock common stock, and no separate certificates representing Florida Rock rights will be distributed except as follows. The Florida Rock rights will separate from the Florida Rock common stock, and be represented by separate rights certificates, upon the earlier of:

10 business days following the date of any public announcement that a person or group of affiliated or associated persons (an acquiring person) has acquired, or obtained the right to acquire, beneficial ownership of 15% or more of the outstanding shares of Florida Rock common stock, or

10 business days following the commencement of, or announcement of an intention to make, a tender offer or exchange offer that would result in a person beneficially owning 15% or more of the outstanding Florida Rock common stock.

Until the Florida Rock rights separate from the Florida Rock common stock to which they are attached, or an earlier date on which these rights are redeemed, exchanged or expire:

the rights will be evidenced by the common share certificates and will be transferred only with them,

all common share certificates will contain a notation incorporating the terms of the rights agreement by reference, and

the surrender for transfer of any certificates for common stock outstanding will also constitute the transfer of the rights associated with the common stock represented by the certificates.

As soon as practicable after the date when the rights separate from the Florida Rock common stock, right certificates will be mailed to holders of record of Florida Rock common stock as of the close of business on that date and, after that time, the separate right certificates alone will represent the rights. Only Florida Rock common stock issued prior to the date when the rights separate from the common stock will be issued with rights. The Florida Rock rights are not

exercisable until their separation from the Florida Rock common stock and will expire on the earliest of September 30, 2009 or the effective time of the Florida Rock merger, unless the Florida Rock board exchanges or redeems them earlier, as described below.

If, other than in connection with the Florida Rock merger, a third party acquires 15% or more of the Florida Rock common stock, as described above, thus triggering a separation of the Florida Rock rights from the Florida Rock common stock, each holder of a Florida Rock right will thereafter have the right to receive, upon exercise and payment of the exercise price, Florida Rock common stock having a value equal to two times the exercise price.

If, at any time after a third party acquires, or obtains the right to acquire beneficial ownership of, 15% or more of the outstanding Florida Rock common stock, as described above,

Table of Contents

Florida Rock is acquired in a merger or other business combination, other than in connection with the Florida Rock merger,

an acquiring firm merges into Florida Rock, other than in connection with the Florida Rock merger, or

50% or more of Florida Rock s assets or earning power is sold or transferred,

each holder of a Florida Rock right shall thereafter have the right to receive, upon exercise and payment of the exercise price, common stock of the acquirer having a value equal to twice the exercise price.

Any rights that are or were owned by an acquirer of beneficial ownership of 15% or more of the outstanding Florida Rock common stock will be null and void.

At any time prior to the earlier of the date upon which a third party acquires, or obtains the right to acquire beneficial ownership of, 15% of the outstanding Florida Rock common stock, or September 30, 2009, the Florida Rock board of directors may redeem the rights in whole, but not in part, at a redemption price of $0.01 per right. Immediately upon the Florida Rock board of directors ordering the redemption of the rights, the rights will terminate and the holders of the rights will be entitled to receive only this redemption price.

The Florida Rock board of directors may amend any provision of the rights agreement without approval of the holders of the rights prior to the time a person becomes an acquiring person. After this date, the Florida Rock board may not amend the rights agreement in any manner that would adversely affect the interests of the holders of the rights.

Until a right is exercised, a holder of rights will have no rights as a Florida Rock shareholder, including the right to vote and to receive dividends, beyond its rights as an existing shareholder.

The Florida Rock rights may have anti-takeover effects. The rights will cause substantial dilution to a person or group that attempts to acquire 15% or more of the outstanding Florida Rock common stock without conditioning the offer on a substantial number of rights being acquired. Accordingly, the existence of the rights may deter acquirers from making takeover proposals or tender offers. The rights are not intended to prevent a takeover, but are designed to enhance the ability of Florida Rock s board to negotiate with an acquirer on behalf of all the shareholders. The rights should also not interfere with any merger or other business combination approved by the Florida Rock board of directors and the Florida Rock shareholders because the Florida Rock board of directors may redeem the rights.

The Florida Rock rights plan is inapplicable to the Florida Rock merger and the other transactions contemplated by the merger agreement.

Preemptive Rights

Holdco. Holdco s restated certificate of incorporation will state that holders of common stock have no preemptive rights and will authorize the Holdco board of directors to determine whether the preference shares would be entitled to preemptive rights before issuance of such shares.

Florida Rock. Florida Rock s restated articles of incorporation provide that holders of common stock have no preemptive rights.

Shareholder Voting

Holdco.

General. Each share of Holdco common stock will be entitled to one vote per share on all matters submitted to the shareholders. Generally, corporate actions taken by vote of Holdco shareholders will be authorized upon receiving the affirmative vote of a majority of the votes cast by all Holdco shareholders entitled to vote on such action. The election of directors will be determined by a plurality vote, as the nominees receiving the highest number of votes cast by Holdco shareholders will be elected to Holdco s board of directors.

Quorum. In general, a majority of the outstanding shares, represented in person or by proxy, at a shareholders meeting duly called will constitute a quorum for the transaction of business.

Table of Contents

Cumulative Voting. Holders of Holdco common stock will not have cumulative voting rights.

Class Voting. Under the NJBCA, voting by classes is only required for amendments to the certificate of incorporation that would adversely affect the holders of a class of shares by limiting their voting rights, preemptive rights, or rights to accrued dividends or by creating a class of shares that has rights superior to the holders of that class. Subject to the rights of any preferred stock that may be issued and other provisions requiring a higher shareholder vote, no other specific class voting rights will be provided under the restated certificate of incorporation or restated by-laws of Holdco.

Florida Rock.

General. Each share of Florida Rock common stock is entitled to one vote per share on all matters submitted to the shareholders. Generally, corporate actions taken by vote of Florida Rock s shareholders are authorized upon receiving the affirmative vote of a majority of the votes cast at the shareholders meeting on the subject matter. The election of directors is determined by a plurality vote, as the nominees receiving the highest number of votes cast by Florida Rock shareholders will be elected to Florida Rock s board of directors.

Quorum. A majority of the shares entitled to vote, represented in person or by proxy, constitutes a quorum at a shareholders meeting.

Cumulative Voting. Holders of Florida Rock common stock do not have cumulative voting rights.

Class Voting. Under the FBCA, voting by classes is only required for amendments to articles of incorporation that would: (i) effect an exchange or reclassification, or create a right of exchange, of all or part of the shares of the class into shares of another class, or shares of another class into the shares of the class; (ii) change the designation, rights, preferences, or limitations of all or part of the shares of the class; (iii) change the shares of all or part of the class into a different number of shares of the same class, (iv) create a new class or series having rights or preferences with respect to distribution or dissolution that are prior or superior to those of the shares held by them, or increase the rights or preferences of any other existing class or series with the same effect; (v) cancel or otherwise adversely affect dividends which have accrued but have not been declared on the shares held by them; or (vi) limit or deny their existing preemptive rights. Subject to the rights of any preferred stock that may be issued, no other specific class voting rights are provided under Florida Rock s restated articles of incorporation or restated bylaws.

Action by Written Consent

Holdco. The restated certificate of incorporation of Holdco will prohibit shareholder actions taken by written consent, unless agreed to by all shareholders entitled to vote.

Florida Rock. The restated articles of incorporation of Florida Rock prohibit shareholder actions taken by written consent.

Notice of Shareholders Meeting

Holdco. Consistent with the NJBCA, Holdco s restated by-laws will provide that written notice of the time, place and purposes of a meeting of shareholders must be given not less than 10 nor more than 60 days before the date of the meeting, either personally or by mail, to each shareholder of record entitled to vote at the meeting.

Florida Rock. Consistent with the FBCA, Florida Rock s restated bylaws provide that written notice of the time, place and purposes of a meeting of shareholders must be delivered not less than 10 nor more than 60 days before the date of the meeting, either personally or by mail, to each shareholder of record entitled to vote at such meeting.

Record Date

Holdco. Consistent with the NJBCA, Holdco s restated by-laws will provide that the board of directors may fix, in advance, a date as a record date for the purpose of determining the shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, to express consent to or dissent from any action without a meeting, for the purpose of determining shareholders entitled to receive payment of a dividend or allotment of any

Table of Contents

right, or for the purpose of any other action. The record date shall not be more than 60 days nor less than ten days before the date of such meeting, nor more than 60 days before any other action.

Florida Rock. The FBCA provides that the bylaws of a corporation may fix or provide the manner of fixing the record date in order to determine the shareholders entitled to notice of a meeting, to demand a special meeting, to vote or to take any other action. However, a record date may not be more than 70 days before the meeting or action requiring a determination of shareholders.

Florida Rock s restated bylaws provide that for the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or shareholders entitled to receive payment of any dividend or in order to make a determination of shareholders for any other proper purpose, the board of directors shall set a record date not less than ten days before the date on which the particular action, requiring such determination of shareholders, is to be taken. If no record date is fixed, the date on which notice of the meeting is mailed or the date on which the resolution of the board of directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. Consistent with the FBCA, the record date for determining shareholders entitled to demand a special meeting shall be the close of business on the date the first shareholder delivers his demand to Florida Rock.

Inspection of Shareholder Lists

Holdco. Under the NJBCA, a list of shareholders is required to be produced by a corporation and subject to inspection by its shareholders for reasonable periods during its annual meeting of the shareholders. In addition, any person who has been a shareholder of record for at least six months, or any person holding, or authorized in writing by the holders of, at least 5% of the outstanding shares of any class or series, has the right, upon at least five days written demand, to examine the minutes of shareholder proceedings and record of shareholders for any proper purpose.

Notwithstanding any of the foregoing, the courts have the power, upon proof by a shareholder of proper purpose, to compel the production for examination by the shareholder of the corporation s books and records of account, minutes, and record of shareholders. Holdco s restated certificate of incorporation and restated by-laws will not change these provisions.

Florida Rock. Under the FBCA, subject to certain exceptions, a list of shareholders is required to be available for inspection by shareholders for a period of 10 days prior to and at shareholder meetings. In addition, Florida corporations are required to maintain the following records, which any shareholder of record may, after at least five business days prior written notice, inspect and copy: (1) the articles of incorporation and bylaws, (2) certain board and shareholder resolutions, (3) certain written communications to shareholders, (4) names and addresses of current directors and officers and (5) the most recent annual report. In addition, shareholders of a Florida corporation are entitled to inspect and copy other books and records of the corporation during regular business hours if the shareholder gives at least five business days prior written notice to the corporation and (a) the shareholder s demand is made in good faith and for a proper purpose, (b) the demand describes with particularity its purpose and the records to be inspected or copied and (c) the requested records are directly connected with such purpose.

Inspection of Corporate Records

Holdco. Under the NJBCA, any person who has been a shareholder of record for at least six months preceding such shareholder s demand, or any person holding, or so authorized in writing by the holders of, at least five percent (5%) of the outstanding shares of any class or series, upon at least five (5) days written demand shall have the right for any proper purpose to examine and copy, during business hours, the minutes of shareholder proceedings and the records of the shareholders. The restated certificate of incorporation of Holdco will provide that the board of directors will have

the power to determine to what extent and at what times and places and under what conditions the books or records of Holdco shall be open to the inspection of shareholders. The restated certificate of incorporation will further provide that no shareholder has any right to inspect any account, book or document of Holdco, except as conferred by statute or by the board of directors.

Table of Contents

Florida Rock. Under the FBCA, a shareholder is generally entitled to inspect and copy, during regular business hours, the corporate records of the corporation if the shareholder gives the corporation written notice of his or her demand at least five business days before the date on which such shareholder wishes to inspect and copy the records. Fifteen business days notice is required for a shareholder wishing to inspect a corporation s bylaws or a list of names and business addresses of the corporation s current officers and directors. Florida s Rock s restated bylaws provide that shareholders may review and inspect voting lists in accordance with the FBCA.

Ability to Call Special Meetings of Shareholders

Holdco. Special meetings of the shareholders may be called by the board of directors, the chairman of the board, or the chief executive officer. The NJBCA also authorizes the Superior Court for good cause shown to order a special meeting of shareholders upon the application of the holder or holders of not less than 10% of all the shares entitled to vote at a meeting.

Florida Rock. Special meetings of the shareholders may be called by the president or board of directors, and will be called by the president or secretary at the request of at least 50% of the holders of all outstanding stock entitled to vote at the meeting. The request must state the purpose of the meeting.

Amendment to Governing Documents

Holdco.

Amendment of Certificate of Incorporation. Generally, under the NJBCA, an amendment to Holdco s restated certificate of incorporation will require approval by the affirmative vote of a majority of the votes cast by the shareholders entitled to vote thereon. An amendment to certain provisions of the Holdco restated certificate of incorporation requires the affirmative vote by holders of at least 80% of the voting power of the outstanding capital stock of the corporation entitled to vote, voting together as a single class. Provisions protected by this supermajority vote include provisions relating to the size and classification of the board, vacancies on the board, removal from the board, requirement for shareholders meetings and exception for unanimous written consent and certain amendments to the restated certificate of incorporation.

Amendment of By-laws. The restated by-laws of Holdco will provide that such by-laws may be amended, altered or repealed and new by-laws may be adopted: (1) except for by-laws adopted by the shareholders which by their terms cannot be altered, amended, or repealed by the board, at any meeting of the board of directors by a majority vote of the members of the board; or (2) at any meeting of the shareholders by a majority of the votes cast by the holders of shares entitled to vote thereon.

Florida Rock.

Amendment of Articles of Incorporation. Under the FBCA, with the limited exception of certain non-substantive amendments that can be effected by a corporation s board of directors without shareholder approval, a corporation s board of directors may propose one or more amendments to the articles of incorporation for submission to the shareholders. For the amendment to be adopted, the board of directors must recommend the amendment to the shareholders, unless the board of directors determines that because of conflict of interest or other special circumstances it should make no recommendation and communicates the basis for its determination to the shareholders with the amendment, and the shareholders entitled to vote on the amendment must approve the amendment. Unless the FBCA, the restated articles of incorporation or the board of directors requires a greater vote, the amendment to be adopted by shareholders must be approved by a majority of the votes entitled to be cast on the

amendment. The board of directors may condition its submission of the proposed amendment on any basis.

Amendment of By-laws. The Florida Rock restated bylaws may be amended consistent with bylaws adopted by shareholders, or any part of the restated bylaws that has not been adopted by the shareholders may be repealed, by the board of directors at any regular or special meeting of the board. The restated bylaws may be amended or repealed by the shareholders at any meeting of the shareholders by a majority of the votes cast by shareholders entitled to vote thereon, if such proposed action was included in the notice of the meeting or is waived in writing by a majority of the shareholders entitled to vote thereon.

Table of Contents

Size and Classification of the Board of Directors

Holdco. Immediately following the mergers, the board of directors of Holdco will consist of the Vulcan directors as of the time of the mergers. On the day following the completion of the mergers, the board of directors of Holdco will be expanded to include John D. Baker II, Florida Rock s current President and Chief Executive Officer and a director of Florida Rock. The Holdco restated certificate of incorporation will provide that the number of directors must not be less than nine nor more than twenty-one directors, with the actual number of directors to be fixed, from time to time, by resolution adopted by a majority of the entire board of directors. The Holdco restated by-laws will provide that the number of directors will be limited to at least nine, but no more than twelve directors, with the actual number of directors to be fixed, from time to time, by resolution adopted by a majority of the entire board of directors. Holdco s restated certificate of incorporation and restated by-laws will provide for a staggered board of directors divided into three classes with the term of office of one class expiring in each year and the number of directors in each class being as nearly equal as possible.

Florida Rock. Currently, Florida Rock has twelve directors. Florida Rock s restated articles of incorporation and restated bylaws provide that the board of directors will consist of a number of directors fixed from time to time by the Florida Rock board of directors, but may not be less than three. The restated articles of incorporation of Florida Rock provide for a staggered board of directors, consisting of three classes with each class consisting of four directors.

Qualifications of Directors

Holdco. Holdco directors must be at least 25 years of age but do not have to be New Jersey residents or shareholders of Holdco. Employee directors will be required to resign from the board of directors at the next annual meeting following their 65th birthday (except the chief executive officer will be permitted to remain on the board of directors until the annual meeting following his or her 69th birthday) and inside directors are required to resign at the next annual meeting following their 72nd birthday. An inside director is one who is or has been in the full-time employment of Holdco, and an outside director is any other director.

Florida Rock. The FBCA requires Florida Rock s directors to be at least 18 years of age. Directors need not be Florida residents. The restated bylaws of Florida Rock require that all directors be shareholders of Florida Rock.

Shareholder Nominations of Directors

Holdco. None of the NJBCA, Holdco s restated certificate of incorporation or Holdco s restated by-laws contain specific provisions with respect to nomination of directors by shareholders. Holdco shareholders will be able to nominate directors in accordance with Regulation 14A under the Exchange Act.

Florida Rock. Under the restated articles of incorporation of Florida Rock, in order for a shareholder to nominate persons for election as directors of Florida Rock, a nomination must be made pursuant to timely notice in writing to the secretary of Florida Rock. To be timely, a shareholder s notice shall be delivered to or mailed and received at the principal executive offices of Florida Rock not less than forty days prior to an annual meeting, provided that in the event that less than fifty days notice or prior public disclosure of the date of the meeting is given or made to shareholders, notice by the shareholder to be timely must be received not later than the close of business on the tenth day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made.

Such shareholder s notice to the secretary shall set forth, as to each person whom the shareholder proposes to nominate for election as a director:

the name, age, business address and residence address of such person;

the principal occupation or employment of such person;

the class and number of any shares of Florida Rock or any subsidiary of Florida Rock which are beneficially owned by such person; and

Table of Contents

any other information relating to such person that is required to be disclosed in solicitations for proxies for election of directors pursuant to any then-existing rule or regulation promulgated under the Exchange Act.

The notice shall also set forth the term and class of directors for which the nomination is made and, as to the shareholder giving the notice:

the name and record address of such shareholder; and

the class and number of shares of the corporation which are beneficially owned by such shareholder.

Florida Rock may require any proposed nominee to furnish such other information as may reasonably be required by Florida Rock to determine the eligibility of such proposed nominee as a director. No person shall be eligible for election as a director unless nominated in accordance with these requirements.

Removal of Directors

Holdco. The Holdco restated certificate of incorporation will provide that the board may remove a director for cause by the affirmative vote of a majority of the directors in office when, in such majority s judgment, the director s continuation in office would be harmful to Holdco, and that the board may suspend the director for a reasonable period pending final determination that cause exists for removal.

Florida Rock. The restated articles of incorporation and restated bylaws of Florida Rock provide that a director may be removed from office only for cause. Cause is defined as conviction of a felony, declaration of unsound mind by court order, adjudication of bankruptcy, non-acceptance of office, or the entry of a non-appealable final judgment by a court of competent jurisdiction holding the director liable for negligence or misconduct in the performance of his or her duty to Florida Rock in a matter of substantial importance to the corporation.

Vacancies on the Board of Directors

Holdco. Under the NJBCA, unless otherwise provided in the certificate of incorporation or the by-laws, vacancies on a board of directors and newly created directorships resulting from an increase in the authorized number of directors may be filled by the affirmative vote of a majority of the remaining directors, even if less than a quorum, or by the sole remaining director. A director so elected shall hold office until the next succeeding annual meeting of shareholders and until his or her successor shall have been elected and qualified.

The restated certificate of incorporation of Holdco will provide that, subject to the rights of any series of preferred shareholders, any vacancies on the Holdco board of directors will be filled by the affirmative vote of a majority of the remaining directors even if those directors do not constitute a quorum, or by a sole remaining director. The directors elected to fulfill a vacancy will have a term of office expiring at the next annual meeting. Holdco s restated by-laws will provide that any directorship that is to be filled by reason of an increase in the authorized number of directors may be filled by the affirmative vote of two-thirds of the directors then in office.

Florida Rock. Under the FBCA, unless otherwise provided in the restated articles of incorporation, vacancies on a board of directors and newly created directorships resulting from an increase in the authorized number of directors may be filled by an affirmative vote of a majority of the remaining directors, though less than a quorum, or by the shareholders. A director so elected shall hold office until the next succeeding annual meeting of shareholders and until his or her successor shall have been elected and qualified. However, where shareholders of any voting group are entitled to elect a class of one or more directors by the provisions of the restated articles of incorporation, vacancies in

such class may be filled by the shareholders of that voting group or by a majority of the directors then in office elected by such voting group or by a sole remaining director so elected. Unless the restated articles of incorporation provide otherwise, if no director elected by such voting group remains in office, then directors not elected by such voting group may fill vacancies.

The restated articles of incorporation and restated bylaws of Florida Rock provide that any vacancies on the board of directors of Florida Rock may be filled by the affirmative vote of a majority of the directors then in office, even if those directors do not constitute a quorum. Any director of any class elected to fill a vacancy, including a vacancy resulting from an increase in the number of directors, will hold office for a term coinciding with the

Table of Contents

remaining term of the class. The directors elected to fill a vacancy will have a term of office expiring at the annual meeting for the year in which his or her term expires and until his or her successor has been elected and qualified.

Limitation of Personal Liability of Directors and Officers

Holdco. The restated certificate of incorporation of Holdco will provide that neither a director nor an officer will be personally liable to Holdco or its shareholders for monetary damages for breach of any duty owed as a director or officer, except to the extent that the exemption from or limitation of liability is not permitted under the NJBCA.

The NJBCA provides that a corporation may include in its certificate of incorporation a provision eliminating or limiting the personal liability of a director or officer to the corporation or its shareholders for damages for breach of any duty owed to the corporation or its shareholders. However, the provision may not eliminate or limit the personal liability of a director or officer for any breach of duty based on an act or omission:

in breach of the officer s or director s duty of loyalty to the corporation or its shareholders, which the director or officer knows or believes to be contrary to the best interests of the corporation or its shareholders in connection with a matter in which the director or officer has a material conflict of interest;

not in good faith or involving a knowing violation of law; or

resulting in receipt by the officer or director of an improper personal benefit.

Florida Rock. The FBCA provides that a director is not personally liable for monetary damages to the corporation or any other person for any statement, vote, decision or failure to act, regarding corporate management or policy, by a director, unless the director breached or failed to perform his or her duties as a director and the director s breach of, or failure to perform, those duties constitutes:

a violation of the criminal law, unless the director had reasonable cause to believe his or her conduct was lawful or had no reasonable cause to believe his or her conduct was unlawful;

a transaction from which the director derived an improper personal benefit;

unlawful payment of distributions;

in a proceeding by or in the right of the corporation, a conscious disregard for the best interest of the corporation, or willful misconduct; or

in a proceeding by or in the right of someone other than the corporation or a shareholder, recklessness or an act or omission which was committed in bad faith or with malicious purpose or in a manner exhibiting wanton and willful disregard of human rights, safety, or property.

Subject to the limitations imposed by law, the Florida Rock restated bylaws provide that no person will be liable to Florida Rock for loss or damage from any action taken or omitted to be taken in good faith as a director or officer if such person exercised a certain degree of care or relied upon certain advice or statements which he or she had reasonable grounds to believe.

Indemnification of Directors and Officers

Holdco. The NJBCA provides that, subject to certain limitations and with the exception of actions brought by or in the right of a corporation by its shareholders in its name, a corporation may indemnify any person against expenses and liabilities incurred in connection with any action, suit or proceeding involving the person by reason of his being or having been a director, officer, employee or agent of the corporation, or serving in that capacity for another enterprise at the request of the corporation. In each instance, unless ordered by a court, indemnification must be authorized by a majority vote of a quorum consisting of directors who were not parties to or otherwise involved in the proceeding, if such quorum is not obtainable (or if obtainable and so directed by a majority of the

disinterested directors) by independent legal counsel in a written opinion or by the shareholders. Indemnification is only permitted if the person:

acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation; and

in a criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful.

The NJBCA also permits indemnification by a corporation under similar circumstances for expenses paid or incurred by directors, officers, employees or agents in connection with actions brought by or in the right of the corporation by its shareholders in its name, except that no indemnification may be made in respect of any claim, issue or matter as to which the person is adjudged to be liable to the corporation unless the New Jersey Superior Court or the court in which the action was brought determines upon application that the person is fairly and reasonably entitled to indemnity for the expenses which the court deems to be proper.

The NJBCA requires a corporation to indemnify a director, officer, employee or agent against expenses if the director, officer, employee or agent has been successful on the merits or otherwise in any such action, suit or proceeding or in defense of any related claim, issue or matter. Expenses paid or incurred by a director, officer, employee or agent in connection with any action, suit or proceeding may be paid in advance of the final disposition of the action, suit or proceeding upon receipt of an undertaking by or on behalf of that person to repay the amount if it is ultimately determined that that person is not entitled to indemnification.

Holdco s restated by-laws will require Holdco to indemnify and hold harmless any director, officer, employee or agent of Holdco to the full extent permitted under the NJBCA.

Florida Rock. Under the FBCA, a corporation may indemnify any person who was or is a party to any proceeding (other than an action by, or in the right of, the corporation), by reason of the fact that he or she is or was a director, officer, employee or agent of the corporation, or serving in that capacity for another enterprise at the request of the corporation, if he or she acted in good faith and in a manner that he or she reasonably believed to be in, or not opposed to, the best interests of the corporation, and in criminal proceedings, had no reasonable cause to believe his or her conduct was unlawful. In the case of shareholder derivative suits, the corporation may indemnify a director or officer if he or she acted in good faith and in a manner that he or she reasonably believed to be in, or not opposed to, the best interests of the corporation, except that no indemnification may be made in respect of any claim, issue or matter as to which such individual has been adjudged to be liable to the corporation, unless and only to the extent that the court in which the action was brought, or any other court of competent jurisdiction, determines, upon application, that, in view of all the circumstances of the case, the individual is fairly and reasonably entitled to indemnity for the portion of the settlement amount and expenses as the court deems proper.

Any director or officer who has been successful on the merits or otherwise in the defense of a civil or criminal action or proceeding will be entitled to indemnification. Except as provided in the preceding sentence, unless ordered by a court, any indemnification under the FBCA as described in the immediately preceding paragraph may be made only if authorized in the specific case and after a finding that the director or officer met the requisite standard of conduct by a majority of the disinterested directors if a quorum is available, or, if the quorum so directs or is unavailable, by (1) the board of directors upon the written opinion of independent legal counsel or (2) the shareholders.

The restated articles of incorporation require Florida Rock to indemnify directors and officers from all claims and liabilities to which they become subject by reason of their service as a director or officer in accordance with Florida law. Florida Rock has entered into indemnification agreements with each of its directors and officers requiring Florida Rock to indemnify them to the full extent permitted under Florida law.

Transactions Involving Officers or Directors

Holdco. The NJBCA provides that a corporation may lend money to, or guarantee any obligation of, or otherwise assist, any director, officer or employee of the corporation or of any subsidiary, if, in the judgment of the directors, such loan, guarantee or assistance may reasonably be expected to benefit the corporation.

Table of Contents

Any contract or transaction between a corporation and one or more of its directors or between a corporation and another corporation, firm or association in which one or more of its directors is a director or otherwise interested is neither void nor voidable solely by reason of such common directorship or interest, or solely because such interested director or directors are present at the meeting of the board or board committee which authorizes or approves the contract or transaction, or solely because his or their votes are counted for such purpose, if any one of the following is true:

- the contract or other transaction is fair and reasonable as to the corporation at the time it is authorized, approved or ratified; or
- the fact of the common directorship or interest is disclosed or known to the board or committee and the board or committee authorizes, approves, or ratifies the contract or transaction by unanimous written consent, provided at least one director so consenting is disinterested, or by affirmative vote of a majority of the disinterested directors, even if less than a quorum; or
- the fact of the common directorship or interest is disclosed or known to the shareholders, and they authorize, approve or ratify the contract or transaction.

Florida Rock. Under the FBCA, a corporation may lend money to, guarantee any obligation of, or otherwise assist, any director, officer or employee of the corporation or of a subsidiary, if, in the judgment of the directors, such loan, guaranty or assistance may reasonably be expected to benefit the corporation.

Florida Rock s restated articles of incorporation provide that no contract, act or other transaction between Florida Rock and any other persons, firm or corporation, in the absence of fraud, will be invalidated, vitiated or in any way affected by the fact that any one of the directors of Florida Rock is or are (i) a party or parties to or interested in such contract, act or transaction or (ii) interested in or a director or officer of such other corporation.

Similarly, under the FBCA, no contract or transaction between a corporation and any of its directors, or any other corporation, firm, association or entity in which any of its directors is a director or officer or financially interested is void or voidable for this reason alone, or by presence of the director at any meeting approving the transaction, or by the director s vote being counted for approval of the transaction if:

- the interest of the director is disclosed or otherwise known to the board of directors or committee that authorized the transaction by sufficient vote (without counting the interested director s vote); or
- the interest of the director is disclosed or otherwise known to the shareholders and the shareholders approve or ratify the transaction; or
- the transaction is fair and reasonable as to the corporation at the time it was approved by the board of directors, a committee or the shareholders.

Appointment and Removal of Officers

Holdco. Under the NJBCA, the officers of a corporation shall consist of a president, secretary, treasurer, and, if desired, a chairman of the board, one or more vice presidents, and such other officers as may be prescribed by the by-laws. Unless otherwise provided in the by-laws, the officers shall be elected by the board.

Holdco s restated by-laws will provide that the board of directors shall elect annually the officers of Holdco, including a chairman of the board, a president, one or more vice presidents, a general counsel, a secretary, a treasurer and a controller. From time to time, the board or the chief executive officer of Holdco may appoint one or more assistants to any of such offices, including assistant secretaries, treasurers and controllers, as appropriate.

Consistent with the NJBCA, any Holdco officer may be removed from office at any time, with or without cause, by the affirmative vote of the members of the board of directors; provided, however; that any Holdco officer appointed by the chief executive officer may be removed from office by the chief executive officer.

Florida Rock. The FBCA provides that a corporation shall have the officers provided in its bylaws. Florida Rock s restated bylaws provide that the officers shall be: a president, one or more vice presidents, a secretary and a treasurer, each of whom shall be elected by the board of directors. The board of directors may elect or appoint such

Table of Contents

other officers and assistant officers as it deems necessary. Florida Rock s officers shall be elected annually by the board of directors. Consistent with the FBCA all officers may be removed by the board of directors at any time, with or without cause.

Mergers, Acquisitions, Asset Purchases and Certain Other Transactions

Holdco. Under the NJBCA, a merger, consolidation or sale of all or substantially all of a corporation s assets must be approved by the board of directors. Upon such approval of merger, plan of consolidation or sale of assets, the board is required to direct that the transaction be submitted to a vote at a meeting of shareholders. Written notice shall be given at least 20 but not later than 60 days before such meeting to each shareholder of record.

At each such meeting, a vote of the shareholders shall be taken on the proposed sale of assets or plan of merger or consolidation. Such sale of assets or plan of merger or consolidation shall be approved upon receiving the affirmative vote of a majority of votes cast, and, in addition, if any class or series is entitled to vote thereon as a class, the affirmative vote of a majority of the votes cast in each class vote. Any class or series of shares is entitled to vote as a class if the plan of merger or consolidation, as the case may be, contains any provision which, if contained in a proposed amendment to the certificate of incorporation, would entitle the class or series of shares to vote as a class unless the provision is one which could be adopted by the board without shareholder approval.

However, the approval of the shareholders of a surviving corporation is not required to authorize a merger (unless its certificate of incorporation otherwise provides) if:

- the plan of merger does not make an amendment to the certificate of incorporation of the surviving corporation which is required by the NJBCA to be approved by the shareholders;

- each shareholder of the surviving corporation whose shares were outstanding immediately before the effective date of the merger will hold the same number of shares, with identical designations, preferences, limitations, and rights, immediately after;

- the number of voting shares outstanding immediately after the merger, plus the number of voting shares issuable on conversion of other securities or on exercise of rights and warrants issued pursuant to the merger, will not exceed by more than 40% the total number of voting shares of the surviving corporation outstanding immediately before the merger; and

- the number of participating shares outstanding immediately after the merger, plus the number of participating shares issuable on conversion of other securities or on exercise of rights and warrants issued pursuant to the merger, will not exceed by more than 40% the total number of participating shares of the surviving corporation outstanding immediately before the merger.

Holdco s restated certificate of incorporation and restated by-laws will not change these provisions.

Florida Rock. Under the FBCA, a merger, share exchange or sale of all or substantially all of the assets of a corporation requires (a) the board of directors to adopt and (b) the shareholders to approve, by affirmative vote of a majority of the outstanding stock of the corporation entitled to vote thereon, a plan of merger, share exchange or sale of all or substantially all of the corporation s assets. The FBCA allows the board of directors or the articles of incorporation to establish a higher vote requirement.

Unless otherwise required by the articles of incorporation, the FBCA does not require approval of a merger by the shareholders of the surviving corporation if:

the articles of the surviving corporation will not differ, with certain exceptions, from its articles before the merger and each shareholder of the surviving corporation whose shares were outstanding immediately prior to the merger will hold the same number of shares, with identical designations, preferences, limitations and relative rights, immediately after the merger; and

the merger is of a subsidiary into a parent, provided the parent owns at least 80% of the subsidiary.

Table of Contents

The restated articles of incorporation of Florida Rock require the affirmative vote of the holders of at least 75% of the shares of stock entitled to vote thereon for the approval or authorization of certain business combinations with related parties.

Anti-Takeover Provisions

Holdco.

Holdco s Restated Certificate of Incorporation. Holdco s restated certificate of incorporation will provide that business combinations with interested shareholders require the affirmative vote of the holders of at least 80% of the outstanding shares of capital stock of Holdco issued and outstanding and entitled to vote.

New Jersey Corporation Takeover Bid Disclosure Law. The New Jersey Corporation Takeover Bid Disclosure Law requires, among other things, that any person making an offer to purchase in excess of 10% (or such amount which, when aggregated with such person s present holdings, exceeds 10% of any class of equity securities) of any corporation or other issuer of securities organized under the laws of New Jersey, within 20 days before the offer is made, file a disclosure statement with the target company and with the Bureau of Securities of the Division of Consumer Affairs of the New Jersey Department of Law and Public Safety (the Bureau). These provisions do not apply to an offer as to which the target company s board of directors recommends acceptance to its shareholders.

Such a takeover bid may not proceed until after the receipt by the filing party of the Bureau s permission. Such permission may not be denied unless the Bureau, after a public hearing, finds that (i) the financial condition of the offeror is such as to jeopardize the financial stability of the target company or prejudice the interests of any employees or security holders who are unaffiliated with the offeror, (ii) the terms of the offer are unfair or inequitable to the security holders of the target company, (iii) the plans and proposals which the offeror has to make any material change in the target company s business, corporate structure, or management are not in the interest of the target company s remaining security holders or employees, (iv) the competence, experience and integrity of those persons who would control the operation of the target company are such that it would not be in the interest of the target company s remaining security holders or employees to permit the takeover, or (v) the terms of the takeover bid do not comply with certain provisions of the New Jersey Corporation Takeover Bid Disclosure Law.

New Jersey Shareholders Protection Act. Under the New Jersey Shareholders Protection Act certain business combinations between a resident domestic corporation and its interested shareholders are restricted. An interested stockholder generally is (i) a person that beneficially owns 10% or more of the voting power of the corporation, or (ii) an affiliate or associate of the corporation that held a 10% or greater beneficial ownership interest at any time within the prior five years. A business combination includes any merger or consolidation of the resident domestic corporation or any of its subsidiaries with the interested stockholder or a corporation affiliated or associated with the interested stockholder. Business combinations also include any sale, lease, exchange, mortgage, pledge, transfer or other disposition to or with the interested stockholder or its affiliate or associate of more than 10% of the corporation s assets; the issuance or transfer to the interested stockholder or its affiliate or associate of stock with a value greater than 5% of the corporation s outstanding stock; the adoption of a plan of liquidation or dissolution pursuant to an arrangement or agreement with the interested stockholder or its affiliate or associate; and various other significant transactions.

The New Jersey Shareholders Protection Act does not apply to a business combination with an interested stockholder if the corporation was not listed on a national securities exchange at the time the interested stockholder acquired his or its 10% interest in the corporation (the share acquisition date). Otherwise, the Act generally prohibits a resident domestic corporation from engaging in a business combination with an interested stockholder for a period of five

years following the share acquisition date unless the business combination is approved by the corporation s board of directors prior to the share acquisition date. In addition to the five-year restriction reference previously, a business combination with an interested stockholder is prohibited at any time unless any one of the following three conditions are satisfied:

the board of directors approves the business combination prior to the share acquisition date;

the holders of two-thirds of the corporation s voting stock not beneficially owned by the interested stockholder approve the business combination by an affirmative vote; or

Table of Contents

the transaction meets certain requirements designed to ensure, among other things, that the shareholders unaffiliated with the interested stockholder receive for their shares the higher of (i) the maximum price paid by the interested stockholder during the five years preceding the announcement date or the date the interested stockholder became such, whichever is higher, or (ii) the market value of the corporation s common stock on the announcement date or the interested stockholder s share acquisition date, whichever yields a higher price.

Florida Rock.

Florida Rock s Restated Articles of Incorporation. The restated articles of incorporation of Florida Rock require the affirmative vote of the holders of at least seventy-five percent (75%) of the shares of stock entitled to vote thereon for the approval or authorization of certain business combinations with related parties.

Affiliated Transactions. The FBCA contains provisions governing affiliated transactions designed to deter uninvited takeovers of Florida corporations. Under these provisions, an affiliated transaction must be approved by the affirmative vote of the holders of two-thirds of the voting shares, other than shares beneficially owned by the interested shareholder, except for certain exceptions discussed below. An interested shareholder is any holder of more than 10% of the outstanding voting shares of the corporation. An affiliated transaction includes any merger or consolidation of the corporation or any of its subsidiaries with the interested shareholder or a corporation affiliated or associated with the interested shareholder. Affiliated transactions also include any sale, lease, exchange, mortgage, pledge, transfer or other disposition to or with the interested shareholder or its affiliate or associate of more than 5% of the corporation s assets; the issuance or transfer to the interested shareholder or its affiliate or associate of stock with a value greater than 5% of the corporation s outstanding stock; the adoption of a plan of liquidation or dissolution pursuant to an arrangement or agreement with the interested shareholder or its affiliate or associate; and various other significant transactions.

Shareholder approval of an affiliated transaction is not required, however, if:

the affiliated transaction has been approved by a majority of the disinterested directors;

the corporation has not had more than 300 shareholders of record at any time during the three years preceding the announcement date;

the interested shareholder has been the beneficial owner of at least 80% of the corporation s outstanding voting shares for at least five years preceding the announcement date;

the interested shareholder is the beneficial owner of at least 90% of the outstanding voting shares, excluding shares acquired directly from the corporation in transactions not approved by a majority of the disinterested directors;

the corporation is an investment company registered under the Investment Company Act of 1940; or

the price paid to shareholders in connection with the affiliated transaction meets the statutory test of fairness.

Control Share Acquisitions. In addition, the FBCA provides that any acquisition by a person, either directly or indirectly, of ownership of, or the power to direct the voting of 20% or more (control shares) of the outstanding voting securities of, a corporation is a control-share acquisition.

The FBCA provides that shares acquired in a control-share acquisition will have the same voting rights as were accorded such shares before the control share acquisition only to the extent granted by resolution approved by shareholders. To be approved, the resolution must be approved by each class or series entitled to vote separately on the proposal by a majority of all votes entitled to be cast by the class or series (exclusive of shares held by officers of such corporation, inside directors or the acquiring party). Any person who proposes to make or has made a control-share acquisition may at the person s election deliver an acquiring person statement to the target corporation and request a special meeting of the shareholders for the purpose of considering the voting rights to be accorded to the control shares. A special meeting of shareholders must be held by the corporation to approve a control-share acquisition within fifty days after a request for such meeting is submitted by the person seeking to acquire control.

Table of Contents

If authorized in a corporation s articles of incorporation or bylaws before a control-share acquisition has occurred and if no acquiring person statement has been filed with the corporation, control shares acquired in a control-share acquisition may, at any time for a period of 60 days after the last acquisition of control shares, be subject to redemption by the corporation at the fair value of the shares. Control shares acquired in a control-share acquisition are not subject to redemption after an acquiring person statement has been filed unless the shares are not accorded full voting rights by the shareholders.

The Florida Rock restated articles of incorporation have opted out of the control share acquisition provisions of the FBCA.

Rights of Dissenting Shareholders

Holdco. Under the NJBCA, dissenting shareholders who comply with certain procedures are entitled to appraisal rights in connection with the merger, consolidation or sale, lease, exchange or other disposition of all or substantially all of the assets of a corporation not in the usual or regular course of business, unless the certificate of incorporation otherwise provides. However, a shareholder shall not have the right to dissent when (unless the certificate of incorporation provides otherwise) (i) the shares to vote on such transaction are listed on a national securities exchange or held of record by 1,000 or more shareholders (or shareholders receive in such transaction cash and/or securities which are listed on a national securities exchange or held of record by 1,000 or more shareholders) or (ii) no vote of the corporation s shareholders is required for the proposed transaction.

Florida Rock. Under the FBCA, dissenting holders of common stock who follow prescribed statutory procedures are entitled to appraisal rights in certain circumstances, including in the case of a merger or share exchange, a sale of all of substantially all the assets of a corporation or amendments to the articles of incorporation that adversely affect the rights or preferences of such shareholder. These rights are not provided when the dissenting shareholders are shareholders of a corporation surviving a merger where no vote of the shareholders is required for the merger, or if the shares of the corporation are listed on a national securities exchange, designated as a national market system security by the National Association of Securities Dealers, Inc. or held of record by more than 2,000 shareholders and have a value in excess of $10 million, excluding the value of shares held by subsidiaries, senior executives, directors and shareholders owning more than 10 percent of the shares.

Dividends

Holdco. Under the NJBCA, subject to any restrictions contained in the certificate of incorporation, a corporation may, from time to time, by resolution of its board, pay dividends on its shares in cash, in its own shares, in its bonds or in other property, including the shares or bonds of other corporations. However, a corporation may not pay dividends if after paying dividends:

the corporation would be unable to pay its debts as they become due in the usual course of its business; or

its total assets would be less than its total liabilities.

Florida Rock. Florida Rock s restated bylaws permit the corporation to pay dividends to its shareholders on approval of its board of directors in the manner and on the terms prescribed by its restated articles of incorporation and the FBCA without impairing the business of the corporation and as the business and profits of the corporation may justify.

Under the FBCA, a corporation may not pay dividends to its shareholders, if, after giving effect to the dividend, either:

the corporation would not be able to pay its debts as they become due in the usual course of business; or

the corporation s total assets would be less than the sum of its total liabilities plus (unless the articles of incorporation permit otherwise) the amount that would be needed, if the corporation were to be dissolved at the time of the distribution, to satisfy the preferential dissolution rights of shareholders whose preferential rights are superior to those receiving the distribution.

Table of Contents

LEGAL MATTERS

William F. Denson III, Esq., counsel for Vulcan, will pass on the validity of the Holdco common stock to be issued to Florida Rock shareholders in the Florida Rock merger. It is a condition to the completion of the mergers that Vulcan receive an opinion from Wachtell, Lipton, Rosen & Katz to the effect that the Vulcan merger will not be a taxable transaction for U.S. federal income tax purposes and Florida Rock receive an opinion from Weil, Gotshal & Manges LLP, counsel to Florida Rock, to the effect that the mergers will constitute exchanges to which Section 351 of the Internal Revenue Code applies. Please see The Merger Agreement Conditions to the Completion of the Mergers and The Mergers Material Federal Income Tax Consequences.

EXPERTS

The consolidated financial statements and the related financial statement schedule and management s report on the effectiveness of internal control over financial reporting of Vulcan and its subsidiary companies included in this proxy statement/prospectus, and the financial statements from which the Selected Historical Financial Data included in this proxy statement/prospectus have been derived have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports appearing herein (which reports (1) express an unqualified opinion on the financial statements and financial statement schedule and include an explanatory paragraph referring to Vulcan s adoption of SFAS 123(R), Share-Based Payment; SFAS 158, Employer s Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R); and EITF Issue No. 04-6, Accounting for Stripping Costs Incurred During Production in the Mining Industry, (2) express an unqualified opinion on management s assessment regarding the effectiveness of internal control over financial reporting, and (3) express an unqualified opinion on the effectiveness of internal control over financial reporting). Such financial statements, related financial statement schedule, management s report on the effectiveness of internal control over financial reporting and Selected Historical Financial Data have been included herein in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements and schedules of Florida Rock as of September 30, 2006 and 2005, and for the years then ended, and Florida Rock management s assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting as of September 30, 2006, have been incorporated by reference herein in reliance upon the reports of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing. The audit report covering the September 30, 2006 financial statements refers to a change in the method of computing share-based compensation as of October 1, 2005.

The financial statements and the related financial statement schedules of Florida Rock for the year ended September 30, 2004 incorporated in this proxy/prospectus by reference from Florida Rock s Annual Report on Form 10-K for the year ended September 30, 2006 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference, and have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

SHAREHOLDER PROPOSALS

From time to time, certain Florida Rock shareholders submit proposals they believe should be voted upon by the shareholders. The SEC has adopted regulations that govern the inclusion of such proposals in the annual meeting proxy materials.

Florida Rock will hold a 2008 annual meeting of shareholders only if the Florida Rock merger has not already been completed. If such a meeting is held, shareholder proposals for inclusion in Florida Rock s proxy statement and form of proxy relating to the Florida Rock 2008 annual meeting of shareholders must be received by Florida Rock at its corporate offices in Jacksonville, Florida by August 29, 2007. Florida Rock may solicit proxies in connection with the annual meeting which confer discretionary authority to vote on any shareholder proposals of which Florida Rock does not receive notice by November 12, 2007.

Table of Contents

WHERE YOU CAN FIND MORE INFORMATION

Vulcan and Florida Rock file annual, quarterly and special reports, proxy statements and other information with the SEC under the Exchange Act. You may read and copy this information at the SEC s Public Reference Room, 100 F Street, N.E., Washington, D.C. 20549, or at the SEC s public reference rooms in New York, New York or Chicago, Illinois. You may also obtain copies of this information by mail from the Public Reference Section of the SEC, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. The SEC also maintains an Internet website that has reports, proxy statements and other information about issuers, like Florida Rock and Vulcan, that make electronic filings with the SEC. The address of that site is www.sec.gov.

Holdco filed a registration statement on Form S-4 to register with the SEC the Holdco common stock to be issued to Florida Rock shareholders in the Florida Rock merger. This proxy statement/prospectus is a part of that registration statement and constitutes a prospectus of Holdco in addition to being a proxy statement of Florida Rock for the special meeting. In addition, we have attached certain filings made by Vulcan with the SEC as Annexes to this proxy statement/prospectus. As permitted by the SEC rules, this proxy statement/prospectus does not contain all the information that you can find in the registration statement or the exhibits to that statement.

The SEC allows us to incorporate by reference information into this proxy statement/prospectus. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this document, except for any information superseded by information in this document. This proxy statement/prospectus incorporates by reference the documents set forth below that we have previously filed with the SEC. These documents contain important information about our companies and their financial performance.

You may also find more information by visiting the Vulcan and Florida Rock websites at www.vulcanmaterials.com and www.flarock.com, respectively.

Florida Rock SEC Filings

(File No. 001-07159)	**Period**
Annual Report on Form 10-K	Fiscal year ended September 30, 2006
Quarterly Reports on Form 10-Q	Quarter ended December 31, 2006
Proxy Statement on Schedule 14A	Annual meeting held February 7, 2007
Current Reports on Form 8-K	October 11, 2006, December 13, 2006, February 21, 2007, February 27, 2007
Description of Florida Rock s common stock set forth in Florida Rock s registration statements filed pursuant to Section 12 of the Exchange Act, including any amendment or report filed for the purpose of updating such description	Filed on February 17, 1998

We are also incorporating by reference additional documents that Florida Rock files with the SEC between the date of this proxy statement/prospectus and the later of the date of the special meeting and the election deadline.

Vulcan has supplied all information contained in or found in an Annex to this proxy statement/prospectus relating to Vulcan, and Florida Rock has supplied all information contained or incorporated by reference in this proxy

statement/prospectus relating to Florida Rock.

You may already have been sent some of the documents incorporated by reference, but you can obtain any of them from us or the SEC. Documents incorporated by reference and any other SEC filings made by the companies are available from us without charge, excluding all exhibits, unless we have specifically incorporated by reference an exhibit in this proxy statement/prospectus. Shareholders may obtain these documents incorporated by reference

Table of Contents

and any other SEC filings made by the companies by requesting them in writing or by telephone from the appropriate party at the following address:

Vulcan Materials Company
1200 Urban Center Drive
Birmingham, Alabama 35242
205-298-3000

Florida Rock Industries, Inc.
155 East 21st Street
Jacksonville, Florida 32206
904-355-1781

If you would like to request documents from us, please do so by [ ] to receive them before the Florida Rock special shareholders meeting. We shall send the documents by first-class mail within one business day of receiving your request.

You can also get more information by visiting Vulcan s web site at www.vulcanmaterials.com and Florida Rock s website at www.flarock.com. Website materials are not part of this proxy statement/prospectus.

You should rely only on the information contained or incorporated by reference in this proxy statement/prospectus to vote on the Florida Rock merger proposal. If information is given or representations are made, you may not rely on that information or those representations as having been authorized by Florida Rock or Vulcan. We have not authorized anyone to provide you with information that is different from what is contained in this document. This proxy statement/prospectus is neither an offer to sell nor a solicitation of an offer to buy any securities other than those registered by this proxy statement/prospectus, nor is it an offer to sell or a solicitation of an offer to buy securities where an offer or solicitation would be unlawful. This proxy statement/prospectus is dated [ ], 2007. You should not assume that the information in it is accurate as of any date other than that date, and neither its mailing to shareholders nor the issuance of Holdco common stock in the transaction shall create any implication to the contrary.

Table of Contents

Annex A

AGREEMENT AND PLAN OF MERGER

dated as of February 19, 2007

by and among

VULCAN MATERIALS COMPANY

FLORIDA ROCK INDUSTRIES, INC.

VIRGINIA HOLDCO, INC.

VIRGINIA MERGER SUB, INC.

and

FRESNO MERGER SUB, INC.

(This Composite reflects Amendment No. 1 dated April 9, 2007)

Table of Contents

TABLE OF CONTENTS

Table of Contents

Table of Contents

Table of Contents

Table of Contents

INDEX OF DEFINED TERMS

Table of Contents

	Section
Florida Rock Book-Entry Shares	2.2(a)
Florida Rock Bylaws	1.6(a)
Florida Rock Certificates	2.2(a)
Florida Rock Charter	1.6(a)
Florida Rock Common Stock	2.1(a)
Florida Rock Consideration	2.1(a)
Florida Rock Contracts	3.1(i)
Florida Rock Disclosure Letter	3.1
Florida Rock Indemnified Parties	5.11(a)
Florida Rock Intellectual Property	3.1(p)
Florida Rock Merger	1.3(b)
Florida Rock Permits	3.1(f)
Florida Rock Permitted Encumbrances	3.1(o)
Florida Rock Permitted Liens	3.1(o)
Florida Rock Preferred Stock	3.1(b)
Florida Rock Recommendation	5.1(b)
Florida Rock Rights Agreement	3.1(m)
Florida Rock SEC Documents	3.1(d)
Florida Rock Shareholders Meeting	5.1(b)
Florida Rock Stock Option	2.6(a)
Florida Rock Stock Plans	3.1(b)
Florida Rock Stock Units	2.6(c)
Florida Rock Surviving Corporation	1.3(b)
Florida Rock Termination Fee	7.2(b)
Form of Election	2.2(c)
Form S-4	5.1(a)
Fresno Merger Sub	Preamble
GAAP	3.1(a)
Goldman Sachs	3.2(n)
Governmental Entity	3.1(c)
Hazardous Materials	3.1(q)
Holdco	Preamble
Holdco Common Stock	1.1
HSR Act	3.1(c)
Indemnified Parties	5.11(b)
Infringe	3.1(p)
Initial Effective Time	1.4(a)
Injunction	6.1(e)
Insiders	5.8
Insurance Amount	5.11(c)
knowledge	8.3
known	8.3
Lazard	3.1(x)
Liens	1.1

Table of Contents

	Section
material adverse effect	3.1(a)
Merger Consideration	2.4(a)
Merger Subs	Preamble
Mergers	1.3(b)
MSHA	3.1(q)
Multiemployer Plan	3.1(j)
Multiple Employer Plan	3.1(j)
NJBCA	1.3(c)
Non-Electing Florida Rock Holders	2.5(b)
Non-Electing Florida Rock Share	2.1(a)
NYSE	2.5(d)
Option Consideration	2.6(b)
OSHA	3.1(q)
Patriot	3.1(a)
PBGC	3.1(j)
proceedings	3.1(h)
Proxy Statement/Prospectus	5.1(a)
Public Proposal	7.2(b)
Qualified Plans	3.1(j)
Real Properties	3.1(o)
Real Property Leases	3.1(o)
Required Florida Rock Vote	3.1(n)
Requisite Regulatory Approvals	6.1(c)
RSUs	2.7(b)
SEC	3.1(a)
Section 16 Information	5.8
Securities Act	3.1(b)
Shortfall Number	2.3(c)
Significant Subsidiary	3.1(a)
Stock Consideration	2.1(a)
Stock Electing Florida Rock Share	2.1(a)
Stock Election	2.1(a)
Subsidiary	3.1(a)
Superior Proposal	5.4(f)
Support Agreement	Recitals
Tax	3.1(h)
Taxes	3.1(h)
Tax Return	3.1(h)
Violation	3.1(c)
Virginia Merger Sub	Preamble
Voting Debt	3.1(b)
Vulcan	Preamble
Vulcan Benefit Plans	5.7(a)
Vulcan Board Approval	3.2(l)

Table of Contents

	Section
Vulcan By-laws	1.6(b)
Vulcan Certificate of Merger	1.4(a)
Vulcan Charter	1.6(b)
Vulcan Common Stock	2.4(a)
Vulcan Consideration	2.4(a)
Vulcan Disclosure Letter	3.2
Vulcan Indemnified Parties	5.11(b)
Vulcan Merger	1.3(a)
Vulcan Permits	3.2(g)
Vulcan Preferred Stock	3.2(b)
Vulcan SAR	2.7(a)
Vulcan SEC Documents	3.2(d)
Vulcan Stock Option	2.7(a)
Vulcan Stock Plans	3.2(b)
Vulcan Surviving Corporation	1.3(a)
Withdrawal Liability	3.1(j)

Table of Contents

AGREEMENT AND PLAN OF MERGER dated as of February 19, 2007 (this Agreement) is by and among Vulcan Materials Company, a New Jersey corporation (Vulcan), Florida Rock Industries, Inc., a Florida corporation (Florida Rock), Virginia Holdco, Inc., a New Jersey corporation and a direct wholly owned subsidiary of Vulcan (Holdco), Virginia Merger Sub, Inc., a New Jersey corporation and a direct wholly owned subsidiary of Holdco (Virginia Merger Sub), and Fresno Merger Sub, Inc., a Florida corporation and a direct wholly owned subsidiary of Holdco (Fresno Merger Sub and, together with Virginia Merger Sub, the Merger Subs).

WHEREAS, the Board of Directors of Vulcan has approved, and deems it advisable and in the best interests of its shareholders to consummate, the Vulcan Merger (as defined in Section 1.3(a)) in which the issued and outstanding shares of capital stock of Vulcan will be converted into shares of capital stock of Holdco;

WHEREAS, the Board of Directors of Florida Rock has approved, and deems it advisable and in the best interests of its shareholders to consummate, the Florida Rock Merger (as defined in Section 1.3(b)) in which the issued and outstanding shares of capital stock of Florida Rock will be converted into the right to receive shares of capital stock of Holdco or cash;

WHEREAS, Vulcan and Florida Rock desire to make certain representations, warranties and agreements in connection with the Mergers (as defined in Section 1.3(b)) and also to prescribe various conditions to the Mergers;

WHEREAS, for Federal income Tax purposes, (i) it is intended that the exchange of Florida Rock Common Stock and Vulcan Common Stock for Holdco Common Stock pursuant to the Mergers, taken together, shall qualify as an exchange described in Section 351 of the Internal Revenue Code of 1986, as amended (the Code), which is undertaken pursuant to a single integrated plan; (ii) it is intended that the Vulcan Merger shall qualify as a reorganization within the meaning of Section 368(a) of the Code; and (iii) the parties intend, by executing this Agreement, to adopt a plan of reorganization within the meaning of Treasury Regulation Section 1.368-2(g); and

WHEREAS, as a condition and inducement to Vulcan s willingness to enter into this Agreement, certain members and affiliates of the Baker Family (collectively with their affiliates and family members, Baker Group) are entering into a support agreement dated as of the date hereof in the form of Exhibit A hereto (the Support Agreement), pursuant to which, among other things, the Baker Group has agreed to vote certain shares of Florida Rock Common Stock beneficially owned by the Baker Group in favor of approval of this Agreement, to make a Stock Election (as defined herein) with respect to certain of those shares, and not to sell or otherwise transfer those shares prior to the termination of such Support Agreement in accordance with its terms;

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth herein, the parties agree as follows:

ARTICLE I

THE MERGERS

1.1. *Organization of Holdco*. Vulcan has caused Holdco to be organized under the laws of the State of New Jersey and owns all of the capital stock of Holdco. The authorized capital stock of Holdco consists of 100 shares of common stock, par value $0.01 per share (the Holdco Common Stock), of which one share has been issued to Vulcan, which share of Holdco Common Stock is validly issued, fully paid and nonassessable, and is owned by Vulcan free and clear of any liens (statutory or other), pledges, charges, encumbrances and security interests whatsoever (Liens).

1.2. *Organization of Merger Subs*. Vulcan has caused Holdco to organize, and Holdco has organized, Fresno Merger Sub under the laws of the State of Florida and Virginia Merger Sub under the laws of the State of New Jersey. The

authorized capital stock of Fresno Merger Sub consists of 100 shares of common stock, par value $0.01 per share, all of which are validly issued, fully paid and nonassessable, and are owned by Holdco free and clear of any Liens. The authorized capital stock of Virginia Merger Sub consists of 100 shares of common stock, par value $0.01 per share, all of which are validly issued, fully paid and nonassessable, and are owned by Holdco free and clear of any Liens.

Table of Contents

1.3. *The Mergers*. (a) At the Initial Effective Time (as defined in Section 1.4(a)), Virginia Merger Sub shall be merged with and into Vulcan (the Vulcan Merger). Vulcan will be the surviving corporation in the Vulcan Merger (the Vulcan Surviving Corporation), and the separate existence of Virginia Merger Sub shall cease. As a result of the Vulcan Merger, Vulcan shall become a wholly owned Subsidiary of Holdco.

(b) At the Effective Time (as defined in Section 1.4(b)), Fresno Merger Sub shall be merged with and into Florida Rock (the Florida Rock Merger and together with the Vulcan Merger, the Mergers). Florida Rock will be the surviving corporation in the Florida Rock Merger (the Florida Rock Surviving Corporation), and the separate existence of Fresno Merger Sub shall cease. As a result of the Florida Rock Merger, Florida Rock shall become a wholly owned Subsidiary of Holdco.

(c) The Florida Rock Merger will have the effects set forth in the Florida Business Corporation Act (the FBCA), and the Vulcan Merger will have the effects set forth in the New Jersey Business Corporation Act (the NJBCA).

1.4. *Effective Time of the Mergers*. Subject to the provisions of this Agreement, on the Closing Date (as defined in Section 1.5), the parties shall (and shall cause their Subsidiaries to) cause the following to occur:

(a) Virginia Merger Sub and Vulcan shall execute and deliver for filing a certificate of merger (the Vulcan Certificate of Merger) to the Secretary of State of the State of New Jersey, in such form and manner provided in the NJBCA and shall make all other filings or recordings required under the NJBCA to effect the Vulcan Merger. The Vulcan Merger shall become effective upon the filing of the Vulcan Certificate of Merger (such time of filing, the Initial Effective Time).

(b) Immediately following the Initial Effective Time, Fresno Merger Sub and Florida Rock shall execute and deliver for filing articles of merger (the Florida Rock Articles of Merger) to the Department of State of the State of Florida, in such form and manner provided in the FBCA and shall make all other filings or recordings required under the FBCA to effect the Florida Rock Merger. The Florida Rock Merger shall become effective one minute following the Initial Effective Time (such time, the Effective Time).

1.5. *Closing*. The closing of the Mergers (the Closing) will take place at 10:00 a.m., New York City time, on the date (the Closing Date) that is the second business day after the satisfaction or waiver (subject to applicable law) of the conditions set forth in Article VI (excluding conditions that, by their terms, are to be satisfied on the Closing Date, but subject to the satisfaction or waiver of such conditions), unless another time or date is agreed to in writing. The Closing shall be held at the offices of Wachtell, Lipton, Rosen & Katz, 51 West 52nd Street, New York, New York 10019, unless another place is agreed to in writing.

1.6. *Charters and Bylaws of the Surviving Corporations and Holdco*. (a) Subject to Section 5.10, at the Effective Time, the Restated Articles of Incorporation, as amended, of Florida Rock (the Florida Rock Charter) and Restated Bylaws, as amended, of Florida Rock (the Florida Rock Bylaws) shall be amended so as to read in their entirety as the articles of incorporation and bylaws of Fresno Merger Sub as in effect immediately prior to the Effective Time, except for the incorporator and except that the Florida Rock Surviving Corporation shall retain Florida Rock s name.

(b) At the Initial Effective Time, the Restated Certificate of Incorporation, as amended, of Vulcan (the Vulcan Charter) and Restated By-laws, as amended (the Vulcan By-laws) shall be amended so as to read in their entirety as the certificate of incorporation and by-laws of Virginia Merger Sub as in effect immediately prior to the Initial Effective Time, except for the incorporator and except that the Vulcan Surviving Corporation shall be named VMC Corp.

(c) The certificate of incorporation and by-laws of Holdco shall be amended so that following the Initial Effective Time they will contain provisions identical to the Vulcan Charter and Vulcan By-laws, respectively, except the name of Holdco shall be Vulcan Materials Company effective as of the Initial Effective Time and except for any other changes required by, or permitted under, Section 14A:10-3 of the NJBCA, or any successor provision thereto.

1.7. *Directors*. The directors of Fresno Merger Sub at the Effective Time shall be the initial directors of the Florida Rock Surviving Corporation, each to hold office in accordance with the articles of incorporation and bylaws

of the Florida Rock Surviving Corporation until such director s successor is duly elected and qualifies. The directors of Virginia Merger Sub at the Initial Effective Time shall be the initial directors of the Vulcan Surviving Corporation, each to hold office in accordance with the certificate of incorporation and by-laws of the Vulcan Surviving Corporation until such director s successor is duly elected and qualified. In accordance with Section 14A:10-3(6) of the NJBCA, the directors of Vulcan at the Initial Effective Time shall be directors of Holdco at the Initial Effective Time, each to hold office in accordance with the certificate of incorporation and by-laws of Holdco until such director s successor is duly elected and qualified.

1.8. *Officers*. The officers of Florida Rock at the Effective Time shall be the initial officers of the Florida Rock Surviving Corporation, each to hold office in accordance with the articles of incorporation and bylaws of the Florida Rock Surviving Corporation until such officer s successor is duly elected and qualifies, subject to earlier termination by removal or resignation. The officers of Vulcan at the Initial Effective Time shall be the initial officers of the Vulcan Surviving Corporation, each to hold office in accordance with the certificate of incorporation and by-laws of the Vulcan Surviving Corporation until such officer s successor is elected and has qualified, subject to earlier termination by removal or resignation. The officers of Vulcan at the Initial Effective Time shall be the officers of Holdco at the Initial Effective Time, each to hold office in accordance with the certificate of incorporation and by-laws of Holdco.

ARTICLE II

EFFECTS OF THE MERGERS

2.1. *Conversion of Florida Rock Securities*. At the Effective Time, by virtue of the Florida Rock Merger and without any action on the part of Holdco, Fresno Merger Sub, Florida Rock or the holders of any of the following securities:

(a) *Conversion of Florida Rock Common Stock*. Each common share, par value $0.10 per share, of Florida Rock (Florida Rock Common Stock) issued and outstanding immediately prior to the Effective Time (other than any Excluded Shares (as defined in Section 2.1(b)) shall, subject to Sections 2.3 and 2.5(d), be converted into the right to receive the following consideration (the Florida Rock Consideration):

(i) Each share of Florida Rock Common Stock with respect to which an election to receive cash (a Cash Election) has been effectively made and not revoked or lost pursuant to Section 2.2 (each, a Cash Electing Florida Rock Share) shall be converted into the right to receive $67.00 in cash without interest (the Cash Consideration), subject to adjustment in accordance with Section 2.1(d).

(ii) Each share of Florida Rock Common Stock with respect to which an election to receive stock consideration (a Stock Election) has been properly made and not revoked or lost pursuant to Section 2.2 (each, a Stock Electing Florida Rock Share and, together with each Cash Electing Florida Rock Shares, an Electing Florida Rock Share) shall be converted into the right to receive 0.63 shares (the Exchange Ratio), subject to adjustment in accordance with Section 2.1(d), of validly issued, fully paid and non assessable shares of Holdco Common Stock (together with any cash in lieu of fractional shares of Holdco Common Stock to be paid pursuant to Section 2.5(d), the Stock Consideration).

(iii) Each share of Florida Rock Common Stock other than shares of Florida Rock Common Stock with respect to which a Cash Election or a Stock Election has been properly made and not revoked or lost pursuant to Section 2.2 (each, a Non-Electing Florida Rock Share) shall be converted into the right to receive the Cash Consideration or the Stock Consideration or a combination of both, subject to Section 2.3.

(b) *Florida Rock and Vulcan-Owned Shares*. Each share of Florida Rock Common Stock owned by Florida Rock or Fresno Merger Sub (Cancelled Shares), in each case immediately prior to the Effective Time, shall be cancelled without any conversion thereof, and no consideration shall be paid with respect thereto. Each share of Florida Rock Common Stock owned by Vulcan or any direct or indirect wholly owned Subsidiary of Florida Rock or Vulcan, other than Fresno Merger Sub (the Converted Shares and, together with the Cancelled Shares, the Excluded Shares), in each case immediately prior to the Effective Time, shall

be converted into the right to receive the Stock Consideration. The Stock Consideration paid pursuant to this Section 2.1(b) shall not be subject to proration under Section 2.3.

(c) *Conversion of Fresno Merger Sub Stock*. Each share of common stock of Fresno Merger Sub issued and outstanding immediately prior to the Effective Time shall be converted into one fully paid and non assessable share of Florida Rock Common Stock, as the surviving corporation in the Florida Rock Merger, following which, Florida Rock Surviving Corporation shall become a wholly owned Subsidiary of Holdco.

(d) *Adjustments*. (i) If, after the date hereof and prior to the Effective Time, either (A) Vulcan pays a dividend in, splits, combines into a smaller number of shares, or issues by reclassification any shares of Vulcan Common Stock (in each case, subject to the approval of Florida Rock pursuant to Section 4.2) or (B) Florida Rock pays a dividend in, splits, combines into a smaller number of shares, or issues by reclassification any shares of Florida Rock Common Stock (in each case, subject to the approval of Vulcan pursuant to Section 4.1), then the Merger Consideration (as defined in Section 2.4(a)) and Exchange Ratio and any other similarly dependent items, as the case may be, shall be appropriately adjusted to provide to the holders of Florida Rock Common Stock and Vulcan Common Stock the same economic effect as contemplated by this Agreement prior to such action, and as so adjusted shall, from and after the date of such event, be the Merger Consideration, Exchange Ratio or other dependent item, as applicable, subject to further adjustment in accordance with this sentence.

(ii) If, after the date hereof and prior to the Effective Time, the representations and warranties of Florida Rock set forth in Section 3.1(b)(i) or 3.1(b)(iii) shall not be true and correct and Vulcan elects to do so, then the Merger Consideration and Exchange Ratio and any other similarly dependent items, as the case may be, shall be appropriately adjusted to provide to the holders of Florida Rock Common Stock and Vulcan Common Stock the same economic effect as contemplated by this Agreement prior to such action, and as so adjusted shall, from and after the date of such event, be the Merger Consideration, Exchange Ratio or other dependent item, as applicable; provided that no adjustments shall be made pursuant to this Section 2.1(d)(ii) if the failure of Sections 3.1(b)(i) and 3.1(b)(iii) to be true and correct results from the understatement in such Sections of the number of issued and outstanding shares of Florida Rock Common Stock and/or shares of Florida Rock Common Stock underlying Florida Rock Stock Options by not more than 10,000, in the aggregate.

2.2. *Florida Rock Election Procedures*. (a) Not less than three business days prior to the mailing of the Proxy Statement/Prospectus (as defined in Section 5.1(a)) pursuant to Section 5.1, Vulcan shall designate a bank or trust company reasonably acceptable to Florida Rock to act as exchange agent hereunder (the Exchange Agent) for the purpose of exchanging certificates that immediately prior to the Effective Time represented shares of Florida Rock Common Stock (the Florida Rock Certificates) and shares of Florida Rock Common Stock represented by book-entry (Florida Rock Book-Entry Shares).

(b) Each person who, on or prior to the Election Date (as defined below), is a record holder of shares of Florida Rock Common Stock shall be entitled to specify the number of such holder s shares of Florida Rock Common Stock (and, if such shares to which the election relates are represented by Florida Rock Certificates, such particular shares) with respect to which such holder makes a Cash Election or Stock Election.

(c) Holdco shall prepare and file as an exhibit to the Form S-4 (as defined in Section 5.1(a)) a form of election (the Form of Election) in form and substance reasonably acceptable to Florida Rock. The Form of Election shall specify that delivery shall be effected, and risk of loss and title to any Florida Rock Certificates shall pass only upon proper delivery of the Form of Election and any Florida Rock Certificates. Florida Rock shall mail the Form of Election with the Proxy Statement/Prospectus to all persons who are record holders of shares of Florida Rock Common Stock as of the record date for the Florida Rock Shareholders Meeting (as defined in Section 5.1(b)). The Form of Election shall be used by each record holder of shares of Florida Rock Common Stock (or, in the case of nominee record holders, the

beneficial owner through proper instructions and documentation) who wishes to make a Cash Election or a Stock Election or a combination of both for any and all shares of Florida Rock Common Stock held by such holder. Florida Rock shall use its reasonable best efforts to make the Form of Election available to all persons who become holders of shares of Florida Rock Common Stock during the period between the record date for the Florida Rock Shareholders Meeting and the Election Date.

Table of Contents

(d) Any holder s election shall have been properly made only if the Exchange Agent shall have received at its designated office, by 5:00 p.m., New York City time, on (1) the date of the Florida Rock Shareholders Meeting or (2) if the Closing Date is more than four business days following the Florida Rock Shareholders Meeting, two business days preceding the Closing Date, or (3) such other date as the parties mutually agree (the Election Date), a Form of Election properly completed and signed and accompanied by (i) certificates representing the shares of Florida Rock Common Stock to which such Form of Election relates, duly endorsed in blank or otherwise in form acceptable for transfer on the books of Florida Rock (or by an appropriate guarantee of delivery of such Florida Rock Certificates as set forth in such Form of Election from a firm that is an eligible guarantor institution (as defined in Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended (the Exchange Act)); provided that such Florida Rock Certificates are in fact delivered to the Exchange Agent by the time set forth in such guarantee of delivery) or (ii) in the case of Florida Rock Book-Entry Shares, any additional documents required by the procedures set forth in the Form of Election. After a Cash Election or a Stock Election is validly made with respect to any shares of Florida Rock Common Stock, no further registration of transfers of such shares shall be made on the stock transfer books of Florida Rock, unless and until such Cash Election or Stock Election is properly revoked.

(e) Vulcan and Florida Rock shall publicly announce the anticipated Election Date at least five business days prior to the anticipated Closing Date. If the Closing Date is delayed to a subsequent date, the Election Date shall be similarly delayed to a subsequent date, and Vulcan and Florida Rock shall promptly announce any such delay and, when determined, the rescheduled Election Date.

(f) Any Cash Election or Stock Election may be revoked with respect to all or a portion of the shares of Florida Rock Common Stock subject thereto by the holder who submitted the applicable Form of Election by written notice received by the Exchange Agent prior to 5:00 p.m., New York City time, on the Election Date. In addition, all Cash Elections and Stock Elections shall automatically be revoked if this Agreement is terminated in accordance with Article VII. If a Cash Election or Stock Election is revoked with respect to shares of Florida Rock Common Stock represented by Florida Rock Certificates, Florida Rock Certificates representing such shares shall be promptly returned to the holder that submitted the same to the Exchange Agent.

(g) The determination of the Exchange Agent (or the joint determination of Vulcan and Florida Rock, in the event that the Exchange Agent declines to make any such determination) shall be conclusive and binding as to whether or not Cash Elections and Stock Elections shall have been properly made or revoked pursuant to this Section 2.2 and as to when Cash Elections, Stock Elections and revocations were received by the Exchange Agent. The Exchange Agent (or Vulcan and Florida Rock jointly, in the event that the Exchange Agent declines to make the following computation) shall also make all computations as to the proration contemplated by Section 2.3, and absent manifest error this computation shall be conclusive and binding. The Exchange Agent may, with the written agreement of Vulcan, after Vulcan s reasonable consultation with Florida Rock, make any rules as are consistent with this Section 2.2 for the implementation of the Cash Elections and Stock Elections provided for in this Agreement as shall be necessary or desirable to effect these Cash Elections and Stock Elections.

2.3. *Florida Rock Proration*. Notwithstanding anything in this Agreement to the contrary (but subject to Sections 2.1(b) and 2.4):

(a) The Cash Percentage (as defined below) of the shares of Florida Rock Common Stock (other than the Excluded Shares) issued and outstanding immediately prior to the Effective Time (such number, the Cash Cap Number) shall be converted into the right to receive the Cash Consideration, and all other shares of Florida Rock Common Stock (other than the Excluded Shares) issued and outstanding immediately prior to the Effective Time shall be converted into the right to receive the Stock Consideration. The Cash Percentage shall be equal to 70%, subject to adjustment as provided in Section 2.1(d).

(b) If the aggregate number of Cash Electing shares of Florida Rock Common Stock (such number, the Cash Election Number) exceeds the Cash Cap Number, then (i) all Stock Electing Florida Rock Shares and Non-Electing Florida Rock Shares shall be converted into the right to receive the Stock Consideration and (ii) the number of Cash Electing Florida Rock Shares of each shareholder of Florida Rock that shall be converted into the right to receive the Cash Consideration shall be equal to the product obtained by multiplying (A) the number of Cash Electing Florida Rock Shares of such shareholder by (B) a fraction, the numerator of

which is the Cash Cap Number and the denominator of which is the Cash Election Number, with the remaining number of such holder s Cash Electing Florida Rock Shares being converted into the right to receive the Stock Consideration.

(c) If the Cash Election Number is less than the Cash Cap Number (such difference between the Cash Election Number and Cash Cap Number, the Shortfall Number), then (x) all Cash Electing Florida Rock Shares shall be converted into the right to receive the Cash Consideration and (y) the Stock Electing Florida Rock Shares and Non-Electing Florida Rock Shares shall be treated in the following manner:

(i) if the Shortfall Number is less than or equal to the aggregate number of Non-Electing Florida Rock Shares, then (x) all Stock Electing Florida Rock Shares shall be converted into the right to receive the Stock Consideration and (y) the Non-Electing Florida Rock Shares of each shareholder of Florida Rock shall be converted into the right to receive the Cash Consideration in respect of that number of Non-Electing Florida Rock Shares equal to the product obtained by multiplying (1) the number of Non-Electing Florida Rock Shares of such shareholder by (2) a fraction, the numerator of which is the Shortfall Number and the denominator of which is the aggregate number of Non-Electing Florida Rock Shares, with the remaining number of such holder s Non-Electing Florida Rock Shares being converted into the right to receive the Stock Consideration; or

(ii) if the Shortfall Number exceeds the aggregate number of Non-Electing Florida Rock Shares, then (x) all Non-Electing Florida Rock Shares shall be converted into the right to receive the Cash Consideration and (y) the number of Stock Electing Florida Rock Shares of each shareholder of Florida Rock that shall be converted into the right to receive the Cash Consideration shall be equal to the product obtained by multiplying (1) the number of Stock Electing Florida Rock Shares of such shareholder by (2) a fraction, the numerator of which is the amount by which the Shortfall Number exceeds the aggregate number of Non-Electing Florida Rock Shares, and the denominator of which is the aggregate number of Stock Electing Florida Rock Shares, with the remaining number of such holder s Stock Electing Florida Rock Shares being converted into the right to receive the Stock Consideration.

2.4. *Conversion of Vulcan Securities*. At the Initial Effective Time, by virtue of the Vulcan Merger and without any action on the part of Holdco, Virginia Merger Sub, Vulcan or the holders of any of the following securities:

(a) *Conversion of Vulcan Common Stock*. Each share of common stock, par value $1.00 per share, of Vulcan (Vulcan Common Stock) issued and outstanding immediately prior to the Initial Effective Time (other than any shares cancelled pursuant to Section 2.4(b)) shall be converted into the right to receive one validly issued, fully paid and non assessable share of Holdco Common Stock (the Vulcan Consideration and, together with the Florida Rock Consideration, the Merger Consideration).

(b) *Vulcan and Florida Rock-Owned Shares*. Each share of Vulcan Common Stock owned by Vulcan immediately prior to the Initial Effective Time, shall be cancelled without any conversion thereof, and no consideration shall be paid with respect thereto. Each share of Vulcan Common Stock owned by Florida Rock or any direct or indirect wholly owned Subsidiary of Florida Rock or Vulcan, in each case immediately prior to the Initial Effective Time, shall be converted into the right to receive the Vulcan Consideration.

(c) *Conversion of Virginia Merger Sub Stock*. Each share of common stock of Virginia Merger Sub issued and outstanding immediately prior to the Initial Effective Time shall be converted into one fully paid and non assessable share of Vulcan Common Stock, as the surviving corporation in the Vulcan Merger, following which, the Vulcan Surviving Corporation shall become a wholly owned Subsidiary of Holdco.

(d) *Cancellation of Holdco Common Stock*. Each share of Holdco Common Stock held by Vulcan immediately prior to the Initial Effective Time shall be cancelled, and no consideration shall be paid with respect thereto.

(e) *Treatment of Vulcan Certificates and Vulcan Book-Entry Shares*. All of the shares of Vulcan Common Stock converted into the right to receive Holdco Common Stock pursuant to this Section 2.4 shall cease to be outstanding and shall be cancelled and retired and shall cease to exist and, as of the Initial Effective

Time, the holders of Vulcan Common Stock shall be deemed to have received shares of Holdco Common Stock (without the requirement for the surrender of any certificate previously representing any such shares of Vulcan Common Stock or issuance of new certificates representing Holdco Common Stock), with each certificate representing shares of Vulcan Common Stock prior to the Initial Effective Time being deemed to represent automatically an equivalent number of shares of Holdco Common Stock and with each share of Vulcan Common Stock represented by book-entry immediately prior to the Initial Effective Time being deemed to represent automatically one share of Holdco Common Stock.

2.5. *Exchange of Florida Rock Certificates and Florida Rock Book-Entry Shares*.

(a) *Deposit of Merger Consideration*. (i) As of and from time to time after the Effective Time, Holdco shall deposit with the Exchange Agent, for the benefit of the shareholders of Florida Rock, (A) certificates or, at Holdco s option, evidence of shares in book entry form, representing shares of Holdco Common Stock in denominations as the Exchange Agent may reasonably specify and (B) cash, in each case as are issuable or payable, respectively, pursuant to this Article II in respect of shares of Florida Rock Common Stock for which Florida Rock Certificates or Florida Rock Book-Entry Shares have been properly delivered to the Exchange Agent or the cash to be paid in lieu of fractional shares. Such certificates (or evidence of book-entry form, as the case may be) for shares of Holdco Common Stock and such cash so deposited, together with any dividends or distributions with respect thereto, are hereinafter referred to as the Exchange Fund.

(ii) The Exchange Agent shall invest any cash deposited with the Exchange Agent by Holdco as directed by Holdco, provided that no such investment or losses thereon shall affect the Cash Consideration payable to holders of shares of Florida Rock Common Stock entitled to receive such consideration or cash in lieu of fractional interests, and Holdco and Vulcan shall promptly provide additional funds to the Exchange Agent for the benefit of holders of shares of Florida Rock Common Stock entitled to receive such consideration in the amount of any such losses. Any interest or income produced by such investments shall not be deemed part of the Exchange Fund and shall be payable to Holdco or Vulcan, as Holdco directs.

(b) *Exchange Procedures*. (i) As soon as reasonably practicable after the Effective Time, Holdco shall cause to be mailed to each record holder, as of the Effective Time, of Non-Electing Florida Rock Shares (such holders, Non-Electing Florida Rock Holders) subject to Section 2.3 above, (i) a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the Florida Rock Certificates held by such holder representing such Non-Electing Florida Rock Shares shall pass only upon proper delivery of the Florida Rock Certificates to the Exchange Agent or, in the case of Florida Rock Book-Entry Shares, upon adherence to the procedures set forth in the letter of transmittal) and (ii) instructions for use in effecting the surrender of the Florida Rock Certificates or, in the case of Florida Rock Book-Entry Shares, the surrender of such shares, for payment of the Merger Consideration therefor. Such letter of transmittal shall be in such form and have such other provisions as Holdco may specify and shall be reasonably acceptable to Florida Rock.

(ii) (x) Each former shareholder of Florida Rock who properly made and did not revoke a Cash Election or Stock Election shall be entitled to receive in exchange for such shareholder s Electing Florida Rock Shares the following as specified in clauses (A) and (B), and (y) upon surrender by a Non-Electing Florida Rock Holder to the Exchange Agent of a Florida Rock Certificate or Florida Rock Book-Entry Shares, as applicable, together with a letter of transmittal, duly completed and validly executed in accordance with the instructions thereto, and such other documents as may be required pursuant to such instructions, each Non-Electing Florida Rock Holder shall be entitled to receive in exchange therefor: (A) the number of whole shares of Holdco Common Stock, if any, into which such holder s shares of Florida Rock Common Stock represented by such holder s properly surrendered Florida Rock Certificates or Florida Rock Book-Entry Shares, as applicable, were converted in accordance with this Article II (after taking into account all shares of Florida Rock Common Stock to which an election or non-election of the same type

were made), and such Florida Rock Certificates or Florida Rock Book-Entry Shares so surrendered shall be forthwith cancelled, and (B) a check in an amount of U.S. dollars (after giving effect to any required withholdings pursuant to Section 2.5(g)) equal to (I) the amount of cash (including the Cash Consideration and cash in lieu of fractional interests in shares of Holdco Common Stock to be paid pursuant to Section 2.5(d)), if any, into which such holder s shares of Florida Rock Common Stock represented by such holder s properly surrendered Florida Rock Certificates or Florida Rock Book-Entry Shares, as applicable, were converted in accordance with this

Article II, plus (II) any cash dividends or other distributions that such holder has the right to receive pursuant to Section 2.5(c).

(iii) If payment or issuance of the Merger Consideration is to be made to a person other than the person in whose name the surrendered Florida Rock Certificate is registered, it shall be a condition of payment or issuance that the Florida Rock Certificate so surrendered shall be properly endorsed or shall be otherwise in proper form for transfer and that the person requesting such payment or issuance shall have paid to the Exchange Agent any transfer and other Taxes required by reason of the payment or issuance of the Merger Consideration to a person other than the registered holder of the Florida Rock Certificate surrendered or shall have established to the satisfaction of the Exchange Agent that such Tax either has been paid or is not applicable. In the event that any Florida Rock Certificate shall have been lost, stolen or destroyed, upon the holder s compliance with the replacement requirements established by the Exchange Agent, including, if necessary, the posting by the holder of a bond in customary amount as indemnity against any claim that may be made against it with respect to the Florida Rock Certificate, the Exchange Agent shall deliver in exchange for the lost, stolen or destroyed Florida Rock Certificate the applicable Merger Consideration payable in respect of the shares of Florida Rock Common Stock represented by the Florida Rock Certificate pursuant to this Article II.

(iv) No interest shall be paid or accrued for the benefit of holders of the Florida Rock Certificates or Florida Rock Book-Entry Shares on the Merger Consideration payable in respect of the Florida Rock Certificates or Florida Rock Book-Entry Shares. Until surrendered as contemplated hereby, each Florida Rock Certificate or Book-Entry Share shall, after the Effective Time, represent for all purposes only the right to receive upon such surrender the applicable Merger Consideration as contemplated by this Article II, the issuance or payment of which (including any cash in lieu of fractional shares) shall be deemed to be the satisfaction in full of all rights pertaining to shares of Florida Rock Common Stock converted in the Florida Rock Merger.

(v) At the Effective Time and the Initial Effective Time, respectively, the stock transfer books of Florida Rock and Vulcan shall be closed, and thereafter there shall be no further registration of transfers of shares of Florida Rock Common Stock or Vulcan Common Stock, respectively, that were outstanding prior to the Effective Time and the Initial Effective Time, respectively. After the Effective Time and the Initial Effective Time, respectively, Florida Rock Certificates or Florida Rock Book-Entry Shares presented to Florida Rock for transfer shall be cancelled and exchanged for the consideration provided for, and in accordance with the procedures set forth, in this Article II.

(c) *Distributions with Respect to Unexchanged Shares.* No dividends or other distributions with respect to shares of Holdco Common Stock issuable with respect to the shares of Florida Rock Common Stock shall be paid to the holder of any unsurrendered Florida Rock Certificates or Florida Rock Book-Entry Shares until those Florida Rock Certificates or Florida Rock Book-Entry Shares are surrendered as provided in this Article II. Upon surrender, there shall be issued and/or paid to the holder of the shares of Holdco Common Stock issued in exchange therefor, without interest, (A) at the time of surrender, the dividends or other distributions payable with respect to those shares of Holdco Common Stock with a record date on or after the date of the Effective Time and a payment date on or prior to the date of this surrender and not previously paid and (B) at the appropriate payment date, the dividends or other distributions payable with respect to those shares of Holdco Common Stock with a record date on or after the date of the Effective Time but with a payment date subsequent to surrender.

(d) *No Fractional Shares.* No certificates or scrip representing fractional shares of Holdco Common Stock shall be issued upon the surrender for exchange of Florida Rock Certificates or Florida Rock Book-Entry Shares, and such fractional share interests will not entitle the owner thereof to vote or to any rights of a shareholder of Holdco. In lieu thereof, upon surrender of the Florida Rock Certificates or Florida Rock Book-Entry Shares, Holdco shall pay each holder of Florida Rock Common Stock an amount in cash equal to the product obtained by multiplying (a) the fractional share interest to which such holder (after taking into account all shares of Florida Rock Common Stock held

at the Effective Time and for which an election or non-election of the same type was made by such holder) would otherwise be entitled, by (b) the closing price on the New York Stock Exchange, Inc. (NYSE) for a share of Vulcan Common Stock on the last trading day immediately preceding the Effective Time.

(e) *Termination of Exchange Fund*. Any portion of the Exchange Fund that remains undistributed to the shareholders of Florida Rock on the first anniversary of the Effective Time shall be delivered to Holdco, upon demand by Holdco, and any shareholders of Florida Rock who have not theretofore complied with this Article II

shall thereafter look only to Holdco for payment of their claim for any part of the Merger Consideration, any cash in lieu of fractional shares of Holdco Common Stock and any dividends or distributions with respect to Holdco Common Stock.

(f) *No Liability*. None of Vulcan, Florida Rock or Holdco shall be liable to any holder of shares of Florida Rock Common Stock for cash or shares of Holdco Common Stock (or dividends or distributions with respect thereto) from the Exchange Fund delivered to a public official pursuant to any applicable abandoned property, escheat or similar law.

(g) *Withholding*. Holdco and the Exchange Agent shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement to any holder of shares of Florida Rock Common Stock such amounts as it is required to deduct and withhold with respect to the making of such payment under the Code and the rules and regulations promulgated thereunder, or any provision of state, local or foreign Tax law. To the extent that amounts are so withheld by Holdco or the Exchange Agent, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the holder of the shares of Florida Rock Common Stock in respect of which such deduction and withholding was made by Holdco or the Exchange Agent.

2.6. *Florida Rock Options and Other Stock-Based Awards*. The Board of Directors of Florida Rock or the appropriate committee thereof shall take all action necessary so that:

(a) Effective as of at least ten (10) business days prior to the Election Date, Florida Rock shall cause each option or other right to acquire Florida Rock Common Stock under any Florida Rock Stock Plan (as defined in Section 3.1(b)) (a "Florida Rock Stock Option"), to become fully vested and exercisable. In connection therewith, Florida Rock shall provide written notice to each holder of a Florida Rock Stock Option, that (i) such Florida Rock Stock Option shall be, as at the date of such notice, exercisable in full, (ii) such Florida Rock Stock Option shall terminate at the Effective Time and (iii) if such Florida Rock Stock Option is not exercised or otherwise terminated on or before the fourth business day prior to the Election Date, such Florida Rock Stock Option shall be treated as set forth in Section 2.6(b) below.

(b) Each Florida Rock Stock Option that is outstanding immediately prior to the Effective Time shall, as of the Effective Time, cease to represent an option to acquire shares of Florida Rock Common Stock and shall instead represent the right to receive a cash amount equal to the Option Consideration for each share of Florida Rock Common Stock then subject to such Florida Rock Stock Option, which Option Consideration shall be paid as soon after the Closing Date as shall be practicable. Notwithstanding the foregoing, Holdco and the Exchange Agent shall be entitled to deduct and withhold from the Option Consideration otherwise payable such amounts as may be required to be deducted and withheld with respect to the making of such payment under the Code, or any provision of state, local or foreign tax law. For purposes of this Agreement, "Option Consideration" means, with respect to any share of Florida Rock Common Stock issuable under a particular Florida Rock Stock Option, an amount equal to the excess, if any, of (i) the Cash Consideration over (ii) the exercise price payable in respect of such share of Florida Rock Common Stock issuable under such Florida Rock Stock Option.

(c) Each stock unit in respect of a share of Florida Rock Common Stock under any Florida Rock Stock Plan (the "Florida Rock Stock Units") that is outstanding immediately prior to the Effective Time shall, as of the Effective Time, be converted into a number of stock units in respect of Holdco Common Stock equal to the number of shares of Florida Rock Common Stock underlying the Florida Rock Stock Units immediately prior to the Effective Time multiplied by the Exchange Ratio. At and after the Effective Time, the Florida Rock Stock Units shall continue to be payable or distributable in accordance with the terms of the Director Stock Purchase Plan and any individual agreement relating to such Florida Rock Stock Units, subject to the requirements of Section 409A of the Code.

(d) Prior to the Effective Time, Florida Rock shall take all actions that are necessary (i) to give effect to the transactions contemplated by this Section 2.6, including amending the terms of the Florida Rock Stock Plan, and (ii) to ensure that no individual shall have the right to receive any Florida Rock Common Stock in connection with the exercise of a Florida Rock Stock Option or settlement of a Florida Rock Stock Unit following the Effective Time. Florida Rock shall keep Vulcan fully informed, with respect to all amendments,

resolutions, notices and actions that Vulcan intends to adopt, distribute or take in connection with the matters described in this Section 2.6, and shall provide Vulcan with a reasonable opportunity to review and comment on all such amendments, resolutions and notices.

2.7. *Vulcan Options and Other Stock-Based Awards.* The Board of Directors of Vulcan or the appropriate committee thereof shall take all action necessary so that:

(a) Each option or other right to acquire Vulcan Common Stock under any Vulcan Stock Plan (as defined in Section 3.2(b)) (a "Vulcan Stock Option"), and each stock appreciation right with respect to Vulcan Common Stock under any Vulcan Stock Plan (a "Vulcan SAR") which is outstanding immediately prior to the Effective Time (whether vested or unvested) shall, as of the Initial Effective Time, cease to represent an option on, stock appreciation right with respect to, or other right to acquire, shares of Vulcan Common Stock and shall instead represent the right to purchase (in the case of Vulcan Stock Options) or a stock appreciation right with respect to (in the case of Vulcan SARs) a number of shares of Holdco Common Stock equal to the number of shares of Vulcan Common Stock subject to such Vulcan Stock Option or Vulcan SAR immediately prior to the Initial Effective Time. The exercise price or base price per share of Holdco Common Stock subject to any such Vulcan Stock Option or Vulcan SAR at and after the Initial Effective Time shall be equal to the exercise price or base price per share of Vulcan Common Stock subject to such Vulcan Stock Option or Vulcan SAR prior to the Initial Effective Time.

(b) Each restricted stock unit, deferred stock unit or phantom unit in respect of a share of Vulcan Common Stock (the "RSUs") which is outstanding under any Vulcan Stock Plan or otherwise (including any RSUs held in participant accounts under any employee benefit or compensation plan or arrangement of Vulcan) immediately prior to the Initial Effective Time shall, as of the Initial Effective Time, be converted into a number of restricted stock units in respect of shares of Holdco Common Stock, equal to the number of shares underlying RSUs held by the grantee immediately prior to the Initial Effective Time.

2.8. *Stock Plans.* Following the Closing Date, Holdco may grant equity awards under the Vulcan Stock Plans and the Florida Rock Stock Plans to the extent shares are available for grant under any such plan, in accordance with the mergers and acquisitions exemption to the equity compensation plan shareholder approval requirement under the NYSE rules.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

3.1. *Representations and Warranties of Florida Rock.* Except (x) with respect to any subsection of this Section 3.1, as set forth in the correspondingly identified subsection of the disclosure letter delivered by Florida Rock to Vulcan concurrently herewith (the "Florida Rock Disclosure Letter") (it being understood by the parties that any information disclosed in one subsection of the Florida Rock Disclosure Letter shall be deemed to be disclosed for purposes of each other subsection of the Florida Rock Disclosure Letter to which the relevance of such information is reasonably apparent) or (y) as disclosed in the Florida Rock SEC Documents filed prior to the date hereof (excluding, in each case, any disclosures set forth in any risk factor section, in any section relating to forward looking statements and any other disclosures included therein to the extent that they are cautionary, predictive, or forward looking in nature), Florida Rock represents and warrants to Vulcan as follows:

(a) *Organization, Standing and Power.* Each of Florida Rock and its Significant Subsidiaries (as defined below) is a corporation or other entity duly organized, validly existing and, if applicable, in good standing under the laws of its jurisdiction of incorporation, has all requisite power and authority to own, lease and operate its properties and to carry on its business as now being conducted, and is duly qualified and, if applicable, in good standing to do business in

each jurisdiction in which the nature of its business or the ownership or leasing of its properties makes such qualification necessary, in each case, other than as would not, either individually or in the aggregate, reasonably be expected to have a material adverse effect on Florida Rock. The Florida Rock Charter and Florida Rock Bylaws, copies of which have been made available to

Vulcan, are true, complete and correct copies of such documents as in effect on the date hereof. As used in this Agreement:

(i) the word Subsidiary when used with respect to any party means any corporation or other organization, whether incorporated or unincorporated, (A) of which such party or any other Subsidiary of such party is a general partner (excluding partnerships, the general partnership interests of which held by such party or any Subsidiary of such party do not have a majority of the voting interests in such partnership), or (B) a majority of the stock or other equity interests of which that have by their terms ordinary voting power to elect a majority of the board of directors or others performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by such party or by any one or more of its Subsidiaries, or by such party and one or more of its Subsidiaries; provided that the joint venture between Florida Rock and Patriot Transportation Holding, Inc. (Patriot) shall be considered a Subsidiary of Florida Rock for purposes of this Agreement.

(ii) a Significant Subsidiary means any Subsidiary of Florida Rock or Vulcan, as the case may be, that constitutes a Significant Subsidiary of such party within the meaning of Rule 1-02 of Regulation S-X of the Securities and Exchange Commission (the SEC); and

(iii) the term material adverse effect means, with respect to any party hereto, a material adverse effect on the financial condition, businesses or results of operations of such party and its Subsidiaries taken as a whole; provided that, for purposes of this clause (iii) the following shall not be deemed to have a material adverse effect: any change or event caused by or resulting from (A) changes, in prevailing economic or market conditions or the securities, credit or financial markets in the United States or elsewhere (except to the extent those changes have a materially disproportionate effect on such entity and its Subsidiaries relative to other similarly situated participants in the industries in which they operate), (B) changes or events, affecting the industries in which they operate generally (except to the extent those changes or events have a materially disproportionate effect on such entity and its Subsidiaries relative to other similarly situated participants in the industries in which they operate), (C) changes in generally accepted accounting principles (GAAP) applicable to such entity and its Subsidiaries, (D) changes, after the date hereof, in laws, rules or regulations of general applicability or interpretations thereof by any Governmental Entity, (E) the announcement of this Agreement, (F) the impact of changes in the housing or commercial building markets in the State of Florida, whether occurring prior to or after the date of this Agreement, (G) any weather-related or other force majeure event (except to the extent those events have a materially disproportionate effect on such entity and its Subsidiaries relative to other similarly situated participants in the industries in which they operate), or (H) any developments (including adverse judgments) in the litigation matter set forth on Schedule 3.1(a)(iii) of the Florida Rock Disclosure Letter.

(iv) Notwithstanding the foregoing, solely with respect to Sections 5.3 and 6.2(d) of this Agreement, material adverse effect with respect to Florida Rock shall mean, a disposition (or commitment to do same) of Vulcan or Florida Rock assets or businesses (subject to the remainder of this paragraph) that, individually or in the aggregate, generated earnings before interest, taxes, depreciation and amortization (EBITDA) equal to or greater than $18.5 million in 2006. If Vulcan swaps an asset or business of Florida Rock or Vulcan for an asset or business of a third-party, or enters into an agreement to effect such a swap, then in determining whether there has been a material adverse effect on Florida Rock s aggregates business, to the extent that the EBITDA of the Vulcan or Florida Rock property so disposed of exceeds the EBITDA of the third party property received in return, the difference between the EBITDA of such properties shall be added to the total of disposed EBITDA, and to the extent that the EBITDA of the Vulcan or Florida Rock property so disposed of is less than the EBITDA of the third party property received in return, the difference between the EBITDA of such properties shall be subtracted from the total of disposed EBITDA. If Vulcan sells or otherwise disposes of a Vulcan asset or business pursuant to Section 5.3 (other than swaps, which shall be treated as above), then the EBITDA for the corresponding asset or business of Florida Rock that is closest to the Vulcan asset or business so sold or disposed of shall be considered for purposes of determining whether there has been a material

adverse effect on Florida Rock s aggregates business.

Table of Contents

(b) *Capital Structure*. (i) The authorized capital stock of Florida Rock consists of 150,000,000 shares of Florida Rock Common Stock and 10,000,000 preferred shares, no par value per share (the Florida Rock Preferred Stock), of which 500,000 shares of Florida Rock Preferred Stock are designated Series A Junior Participating Preferred Stock, par value $0.01 per share. As of the close of business on February 8, 2007, (A) 65,809,776 shares of Florida Rock Common Stock were issued (including shares held in treasury), 3,838,702 shares of Florida Rock Common Stock were subject to issuance upon the exercise or payment of outstandin>)

Prepayment penalty on early extinguishment of debt

(5,734)

Contributions from minority interest partners

726

Distributions paid to minority interest partners

(135) (227)

Issuance of common stock

859,961 1,194,594 790,270

Redemptions of common stock

(32,421) (15,320) (690)

Dividends paid to stockholders

(140,260) (80,586) (16,613)

Commissions on stock sales and related dealer-manager fees paid

(71,547) (109,424) (72,848)

Other offering costs paid

(11,054) (17,547) (12,069)

Net cash provided by financing activities

542,142 1,200,253 917,655

Net increase in cash and cash equivalents

10,748 14,476 20,719

Cash and cash equivalents, beginning of period

35,352 20,876 157

Cash and cash equivalents, end of period

$46,100	$35,352	$20,876

See accompanying notes.

Table of Contents

WELLS REAL ESTATE INVESTMENT TRUST II, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2006, 2005, and 2004

1. ORGANIZATION

Wells Real Estate Investment Trust II, Inc. (Wells REIT II) is a Maryland corporation that has elected to be taxed as a real estate investment trust (REIT) for federal income tax purposes. Wells REIT II engages in the acquisition and ownership of commercial real estate properties throughout the United States, including properties that are under construction, are newly constructed, or have operating histories. Wells REIT II was incorporated on July 3, 2003 and commenced operations on January 22, 2004. Wells REIT II conducts business primarily through Wells Operating Partnership II, L.P. (Wells OP II), a Delaware limited partnership. Wells REIT II is the sole general partner of Wells OP II and possesses full legal control and authority over the operations of Wells OP II. Wells REIT II owns more than 99.9% of the equity interests in Wells OP II. Wells Capital, Inc. (Wells Capital), the external advisor to Wells REIT II, is the sole limited partner of Wells OP II. Wells OP II acquires, develops, owns, leases, and operates real properties directly, through wholly owned subsidiaries or through joint ventures. References to Wells REIT II herein shall include Wells REIT II, all subsidiaries of Wells REIT II, including consolidated joint ventures, Wells OP II, and Wells OP II s subsidiaries. See Note 9 for a discussion of the advisory services provided by Wells Capital.

As of December 31, 2006, Wells REIT II owned interests in 47 office properties, one industrial building, and one hotel, comprising approximately 14.5 million square feet of commercial office space located in 17 states and the District of Columbia. Forty-three of the properties are wholly owned and six are owned through consolidated joint ventures. As of December 31, 2006, the office and industrial properties were approximately 98% leased.

On December 1, 2003, Wells REIT II commenced its initial public offering of up to 785.0 million shares of common stock, of which 185.0 million shares were reserved for issuance through Wells REIT II s dividend reinvestment plan, pursuant to a Registration Statement filed on Form S-11 under the Securities Act of 1933. Except for continuing to offer shares for sale through its dividend reinvestment plan, Wells REIT II stopped offering shares for sale under its initial public offering on November 26, 2005. Wells REIT II raised gross offering proceeds of approximately $2.0 billion from the sale of approximately 197.1 million shares under its initial public offering, including shares sold under the dividend reinvestment plan through March 2006. On November 10, 2005, Wells REIT II commenced a follow-on offering of up to 300.6 million shares of common stock, of which 0.6 million shares were reserved for issuance under Wells REIT II s dividend reinvestment plan, pursuant to a Registration Statement filed on Form S-11 under the Securities Act of 1933. On April 14, 2006, Wells REIT II amended the aforementioned registration statements to offer in a combined prospectus 300.6 million shares registered under the follow-on offering and 174.4 million unsold shares related to the dividend reinvestment plan and registered under the initial public offering. As of December 31, 2006, Wells REIT II had raised gross offering proceeds of approximately $885.0 million from the sale of approximately 88.5 million shares under the follow-on offering.

As of December 31, 2006, Wells REIT II has raised gross offering proceeds from the sale of common stock under the initial public offering and follow-on offering of approximately $2.9 billion. After deductions from such gross offering proceeds for payments of acquisition fees of approximately $56.9 million, selling commissions and dealer-manager fees of approximately $266.1 million, other organization and offering expenses of approximately $43.1 million, and common stock redemptions of approximately $54.8 million under the share redemption program, Wells REIT II had received aggregate net offering proceeds of approximately $2.4 billion. Substantially all of Wells REIT II s net offering proceeds have been invested in real properties.

Wells REIT II s stock is not listed on a public securities exchange. However, Wells REIT II s charter requires that, in the event that Wells REIT II s stock is not listed on a national securities exchange by October 2015,

Table of Contents

Wells REIT II must seek stockholder approval of either an extension or amendment of this listing deadline or to begin liquidating investments and distributing the resulting proceeds to the stockholders. In the event that Wells REIT II seeks stockholder approval for an extension or amendment to this listing date and does not obtain it, Wells REIT II will then be required to seek stockholder approval to liquidate. In this circumstance, if Wells REIT II seeks and does not obtain approval to liquidate, Wells REIT II will not be required to list or liquidate and could continue to operate indefinitely as an unlisted company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

Wells REIT II's consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP) and include the accounts of Wells REIT II, Wells OP II, and any variable interest entity (VIE) in which Wells REIT II or Wells OP II is deemed the primary beneficiary. With respect to entities that are not VIEs, Wells REIT II's consolidated financial statements shall also include the accounts of any entity in which Wells REIT II, Wells OP II, or its subsidiaries owns a controlling financial interest and any limited partnership in which Wells REIT II, Wells OP II, or its subsidiaries owns a controlling general partnership interest. In determining whether Wells REIT II or Wells OP II has a controlling interest, the following factors are considered, among other things: the ownership of voting interests, protective rights and participatory rights of the investors.

Wells REIT II owns a 50% interest in an office tower, a full-service hotel, and a parking garage (collectively, the Key Center Complex) through its ownership in Key Center Properties LLC (KCP LLC), a joint venture between Wells REIT II and Key Center Properties Limited Partnership (KCPLP). Wells REIT II has a note receivable due from KCPLP for approximately $72.9 million, which approximates KCPLP s minority interest in KCP LLC. Wells REIT II has concluded that KCP LLC and KCPLP are both VIEs in which Wells REIT II is the primary beneficiary. Accordingly, Wells REIT II has included the accounts of KCP LLC and KCPLP in the accompanying consolidated financial statements and eliminated the aforementioned note receivable and 50% minority interest in KCP LLC. The minority interest in KCPLP that is included in the accompanying consolidated balance sheets represents claims against specific, rather than general, assets and liabilities of KCPLP.

Wells REIT II owns interests in four real properties through its majority ownership in the following entities: Wells REIT II/Lincoln-Highland Landmark III, LLC, Nashoba View Ownership, LLC, and 2420 Lakemont Avenue, LLC (collectively, the Joint Ventures). Wells REIT II has concluded that each of the Joint Ventures should be consolidated and has, therefore, included the accounts of the consolidated Joint Ventures in the accompanying consolidated financial statements.

All significant intercompany balances and transactions have been eliminated upon consolidation.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the accompanying consolidated financial statements and the accompanying notes. Actual results could differ from those estimates.

Real Estate Assets

Real estate assets are stated at cost less accumulated depreciation and amortization. Amounts capitalized to real estate assets consist of the cost of acquisition or construction, application of acquisition fees incurred, and any tenant improvements or major improvements and betterments that extend the useful life of the related asset. All repairs and maintenance are expensed as incurred. Additionally, Wells REIT II capitalizes interest while the

Table of Contents

development of a real estate asset is in progress. Interest of approximately $162,000 and $4,000 was capitalized during the years ended December 31, 2006 and 2005, respectively.

Wells REIT II s real estate assets are depreciated or amortized using the straight-line method over the following useful lives:

Building	40 years
Building improvements	5-25 years
Tenant improvements	Shorter of economic life or lease term
Intangible lease assets	Lease term

Wells REIT II continually monitors events and changes in circumstances that could indicate that the carrying amounts of the real estate and related intangible assets of both operating properties and properties under construction, in which Wells REIT II has an ownership interest, either directly or through investments in joint ventures, may not be recoverable. When indicators of potential impairment are present that suggest that the carrying amounts of real estate and related intangible assets may not be recoverable, Wells REIT II assesses the recoverability of these assets by determining whether the carrying value will be recovered through the undiscounted future operating cash flows expected from the use of the asset and its eventual disposition. In the event that such expected undiscounted future cash flows do not exceed the carrying value, Wells REIT II decreases the carrying value of the real estate and related intangible assets to the estimated fair values, as defined by Statement of Financial Accounting Standards (SFAS) No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, and recognizes an impairment loss. Estimated fair values are calculated based on the following information in order of preference, dependent upon availability: (i) recently quoted market prices, (ii) market prices for comparable properties, or (iii) the present value of undiscounted cash flows, including estimated salvage value. Wells REIT II has determined that there has been no impairment in the carrying value of real estate assets held by Wells REIT II to date.

Allocation of Purchase Price of Acquired Assets

Upon the acquisition of real properties, Wells REIT II allocates the purchase price of properties to acquired tangible assets, consisting of land and building, and identified intangible assets and liabilities, consisting of the value of above-market and below-market leases and the value of in-place leases, based in each case on Wells REIT II s estimate of their fair values.

The fair values of the tangible assets of an acquired property (which includes land and building) are determined by valuing the property as if it were vacant, and the as-if-vacant value is then allocated to land and building based on management s determination of the relative fair value of these assets. Management determines the as-if-vacant fair value of a property using methods similar to those used by independent appraisers. Factors considered by management in performing these analyses include an estimate of carrying costs during the expected lease-up periods considering current market conditions and costs to execute similar leases, including leasing commissions and other related costs. In estimating carrying costs, management includes real estate taxes, insurance, and other operating expenses during the expected lease-up periods based on current market demand.

The fair values of above-market and below-market in-place leases are recorded based on the present value (using a discount rate that reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the in-place leases and (ii) management s estimate of market rates for the corresponding in-place leases, measured over a period equal to the remaining terms of the leases. The capitalized above-market and below-market lease values are recorded as intangible lease assets or liabilities and amortized as an adjustment to rental income over the remaining terms of the respective leases.

The fair values of in-place leases include direct costs associated with obtaining a new tenant, opportunity costs associated with lost rentals that are avoided by acquiring an in-place lease, and tenant relationships. Direct costs

Table of Contents

associated with obtaining a new tenant include commissions, tenant improvements and other direct costs and are estimated based on management s consideration of current market costs to execute a similar lease. These direct lease origination costs are included in deferred lease costs in the accompanying consolidated balance sheets and are amortized to expense over the remaining terms of the respective leases. The value of opportunity costs is calculated using the contractual amounts to be paid pursuant to the in-place leases over a market absorption period for a similar lease. Customer relationships are valued based on expected renewal of a lease or the likelihood of obtaining a particular tenant for other locations. These lease intangibles are included in intangible lease assets in the accompanying consolidated balance sheets and are amortized to expense over the remaining terms of the respective leases.

As of December 31, 2006 and 2005, Wells REIT II had gross above-market in-place leases of approximately $147.7 million and $122.8 million, respectively, and gross intangible absorption period costs of approximately $417.3 million and $310.7 million, respectively, which are recorded as intangible lease assets. As of December 31, 2006 and 2005, Wells REIT II had gross intangible lease origination costs of approximately $354.1 million and $253.9 million, respectively, which are included in deferred lease costs, and gross below-market in-place leases of approximately $103.0 million and $66.5 million, respectively, which are recorded as intangible lease liabilities.

During the years ended December 31, 2006, 2005, and 2004, Wells REIT II recognized amortization expense related to intangible lease origination and absorption period costs of approximately $84.1 million, $43.1 million, and $12.0 million, respectively. In addition, Wells REIT II recognized amortization of above-market and below-market in-place leases of approximately $12.8 million, $3.9 million, and $1.4 million for the years ended December 31, 2006, 2005, and 2004, respectively, as a net decrease to rental income.

The net intangible assets and liabilities as of December 31, 2006 will be amortized as follows (in thousands):

	Intangible Lease Assets			Intangible
	Above-Market			
	In-Place Lease Assets	Absorption Period Costs	Intangible Lease Origination Costs	Below-Market In-Place Lease Liabilities
For the year ending December 31:				
2007	$ 19,179	$ 56,122	$ 39,682	$ 9,812
2008	18,533	51,806	38,955	9,806
2009	17,302	45,999	37,466	9,759
2010	16,227	41,280	35,591	9,551
2011	14,246	35,558	31,764	9,194
Thereafter	36,105	106,560	118,754	44,221
	$ 121,592	$ 337,325	$ 302,212	$ 92,343
Weighted-Average Amortization Period	7 years	7 years	9 years	11 years

Cash and Cash Equivalents

Wells REIT II considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents include cash and short-term investments. Short-term investments are stated at cost, which approximates fair value, and consist of investments in money market accounts.

Tenant Receivables, net

Tenant receivables are comprised of rental and reimbursement billings due from tenants and the cumulative amount of future adjustments necessary to present rental income on a straight-line basis. Tenant receivables are recorded at the original amount earned, less an allowance for any doubtful accounts, which approximates fair

Table of Contents

value. Management assesses the realizability of tenant receivables on an ongoing basis and provides for allowances as such balances, or portions thereof, become uncollectible. Wells REIT II adjusted the allowance for doubtful accounts by recording provisions for bad debts of approximately $813,000, $365,000, and $432,000 for the years ended December 31, 2006, 2005, and 2004, respectively, which is included in general and administrative expenses in the accompanying consolidated statements of operations.

Prepaid Expenses and Other Assets

Prepaid expenses and other assets are primarily comprised of escrow accounts held by lenders to pay future real estate taxes, insurance and tenant improvements, earnest money paid in connection with future acquisitions and borrowings, other escrow accounts created in connection with the acquisition of real estate assets, notes receivable, deferred tax asset, prepaid taxes, insurance and operating costs, hotel inventory, and the fair value of an interest rate swap agreement. Prepaid expenses and other assets will be expensed as incurred or reclassified to other asset accounts upon being put into service in future periods. Balances without future economic benefit are written off as they are identified.

Deferred Financing Costs

Deferred financing costs are comprised of costs incurred in connection with securing financing from third-party lenders and are capitalized and amortized on a straight-line basis over the term of the related financing arrangements. Wells REIT II recognized amortization of deferred financing costs for the years ended December 31, 2006, 2005, and 2004 of approximately $0.9 million, $1.4 million, and $5.4 million, respectively, which is included in interest expense in the accompanying consolidated statements of operations.

Deferred Lease Costs

Deferred lease costs are comprised of costs incurred to acquire operating leases, including intangible lease origination costs, and are capitalized and amortized on a straight-line basis over the terms of the related leases. Wells REIT II recognized amortization of deferred lease costs of approximately $32.0 million, $16.2 million, and $4.7 million for the years ended December 31, 2006, 2005, and 2004, respectively, the majority of which is recorded as amortization. Upon receiving notification of a tenant s intention to terminate a lease, unamortized deferred lease costs are written off.

Investment in Bonds and Obligations Under Capital Leases

In connection with the acquisition of certain real estate assets, Wells REIT II has assumed investments in bonds and corresponding obligations under capital leases. Wells REIT II records the bonds at net principal value and obligations under capital leases at the present value of the expected payments. The related amounts of interest income and expense are recognized as earned in equal amounts and, accordingly, do not impact net income (loss).

Line of Credit and Notes Payable

Certain mortgage notes included in line of credit and notes payable in the accompanying consolidated balance sheets were assumed upon the acquisition of real properties. When debt is assumed, Wells REIT II adjusts the loan to fair value with a corresponding adjustment to building. The fair value adjustment is amortized to interest expense over the term of the loan using the effective interest method.

Minority Interest

Minority interest represents the equity interests of consolidated subsidiaries that are not owned by Wells REIT II. Minority interest is adjusted for contributions, distributions and earnings (loss) attributable to the minority

Table of Contents

interest partners of the consolidated joint ventures. Pursuant to the terms of the consolidated joint venture agreements, all earnings and distributions are allocated to partners in accordance with the terms of the respective partnership agreements. Earnings allocated to such minority interest partners are recorded as minority interest in (earnings) loss of consolidated entities in the accompanying consolidated statements of operations.

Preferred Stock

Wells REIT II is authorized to issue up to 100,000,000 shares of one or more classes or series of preferred stock with a par value of $0.01 per share. Wells REIT II s board of directors may determine the relative rights, preferences, and privileges of each class or series of preferred stock issued, which may be more beneficial than the rights, preferences, and privileges attributable to Wells REIT II s common stock. To date, Wells REIT II has not issued any shares of preferred stock.

Common Stock

The par value of Wells REIT II s issued and outstanding shares of common stock is classified as common stock, with the remainder allocated to additional paid-in capital.

Dividends

In order to maintain its status as a REIT, Wells REIT II is required by the Internal Revenue Code of 1986, as amended (the Code), to make distributions to stockholders each taxable year equal to at least 90% of its REIT taxable income, computed without regard to the dividends-paid deduction and by excluding net capital gains attributable to stockholders (REIT taxable income).

Dividends to be distributed to the stockholders are determined by the board of directors of Wells REIT II and are dependent upon a number of factors relating to Wells REIT II, including funds available for payment of dividends, financial condition, the timing of property acquisitions, capital expenditure requirements and annual distribution requirements in order to maintain Wells REIT II s status as a REIT under the Code.

Interest Rate Swap Agreements

Wells REIT II has entered into interest rate swap agreements to hedge its exposure to changing interest rates on variable rate debt instruments. Wells REIT II accounts for interest rate swap agreements in accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities.* Accordingly, the fair value of all interest rate swap agreements are included in either prepaid expenses and other assets or accounts payable, accrued expenses, and accrued capital expenditures in the accompanying consolidated balance sheets. The change in fair value of the effective portion of an interest rate swap agreement that is designated as a hedge is recorded as other comprehensive income (loss) in the accompanying consolidated statement of stockholders equity. All other changes in fair values of interest rate swap agreements are recorded as other income (expense) in the accompanying consolidated statements of operations. Net amounts received or paid under interest rate swap agreements are recorded as adjustments to interest expense as incurred.

Financial Instruments

Wells REIT II considers its cash and cash equivalents, accounts receivables, accounts payable, investment in bonds, obligations under capital leases, line of credit, and notes payable to meet the definition of financial instruments. As of December 31, 2006 and 2005, the carrying value of cash and cash equivalents, accounts receivables, accounts payable, investment in bonds, and obligations under capital leases approximated their fair value. As of December 31, 2006 and 2005, the estimated fair value of Wells REIT II s line of credit and notes payable was approximately $769.2 million and $824.0 million, respectively.

Table of Contents

Revenue Recognition

All leases on real estate assets held by Wells REIT II are classified as operating leases, and the related base rental income is generally recognized on a straight-line basis over the terms of the respective leases. Tenant reimbursements are recognized as revenue in the period that the related operating cost is incurred and are billed to tenants pursuant to the terms of the underlying leases. Rental income and tenant reimbursements collected in advance are recorded as deferred income in the accompanying consolidated balance sheets. Other rental income is recognized once the tenant has lost the right to lease the space and Wells REIT II has satisfied all obligations under the related lease or lease termination agreement.

In conjunction with certain acquisitions, Wells REIT II has entered into master lease agreements with various sellers whereby the sellers are obligated to pay rent pertaining to certain non-revenue producing spaces either at the time of, or subsequent to, the property acquisition. These master leases were established at the time of acquisition to mitigate the potential negative effects of lost rental revenues and expense reimbursement income. Wells REIT II records payments received under master lease agreements as a reduction of the basis of the underlying property rather than rental income. Wells REIT II received proceeds from master leases of $6.3 million, $15.4 million, and $0 during the years ended December 31, 2006, 2005, and 2004, respectively. In addition, as of December 31, 2006 and 2005, approximately $0 and $0.6 million, respectively, of master lease proceeds were held in escrow, which are included in prepaid expenses and other assets in the accompanying consolidated balance sheets.

Wells REIT II owns an interest in a full-service hotel. Revenues derived from the operations of the hotel include, but are not limited to, revenues from rental of rooms, food and beverage sales, telephone usage, and other service revenues. Revenue is recognized when rooms are occupied, when services have been performed, and when products are delivered.

Stock-based Compensation

SFAS No. 123 (Revised 2004), *Share-Based Payment* (SFAS 123-R), which replaces SFAS No. 123, *Accounting and Disclosure for Stock-Based Compensation*, and supersedes Accounting Principles Board (APB) Opinion No. 25, *Accounting for Stock Issued to Employees*, became effective on January 1, 2006 and applies to all transactions involving the issuance of equity securities, including, among others, common stock and stock options, in exchange for goods and services. Pursuant to SFAS 123-R, Wells REIT II recognizes the fair values of all stock options granted to directors or employees over the respective weighted-average vesting periods. To date, the options granted by Wells REIT II have not had significant values.

Earnings Per Share

Earnings per share are calculated based on the weighted-average number of common shares outstanding during each period. Outstanding stock options have been excluded from the diluted earnings per share calculation, as their impact would be anti-dilutive using the treasury stock method because the exercise price of the options exceeds the current offering price of Wells REIT II s common stock.

Income Taxes

Wells REIT II has elected to be taxed as a REIT under the Code and has operated as such beginning with its taxable year ended December 31, 2003. To qualify as a REIT, Wells REIT II must meet certain organizational and operational requirements, including a requirement to distribute at least 90% of its REIT taxable income to its stockholders. As a REIT, Wells REIT II generally is not subject to income tax on income it distributes to stockholders. Wells REIT II is subject to certain state and local taxes related to the operations of properties in certain locations, which have been provided for in the accompanying consolidated financial statements.

Table of Contents

On October 4, 2005, Wells REIT II created Wells TRS II, LLC (Wells TRS), a wholly owned subsidiary of Wells REIT II that is organized as a Delaware limited liability company and includes the operations of, among other things, a full-service hotel. Wells REIT II has elected to treat Wells TRS as a taxable REIT subsidiary. Wells REIT II may perform additional, non-customary services for tenants of buildings owned by Wells REIT II through Wells TRS, including any real estate or non-real estate related services; however, any earnings related to such services are subject to federal and state income taxes. In addition, for Wells REIT II to continue to qualify as a REIT, Wells REIT II s investments in taxable REIT subsidiaries cannot exceed 20% of the value of the total assets of Wells REIT II. In accordance with SFAS No. 109, *Accounting for Income Taxes*, deferred tax assets and liabilities are established for temporary differences between the financial reporting basis and the tax basis of assets and liabilities at the enacted rates expected to be in effect when the temporary differences reverse.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current period financial statement presentation.

Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board (FASB) issued SFAS No. 157, *Fair Value Measurements* (SFAS 157), which defines fair value, establishes a framework for measuring fair value, and expands disclosures required for fair value measurements under GAAP. SFAS 157 emphasizes that fair value is a market-based measurement, as opposed to a transaction-specific measurement. SFAS 157 will be effective for Wells REIT II beginning January 1, 2008. Wells REIT II is currently assessing the provisions and evaluating the financial statement impact of SFAS 157 on its consolidated financial statements and accompanying notes.

In September 2006, the SEC issued Staff Accounting Bulletin No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements* (SAB 108), which provides interpretive guidance on the consideration of the effects of prior year misstatements in quantifying current year misstatements for the purpose of a materiality assessment. SAB 108 is effective for Wells REIT II beginning December 31, 2006. The adoption of this guidance has not had a material impact on Wells REIT II s consolidated financial statements or accompanying notes.

In July 2006, the FASB issued Financial Accounting Standards Board Interpretation (FIN) No. 48, *Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109* (FIN 48), which clarifies the relevant criteria and approach for the recognition, derecognition, and measurement of uncertain tax positions. FIN 48 will be effective for Wells REIT II beginning January 1, 2007. Wells REIT II is in the process of evaluating the impact of FIN 48 on its consolidated financial statements and accompanying notes.

In June 2005, the FASB issued SFAS No. 154, *Accounting Changes and Error Corrections* (SFAS 154), which replaces APB Opinion No. 20, *Accounting Changes*, and SFAS No. 3, *Reporting Accounting Changes in Interim Financial Statements*. SFAS 154 changes the method to account for and report changes in accounting principles and corrections of errors. Previously, most voluntary changes in accounting principles required recognition as a cumulative effect adjustment to net income during the period in which the change was adopted. Conversely, in circumstances where applicable accounting guidance does not include specific transition provisions, SFAS 154 requires retrospective application to prior periods unless it is impractical to determine either the period-specific effects or the cumulative effect of the change. SFAS 154 was effective for Wells REIT II beginning January 1, 2006 and has not had an impact on its consolidated financial statements or accompanying notes.

3. REAL ESTATE ACQUISITIONS

As of December 31, 2006, Wells REIT II owned interests in 49 properties with aggregate purchase prices of approximately $3.1 billion. These interests were obtained through the acquisition of 18 properties during the year ended December 31, 2004 for an aggregate purchase price of approximately $1.0 billion, exclusive of closing

Table of Contents

costs and acquisition fees, the acquisition of 21 properties during the year ended December 31, 2005 for an aggregate purchase price of approximately $1.5 billion, exclusive of closing costs and acquisition fees, and the acquisition of the following 10 properties during the year ended December 31, 2006 (dollars in thousands):

Property	Acquisition Date	Location	Approximate Square Feet	Purchase Price[1]
LakePointe 3[2]	April 7, 2006	Charlotte, NC	111,000	$ 9,958
One SanTan	April 18, 2006	Chandler, AZ	134,000	32,113
Two SanTan	April 18, 2006	Chandler, AZ	134,000	27,091
263 Shuman Boulevard	July 20, 2006	Naperville, IL	354,000	55,318
11950 Corporate Boulevard	August 9, 2006	Orlando, FL	227,000	44,000
Edgewater Corporate Center	September 6, 2006	Lancaster, SC	180,000	35,502
4300 Centreway Place	September 19, 2006	Arlington, TX	139,000	19,250
80 Park Plaza	September 21, 2006	Newark, NJ	1,000,000	147,500
International Financial Tower	October 31, 2006	Jersey City, NJ	630,000	193,600
Sterling Commerce	December 21, 2006	Irving, TX	309,000	62,000
Total			3,218,000	$ 626,332

(1) Purchase prices are presented exclusive of closing costs and acquisition fees.
(2) Land was purchased in December 2005; however, construction of the building was completed in April 2006.

4. LINE OF CREDIT AND NOTES PAYABLE

The following table summarizes the terms of Wells REIT II s indebtedness outstanding as of December 31, 2006 and 2005 (in thousands):

Facility	Rate	Term Debt or Interest Only	Maturity	Amount Outstanding as of December 31, 2006	2005
Line of credit	6.30% - $86.0 million 6.32% - $40.0 million	Interest Only	5/9/2008	$ 126,000	$ 214,000
100 East Pratt Street Building mortgage note	5.08%	Interest Only	6/11/2017	105,000	105,000
Wildwood Buildings mortgage note	5.00%	Interest Only	12/1/2014	90,000	90,000
5 Houston Center Building mortgage note	5.00%	Interest Only	10/1/2008	90,000	90,000
Manhattan Towers Building mortgage note	5.65%	Interest Only	1/6/2017	75,000	
One West Fourth Street Building mortgage note	5.80%	Term Debt	12/10/2018	48,414	49,662
80 Park Plaza Building mortgage note	LIBOR + 130bp[1]	Interest Only[2]	9/21/2016	46,667	
800 North Frederick Building mortgage note	4.62%	Interest Only	11/11/2011	46,400	46,400
SanTan Corporate Center mortgage note	5.83%	Interest Only	10/11/2016	39,000	
Highland Landmark Building mortgage note	4.81%	Interest Only	1/10/2012	30,840	30,840
9 Technology Drive Building mortgage note	4.31%	Interest Only	2/1/2008	23,800	23,800
One and Four Robbins Road Buildings mortgage note	5.07%	Interest Only	9/5/2010	23,000	23,000
LakePointe 3 construction loan	LIBOR + 100bp[3]	Interest Only	12/31/2007	17,027	6,476
Key Center Complex mortgage notes	5.43%	Interest Only	4/16/2012 & 11/30/2012	13,375	12,571
University Circle Buildings mortgage note	6.04%	Term Debt	1/1/2011		122,932
Finley Road and Opus Place Buildings mortgage note	3.74%	Interest Only	2/4/2006		17,721
Total indebtedness				$ 774,523	$ 832,402

(1) Wells REIT II is party to an interest rate swap agreement, which generally fixes its interest rate on the 80 Park Plaza Building mortgage note at 6.575% per annum, and terminates on September 21, 2016.

(2) Principal and interest accrue over the term of the note and become payable at maturity. Interest compounds monthly.

(3) The LakePointe 3 construction loan represents a construction loan to fund up to $17.1 million of the costs to build an office building in Charlotte, North Carolina. Wells REIT II was party to an interest rate swap agreement, which generally fixed its interest rate on the LakePointe 3 construction loan at 4.84% per annum, and terminated on February 2, 2007.

Table of Contents

The line of credit represents a $400.0 million unsecured revolving financing facility (the Wachovia Line of Credit) with a syndicate of banks led by Wachovia Bank, N.A. (Wachovia). Wells REIT II can borrow up to 50% of the unencumbered asset value, or the aggregate value of a subset of lender-approved properties. Unencumbered asset value is calculated as the annualized net operating income of the lender-approved properties owned for four consecutive fiscal quarters divided by 8.25%, plus the book value, computed in accordance with GAAP, of such properties acquired during the most recently ended four fiscal quarters, plus the GAAP book value of construction-in-process properties included in the lender-approved subset (the borrowing capacity). As of December 31, 2006, Wells REIT II had a remaining borrowing capacity of up to approximately $231.5 million under the Wachovia Line of Credit.

The Wachovia Line of Credit contains borrowing arrangements that include interest costs based on, at the option of Wells REIT II, LIBOR for 7-, 30-, 60-, 90-, or 180-day periods, plus an applicable margin ranging from 0.85% to 1.20% (LIBOR Loans), or the floating base rate. The applicable margin for LIBOR Loans is based on the ratio of debt to total asset value. The base rate for any day is the higher of Wachovia s prime rate for such day or the Federal Funds Rate for such day plus 50 basis points. Under the terms of the Wachovia Line of Credit, accrued interest shall be payable in arrears on the first day of each calendar month. In addition, unused fees are assessed on a quarterly basis at a rate of 0.125% or 0.175% per annum of the amount by which the facility exceeds outstanding borrowings plus letters of credit. The maturity date of May 9, 2008 may be extended to May 9, 2009 if Wells REIT II seeks an extension and meets the related conditions set forth in the agreement. Wells REIT II can repay the Wachovia Line of Credit at any time without premium or penalty. The interest rate as of December 31, 2006 was 6.30% on $86.0 million of the outstanding balance and 6.32% on the remaining $40.0 million. The interest rate as of December 31, 2005 was 5.23% on $134.0 million of the outstanding balance and 5.31% on the remaining $80.0 million.

As of December 31, 2006 and 2005, Wells REIT II s weighted-average interest rate on its line of credit and notes payable was approximately 5.43% and 5.21%, respectively. Wells REIT II made interest payments, including amounts capitalized, of approximately $36.3 million, $16.7 million, and $8.1 million during the years ended December 31, 2006, 2005, and 2004, respectively. These interest payments exclude a $5.7 million prepayment penalty paid in 2006 related to the University Circle Buildings mortgage note, which is recorded as a component of the loss on early extinguishment of debt in the accompanying consolidated statements of operations.

The following table summarizes the aggregate maturities of Wells REIT II s indebtedness as of December 31, 2006 (in thousands):

2007	$ 17,796
2008	240,663
2009	962
2010	24,067
2011	47,578
Thereafter	443,457
Total	$ 774,523

5. COMMITMENTS AND CONTINGENCIES

Property Under Contract

On December 27, 2006, Wells REIT II entered into an agreement to acquire an 8-story office building containing approximately 539,000 rentable square feet located on an approximate 28.2-acre tract of land at 26 Century Boulevard in Nashville, Tennessee (the One Century Place Building) for a total contract price of $72.0 million, exclusive of closing costs. In connection with the execution of this agreement, Wells REIT II paid a deposit of $750,000 to an escrow agent, which is included in prepaid expenses and other assets in the accompanying consolidated balance sheets. On January 4, 2007, Wells REIT II closed on the acquisition of the One Century Place Building.

Table of Contents

Obligations Under Operating Leases

Wells REIT II owns one property that is subject to a ground lease with an expiration date of December 31, 2058. As of December 31, 2006, the remaining required payments under the terms of this ground lease are as follows (in thousands):

2007	$ 60
2008	60
2009	60
2010	60
2011	60
Thereafter	2,820
Total	$ 3,120

Obligations Under Capital Leases

Certain properties are subject to ground leases, which meet the qualifications of a capital lease. Each of such obligations require payments equal to the amounts of principal and interest receivable of related investments in bonds, which mature in 2012. The required payments under the terms of the leases are as follows as of December 31, 2006 (in thousands):

2007	$ 4,680
2008	4,680
2009	4,680
2010	4,680
2011	4,680
Thereafter	81,300
	104,700
Amounts representing interest	(26,700)
Total	$ 78,000

Commitments Under Existing Lease Agreements

Certain lease agreements include provisions that, at the option of the tenant, may obligate Wells REIT II to expend capital to expand an existing property or provide other expenditures for the benefit of the tenant. As of December 31, 2006, no tenants have exercised such options that had not been materially satisfied.

Litigation

Wells REIT II is from time to time a party to legal proceedings, which arise in the ordinary course of its business. Wells REIT II is not currently involved in any legal proceedings for which the outcome is reasonably likely to have a material adverse effect on the results of operations or financial condition of Wells REIT II. Wells REIT II is not aware of any such legal proceedings contemplated by governmental authorities.

6. STOCKHOLDERS EQUITY

Stock Option Plan

Wells REIT II maintains a stock option plan that provides for grants of non-qualified stock options to be made to selected employees of Wells Capital and Wells Management Company, Inc. (Wells Management)

(the Stock Option Plan). A total of 750,000 shares have been authorized and reserved for issuance under the Stock Option Plan. As of December 31, 2006, no stock options have been granted under the plan.

Under the Stock Option Plan, the exercise price per share for the options must be the greater of (1) $11.00 or (2) the fair market value (as defined in the Stock Option Plan) on the date the option is granted. The conflicts committee of Wells REIT II s board of directors, upon recommendation and consultation with Wells Capital, may grant options under the plan. The conflicts committee has the authority to set the term and vesting period of the stock options as long as no option has a term greater than five years from the date the stock option is granted. In the event of a corporate transaction or other recapitalization event, the conflicts committee will adjust the number of shares, class of shares, exercise price, or other terms of the Stock Option Plan to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Stock Option Plan or with respect to any option as necessary. No stock option may be exercised if such exercise would jeopardize Wells REIT II s status as a REIT under the Code, and no stock option may be granted if the grant, when combined with those issuable upon exercise of outstanding options or warrants granted to Wells REIT II s advisor, directors, officers, or any of their affiliates, would exceed 10% of Wells REIT II s outstanding shares. No option may be sold, pledged, assigned, or transferred by an option holder in any manner other than by will or the laws of descent or distribution.

Independent Director Stock Option Plan

Wells REIT II maintains an independent director stock option plan that provides for grants of stock to be made to independent directors of Wells REIT II (the Director Plan). A total of 100,000 shares have been authorized and reserved for issuance under the Director Plan.

Under the Director Plan, options to purchase 2,500 shares of common stock at $12.00 per share are granted upon initially becoming an independent director of Wells REIT II. Of these options, 20% are exercisable immediately on the date of grant. An additional 20% of these options become exercisable on each anniversary for four years following the date of grant. Additionally, effective on the date of each annual stockholder meeting, beginning in 2004, each independent director will be granted options to purchase 1,000 additional shares of common stock at the greater of (1) $12.00 per share or (2) the fair market value (as defined in the Director Plan) on the last business day preceding the date of the annual stockholder meeting. These options are 100% exercisable two years after the date of grant. All options granted under the Director Plan expire no later than the tenth anniversary of the date of grant and may expire sooner if the independent director dies, is disabled, or ceases to serve as a director. In the event of a corporate transaction or other recapitalization event, the conflicts committee will adjust the number of shares, class of shares, exercise price, or other terms of the Director Plan to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Director Plan or with respect to any option as necessary. No stock option may be exercised if such exercise would jeopardize Wells REIT II s status as a REIT under the Code, and no stock option may be granted if the grant, when combined with those issuable upon exercise of outstanding options or warrants granted to Wells REIT II s advisor, directors, officers, or any of their affiliates, would exceed 10% of Wells REIT II s outstanding shares. No option may be sold, pledged, assigned, or transferred by an independent director in any manner other than by will or the laws of descent or distribution.

Table of Contents

A summary of stock option activity under Wells REIT II s Director Plan during the years ended December 31, 2006, 2005, and 2004 follows:

	Number	Exercise Price	Exercisable
Outstanding as of December 31, 2003			
Granted	28,000	$ 12	
Outstanding as of December 31, 2004	28,000	$ 12	4,000
Granted	8,000	$ 12	
Outstanding as of December 31, 2005	36,000	$ 12	8,000
Granted	7,000	$ 12	
Terminated[(1)]	(3,000)	$ 12	
Outstanding as of December 31, 2006	40,000	$ 12	19,000

(1) One of Wells REIT II s independent directors passed away in 2006, prior to the date of the annual meeting. Of the 4,500 options granted to this director, 1,500 options are exercisable by his estate for a period of one year following his death. The remaining 3,000 shares were terminated and are available for future issuance under the plan.

Wells REIT II implemented SFAS 123-R using the modified prospective transition method, under which compensation expense is required to be recognized over the remaining requisite service period for the estimated fair values of (i) the unvested portion of previously issued awards that remain outstanding as of January 1, 2006 and (ii) any awards issued, modified, repurchased, or cancelled after January 1, 2006. Based on the following assumptions, the fair value of options granted under the Independent Director Plan in 2006, 2005, and 2004 is insignificant. Wells REIT II estimated the fair value of such options using the Black-Scholes-Merton model with the following assumptions:

	2006	2005	2004
Risk-free rate	**4.61%**	3.81%	3.88%
Projected future dividend yield	**6.00%**	6.00%	6.00%
Expected life of the options	**6 years**	6 years	6 years
Volatility	**0.161**	0.168	0.212

As none of the options described above have been exercised, Wells REIT II does not have relevant historical data on which to base an estimate of the expected life of the independent director options. The expected life of such options has been estimated to equal one-half of the sum of the contractual term (10 years), plus the weighted-average vesting period (2 years). As Wells REIT II s common stock is not publicly traded, Wells REIT II does not have relevant historical data on which to base an estimate of volatility in the value of such options. The volatility of such options has been estimated to equal the average fluctuations in historical stock prices of publicly traded companies that are otherwise similar to Wells REIT II. The weighted-average contractual remaining life for options that were exercisable as of December 31, 2006 was approximately seven years.

Dividend Reinvestment Plan

Wells REIT II maintains the Dividend Reinvestment Plan (DRP) that allows common stockholders to elect to reinvest an amount equal to the dividends declared on their common shares in additional shares of Wells REIT II s common stock in lieu of receiving cash dividends. Under the DRP, shares may be purchased by participating stockholders at the higher of $9.55 per share or 95% of the estimated per-share value, as estimated by Wells Capital or another firm chosen by the board of directors for that purpose. Participants in the DRP may purchase fractional shares so that 100% of the dividends will be used to acquire shares of Wells REIT II s stock. The board of directors, by majority vote, may amend or terminate the DRP for any reason, provided that any

amendment that adversely affects the rights or obligations of a participant (as determined in the sole discretion of the board of directors) will only take effect upon 10 days written notice to participants.

Share Redemption Program

Wells REIT II maintains a Share Redemption Program (SRP), amended effective September 9, 2006, for stockholders who hold their shares for more than one year, subject to certain limitations. The SRP provides that for Ordinary Redemptions (those that do not occur within two years of death or qualifying disability, as defined in the SRP), the initial price at which Wells REIT II may repurchase a share of common stock is $9.10 per share, or 91% of the price paid for those shares sold for less than $10.00 per share. This redemption price is expected to remain fixed until three years after Wells REIT II completes its offering stage. Wells REIT II will view its offering stage as complete upon the termination of its first public equity offering that is followed by a one-year period during which it does not engage in another public equity offering (other than secondary offerings or offerings related to a DRP, employee benefit plan, or the issuance of shares upon redemption of interests in Wells OP II). Thereafter, the redemption price for Ordinary Redemptions would equal 95% of the per-share value of Wells REIT II as estimated by Wells Capital or another firm chosen by the board of directors for that purpose.

Redemptions sought within two years of the death or qualifying disability of a stockholder do not require a one-year holding period, and the redemption price is the amount paid for the shares until three years after completion of the above-mentioned offering stage. At that time, the redemption price would be the higher of the amount paid for the shares or 100% of the estimated per-share value of Wells REIT II.

The limits on Wells REIT II s ability to redeem shares under the amended program are set forth below:

Wells REIT II will not make an Ordinary Redemption until one year after the issuance of the share to be redeemed.

Wells REIT II will not redeem shares on any redemption date to the extent that such redemptions would cause the amount paid for Ordinary Redemptions since the beginning of the then-current calendar year to exceed 50% of the net proceeds from the sale of shares under Wells REIT II s DRP during such period.

Wells REIT II will limit Ordinary Redemptions and those upon the qualifying disability of a stockholder so that the aggregate of such redemptions during any calendar year do not exceed:

100% of the net proceeds from Wells REIT II s DRP during the calendar year or

5% of the weighted-average number of shares outstanding in the prior calendar year.

Although there is no limit under the SRP on the number of shares Wells REIT II may redeem upon the death of stockholders, Wells REIT II is under no obligation to redeem such shares to the extent such redemptions would cause total redemptions to exceed the two limits set forth immediately above.

The board of directors may amend, suspend, or terminate the SRP at any time with 30 days notice. Approximately 3.8 million and 1.6 million shares were redeemed under the SRP, during the years ended December 31, 2006 and 2005, respectively.

7. OPERATING LEASES

Wells REIT II s real estate assets are leased to tenants under operating leases for which the terms vary, including certain provisions to extend the lease agreement, options for early terminations subject to specified penalties, and other terms and conditions as negotiated. Wells REIT II retains substantially all of the risks and benefits of ownership of the real estate assets leased to tenants. Amounts required as security deposits vary depending upon

Table of Contents

the terms of the respective leases and the creditworthiness of the tenant, however generally are not significant. Therefore, exposure to credit risk exists to the extent that the receivables exceed this amount. Security deposits related to tenant leases are included in accounts payable, accrued expenses, and accrued capital expenditures in the accompanying consolidated balance sheets.

Wells REIT II s tenants are generally of investment-grade quality and there are no significant concentrations of credit risk within any particular tenant. Tenants in the legal services and depository institution industries each comprise 15% of Wells REIT II s 2006 annualized gross base rent. Wells REIT II s properties are located in 17 states and the District of Columbia. As of December 31, 2006, approximately 13%, 11%, and 10% of Wells REIT II s office and industrial properties are located in Northern New Jersey, metropolitan Cleveland, and metropolitan Atlanta, respectively.

The future minimum rental income from Wells REIT II s investment in real estate assets under non-cancelable operating leases, excluding properties under development, as of December 31, 2006 is as follows (in thousands):

2007	$ 265,003
2008	262,710
2009	260,624
2010	251,688
2011	224,507
Thereafter	942,506
Total	$ 2,207,038

Table of Contents

8. SUPPLEMENTAL DISCLOSURES OF NONCASH ACTIVITIES

Outlined below are significant noncash investing and financing transactions for the years ended December 31, 2006, 2005, and 2004 (in thousands):

	Years Ended December 31,		
	2006	**2005**	**2004**
Investment in real estate funded with other assets	**$ 3,521**	$ 345	$
Acquisition fees applied to real estate assets	**$ 17,199**	$ 24,074	$ 15,646
Other assets assumed upon acquisition of properties	**$**	$ 9,378	$
Assumption of bonds and related obligations under capital leases upon acquisition of properties	**$**	$	$ 78,000
Notes payable assumed upon acquisition of properties	**$**	$ 225,932	$ 115,485
Proceeds from note payable placed in escrow	**$ 1,644**	$ 23,912	$
Fair market value adjustments to increase (decrease) notes payable upon acquisition of properties	**$**	$ 366	$ (967)
Other liabilities assumed upon acquisition of properties	**$ 964**	$ 12,622	$ 3,822
Accrued capital expenditures and deferred lease costs	**$ 8,518**	$ 4,562	$ 4,148
Accrued redemptions of common stock	**$ 3,853**	$	$
Loss on interest rate swap	**$ 1,049**	$	$
Acquisition fees due to affiliate	**$ 3,499**	$ 2,397	$ 3,759
Commissions on stock sales and related dealer-manager fees due to affiliate	**$ 1,052**	$ 84	$ 651
Other offering costs due to affiliate	**$ 2,383**	$ 2,747	$ 3,759
Dividends payable	**$ 7,317**	$ 5,142	$ 1,964
Contributions from minority interest partners	**$**	$ 793	$ 1,112
Discounts applied to issuance of common stock	**$ 5,299**	$ 4,160	$ 1,742

9. RELATED-PARTY TRANSACTIONS

Advisory Agreement

Wells REIT II and Wells Capital are party to an advisory agreement (the Advisory Agreement) under which Wells Capital receives the following fees and reimbursements:

Reimbursement of organization and offering costs paid by Wells Capital on behalf of Wells REIT II, not to exceed 2.0% of gross offering proceeds;

Acquisition fees of 2.0% of gross offering proceeds, subject to certain limitations; Wells REIT II also reimburses Wells Capital for expenses it pays to third parties in connection with acquisitions or potential acquisitions;

Monthly asset management fees equal to one-twelfth of 0.75% of the cost of (i) all properties of Wells REIT II and (ii) investments in joint ventures. The amount of these fees paid in any calendar quarter may not exceed 0.25% of the net asset value of those investments at each quarter-end after deducting debt used to acquire or refinance properties;

Table of Contents

Reimbursement for all costs and expenses Wells Capital incurs in fulfilling its duties as the asset portfolio manager, including (i) wages and salaries and other employee-related expenses of Wells Capital s employees, who perform a full range of real estate services for Wells REIT II, including management, administration, operations, and marketing, and are billed to Wells REIT II based on the amount of time spent on Wells REIT II by such personnel, provided that such expenses are not reimbursed if incurred in connection with services for which Wells Capital receives a disposition fee (described below) or an acquisition fee, and (ii) amounts paid for IRA custodial service costs allocated to Wells REIT II accounts;

For any property sold by Wells REIT II, a disposition fee equal to 1.0% of the sales price, with the limitation that the total real estate commissions (including such disposition fee) for any Wells REIT II property sold may not exceed the lesser of (i) 6.0% of the sales price of each property or (ii) the level of real estate commissions customarily charged in light of the size, type, and location of the property;

Incentive fee of 10% of net sales proceeds remaining after stockholders have received distributions equal to the sum of the stockholders invested capital plus an 8% return of invested capital; and

Listing fee of 10% of the excess by which the market value of the stock plus dividends paid prior to listing exceeds the sum of 100% of the invested capital plus an 8% return on invested capital.

Either party may terminate the Advisory Agreement without cause or penalty upon providing 60 days written notice to the other. Under the terms of the Advisory Agreement, Wells REIT II is required to reimburse Wells Capital for certain organization and offering costs up to the lesser of actual expenses or 2% of gross equity proceeds raised. As of December 31, 2006, Wells REIT II has incurred and charged to additional paid-in capital cumulative other offering costs of approximately $31.7 million related to the initial public offering and $11.4 million related to the follow-on offering, which represents approximately 1.6% and 1.3% of cumulative gross proceeds raised by Wells REIT II under each offering, respectively.

Dealer-Manager Agreement

Wells REIT II is party to a Dealer-Manager Agreement with Wells Investment Securities, Inc. (WIS), whereby WIS, an affiliate of Wells Capital, performs the dealer-manager function for Wells REIT II. For these services, WIS earns a commission of up to 7% of the gross offering proceeds from the sale of the shares of Wells REIT II, of which substantially all is re-allowed to participating broker dealers. Effective beginning in the fourth quarter of 2005, Wells REIT II no longer pays commissions on shares issued under the DRP.

Additionally, Wells REIT II is required to pay WIS a dealer-manager fee of 2.5% of the gross offering proceeds from the sale of Wells REIT II s stock at the time the shares are sold. Under the dealer-manager agreement, up to 1.5% of the gross offering proceeds may be reallowed by WIS to participating broker dealers. Wells REIT II pays no dealer-manager fees on shares issued under its DRP.

Property Management, Leasing, and Construction Agreement

Wells REIT II and Wells Management are party to a Master Property Management, Leasing, and Construction Agreement (the Management Agreement) under which Wells Management receives the following fees and reimbursements in consideration for supervising the management, leasing, and construction of certain Wells REIT II properties:

Property management fees in an amount equal to a percentage negotiated for each property managed by Wells Management of the gross monthly income collected for that property for the preceding month;

Leasing commissions for new, renewal, or expansion leases entered into with respect to any property for which Wells Management serves as leasing agent equal to a percentage as negotiated for that property of the total base rental and operating expenses to be paid to Wells REIT II during the applicable term of

Table of Contents

the lease, provided, however, that no commission shall be payable as to any portion of such term beyond ten years;

Initial lease-up fees for newly constructed properties under the agreement, generally equal to one month s rent;

Fees equal to a specified percentage of up to 5% of all construction build-out funded by Wells REIT II, given as a leasing concession, and overseen by Wells Management; and

Other fees as negotiated with the addition of each specific property covered under the agreement.

Related-Party Costs

Pursuant to the terms of the agreements described above, Wells REIT II incurred the following related-party costs for the years ended December 31, 2006, 2005, and 2004 (in thousands):

	Years Ended December 31,		
	2006	**2005**	**2004**
Commissions[1] [2]	**$ 56,183**	$ 83,048	$ 55,441
Dealer-manager fees[1]	**21,631**	29,969	19,800
Asset management fees	**19,952**	10,417	3,032
Acquisition fees[3]	**17,199**	23,892	15,828
Other offering costs[1]	**10,690**	16,535	15,828
Administrative reimbursements	**5,993**	3,831	1,247
Property management fees	**669**	222	66
Construction fees	**150**		
Total	**$ 132,467**	$ 167,914	$ 111,242

(1) Commissions, dealer-manager fees, and other offering costs are charged against stockholders equity as incurred.

(2) Substantially all commissions were re-allowed to participating broker dealers during 2006, 2005, and 2004.

(3) Acquisition fees are capitalized to prepaid expenses and other assets as incurred and allocated to properties upon funding acquisitions, or repaying debt used to finance property acquisitions, with investor proceeds.

Wells REIT II incurred no related-party disposition fees, incentive fees, listing fees, or leasing commissions during the years ended December 31, 2006, 2005, and 2004.

Due to Affiliates

The detail of amounts due to affiliates is provided below as of December 31, 2006 and 2005 (in thousands):

	December 31,	
	2006	**2005**
Asset and property management fees due to Wells Capital	**$ 5,457**	$ 2,086
Acquisition fees due to Wells Capital	**3,499**	2,397
Other offering cost reimbursements due to Wells Capital	**2,383**	2,747
Other administrative reimbursements due to Wells Capital and/or Wells Management	**1,586**	906
Commissions and dealer-manager fees due to WIS	**1,052**	84

Total	**$ 13,977**	$ 8,220

Economic Dependency

Wells REIT II has engaged Wells Capital and its affiliates, Wells Management and WIS, to provide certain services that are essential to Wells REIT II, including asset management services, supervision of the management

Table of Contents

and leasing of some properties owned by Wells REIT II, asset acquisition and disposition services, the sale of shares of Wells REIT II s common stock, as well as other administrative responsibilities for Wells REIT II, including accounting services, stockholder communications, and investor relations. As a result of these relationships, Wells REIT II is dependent upon Wells Capital, Wells Management, and WIS.

Wells Capital, Wells Management, and WIS are all owned and controlled by Wells Real Estate Funds, Inc. (WREF). The operations of Wells Capital, Wells Management, and WIS represent substantially all of the business of WREF. Accordingly, Wells REIT II focuses on the financial condition of WREF when assessing the financial condition of Wells Capital, Wells Management, and WIS. In the event that WREF were to become unable to meet its obligations as they become due, Wells REIT II might be required to find alternative service providers.

Future net income generated by WREF will be largely dependent upon the amount of fees earned by Wells Capital and Wells Management based on, among other things, the level of investor proceeds raised and the volume of future acquisitions and dispositions of real estate assets by Wells REIT II and other WREF-sponsored programs, as well as dividend income earned from equity interests in another REIT. As of December 31, 2006, Wells REIT II believes that WREF is generating adequate cash flow from operations and has adequate liquidity available in the form of cash on hand and current receivables necessary to meet its current and future obligations as they become due.

10. INCOME TAXES

Wells REIT II s income tax basis net income for the years ended December 31, 2006, 2005, and 2004 (in thousands) follows:

	2006	2005	2004
GAAP basis financial statement net income (loss)	**$ 11,268**	$ 12,521	$ (4,562)
Increase (decrease) in net loss resulting from:			
Depreciation and amortization expense for financial reporting purposes in excess of amounts for income tax purposes	**67,162**	35,541	9,791
Rental income accrued for income tax purposes less than amounts for financial reporting purposes	**(16,671)**	(9,987)	(3,290)
Net amortization of above/below-market lease intangibles for financial reporting purposes in excess of amounts for income tax purposes	**6,914**	3,602	1,394
Bad debt expense for financial reporting purposes in excess of amounts for income tax purposes	**569**	338	402
Other expenses for financial reporting purposes in excess of amounts for income tax purposes	**6,945**	1,361	144
Income tax basis net income, prior to dividends paid deduction	**$ 76,187**	$ 43,376	$ 3,879

As of December 31, 2006, the tax basis carrying value of Wells REIT II s total assets was approximately $3.23 billion. For income tax purposes, dividends to common stockholders are characterized as ordinary income, capital gains, or as a return of a stockholder s invested capital. Wells REIT II s distributions per common share are summarized as follows:

	2006	2005	2004
Ordinary income	**54%**	55%	25%
Capital gains			
Return of capital	**46%**	45%	75%
Total	**100%**	100%	100%

Table of Contents

As of December 31, 2006, Wells TRS had net operating loss carryforwards of approximately $1.0 million, which will begin to expire, if not utilized, in 2025. Accordingly, Wells REIT II recorded a deferred tax asset and recognized the related tax benefit in the accompanying consolidated balance sheets and statements of operations, respectively. The income tax benefit reported in the accompanying consolidated statements of operations relates entirely to the operations of Wells TRS and consists of the following (in thousands):

	Years Ended December 31,	
	2006	**2005**
Federal	**$ 322**	$ 36
State	**66**	5
Total	**$ 388**	$ 41

Income taxes for financial reporting purposes differ from the amount computed by applying the statutory federal rate primarily due to the effect of state income taxes (net of federal benefit). A reconciliation of the federal statutory income tax rate to Wells REIT II s effective tax rate for the year ended December 31, 2006 and 2005 is as follows:

	Years Ended December 31,	
	2006	**2005**
Federal statutory income tax rate	**34.00%**	34.00%
State income taxes, net of federal benefit	**6.93%**	4.62%
Effective tax rate	**40.93%**	38.62%

Components of the deferred tax asset and deferred tax liability as of December 31, 2006 and 2005 are as follows (in thousands):

	2006	**2005**
Deferred tax asset:		
Net operating loss carryforward	**$ 429**	$ 41
	$ 429	$ 41
Deferred tax liability	**$**	$
Net deferred tax asset	**$ 429**	$ 41

The deferred tax asset is included in prepaid and other assets in the accompanying consolidated balance sheets and is considered a current asset.

11. QUARTERLY RESULTS (unaudited)

Presented below is a summary of the unaudited quarterly financial information for the years ended December 31, 2006 and 2005 (in thousands), except per-share data:

	2006			
	First Quarter	**Second Quarter**	**Third Quarter**	**Fourth Quarter**

Revenues	**$ 73,568**	**$ 79,005**	**$ 80,160**	**$ 94,983**
Net income (loss)	**$ (881)**	**$ 4,086**	**$ 2,637**	**$ 5,426**
Basic and diluted net income per share	**$ 0.00**	**$ 0.02**	**$ 0.01**	**$ 0.02**
Dividends per share	**$ 0.15**	**$ 0.15**	**$ 0.15**	**$ 0.15**

Table of Contents

	2005			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$ 30,245	$ 35,781	$ 44,333	$ 54,095
Net income	$ 810	$ 1,429	$ 5,246	$ 5,036
Basic and diluted net income per share[(1)]	$ 0.01	$ 0.01	$ 0.03	$ 0.03
Dividends per share	$ 0.15	$ 0.15	$ 0.15	$ 0.15

(1) The total of the four quarterly amounts for the year ended December 31, 2005 does not equal the total for the year then ended. These differences result from the increase in weighted-average shares outstanding over the year.

12. SUBSEQUENT EVENT

Sale of Shares of Common Stock

From January 1, 2007 through February 28, 2007, Wells REIT II raised approximately $145.4 million through the issuance of approximately 14.5 million shares of common stock under its follow-on offering. As of February 28, 2007, approximately 204.1 million shares remained available for sale to the public under the follow-on offering, exclusive of shares available under Wells REIT II s DRP.

Table of Contents

Wells Real Estate Investment Trust II, Inc.

Schedule III Real Estate Assets and Accumulated Depreciation and Amortization

December 31, 2006

(in thousands)

	Location	Ownership Percentage	Encumbrances	Initial Cost			Costs Capitalized Subsequent to Acquisition	Gross Amount at Which Carried at December 31, 2006			Accumulated Depreciation and Amortization	Date of Construction	Date Acquired	Life Dep Am is Co
				Land	Buildings and Improvements	Total		Land	Buildings and Improvements	Total				
RFORD														
	Houston, TX	100%	None	$ 6,100	$ 28,905	$ 35,005	$ 1,766	$ 6,241	$ 30,530	$ 36,771	$ 5,245	1980	02/10/2004	
STER														
	Douglasville, GA	100%	18,000 (a)	600	13,225	13,825	5,797	618	19,004	19,622	1,838	2003	03/19/2004	
C														
	Allen Park, MI	100%	None	4,400	12,716	17,116	444	4,502	13,058	17,560	1,557	2000	03/31/2004	
TAN														
	Manhattan Beach, CA	100%	75,000	11,200	72,467	83,667	2,859	11,459	75,067	86,526	9,621	1985	04/02/2004	
OLOGY														
	Westborough, MA	100%	23,800	5,570	38,218	43,788	497	5,627	38,658	44,285	5,233	1987	05/27/2004	
	Florham Park, NJ	100%	None	10,802	62,595	73,397	1,883	11,050	64,230	75,280	10,013	1982	06/23/2004	
KE														
Y	Atlanta, GA	100%	60,000 (b)	5,846	66,681	72,527	1,090	5,934	67,683	73,617	6,934	2003	06/25/2004	
CET	Washington, DC	100%	None	26,248	76,269	102,517	327	26,806	76,038	102,844	9,930	2001	06/29/2004	
T														
	Winston-Salem, NC	100%	48,414	2,711	69,383	72,094	354	2,721	69,727	72,448	5,876	2002	07/23/2004	
EY														
	Downers Grove, IL	100%	None	6,925	34,575	41,500	630	7,015	35,115	42,130	2,386	1999	08/04/2004	
	Downers Grove, IL	100%	None	3,579	17,220	20,799	328	3,625	17,502	21,127	1,198	1988	08/04/2004	
DY														
Y	Atlanta, GA	100%	32,000	7,410	60,601	68,011	445	7,485	60,971	68,456	4,647	1985	09/20/2004	
OD														
Y	Atlanta, GA	100%	25,000	13,761	31,785	45,546	491	13,898	32,139	46,037	2,618	1996	09/20/2004	
OD														
Y	Atlanta, GA	100%	33,000	8,472	44,221	52,693	524	8,546	44,671	53,217	3,976	1998	09/20/2004	
D														
	Dublin, CA	100%	None	8,643	32,344	40,987	(1,011)	8,799	31,177	39,976	6,872	1999	10/14/2004	
H														
CK	Gaithersburg, MD	100%	46,400	22,758	43,174	65,932	582	22,925	43,589	66,514	4,237	1986	10/22/2004	
RS III	Downers Grove, IL	100%	None	2,524	35,016	37,540	755	2,558	35,737	38,295	4,624	2001	11/01/2004	
D														
RK														
	Downers Grove, IL	95%	30,840	3,028	47,454	50,482	67	3,054	47,495	50,549	8,095	2000	12/27/2004	
	Florham Park, NJ	100%	None	4,501	47,957	52,458	381	4,501	48,338	52,839	6,128	2001	03/14/2005	

05														
N	Mason, OH	100%	None	1,270	28,688	29,958	719	1,299	29,378	30,677	1,596	1997	03/17/2005	
E	Mason, OH	100%	None	520	8,681	9,201	151	522	8,830	9,352	546	2001	03/17/2005	
	Minnetonka, MN	100%	None	2,693	14,670	17,363	2,516	2,737	17,142	19,879	2,268	1988	04/05/2005	
	Naperville, IL	100%	None	3,452	17,456	20,908	3,240	3,472	20,676	24,148	1,579	1988	04/19/2005	
PRATT	Baltimore, MD	100%	105,000	31,234	140,217	171,451	21,969	31,777	161,643	193,420	10,748	1975/1991	05/12/2005	
E PARK	Indianapolis, IN	100%	None	2,822	22,910	25,732	406	2,822	23,316	26,138	2,250	1998	06/21/2005	
SOUTH	Salt Lake City, UT	100%	None	5,626	38,254	43,880	62	5,629	38,313	43,942	2,973	1955	07/06/2005	
BINS	Westford, MA	99%	12,556	5,391	33,788	39,179		5,391	33,788	39,179	1,617	1981	08/18/2005	
BBINS	Westford, MA	99%	10,444	2,950	32,544	35,494		2,950	32,544	35,494	2,395	2001	08/18/2005	
	Orlando, FL	97%	None	2,920	19,794	22,714	1,342	2,921	21,135	24,056	1,172	2005	08/26/2005	
TY	East Palo Alto, CA	100%	None	8,722	107,730	116,452	1,277	8,803	108,926	117,729	8,356	2001	09/20/2005	
TY	East Palo Alto, CA	100%	None	10,040	93,716	103,756	8,958	10,134	102,580	112,714	4,481	2002	09/20/2005	
TY	East Palo Alto, CA	100%	None	8,731	76,842	85,573	1,221	8,818	77,976	86,794	3,136	2003	09/20/2005	
HUR	Irving, TX	100%	None	2,680	42,269	44,949	182	2,680	42,451	45,131	4,443	1998	11/15/2005	
ON	Houston, TX	100%	90,000	8,186	147,653	155,839	848	8,188	148,499	156,687	9,948	2002	12/20/2005	
TER	Cleveland, OH	50%	7,685 (g)	7,269	244,424	251,693	3,102	7,454	247,341	254,795	11,765	1991	12/22/2005	
TER T (f)	Cleveland, OH	50%	5,690	3,473	34,458	37,931	1,406	3,629	35,708	39,337	1,534	1991	12/22/2005	
K	North Fayette, PA	100%	None	1,381	21,855	23,236	694	1,412	22,518	23,930	1,229	1993	12/27/2005	
S	Tampa, FL	100%	None	5,150	41,372	46,522	1,158	5,268	42,412	47,680	3,582	1984	12/27/2005	
NTE 5	Charlotte, NC	100%	None	2,150	14,930	17,080	320	2,199	15,201	17,400	1,208	2001	12/28/2005	
NTE 3	Charlotte, NC	100%	17,027	2,488	5,483	7,971	7,425	2,488	12,908	15,396	391	2006	12/28/2005	
TAN ATE	Chandler, AZ	100%	18,000	4,871	24,669	29,540	(1,376)	4,948	23,216	28,164	585	2000	04/18/2006	
TAN ATE	Chandler, AZ	100%	21,000	3,174	21,613	24,787	937	3,245	22,479	25,724	943	2003	04/18/2006	
AN RD	Naperville, IL	100%	None	7,142	41,535	48,677	5,865	7,233	47,309	54,542	988	1986	07/20/2006	

Table of Contents

Wells Real Estate Investment Trust II, Inc.

Schedule III Real Estate Assets and Accumulated Depreciation and Amortization

December 31, 2006

(in thousands)

								Gross Amount at Which						
				Initial Cost		Costs Capitalized Subsequent	Carried at December 31, 2006			Accumulated				Li D
Location	Ownership Percentage	Encumbrances	Land	Buildings and Improvements	Total	to Acquisition	Land	Buildings and Improvements	Total	Depreciation and Amortization	Date of Construction	Date Acquired	A is C
TE D Orlando, FL	100%	None	3,519	38,332	41,851	809	3,581	39,079	42,660	773	2001	08/09/2006	
ER TE Lancaster, SC	100%	None	1,409	28,393	29,802	682	1,432	29,052	30,484	372	2006	09/06/2006	
AY Arlington, TX	100%	None	2,539	13,919	16,458	137	2,557	14,038	16,595	244	1998	09/15/2006	
AZA Newark, NJ	100%	46,667	31,766	109,952	141,718	2,152	32,221	111,649	143,870	1,749	1979	09/21/2006	
IONAL Jersey City, NJ	100%	None	29,061	141,544	170,605	660	29,159	142,106	171,265	1,371	1989	10/31/2006	
E Irving, TX	100%	None	8,639	43,980	52,619	259	8,638	44,240	52,878	52	1999	12/21/2006	
REIT II			$ 366,346	$ 2,486,477	$ 2,852,823	$ 85,330	$ 370,971	$ 2,567,182	$ 2,938,153	$ 185,322			

(a) As a result of the acquisition of the New Manchester One Building, Wells REIT II acquired investments in bonds and certain obligations under capital leases in the amount of $18.0 million.

(b) As a result of the acquisition of the One Glenlake Parkway Building, Wells REIT II acquired investments in bonds and certain obligations under capital leases in the amount of $60.0 million.

(c) Wells REIT II acquired an approximate 95.0% interest in the Highland Landmark III Building through a joint venture with an unaffiliated party. As the controlling member, Wells REIT II is deemed to have control of the joint venture and, as such, consolidates it into the financial statements of Wells REIT II.

(d) Wells REIT II acquired an approximate 99.3% interest in the One Robbins Road and Four Robbins Road Buildings through a joint venture with an unaffiliated party. As the controlling member, Wells REIT II is deemed to have control of the joint venture and, as such, consolidates it into the financial statements of Wells REIT II.

(e) Wells REIT II acquired an approximate 97.3% interest in the Baldwin Point Building through a joint venture with an unaffiliated party. As the controlling member, Wells REIT II is deemed to have control of the joint venture and, as such, consolidates it into the financial statements of Wells REIT II.

(f) Wells REIT II acquired an approximate 50.0% interest in the Key Center Tower and Key Center Marriott Buildings through a joint venture with an unaffiliated party. As the controlling member, Wells REIT II is deemed to have control of the joint venture and, as such, consolidates it into the financial statements of Wells REIT II.

(g) Property is owned subject to a long-term ground lease.

(h) Wells REIT II assets are depreciated or amortized using the straight-lined method over the useful lives of the assets by class. Generally, Tenant Improvements are amortized over the shorter of economic life or lease term, Lease Intangibles are amortized over the respective lease term, Building Improvements are depreciated over 5-25 years and Buildings are depreciated over 40 years.

Table of Contents

Wells Real Estate Investment Trust II, Inc.

Schedule III Real Estate Assets and Accumulated Depreciation and Amortization

December 31, 2006

(in thousands)

	2006	2005	2004
Real Estate:			
Balance at the beginning of the year	$ 2,338,326	$ 955,399	$
Additions to/improvements of real estate	608,930	1,382,927	955,399
Write-offs of intangible assets (1)	(3,145)		
Write-offs of fully depreciated/amortized assets	(5,958)		
Balance at the end of the year	$ 2,938,153	$ 2,338,326	$ 955,399
Accumulated Depreciation and Amortization:			
Balance at the beginning of the year	$ 75,499	$ 16,909	$
Depreciation and amortization expense	116,306	58,590	16,909
Write-offs of intangible assets (1)	(525)		
Write-offs of fully depreciated/amortized assets	(5,958)		
Balance at the end of the year	$ 185,322	$ 75,499	$ 16,909

(1) Consists of write-offs of intangible lease assets related to lease restructurings, amendments and terminations.

Table of Contents

INDEPENDENT AUDITORS REPORT

To the Stockholders and Board of Directors

Wells Real Estate Investment Trust II, Inc.

Atlanta, Georgia

We have audited the accompanying statement of revenues over certain operating expenses of International Financial Tower (the Building) for the year ended December 31, 2005. This statement is the responsibility of the Building s management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Building s 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 Building 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, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement of revenues over certain operating expenses was prepared for the purpose of complying with the rules of the Securities and Exchange Commission, as described in Note 2, and is not intended to be a complete presentation of International Financial Tower s revenues and expenses.

In our opinion, the statement of revenues over certain operating expenses referred to above presents fairly, in all material respects, the revenues and certain operating expenses described in Note 2 of International Financial Tower for the year ended December 31, 2005 in conformity with U.S. generally accepted accounting principles.

/s/ Frazier & Deeter, LLC

Atlanta, Georgia

January 12, 2007

Table of Contents

International Financial Tower

Statements of Revenues Over Certain Operating Expenses

For the year ended December 31, 2005 (audited)

and the nine months ended September 30, 2006 (unaudited)

(in thousands)

	2006 *(Unaudited)*	2005
Revenues:		
Base rent	$ 12,212	$ 14,276
Tenant reimbursements	4,963	8,320
Other revenues	762	957
Total revenues	17,937	23,553
Expenses:		
Ground lease	4,954	6,605
Real estate taxes	2,047	2,241
Operating services	1,970	2,700
Utilities	1,712	2,653
Leasing and management fees	599	741
General and administrative	225	241
Total expenses	11,507	15,181
Revenues over certain operating expenses	$ 6,430	$ 8,372

See accompanying notes.

Table of Contents

International Financial Tower

Notes to Statements of Revenues Over Certain Operating Expenses

For the year ended December 31, 2005 (audited)

and the nine months ended September 30, 2006 (unaudited)

1. Description of Real Estate Property Acquired

On October 31, 2006, Wells Real Estate Investment Trust II, Inc. (Wells REIT II), through a wholly owned subsidiary, acquired International Financial Tower (the Building), a 19-story office building containing approximately 629,922 square feet located on approximately 1.9 acres in Jersey City, New Jersey from Financial Tower Jersey City, L.P. (the Seller). Total consideration for the acquisition was approximately $193.6 million. Wells REIT II is a Maryland corporation that engages in the acquisition and ownership of commercial real estate properties throughout the United States. Wells REIT II was incorporated on July 3, 2003 and has elected to be taxed as a real estate investment trust for federal income tax purposes.

2. Basis of Accounting

The accompanying statements of revenues over certain operating expenses are presented in conformity with accounting principles generally accepted in the United States and in accordance with the applicable rules and regulations of the Securities and Exchange Commission for real estate properties acquired. Accordingly, the statements exclude certain historical expenses that are not comparable to the proposed future operations of the property such as certain ancillary income, amortization, depreciation, interest and corporate expenses. Therefore, the statements will not be comparable to the statements of operations of the Building after its acquisition by Wells REIT II.

3. Significant Accounting Policies

Rental Revenues

Rental revenue is recognized on a straight-line basis over the terms of the related leases. The excess of rental income recognized over the amounts due pursuant to the lease terms is recorded as straight-line rent receivable. The adjustment to straight-line rent receivable decreased rental revenue by approximately $1.61 million for the year ended December 31, 2005 and decreased rental revenue by approximately $0.03 million for the nine months ended September 30, 2006.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Table of Contents

International Financial Tower

Notes to Statements of Revenues Over Certain Operating Expenses (continued)

For the year ended December 31, 2005 (audited)

and the nine months ended September 30, 2006 (unaudited)

4. Description of Leasing Arrangements

The Building is approximately 100% leased, with Pershing, LLC (Pershing) and NTT Data USA, LLC (NTT) leasing approximately 97% of the Building s rentable square footage under long-term lease agreements. Pershing and NTT contributed approximately 70% and 26%, respectively, of rental income for the year ended December 31, 2005. Under the terms of the Pershing and NTT leases, each tenant is required to reimburse to the landlord its proportionate share of the Building s operating expenses in excess of a base year. The remaining rentable square footage is leased to various office and retail tenants under lease agreements with terms that vary in length and with various reimbursement clauses.

5. Future Minimum Rental Commitments

Future minimum rental commitments for the years ended December 31 are as follows (in thousands):

2006	$ 16,494
2007	17,150
2008	16,815
2009	16,264
2010	16,832
Thereafter	171,117
	$ 254,672

Subsequent to December 31, 2005, Pershing and NTT will contribute approximately 85% and 14%, respectively, of the future minimum rental income from the leases in place at that date.

6. Ground Lease

During the year ended December 31, 2005 and the nine months ended September 30, 2006, fee title to the land on which the Building is situated was held by an affiliated entity of the Seller, which leased the land to the Seller. The Building recognized ground lease expense of approximately $6.6 million for the year ended December 31, 2005 and approximately $5.0 million for the nine months ended September 30, 2006. Prior to Wells REIT II s acquisition of the Building, the Seller terminated the ground lease and acquired the land from its affiliated entity. Wells REIT II acquired fee title to the land as part of its acquisition of the Building. As such, the Building will not incur ground lease expense in the future.

7. Interim Unaudited Financial Information

The statement of revenues over certain operating expenses for the nine months ended September 30, 2006 is unaudited; however, in the opinion of management, all adjustments (consisting solely of normal, recurring adjustments) necessary for the fair presentation of the financial statement for the interim period have been included. The results of the interim period are not necessarily indicative of the results to be obtained for a full fiscal year.

Table of Contents

WELLS REAL ESTATE INVESTMENT TRUST II, INC.

Summary of Unaudited Pro Forma Financial Statements

This pro forma information should be read in conjunction with the consolidated financial statements and notes for the year ended December 31, 2006 of Wells Real Estate Investment Trust II, Inc. (Wells REIT II) included in this prospectus and the financial statements and notes of certain acquired properties included in various current reports previously filed as Form 8-K.

The following unaudited pro forma balance sheet as of December 31, 2006 has been prepared to give effect to the acquisitions of the One Century Place Building, the 3000 Park Lane Land and the 120 Eagle Rock Building (the Q1 2007 Acquisitions) as if the acquisitions occurred on December 31, 2006. Other adjustments provided in the following unaudited pro forma balance sheet are comprised of certain pro forma financing-related activities, including, but not limited to, capital raised through the issuance of additional common stock through the acquisition date of the 120 Eagle Rock Building and pay-down of acquisition-related debt subsequent to the pro forma balance sheet date.

The following unaudited pro forma statement of operations for the year ended December 31, 2006 has been prepared to give effect to the acquisitions of the SanTan Buildings, the 263 Shuman Building, the 11950 Corporate Boulevard Building, the Edgewater Corporate Center, the 4300 Centreway Place Building, the 80 Park Plaza Building, the International Financial Tower Building, the Sterling Commerce Building (the 2006 Acquisitions) and the Q1 2007 Acquisitions as if the acquisitions occurred on January 1, 2006. The 3000 Park Lane Land had no operations during the year ended December 31, 2006 and, accordingly, has not been included in the pro forma statement of operations for the year ended December 31, 2006. Wells REIT II acquired the LakePointe 3 Land on December 28, 2005 and construction of the LakePointe 3 Building was completed in April 2006. The operations of the LakePointe 3 Building for the year ended December 31, 2006 are included in the historical operations of Wells REIT II.

These unaudited pro forma financial statements are prepared for informational purposes only and are not necessarily indicative of future results or of actual results that would have been achieved had the 2006 Acquisitions and the Q1 2007 Acquisitions been consummated as of January 1, 2006. In addition, the pro forma balance sheet includes pro forma allocations of the purchase prices of assets based upon preliminary estimates of the fair value of the assets and liabilities acquired in connection with the acquisition of the Q1 2007 Acquisitions. These allocations may be adjusted in the future upon finalization of these preliminary estimates.

Table of Contents

WELLS REAL ESTATE INVESTMENT TRUST II, INC.

PRO FORMA BALANCE SHEET

DECEMBER 31, 2006

(in thousands, except share amounts)

(unaudited)

ASSETS

	Wells Real Estate Investment Trust II, Inc. Historical (a)	Pro Forma Adjustments Q1 2007 Acquisitions: One Century Place	3000 Park Lane Land	120 Eagle Rock	Other	Pro Forma Total
Real estate assets, at cost:						
Land	$ 370,971	$ 8,900 (b)	$ 1,028 (b)	$ 2,700 (b)	$ 610 (c)	$ 384,306
		55 (c)	16 (c)	26 (c)		
Buildings and improvements, less accumulated depreciation	1,922,523	36,443 (b)		21,044 (b)	3,979 (c)	1,984,690
		386 (c)		315 (c)		
Intangible lease assets, less accumulated amortization	458,917	21,510 (b)		8,720 (b)		489,147
Construction in progress	420					420
Total real estate assets	2,752,831	67,294	1,044	32,805	4,589	2,858,563
Cash and cash equivalents	46,100	(18,425) (b)	(1,028) (b)	(14,803) (b)	209,830 (d)	18,432
					(4,742) (e)	
					(198,500) (f)	
Tenant receivables, net of allowance for doubtful accounts	53,372					53,372
Prepaid expenses and other assets	35,554	(441) (c)	(16) (c)	(341) (c)	4,742 (e)	34,159
		(750) (b)			(4,589) (c)	
Deferred financing costs, less accumulated amortization	3,184					3,184
Deferred lease costs, less accumulated amortization	319,184	4,879 (b)		2,494 (b)		326,557
Investments in bonds	78,000					78,000
Total assets	$ 3,288,225	$ 52,557	$	$ 20,155	$ 11,330	$ 3,372,267

Table of Contents

WELLS REAL ESTATE INVESTMENT TRUST II, INC.

PRO FORMA BALANCE SHEET (CONTINUED)

DECEMBER 31, 2006

(in thousands, except share amounts)

(unaudited)

LIABILITIES AND STOCKHOLDERS EQUITY

	Wells Real Estate Investment Trust II, Inc. Historical (a)	Pro-Forma Adjustments Q1 2007 Acquisitions One Century Place	3000 Park Lane Land	120 Eagle Rock	Other	Pro Forma Total
Liabilities:						
Line of credit and notes payable	$ 774,523	$ 52,500 (b)	$	$ 20,000 (b)	$ (198,500) (f)	$ 648,523
Accounts payable, accrued expenses, and accrued capital expenditures	41,817	56 (b)		127 (b)		42,000
Due to affiliates	13,977					13,977
Dividends payable	7,317					7,317
Deferred income	9,138					9,138
Intangible lease liabilities, less accumulated amortization	92,343	1 (b)		28 (b)		92,372
Obligations under capital leases	78,000					78,000
Total liabilities	1,017,115	52,557		20,155	(198,500)	891,327
Minority Interest	3,090					3,090
Stockholders Equity:						
Common stock, $0.01 par value; 900,000,000 shares authorized; and 280,119,233 shares issued and outstanding as of December 31, 2006	2,801				237 (d)	3,038
Additional paid-in capital	2,491,817				209,593 (d)	2,701,410
Cumulative distributions in excess of earnings	(225,549)					(225,549)
Other comprehensive loss	(1,049)					(1,049)
Total stockholders equity	2,268,020				209,830	2,477,850
Total liabilities, minority interest, redeemable common stock and stockholders equity	$ 3,288,225	$ 52,557	$	$ 20,155	$ 11,330	$ 3,372,267

Table of Contents

(a) Historical financial information is derived from Wells REIT II s consolidated balance sheet as of December 31, 2006 included in this prospectus.
(b) Reflects the purchase price of the assets and liabilities obtained by Wells REIT II in connection with the respective acquisition, net of any purchase price adjustments.
(c) Reflects deferred project costs applied to land and building at approximately 2.312% of the cash paid for purchase upon acquisition and subsequent pay-down of acquisition-related borrowings.
(d) Reflects capital raised through issuance of additional common stock subsequent to December 31, 2006 through March 27, 2007, the date of the acquisition of the 120 Eagle Rock Building, net of organizational and offering costs, commissions and dealer-manager fees.
(e) Reflects deferred project costs capitalized as a result of additional capital raised as described in note (d) above.
(f) Reflects partial pay-down of acquisition-related borrowings using capital raised described in note (d) above.

The accompanying notes are an integral part of this statement.

Table of Contents

WELLS REAL ESTATE INVESTMENT TRUST II, INC.

PRO FORMA STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2006

(in thousands, except for per share amounts)

(unaudited)

	Wells Real Estate Investment Trust II, Inc. Historical (a)	Pro Forma Adjustments 2006 Acquisitions	Pro Forma Adjustments Q1 2007 Acquisitions One Century Place	Pro Forma Adjustments Q1 2007 Acquisitions 120 Eagle Rock	Pro Forma Total
Revenues:					
Rental income	$ 246,610	$ 37,725 (b)	$ 8,510 (b)	$ 3,898 (b)	$ 296,743
Tenant reimbursements	57,679	19,746 (c)	876 (c)	491 (c)	78,792
Hotel income	23,427				23,427
	327,716	57,471	9,386	4,389	398,962
Expenses:					
Property operating costs	92,824	29,594 (d)	4,442 (d)	1,543 (d)	128,403
Hotel operating costs	17,523				17,523
Asset and property management fees:					
Related-party	20,621	2,764 (e)	320 (e)	156 (e)	23,861
Other	4,911				4,911
Depreciation	47,214	4,794 (f)	921 (f)	534 (f)	53,463
Amortization	84,764	16,688 (g)	4,306 (g)	2,033 (g)	107,791
General and administrative	12,156				12,156
	280,013	53,840	9,989	4,266	348,108
Real estate operating income	47,703	3,631	(603)	123	50,854
Other income (expense):					
Interest expense	(42,912)	(3,886) (h)			(46,798)
Loss on early extinguishment of debt	(1,115)				(1,115)
Interest and other income	7,705				7,705
	(36,322)	(3,886)			(40,208)
Income (loss) before minority interest and income tax benefit	11,381	(255)	(603)	123	10,646
Minority interest in (earnings) loss of consolidated entities	(501)				(501)
Income (loss) before income tax benefit	10,880	(255)	(603)	123	10,145
Income tax benefit	388				388
Net income (loss)	$ 11,268	$ (255)	$ (603)	$ 123	$ 10,533
Net income (loss) per share basic and diluted	$ 0.05				$ 0.03

Weighted-average common shares outstanding basic and diluted	237,373	309,312

Table of Contents

(a) Historical financial information derived from Wells REIT II s consolidated statement of operations for the year ended December 31, 2006 included in this prospectus.
(b) Rental income consists primarily of base rent, parking income and amortization of above-market lease assets and below-market lease liabilities. Base rent is recognized on a straight-line basis beginning on the pro forma acquisition date of January 1, 2006.
(c) Consists of operating cost reimbursements.
(d) Consists of property operating expenses.
(e) Asset management fees calculated as 0.75% of the cost of the acquisitions on an annual basis limited to 1% of the net asset value of such acquisitions after deducting debt used to finance acquisitions.
(f) Depreciation expense on portion of purchase price allocated to Building is recognized using the straight-line method and a 40-year life.
(g) Amortization of deferred leasing costs and lease intangibles is recognized using the straight-line method over the lives of the respective leases.
(h) Represents interest expense on the $39.0 million mortgage loan that was originated on September 28, 2006 and is collateralized by the SanTan Buildings and the $45.9 million mortgage loan originated on September 21, 2006 in connection with the acquisition of 80 Park Plaza. The SanTan mortgage loan bears interest at a fixed rate of 5.83% and matures on October 11, 2016. The 80 Park Plaza mortgage loan bears interest at 6.575% and matures on September 30, 2016.

The accompanying notes are an integral part of this statement.

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

A PPENDIX B

AMENDED AND RESTATED

DIVIDEND REINVESTMENT PLAN

Wells Real Estate Investment Trust II, Inc., a Maryland corporation (the Company), has adopted a Dividend Reinvestment Plan (the DRP), the terms and conditions of which are set forth below. Capitalized terms shall have the same meaning as set forth in the Company s charter unless otherwise defined herein.

1. Number of Shares Issuable. The number of shares of Common Stock authorized for issuance under the DRP is 185,000,000.

2. Participants. Participants are holders of the Company s shares of Common Stock who elect to participate in the DRP.

3. Dividend Reinvestment. The Company will apply that portion (as designated by a Participant) of the dividends and other distributions (Distributions) declared and paid in respect of a Participant s shares of Common Stock to the purchase of additional shares of Common Stock for such Participant. To the extent required by state securities laws, such shares will be sold through the broker-dealer and/or dealer manager through whom the Company sold the underlying shares to which the Distributions relate unless the Participant makes a new election through a different distribution channel. The Company will pay no selling commissions or the dealer manager fee in connection with Distributions.

4. Procedures for Participation. Qualifying stockholders may elect to become a Participant by completing and executing the Subscription Agreement, an enrollment form or any other Company-approved authorization form as may be available from the Company, the dealer manager or participating broker-dealers. To increase their participation, Participants must complete a new enrollment form and, to the extent required by state securities laws, make the election through the dealer manager or the Participant s broker-dealer, as applicable. Participation in the DRP will begin with the next Distribution payable after receipt of a Participant s subscription, enrollment or authorization. Shares will be purchased under the DRP on the date that the Company makes a Distribution. Distributions will be paid quarterly based on daily record dates as authorized and declared by the Company s board of directors.

5. Purchase of Shares. Participants will acquire Common Stock at a price equal to the higher of $9.55 per share or 95% of the estimated value of one share as estimated by the Company s advisor or other firm chosen by the board of directors for that purpose. Participants in the DRP may also purchase fractional shares so that 100% of the Distributions will be used to acquire shares. However, a Participant will not be able to acquire shares under the DRP to the extent such purchase would cause it to exceed the Ownership Limit (unless exempted by the Company s board of directors).

6. Taxation of Distributions. The reinvestment of Distributions in the DRP does not relieve Participants of any taxes that may be payable as a result of those Distributions and their reinvestment pursuant to the terms of this DRP.

7. Share Certificates. The shares issuable under the DRP shall be uncertificated until the board of directors determines otherwise.

8. Voting of DRP Shares. In connection with any matter requiring the vote of the Company s stockholders, each Participant will be entitled to vote all of the whole shares acquired by the Participant through the DRP. Fractional shares will not be voted.

9. Reports. Within 90 days after the end of the calendar year, the Company shall provide each Participant with (i) an individualized report on the Participant s investment, including the purchase date(s), purchase price and number of shares owned, as well as the amount of Distributions received during the prior year; and (ii) all material information regarding the DRP and the effect of reinvesting dividends, including the tax consequences thereof.

10. Termination by Participant. A Participant may terminate participation in the DRP at any time by delivering to the Company a written notice. To be effective for any Distribution, such notice must be received by the Company at least 10 business days prior to the last day of the fiscal period to which the Distribution relates. Any transfer of shares by a Participant will terminate participation in the DRP with respect to the transferred shares. Upon termination of DRP participation, Distributions will be distributed to the stockholder in cash.

11. Amendment or Termination of DRP by the Company. The board of directors of the Company may amend or terminate the DRP for any reason; provided that any amendment that adversely affects the rights or obligations of a Participant (as determined in the sole discretion of the board of directors) shall only take effect upon 10 days written notice to the Participants.

12. Liability of the Company. The Company shall not be liable for any act done in good faith, or for any good faith omission to act.

13. Governing Law. This DRP shall be governed by the laws of the State of Maryland.

14. Effective Date. The DRP became effective on November 26, 2003. This amended and restated DRP shall become effective as provided in Section 11.

Table of Contents

We have not authorized any dealer, salesperson or other individual to give any information or to make any representations that are not contained in this prospectus. If any such information or statements are given or made, you should not rely upon such information or representation. This prospectus does not constitute an offer to sell any securities other than those to which this prospectus relates, or an offer to sell, or a solicitation of an offer to buy, to any person in any jurisdiction where such an offer or solicitation would be unlawful. This prospectus speaks as of the date set forth below. You should not assume that the delivery of this prospectus or that any sale made pursuant to this prospectus implies that the information contained in this prospectus will remain fully accurate and correct as of any time subsequent to the date of this prospectus.

TABLE OF CONTENTS

Our shares are not FDIC insured, may lose value and are not bank guaranteed. See Risk Factors beginning on page 22 to read about risks you should consider before buying shares of our common stock.

WELLS REAL ESTATE

INVESTMENT TRUST II, INC.

Maximum Offering of

475,000,000 Shares

of Common Stock

PROSPECTUS

WELLS INVESTMENT

SECURITIES, INC.

April 24, 2007