

Vulcan Materials CO
Form DEF 14A
March 31, 2011

SCHEDULE 14A INFORMATION

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

Filed by the Registrant x

Filed by a party other than the Registrant o

Check the appropriate box:

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

VULCAN MATERIALS COMPANY

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of filing fee (Check the appropriate box):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(I) (1) and 0-11.

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- (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:
-

1200 Urban Center Drive
Birmingham, Alabama 35242

April 1, 2011

DEAR FELLOW SHAREHOLDER:

I would like to extend a personal invitation for you to join us at our Annual Meeting of Shareholders on May 13, 2011, at 9:00 a.m., at the company's headquarters, 1200 Urban Center Drive, Birmingham, Alabama 35242.

We hope that you will attend the meeting. However, whether or not you plan to attend the meeting, we encourage you to vote by proxy. We are once again taking advantage of the Securities and Exchange Commission rule that allows companies to furnish their proxy materials over the Internet. As a result, we are mailing to many of our shareholders a notice instead of a paper copy of this proxy statement and our 2010 Annual Report to Shareholders. The notice contains instructions on how each of our shareholders may receive a paper copy of our proxy materials, including this proxy statement, our 2010 Annual Report to Shareholders and a proxy card. All shareholders who do not receive a notice will receive a paper copy of the proxy materials by mail. We believe that this process provides shareholders with the information they need, while conserving our natural resources and reducing the costs of printing and distributing our proxy materials.

For your convenience, you can vote your proxy in one of the following ways:

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

Instructions regarding each method of voting are contained in the proxy statement and on the enclosed proxy card.

If you attend the Annual Meeting and desire to vote your shares personally rather than by proxy, you may withdraw your proxy at any time before it is exercised. Your vote is important. Whether you own one share or many, your prompt vote is greatly appreciated.

Thank you for your ongoing support and continued interest in Vulcan.

Sincerely yours,

DONALD M. JAMES
Chairman and Chief Executive Officer

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 13, 2011

TO OUR SHAREHOLDERS:

NOTICE IS HEREBY GIVEN that the 2011 Annual Meeting of Shareholders of Vulcan Materials Company will be held at the company's headquarters, 1200 Urban Center Drive, Birmingham, Alabama 35242, on Friday, May 13, 2011, at 9:00 a.m., Central Daylight Time, for the following purposes:

§ To elect four nominees as directors;

§ To amend the 2006 Omnibus Long-Term Incentive Plan;

§ To vote on an advisory basis on the compensation of the executives set forth in this Proxy Statement;

§ To vote on a proposal seeking an annual advisory vote on executive compensation;

§ To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2011;

§ To vote on two shareholder proposals; and

§ To conduct such other business as may properly come before the meeting or any adjournments or postponements thereof.

Only shareholders of record as of the close of business on March 18, 2011 are entitled to receive notice of, to attend and to vote at the meeting.

By Order of the Board of Directors,

JERRY F. PERKINS, JR.
Secretary

Birmingham, Alabama
April 1, 2011

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

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

PROXY STATEMENT FOR ANNUAL MEETING OF SHAREHOLDERS
MAY 13, 2011

GENERAL INFORMATION ABOUT
THE ANNUAL MEETING AND VOTING

WHY AM I RECEIVING THESE MATERIALS?

This proxy statement is furnished in connection with the solicitation by our Board of Directors of proxies to be voted at the 2011 Annual Meeting of Shareholders for the purposes set forth in the accompanying notice, and at any adjournments or postponements thereof. This proxy statement is being sent to all shareholders of record as of the close of business on March 18, 2011 for use at the 2011 Annual Meeting of Shareholders. This proxy statement, the enclosed proxy card and our 2010 Annual Report to Shareholders are being first mailed or made available to our shareholders on or about April 1, 2011. The meeting will be held at our company's headquarters, 1200 Urban Center Drive, Birmingham, Alabama 35242 on Friday, May 13, 2011, at 9:00 a.m.

WHY DID I RECEIVE A NOTICE IN THE MAIL REGARDING THE INTERNET AVAILABILITY OF THE PROXY MATERIALS INSTEAD OF A PAPER COPY OF THE PROXY MATERIALS?

As was the case last year, we are pleased to be using the Securities and Exchange Commission's rule that allows companies to furnish their proxy materials over the Internet. As a result, we are mailing to many of our shareholders a notice about the Internet availability of proxy materials instead of a paper copy of the proxy materials. All shareholders receiving the notice will have the ability to access the proxy materials over the Internet and request to receive a paper copy of the proxy materials by mail. Instructions on how to access the proxy materials over the Internet or to request a paper copy may be found in the notice. In addition, the notice contains instructions on how shareholders may request to receive proxy materials in printed form by mail or electronically on an ongoing basis.

There are several advantages to our company sending a notice instead of a full set of materials:

- § increases shareholder value and lowers our company's printing and mailing costs
- § reduces environmental impact – saves trees and reduces fossil fuel consumption
- § allows faster notification of how to access materials in an easily searchable format.

IF I RECEIVED A NOTICE ABOUT INTERNET AVAILABILITY, HOW CAN I ACCESS THE PROXY MATERIALS OVER THE INTERNET?

Your notice about the Internet availability of the proxy materials, proxy card or voting instruction card will contain instructions on how to:

- § view our proxy materials for the 2011 Annual Meeting of Shareholders on the Internet; and

§ instruct us to send our future proxy materials to you electronically.

Choosing to receive your future proxy materials electronically will help us conserve natural resources and reduce the costs of printing and distributing our proxy materials. If you choose to receive future proxy materials electronically, we will provide instructions containing a link to the website where those materials are available and a link to the proxy voting website. Your election to receive proxy materials electronically will remain in effect until you revoke it.

General Information about the Annual Meeting and Voting

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HOW CAN I OBTAIN A PAPER COPY OF THE PROXY MATERIALS?

Shareholders who receive a notice about the Internet availability of the proxy materials will find instructions about how to obtain a paper copy of the proxy materials on their notice. All shareholders who do not receive the notice will receive a paper copy of the proxy materials by mail.

WHAT SHOULD I DO IF I RECEIVE MORE THAN ONE NOTICE ABOUT THE INTERNET AVAILABILITY OF THE PROXY MATERIALS OR MORE THAN ONE PAPER COPY OF THE PROXY MATERIALS?

You may receive more than one notice or more than one paper copy of the proxy materials, including multiple paper copies of this proxy statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you may receive a separate notice or a separate voting instruction card for each brokerage account in which you hold shares. If you are a shareholder of record and your shares are registered in more than one name, you may receive more than one notice or more than one proxy card. To vote all of your shares by proxy, you must either (i) complete, date, sign and return each proxy card and voting instruction card that you receive or (ii) vote over the Internet or telephone the shares represented by each notice that you receive (unless you have requested and received a proxy card or voting instruction card for the shares represented by one or more of the notices).

WHO CAN ATTEND THE ANNUAL MEETING?

Only shareholders of Vulcan as of the close of business on the record date, March 18, 2011, their authorized representatives and invited guests of our company will be permitted to attend the Annual Meeting.

WHO IS ENTITLED TO VOTE?

All of our shareholders as of the record date, March 18, 2011, will be entitled to vote at the 2011 Annual Meeting of Shareholders. As of the close of business on that date, we had 480,000,000 authorized shares of common stock, of which 129,106,080 shares were outstanding and entitled to vote. Each share of common stock is entitled to one vote on each matter properly brought before the meeting. Our amended and restated by-laws do not provide for cumulative voting and, accordingly, our shareholders do not have cumulative voting rights with respect to the election of directors.

WHAT IS THE DIFFERENCE BETWEEN A SHAREHOLDER OF RECORD AND A BENEFICIAL HOLDER OF SHARES?

If your common stock is held directly in your name with our transfer agent, Bank of New York Mellon, you are considered a "shareholder of record" with respect to those shares. If this is the case, the proxy materials, or the notice of Internet availability of proxy materials, have been sent or provided directly to you.

If your common stock is held in a stock brokerage account or by a bank or other nominee, you are considered the "beneficial holder" of the shares held for you in what is known as "street name." If this is the case, the proxy materials, or the notice of Internet availability of proxy materials, should have been forwarded to you by your brokerage firm, bank or other nominee, or their agent, which is considered the shareholder of record with respect to these shares. As a beneficial holder, you have the right to direct your broker, bank or nominee on how to vote the shares.

HOW DO I VOTE?

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

manners:

§ By Internet — Shareholders who received a notice about the Internet availability of the proxy materials may submit proxies over the Internet by following the instructions on the notice. Shareholders who have received a paper copy of a proxy card or voting instruction card by mail may submit proxies over the Internet by following the instructions on the proxy card or the voting instruction card.

§ By Telephone — Shareholders of record who live in the United States or Canada may submit proxies by telephone by calling 1-866-540-5760 and following the instructions. Shareholders of record who have received a notice about the Internet availability of the proxy materials will need to have the control number that appears on their notice available when voting. Shareholders of record who have received a proxy card by mail will need to have the control number that appears on their proxy card available when voting. In addition, most shareholders who are beneficial owners of their shares living in the United States or Canada and who have received a voting instruction card by mail may vote by phone by calling the number specified on the voting instruction card provided by their broker, trustee or nominee. Those shareholders should check the voting instruction card for telephone voting availability.

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§ By Mail — Shareholders who have received a paper copy of a proxy card by mail may submit proxies by completing, signing and dating their proxy card and mailing it in the accompanying pre-addressed envelope.

§ In Person — Shareholders of record may vote shares held in their name in person at the annual meeting. Shares for which a shareholder is the beneficial holder but not the shareholder of record may be voted in person at the annual meeting only if such shareholder is able to obtain a legal proxy from the broker, bank, trustee or nominee that holds the shareholder's shares, indicating that the shareholder was the beneficial holder as of the record date and the number of shares for which the shareholder was the beneficial owner on the record date.

Shareholders are encouraged to vote their proxies by Internet, telephone or completing, signing, dating and returning a proxy card, but not by more than one method. Choosing to vote via the Internet or calling the toll-free number listed on the proxy card will save our company expense. If you vote via the Internet or by telephone, please do not return a signed proxy card, unless you intend to change your vote. If you vote by more than one method, only the last vote that is received by the vote tabulator will be counted, and each previous vote will be disregarded.

HOW DO I SPECIFY HOW I WANT MY SHARES VOTED?

You can specify how you want your shares voted on each proposal by marking the appropriate boxes on the proxy card or submitting your vote on each proposal via the telephone or Internet. Please review the voting instructions on the proxy card and read the entire text concerning the proposals in this proxy statement prior to voting.

If a proxy is properly given and not revoked, it will be voted in accordance with the instructions, if any, given by the shareholder. If your signed proxy card or your telephone or Internet instructions do not specify how your shares are to be voted on a proposal, your shares will be voted: (a) FOR the election of the nominees for directors described in this proxy statement; (b) FOR the amendment of the Omnibus Plan; (c) FOR the compensation of our named executive officers (NEOs); (d) FOR an ANNUAL frequency for "Say on Pay"; (e) FOR ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm; (f) AGAINST the shareholder proposal regarding majority voting in director elections; (g) AGAINST the shareholder proposal regarding declassification of the Board; and (h) in accordance with the recommendation of our Board of Directors on any other proposal that may properly come before the meeting or any postponement or adjournment thereof.

HOW ARE MY SHARES VOTED IF I AM A BENEFICIAL HOLDER AND I DO NOT RETURN VOTING INSTRUCTIONS?

Your shares may be voted on certain matters if they are held in the name of a brokerage firm or bank, even if you do not provide the brokerage firm or bank with voting instructions. Brokerage firms have the authority, under the listing standards of the New York Stock Exchange, to vote shares on certain "routine" matters for which their clients do not provide voting instructions by the tenth day before the meeting. Generally, if your shares are held by a bank, your shares cannot be voted without your specific instructions. The ratification of our independent registered public accounting firm is the only routine matter to be considered at this year's meeting.

WHAT ITEMS WILL BE VOTED UPON AT THE ANNUAL MEETING?

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

§ election of four nominees as directors;

§ amendment of the Omnibus Plan;

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§ advisory vote on executive compensation;

§ proposal regarding frequency of an advisory vote on executive compensation;

§ ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ended December 31, 2011;

§ a shareholder proposal regarding majority voting in director elections; and

§ a shareholder proposal regarding the declassification of the Board.

We know of no other matters that may be brought before the meeting. However, if any other matters are properly presented for action, it is the intention of the proxies named on the proxy card to vote on them consistent with the recommendations of our Board of Directors.

WHAT ARE THE BOARD OF DIRECTORS' VOTING RECOMMENDATIONS?

For the reasons set forth in more detail later in this proxy statement, our Board recommends:

§ a vote FOR the election of each of the director nominees;

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- § a vote FOR the amendment of the Omnibus Plan;
- § a vote FOR approval of the executive compensation set forth in this proxy statement;
- § a vote FOR ANNUAL approval of executive compensation;
- § a vote FOR the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ended December 31, 2011;
- § a vote AGAINST the shareholder proposal regarding majority voting in director elections; and
- § a vote AGAINST the shareholder proposal regarding declassification of the Board.

WHAT CONSTITUTES A QUORUM FOR THE ANNUAL MEETING?

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

HOW MANY VOTES ARE REQUIRED TO PASS THE PROPOSALS?

The affirmative vote of a plurality of the votes cast is required to elect each of the director nominees, and a majority of the votes cast is required to approve the amendment to the Omnibus Plan, ratify the appointment of Deloitte & Touche LLP, to approve the advisory vote on executive compensation, to approve the annual vote on executive compensation and to approve both shareholder proposals.

HOW ARE THE VOTES COUNTED?

To determine the number of votes cast with respect to a particular matter, only those cast "For" or "Against" and, with respect to the election of directors, "Withheld" are included. With respect to the proposal regarding the frequency of voting on executive compensation, only votes for a specified time period (1, 2 or 3 years) are included as votes cast. Abstentions and broker non-votes are counted only to determine whether a quorum is present at the meeting, are not considered votes cast, and thus will not affect the outcome of the vote on the proposals.

HOW CAN I REVOKE MY PROXY?

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

- § by giving written notice of the revocation prior to the 2011 Annual Meeting of Shareholders to: Corporate Secretary, Vulcan Materials Company, 1200 Urban Center Drive, Birmingham, Alabama 35242;
- § by executing and delivering another valid proxy with a later date;
- § by voting by telephone or Internet at a later date; or
- § by attending the 2011 Annual Meeting of Shareholders and voting in person by written ballot.

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

WHO COUNTS THE VOTES?

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

IS MY VOTE CONFIDENTIAL?

Proxy instructions, ballots and voting tabulations that identify individual shareholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed either within our company or to third parties, except: (1) as necessary to meet applicable legal requirements; (2) to allow for the tabulation of votes and certification of the vote; and (3) to facilitate a successful proxy solicitation.

WHO WILL PAY FOR THE COSTS INVOLVED IN THE SOLICITATION OF PROXIES?

Vulcan is making this solicitation and will pay the entire cost of preparing, assembling, printing, mailing and distributing the notices and these proxy materials and soliciting votes. In addition to the mailing of notices and these proxy materials, the solicitation of proxies or votes may be made in person or by telephone.

WHAT IS “HOUSEHOLDING” AND HOW DOES IT AFFECT ME?

Some banks and brokers may be participating in the practice of “householding” proxy statements and annual reports. This means that only one copy of this proxy statement or our 2010 Annual Report to Shareholders may have been sent to multiple shareholders in your household. We will promptly deliver a separate copy of either or both documents to you if you write or call us at the following address or phone number: Vulcan Materials Company, 1200 Urban Center Drive, Birmingham, Alabama 35242, Attention: Mark D. Warren, Director, Investor Relations, phone: (205) 298-3220. If you want to receive separate copies of our Annual Report to Shareholders and proxy statement in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank or broker, or you may contact us at the above address and phone number.

WHERE CAN I FIND THE VOTING RESULTS OF THE ANNUAL MEETING?

The preliminary voting results will be announced at the Annual Meeting of Shareholders. The final voting results will be reported in a Current Report on Form 8-K filed with the Securities and Exchange Commission within four business days of the Annual Meeting and posted on our website.

CAN I VIEW THE PROXY STATEMENT AND ANNUAL REPORT ON FORM 10-K OVER THE INTERNET INSTEAD OF RECEIVING THEM IN THE MAIL?

You may access our company’s proxy statement and Annual Report on Form 10-K for the year ended December 31, 2010, included in our 2010 Annual Report to Shareholders, via the Internet at www.vulcanmaterials.com under the heading “Investor Relations.” For next year’s shareholders’ meeting, you can help us save significant printing and mailing expenses by consenting to access the proxy statement, proxy card and Annual Report to Shareholders electronically over the Internet. If you hold your shares in your own name (instead of through a broker, bank or other nominee), you can choose this option by following the instructions at the Internet website at <http://bnymellon.mobular.net/bnymellon/vmc>. If you choose to receive your proxy materials and Annual Report to Shareholders electronically, then prior to next year’s shareholders’ meeting you will receive notification when the proxy materials and Annual Report to Shareholders are available for on-line review over the Internet, as well as the instructions for voting electronically over the Internet. Your choice for electronic distribution will remain in effect for subsequent meetings unless you revoke it prior to future meetings by revoking your request online or by sending a written request to: Corporate Secretary, Vulcan Materials Company, 1200 Urban Center Drive, Birmingham, Alabama 35242.

A copy of our Annual Report on Form 10-K for the year ended December 31, 2010 will be provided to you without charge upon written request to Mark D. Warren, Director, Investor Relations, Vulcan Materials Company, 1200 Urban Center Drive, Birmingham, Alabama 35242.

PROPOSAL 1. ELECTION OF DIRECTORS

In accordance with the amended and restated by-laws of our company, our Board of Directors is required to be composed of not fewer than 9 nor more than 12 directors. Our by-laws further provide that the number of directors may be set by a resolution adopted by a majority of our Board of Directors. Pursuant to our by-laws, the Board is divided into three classes, with the term of office of one class expiring each year. One class is elected at each annual meeting, and each director is chosen to serve until the third succeeding Annual Meeting of Shareholders. Our by-laws provide that a director shall retire from the Board at the annual meeting following his or her 74th birthday. However, the Board may waive the mandatory retirement age and nominate such director for an additional term of one or more years if the Board determines that such an extension is in the best interests of our company and its shareholders. Directors who will reach retirement age before a three-year term would expire are elected to a term consistent with their retirement date.

Our Board has nominated Donald M. James, Ann McLaughlin Korologos, James T. Prokopanko and Kathleen Wilson-Thompson as directors to serve three-year terms expiring in 2014. Unless otherwise directed, proxies will be voted in favor of these four nominees. Should any of the nominees be unable to accept election, the proxies will be voted for the election of such other person or persons nominated by our Board on the recommendation of the Governance Committee. Each of the nominees has consented to serve if elected, and our Board has no reason to believe that any of the persons nominated will be unable to serve as a director. James V. Napier will retire at the 2011 Annual Meeting.

NOMINEES FOR RE-ELECTION TO THE BOARD OF DIRECTORS TERMS EXPIRING IN 2014

DONALD M. JAMES

AGE: 62. Director since 1996.

Chairman and Chief Executive Officer of Vulcan since May 1997.

OTHER DIRECTORSHIPS: The Southern Company; Wells Fargo & Company.

COMMITTEE MEMBERSHIPS: Executive.

ANN MCLAUGHLIN KOROLOGOS

AGE: 69. Director since 1990.(*)

Former U.S. Secretary of Labor from 1987 to 1989; Former Chairman of the RAND Corporation Board of Trustees, Santa Monica, California (a nonprofit institution that helps improve policy and decision making through research and analysis), April 2004 – April 2009; Senior Advisor to Benedetto, Gartland & Company, Inc. (an investment banking firm in New York), from October 1996 until December 2005.

OTHER DIRECTORSHIPS: AMR Corporation; Harman International Industries, Inc.; Kellogg Company; Host Hotels & Resorts, Inc.

COMMITTEE MEMBERSHIPS: Governance; Safety, Health and Environmental Affairs.

(* Ms. Korologos was first elected a director in 1990 and served until May 13, 2004. She was re-elected a director by our Board of Directors on July 13, 2007.

Proposal 1

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JAMES T. PROKOPANKO

AGE: 57. Director since 2009.

President and Chief Executive Officer of The Mosaic Company, Plymouth, Minnesota (a leading producer and marketer of concentrated phosphate and potash crop nutrients for the global agriculture industry) since January 2007; Executive Vice President and Chief Operating Officer from July 2006 until January 2007. Corporate Vice President of Cargill, Incorporated, Minneapolis, Minnesota (an international producer and marketer of food, agricultural, financial and industrial products and services) from 2004 until 2006.

OTHER DIRECTORSHIPS: The Mosaic Company.

COMMITTEE MEMBERSHIPS: Audit; Governance.

KATHLEEN WILSON-THOMPSON

AGE: 53. Director since 2009.

Senior Vice-President and Chief Human Resources Officer of Walgreen Co., Deerfield, Illinois (drugstore chain) since January 2010; Senior Vice-President, Global Human Resources of The Kellogg Company, Battle Creek, Michigan (a retail food manufacturer and distributor), from July 2005 until January 2010.

COMMITTEE MEMBERSHIPS: Finance and Pension Funds; Safety, Health and Environmental Affairs.

BOARD OF DIRECTORS RECOMMENDATION

BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH OF THE NOMINEES NAMED ABOVE.

DIRECTORS CONTINUING IN OFFICE TERMS EXPIRING IN 2012

PHILIP J. CARROLL, JR.

AGE: 73. Director since 1999.

Retired; Chairman and Chief Executive Officer of Fluor Corporation, Aliso Viejo, California (an engineering, construction and diversified services company), from July 1998 until February 2002. President and Chief Executive Officer of Shell Oil Company, Houston, Texas (an energy and petrochemical company), from 1993 until 1998.

OTHER DIRECTORSHIPS: BAE Systems; Texas Medical Center; Environfuels, LLC.

COMMITTEE MEMBERSHIPS: Compensation; Executive; Governance.

PHILLIP W. FARMER

AGE: 72. Director since 1999.

Retired; Chairman of the Board of Harris Corporation, Melbourne, Florida (an international communications equipment company), from February 2003 until June 2003; Chairman, President and Chief Executive Officer from June 2000 to February 2003.

COMMITTEE MEMBERSHIPS: Audit; Executive; Governance.

H. ALLEN FRANKLIN

AGE: 66. Director since 2001.

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

COMMITTEE MEMBERSHIPS: Compensation; Executive; Safety, Health and Environmental Affairs.

RICHARD T. O'BRIEN

AGE: 57. Director since 2008.

President and Chief Executive Officer of Newmont Mining Corporation, Greenwood Village, Colorado (an international gold production company); President and Chief Financial Officer during 2006 and 2007; Senior Vice President and Chief Financial Officer from 2005 until 2006; Executive Vice President and Chief Financial Officer, AGL Resources, Atlanta, Georgia (a natural gas distribution, marketing and energy service company), from 2001 until 2005.

OTHER DIRECTORSHIPS: Newmont Mining Corporation; Inergy, LP.

COMMITTEE MEMBERSHIPS: Audit; Safety, Health and Environmental Affairs.

DONALD B. RICE

AGE: 71. Director since 1986.(*).

Retired; President and Chief Executive Officer of Agensys, Inc., Santa Monica, California (a biotechnology company developing monoclonal antibody therapeutics for cancer) from 1996 until 2010; Former U.S. Secretary of the Air Force from 1989 to 1993.

OTHER DIRECTORSHIPS: Chevron Corp.

COMMITTEE MEMBERSHIPS: Compensation; Executive; Governance.

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

DIRECTORS CONTINUING IN OFFICE TERMS EXPIRING IN 2013

DOUGLAS J. MCGREGOR

AGE: 70. Director since 1992.

Senior Advisor, Blue Point Capital Partners, Cleveland, Ohio (a national private equity firm), since January 2003. From June 2000 until December 2002, Mr. McGregor was the President, Chief Operating Officer and Chief Restructuring Officer of Burlington Industries, Inc., Greensboro, North Carolina. In 2001 Burlington and certain of its subsidiaries filed voluntary petitions under Chapter 11, Title 11 of the United States Code.

COMMITTEE MEMBERSHIPS: Audit; Executive; Finance and Pension Funds.

VINCENT J. TROSINO

AGE: 70. Director since 2003.

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

COMMITTEE MEMBERSHIPS: Audit; Finance and Pension Funds.

DIRECTOR RETIRING AT 2011 ANNUAL MEETING

JAMES V. NAPIER

Age: 74. Director since 1983.

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

COMMITTEE MEMBERSHIPS: Compensation; Finance and Pension Funds.

DIRECTOR QUALIFICATIONS

Directors are responsible for reviewing and approving corporate strategy and overseeing management of our company to assure that the long-term interests of the shareholders are being served. The Board believes that there are general skills and characteristics required for service on the Board of Directors that are applicable to all directors. Additionally, the Board needs a diverse skill set among its members to ensure that the Board is able to respond to the needs of management and the company. The Governance Committee of the Board is responsible for considering the qualifications of the directors, both individually and collectively, with respect to the company's current and future needs.

GENERAL QUALIFICATIONS

The Governance Committee, along with the Board, is responsible for reviewing on an annual basis the requisite skills and characteristics of Board members and candidates for the Board. The Governance Committee considers, among other factors:

- § high ethical standards
- § integrity
- § independence
- § experience
- § sound business judgment
- § ability to devote the time and effort necessary to fulfill his or her responsibilities to the Board.

The Board and the Governance Committee require that each director be a person of high integrity with a proven record of success. The Board does not have specific diversity quotas, but considers race, ethnicity, gender, age, education and professional experiences in evaluating candidates for the Board.

SUMMARY OF QUALIFICATIONS FOR DIRECTORS

The Board believes that a number of particular qualifications, attributes, skills and experiences are desirable for the Board as a whole. These include:

- § financial and audit committee experience
- § knowledge of the company's industry and related industries
- § relevant chief executive officer/president experience
- § government or political expertise
- § human resources experience
- § diversity of race, ethnicity or gender

Set forth below is a narrative disclosure that summarizes the specific qualifications, attributes, skills and experience for each director. The highlighted areas for each director are not exclusive. The description merely highlights a specific area of focus or expertise of each director on which the Board currently relies.

Philip J. Carroll

§ Relevant chief executive officer/president experience. Mr. Carroll served as Chairman and Chief Executive Officer of Fluor Corporation from 1998 to 2002, and President and Chief Executive Officer of Shell Oil Company for 5

years. These experiences provide him with valuable insight into the financial, organizational and operations management issues critical to a large public company.

§ Knowledge of the company's industry and related industries. Through his experience at Fluor and Shell, Mr. Carroll gained considerable construction, manufacturing and industrial knowledge.

Phillip W. Farmer

§ Relevant chief executive officer/president experience. Mr. Farmer served as Chief Executive Officer and then Chairman of Harris Corporation from 2000 to 2003. He brings valuable public company leadership and management expertise.

§ Financial and audit committee experience. Mr. Farmer has served on the company's Audit Committee as well as on the audit committee of another publicly traded company. He also received financial training in the General Electric Financial Management Program.

Proposal 1

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H. Allen Franklin

§ Relevant chief executive officer/president experience. Mr. Franklin served as Chairman, President and Chief Executive Officer of Southern Company from 2001 to 2004. As a result, Mr. Franklin provides the Board with valuable business, leadership, organizational and operational management skills as well as governance and compensation expertise.

§ Knowledge of the company's industry and related industries. At Southern Company, Mr. Franklin gained considerable management expertise with issues facing an industrial company, including governmental and regulatory issues and safety, health and environmental matters, which are important issues in our industry.

Donald M. James

§ Relevant chief executive officer/president experience. Mr. James has served as our Chief Executive Officer since 1997. He has extensive leadership, management, operating, financial and legal experience and knowledge of our company.

§ Knowledge of the company's industry and related industries. Mr. James served as President of our Southern and Gulf Coast Division giving him first-hand operational knowledge of our industry. Mr. James has also assumed leadership positions in aggregates industry trade groups exposing him to the important issues facing the aggregates industry. Mr. James also has experience serving on the boards of a number of other large public companies.

Ann McLaughlin Korologos

§ Government or political experience. Ms. Korologos served as Secretary of Labor in the Reagan Administration from 1987 to 1989, giving her tremendous insight into regulatory and government affairs, including exceptional knowledge of OSHA, MSHA and EPA rules and regulations.

§ Human resources experience. Ms. Korologos has served on a number of large public company boards where she gained considerable knowledge and experience in human resources and social responsibility issues.

§ Diversity of race, ethnicity or gender. Female with professional experience and governmental service.

Douglas J. McGregor

§ Relevant chief executive officer/president experience. Mr. McGregor has served as Chief Executive Officer or President for two separate public companies, Burlington Industries and M.A. Hanna. He has over 40 years of management experience in major Fortune 1000 corporations, in several different industries, including mining, providing him with valuable business, leadership and management experience with issues facing large industrial and mining companies.

§ Financial and audit committee experience. Mr. McGregor's current position as Senior Advisor of Blue Point Capital Partners, a private equity firm, as well as his past management service have given him considerable financial and investment acumen. He serves on the company's Audit and Finance and Pension Funds Committees.

James V. Napier

§ Relevant chief executive officer/president experience. As a result of his experience as Chairman of Scientific Atlanta, and prior to that, as Chief Executive Officer of HBO & Company and Continental Telecom, Mr. Napier provides valuable business, leadership and management experience and brings important perspectives on the issues

facing our company.

Proposal 1

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Richard T. O'Brien

§ Relevant chief executive officer/president experience. Mr. O'Brien has served as either President or Chief Executive Officer of Newmont since 2007, affording him experience in managing issues facing a Fortune 500 public company.

§ Knowledge of the company's industry and related industries. Most of Mr. O'Brien's 25 years of management experience have been in the mining and natural resources industries. He also has extensive work experience in the utility and energy industries.

§ Financial and audit committee experience. Mr. O'Brien has 25 years of financial background, including serving as chief financial officer of four different public companies, giving him extensive financial and accounting expertise.

James T. Prokopanko

§ Relevant chief executive officer/president experience. Mr. Prokopanko has been Chief Executive Officer of Mosaic since 2007 and provides the Board with valuable business, leadership and management experience.

§ Knowledge of the company's industry and related industries. Mr. Prokopanko, from his experience at Mosaic, brings considerable knowledge of issues facing a company engaged in the mineral extraction industry.

Donald B. Rice

§ Relevant chief executive officer/president experience. Dr. Rice served as President and Chief Executive Officer of Agensys for 14 years, providing him with valuable business, leadership and management experience.

§ Government or political experience. Dr. Rice served as Secretary of the Air Force from 1989 to 1993 and in other government positions where he gained experience in public policy, governmental affairs, management and strategy.

§ Financial and audit committee experience. Dr. Rice has served as a director of a number of large public companies where he gained significant financial experience.

Vincent J. Trosino

§ Relevant chief executive officer/president experience. As a result of his tenure as the President and Chief Operating Officer of State Farm from 1998 until 2006, Mr. Trosino brings to the Board significant experience in financial matters, risk assessment, management, marketing and human resources. In addition, he provides the Board with knowledge and insight regarding the insurance industry – an important consideration in the company's evaluation and mitigation of risk areas.

§ Financial and audit committee experience. Mr. Trosino served on the investment committee of the board of State Farm Mutual Insurance Company and served on the audit committee of the Brookings Institute. He brings valuable financial and investment experience to our company's Audit and Finance and Pension Funds Committees.

Kathleen Wilson-Thompson

§ Human resources experience. As a result of her service as Senior Vice-President in Human Resources at Walgreen and Kellogg, Ms. Wilson-Thompson brings to the Board valuable experience in managing personnel, human resource and organization issues that face a labor – intensive workforce.

§ Diversity of race, ethnicity or gender. African American female with considerable professional experience in labor and employment and other legal areas.

Proposal 1

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PROPOSAL 2. AMENDMENT OF THE 2006 OMNIBUS
LONG-TERM INCENTIVE PLAN

The Board of Directors has adopted, and is submitting to shareholders for approval, an amendment to the Vulcan Materials Company 2006 Omnibus Long-Term Incentive Plan (the “Omnibus Plan”).

BACKGROUND

The Omnibus Plan was initially approved by shareholders at the 2006 Annual Meeting. The Omnibus Plan is designed to provide certain employees and members of the Board with the opportunity to receive stock-based and other long-term incentives in order to:

§ attract and retain qualified employees and directors, and

§ align their interests with those of our shareholders.

The Board believes that the Omnibus Plan has served its purpose of enabling our company to make equity and performance-based incentive awards that align the interests of executives and directors with shareholder interests. The Board, therefore, wishes to continue the operation of the Omnibus Plan by amending the Omnibus Plan to authorize additional shares of our company’s common stock for awards under the Omnibus Plan (the “Amendment”). This Amendment is described below.

Since the adoption of the Omnibus Plan, the number of shares subject to awards made under the Omnibus Plan as a percentage of the number of fully diluted shares outstanding has averaged approximately 1% per year. If the proposed increase in shares available for delivery under the Omnibus Plan is approved by shareholders, we expect that the annual dilution attributable to awards under the Omnibus Plan will not differ materially from past practice.

For a discussion of the uses of awards under the Omnibus Plan as components of our executive compensation practices, please refer to the Compensation Discussion and Analysis set forth below.

DESCRIPTION OF THE AMENDMENT TO INCREASE THE NUMBER OF SHARES AVAILABLE

As originally approved by the shareholders in 2006, the Omnibus Plan authorizes the delivery of up to 5,400,000 shares of common stock pursuant to awards. The Amendment authorizes the delivery of up to an additional 6,500,000 shares. As of March 1, 2011, 48,451 shares of common stock remained available under the Omnibus Plan for awards. These unused shares of common stock will remain available for awards under the Omnibus Plan whether or not the Amendment is approved by shareholders. As of March 1, 2011, the closing market price of our common stock was \$43.63.

Each stock option (incentive and non-qualified) and stock-only stock appreciation rights (SOSARs) counts against the share reserve as one share. Each share of restricted stock, restricted stock unit, performance share or other stock award counts as 1.8 shares against the shares reserve. If any award is forfeited, settled in cash or expires, the shares associated with that award are added back to the share reserve and will be available for future awards. Shares not

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available for future awards and not added back to the share reserve under the Omnibus Plan include:

§ shares not issued as a result of the net exercise of an SAR

§ shares tendered by the participant or retained by the company as full or partial payment for the purchase of an award or to satisfy tax withholding

§ shares repurchased on the open market with proceeds from the payment of the exercise price of an option.

Proposal 2

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DESCRIPTION OF MATERIAL TERMS OF THE OMNIBUS PLAN

A complete copy of the Omnibus Plan, as it would be amended by the proposed Amendment, is set forth in Appendix A and incorporated herein by reference. The following summary of the material terms of the Omnibus Plan is qualified in its entirety by reference to the full text of the Omnibus Plan.

PURPOSE OF THE OMNIBUS PLAN

The purpose of the Omnibus Plan is to align shareholder and management interest through stock and performance-based awards linked to the creation of shareholder value to allow Vulcan to attract and retain key employees and directors.

TYPES OF AWARDS THAT CAN BE AWARDED UNDER THE PLAN

§ Stock Options and Stock Appreciation Rights. A stock option entitles the holder to purchase a specified number of shares of common stock at a specified exercise price. Stock options, at the discretion of the Compensation Committee, may be nonqualified or incentive stock options (ISOs) that are intended to comply with the requirements of Section 422 of the Internal Revenue Code. The terms on which options, both ISOs and nonqualified stock options, may be exercised will be set by the Compensation Committee; provided, however, (1) that the exercise price for any option may not be less than the fair market value per share of the common stock on the date of grant, and (2) stock options and SOSARs must vest over no less than three years from the date of grant, and their terms may not exceed ten years from the date of grant.

SOSARs granted under the Omnibus Plan entitle the holder, upon exercise, to receive (in cash, shares of common stock, other securities, other awards or other property) an amount equal to the difference between the fair market value per share of the common stock on the date of exercise and the grant price (which may not be less than the fair market value per share of the common stock on the date of grant). The Omnibus Plan also provides that the Compensation Committee may not reduce the exercise price of any outstanding stock option or SOSAR, whether through amendment, cancellation, replacement, or any other means, without the approval of shareholders.

§ Restricted Stock, Restricted Stock Units and Performance Share Units. Restricted stock consists of shares of common stock that are subject to such restrictions as the Compensation Committee in its discretion may impose (including, without limitation, restrictions on transfer, voting rights and dividend rights). Restricted stock units represent unfunded obligations of the company that are denominated in shares of common stock. Restricted stock units may be settled in cash, shares of common stock, other securities, other awards or other property, either automatically or at the election of the holder, as the Compensation Committee shall determine.

Performance shares consist of awards denominated in shares which can be earned during a specified period, subject to the terms and conditions as determined by the Compensation Committee. Performance units consist of an award denominated in units having a value in dollars or such other currency, as determined by the Compensation Committee, which is earned during a specified period subject to the terms and conditions as determined by the Compensation Committee.

§ Other Stock-based Awards. Other stock awards are awards that are valued in whole or in part, or that are otherwise based on, shares of our company's common stock. This includes dividend equivalents or amounts which are equivalent to all or a portion of any federal, state, local, domestic, or foreign taxes relating to an award, which may be payable in shares, cash, other securities, or any other form of property as the Compensation Committee may

determine. Dividend equivalents entitle the holder of an award to receive payments equivalent to dividends with respect to the number of shares of common stock or common stock equivalents comprising an award.

The Compensation Committee has the discretion, subject to the limitations of the Omnibus Plan, to establish the vesting requirements, if any, forfeiture provisions and the term of each award under the Omnibus Plan. The Omnibus Plan provides that vesting will occur over at least three years from the date of grant, with the applicable vesting period set by the Compensation Committee at the time of the grant.

Proposal 2

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ADMINISTRATION OF THE OMNIBUS PLAN

The Omnibus Plan is administered by the Compensation Committee, which consists exclusively of independent, non-employee directors. The Compensation Committee has discretion to prescribe, amend and rescind rules for administration of the Omnibus Plan, to select the employees and directors to whom awards are to be granted, to determine the types of awards to be granted, to set the terms and conditions of such awards, and to make all determinations and interpretations with respect to the Omnibus Plan as may be necessary or appropriate.

ELIGIBILITY AND PARTICIPATION

Directors, officers and employees of Vulcan and its subsidiaries are eligible for selection to participate in the Omnibus Plan. Stock-based incentive awards are granted exclusively under this Plan.

SHARE ACCOUNTING

Each stock option (incentive and non-qualified) and stock-only stock appreciation right (SOSAR) counts against the share reserve as one share. Each share of restricted stock, restricted stock unit, performance share or other stock award counts as 1.8 shares against the share reserve. If any award is forfeited, settled in cash or expires, the shares associated with that award are added back to the share reserve and will be available for future awards.

INDIVIDUAL AWARD LIMITS

No individual participant may be granted awards covering more than 1,200,000 shares in any fiscal year.

ADJUSTMENT EVENTS

The share limitations set forth in the Omnibus Plan are subject to adjustment by the Compensation Committee in its discretion, in order to prevent the dilution or enlargement of the benefits intended to be made available under the Omnibus Plan, in the event of any dividend or distribution, recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, exchange of securities, issuance of rights or warranties, or similar corporate transactions or events.

The Board of Directors has the authority to amend, alter, suspend, discontinue or terminate the Omnibus Plan, without the consent of any shareholder or any participant in the Omnibus Plan. However, shareholders must approve any amendment of the Omnibus Plan that would

§ increase the number of shares of common stock available for awards under the Omnibus Plan or the maximum number of shares of common stock that can be the subject of award to any individual participant in any year

§ modify the eligibility criteria for participation in the Omnibus Plan

§ permit stock options or SOSARs to be granted with a grant, purchase or exercise price that is less than the fair market value per share of our common stock on the date of grant

§ amend the Omnibus Plan to permit the repricing of stock options or SOSARs

§ require the approval of the shareholders under any applicable laws, regulation or rule.

Proposal 2

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QUALIFIED PERFORMANCE-BASED AWARDS

The Omnibus Plan provides that compensation from stock options, SOSARs, performance share units and other performance-based awards will generally be structured to be exempt from the limitation on deductible compensation imposed by Section 162(m) of the Internal Revenue Code. The Compensation Committee will administer the Omnibus Plan, and the Omnibus Plan will be interpreted consistent with the purpose of maintaining the exemption from the Section 162(m) deduction limitation, except that qualified performance targets will be waived in the event of death and may be waived in the event of a change-in-control as defined in the Omnibus Plan.

FEDERAL INCOME TAX CONSEQUENCES

Following is a summary of the material federal income tax consequences generally applicable to awards under the Omnibus Plan. In general, the grant of any award under the Omnibus Plan is not taxable to the recipient and does not result in a tax deduction for our company. Otherwise, the tax consequences to the recipient and to our company depends on the type of award that is granted. There is no income tax due upon exercise of an ISO (but may be subject to alternative minimum tax), provided that the statutory holding periods are satisfied (two years after grant date and one year after exercise). Upon the disposition of stock acquired through an ISO, the holders will recognize a capital gain on the difference between the amount realized on disposition and the exercise price of the ISO. However, if the common stock is sold before the statutory holding periods in a “disqualifying disposition,” the holder will recognize ordinary income on the fair market value of the common stock at the time of exercise over the exercise price. The difference between the amount realized on the disposition of the common stock over its fair market value upon exercise is subject to capital gains treatment.

Upon exercise of a nonqualified option, the holder will recognize ordinary income on the difference between the fair market value of the common stock at the time of exercise and the exercise price. Upon exercise of a SOSAR, the amount of cash or the fair market value of common stock received on the exercise date is recognized as ordinary income by the recipient. The difference between the amount realized upon the disposition of common stock under a nonqualified option or SOSAR and the fair market value at the time of exercise is subject to capital gains treatment. Long-term capital gains treatment applies if the disposition occurs after a twelve-month holding period.

For awards of restricted stock, restricted stock units and performance share units, the recipient recognizes ordinary income on the difference between fair market value of the common stock under the award at the time the award becomes “vested” or no longer subject to a substantial risk of forfeiture and the amount paid for such award, if any. Alternatively, with respect to restricted stock, the recipient may elect to be taxed on the fair market value of the common stock at the time of grant by making an election under section 83(b) of the Internal Revenue Code. Under this election, there is no tax consequence at the time the restricted stock award becomes vested. The difference between amount realized upon the disposition of the common stock received under such an award and the fair market value at the time the award became vested (or the date of grant if an election is made under section 83(b)) is subject to capital gains treatment. Long-term capital gains treatment applies if the disposition occurs after a twelve-month holding period.

Other stock based awards are treated similarly. The recipient generally recognizes ordinary income on awards that are settled in cash, shares of common stock or other property that is either transferable or not subject to substantial risk of forfeiture. Dividends on restricted shares paid to the holder will be treated for tax purposes as additional compensation and will be deductible by our company.

Our company is entitled to a tax deduction on the exercise of nonqualified options or SOSARs, the vesting of awards of restricted stock, restricted stock units, performance share units and other stock based awards at the same time and in

the same amount as the holder recognizes income. Our company is also entitled to a deduction upon a disqualifying disposition of common stock acquired under an ISO in the same amount and at the same time as the holder recognizes income. There are no tax consequences to our company on account of capital gains realized by award recipients.

THE BOARD OF DIRECTORS RECOMMENDATION

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR AMENDMENT OF THE OMNIBUS PLAN.

Proposal 2

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**PROPOSAL 3. ADVISORY VOTE ON EXECUTIVE
COMPENSATION (SAY ON PAY)**

The Dodd-Frank Wall Street Reform and Consumer Act (the Dodd-Frank Act), enacted in 2010, requires that our shareholders have a non-binding advisory vote on the executive compensation for our NEOs, commonly known as “Say on Pay.” While this vote is advisory and not binding on our company, it will provide information to our Compensation Committee regarding investor sentiment about our executive compensation philosophy, policies and practices, which the Compensation Committee will consider when determining executive compensation in the future.

Our company has designed its executive compensation program to attract, motivate and retain the senior executive talent required to achieve our operational plans and strategic goals. Our compensation program is centered on a pay-for-performance philosophy which aligns executive compensation with shareholder value. Consistent with this philosophy, a substantial portion of the total compensation for each of our NEOs is directly related to our company’s earnings, to the value of our common stock, and to other performance factors that measure progress against the goals of our operating and strategic plans. The executive compensation program is overseen and administered by an independent Compensation Committee that is advised by an independent consultant.

The Compensation Discussion and Analysis, beginning on page 39 below, describes our executive compensation philosophy and program in detail. The Compensation Committee has taken the following recent actions which support the alignment of our compensation philosophy, our compensation programs and our company performance:

§ Conducted a market study of compensation practices among our comparison companies

§ Froze the base salary of the CEO for fiscal years 2009, 2010 and 2011

§ Paid no cash bonuses to the CEO and other NEOs for fiscal years 2008, 2009 and 2010

§ Made grants of long-term equity opportunities at approximately the median market levels in 2010 and 2011, in a continuing effort to provide competitive incentive opportunities while assuring alignment with shareholder interests over the long-term

§ Continued the policy of providing only limited perquisites

§ Utilized tally sheets in analyzing and determining total compensation paid to the CEO and other NEOs

§ Maintained and monitored stock ownership guidelines for management

§ Eliminated the use of common performance measures between the short-term and long-term incentive programs

§ Adjusted the mix of 2011 long-term awards to provide more emphasis on performance-based pay by granting approximately 78% of the target value of long-term grants in the form of performance share units (PSUs) and 22% of the value in the form of stock only stock appreciation rights (SOSARs). Previous grants were of approximately equal value between PSUs and SOSARs.

These actions reflect the active management of our executive compensation programs by the Compensation Committee and the alignment of our programs with market compensation levels, company performance and with our

shareholders' interests. Accordingly, the Board recommends that the shareholders vote in favor of the resolution set forth below.

Proposal 3

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BOARD OF DIRECTORS RECOMMENDATION

“RESOLVED, that the compensation paid to the Company’s NEOs, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion is hereby approved.”

As an advisory vote, this proposal is not binding on our company. However, our Board and Compensation Committee will consider the outcome of the advisory vote when making future compensation decisions.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE COMPENSATION OF OUR NEOS AS DISCLOSED IN THE COMPENSATION DISCUSSION AND ANALYSIS SECTION AND ACCOMPANYING COMPENSATION TABLES CONTAINED IN THIS PROXY STATEMENT.

PROPOSAL 4. ADVISORY VOTE ON FREQUENCY OF HOLDING THE SAY ON PAY VOTE

In addition to the advisory vote on executive compensation set forth in Proposal 3 above, the Dodd-Frank Act requires that shareholders have the opportunity to vote on how often they believe the advisory vote on executive compensation should be held in the future. Under this Proposal 4, shareholders may vote to have the advisory vote on executive compensation every year, every two years or every three years.

After careful consideration, the Board believes that holding an advisory vote on executive compensation every year is the most appropriate policy for our shareholders and our company at this time. An annual advisory vote on executive compensation will allow our shareholders to provide us with their direct input on our executive compensation program every year.

Prior to voting on this Proposal, shareholders are encouraged to read the Compensation Discussion and Analysis beginning on page 39 and the Executive Compensation section beginning on page 50, which more thoroughly discuss our company’s compensation policies and programs.

Shareholders will be able to specify one of four choices for this proposal on the proxy card: one year, two years, three years or abstain. Shareholders are not voting to approve or disapprove the Board’s recommendation. This advisory vote on the frequency of future advisory votes on executive compensation is non-binding on the Board of Directors. Notwithstanding the Board’s recommendation and the outcome of the shareholder vote, the Board may in the future decide to conduct advisory votes on a more or less frequent basis and may vary its practice based on factors such as discussions with shareholders and adoption of material changes to compensation programs.

THE BOARD OF DIRECTORS RECOMMENDATION

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR HOLDING THE SAY ON PAY VOTE EVERY YEAR.

Proposal 4

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**PROPOSAL 5. RATIFICATION OF APPOINTMENT
OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee, which is composed solely of independent directors, has appointed Deloitte & Touche LLP as the independent registered public accounting firm for our company and its subsidiaries for the fiscal year ended December 31, 2011. The function of the independent registered public accounting firm is to audit our accounts and records; to report on the consolidated balance sheet, the related statements of consolidated earnings, consolidated shareholders' equity and consolidated statements of cash flows of our company and its subsidiaries; to audit our internal control over financial reporting; and to perform such other appropriate accounting services as may be required and approved by the Audit Committee. Although shareholder ratification is not required, our Board has determined that it would be desirable to request an expression from the shareholders as to whether or not they support this appointment. Even if the appointment of Deloitte & Touche LLP is ratified by a majority of the votes cast at the meeting, the Audit Committee may, in its discretion, direct the appointment of another independent registered accounting firm at any time during the year, if it believes such appointment is in the best interests of the company and the shareholders. If a majority of the votes cast at the meeting fails to ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm, the Audit Committee will consider the selection of another independent registered public accounting firm for future years.

The firm of Deloitte & Touche LLP, or its predecessors, has audited our financial statements since 1956. A representative of that firm is expected to be present at the meeting, will be given an opportunity to make a statement and will be available to respond to appropriate questions.

THE BOARD OF DIRECTORS RECOMMENDATION

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE PROPOSAL TO RATIFY THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS OUR COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.

PROPOSAL 6. SHAREHOLDER PROPOSAL—MAJORITY VOTE

Our company has been advised that the United Brotherhood of Carpenters and Joiners of America, 101 Constitution Avenue, N.W., Washington, D.C. 20001, a beneficial owner of 1,965 shares of our company's common stock, intends to present the following proposal and supporting statement at the annual meeting. The proposal will be voted on only if properly presented at the annual meeting. In accordance with rules of the Securities and Exchange Commission, the text of the resolution and supporting statement is printed verbatim from the proponent's submission, and we take no responsibility for them. To ensure that readers can easily distinguish between the materials provided by the proponent and the materials we have provided, we have shaded gray the material provided by the proponent.

Our Board of Directors strongly opposes the adoption of the proposal and asks you to review our Board's response, which follows the proponent's supporting statement

Proposal 5 and 6

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SHAREHOLDER PROPOSAL

RESOLVED: That the shareholders of Vulcan Materials Company (“Company”) hereby request that the Board of Directors initiate the appropriate process to amend the Company’s certificate of incorporation to provide that director nominees shall be elected by the affirmative vote of the majority of votes cast at an annual meeting of shareholders, with a plurality vote standard retained for contested director elections, that is, when the number of director nominees exceeds the number of board seats.

SUPPORTING STATEMENT: Vulcan Materials’ Board of Directors should establish a majority vote standard in director elections in order to provide shareholders a meaningful role in these important elections. The proposed majority vote standard requires that a director nominee receive a majority of the votes cast in an election in order to be formally elected. Under the company’s current plurality standard, a board nominee can be elected with as little as a single affirmative vote, even if a substantial majority of the votes cast are “withheld” from the nominee. We believe that a majority vote standard in board elections establishes a challenging vote standard for board nominees, enhances board accountability, and improves the performance of boards and individual directors.

Over the past five years, a significant majority of companies in the S&P 500 Index has adopted a majority vote standard in company bylaws, articles of incorporation, or charter. These companies have also adopted a director resignation policy that establishes a board-centered post-election process to determine the status of any director nominee that is not elected. This dramatic move to a majority vote standard is in direct response to strong shareholder demand for a meaningful role in director elections. However, Vulcan Materials has responded only partially to the call for change, simply adopting a post-election director resignation policy that sets procedures for addressing the status of director nominees that receive more “withhold” votes than “for” votes. The plurality vote standard remains in place.

Vulcan Materials’ Board of Directors has not acted to establish a majority vote standard, retaining its plurality vote standard. The Board should take this critical first step in establishing a meaningful majority vote standard. With a majority vote standard in place, the Board can then act to adapt its director resignation policy to address the status of unelected directors. A majority vote standard combined with a post-election director resignation policy would establish a meaningful right for shareholders to elect directors at Vulcan Materials, while reserving for the Board an important post-election role in determining the continued status of an unelected director. We urge the Board to join the mainstream of major U.S. companies and establish a majority vote standard.

COMPANY STATEMENT IN OPPOSITION

The proponent submitted the same proposal at our 2010 Annual Meeting of Shareholders and our shareholders defeated it by a wide margin. Last year’s vote demonstrates clear shareholder support for our company’s current process for electing directors. In light of these results and for the reasons provided below, the Board recommends a vote against the proposal.

OUR DIRECTOR RESIGNATION POLICY ADDRESSES THE MAJORITY ELECTION OF DIRECTORS ISSUE The Board believes that our company’s existing governance structure effectively addresses the concerns raised

by the shareholder proposal. In 2006, the Board adopted a policy (Director Resignation Policy) under our company's Corporate Governance Guidelines to take into account the majority election of directors. The Director Resignation Policy provides that any director nominee who receives more votes "withheld" than votes "for" his or her election will immediately tender his or her resignation to the Board. The Governance Committee, which is composed exclusively of independent directors, will then review and consider the resignation and recommend to the Board whether to accept it.

The Director Resignation Policy ensures that a director nominee who receives less than a majority vote will not serve on the Board without undergoing a high degree of scrutiny by both the Governance Committee and the Board. Thus, the Board believes the Director Resignation Policy effectively addresses the concerns raised by the proposal. In addition, our adoption of the Director Resignation Policy is consistent with the approach taken by many other public companies.

FLEXIBILITY IS IN THE BEST INTEREST OF SHAREHOLDERS Our company is incorporated under the laws of New Jersey, and our shareholders currently elect directors by plurality voting. Plurality voting is the default standard under New Jersey law and has long been the accepted standard among most public companies. Our Director Resignation Policy

Proposal 6

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modifies the plurality voting standard in uncontested elections in a manner that affords our shareholders more meaningful input than they would have under a pure plurality standard. However, it also retains for the Board the ability to exercise its judgment based upon the needs of our company at any point in time. The Board believes this flexibility is in the best interest of all shareholders and is preferable to a strict majority vote standard.

TEN-YEAR AVERAGE OF SHAREHOLDER AFFIRMATIVE VOTE FOR DIRECTORS EXCEEDS 95% The proponent's characterization of plurality voting, particularly the statement that a director may be elected by a single vote even if a substantial majority of the votes cast are "withheld," is quite unrealistic and is not supported by our company's historical results. During the past ten years, the average affirmative vote for directors at our company has been greater than 95 percent of shares voted through the plurality voting process. As a result, the adoption of a majority voting standard would not have affected the outcome of our election process. Moreover, the Governance Committee applies stringent criteria in identifying and nominating director candidates and has established procedures to consider and evaluate director candidates recommended by shareholders. This process has been instrumental in creating a board composed of highly qualified directors from diverse backgrounds. It also has resulted in a board composed entirely of independent directors (as defined by the New York Stock Exchange) with the exception of our chief executive officer.

BOARD OF DIRECTORS RECOMMENDATION

We believe that our Director Resignation Policy provides shareholders a meaningful and significant role in the election of directors, and for the reasons presented above, we do not believe that the shareholder proposal is in the best interests of our company or its shareholders.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE AGAINST THIS SHAREHOLDER PROPOSAL.

PROPOSAL 7. SHAREHOLDER PROPOSAL— BOARD DECLASSIFICATION

Our company has been advised that Gerald R. Armstrong, 910 Sixteenth Street, No. 412, Denver, Colorado 80202-2917, a beneficial owner of 136 shares of our company's common stock, intends to present the following proposal and supporting statement at the annual meeting. The proposal will be voted on only if properly presented at the annual meeting. In accordance with the rules of the Securities and Exchange Commission, the text of the resolution and supporting statement is printed verbatim from the proponent's submission, and we take no responsibility for them. To ensure that readers can easily distinguish between the materials provided by the proponent and the materials we have provided, we have shaded gray the material provided by the proponent.

Our Board of Directors strongly opposes the adoption of the Proposal and asks you to review our Board's response, which follows the proponent's supporting statement

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SHAREHOLDER PROPOSAL



RESOLUTION: That the shareholders of VULCAN MATERIALS COMPANY request its Board of Directors to take the steps necessary to eliminate classification of terms of the Board of Directors to require that all Directors stand for election annually. The Board declassification shall be completed in a manner that does not affect the unexpired terms of the previously-elected Directors.

STATEMENT: The current practice of electing only one-third of the directors for three-year terms is not in the best interest of the corporation or its shareholders. Eliminating this staggered system increases accountability and gives shareholders the opportunity to express their views on the performance of each director annually. The proponent believes the election of directors is the strongest way that shareholders influence the direction of any corporation and our corporation should be no exception.

As a professional investor, the proponent has introduced the proposal at several corporations which have adopted it. In others, opposed by the board or management, it has received votes in excess of 70% and is likely to be reconsidered favorably.

The proponent believes that increased accountability must be given our shareholders whose capital has been entrusted in the form of share investments especially during these times of great economic challenge.

Arthur Levitt, former Chairman of The Securities and Exchange Commission said, "In my view, it's best for the investor if the entire board is elected once a year. Without annual election of each director, shareholders have far less control over who represents them."

While management may argue that directors need and deserve continuity, management should become aware that continuity and tenure may be best assured when their performance as directors is exemplary and is deemed beneficial to the best interests of the corporation and its shareholders.

The proponent regards as unfounded the concern expressed by some that annual election of all directors could leave companies without experienced directors in the event that all incumbents are voted out by shareholders.

In the unlikely event that shareholders do vote to replace all directors, such a decision would express dissatisfaction with the incumbent directors and reflect the need for change.

If you agree that shareholders may benefit from greater accountability afforded by annual election of all directors, please vote "FOR" this proposal.

COMPANY STATEMENT IN OPPOSITION



The Governance Committee and Board carefully considered the shareholder proposal and concluded, for the reasons noted below, that a classified board structure remains in the best interests of our company and its shareholders.

CLASSIFIED BOARD PROMOTES CONTINUITY AND LEADERSHIP STABILITY The classified board structure has served our company and its shareholders well since its adoption in 1984. Our company's classified board is designed to promote continuity and stability of leadership to ensure that, at all times, a majority of our company's directors have prior experience with, and knowledge of, our company's operations, management and strategy. Board continuity is especially critical to developing, refining and executing our long-term strategic goals. This is particularly important to our company because our core aggregates business, by its very nature, involves long-term planning and development. As the leading aggregates producer in the United States, we are continually focused on maintaining and developing long-term aggregates reserves in strategic locations poised for long-term growth. The classified board structure helps directors to make sound strategic decisions in the long-term best interests of our company and its shareholders, rather than focusing excessively on the next quarter's results. Our industry is also highly cyclical which makes it even more important to have appropriate continuity and experience on our Board.

CLASSIFIED BOARD LEADS TO HIGH QUALITY DIRECTORS A classified board strengthens our company's ability to recruit high quality directors who are willing to make a significant commitment to our company and its shareholders for the long-term. The Board believes it is important that directors have the commitment to serve for an appropriate term given the time required to properly understand our operations. Experienced directors who are knowledgeable about our business are better positioned to make decisions that are in the best interests of our company and its shareholders.

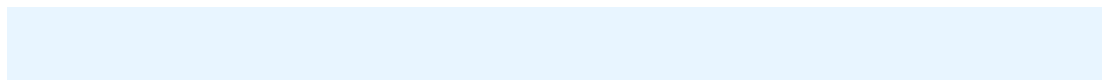
The proponent claims that a classified board is not in the best interests of our shareholders because it reduces accountability of directors. However, directors elected to a classified board are no less accountable to shareholders than they would be if elected annually. Standards of performance and responsibility applicable to directors elected annually, including under state law fiduciary standards, New York Stock Exchange rules and the Sarbanes-Oxley Act of 2002, apply equally to classified directors. It is the manner in which directors fulfill their duties and responsibilities, not the frequency of their election, which drives effective corporate governance. Moreover, all of our directors are independent, except for Donald M. James, our chief executive officer. In our view, factors such as these best ensure that our directors remain accountable to our shareholders, not the length of their term.

THREE-YEAR TERMS ENHANCE OUR BOARD'S INDEPENDENCE AND LONG-TERM SHAREHOLDER FOCUS The Board also believes that a three-year term enhances the independence of our non-employee directors by providing them with more time to develop their understanding of, and experience with, our company's business, making them less dependent on the views and perspectives of management. A longer term in office also helps insulate our directors against pressures from special interest groups that may be more focused on short-term results instead of the long-term interests of all shareholders. Our current board structure allows our directors to act independently without being concerned as to whether they will be re-nominated by the other members of the Board each year. The freedom to focus on the long-term interests of our company instead of annual elections leads to greater independence, the cornerstone of good corporate governance.

CLASSIFIED BOARD MAY LEAD TO HIGHER VALUE TO SHAREHOLDERS IN THE EVENT OF A HOSTILE TAKEOVER A classified board also enhances our ability to negotiate the best results for our shareholders in the event of an unsolicited takeover proposal. A classified board structure provides the time and leverage necessary for our Board to evaluate and consider the fairness of any takeover proposal, consider alternative proposals, and ultimately negotiate the best possible result for our shareholders. Without a classified board, a potential acquirer could gain control of our company by replacing a majority of the Board with its own slate of nominees at a single shareholders' meeting and without paying an appropriate premium to our shareholders. This is particularly important to Vulcan due to the recent consolidation in our industry, including hostile actions by foreign companies. Moreover, at the bottom of a construction cycle as we are in today, an opportunistic hostile acquirer can abuse a temporary drop in our stock below its long-term fair value. While our classified board enhances our company's ability to negotiate more favorably in the face of a hostile takeover overture and to protect long-term shareholders from abusive takeover tactics, it does not, however, prevent unsolicited takeover proposals or the consummation of such transactions.

APPROVAL OF THE SHAREHOLDER'S PROPOSAL WOULD NOT DECLASSIFY THE BOARD. Declassifying the Board would require an amendment to the company's Restated Certificate of Incorporation. The Restated Certificate of Incorporation includes a supermajority provision to remove the classified board. Accordingly, elimination of the classified board would require the affirmative vote of the holders of at least eighty percent (80%) of our company's outstanding shares.

THE BOARD OF DIRECTORS RECOMMENDATION



The proponent states that several companies now elect directors annually because of his efforts. Each of those companies made the decision to conduct annual director elections based on their own circumstances. The Board does not believe that there is a single formula for corporate governance. A “one size fits all” view does not take into consideration differences among companies, their management and the industries and markets in which they operate. After careful consideration of the Company’s circumstances, the Board believes that a classified board structure remains in the best interests of the Company and its shareholders.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE AGAINST THIS SHAREHOLDER PROPOSAL.

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

We take our corporate governance responsibilities very seriously and have adopted Corporate Governance Guidelines that provide a framework for the governance of our company. The Guidelines build on practices that we have followed for many years and demonstrate our continuing commitment to corporate governance excellence.

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

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

DIRECTOR INDEPENDENCE

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

The Director Independence Criteria provide that a director will be considered independent if he or she:

DIRECTOR INDEPENDENCE CRITERIA

- (a) has not been an employee of our company, or any of its consolidated subsidiaries, during the last three years;
- (b) has not received more than \$120,000 per year in direct compensation from our company, or any of its consolidated subsidiaries, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided

such compensation is not contingent in any way on continued service) during the last three years;

(c) has not during the last three years personally performed legal or professional services for our company in an amount more than \$10,000;

(d) is not a current partner or employee of our company's independent auditor and has not been employed by the present or former independent auditor of our company and personally worked on our company's audit during the last three years;

(e) during the last three years, has not been part of an interlocking directorate in which an executive officer of our company, or any of its consolidated subsidiaries, served on the compensation committee of another company that concurrently employs the director;

(f) is not, and has not been in the past three years, an executive officer or an employee of another company (exclusive of charitable organizations) that makes payments to, or receives payments from, our company, or any of its consolidated subsidiaries, for property or services in an amount which, in any single fiscal year, exceeds the greater of \$1,000,000 or 2% of the consolidated gross revenues of such other company;

(g) has no immediate family member who is an executive officer of our company, or any of its consolidated subsidiaries;

(h) has no immediate family member meeting any of the criteria set forth in (b)–(f); except with respect to item (d) in which case an immediate family member may be an employee (not a partner) of the independent auditor so long as such family member does not personally work on our company’s audit; and

(i) has no other material relationship with our company, or any of its consolidated subsidiaries, either directly or as a partner, shareholder, director or officer of an organization that has a material relationship with our company or any of its consolidated subsidiaries.

In determining director independence, “immediate family member” is defined as a spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law and anyone (other than a domestic employee) who share the director’s home. Individuals who are no longer immediate family members as a result of legal separation or divorce, or those who have died or become incapacitated, are not taken into consideration when determining a director’s independence.

The Director Independence Criteria also require our Board to consider all relevant facts and circumstances, including a director’s commercial, industrial, banking, consulting, legal, accounting, familial and charitable relationships and such other criteria as our Board may determine from time to time.

In February 2011, the Board conducted an evaluation of director independence, based on the Director Independence Criteria, the New York Stock Exchange listing standards and applicable SEC rules and regulations. In connection with this review, the Board evaluated commercial, industrial, banking, consulting, legal, accounting and charitable relationships with each director or immediate family member and his or her related interests and our company and its subsidiaries, including those relationships described under “Transactions with Related Persons” below.

As a result of this evaluation, the Board affirmatively determined that all of the directors other than our Chairman and CEO, Don James, are independent directors under our Board’s Director Independence Criteria, the New York Stock Exchange listing standards and the applicable SEC rules and regulations.

DIRECTOR NOMINATION PROCESS

The Governance Committee considers director candidates recommended by our shareholders. Any shareholder wishing to recommend a candidate for election at the 2012 Annual Meeting must submit that recommendation in writing, addressed to the Governance Committee, in care of our Corporate Secretary, at 1200 Urban Center Drive, Birmingham, Alabama 35242, in accordance with the deadlines and procedures set forth in our by-laws. The notice should include the following:

- § The name and address of the shareholder who intends to make the nomination(s) and of the person or persons to be nominated;
- § A representation that the shareholder is a holder of record or a beneficial holder of stock entitled to vote at the meeting (including the number of shares the shareholder owns) and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice;
- § A description of all arrangements and understandings between the shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder;
- § Such other information regarding each nominee proposed by such shareholder as would have been required to be included in a proxy statement filed under the proxy rules of the SEC (whether or not such rules are

applicable) had each nominee been nominated, or intended to be nominated, by our Board of Directors, including the candidate's name, biographical information, and qualifications; and

§ The written consent of each nominee to serve as a director if so elected.

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

BOARD LEADERSHIP STRUCTURE

Our Board understands the importance of evaluating and determining the optimal leadership structure so as to provide independent oversight of management. Our Board also understands that there is no single, generally accepted approach to providing Board leadership and that given the dynamic and competitive environment in which we operate, the right Board leadership structure may vary from time to time. For this reason, our Board does not have a policy with respect to the separation of the offices of Chairman of the Board and Chief Executive Officer. The Board has determined that our company should have the flexibility to combine or separate these functions as circumstances deem appropriate. At this time, the Board believes that it is in the best interests of our company and its shareholders to have Don James serve as our Chairman of the Board and Chief Executive Officer.

At this time, our Board believes that there are a number of advantages to consolidating the positions of Chairman and Chief Executive Officer, including the following:

§ Mr. James, with over 18 years experience with our company, including 14 years of experience as Chief Executive Officer, has lead the company through various economic cycles, has the knowledge, expertise and experience to understand the opportunities and challenges facing our company and is most capable of identifying strategic priorities and opportunities. He also has the leadership and management skills to promote and execute our values and strategy, particularly given the economic environment;

§ Consolidating the positions allows Mr. James to lead board discussions regarding our business and strategy, and provides decisive and effective leadership for our company eliminating the potential for confusion;

§ Combining the positions creates a firm link between management and the Board that promotes the development and implementation of our corporate strategy; and

§ Consolidating the positions allows timely communication with our Board on critical business matters.

Based on these advantages and the factors listed below, our Board has determined that this leadership structure is optimal for our company at this time.

In considering its leadership structure, our Board has taken a number of additional factors into account. The Board, which consists exclusively of independent directors other than Mr. James and all of whom are highly qualified and experienced, exercises a strong independent oversight function. This oversight function is enhanced by the fact that all of the Board's committees, other than the Executive Committee, are comprised entirely of independent directors. Most significantly, our Corporate Governance Guidelines provide for a non-management presiding director, a position which is filled by rotation among the chairs of our Board committees. Among other things, the non-management presiding director is responsible for reviewing and approving the agenda in advance of each Board meeting, facilitating communication among directors and between the Board and Mr. James and chairing an executive session of the independent directors at each Board meeting. Our Board believes that these factors provide the appropriate balance between the authority of those who oversee our company and those who manage it on a day-to-day basis. For additional information regarding how oversight is exercised and how the Board receives information from our committees performing risk management and oversight functions, see "Risk Management" on page 31.

NON-MANAGEMENT EXECUTIVE SESSIONS AND PRESIDING DIRECTOR

Our Board of Directors has adopted a policy relating to non-management executive sessions. Under this policy, the Board of Directors meets at each regularly scheduled Board meeting in an executive session in which management directors and other members of management are not present. During 2010, the non-management directors met in executive session five times.

Each year at the May Board meeting, our Board designates a non-management presiding director, a position which is filled by rotation among the chairs of our Board committees. The duties of the presiding director are delineated in our Corporate Governance Guidelines, which are available on our website at www.vulcanmaterials.com. The Chairman of the Governance Committee, Donald Rice, served as the presiding director at the executive sessions after the annual meeting in 2010. Allen Franklin, Chairman of the Safety, Health and Environmental Affairs Committee, will serve as the presiding director following the 2011 Annual Meeting of Shareholders.

MEETINGS AND ATTENDANCE

Our Board held seven meetings, either in person or by written consent, in 2010. In 2010, each director attended more than 75% of the total number of meetings of the Board and meetings of the committees of which he or she was a member.

ANNUAL MEETING POLICY

Our directors are expected to attend the Annual Meeting of Shareholders. In furtherance of this policy, our Board holds a regularly scheduled Board meeting on the same day as the Annual Meeting of Shareholders. In 2010, all of the Board members attended the Annual Meeting.

COMMITTEES OF THE BOARD OF DIRECTORS

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

DIRECTOR	EXECUTIVE COMMITTEE	AUDIT COMMITTEE	COMPENSATION COMMITTEE	GOVERNANCE COMMITTEE	SAFETY, HEALTH AND ENVIRONMENTAL AFFAIRS COMMITTEE	FINANCE AND PENSION FUNDS COMMITTEE
Philip J. Carroll, Jr.	•		•	•		
Phillip W. Farmer	•	•		•		
H. Allen Franklin	•		•		•	
Donald M. James	•					
Ann McLaughlin Korologos				•	•	
Douglas J. McGregor	•	•				•
James V. Napier			•			•
Richard T. O'Brien		•			•	
James T. Prokopanko		•		•		
Donald B. Rice	•		•	•		
Vincent J. Trosino		•				•
Kathleen Wilson-Thompson					•	•

The charters of the Audit, Compensation and Governance Committees are available on our website at vulcanmaterials.com. You can also obtain a printed copy free of charge by writing to us at: Corporate Secretary, Vulcan Materials Company, 1200 Urban Center Drive, Birmingham, Alabama 35242.

All of the Board Committees, other than the Executive Committee, are composed entirely of independent, non-management directors.

EXECUTIVE COMMITTEE

The Executive Committee has the same powers as our Board of Directors, except as limited by the New Jersey Business Corporation Act. In practice, the powers of the Executive Committee are exercised only for matters that arise between meetings of the Board. Members of the Executive Committee are Messrs. James (Chair), Carroll, Farmer, Franklin, McGregor and Rice. The Executive Committee did not meet in 2010.

AUDIT COMMITTEE

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

§ Hiring, evaluating and, when appropriate, replacing the independent registered public accounting firm, whose duty it is to audit our books and accounts and our internal control over financial reporting for the fiscal year in which it is appointed;

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

§ Reviewing and discussing with management, the independent registered public accounting firm and internal auditors our internal reporting, audit procedures and the adequacy and effectiveness of our disclosure controls and procedures;

§ Reviewing and discussing with management and the independent registered public accounting firm the audited financial statements to be included in our Annual Report on Form 10-K, the quarterly financial statements to be included in our Quarterly Reports on Form 10-Q, our disclosures under “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and the selection, application and disclosure of accounting policies used in our financial statements;

§ Reviewing and discussing with management quarterly earnings press releases and financial information and earnings guidance provided to analysts and rating agencies; and

§ Reviewing and reassessing the adequacy of the Audit Committee Charter adopted by our Board of Directors, and recommending proposed changes to our Board of Directors.

The members of the Audit Committee are Messrs. Farmer (Chair), McGregor, O’Brien, Prokopanko and Trosino. All members of our Audit Committee are non-management directors. Our Board of Directors has determined that each is “independent” and “financially literate” within the meaning of the listing standards of the New York Stock Exchange, SEC rules and regulations, and the Director Independence Criteria adopted by our Board of Directors and posted on our website at www.vulcanmaterials.com under “Investor Relations.” In addition, our Board has determined that Mr. O’Brien is an “audit committee financial expert” as defined by rules adopted by the SEC. The Audit Committee met seven times during 2010. More details about the role of the Audit Committee may be found in the Report of the Audit Committee on page 34 of this proxy statement.

COMPENSATION COMMITTEE

The Compensation Committee is responsible for, among other things:

§ determining and setting the amount of compensation paid to each of our executive officers, including the Chief Executive Officer, senior officers and division presidents;

§ reviewing compensation plans relating to our officers;

§ interpreting and administering the Executive Incentive Plan and the 2006 Omnibus Long-Term Incentive Plan; and

§ making recommendations to the Board with respect to compensation paid by our company to any director.

The Compensation Committee also reviews and discusses with management the Compensation Discussion and Analysis required by SEC rules to be included in our proxy statement.

The Compensation Committee has engaged Compensation Strategies, Inc. as its independent compensation consultant. For a description of the process undertaken by the Compensation Committee to set compensation and the role of Compensation Strategies in that process, please refer to the section entitled “Compensation Discussion and Analysis” in this proxy statement.

The members of the Compensation Committee are Messrs. Carroll (Chair), Franklin, Napier and Rice. The Compensation Committee is composed solely of non-management directors who are “independent” within the meaning of the listing standards of the New York Stock Exchange, SEC rules and regulations and the Board’s Director Independence Criteria. The Compensation Committee met six times during 2010.

GOVERNANCE COMMITTEE

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

- § identifies individuals qualified to become Board members consistent with criteria established in its charter;
- § recommends to our Board director nominees for the next annual meeting of shareholders; and
- § evaluates individuals suggested by shareholders as director nominees.

The directors are responsible for overseeing our company's business consistent with their fiduciary duty to our shareholders. The Board and the Governance Committee consider the qualifications of directors and director candidates individually and in the broader context of the Board's overall composition and our company's current and future needs.

In recommending director candidates to the Board, the Governance Committee considers all of the factors listed under "Director Qualifications" set forth in this proxy statement.

The Governance Committee believes it appropriate for at least one member of the Board to meet the criteria for an "audit committee financial expert" as defined by the SEC rules, and that a substantial majority of the members of the Board meet the definition of "independence" as defined by the listing standards of the New York Stock Exchange, SEC rules and regulations and the Board's Director Independence Criteria.

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

Members of the Governance Committee are Dr. Rice (Chair), Ms. Korologos and Messrs. Carroll, Farmer and Prokopanko. The Governance Committee is composed solely of non-management directors who are "independent" within the meaning of the listing standards of the New York Stock Exchange, SEC rules and regulations and the Board's Director Independence Criteria. The Governance Committee met two times during 2010.

SAFETY, HEALTH AND ENVIRONMENTAL AFFAIRS COMMITTEE

The Safety, Health and Environmental Affairs Committee has the responsibility for reviewing our policies, practices and programs with respect to the management of safety, health and environmental affairs. It also monitors our compliance with safety, health and environmental laws and regulations. Members of the Safety, Health and Environmental Affairs Committee are Mr. Franklin (Chair), Ms. Korologos, Mr. O'Brien and Ms. Wilson-Thompson. The Committee met two times during 2010.

FINANCE AND PENSION FUNDS COMMITTEE

The Finance and Pension Funds Committee has responsibility for overseeing our financial policies. It recommends to our Board financial policies and actions to accommodate our goals and operating strategies while maintaining a sound financial condition. Its functions include keeping informed about our financial condition, recommending a dividend policy, reviewing and recommending changes in the quarterly dividend payments, and evaluating and making recommendations concerning the appropriate mix of debt and equity, incurrence of long-term debt, and changes in the authorized limit of short-term debt. The Finance and Pension Funds Committee also is responsible for overseeing the funding and management of assets for pension plans sponsored by our company. To fulfill these functions, it establishes funding policies and methods consistent with pension plan objectives and the Employee Retirement Income Security Act of 1974, as amended, selects and removes investment managers, and appoints trustees for the pension plans. Members of the Finance and Pension Funds Committee are Mr. McGregor (Chair), Mr. Napier, Ms. Wilson-Thompson and Mr. Trosino. The Finance and Pension Funds Committee met three times in 2010.

RISK MANAGEMENT

Although the Board of Directors has the ultimate oversight responsibility for the risk management process, various committees of the Board assist the Board in fulfilling its oversight responsibilities in certain areas of risk. In particular, the Audit Committee focuses on financial risk, including internal controls, and discusses with management, the internal auditors, and our independent registered public accounting firm our company's policies with respect to risk assessment and risk management. Our Audit Committee also assists the Board in fulfilling its duties and oversight responsibilities relating to our company's compliance and ethics programs. In addition, our Safety, Health and Environmental Affairs Committee assists the Board in fulfilling its responsibilities with respect to safety, health and environmental laws and regulations and works closely with our company's legal and regulatory groups. The Compensation Committee also assists the Board in fulfilling its oversight responsibilities to create long-term value for our company, while discouraging behavior that leads to excessive risk. Finally, the Finance and Pension Funds Committee assists the Board in managing risk relating to investment of the pension funds assets and debt/leverage risks.

Our company's management is responsible for day-to-day risk management. Our legal, safety, health and environmental (SHE), risk management and internal audit areas serve as the primary monitoring and testing function of policies and procedures and manage the oversight of risk management for the company as a whole.

We believe the division of risk management responsibilities described above is an effective approach for addressing the risks facing our company and that our Board structure supports this approach.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

None.

TRANSACTIONS WITH RELATED PERSONS

The son of Mr. Philip Carroll, Jr., a member of our Board of Directors, is a partner in a large law firm that has provided legal services to our company for over 50 years. In determining that this is not a material relationship involving Mr. Carroll, our Board determined that payments made by our company to the firm represented less than 1% of the firm's consolidated gross revenues in 2010, and the revenues from our company received by Mr. Carroll's son as a result of his status as partner was not material.

Additionally, the Board made the assessment that Mr. Carroll was independent and that this was not a material relationship for the following reasons:

§ Long-standing relationship between the firm and our company going back over 50 years

§ Mr. Carroll's son joined the firm in 1988 and was made partner before his father joined the Board in 1999

§ Mr. Carroll's son does not work directly on any Vulcan matters. His only remuneration from Vulcan is indirectly from his earnings as a partner of the firm

§ Vulcan's payments to the firm are less than 1% of the firm's total revenues

§ Vulcan's payments to the firm are less than 5% of what we pay in total for our legal fees

§ Mr. Carroll meets all of the director independence standards set both by the SEC and the NYSE

§ Mr. Carroll is a highly respected Board member and he brings invaluable corporate experience as the past President of Shell Oil Company and CEO of Fluor Corp.

§ There is no actual conflict regarding Mr. Carroll's service on the Board and the selection of firms for legal work since the Board is not involved in the selection process and we would continue to use the firm's services even absent the relationship

Mr. Carroll will no longer serve as Chair of the Compensation Committee following the 2011 Annual Meeting, in anticipation of Mr. Carroll's retirement at the 2012 Annual Meeting.

SHAREHOLDER COMMUNICATION WITH OUR BOARD OF DIRECTORS

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

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

Corporate Governance

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All such communications will be forwarded to the appropriate director or directors specified in such communications as soon as practicable in accordance with the Policy on Shareholder Communications with the Board, adopted by the independent directors in February 2004.

POLICY ON REPORTING OF CONCERNS REGARDING ACCOUNTING MATTERS

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

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

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REPORT OF THE AUDIT COMMITTEE

The Audit Committee of the Board is responsible for, among other things, reviewing our company's financial statements with management and our company's independent registered public accounting firm. The Audit Committee acts under a written charter which is available on our website at www.vulcanmaterials.com. Each member of the Audit Committee is an independent director as determined by our Board, based on the requirements of the New York Stock Exchange, the SEC and our Board's Director Independence Criteria.

Our company's management has the primary responsibility for our company's financial statements and financial reporting process, including the system of internal controls. Deloitte & Touche LLP, our independent registered public accounting firm, is responsible for expressing an opinion on the conformity of our company's audited financial statements with generally accepted accounting principles. Our independent registered public accounting firm also audits, in accordance with the standards of the Public Company Accounting Oversight Board (the "PCAOB"), the effectiveness of our company's internal control over financial reporting. The Audit Committee is responsible for monitoring and overseeing these processes.

In this context, the Audit Committee has reviewed and discussed our company's audited financial statements with management and the independent registered public accounting firm. The Audit Committee has discussed with the independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards

No. 61 (Communication with Audit Committees) as amended. In addition, the Audit Committee has received from the independent registered public accounting firm the written disclosures and letter required by the applicable requirements of the PCAOB regarding the independent accountant's communications with the Audit Committee concerning independence, and discussed with the independent accountant its independence. The Audit Committee has also considered whether the independent registered public accounting firm's provision of any non-audit services is compatible with the firm's independence. The Audit Committee has concluded that the independent registered public accounting firm is independent from our company and management.

Based on the reviews and discussions noted above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in our company's Annual Report on Form 10-K for the year ended December 31, 2010, for filing with the SEC.

AUDIT COMMITTEE

Phillip W. Farmer, Chair
Douglas J. McGregor
Richard T. O'Brien
James T. Prokopanko
Vincent J. Trosino

Dated: February 11, 2011

The Report of the Audit Committee does not constitute soliciting material, and shall not be deemed to be filed or incorporated by reference into any other company filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the company specifically incorporates the

Report of the Audit Committee by reference therein.

Report of the Audit Committee

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INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

FEES PAID TO INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Aggregate fees billed to us for the fiscal years ended December 31, 2010 and 2009, by Deloitte & Touche LLP, and its affiliates, all of which are subsidiaries of Deloitte, LLP, the United States member firm of Deloitte Touche Tohmatsu Limited, are as follows:

	2010	2009
Audit Fees(1)	\$ 2,762,204	\$5,033,618
Audit Related Fees(2)	287,818	333,780
Tax Fees(3)	108,500	123,003
All Other Fees	0	0
Total	\$ 3,158,522	\$5,490,401

- (1) Consists of fees for the audit of our financial statements, including the audit of the effectiveness of our internal control over financial reporting, reviews of our quarterly financial statements, services associated with other Securities and Exchange Commission filings, and services associated with debt and common stock offerings.
- (2) Consists of fees for the audits of our employee benefit plans.
- (3) Consists of fees for services related to state tax audits, credits and refund claims.

PREAPPROVAL OF SERVICES PERFORMED BY INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has policies and procedures that require the preapproval by the Audit Committee of all fees paid to, and all services performed by, our company's independent registered public accounting firm. At the beginning of each year, the Audit Committee approves the proposed services, including the nature, type and scope of services contemplated and the related fees, to be rendered by the independent registered public accounting firm during the year.

During the year, circumstances may arise when it may become necessary to engage the independent registered public accounting firm for additional services not contemplated in the original preapproval. In those instances, the Audit Committee requires specific preapproval before engaging the independent registered public accounting firm. The Audit Committee has delegated preapproval authority to the Chair of the Audit Committee for those instances when pre-approval is needed prior to a scheduled Audit Committee meeting. The Chair of the Audit Committee must report on such approvals at the next scheduled Audit Committee meeting. The Audit Committee preapproved all audit, audit-related, tax and other services performed by Deloitte & Touche LLP during the fiscal year ended December 31, 2010.

No audit-related, tax or other services were rendered in 2010 pursuant to the de minimis exception to the preapproval requirement set forth in the Securities Exchange Act Rule 2-01(c)(7)(i)(C).

Independent Registered Public Accounting Firm

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

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

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership (# of shares)	Percent of Class
State Farm Mutual Automobile Insurance Company and Affiliates One State Farm Plaza Bloomington, Illinois 61710	12,069,409(1)	9.4%
T. Rowe Price Associates, Inc. 100 E. Pratt Street Baltimore, Maryland 21202	11,214,792(2)	8.7%
PRIMECAP Management Company 255 South Lake Avenue # 400 Pasadena, California 91101	7,869,789(3)	6.1%

(1) Based on information contained in a Schedule 13G, dated January 20, 2011, filed with the SEC. According to the Schedule 13G, the listed entity has sole voting and dispositive power over 8,373,600 shares.

(2) Based on information contained in a Schedule 13G, dated February 14, 2011, filed with the SEC. These securities are owned by various individuals and institutional investors which T. Rowe Price Associates, Inc. (Price Associates) serves as an investment adviser with power to direct investments and/or sole power to vote the securities. For the purposes of reporting requirements of the Securities Exchange Act of 1934, Price Associates is deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities.

(3) Based on information contained in a Schedule 13G, dated February 4, 2011, filed with the SEC.

SECURITY OWNERSHIP OF MANAGEMENT

The following table sets forth information, unless otherwise indicated, as of March 1, 2011, regarding beneficial ownership of our company's common stock, our only outstanding class of equity securities, by each of our directors, each of our NEOs identified in the Summary Compensation Table on page 50 of this proxy statement, and the directors and executive officers as a group. We believe that, for each of the individuals set forth in the table below, such individual's financial interest is aligned with the interests of our other shareholders because the value of such individual's total holdings will increase or decrease in line with the price of our common stock.

Capital Expenditures

Capital expenditures-acquisitions ⁽⁵⁾

\$

75,793

\$

237,527

\$

1,743

\$

22,524

\$

1,096

Capital expenditures-other

\$

2,668

\$
906

\$
444

\$
531

\$
531

Selected Operating Data:

Timber Sales Volume (tons):

Pulpwood
1,131,475

885,980

636,227

697,307

969,549

Sawtimber
708,764

479,460

283,223

358,683

306,063

Total
1,840,239

1,365,440

919,450

1,055,990

1,275,612

Delivered % as of total volume
60

%

70

%

80

%

81

%

86

%

Stumpage % as of total volume

40

%

30

%

20

%

19

%

14

%

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Net timber sales price (\$ per ton)					
Pulpwood	\$13	\$13	\$12	\$10	\$9
Sawtimber	\$26	\$24	\$20	\$21	\$20
Timberland Sales					
Gross sales	\$11,845	\$10,650	\$2,499	\$10,972	\$1,741
Basis of timberland sold	\$8,886	\$5,072	\$1,570	\$7,188	\$1,172
Acres sold	6,407	3,761	1,167	6,016	1,125
Price per acre	\$1,849	\$2,832	\$2,141	\$1,824	\$1,548
Timberland Acquisitions					
Gross acquisitions ⁽³⁾	\$73,305	\$235,158	\$1,404	\$20,474	\$1,000
Timberland acquisitions, in acres	42,905	121,612	1,786	30,199	1,397
Price per acre (\$/acre)	\$1,709	\$1,934	\$786	\$678	\$716
Period End Acres					
Fee	401,200	364,700	247,200	246,300	222,400
Lease	23,800	28,600	30,900	42,500	76,300
Total	425,000	393,300	278,100	288,800	298,700

Effective January 1, 2015, we elected to early adopt Accounting Standards Update 2015-03 "Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs" in which deferred financing costs are now required to be presented on the balance sheet as a direct deduction from the carrying amount of the related debt liability instead of being presented as an asset. The new accounting pronouncement was applied on a retrospective basis. For further information, please refer to Note 2 – Summary of Significant Accounting Policies in the accompanying consolidated financial statements.

Effective January 1, 2015, we changed our depletion method on our long-term fee and leased timber to the straight-line method. For further information regarding our change in depletion methodology, please refer to Note 2 – Summary of Significant Accounting Policies in the accompanying consolidated financial statements.

(3) Exclusive of transaction costs.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations —Adjusted EBITDA" for the definition and information regarding why we present Adjusted EBITDA and for a reconciliation of this non-GAAP financial measure to net income (loss).

(5) Includes transaction costs.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the Selected Financial Data in Item 6 – Selected Financial Data above and our accompanying consolidated financial statements and notes thereto. See also "Cautionary Note Regarding Forward-Looking Statements" preceding Part I.

Overview

We primarily engage in the ownership, management, acquisition, and disposition of timberland properties located in the U.S. South. During 2015, we continued to execute our business growth strategy as we completed eight separate transactions in the U.S. South, acquiring approximately 42,900 acres of high-quality timberland. In aggregate, they are expected to increase our annual harvest volumes by 0.2 million to 0.3 million tons over the next decade. These acquisitions complement our existing timberland portfolio and expand our customer base into new markets within the U.S. South.

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As of December 31, 2015, we owned interests in approximately 425,000 acres of timberland within an attractive and competitive fiber basket encompassing a numerous and diverse group of pulp, paper and wood products manufacturing facilities. We believe that our timberlands are high-quality industrial forestlands that have been intensively managed for sustainable commercial timber production. As of December 31, 2015, our timberlands contained acreage comprised of 74% pine stands and 26% hardwood stands, and our timber inventory consisted of an estimated 16.8 million tons of merchantable timber inventory, including 8.6 million tons of pulpwood and 8.2 million tons of sawtimber.

We generate recurring income and cash flow from the harvest and sale of timber, as well as from non-timber related revenue sources, such as rents from recreational leases. When and where we believe it is appropriate, we also periodically generate income and cash flow from the sale of HBU timberland. We also expect to realize additional long-term returns from the potential appreciation in value of our timberlands as well as from the potential biological growth of our standing timber inventory in excess of our timber harvest.

A substantial portion of our timber sales are derived from the Mahrt Timber Agreements under which we sell specified amounts of timber to WestRock subject to market pricing adjustments. The percentage of our annual net timber sales revenue derived from WestRock continues to decrease as a result of our recent acquisitions and expansion of our customer base. For the years ended December 31, 2015, 2014, and 2013, approximately 23%, 34%, and 60%, respectively, of our net timber sales revenue was derived from the Mahrt Timber Agreements. See Item 1 – Business for additional information regarding the material terms of the Mahrt Timber Agreements.

Our operating strategy entails funding expenditures related to the recurring operations of our timberlands, including interest on outstanding indebtedness and certain capital expenditures (excluding timberland acquisitions), with operating cash flows, assessing the amount of operating cash flows that will be required for additional timberland acquisitions, and distributing residual operating cash flows, if any, to our stockholders.

In connection with furthering that strategy, we will continue to focus on enhancing long-term value for our stockholders and providing durable earnings to grow our dividend to stockholders by efficiently integrating new acquisitions in high demand fiber basket markets, increasing sustainable harvest volumes, and improving product mix. We continue to practice intensive forest management and silvicultural techniques that increase the biological growth of the forest. Before the impact of any potential acquisitions, we plan to sustainably harvest between 1.9 million and 2.1 million tons of timber in 2016, up from the 1.8 million tons in 2015. We expect to monetize 1% to 2% of our fee timberland acreage pursuant to our land sales program, resulting in timberland sales revenue between \$11.0 million and \$13.0 million. Capital expenditures (excluding timberland acquisitions) for 2016 are expected to be between \$3.5 million and \$4.5 million. We will continue our deliberate growth strategy for new acquisitions, focusing at present in the U.S. South, by targeting:

- markets that demonstrate favorable long-term demand and allow for superior merchandizing to mill customers;
- timberland properties with superior productivity characteristics from soil attributes and forest genetics which can provide durable harvest revenue and sustain long-term growth; and
- properties with trees at the right age classes to complement existing holdings and support sustainable harvest volumes.

We believe that we have access to adequate capital resources to achieve our growth targets for 2016 with the credit facilities available under the 2014 Amended Credit Agreement (see Liquidity and Capital Resources for details).

General Economic Conditions and Timber Market Factors Impacting Our Business

Our operating results are influenced by a variety of factors, including timber prices; the demand for pulp and paper products, lumber, panel, and other wood-related products; the supply of timber; and competition. Timber prices can experience significant variations and have been historically volatile. The demand for timber and wood products is

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affected primarily by the level of new residential construction activity, repair and remodeling activity, the supply of manufactured timber products including imports, and, to a lesser extent, other commercial and industrial uses. The demand for timber also is affected by the demand for wood chips in the pulp and paper markets and for hardwood in the furniture and other hardwood industries.

The U.S. economy as well as the housing market continued to recover in 2015. According to the U.S. Bureau of Economic Analysis, the real gross domestic product increased by 2.4% in 2015, which is comparable to the increase of 2.4% in 2014. The U.S. Census Bureau estimated that 1.1 million housing units were started in 2015 as compared to 1.0 million housing units in 2014, up by 10.8%. The continued recovery of the housing market helped strengthen our product mix and our net timber pricing.

In the markets in which we operate, average timber prices continued the upward trend and all categories increased in 2015 as compared to 2014, with the exception of hardwood pulpwood pricing. Hardwood pulpwood pricing returned to near-normal pricing in 2015, primarily due to above average pricing realized in 2014 as a result of unusually wet weather at the beginning of 2014. Pine pulpwood prices increased and are near the highest level in a decade primarily as a result of unusually wet weather. Upturns in housing starts and housing completions drove up lumber production in the region which contributed to higher sawlog prices. For 2016, we anticipate pulpwood and sawtimber prices to remain steady.

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Liquidity and Capital Resources

Overview

Cash flows generated from our operations are primarily used to fund recurring expenditures and distributions to our stockholders. We maintained a quarterly stockholder distribution rate of \$0.50 per share throughout 2015, totaling \$19.6 million. During the same period, we generated net cash from operations of \$28.5 million. The amount of distributions to common stockholders is determined by our board of directors and is dependent upon a number of factors, including funds deemed available for distribution based principally on our current and future projected operating cash flows, reduced by capital requirements necessary to maintain our existing timberland portfolio. In determining the amount of distributions to common stockholders, we also consider our financial condition, our expectations of future sources of liquidity, current and future economic conditions, market demand for timber and timberlands, and tax conditions, including the annual distribution requirements necessary to maintain our status as a REIT under the Code.

In determining how to allocate cash resources in the future, we will initially consider the source of the cash. We anticipate using a portion of cash generated from operations, after payments of periodic operating expenses and interest expense, to fund certain capital expenditures required for our timberlands. Any remaining cash generated from operations may be used to partially fund timberland acquisitions and pay distributions to stockholders. Therefore, to the extent that cash flows from operations are lower, timberland acquisitions and stockholder distributions are anticipated to be lower as well. Capital expenditures, including new timberland acquisitions, are generally funded with cash from operations or existing debt availability; however, proceeds from future debt financings and equity offerings may be used to fund capital expenditures, acquire new timberland properties and pay down existing and future borrowings.

Short-Term Liquidity and Capital Resources

For the year ended December 31, 2015, net cash provided by operating activities was \$28.5 million, a \$8.6 million increase from the year ended December 31, 2014, primarily driven by a \$9.6 million increase in net cash receipts from timber sales as a result of an increase in harvest volume due to recent acquisitions and a \$0.8 million increase in net cash receipts from timberland sales due to an increase in the number of acres sold, offset by an approximately \$1.5 million increase in cash paid for interest and increases in general and administrative expenses, other operating expenses, and forestry management expenses due to the growth of our business.

For the year ended December 31, 2015, we used \$75.8 million (including transaction costs) to acquire approximately 42,900 acres of timberland properties with proceeds from borrowings under our credit facilities and cash on-hand. We spent \$2.7 million in reforestation, building roads, and purchase of other fixed assets during the year ended December 31, 2015.

Net cash provided by financing activities for the year ended December 31, 2015 was \$40.6 million and represented \$67.5 million in proceeds from borrowings under the 2014 Multi-Draw Term Facility, offset by \$0.5 million of debt repayments, \$19.6 million of dividend payments to our common stockholders, \$6.0 million of repurchases of our common shares, and \$0.8 million of financing costs paid.

We believe that we have access to adequate liquidity and capital resources, including cash flow generated from operations, cash on-hand, and borrowing capacity, necessary to meet our current and future obligations that become due over the next twelve months. As of December 31, 2015, we had a cash balance of \$8.0 million and had access to \$315.0 million of additional borrowing availability under the 2014 Amended Credit Facilities (see 2014 Amended Credit Facilities below).

Long-Term Liquidity and Capital Resources

Over the long-term, we expect our primary sources of capital to include net cash flows from operations, including proceeds from strategic property sales, proceeds from secured or unsecured financings from banks and other lenders,

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and public offerings of our common stock. Our principal demands for capital include operating expenses, interest expense on any outstanding indebtedness, certain capital expenditures (other than timberland acquisitions), repayment of debt, timberland acquisitions, and stockholder distributions.

Our bylaws preclude us from incurring debt in excess of 200% of our net assets. As of December 31, 2015, our debt-to-net-assets ratio, defined as our total debt as a percentage of our total gross assets (other than intangibles) less total liabilities, was approximately 34%. Our debt-to-net-assets ratio will vary based on our level of current and future borrowings, which will depend on the level of net cash flows from operations, our acquisition activities, and proceeds raised from public offerings of our common stock. Before additional borrowings and equity issuances, principal payments, and timberland acquisitions or dispositions, we expect our debt-to-net-assets ratio to remain relatively stable in the near future.

Additionally, in 2014, we filed a universal shelf-registration statement with the SEC (see Shelf Registration below), which provides us with future flexibility to offer a variety of debt and equity securities, from time-to-time, in one or more offerings. Currently, we do not have any immediate plans to utilize the universal shelf registration.

Contractual Obligations and Commitments

As of December 31, 2015, our contractual obligations are as follows:

(in thousands)	Payments Due by Period				
	Total	2016	2017-2018	2019-2020	Thereafter
Contractual Obligations					
Debt obligations ⁽¹⁾	\$185,002	\$—	\$—	\$—	\$185,002
Estimated interest on debt obligations ⁽¹⁾					
⁽²⁾	37,836	4,897	9,793	9,793	13,353
Operating lease obligations ⁽³⁾	4,048	647	1,294	1,084	1,023
Other liabilities ⁽⁴⁾	621	114	200	169	138
Total	\$227,507	\$5,658	\$11,287	\$11,046	\$199,516

Represents respective obligations under the 2014 Amended Credit Agreement as of December 31, 2015. \$100

⁽¹⁾ million of which was outstanding under the 2014 Term Loan Facility and \$85 million of which was outstanding under the 2014 Multi-Draw Term Facility (see 2014 Amended Credit Facilities below).

⁽²⁾ Amounts include impact of an interest rate swap. See Note 5 – Interest Rate Swaps of our accompanying consolidated financial statements for additional information.

⁽³⁾ Includes payment obligation on approximately 7,330 acres that are subleased to a third party.

⁽⁴⁾ Represents net present value of future payments to satisfy a liability assumed upon a timberland acquisition.

2014 Amended Credit Facilities

On December 23, 2014, we entered into a fourth amended and restated credit agreement (the “2014 Amended Credit Agreement”) with CoBank, Agfirst Farm Credit Bank, (“Agfirst”), Cooperatieve Rabobank, U.A. (“Rabobank”) and certain other financial institutions.

The 2014 Amended Credit Agreement originally provided for borrowing under credit facilities consisting of:

• a \$35 million revolving credit facility (the “2014 Revolving Credit Facility”),

• a \$275 million multi-draw term credit facility (the “2014 Multi-Draw Term Facility”), and

• a \$100 million term loan (the “2014 Term Loan Facility”, and together with the Revolving Credit Facility and the Multi-Draw Term Facility, the “2014 Amended Credit Facilities”).

The 2014 Amended Credit Agreement provides that the 2014 Amended Credit Facilities may be increased, upon the

agreement of lenders willing to increase their loans, by up to \$200 million. On December 11, 2015, we increased our credit availability under the 2014 Multi-Draw Term Facility by \$90 million, from \$275 million to \$365 million.

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Borrowings under the 2014 Revolving Credit Facility may be used for general working capital, to support letters of credit, to fund cash earned money deposits, to fund acquisitions in an amount not to exceed \$5.0 million, and other general corporate purposes. The 2014 Multi-Draw Term Facility may be drawn upon up to eight times during the period beginning on December 23, 2014 through December 23, 2017 and may be used to finance domestic timber acquisitions and associated expenses, refinance loan amounts under the 2014 Revolving Credit Facility, and purchase up to \$25.0 million in CatchMark Timber Trust common stock. Amounts repaid under the 2014 Multi-Draw Term Facility may be re-borrowed prior to the third anniversary of the closing date.

The 2014 Revolving Credit Facility bears interest at an adjustable rate equal to a base rate plus between 0.50% and 1.50% or a LIBOR rate plus between 1.50% and 2.50%, in each case depending on our LTV Ratio, and will terminate and all amounts under the facility will be due and payable on December 23, 2019. The 2014 Multi-Draw Term Facility bears interest at an adjustable rate equal to a base rate plus between 0.75% and 1.75% or a LIBOR rate plus between 1.75% and 2.75%, in each case depending on the LTV Ratio, and will terminate and all amounts under the facility will be due and payable on December 23, 2021. The 2014 Multi-Draw Term Facility is interest only until the maturity date; however, if the our LTV Ratio is equal to or in excess of 40%, then principal payments will be required to be made beginning on December 31, 2017 at a per annum rate of 5% of the principal amount outstanding under the 2014 Multi-Draw Term Facility. The 2014 Term Loan Facility bears interest at an adjustable rate equal to a base rate plus 1.75% or a LIBOR rate plus 1.75%, and will terminate and all amounts under the facility will be due and payable on December 23, 2024.

Patronage Refunds

Under the terms of the 2014 Amended Credit Agreement, we are now eligible to receive annual patronage refunds, which are profit distributions made by CoBank and other Farm Credit System banks (the "patronage banks"). The annual patronage refund is dependent on the weighted-average debt balance under the 2014 Multi-Draw Term Facility and the 2014 Term Loan Facility with each participating lender, as calculated by CoBank, for the respective fiscal year, as well as the financial performance of the patronage banks. In March 2015, we received a patronage refund on our borrowings during the nine days of 2014 where the 2014 Amended Credit Facilities were outstanding.

Debt Covenants

The 2014 Amended Credit Agreement contains, among others, the following financial covenants: limits the LTV Ratio to 45% at the end of each fiscal quarter and upon the sale or acquisition of any property; and requires that we maintain a fixed coverage charge ratio of not less than 1.05:1.

We were in compliance with the financial covenants of the 2014 Amended Credit Agreement as of December 31, 2015.

Shelf Registration

On June 20, 2014, we filed a universal shelf registration statement (the "Shelf Registration") on Form S-3 with the SEC, which was declared effective on July 2, 2014. The Shelf Registration provides us with future flexibility to offer, from time-to-time, of up to \$600 million in an undefined combination of common stock, preferred stock, debt securities, depositary shares, or warrants. The terms of any such future offerings would be established at the time of an offering. As of December 31, 2015, we have approximately \$431.1 million of potential, future offerings remaining under the Shelf Registration.

Share Repurchase Program

On August 7, 2015, our board of directors approved a stock repurchase program for up to \$30.0 million of our common stock at management's discretion. The program has no set duration and the board may discontinue or suspend the

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program at any time. During the year ended December 31, 2015, we repurchased 584,356 shares of our common stock at an average price of \$10.25 per share for a total of approximately \$6.0 million. All common stock purchases under the stock repurchase program were made in open-market transactions and were funded with cash on-hand. As discussed above, we can borrow up to \$25.0 million under the Multi-Draw Term Facility to repurchase our common stock. Management believes that opportunistic repurchases of our common stock is a prudent use of capital resources.

Dividends

On February 18, 2016, our board of directors declared a cash dividend of \$0.125 per share for its Class A common stock for stockholders of record on February 29, 2016, payable on March 16, 2016. The amount of future dividends that we may pay to our common stockholders will be determined by our board of directors (as described in the Overview section above).

Results of Operations

Overview

Our results of operations are materially impacted by the fluctuating nature of timber prices, changes in the levels and mix of our harvest volumes, the level of timberland sales, changes to associated depletion rates, and varying interest expense based on the amount and cost of outstanding borrowings. Timber sales volumes, net timber sales prices, and timberland sales, and changes in the levels and composition of each of the years ended December 31, 2015, 2014, and 2013 are shown in the following tables:

	Years Ended December 31,		Change	
	2015	2014	%	
Timber sales volume (tons)				
Pulpwood	1,131,475	885,980	28	%
Sawtimber ⁽¹⁾	708,764	479,460	48	%
	1,840,239	1,365,440	35	%
Net timber sales price (per ton) ⁽²⁾				
Pulpwood	\$13	\$13	(1)%
Sawtimber	\$26	\$24	6	%
Timberland sales				
Gross sales (000's)	\$11,845	\$10,650		
Sales volumes (acres)	6,407	3,761		
Sales price (per acre)	\$1,849	\$2,832		

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	Years Ended December 31,		Change	
	2014	2013	%	
Timber sales volume (tons)				
Pulpwood	885,980	636,227	39	%
Sawtimber ⁽¹⁾	479,460	283,223	69	%
	1,365,440	919,450	49	%
Net timber sales price (per ton) ⁽²⁾				
Pulpwood	\$13	\$12	14	%
Sawtimber	\$24	\$20	20	%
Timberland sales				
Gross sales (000's)	\$10,650	\$2,499		
Sales volumes (acres)	3,761	1,167		
Sales price (per acre)	\$2,832	\$2,141		

⁽¹⁾ Includes sales of chip-n-saw and sawtimber.

Prices per ton are rounded to the nearest dollar and shown on a stumpage basis (i.e., net of contract logging and hauling costs) and, as such, the sum of these prices multiplied by the tons sold does not equal timber sales in the accompanying consolidated statements of operations for the years ended December 31, 2015, 2014, and 2013.

Comparison of the year ended December 31, 2015 versus the year ended December 31, 2014

Revenues. Revenues increased to \$69.1 million for the year ended December 31, 2015 from \$54.3 million for the year ended December 31, 2014 primarily due to an increase in timber sales revenue of \$12.2 million, an increase in timberland sales revenue of \$1.2 million and an increase of \$1.4 million in other revenues. Timber sales revenue increased by 30%, mainly due to an increase in harvest volume as a result of incremental harvest on properties acquired in the past 12 months.

Details of timber sales by product for the years ended December 31, 2015 and 2014 are shown in the following table:

(in thousands)	For the Year Ended December 31, 2014	Changes attributable to:		For the Year Ended December 31, 2015
		Price	Volume	
Timber sales ⁽¹⁾				
Pulpwood	\$23,800	\$(203)	) \$4,263	\$27,860
Sawtimber ⁽²⁾	16,835	336	7,806	24,977
	\$40,635	\$133	\$12,069	\$52,837

⁽¹⁾ Timber sales are presented on a gross basis.

⁽²⁾ Includes sales of chip-n-saw and sawtimber.

Timberland sales revenue increased due to selling more acres in 2015. However, our average sales price per acre on timberland sales was down in 2015 as a result of receiving above-average pricing on a large land sale during the fourth quarter of 2014. Other revenues increased due to receiving \$0.5 million in easement income as well as having more acreage under recreational leases due to the growth of our timberland portfolio.

Operating expenses. Contract logging and hauling costs increased to \$19.9 million for the year ended December 31, 2015 from \$17.3 million for the year ended December 31, 2014 as a result of a 16% increase in delivered sales volume. Delivered sales volume as a percentage of our total harvest volume decreased to 60% in 2015 from 70% in 2014. Depletion expense increased by 83% to \$27.1 million in 2015 from \$14.8 million in 2014, due to a 35%

increase in harvest volume and higher blended depletion rates. As a result of changing to the straight-line depletion method in the

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first quarter of 2015, depletion expense on our long-term fee timber was \$4.5 million higher than it would have been under the normalized depletion method. For additional information on change in depletion method, see Application of Critical Accounting Policies below.

Costs of timberland sales increased to \$9.7 million for the year ended December 31, 2015 from \$5.6 million for the year ended December 31, 2014 due to selling more acres. Other operating expenses increased to \$4.3 million for the year ended December 31, 2015 from \$2.9 million for the year ended December 31, 2014, primarily as a result of higher property taxes and other costs associated with having more acres under management.

Forestry management fees increased to \$4.5 million for the year ended December 31, 2015 from \$3.6 million for the year ended December 31, 2014. Forestry management fees are earned based on number of acres under management and timber sales revenue generated. The increase in 2015 was a result of having more acres under management and generating higher timber sales revenue driven by the growth of our timberland portfolio. Land rent expense decreased to \$0.7 million in 2015 from \$0.8 million in 2014 primarily due to expirations of PLM leases.

General and administrative expenses increased to \$7.7 million for the year ended December 31, 2015 from \$6.2 million for the year ended December 31, 2014 due to higher compensation costs and legal fees. Compensation costs increased by \$1.1 million, due to a \$0.4 million increase as a result of new restricted stock issuances under the Long-Term Incentive Plan (See Note 9 – Stock-based Compensation in the accompanying consolidated financial statements) and a \$0.7 million increase as a result of an increase in the number of full-time employees due to the growth of our business. Legal costs increased by \$0.3 million primarily due to receiving a net insurance recovery claim of \$0.4 million in 2014 under our director and officer insurance policy for costs and expenses associated with the SEC's on-going investigation into Wells Investment Securities, Inc. ("WIS"), the dealer-manager of our two completed non-listed public offerings, and us (See Other Regulatory Matters below).

Interest income. Interest income decreased by \$0.2 million for year ended December 31, 2015 due to receiving counter-party payment upon termination of our interest rate swap agreement in July 2014.

Interest expense. Interest expense increased to \$3.6 million for the year ended December 31, 2015 from \$2.6 million for the year ended December 31, 2014, primarily due to a higher average debt balance through the period and a higher fixed rate under our current interest rate swap agreement, offset by accrued patronage refunds of \$1.3 million. See Note 4 – Note Payable and Line of Credit of our accompanying consolidated financial statements for additional information regarding patronage refunds.

Net loss. We incurred a \$8.4 million net loss for the year ended December 31, 2015 as compared to generating net income of \$0.7 million for the year ended December 31, 2014 due to a \$7.9 million decrease in our operating income, a \$0.9 million increase in our interest expense, and a \$0.2 million decrease in interest income. We incurred an operating loss of \$4.8 million for the year ended December 31, 2015, as opposed to generating operating income of \$3.1 million for the year ended December 31, 2014, due to a \$12.3 million increase in depletion expense, a \$1.4 million increase in other operating expenses, a \$0.9 million increase in forestry management fees, a \$1.5 million increase in general and administrative expenses and a \$3.0 million decrease in net revenue generated from timberland sales, offset by a \$9.6 million increase in timber sales revenue net of contract logging and hauling and a \$1.4 million increase in other operating income. We sustained a net loss for the year ended December 31, 2015 primarily as result of the change in our depletion method (see above) and incurring interest expense of approximately \$3.6 million in connection with borrowings used to finance the purchase of our timberlands. Our net loss per share available to common stockholders decreased to \$0.21 for the year ended December 31, 2015 from net income per share available to common stockholders of \$0.02 for the year ended December 31, 2014. We anticipate future net income or losses to fluctuate with timber prices, harvest volumes and mix, depletion rates, timberland sales, and interest expense based on

our level and costs of current and future borrowings.

Comparison of the year ended December 31, 2014 versus the year ended December 31, 2013

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Revenues. Revenues increased to \$54.3 million for the year ended December 31, 2014 from \$32.0 million for the year ended December 31, 2013 primarily due to an increase in timber sales revenue of \$13.9 million and an increase in timberland sales revenue of \$8.2 million. Timber sales revenue increased by 52%, 30% of which came from revenue generated from properties acquired in 2014, 17% of which was driven by higher harvest volume on the legacy Mahrt timberland, and 5% of which was due to better pricing on the legacy Mahrt timberland as a result of increases in demand and supply shortages as a result of wet weather.

Details of timber sales by product for the years ended December 31, 2014 and 2013 are shown in the following table:

(in thousands)	For Year Ended December 31, 2013	Changes attributable to:		For the Year Ended December 31, 2014
		Price	Volume	
Timber sales ⁽¹⁾				
Pulpwood	\$16,751	\$727	\$6,322	\$23,800
Sawtimber ⁽²⁾	9,953	588	6,294	16,835
	\$26,704	\$1,315	\$12,616	\$40,635

(1) Timber sales are presented on a gross basis.

(2) Includes sales of chip-n-saw and sawtimber.

Timberland sales revenue increased due to selling more acres in 2014.

Operating expenses. Contract logging and hauling costs increased to \$17.3 million for 2014 from \$13.6 million for 2013 as a result of a 31% increase in delivered sales volume. Delivered sales volume as a percentage of our total harvest volume decreased to 70% in 2014 from 80% in 2013. Depletion expense increased by 74% to \$14.8 million in 2014 from \$8.5 million in 2013, due to a 49% increase in harvest volume and higher blended depletion rates. Our blended depletion rates were higher in 2014, primarily because 22% of our harvest came from 2014 acquisitions, which depleted at higher rates than our long-term fee timber. Cost of timberland sales increased due to selling more acres.

Forestry management fees increased to \$3.6 million for the year ended December 31, 2014 from \$2.8 million for the year ended December 31, 2013. Forestry management fees are earned based on number of acres under management and timber sales revenue generated. The increase in 2014 was a result of having more acres under management and generating higher timber sales revenue driven by the growth of our timberland portfolio. Land rent expense decreased to \$0.8 million in 2014 from \$1.0 million in 2013 primarily due to expirations of leases.

General and administrative expenses decreased to \$6.2 million for the year ended December 31, 2014 from \$10.2 million for the year ended December 31, 2013, primarily due to the elimination of advisory fees and expense reimbursements, lower legal costs, and a lower stock compensation expense, offset by an increase in salary and benefits costs. The termination of the advisory agreement with Wells TMO (see Related Party Transactions and Agreements) eliminated advisory fees and expense reimbursements, which contributed to a decrease of \$3.6 million in general and administrative expenses. Our legal costs decreased by \$1.8 million, primarily due to incurring expenses in 2013 during our transition to self-management and preparations for our IPO and receiving a \$0.6 million insurance reimbursement under our director and officer insurance policy for costs incurred in 2013 and 2014 in connection with an SEC investigation into WIS and us (see Item 1 — Business). Our stock compensation expense decreased by \$1.4 million due to the issuance of restricted stock grants to our employees contingent on the completion of our IPO in 2013.

As a result of becoming a self-managed company and a listed public company, we incurred a \$1.8 million increase in salary and benefit costs as well as other costs and expenses. We also incurred \$0.2 million in stockholder

communication expenses in response to a tender offer for our common stock during the first and fourth quarter of 2014 and \$0.2 million in connection with the filing of the shelf registration and our follow-on listed public offering.

Interest income. Interest income increased to \$0.2 million for year ended December 31, 2014 due to receiving counter-party payment upon termination of our interest rate swap agreement in July 2014.

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Interest expense. Interest expense decreased to \$2.6 million for the year ended December 31, 2014 from \$4.7 million for the year ended December 31, 2013, primarily due to more favorable interest rates, a lower average outstanding debt balance, and a decrease in non-cash interest expense, offset by an increase in unused commitment fees to lenders. Our cash paid for interest, without consideration for unused commitment fees, decreased by \$1.7 million due to a lower outstanding debt balance and more favorable interest rate during the fiscal year 2014. Our non-cash interest expense decreased by \$0.6 million due to a lower amount of non-recurring write-off of deferred financing costs. These decreases were offset by a \$0.4 million increase in unused commitment fees charged by our lenders.

Net income. We generated \$0.7 million of net income for the year ended December 31, 2014 as compared to a net loss of \$13.2 million for the year ended December 31, 2013 due to a \$11.7 million increase in our operating income, a \$2.1 million decrease in our interest expense, and a \$0.2 million increase in interest income. We generated operating income of \$3.1 million for the year ended December 31, 2014, which is an improvement of \$11.7 million over the year ended December 31, 2013, due to a \$3.9 million increase in timber sales revenue net of contract logging and hauling and depletion expense, a \$4.3 million increase in net revenue generated from timberland sales, coupled with a \$4.0 million decrease in general and administrative expenses. We generated net income for the year ended 2014 primarily as a result of generating operating income of \$3.1 million, receiving interest income of \$0.2 million, and incurring interest expense of approximately \$2.6 million. Our net income per share available to common stockholders increased to \$0.02 for the year ended December 31, 2014 from a net loss per share available to common stockholders of \$1.03 for the year ended December 31, 2013.

Adjusted EBITDA

The discussion below is intended to enhance the reader's understanding of our operating performance and ability to satisfy lender requirements. Earnings from Continuing Operations before Interest, Taxes, Depletion, and Amortization ("EBITDA") is a non-GAAP measure of operating performance and cash generating capacity. EBITDA is defined by the SEC; however, we have excluded certain other expenses due to their non-cash nature, and we refer to this measure as Adjusted EBITDA. As such, our Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies and should not be viewed as an alternative to net income or cash from operations as measurements of our operating performance. Due to the significant amount of timber assets subject to depletion and the significant amount of financing subject to interest and amortization expense, management considers Adjusted EBITDA to be an important measure of our financial condition and cash generating ability. Our credit agreements contains a minimum debt service coverage ratio based, in part, on Adjusted EBITDA since this measure is representative of adjusted income available for interest payments.

For the year ended December 31, 2015, Adjusted EBITDA was \$32.2 million, a \$8.5 million increase from the year ended December 31, 2014, primarily due to a \$9.6 million increase in net timber sales, a \$0.8 million increase in revenue from net timberland sales, and a \$1.4 million increase in other revenues, offset by increases in cash paid for general and administrative expenses, other operating expenses, and forestry management fees.

Our reconciliation of net income (loss) to Adjusted EBITDA for the years ended December 31, 2015, 2014, and 2013 follows:

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(in thousands)	2015	2014	2013
Net income (loss)	\$(8,387) \$660	\$(13,197)
Add:			
Depletion	27,091	14,788	8,505
Basis of timberland sold	8,886	5,072	1,570
Amortization ⁽¹⁾	765	836	1,487
Stock-based compensation expense	889	418	1,838
Unrealized gain on interest rate swaps that do not qualify for hedge accounting treatment	—	—	(129)
Interest expense ⁽¹⁾	2,924	1,897	3,395
Adjusted EBITDA	\$32,168	\$23,671	\$3,469

For the purpose of the above reconciliation, amortization includes amortization of deferred financing costs, ⁽¹⁾amortization of intangible lease assets, and amortization of mainline road costs, which are included in either interest expense, land rent expense, or other operating expenses in the accompanying consolidated statements of operations.

Portfolio Information

As of December 31, 2015, we owned interests in 425,000 acres of timberland in the U.S. South, consisting of 401,200 acres held in fee-simple interests and 23,800 acres held in leasehold interests. As of December 31, 2015, our timberlands comprised of approximately 74% pine stands and 26% hardwood stands (by acreage) and contained an estimated 16.8 million tons of merchantable inventory.

For more information on our portfolio, see Item 2 – Properties.

Election as a REIT

We have elected to be taxed as a REIT under the Code, and have operated as such beginning with our taxable year ended December 31, 2009. To qualify to be taxed as a REIT, we must meet certain organizational and operational requirements, including a requirement to distribute at least 90% of our adjusted taxable income, as defined in the Code, to our stockholders, computed without regard to the dividends-paid deduction and by excluding our net capital gain. As a REIT, we generally will not be subject to federal income tax on taxable income that we distribute to our stockholders. If we fail to qualify to be taxed as a REIT in any taxable year, we will then be subject to federal income taxes on our taxable income at regular corporate rates and will not be permitted to qualify for treatment as a REIT for federal income tax purposes for that year and for the four years following the year during which qualification is lost, unless the Internal Revenue Service grants us relief under certain statutory provisions. Such an event could materially adversely affect our net income and net cash available for distribution to our stockholders. However, we believe that we are organized and operate in such a manner as to qualify for treatment as a REIT for federal income tax purposes.

Inflation

The Mahrt Timber Agreements provide that we will sell to WestRock specified amounts of timber subject to quarterly market pricing adjustments and monthly fuel pricing adjustments, which are intended to protect us from, and mitigate the risk of, the impact of inflation. The price of timber has generally increased with increases in inflation; however, we have not noticed a significant impact from inflation on our revenues, net sales, or income from continuing operations. See Item 1 – Business for additional information regarding the material terms of the Mahrt Timber Agreements.

Application of Critical Accounting Policies

Our accounting policies have been established to conform to generally accepted accounting principles in the United States (“GAAP”). The preparation of financial statements in conformity with GAAP requires management to use judgment in the application of accounting policies, including making estimates and assumptions. These judgments affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of

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the financial statements and the reported amounts of revenue and expenses during the reporting periods. If management's judgment or interpretation of the facts and circumstances relating to various transactions had been different, it is possible that different accounting policies would have been applied or different amounts of assets, liabilities, revenues, and expenses would have been recorded, thus resulting in a different presentation of the financial statements or different amounts reported in the financial statements. Additionally, other companies may utilize different estimates that may impact comparability of our results of operations to those of companies in similar businesses.

A discussion of the accounting policies that management deems critical because they may require complex judgment in their application or otherwise require estimates about matters that are inherently uncertain, is provided below.

Timber Assets

Timber and timberlands, including logging roads, are stated at cost less accumulated depletion for timber harvested and accumulated amortization. We capitalize timber and timberland purchases. Reforestation costs, including all costs associated with stand establishment, such as site preparation, costs of seeds or seedlings, planting, fertilization and herbicide application, are capitalized. Timber carrying costs, such as real estate taxes, insect control, wildlife control, leases of timberlands and forestry management personnel salaries and fringe benefits, are expensed as incurred. Costs of major roads are capitalized and amortized over their estimated useful lives. Costs of roads built to access multiple logging sites over numerous years are capitalized and amortized over seven years. Costs of roads built to access a single logging site are expensed as incurred.

Depletion

We recognize depletion expense as timber is harvested. Prior to January 1, 2015, depletion rates for timber held longer than 12 months were determined annually using the normalized depletion method, by dividing (a) the sum of (i) net carrying value of merchantable and premerchantable timber, and (ii) projected and approved reforestation costs to be capitalized over the remaining harvest cycle; by (b) the estimated merchantable timber volume expected to be harvested over the same period. The projected future harvest volume was derived by using a specialized modeling software based on the specific management regime adapted and a set of scientific formulas. Significant management judgments were involved to develop estimates of future harvest volumes and future reforestation costs. For each timber tract owned less than one year, depletion rates are generally determined by dividing the acquisition cost attributable to its timber by the volume of timber acquired.

Effective January 1, 2015, we changed the depletion method on our long-term timber to the straight-line method. Straight-line depletion rates are established at least annually by dividing the remaining merchantable inventory book value by current standing timber inventory volume. We believe the change from the normalized depletion method to the straight-line depletion method is preferable as the straight-line method is based on the actual costs recorded and volumes of timber that are merchantable as of the date that the depletion rates are determined. It is less reliant on subjective and complex estimates as it does not include future costs to be incurred or expected timber growth.

In accordance with Financial Accounting Standards Board, Accounting Standards Codification 250, we determined that the change in depletion method is a change in accounting estimate effected by a change in accounting principle, and accordingly, the straight-line method was applied on a prospective basis, effective January 1, 2015.

Evaluating the Recoverability of Timber Assets

We continually monitor events and changes in circumstances that could indicate that the carrying amounts of our timber assets may not be recoverable. When indicators of potential impairment are present that suggest that the carrying amounts of timber assets may not be recoverable, we assess 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. Impairment losses would be recognized for (i) long-lived assets used in our operations when the carrying value of such assets exceeds the undiscounted cash flows estimated to be generated

from the future operations of those assets, and (ii) long-lived assets held for sale when the carrying value of such assets exceeds an amount equal to their fair value less selling costs. Estimated fair values are calculated based on the following

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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. We intend to use one harvest cycle for the purpose of evaluating the recoverability of timber and timberlands used in our operations. Future cash flow estimates are based on probability-weighted projections for a range of possible outcomes and are discounted at risk-free rates of interest. We consider assets to be held for sale at the point at which a sale contract is executed and the buyer has made a nonrefundable earnest money deposit against the contracted purchase price. We have determined that there has been no impairment of our long-lived assets to date.

Allocation of Purchase Price of Acquired Assets

Upon the acquisition of timberland properties, we allocate the purchase price to tangible assets, consisting of timberland and timber, and identified intangible assets and liabilities, which may include values associated with in-place leases or supply agreements, based in each case on our estimate of their fair values. The values of tangible assets are then allocated to timberland and timber based on our determination of the relative fair value of these assets.

Intangible Lease Assets

In-place ground leases with us as the lessee have value associated with effective contractual rental rates that are below market rates. Such values are calculated 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 lease and (ii) our estimate of fair market lease rates for the corresponding in-place lease, measured over a period equal to the remaining term of the lease. The capitalized below-market in-place lease values are recorded as intangible lease assets and are amortized as adjustments to land rent expense over the weighted-average remaining term of the respective leases.

Revenue Recognition

Revenue from the sale of timber is recognized when the following criteria are met: (i) persuasive evidence of an agreement exists, (ii) legal ownership and the risk of loss are transferred to the purchaser, (iii) price and quantity are determinable, and (iv) collectibility is reasonably assured. Our primary sources of revenue are recognized as follows:

(1) For delivered sales contracts, which include amounts sufficient to cover costs of logging and hauling of timber, revenues are recognized upon delivery to the customer.

For pay-as-cut contracts, the purchaser acquires the right to harvest specified timber on a tract, at an agreed-upon (2) price per unit. Payments and contract advances are recognized as revenue as the timber is harvested based on the contracted sale rate per unit.

Revenues from the sale of higher-and-better use timberland and nonstrategic timberlands are recognized when title (3) passes and full payment or a minimum down payment is received and full collectibility is assured. If a down payment of less than the minimum down payment is received at closing, we will record revenue based on the installment method.

For recreational leases, rental income collected in advance is recorded as other liabilities in the accompanying (4) consolidated balance sheets until earned over the term of the respective recreational lease and recognized as other revenue.

In addition to the sources of revenue noted above, we also may enter into lump-sum sale contracts, whereby the purchaser generally pays the purchase price upon execution of the contract. Title to the timber and risk of loss transfers to the buyer at the time the contract is consummated. Revenues are recognized upon receipt of the purchase price. When the contract expires, ownership of the remaining standing timber reverts to us; however, adjustments are not made to the revenues previously recognized.

Related-Party Transactions and Agreements

During 2013 and 2014, we were party to agreements with our former sponsor and its affiliates, whereby we incurred and paid fees and reimbursements for certain advisory, transition and space-related services. On October 25, 2013, we terminated our advisory agreement with Wells TIMO, our former advisor, and hired the employees necessary to perform the corporate management functions previously performed by our former advisor. In connection with the termination of the advisory agreement on October 25, 2013, we (i) redeemed the special partnership units of our operating partnership previously held by our advisor for no consideration and (2) purchased on the 200 common partnerships units of our operating partnership held by our advisor for \$1,312, which was based on our estimate of the per share value as of September 30, 2012. See Note 12 – Related-Party Transactions and Agreements of our accompanying consolidated financial statements for details of our related-party transactions, agreements, and fees. All related person transactions must be approved or ratified by a majority of the disinterested directors on our board of directors.

Commitments and Contingencies

We are subject to certain commitments and contingencies with regard to certain transactions. Refer to Note 6 – Commitments and Contingencies of our accompanying consolidated financial statements for further explanation. Examples of such commitments and contingencies include:

- Mahrt Timber Agreements;
- Timberland Operating Agreements;
- Obligations under Operating Leases; and
- Litigation.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that are reasonably likely to have a current or future material effect on our financial condition or changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources.

Other Regulatory Matters

In February 2013, we received a formal subpoena for documents and information from the SEC in connection with the SEC's non-public, formal, fact finding investigation regarding Wells Investment Securities, Inc., or WIS, the former dealer-manager for our previous non-listed public offerings, and our company. According to the SEC, the investigation relates to whether there have been violations of certain provisions of the federal securities laws regarding valuation, potential distributions, marketing and suitability. We have fully cooperated with the SEC and completed our production of documents and information in response to the subpoena in April 2014.

We have not been accused of any wrongdoing by the SEC. We also have been informed by the SEC that the existence of this investigation does not mean that the SEC has concluded that anyone has violated any laws or regulations or that the SEC has a negative opinion of any person, entity or security. We cannot reasonably estimate the timing of the conclusion of the investigation, nor can we predict whether or not the SEC will take any action against us as a result of the investigation and, if they do, what the ultimate outcome will be.

To date, the costs related to our response to this subpoena have been covered by our insurance company, subject to a deductible, and we expect that any additional costs will be covered by insurance.

Subsequent Event

See Note 16 – Subsequent Events of our accompanying consolidated financial statements and Part II, Item 9B – Other Information for details of events and transactions occurring after the year ended December 31, 2015.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

As a result of entering into our credit agreements, we are exposed to interest rate changes. Our interest rate risk management objectives are to limit the impact of interest rate changes on earnings and cash flows and to lower our overall borrowing costs. To achieve these objectives, we have entered into interest rate swap agreements, and may enter into other interest rate swaps, caps, or other arrangements in order to mitigate our interest rate risk on a related financial instrument. We do not enter into derivative or interest rate transactions for speculative purposes; however, certain of our derivatives may not qualify for hedge accounting treatment. All of our debt was entered into for other than trading purposes. We manage our ratio of fixed-to-floating-rate debt with the objective of achieving a mix that we believe is appropriate in light of anticipated changes in interest rates. We closely monitor interest rates and will continue to consider the sources and terms of our borrowing facilities to determine whether we have appropriately guarded ourselves against the risk of increasing interest rates in future periods.

As of December 31, 2015, the outstanding balance of the 2014 Amended Credit Agreement was \$185 million, \$100 million of which was outstanding under the 2014 Term Loan Facility and \$85 million of which was outstanding under the 2014 Multi-Draw Term Facility. The 2014 Term Loan Facility matures on December 23, 2024 and bears interest at an adjustable rate based on one-month LIBOR Rate plus a margin of 1.75%, while the 2014 Multi-Draw Term Facility matures on December 23, 2021 and bears interest at an adjustable rate based on one-month LIBOR Rate plus a margin ranging from 1.75% to 2.75%, depending on the LTV Ratio.

On December 24, 2014, in connection with entering into the 2014 Amended Credit Agreement, we entered into an interest rate swap agreement (the "2014 Rabobank Swap") with a notional amount of \$35.0 million, which became effective on December 23, 2014. Under the terms of the 2014 Rabobank Swap, we pay interest at a fixed rate of 2.395% per annum to Rabobank and receive one-month LIBOR-based interest payments from Rabobank between December 23, 2014 and December 23, 2024.

As of December 31, 2015, \$35 million of our total debt outstanding is subject to an effectively fixed-interest rate when coupled with the 2014 Rabobank Swap. As of December 31, 2015, this balance incurred interest expense at an average rate of 4.145%. A change in the market interest rate impacts the net financial instrument position of our effectively fixed-rate debt portfolio; however, it has no impact on interest incurred or cash flows.

As of December 31, 2015, after consideration of the 2014 Rabobank Swap, \$150 million of our total debt outstanding is subject to an effectively variable interest rate. As of December 31, 2015, this balance incurred interest expense at a weighted-average rate of 2.30%.

As of December 31, 2015, the weighted-average interest rate of the 2014 Amended Credit Agreement, after consideration of the 2014 Rabobank Swap, was 2.65%. A 1.0% change in interest rates would result in a change in interest expense of approximately \$1.5 million per year. The amount of effectively variable-rate debt outstanding in the future will be largely dependent upon the level of cash from operations and the rate at which we are able to deploy such proceeds toward repayment of the 2014 Amended Credit Agreement and acquisition of timberland properties.

ITEM 8. FINANCIAL STATEMENTS AND
SUPPLEMENTARY DATA

The financial statements and supplementary data filed as part of this report are set forth, beginning on page F-1 of this report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND
FINANCIAL DISCLOSURE

There were no changes in or disagreements with our independent registered public accountants during the years ended December 31, 2015, 2014, or 2013.

ITEM 9A. CONTROLS AND PROCEDURES

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Management's Conclusions Regarding the Effectiveness of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of management, including the Principal Executive Officer and Principal Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this annual report. Based upon that evaluation, the Principal Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this annual report in providing a reasonable level of assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods in SEC rules and forms, including providing a reasonable level of assurance that information required to be disclosed by us in such reports is accumulated and communicated to our management, including our Principal Executive Officer and our Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, as a process designed by, or under the supervision of, the Principal Executive Officer and Principal Financial Officer and effected by our board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and disposition of our assets;
- provide reasonable assurance that the transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of management and/or members of the board of directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of human error, and the circumvention or overriding of controls, material misstatements may not be prevented or detected on a timely basis. In addition, projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes and conditions or that the degree of compliance with policies or procedures may deteriorate. Accordingly, even internal controls determined to be effective can provide only reasonable assurance that the information required to be disclosed in reports filed under the Exchange Act is recorded, processed, summarized, and represented within the time periods required.

Our management has assessed the effectiveness of our internal control over financial reporting at December 31, 2015. To make this assessment, we used the criteria for effective internal control over financial reporting described in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013). Based on this assessment, our management believes that, as of December 31, 2015, our system of internal control over financial reporting met those criteria, and therefore our management has concluded that we maintained effective internal control over financial reporting as of December 31, 2015.

Deloitte & Touche LLP, an independent registered public accounting firm and the auditor of our consolidated financial statements, has audited the effectiveness of our internal control over financial reporting as of December 31, 2015 and issued an attestation report. The report appears on page F-3 within Item 15 — Exhibits and Financial Schedules of this annual report on Form 10-K.

Changes in Internal Control Over Financial Reporting

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There were no changes in our internal control over financial reporting during the quarter ended December 31, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

For the quarter ended December 31, 2015, all items required to be disclosed under Form 8-K were reported under Form 8-K.

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PART III

We will file a definitive Proxy Statement for our 2016 Annual Meeting of Stockholders (the "2016 Proxy Statement") with the SEC, pursuant to Regulation 14A, not later than 120 days after the end of our fiscal year. Accordingly, certain information required by Part III has been omitted under General Instruction G(3) to Form 10-K. Only those sections of the 2016 Proxy Statement that specifically address the items required to be set forth herein are incorporated by reference.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

A list of our executive officers is found in the Executive Officers of the Registrant section of Item 1 – Business. The other information required by this Item is incorporated by reference from our 2016 Proxy Statement.

ITEM 11 EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference from our 2016 Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item is incorporated by reference from our 2016 Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTION, AND DIRECTOR INDEPENDENCE

The information required by this Item is incorporated by reference from our 2016 Proxy Statement.

ITEM 14 PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item is incorporated by reference from our 2016 Proxy Statement.

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PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

- (a) 1. A list of the financial statements contained herein is set forth on page F-1 hereof.
- (a) 2. All financial statement schedules have been omitted because they are not applicable, not material, or the required information is shown in the consolidated financial statements or the notes thereto.
- (a) 3. The Exhibits filed in response to Item 601 of Regulation S-K are listed on the Exhibit Index attached hereto.
- (b) See (a) 3 above.
- (c) See (a) 2 above.

SIGNATURES

Pursuant to the requirements of Sections 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized this 7th day of March 2016.

CATCHMARK TIMBER TRUST, INC.
(Registrant)

Date: March 7, 2016

By: /s/ JERRY BARAG
Jerry Barag
President, Chief Executive Officer, and Director

Signature	Title	Date
/S/ JERRY BARAG Jerry Barag	President, Chief Executive Officer, and Director	March 7, 2016
/S/ BRIAN M. DAVIS Brian M. Davis	Senior Vice President, Chief Financial Officer, Treasurer, Assistant Secretary, and Principal Accounting Officer	March 7, 2016
/S/ JOHN F. RASOR John F. Rasor	Chief Operating Officer, Secretary and Director	March 7, 2016
/S/ WILLIS J. POTTS, JR. Willis J. Potts, Jr.	Chairman of the Board	March 7, 2016
/S/ DONALD S. MOSS Donald S. Moss	Independent Director	March 7, 2016
/S/ HENRY G. ZIGTEMA Henry G. Zigtema	Independent Director	March 7, 2016
/S/ ALAN D. GOLD Alan D. Gold	Independent Director	March 7, 2016
/S/ DOUGLAS D. RUBENSTEIN Douglas Rubenstein	Independent Director	March 7, 2016
/S/ PAUL S. FISHER Paul S. Fisher	Independent Director	March 7, 2016

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<u>Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2015, 2014, and 2013</u>	<u>F- 7</u>
<u>Consolidated Statements of Cash Flows for the Years Ended December 31, 2015, 2014, and 2013</u>	<u>F- 8</u>
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
CatchMark Timber Trust, Inc.

We have audited the accompanying consolidated balance sheets of CatchMark Timber Trust, Inc. and subsidiaries (the "Company") as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of CatchMark Timber Trust, Inc. and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the consolidated financial statements, the Company has changed its method of accounting for and disclosure of debt issuance costs during the year ended December 31, 2015, and retrospectively applied this change to all periods presented, due to the adoption of Accounting Standards Update 2015-03, "Simplifying the Presentation of Debt Issuance Costs," and Accounting Standards Update 2015-15, "Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements".

As discussed in Note 2 to the consolidated financial statements, the Company has elected to change its method of accounting for depletion during the year ended December 31, 2015.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2015, based on the criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 7, 2016 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Atlanta, Georgia
March 7, 2016

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
CatchMark Timber Trust, Inc.

We have audited the internal control over financial reporting of CatchMark Timber Trust, Inc. and subsidiaries (the "Company") as of December 31, 2015, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2015 of the Company and our report dated March 7, 2016, expressed an unqualified opinion on those consolidated financial statements and included an explanatory paragraph regarding the Company's adoption of the new accounting standards for reporting of debt issuance costs and an explanatory paragraph regarding the Company's change in method of accounting for depletion.

/s/ DELOITTE & TOUCHE LLP

Atlanta, Georgia
March 7, 2016

CATCHMARK TIMBER TRUST, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in thousands, except per-share amounts)

	December 31,	
	2015	2014
Assets:		
Cash and cash equivalents	\$8,025	\$17,365
Accounts receivable	2,562	798
Prepaid expenses and other assets	3,277	2,781
Deferred financing costs, less accumulated amortization of \$123 and \$39 as of December 31, 2015 and 2014, respectively	354	418
Timber assets (Note 3):		
Timber and timberlands, net	584,854	543,101
Intangible lease assets, less accumulated amortization of \$934 and \$931 as of December 31, 2015 and 2014, respectively	23	26
Total assets	\$599,095	\$564,489
Liabilities:		
Accounts payable and accrued expenses	\$3,307	\$2,359
Other liabilities	3,703	3,265
Note payable and line of credit, less net deferred financing costs (Note 4)	181,047	114,173
Total liabilities	188,057	119,797
Commitments and Contingencies (Note 6)	—	—
Stockholders' Equity:		
Class A common stock, \$0.01 par value; 900,000 and 896,500 shares authorized; 38,975 and 36,193 shares issued and outstanding as of December 31, 2015 and 2014, respectively	390	362
Class B-3 common stock, \$0.01 par value; 0 and 3,500 shares authorized; 0 and 3,164 shares issued and outstanding as of December 31, 2015 and 2014, respectively	—	32
Additional paid-in capital	607,409	612,518
Accumulated deficit and distributions	(195,341	) (167,364
Accumulated other comprehensive loss	(1,420	) (856
Total stockholders' equity	411,038	444,692
Total liabilities and stockholders' equity	\$599,095	\$564,489
See accompanying notes.		

Table of ContentsIndex to Consolidated Financial StatementsCATCHMARK TIMBER TRUST, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per-share amounts)

	Years Ended December 31,			
	2015	2014	2013	
Revenues:				
Timber sales	\$52,837	\$40,635	\$26,703	
Timberland sales	11,845	10,650	2,499	
Other revenues	4,440	3,026	2,846	
	69,122	54,311	32,048	
Expenses:				
Contract logging and hauling costs	19,911	17,322	13,606	
Depletion	27,091	14,788	8,505	
Cost of timberland sales	9,747	5,558	1,754	
Forestry management expenses	4,495	3,567	2,769	
General and administrative expenses	7,667	6,185	10,201	
Land rent expense	736	831	1,043	
Other operating expenses	4,295	2,942	2,772	
	73,942	51,193	40,650	
Operating income (loss)	(4,820) 3,118	(8,602)
Other income (expense):				
Interest income	6	177	3	
Interest expense	(3,573) (2,635) (4,705)
Gain (loss) on interest rate swap	—	—	107	
	(3,567) (2,458) (4,595)
Net income (loss)	(8,387) 660	(13,197)
Dividends to preferred stockholder	—	—	(360)
Net income (loss) available to common stockholders	\$(8,387) \$660	\$(13,557)
Weighted-average common shares outstanding	39,348	31,568	13,146	
—basic and diluted				
Per-share information—basic and diluted:				
Net income (loss) available to common stockholders	\$(0.21) \$0.02	\$(1.03)

See accompanying notes.

CATCHMARK TIMBER TRUST, INC. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
 (in thousands)

	Years Ended December 31,		
	2015	2014	2013
Net income (loss)	\$ (8,387	) \$ 660	\$ (13,197)
Other comprehensive income (loss):			
Market value adjustment to interest rate swap	(564	) (1,125	) 957
Comprehensive loss	\$ (8,951	) \$ (465	) \$ (12,240)

See accompanying notes.

CATCHMARK TIMBER TRUST, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(in thousands, except per-share amounts)

	Class A Common Stock		Class B Common Stock		Preferred Stock		Additional Paid-In Capital	Accumulated Deficit and Distributions	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance, December 31, 2012	3,180	\$ 32	9,540	\$ 95	37	\$ 48,600	\$ 301,539	\$(139,491)	\$(688)	\$ 210,087
Issuance of common stock pursuant to: Listed Public Offerings	10,526	105	—	—	—	—	142,000	—	—	142,105
Long-term incentive plan, net of amounts withheld for income taxes	191	2	1	—	—	—	1,210	—	—	1,212
Forfeiture of restricted stock award	—	—	(1)	—	—	—	—	—	—	—
Fractional share conversion	18	—	(18)	—	—	—	—	—	—	—
Redemptions of common stock	(15)	—	(29)	—	—	—	(680)	—	—	(680)
Stock issuance cost	—	—	—	—	—	—	(11,592)	—	—	(11,592)
Dividends on preferred stock	—	—	—	—	—	360	(360)	—	—	—
Redemptions of preferred stock	—	—	—	—	(37)	(48,960)	—	—	—	(48,960)
Net loss	—	—	—	—	—	—	—	(13,197)	—	(13,197)
Other comprehensive income	—	—	—	—	—	—	—	—	957	957
Balance, December 31, 2013	13,900	\$ 139	9,493	\$ 95	—	\$ —	\$ 432,117	\$(152,688)	\$ 269	\$ 279,932
Issuance of common stock pursuant to: Listed Public Offerings	15,954	160	—	—	—	—	190,062	—	\$ —	190,222
Long-term incentive plan, net of amounts	10	—	—	—	—	—	381	—	\$ —	381

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withheld for income taxes										
Conversion to Class A Shares	6,329	63	(6,329)	(63)	—	—	—	—	\$ —	—
Dividends on common stock (\$0.47 per share)	—	—	—	—	—	—	—	(15,336)	\$ —	(15,336)
Stock issuance cost	—	—	—	—	—	—	(10,042)	—	—	(10,042)
Net income	—	—	—	—	—	—	—	660	—	660
Other comprehensive loss	—	—	—	—	—	—	—	—	(1,125)	(1,125)
Balance, December 31, 2014	36,193	\$ 362	3,164	\$ 32	—	\$—	\$612,518	\$(167,364)	\$(856)	\$ 444,692
Issuance of common stock pursuant to: Long-term incentive plan, net of amounts withheld for income taxes	202	2	—	—	—	—	889	—	—	891
Conversion to Class A Shares	3,164	32	(3,164)	(32)	—	—	—	—	—	—
Dividends on common stock (\$0.50 per share)	—	—	—	—	—	—	—	(19,590)	—	(19,590)
Repurchase of common stock	(584)	(6)	—	—	—	—	(5,998)	—	—	(6,004)
Net loss	—	—	—	—	—	—	—	(8,387)	—	(8,387)
Other comprehensive loss	—	—	—	—	—	—	—	—	(564)	(564)
Balance, December 31, 2015	38,975	\$ 390	—	\$—	—	\$—	\$607,409	\$(195,341)	\$(1,420)	\$ 411,038

See accompanying notes.

CATCHMARK TIMBER TRUST, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Years Ended December 31,		
	2015	2014	2013
Cash Flows from Operating Activities:			
Net income (loss)	\$ (8,387	) \$ 660	\$ (13,197)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depletion	27,091	14,788	8,505
Basis of timberland sold	8,886	5,072	1,570
Noncash interest expense	648	738	1,332
Stock-based compensation expense	889	418	1,838
Other amortization	117	98	156
Unrealized gain on interest rate swaps	—	—	(129)
Changes in assets and liabilities:			
Accounts receivable	(1,764	) (204	) 64
Prepaid expenses and other assets	187	619	(1,144)
Accounts payable and accrued expenses	985	(998	) 1,395
Due to affiliates	—	—	(1,326)
Other liabilities	(158	) (1,346	) (135)
Net cash provided by (used in) operating activities	28,494	19,845	(1,071)
Cash Flows from Investing Activities:			
Capital expenditures (excluding timberland acquisitions)	(2,668	) (906	) (444)
Timberland acquisitions	(75,793	) (237,527	) (1,743)
Funds released from escrow accounts	—	—	2,050
Net cash used in investing activities	(78,461	) (238,433	) (137)
Cash Flows from Financing Activities:			
Proceeds from notes payable	67,500	320,750	—
Repayment of notes payable	(498	) (254,910	) (80,196)
Financing costs paid	(781	) (3,302	) (1,494)
Issuance of common stock	—	190,222	142,105
Dividends paid to common stockholders	(19,590	) (15,336) —
Repurchase of common stock	(6,004	) (43	) (582)
Redemptions of common stock	—	—	(680)
Redemptions of preferred stock	—	—	(37,392)
Dividends paid on preferred stock redeemed	—	—	(11,568)
Other offering costs paid	—	(10,042	) (11,592)
Net cash provided by (used in) financing activities	40,627	227,339	(1,399)
Net increase (decrease) in cash and cash equivalents	(9,340	) 8,751	(2,607)
Cash and cash equivalents, beginning of period	17,365	8,614	11,221
Cash and cash equivalents, end of period	\$ 8,025	\$ 17,365	\$ 8,614

See accompanying notes.

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CATCHMARK TIMBER TRUST, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015, 2014, AND 2013

1. Organization

CatchMark Timber Trust, Inc. ("CatchMark Timber Trust") (NYSE: CTT), a Maryland corporation, primarily engages in the ownership, management, acquisition, and disposition of timberlands located in the southeastern United States and has elected to be taxed as a real estate investment trust ("REIT") for federal income tax purposes. CatchMark Timber Trust incorporated in 2005 and commenced operations in 2007. CatchMark Timber Trust conducts substantially all of its business through CatchMark Timber Operating Partnership, L.P. ("CatchMark Timber OP"), a Delaware limited partnership. CatchMark Timber Trust is the general partner of CatchMark Timber OP, possesses full legal control and authority over its operations, and owns 99.99% of its common partnership units. CatchMark LP Holder, LLC ("CatchMark LP Holder"), a wholly-owned subsidiary of CatchMark Timber Trust formed in 2013, is the sole limited partner of CatchMark Timber OP (see Note 7 – Noncontrolling Interest for more information). In addition, CatchMark Timber TRS, Inc. ("CatchMark TRS") was formed as a wholly owned subsidiary of CatchMark Timber OP. Unless otherwise noted, references herein to CatchMark Timber Trust shall include CatchMark Timber Trust and all of its subsidiaries, including CatchMark Timber OP, and the subsidiaries of CatchMark Timber OP, including CatchMark TRS.

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The consolidated financial statements of CatchMark Timber Trust have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and shall include the accounts of any variable interest entity ("VIE") in which CatchMark Timber Trust or its subsidiaries is deemed the primary beneficiary. With respect to entities that are not VIEs, CatchMark Timber Trust's consolidated financial statements shall also include the accounts of any entity in which CatchMark Timber Trust or its subsidiaries owns a controlling financial interest and any limited partnership in which CatchMark Timber Trust or its subsidiaries owns a controlling general partnership interest. In determining whether a controlling interest exists, CatchMark Timber Trust considers, among other factors, the ownership of voting interests, protective rights, and participatory rights of the investors.

CatchMark Timber Trust owns a controlling financial interest in CatchMark Timber OP, CatchMark LP Holder and CatchMark TRS and, accordingly, includes the accounts of these entities in its consolidated financial statements. The financial statements of CatchMark Timber OP, CatchMark LP Holder and CatchMark TRS are prepared using accounting policies consistent with those used by CatchMark Timber Trust. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the accompanying consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and notes. Actual results could differ from those estimates.

Fair Value Measurements

CatchMark Timber Trust estimates the fair value of its assets and liabilities (where currently required under GAAP) consistent with the provisions of the accounting standard for fair value measurements and disclosures. Under this guidance, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. While various techniques and assumptions can be used to estimate fair value depending on the nature of the asset or liability, the accounting standard for fair

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value measurements and disclosures provides the following fair value technique parameters and hierarchy, depending upon availability:

Level 1 — Assets or liabilities for which the identical term is traded on an active exchange, such as publicly-traded instruments or futures contracts.

Level 2 — Assets and liabilities valued based on observable market data for similar instruments.

Level 3 — Assets or liabilities for which significant valuation assumptions are not readily observable in the market. Such assets or liabilities are valued based on the best available data, some of which may be internally developed. Significant assumptions may include risk premiums that a market participant would require.

Cash and Cash Equivalents

CatchMark Timber Trust considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents may include cash and short-term investments. Short-term investments are stated at cost, which approximates fair value and may consist of investments in money market accounts.

Accounts Receivable

Accounts receivable are recorded at the original amount earned, net of allowances for doubtful accounts, which approximates fair value. Accounts receivable are deemed past due based on their respective payment terms. Management assesses the realizability of accounts receivable on an ongoing basis and provides for allowances as such balances, or portions thereof, become uncollectible. As of December 31, 2015, 2014, and 2013, no allowances have been provided against accounts receivable. As of December 31, 2015, CatchMark Timber Trust has recorded \$1.3 million of estimated patronage refunds due from CoBank, ACB ("CoBank") as accounts receivable (please refer to Note 4 – Note Payable and Line of Credit for further information regarding patronage refunds).

Prepaid Expenses and Other Assets

Prepaid expenses and other assets are primarily comprised of prepaid rent, insurance, and operating costs, equipment and furniture, net of accumulated depreciation, and deferred costs associated with pending acquisitions. Prepaid expenses are 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 (which approximates the effective interest rate method) over the terms of the related financing arrangements. For the year ended December 31, 2015, CatchMark Timber Trust has elected to early adopt Accounting Standards Update 2015-03, Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs ("ASU 2015-03") and Accounting Standards Update 2015-15, Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements ("ASU 2015-15"). Under ASU 2015-03, CatchMark Timber Trust has presented the deferred financing costs relating to its outstanding debt on the balance sheet as a direct deduction from the carrying amount of the related debt liability instead of as an asset. Under ASU 2015-15, CatchMark Timber Trust has presented deferred financing costs associated with its line of credit agreement, which may not have an outstanding balance at times, as an asset on the accompanying consolidated balance sheets. ASU 2015-03 and ASU 2015-15 were applied on a retrospective basis and represent a change in accounting principle. The following financial statement line items for the year ended December 31, 2014 were effected by the change in accounting principle:

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(in thousands)

Consolidated Balance Sheet

December 31, 2014

	As Reported	As Adjusted	Effect of Change
Deferred financing costs, less accumulated amortization	\$4,245	\$418	\$(3,827)
Note payable and line of credit, less net unamortized deferred financing costs	\$118,000	\$114,173	\$(3,827)

For further information regarding our credit agreements, outstanding balance of debt and associated deferred financing costs, please refer to Note 4 – Note Payable and Line of Credit. CatchMark Timber Trust recognized amortization of deferred financing costs for the years ended December 31, 2015, 2014, and 2013 of approximately \$0.6 million, \$0.7 million, and \$1.3 million, respectively, which is included in interest expense in the accompanying consolidated statements of operations.

Timber Assets

Timber and timberlands, including logging roads, are stated at cost less accumulated depletion for timber harvested and accumulated road amortization. CatchMark Timber Trust capitalizes timber and timberland purchases. Reforestation costs, including all costs associated with stand establishment, such as site preparation, cost of seedlings, fertilization, and herbicide application, are capitalized and amortized over their estimated useful lives. Timber carrying costs, such as real estate taxes, insect control, wildlife control, leases of timberlands, and forestry management personnel salaries and fringe benefits, are expensed as incurred. Costs of major roads are capitalized and amortized over their estimated useful lives. Costs of roads built to access multiple logging sites over numerous years are capitalized and amortized over seven years. Costs of roads built to access a single logging site are expensed as incurred.

Depletion

CatchMark Timber Trust recognizes depletion expense as timber is harvested. Prior to January 1, 2015, depletion rates for timber held longer than 12 months were determined annually using the normalized depletion method by dividing (a) the sum of (i) net carrying value of merchantable and premerchantable timber, and (ii) projected approved reforestation costs to be capitalized over the remaining harvest cycle, by (b) the estimated merchantable timber volume expected to be harvested over the same period. The projected future harvest volume was derived by using a specialized modeling software based on the specific management regime adopted and a set of scientific formulas. Significant management judgments were involved to develop estimates of future harvest volumes and future reforestation costs. For each fee timber tract owned less than one year, depletion rates are generally determined by dividing the acquisition cost attributable to its timber by the volume of timber acquired.

Effective January 1, 2015, CatchMark Timber Trust changed the depletion method on its long-term timber to the straight-line method. Straight-line depletion rates are established at least annually by dividing the remaining merchantable inventory book value by current standing timber inventory volume. Management believes the change from the normalized depletion method to the straight-line depletion method is preferable as the straight-line method is based on the actual costs recorded and volumes of timber that are merchantable as of the date that the depletion rates are determined. It is less reliant on subjective and complex estimates as it does not include future costs to be incurred or expected timber growth.

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 250, CatchMark Timber Trust determined that the change in depletion method is a change in accounting estimate effected by a change in accounting principle, and accordingly, the straight-line method was applied on a prospective basis, effective January 1, 2015.

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If CatchMark Timber Trust had continued using the normalized depletion method, depletion expense for the year ended December 31, 2015 would have been \$4.5 million, or \$0.11 per share, lower than the depletion expense it recorded using the straight-line depletion method.

Evaluating the Recoverability of Timber Assets

CatchMark Timber Trust continually monitors events and changes in circumstances that could indicate that the carrying amounts of the timber assets in which CatchMark Timber Trust has an ownership interest may not be recoverable. When indicators of potential impairment are present that suggest that the carrying amounts of timber assets may not be recoverable, CatchMark Timber Trust 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. Impairment losses would be recognized for (i) long-lived assets used in CatchMark Timber Trust's operations when the carrying value of such assets exceeds the undiscounted cash flows estimated to be generated from the future operations of those assets, and (ii) long-lived assets held for sale when the carrying value of such assets exceeds an amount equal to their fair value less selling costs. 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. CatchMark Timber Trust intends to use one harvest cycle for the purpose of evaluating the recoverability of timber and timberlands used in its operations. Future cash flow estimates are based on discounted probability-weighted projections for a range of possible outcomes. CatchMark Timber Trust considers assets to be held for sale at the point at which a sale contract is executed and the buyer has made a non-refundable earnest money deposit against the contracted purchase price. CatchMark Timber Trust has determined that there has been no impairment of its long-lived assets to date.

Allocation of Purchase Price of Acquired Assets

Upon the acquisition of timberland properties, CatchMark Timber Trust allocates the purchase price to tangible assets, consisting of timberland and timber, and identified intangible assets and liabilities, which may include values associated with in-place leases or supply agreements, based in each case on management's estimate of their fair values. The values of tangible assets are then allocated to timberland and timber based on management's determination of the relative fair value of these assets.

Intangible Lease Assets

In-place ground leases with CatchMark Timber Trust as the lessee have value associated with effective contractual rental rates that are below market rates. Such values are calculated 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 lease and (ii) management's estimate of fair market lease rates for the corresponding in-place lease, measured over a period equal to the remaining terms of the leases. The capitalized below-market in-place lease values are recorded as intangible lease assets and are amortized as adjustments to land rent expense over the weighted-average remaining term of the respective leases.

Fair Value of Debt Instruments

CatchMark Timber Trust applied the provisions of the accounting standard for fair value measurements and disclosures in estimations of fair value of its debt instruments based on Level 2 assumptions. The fair value of the outstanding note payable was estimated based on discounted cash flow analysis using the current observable market borrowing rates for similar types of borrowing arrangements as of the measurement date. The discounted cash flow method of assessing fair value results in a general approximation of book value, and such value may never actually be realized.

Preferred Stock

The proceeds from issued and outstanding shares of preferred stock and dividends payable on preferred stock were recorded as preferred stock.

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Common Stock

The par value of CatchMark Timber Trust's issued and outstanding shares of common stock is recorded as common stock. The remaining gross proceeds, net of offering costs, are recorded as additional paid-in capital.

Interest Rate Swaps

CatchMark Timber Trust has entered into interest rate swap contracts to mitigate its exposure to changing interest rates on variable rate debt instruments. CatchMark Timber Trust does not enter into derivative or interest rate transactions for speculative purposes; however, certain of its derivatives may not qualify for hedge accounting treatment. The fair values of interest rate swaps are recorded as either prepaid expenses and other assets or other liabilities in the accompanying consolidated balance sheets. Changes in the fair value of the effective portion of interest rate swaps that are designated as hedges are recorded as other comprehensive income (loss), while changes in the fair value of the ineffective portion of hedges, if any, are recognized in current earnings. Changes in the fair value of interest rate swaps that do not qualify for hedge accounting treatment are recorded as gain (loss) on interest rate swap in the consolidated statements of operations. Amounts received or paid under interest rate swaps are recorded as interest expense for contracts that qualify for hedge accounting treatment and as gain (loss) on interest rate swaps for contracts that do not qualify for hedge accounting treatment.

CatchMark Timber Trust applied the provisions of the accounting standard for fair value measurements and disclosures in recording its interest rate swap at fair value. The fair value of the interest rate swap, classified under Level 2, was determined using a third-party proprietary model that is based on prevailing market data for contracts with matching durations, current and anticipated London Interbank Offered Rate ("LIBOR") information, consideration of CatchMark Timber Trust's credit standing, credit risk of counterparties, and reasonable estimates about relevant future market conditions.

Revenue Recognition

Revenue from the sale of timber is recognized when the following criteria are met: (i) persuasive evidence of an agreement exists, (ii) legal ownership and the risk of loss are transferred to the purchaser, (iii) price and quantity are determinable, and (iv) collectibility is reasonably assured. CatchMark Timber Trust's primary sources of revenue are recognized as follows:

- (1) For delivered sales contracts, which include amounts sufficient to cover costs of logging and hauling of timber, revenues are recognized upon delivery to the customer.
For pay-as-cut contracts, the purchaser acquires the right to harvest specified timber on a tract, at an agreed-upon
- (2) price per unit. Payments and contract advances are recognized as revenue as the timber is harvested based on the contracted sale rate per unit.
Revenues from the sale of HBU and nonstrategic timberlands are recognized when title passes and full payment or
- (3) a minimum down payment is received and full collectibility is assured. If a down payment of less than the minimum down payment is received at closing, CatchMark Timber Trust will record revenue based on the installment method.
For recreational leases, rental income collected in advance is recorded as other liabilities in the accompanying
- (4) consolidated balance sheets until earned over the term of the respective recreational lease and recognized as other revenue.

In addition to the sources of revenue noted above, CatchMark Timber Trust also may enter into lump-sum sale contracts, whereby the purchaser generally pays the purchase price upon execution of the contract. Title to the timber and risk of loss transfers to the buyer at the time the contract is consummated. Revenues are recognized upon receipt of the purchase price. When the contract expires, ownership of the remaining standing timber reverts to CatchMark Timber Trust; however, adjustments are not made to the revenues previously recognized.

Stock-based Compensation

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CatchMark Timber Trust has issued stock-based compensation in the form of stock options and restricted stock to its directors and employees pursuant to its Long-Term Incentive Plan. Restricted stock awards issued are considered equity awards and are recorded as a reduction to additional paid-in capital upon issuance. The fair value of stock options and restricted stock is recognized over the respective weighted-average vesting periods by charging expense and recording additional paid-in capital. For those awards with performance conditions, expense is only recorded if it is deemed probable that the performance condition will be achieved. Stock-based compensation expense in the accompanying consolidated statements of operations is recorded as forestry management expenses for those employees whose job is related to forest operations and as general and administrative expense for all other employees and directors. See Note 9 – Stock Based Compensation for a description of CatchMark Timber Trust’s Long-Term Incentive Plan.

Earnings Per Share

Basic earnings (loss) per share available to common stockholders is calculated as net income (loss) available to common stockholders divided by the weighted-average number of common shares outstanding during the period. Net income (loss) available to common stockholders is calculated as net income (loss) less dividends payable to or accumulated to preferred stockholders. Diluted earnings (loss) per share available to common stockholders equals basic earnings per share available to common stockholders, adjusted to reflect the dilution that would occur if all outstanding securities convertible into common shares or contracts to issue common shares were converted or exercised and the related proceeds are then used to repurchase common shares. Basic and diluted earnings (loss) per share were the same for all periods presented as the dilutive effect of outstanding securities was immaterial.

Income Taxes

CatchMark Timber Trust has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the “Code”), and has operated as such beginning with its taxable year ended December 31, 2009. To qualify to be taxed as a REIT, CatchMark Timber Trust must meet certain organizational and operational requirements, including a requirement to distribute at least 90% of its ordinary taxable income to its stockholders. As a REIT, CatchMark Timber Trust generally is not subject to federal income tax on taxable income it distributes to stockholders. If CatchMark Timber Trust fails to qualify as a REIT in any taxable year, it will then be subject to federal and state income taxes on its taxable income at regular corporate rates and will not be permitted to qualify for treatment as a REIT for federal income tax purposes for four years following the year during which qualification is lost unless the IRS grants CatchMark Timber Trust relief under certain statutory provisions.

CatchMark Timber Trust has elected to treat CatchMark TRS as a taxable REIT subsidiary. CatchMark Timber Trust may perform certain non-customary services, including real estate or non-real-estate related services, through CatchMark TRS. Earnings from services performed through CatchMark TRS are subject to federal and state income taxes irrespective of the dividends paid deduction available to REITs for federal income tax purposes. In addition, for CatchMark Timber Trust to continue to qualify to be taxed as a REIT, CatchMark Timber Trust’s investment in CatchMark TRS and any other TRSs may not exceed 25% (20% after 2017) of the value of the total assets of CatchMark Timber Trust.

Deferred tax assets and liabilities represent temporary differences between the financial reporting basis and the tax basis of assets and liabilities based on the enacted rates expected to be in effect when the temporary differences reverse. Deferred tax expense or benefit is recognized in the financial statements according to the changes in deferred tax assets or liabilities between years. Valuation allowances are established to reduce deferred tax assets when it becomes more likely than not that such assets, or portions thereof, will not be realized. No provision for federal income taxes has been made in the accompanying consolidated financial statements, other than the provision relating to CatchMark TRS, as CatchMark Timber Trust did not generate taxable income for the periods presented. See Note 13 – Income Taxes for more information.

CatchMark Timber Trust is also subject to certain state and local taxes related to the operations of timberland properties in certain locations, which have been provided for in the accompanying consolidated financial statements. CatchMark Timber Trust records interest and penalties related to uncertain tax positions as general and administrative expense in the accompanying consolidated statements of operations.

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Business Segments

CatchMark Timber Trust owns interests in approximately 425,000 acres of timberland located in the U.S. South. CatchMark Timber Trust operates in a single reporting segment, and the presentation of CatchMark Timber Trust's financial condition and performance is consistent with the way in which CatchMark Timber Trust's operations are managed.

Recent Accounting Pronouncements

In February 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-02, Consolidation - Amendments to the Consolidation Analysis ("ASU 2015-02"). ASU 2015-02 modifies existing consolidation guidance related to (i) limited partnerships and similar legal entities, (ii) the evaluation of variable interests for fees paid to decision makers or service providers, (iii) the effect of fee arrangements and related parties on the primary beneficiary determination, and (iv) certain investment funds. These changes are expected to limit the number of consolidation models and place more emphasis on risk of loss when determining a controlling financial interest. ASU 2015-02 is effective for fiscal years and interim periods within those years beginning after December 15, 2015. The adoption of ASU 2015-02 will not have an impact on CatchMark Timber Trust's consolidated financial statements or associated disclosures.

3. Timber Assets

As of December 31, 2015 and 2014, timber and timberlands consisted of the following, respectively:

(in thousands)	As of December 31, 2015		
	Gross	Accumulated Depletion or Amortization	Net
Timber	\$281,198	\$27,091	\$254,107
Timberlands	330,446	—	330,446
Mainline roads	707	406	301
Timber and timberlands	\$612,351	\$27,497	\$584,854

(in thousands)	As of December 31, 2014		
	Gross	Accumulated Depletion or Amortization	Net
Timber	\$258,648	\$14,788	\$243,860
Timberlands	298,944	—	298,944
Mainline roads	614	317	297
Timber and timberlands	\$558,206	\$15,105	\$543,101

Timberland Acquisitions

During the year ended December 31, 2015, 2014 and 2013, CatchMark Timber Trust acquired approximately 42,900 acres, 121,600 acres and 1,800 acres of timberland for approximately \$73.3 million, \$235.2 million and \$1.4 million, respectively, excluding closing costs. A detailed breakout of acreage acquired by state is listed below:

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Acres Acquired In:	2015	2014	2013
Alabama	—	—	1,800
Florida	—	2,500	—
Georgia	9,900	79,600	—
Louisiana	300	21,000	—
North Carolina	1,600	—	—
South Carolina	12,500	—	—
Tennessee	300	—	—
Texas	18,300	18,500	—
Total	42,900	121,600	1,800

Timberland Sales

During the years ended December 31, 2015, 2014 and 2013, CatchMark Timber Trust sold approximately 6,400 acres, 3,800 acres, and 1,200 acres of timberland, respectively, for approximately \$11.8 million, \$10.7 million, and \$2.5 million, respectively. CatchMark Timber Trust's cost basis in the timberland sold was approximately \$8.9 million, \$5.1 million, and \$1.6 million respectively. A detailed breakout of land sale acreage by state is listed below:

Acres Sold In:	2015	2014	2013
Alabama	3,000	800	300
Georgia	2,200	3,000	900
Texas	1,200	—	—
Total	6,400	3,800	1,200

Current Timberland Portfolio

As of December 31, 2015, CatchMark Timber Trust owned interests in approximately 425,000 acres of timberlands in the U.S. South, approximately 401,200 acres of which were held in fee-simple interests and approximately 23,800 acres were held in leasehold interests. A detailed breakout of land acreage by state is listed below:

Acres by state as of December 31, 2015	Fee	Lease	Total
Alabama	72,800	5,600	78,400
Florida	2,500	—	2,500
Georgia	254,600	18,200	272,800
Louisiana	21,300	—	21,300
North Carolina	1,600	—	1,600
South Carolina	12,500	—	12,500
Tennessee	300	—	300
Texas	35,600	—	35,600
Total:	401,200	23,800	425,000

Intangible Lease Assets

Intangible Lease Assets consist of capitalized below-market in-place ground leases and are amortized as adjustments to land rent expense over the weighted-average remaining term of the respective leases. CatchMark Timber Trust had net below-market lease assets of approximately \$23,000 and \$26,000 as of December 31, 2015 and 2014, respectively, and recognized amortization of this asset of approximately \$4,000, \$4,000, and \$86,000 in 2015, 2014, and 2013, respectively.

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4. Note Payable and Line of Credit

As of December 31, 2015 and 2014, CatchMark Timber Trust had the following indebtedness outstanding:

(in thousands)	Maturity Date	Outstanding Balance as of	
		December 31, 2015	December 31, 2014
2014 Term Loan Facility	December 23, 2024	\$ 100,000	\$ 100,000
2014 Multi-Draw Term Facility	December 23, 2021	85,002	18,000
Total Principal Balance		\$ 185,002	\$ 118,000
Less: Net Unamortized Deferred Financing Costs ⁽¹⁾		\$(3,955	) \$(3,827
Total		\$ 181,047	\$ 114,173

Net Unamortized Deferred Financing Costs represent costs incurred for borrowings under the 2014 Term Loan

⁽¹⁾ Facility and the 2014 Multi-Draw Term Facility only. For further information regarding accounting treatment of deferred financing costs, see Note 2 – Summary of Significant Accounting Policies.

CoBank Loan

CatchMark Timber Trust entered into a senior credit agreement (the “CoBank Loan”) on September 28, 2012 with a syndicate of banks with CoBank serving as the administrative agent, Agfirst Farm Credit Bank (“Agfirst”) and Cooperatieve Rabobank, U.A. (“Rabobank”). Under the CoBank Loan, CatchMark Timber Trust borrowed \$133.0 million through a term loan facility (“CoBank Term Loan”) and had access to a \$15.0 million revolving credit facility (the “CoBank Revolver”). Proceeds from the CoBank Term Loan were used to pay off the outstanding balance under CatchMark Timber Trust’s previous credit agreement, fund costs associated with closing the CoBank Loan, and partially fund a timberland acquisition. No amount was drawn under the CoBank Revolver.

The CoBank Loan bore interest at an adjustable rate based on one-month LIBOR plus an applicable margin ranging from 2.00% to 2.75% (the “LIBOR Rate”), based on the loan-to-collateral-value ratio (the “LTV Ratio”).

On December 19, 2013, CatchMark Timber Trust paid down the CoBank Loan by \$80.2 million using proceeds from its initial listed public offering.

Amended CoBank Loan

On December 19, 2013, CatchMark Timber Trust entered into a third amended and restated credit agreement (the “Amended CoBank Loan”) with CoBank, Agfirst, RaboBank and certain other financial institutions. The Amended CoBank Loan amended and restated the CoBank Loan in its entirety.

The Amended CoBank Loan provided for borrowing under credit facilities consisting of:

- a \$15.0 million revolving credit facility (the “Revolving Credit Facility”),
- a \$150.0 million multi-draw term credit facility (the “Multi-Draw Term Facility”), and
- the remaining amount outstanding under the CoBank Term Loan (the “Term Loan Facility”, and together with the Revolving Credit Facility and the Multi-Draw Term Facility, the “2013 Credit Facilities”), which was \$52.2 million.

The Amended CoBank Loan provided that the New Credit Facilities may be increased, upon the agreement of lenders willing to increase their loans, by up to \$75.0 million, consisting of up to a \$10.0 million increase in the Revolving Credit Facility and the remainder available for incremental term loans.

The Revolving Credit Facility bore interest at an adjustable rate equal to a base rate plus between 0.50% and 1.75% or a LIBOR rate plus between 1.50% and 2.75%, in each case depending on CatchMark Timber Trust’s LTV Ratio. The Multi-Draw Term Facility bore interest at an adjustable rate equal to a base rate plus between 0.75% and 2.00% or

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a LIBOR rate plus between 1.75% and 3.00%, in each case depending on the LTV Ratio. The Multi-Draw Term Facility was interest only until the maturity date. The Term Loan Facility bore interest at an adjustable rate equal to a base rate plus between 0.50% and 1.75% or a LIBOR rate plus between 1.50% and 2.75%, in each case depending on the CatchMark Timber Trust

On May 30, 2014, CatchMark Timber Trust amended the Amended CoBank Loan to increase the availability under the Revolving Credit Facility by \$10.0 million, from \$15.0 million to \$25.0 million, and increase the availability under the Multi-Draw Term Facility by \$65.0 million, from \$150.0 million to \$215.0 million.

2014 Amended Credit Agreement

On December 23, 2014, CatchMark Timber Trust entered into a fourth amended and restated credit agreement (the “2014 Amended Credit Agreement”) with CoBank, Agfirst, RaboBank and certain other financial institutions. The 2014 Amended Credit Agreement amended and restated the Amended CoBank Loan in its entirety.

The 2014 Amended Credit Agreement originally provided for borrowing under credit facilities consisting of:

- a \$35.0 million revolving credit facility (the “2014 Revolving Credit Facility”),
- a \$275.0 million multi-draw term credit facility (the “2014 Multi-Draw Term Facility”), and
- a \$100.0 million term loan (the “2014 Term Loan Facility”, and together with the 2014 Revolving Credit Facility and the 2014 Multi-Draw Term Facility, the “2014 Amended Credit Facilities”).

The terms of the 2014 Amended Credit Agreement provided that 2014 Amended Credit Facilities may be increased, upon the agreement of lenders willing to increase their loans, by up to \$200.0 million. On December 11, 2015, CatchMark Timber Trust increased its credit availability under the 2014 Multi-Draw Term Facility by \$90.0 million, from \$275.0 million to \$365.0 million.

Borrowings under the 2014 Revolving Credit Facility may be used for general working capital, to support letters of credit, to fund cash earnest money deposits, to fund acquisitions in an amount not to exceed \$5.0 million, and other general corporate purposes. The 2014 Revolving Credit Facility will bear interest at an adjustable rate equal to a base rate plus between 0.50% and 1.50% or a LIBOR rate plus between 1.50% and 2.50%, in each case depending on CatchMark Timber Trust's LTV Ratio, and will terminate and all amounts under the facility will be due and payable on December 23, 2019.

The 2014 Multi-Draw Term Facility may be drawn upon up to eight times during the period beginning on December 23, 2014 through December 23, 2017 and may be used to finance domestic timber acquisitions and associated expenses, refinance loan amounts under the 2014 Revolving Credit Facility, and purchase up to \$25.0 million in CatchMark Timber Trust common stock. Amounts repaid under the 2014 Multi-Draw Term Facility may be re-borrowed prior to the third anniversary of the closing date. The 2014 Multi-Draw Term Facility will bear interest at an adjustable rate equal to a base rate plus between 0.75% and 1.75% or a LIBOR rate plus between 1.75% and 2.75%, in each case depending on the LTV Ratio, and will terminate and all amounts under the facility will be due and payable on December 23, 2021. The 2014 Multi-Draw Term Facility is interest only until the maturity date; however, if the CatchMark Timber Trust's LTV Ratio is equal to or in excess of 40%, then principal payments will be required to be made beginning on December 31, 2017 at a per annum rate of 5% of the principal amount outstanding under the 2014 Multi-Draw Term Facility.

The 2014 Term Loan Facility shall be used solely to refinance the balance outstanding under the Multi-Draw Term Facility under the Amended CoBank Loan. The 2014 Term Loan Facility will bear interest at an adjustable rate equal to a base rate plus 1.75% or a LIBOR rate plus 1.75%, and will terminate and all amounts under the facility will be due and payable on December 23, 2024.

In March 2015, CatchMark Timber Trust received a patronage refund on its borrowings under the 2014 Amended Credit Agreement during 2014. The refund was calculated by CoBank and approximated 0.91% of CatchMark Timber Trust's weighted average balance outstanding under the 2014 Term Loan Facility and the 2014 Multi-Draw Term

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Facility (collectively, "patronage loans"). Of the total amount received, 75% was received in cash and 25% was received in equity in patronage banks. CatchMark Timber Trust expects to receive a patronage refund for 2015 and accrued for the expected refunds by multiplying the weighted average outstanding balance on the patronage loans by 0.90%. For the year ended December 31, 2015, CatchMark Timber Trust recorded \$1.3 million in patronage refunds as a credit to its interest expense.

CatchMark Timber Trust pays the lenders an unused commitment fee on the unused portion of the 2014 Multi-Draw Term Facility and 2014 Revolving Credit Facility, at an adjustable rate ranging from 0.20% to 0.35%, depending on the LTV Ratio.

The 2014 Amended Credit Agreement contains, among others, the following financial covenants:

- limits the LTV Ratio to 45% at the end of each fiscal quarter and upon the sale or acquisition of any property;
- requires that CatchMark Timber Trust maintains a fixed coverage charge ratio of not less than 1.05:1.00.

CatchMark Timber Trust was in compliance with the financial covenants of the 2014 Amended Credit Agreement as of December 31, 2015.

CatchMark Timber Trust's obligations under the 2014 Amended Credit Agreement are collateralized by a first priority lien on the timberlands owned by CatchMark Timber Trust's subsidiaries and substantially all of CatchMark Timber Trust's subsidiaries' other assets in which a security interest may lawfully be granted, including, without limitation, accounts, equipment, inventory, intellectual property, bank accounts and investment property. In addition, CatchMark Timber Trust's obligations under the 2014 Amended Credit Agreement are jointly and severally guaranteed by all of CatchMark Timber Trust and its subsidiaries pursuant to the terms of the 2014 Amended Credit Agreement. CatchMark Timber Trust has also agreed to guarantee certain losses caused by certain willful acts of CatchMark Timber Trust or its subsidiaries.

Interest Paid and Fair Value of Outstanding Debt

During the years ended December 31, 2015, 2014 and 2013, CatchMark Timber Trust made the following interest payments on its borrowings:

(in thousands)	2015	2014	2013
CoBank Loan	—	—	2,935
Amended CoBank Loan	—	1,706	92
2014 Amended Credit Agreement	3,253	—	—
	\$3,253	\$1,706	\$3,027

Included in the interest payments for the years ended December 31, 2015 and 2014 were unused commitment fees of \$0.4 million and \$0.4 million, respectively. No interest paid was capitalized during the years ended December 31, 2015, 2014 and 2013.

As of December 31, 2015, and 2014, the weighted-average interest rate on these borrowings, after consideration of an interest rate swap (see Note 5 – Interest Rate Swaps), was 2.65% and 2.58%, respectively. As of December 31, 2015 and 2014, the fair value of CatchMark Timber Trust's outstanding debt approximated its book value. The fair value was estimated based on discounted cash flow analysis using the current market borrowing rates for similar types of borrowing arrangements as of the measurement dates.

5. Interest Rate Swaps

2014 RaboBank Swap

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On December 24, 2014, in connection with entering into the 2014 Amended Credit Agreement, CatchMark Timber Trust entered into an interest rate swap with RaboBank to hedge its exposure to changing interest rates on \$35.0 million of the 2014 Amended Credit Agreement that is subject to a variable interest rate (the "2014 RaboBank Swap"). The 2014 RaboBank Swap became effective on December 23, 2014 and matures on December 23, 2024. Under the terms of the 2014 RaboBank Swap, CatchMark Timber Trust pays interest at a fixed rate of 2.395% per annum to RaboBank and receives one-month LIBOR-based interest payments from RaboBank. The 2014 RaboBank Swap qualifies for hedge accounting treatment.

2013 RaboBank Swap

CatchMark Timber Trust was party to an interest rate swap agreement with RaboBank to hedge its exposure to changing interest rates on \$80.0 million of its variable interest rate term loan (the "2013 RaboBank Swap"). The 2013 RaboBank Swap became effective on March 28, 2013 and was scheduled to mature on September 30, 2017. Under the terms of the 2013 RaboBank Swap, CatchMark Timber Trust paid interest at a fixed rate of 0.9075% per annum to RaboBank and received one-month LIBOR-based interest payments from Rabobank. The 2013 RaboBank Swap qualified for hedge accounting treatment.

On December 19, 2013, in connection with entering into the Amended CoBank Loan, CatchMark Timber Trust unwound \$47.0 million of the notional amount of the 2013 RaboBank Swap and received a cash payment of approximately \$0.1 million from Rabobank as settlement. This amount was reclassified from accumulated other comprehensive income and recognized as realized gain on interest rate swap in current earnings in the consolidated statements of operations.

In connection with the payoff of its outstanding indebtedness under the Amended CoBank Loan on July 18, 2014, CatchMark Timber Trust terminated the 2013 RaboBank Swap and received a counter-party payment of approximately \$0.2 million from Rabobank, which was recorded as interest income in the accompanying consolidated statements of operations.

Fair Value and Cash Paid for Interest Under Interest Rate Swap Agreements

The following table presents information about CatchMark Timber Trust's interest rate swap measured at fair value as of December 31, 2015 and 2014:

(in thousands)	Instrument Type	Balance Sheet Classification	Estimated Fair Value as of	
			December 31, 2015	December 31, 2014
	Derivatives designated as hedging instruments:			
	Interest rate swap contract	Other liabilities	\$(1,420)	\$(856)

During the year ended December 31, 2015, CatchMark Timber Trust recognized a change in fair value of the 2014 Rabobank Swap agreement of approximately \$0.6 million as other comprehensive loss. There was no hedge ineffectiveness on the 2014 Rabobank Swap required to be recognized in current earnings. During the year ended December 31, 2015, 2014, and 2013, net payments of approximately \$0.8 million, \$0.1 million, \$0.4 million were made under the swap agreements by CatchMark Timber Trust and were recorded as interest expense, respectively.

6. Commitments and Contingencies

Mahrt Timber Agreements

In connection with its acquisition of timberlands from WestRock Company (“WestRock”), CatchMark Timber Trust entered into a fiber supply agreement and a master stumpage agreement (collectively, the “Mahrt Timber Agreements”) with a wholly owned subsidiary of WestRock. The fiber supply agreement provides that WestRock will purchase specified tonnage of timber from CatchMark TRS at specified prices per ton, depending upon the type of timber. The

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fiber supply agreement is subject to quarterly market pricing adjustments based on an index published by Timber Mart-South, a quarterly trade publication that reports raw forest product prices in 11 southern states. The master stumpage agreement provides that CatchMark Timber Trust will sell specified amounts of timber and make available certain portions of its timberlands to CatchMark TRS for harvesting. The initial term of the Mahrt Timber Agreements is October 9, 2007 through December 31, 2032, subject to extension and early termination provisions. The Mahrt Timber Agreements ensure a long-term source of supply of wood fiber products for WestRock in order to meet its paperboard and lumber production requirements at specified mills and provide CatchMark Timber Trust with a reliable customer for the wood products from its timberlands. For the years ended December 31, 2015, 2014, and 2013, approximately 23%, 34%, and 60%, respectively, of our net timber sales revenue was derived from the Mahrt Timber Agreements.

WestRock can terminate the Mahrt Timber Agreements prior to the expiration of the initial term if CatchMark Timber Trust replaces Forest Resource Consultants, Inc. ("FRC") as the forest manager without the prior written consent of WestRock, except pursuant to an internalization of the company's forestry management functions. CatchMark Timber Trust can terminate the Mahrt Timber Agreements if WestRock (1) ceases to operate the Mahrt mill for a period that exceeds 12 consecutive months, (2) fails to purchase a specified tonnage of timber for two consecutive years, subject to certain limited exceptions or (3) fails to make payments when due (and fails to cure within 30 days). In addition, either party can terminate the Mahrt Timber Agreements if the other party commits a material breach (and fails to cure within 60 days) or becomes insolvent.

In addition, the Mahrt Timber Agreements provide for adjustments to both parties' obligations in the event of a force majeure, which is defined to include, among other things, lightning, fires, storms, floods, infestation and other acts of God or nature.

Timberland Operating Agreements

Pursuant to the terms of the timberland operating agreement between CatchMark Timber Trust and FRC (the "FRC Timberland Operating Agreement"), FRC manages and operates approximately 410,400 acres of CatchMark Timber Trust's timberlands and related timber operations, including ensuring delivery of timber to WestRock in compliance with the Mahrt Timber Agreements. In consideration for rendering the services described in the FRC Timberland Operating Agreement, CatchMark Timber Trust pays FRC (i) a monthly management fee based on the actual acreage FRC manages, which is payable monthly in advance, and (ii) an incentive fee based on revenues generated by the timber operations. The incentive fee is payable quarterly in arrears. The FRC Timberland Operating Agreement, as amended, is effective through March 31, 2017, with the option to extend for one-year periods and may be terminated by either party with mutual consent or by CatchMark Timber Trust with or without cause upon providing 120 days' prior written notice.

Pursuant to the terms of the timberland operating agreement between CatchMark Timber Trust and American Forestry Management, Inc. ("AFM" and the "AFM Timberland Operating Agreement", respectively), AFM manages and operates approximately 14,600 acres of CatchMark Timber Trust's timberlands and related timber operations, including ensuring delivery of timber to customers. In consideration for rendering the services described in the AFM Timberland Operating Agreement, CatchMark Timber Trust pays AFM (i) a monthly management fee based on the actual acreage AFM manages, which is payable monthly in advance, and (ii) an incentive fee based on revenues generated by the timber operations. The incentive fee is payable quarterly in arrears. The AFM Timberland Operating Agreement is effective through November 30, 2016, with the option to extend for one-year periods and may be terminated by either party with mutual consent or by CatchMark Timber Trust with or without cause upon providing 120 days' prior written notice.

Obligations under Operating Leases

CatchMark Timber Trust held leasehold interests related to the use of approximately 23,800 acres of timberland as of December 31, 2015. These operating leases have expiration dates ranging from 2019 through 2022. Approximately 20,400 acres of these leased timberlands are leased to CatchMark Timber Trust under one long-term lease that expires in May 2022 (the "LTC Lease"). The LTC Lease calls for four quarterly lease payments totaling \$3.10 per acre plus

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an annual adjustment payment based on the change in a price index as published by the U.S. Department of Labor's Bureau of Labor Statistics from the LTC Lease's base year of 1956. The all-in, per-lease acre rate, after considering both the quarterly and the annual adjustment payments, was \$20.64 for the lease year ended May 2015, which was used to calculate the following remaining required payments (in thousands) under the terms of the operating leases as of December 31, 2015:

2016	\$647
2017	647
2018	647
2019	542
2020	542
Thereafter	1,023
	\$4,048

Litigation

From time to time, CatchMark Timber Trust may be a party to legal proceedings, claims, and administrative proceedings that arise in the ordinary course of its business. Management makes assumptions and estimates concerning the likelihood and amount of any reasonably possible loss relating to these matters using the latest information available. CatchMark Timber Trust records a liability for litigation if an unfavorable outcome is probable and the amount of loss or range of loss can be reasonably estimated. If an unfavorable outcome is probable and a reasonable estimate of the loss is a range, CatchMark Timber Trust accrues the best estimate within the range. If no amount within the range is a better estimate than any other amount, CatchMark Timber Trust accrues the minimum amount within the range. If an unfavorable outcome is probable but the amount of the loss cannot be reasonably estimated, CatchMark Timber Trust discloses the nature of the litigation and indicates that an estimate of the loss or range of loss cannot be made. If an unfavorable outcome is reasonably possible and the estimated loss is material, CatchMark Timber Trust discloses the nature and estimate of the possible loss of the litigation. CatchMark Timber Trust does not disclose information with respect to litigation where an unfavorable outcome is considered to be remote.

CatchMark Timber Trust is not currently involved in any legal proceedings of which the outcome is reasonably likely to have a material adverse effect on the results of operations or financial condition of CatchMark Timber Trust. CatchMark Timber Trust is not aware of any legal proceedings contemplated by governmental authorities.

7. Noncontrolling Interest

CatchMark Timber Trust is the general partner of CatchMark Timber OP and owns 99.99% of its common partnership units. CatchMark LP Holder is the sole limited partner, holding 200 common units representing approximately 0.01% of the partnership interests. Limited partners holding common units of partnership interests in CatchMark Timber OP have the option to redeem such units after the units have been held for one year. Unless CatchMark Timber Trust exercises its right to purchase common units of CatchMark Timber OP for shares of its common stock, CatchMark Timber OP would redeem such units with cash.

8. Stockholders' Equity

Under CatchMark Timber Trust's charter, it has authority to issue a total of 1,000 million shares of capital stock. Of the total shares authorized, 900 million shares are designated as common stock with a par value of \$0.01 per share, 100 million shares are designated as preferred stock.

Class B-3 Common Stock Conversion

On February 18, 2015, the board of directors approved the acceleration of the conversion of all of CatchMark Timber Trust's Class B-3 common stock into Class A common stock from June 12, 2015 to February 27, 2015. Upon completion

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of this conversion, all outstanding shares of CatchMark Timber Trust's common stock are shares of Class A common stock, eligible to trade on the NYSE.

Share Repurchase Program

On August 7, 2015, the board of directors authorized a stock repurchase program under which CatchMark Timber Trust may repurchase up to \$30.0 million of its outstanding common shares. The program has no set duration and the board may discontinue or suspend it at any time. During the year ended December 31, 2015, CatchMark Timber Trust repurchased 584,356 shares of common stock for approximately \$6.0 million. All common stock purchases through the end of December 2015 under the stock repurchase program were made in open-market transactions. As of December 31, 2015, CatchMark Timber Trust had 39.0 million shares of common stock outstanding and may purchase up to an additional \$24.0 million under the program.

9. Stock Based Compensation

Amended and Restated Long-Term Incentive Plan

CatchMark Timber Trust grants restricted shares of its common stock to its directors and employees pursuant to its Amended and Restated 2005 Long-Term Incentive Plan (the "LTIP"). The LTIP provides for issuance of up to 1.15 million shares of Class A common stock through October 25, 2023.

Equity Compensation for Independent Directors

Effective for the period January 1, 2014 to September 30, 2015, each of the independent directors received, on the day following an annual stockholders meeting, a number of restricted shares of CatchMark Timber Trust common stock having a value of \$30,000 on the grant date. The number of restricted shares granted to each independent director was determined by dividing \$30,000 by the fair market value per share of CatchMark Timber Trust's common stock on the grant date. The restricted shares will vest in thirds on each of the first three anniversaries of the grant, subject to the independent director's continued service on the board on each such date, or on the earlier occurrence of a change in control of our company or the independent director's death, disability or termination with cause.

Effective October 1, 2015, each of the independent directors receives, on the first business day immediately prior to the date on which CatchMark Timber Trust holds its annual stockholders meeting, a number of shares of CatchMark Timber Trust common stock having a value of \$50,000 on the grant date. The number of shares granted to each independent director will be determined by dividing \$50,000 by the fair market value per share of CatchMark Timber Trust's common stock on the grant date. The shares are fully-vested and non-forfeitable upon the respective grant date.

Additionally, one of the independent directors elected to receive a portion of his compensation in shares of CatchMark Timber Trust's common stock in lieu of cash. Accordingly, CatchMark Timber Trust granted 2,392 shares to this independent director during 2015. These shares vested immediately upon issuance.

Stock Ownership Guidelines for Independent Directors

On October 24, 2013, the board of directors adopted stock ownership guidelines for independent directors which require that each independent director own shares of CatchMark Timber Trust's common stock having a value of four times his or her annual cash retainer. Each director must meet the stock ownership guidelines by the later of October 25, 2018, or the fifth anniversary of his or her election to the board. Until the ownership guidelines are met, or at any time the director is not in compliance with the guidelines, he or she must retain 100% of any shares received from our

company for service on the board, with an exception for shares sold for the limited purposes of paying the exercise price, in the case of stock options, or satisfying any applicable tax liability related to the award.

Equity Compensation for Employees

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CatchMark Timber Trust grants restricted stock to its employees pursuant to its LTIP. The awards are granted by the compensation committee of the board of directors of CatchMark Timber Trust (the "Compensation Committee"). Service-based restricted stock grants typically vest ratably over a multi-year period. Performance-based restricted stock grants are awarded to the executive officers and the restricted shares may be earned based on the level of achievement of certain pre-determined performance goals over the performance period. The maximum number of shares that could be earned during the performance period are awarded on the grant date. Earned awards are determined by the Compensation Committee after the end of the performance period and vest over a period specific to each performance grant.

Restricted Stock Activity

During the year ended December 31, 2015, CatchMark Timber Trust granted to its employees and independent directors the following restricted shares of its Class A common stock:

	Employees	Independent Directors	Total
Service-based restricted stock ⁽¹⁾ ⁽²⁾	77,900	12,585	90,485
Performance-based restricted stock ⁽³⁾	118,900	—	118,900
Total	196,800	12,585	209,385

⁽¹⁾ The service-based restricted stock issued to employees vests over four years.

⁽²⁾ The service-based restricted stock issued to independent directors vests over three years.

⁽³⁾ The performance-based restricted stock awards (the "2015 Performance Awards") represent the maximum number of shares that could be earned by the executive officers based on the relative performance of CatchMark Timber Trust's total stockholder return (the "TSR") as compared to a pre-established peer group's TSR and to the Russell 3000 Index. 50% of the earned award vests on the date it is determined by the Compensation Committee and the remaining 50% vests on the one year anniversary of the determination date.

A rollforward of CatchMark Timber Trust's unvested restricted stock award activity for the year ended December 31, 2015 is as follows:

	Employees		Independent Directors	
	Number of Underlying Shares	Weighted Average Grant Date Fair Value	Number of Underlying Shares	Weighted Average Grant Date Fair Value
Unvested at December 31, 2014	91,500	\$13.54	13,608	\$14.42
Granted	196,800	\$8.94	12,585	\$11.92
Vested	—	\$—	(5,292)	) \$14.38
Forfeited	(10,200)	) \$13.51	—	\$—
Unvested at December 31, 2015	278,100	\$10.29	20,901	\$12.71

The fair value of serviced-based restricted stock grants is determined by the close price of CatchMark Timber Trust's common stock on the grant date. The fair value of the 2015 Performance Award was calculated using the Monte-Carlo simulation with the following assumptions:

Grant date market price (February 18, 2015)	\$11.63	
Weighted average fair value per granted share	\$7.01	
Assumptions:		
Volatility	38.54	%
Expected term (years)	3.0	
Risk-free interest rate	1.06	%

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The weighted-average grant date fair value of restricted stock granted for the years ended December 31, 2015, 2014 and 2013 was \$9.12, \$13.79 and \$13.58, respectively. The fair value of restricted stock that vested during the years ended December 31, 2015, 2014, and 2013 was approximately \$0.1 million, \$0.2 million, and \$1.8 million, respectively.

CatchMark Timber Trust recognized compensation expenses over the period from the date of grant to the vesting date. During the year ended December 31, 2015, 2014 and 2013, CatchMark Timber Trust recorded \$0.7 million, \$0.3 million and \$1.5 million of stock-based compensation cost in General and Administrative Expenses, and \$0.2 million, \$0.1 million and \$0.4 million of stock-based compensation expense in Forestry Management Expenses, respectively. As of December 31, 2015, approximately \$2.1 million of unrecognized compensation expenses related to non-vested restricted stock remained and will be recognized over a weighted-average period of 3.0 years.

10. Recreational Leases

CatchMark Timber Trust leases certain access rights to individuals and companies for recreational purposes. These operating leases generally have terms of one year with certain provisions to extend the lease agreements for another one-year term. CatchMark Timber Trust retains substantially all of the risks and benefits of ownership of the timberland properties leased to tenants. As of December 31, 2015, approximately 397,200 acres, or 93%, of CatchMark Timber Trust's timberland available for hunting and recreational uses had been leased to tenants under operating leases that expire between March and June 2016. Under the terms of the recreational leases, tenants are required to pay the entire rent upon execution of the lease agreement. Such rental receipts are recorded as other liabilities until earned over the terms of the respective recreational leases and recognized as other revenue. As of December 31, 2015 and 2014, approximately \$1.6 million and \$1.5 million, respectively, of such rental receipts are recorded as other liabilities in the accompanying consolidated balance sheets. For the three years ended December 31, 2015, 2014, and 2013, CatchMark Timber Trust recognized other revenues related to recreational leases of approximately \$3.5 million, \$2.7 million, \$2.5 million, respectively.

11. Supplemental Disclosures of Noncash Activities

Outlined below are significant noncash investing and financing transactions for the years ended December 31 2015, 2014, and 2013, respectively:

(in thousands)	2015	2014	2013
Write-off of fully amortized deferred financing costs	\$—	\$459	\$1,371
Other liabilities assumed upon acquisition of timberland	\$—	\$—	\$125

12. Related-Party Transactions and Agreements

CatchMark Timber Trust previously operated as an externally advised REIT, advised by Wells Timberland Investment Management Organization, or Wells TIMO, a subsidiary of Wells Real Estate Funds (collectively, "Wells"). During the periods ended December 31, 2014 and 2013, CatchMark Timber Trust was party to several agreements with Wells, as described below. Since June 30, 2014, CatchMark Timber Trust has had no contractual relationship with Wells.

Advisory Agreement – Under the terms of the advisory agreement in place from January 1, 2013 to October 25, 2013, including various amendments and restatements, CatchMark Timber Trust incurred fees and reimbursements payable to Wells for asset management, asset dispositions, and administrative services.

Consulting Service Agreement – Wells provided CatchMark Timber Trust with certain consulting, support and transitional services at the direction of CatchMark Timber Trust, in order to facilitate CatchMark Timber Trust's

successful transition to self-management. The Consulting Service Agreement remained in effect until June 30, 2014
Sublease Agreement – Wells and CatchMark Timber OP entered into the sublease agreement on October 25, 2013,
pursuant to which CatchMark Timber OP subleased from Wells a portion of the office space used and

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occupied by Wells. The term of the sublease commenced on October 25, 2013, and terminated on March 31, 2014.
Related-Party Costs

Pursuant to the terms of the agreements described above, CatchMark Timber Trust incurred the following related-party costs for the years ended December 31, 2014 and 2013, respectively:

(in thousands)	2014	2013
Advisor fees and expense reimbursements	\$—	\$3,562
Consulting fees	137	50
Office rent	18	—
Disposition fees	—	39
Total	\$155	\$3,651

13. Income Taxes

CatchMark Timber Trust has elected to be taxed as a REIT, and therefore its operations are generally not subject to U.S. federal and state income taxes. As of January 1, 2009 (the "REIT Commencement Date"), its REIT commencement date, CatchMark Timber Trust had net built-in gains on its timber assets of approximately \$18.3 million. CatchMark Timber Trust elected not to take such net built-in gains into income immediately prior to the REIT Commencement Date, but rather subsequently recognize gain on the disposition of any assets it holds at the REIT Commencement Date, if disposed of within the applicable period beginning on the REIT Commencement Date. With the passage of the Protecting Americans from Tax Hikes Act in 2015, the built-in gain period has been permanently reduced to five years. CatchMark Timber Trust has exceeded the five year built-in gain period since the REIT commencement date and is, therefore, no longer subject to the built-in gain tax.

At December 31, 2015, CatchMark Timber Trust had federal and state net operating loss carryforwards of approximately \$128.8 million and \$105.6 million, respectively. Such net operating loss carryforwards may be utilized, subject to certain limitations, to offset future taxable income, including net built-in gains. If not utilized, the federal net operating loss carryforwards will begin to expire in 2027, and the state net operating loss carryforwards will begin to expire in 2022.

As of December 31, 2015 and 2014, the tax basis carrying value of CatchMark Timber Trust's total assets was approximately \$571.9 million and approximately \$552.9 million, respectively.

CatchMark Timber Trust records deferred income taxes using enacted tax laws and rates for the years in which the taxes are expected to be paid. Deferred income tax assets and liabilities are recorded based on the differences between the financial reporting and income tax bases of assets and liabilities. A valuation allowance is provided when it is more likely than not that some portion or all of a deferred tax asset will not be realized. Components of the deferred tax asset as of December 31, 2015 and 2014 were attributable to the operations of CatchMark TRS only and were as follows:

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(in thousands)	As of December 31,	
	2015	2014
Deferred tax assets:		
Net operating loss carryforward	\$9,468	\$7,653
Gain on timberland sales	4	—
Other	33	20
Total gross deferred tax asset	9,505	7,673
Valuation allowance	(9,294	) (7,670
Total net deferred tax asset	\$211	\$3
Deferred tax liability:		
Timber depletion	211	—
Gain on timberland sales	—	3
Total gross deferred tax liability	\$211	\$3
Deferred tax asset, net	\$—	\$—

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 and valuation allowances (net of federal benefit). A reconciliation of the federal statutory income tax rate to CatchMark TRS' effective tax rate for the years ended December 31, 2015, 2014, and 2013 is as follows:

	2015		2014		2013	
Federal statutory income tax rate	34.00	%	34.00	%	34.00	%
State income taxes, net of federal benefit	3.13		3.21		3.06	
Other temporary differences	0.27		0.50		(0.02)
Write-off of due to affiliates	—		—		—	
Other permanent differences	(0.01	)	(0.02	)	21.03	
Valuation allowance	(37.39)	(37.69)	(58.07)
Effective tax rate	—	%	—	%	—	%

14. Quarterly Results (unaudited)

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Presented below is a summary of the unaudited quarterly financial information for the years ended December 31, 2015 and 2014:

(in thousands, except per-share amounts)	2015			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	\$20,244	\$14,174	\$17,629	\$17,075
Operating loss ⁽²⁾	\$(14)	) \$(1,479)	) \$(1,069)	) \$(2,258)
Net loss ⁽²⁾	\$(817)	) \$(2,330)	) \$(1,944)	) \$(3,296)
Net loss available to common stockholders ⁽²⁾	\$(817)	) \$(2,330)	) \$(1,944)	) \$(3,296)
Basic and diluted net loss per share available to common stockholders ^{(1) (2)}	\$(0.02)	) \$(0.06)	) \$(0.05)	) \$(0.08)
	2014			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	8,870	11,901	12,653	20,887
Operating income (loss)	(3)	) 433	(277)	) 2,964
Net income (loss)	(388)	) (349)	) (764)	) 2,161
Net income (loss) available to common stockholders	(388)	) (349)	) (764)	) 2,161
Basic and diluted net income (loss) per share available to common stockholders ⁽¹⁾	\$(0.02)	) \$(0.01)	) \$(0.02)	) \$0.05

(1) The sum of the quarterly amounts do not equal income per share for the year ended December 31, 2014 due to the changes in weighted-average shares outstanding over the year.

(2) See Note 2 – Summary of Significant Accounting Policies regarding our change in depletion methodology that was effective January 1, 2015.

15. Customer Concentration

For the years ended December 31, 2015, 2014, and 2013, WestRock represented 31%, 39%, and 60% of CatchMark Timber Trust's total revenues. No other customer represented more than 10% of CatchMark Timber Trust's total revenues during these periods.

16. Subsequent Event

On February 18, 2016, CatchMark Timber Trust declared a cash dividend of \$0.125 per share for its Class A common stock for stockholders of record on February 29, 2016, payable on March 16, 2016.

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EXHIBIT INDEX

Exhibit Number	Description
3.1	Sixth Articles of Amendment and Restatement (incorporated by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2013 filed on August 9, 2013
3.2	First Articles of Amendment to the Sixth Articles of Amendment and Restatement (incorporated by reference to Exhibit 3.2 to the Registration Statement on Form S-11 (File No. 333-191322) filed on September 23, 2013 (the “Initial S-11 Registration Statement”))
3.3	Articles of Amendment (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on October 25, 2013 (the “October 25 Form 8-K”))
3.4	Articles of Amendment (incorporated by reference to Exhibit 3.2 to the October 25 Form 8-K)
3.5	Articles Supplementary (incorporated by reference to Exhibit 3.3 to the October 25 Form 8-K)
3.6	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.6 to Registration Statement on Form S-8 (File No. 333-191916) filed on October 25, 2013 (the “S-8 Registration Statement”))
10.1	Master Self-Management Transition Agreement by and among CatchMark Timber Trust, Inc., CatchMark Timber Operating Partnership, L.P., Wells Timberland Management Organization, LLC and Wells Real Estate Funds, Inc. (incorporated by reference to Exhibit 10.2 to the Initial S-11 Registration Statement)
10.2	Amendment No. 1 to the Master Self-Management Transition Agreement by among CatchMark Timber Trust, Inc., CatchMark Timber Operating Partnership, L.P., Wells Timberland Management Organization, LLC and Wells Real Estate Funds, Inc. (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2013 filed on October 30, 2013 (the “2013 Third Quarter Form 10-Q”))
10.3	Transition Services Agreement by and among CatchMark Timber Trust, Inc., CatchMark Timber Operating Partnership, L.P. and Wells Real Estate Funds, Inc. (incorporated by reference to Exhibit 10.7 to the 2013 Third Quarter Form 10-Q)
10.4	Preferred Stock Redemption Agreement by and among CatchMark Timber Trust, Inc., Wells Real Estate Funds, Inc., Leo F. Wells, III and Douglas P. Williams (incorporated by reference to Exhibit 10.4 to the Initial S-11 Registration Statement)
10.5	Amendment to the Preferred Stock Redemption Agreement dated as of September 20, 2013 by and among CatchMark Timber Trust, Inc., Wells Real Estate Funds, Inc., Leo F. Wells, III and Douglas P. Williams (incorporated by reference to as Exhibit 10.5 to the Initial S-11 Registration Statement)
10.6	Amendment No. 2 to the Preferred Stock Redemption Agreement by and among CatchMark Timber Trust, Inc., Wells Real Estate Funds, Inc. Leo F. Wells, III and Douglas P. Williams (incorporated by reference to Exhibit 10.6 to the 2013 Third Quarter Form 10-Q)

- 10.7 Third Amended and Restated Agreement of Limited Partnership of Wells Timberland Operating Partnership, L.P. ((incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2009 filed on August 7, 2009)
- 10.8+ Amended and Restated 2005 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to the S-8 Registration Statement)
- 10.9+ CatchMark Timber Trust, Inc. Amended and Restated Independent Directors Compensation Plan (Effective January 1, 2014) (incorporated by reference to Exhibit 99.1 to Current Report on Form 8-K filed on February 19, 2014)
- 10.10+ CatchMark Timber Trust, Inc. Amended and Restated Independent Directors Compensation Plan (as amended and restated on July 30, 2015) (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2015 filed on November 2, 2015)
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Exhibit Number	Description
10.11+	Form of 2013 Performance-Based Restricted Stock Award Certificate under the Amended and Restated CatchMark Timber Trust, Inc. 2005 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.72 to the Annual Report on Form 10-K for the year ended December 31, 2013 filed on March 13, 2014 (the “2013 Form 10-K”))
10.12+	Form of Service-Based Restricted Stock Award Certificate under the Amended and Restated CatchMark Timber Trust, Inc. 2005 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.74 to the 2013 Form 10-K)
10.13+	Form of Restricted Stock Unit Award Certificate under the Amended and Restated CatchMark Timber Trust, Inc. 2005 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.73 to the 2013 Form 10-K)
10.14+*	Form of 2015 Performance-Based Restricted Stock Award Certificate under the Amended and Restated CatchMark Timber Trust, Inc. 2005 Long-Term Incentive Plan (filed herewith)
10.15+	Employment Agreement by and between CatchMark Timber Trust, Inc. and Jerry Barag (incorporated by reference to Exhibit 10.9 to the 2013 Third Quarter Form 10-Q)
10.16+	Employment Agreement by and between CatchMark Timber Trust, Inc. and John F. Rasor (incorporated by reference to Exhibit 10.10 to the 2013 Third Quarter Form 10-Q)
10.17+	Employment Agreement by and between CatchMark Timber Trust, Inc. and Brian M. Davis (incorporated by reference to Exhibit 10.11 to the 2013 Third Quarter Form 10-Q)
10.18	Amended and Restated Security Agreement dated as of March 24, 2010 between Wells Timberland Operating Partnership, L.P., Timberlands II, LLC, as the borrowers, Wells Timberland TRS, Inc., Wells TRS Harvesting Operations, LLC, Wells Timberland HBU, LLC, in favor of CoBank, ACB, as administrative agent and certain financial institutions as the lenders (incorporated by reference to Exhibit 10.17 to the 2009 Form 10-K)
10.19	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.12 to the Initial S-11 Registration Statement)
10.20	Third Amended and Restated Credit Agreement, dated as of December 19, 2013, by and among Timberlands II, LLC and CatchMark Timber Operating Partnership, L.P., as Borrowers, CoBank, ACB, as Administrative Agent, Joint Lead Arranger, Sole Bookrunner, Swingline Lender and Issuing Lender, AgFirst Farm Credit Bank, as Joint Lead Arranger and Syndication Agent, Cooperatieve Centrale Raiffeisen-Boerenleenbank, B.A. “RaboBank Nederland”, New York Branch, as Document Agent, and Certain Financial Institutions, as the Lenders (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed on December 26, 2013 (the “December 26 Form 8-K”))
10.21	Second Amended and Restated Security Agreement, dated as of December 19, 2013, made by CatchMark Timber Operating Partnership, L.P., Timberlands II, LLC, CatchMark Timber TRS, Inc., CatchMark TRS Harvesting Operations, LLC, CatchMark HBU, LLC in favor of CoBank, ACB, as

administrative agent for the benefit of itself and each Lender Party (incorporated by reference to Exhibit 10.2 to the December 26 Form 8-K)

10.22 Second Amended and Restated Security Agreement, dated as of December 19, 2013, made by CatchMark Timber Trust, Inc. in favor of CoBank, ACB, as administrative agent for the benefit of itself and each Lender Party (incorporated by reference to Exhibit 10.3 to the December 26 Form 8-K)

10.23 Second Amended and Restated Limited Guaranty, dated as of December 19, 2013, made by CatchMark Timber Trust, Inc. in favor of CoBank, ACB, as administrative agent for the benefit of itself and each Lender Party (incorporated by reference to Exhibit 10.4 to the December 26 Form 8-K)

10.24 Second Amended and Restated Guaranty, dated as of December 19, 2013 made by CatchMark Timber TRS, Inc. in favor of CoBank, ACB, as administrative agent for the benefit of itself and each Lender Party (incorporated by reference to Exhibit 10.5 to the December 26 Form 8-K)

10.25 Second Amended and Restated Guaranty made by CatchMark TRS Harvesting Operations, LLC in favor of CoBank, ACB, as administrative agent for the benefit of itself and each Lender Party (incorporated by reference to Exhibit 10.6 to the December 26 Form 8-K)

10.26 Amended and Restated Guaranty made by CatchMark HBU, LLC in favor of CoBank, ACB, as administrative agent for the benefit of itself and each Lender Party (incorporated by reference to Exhibit 10.7 to the December 26 Form 8-K)

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Exhibit Number	Description
10.27	Second Amended and Restated Pledge Agreement, dated as of December 19, 2013, made by CatchMark Timber Operating Partnership, L.P., Timberlands II, LLC, CatchMark Timber TRS, Inc., CatchMark TRS Harvesting Operations, LLC, CatchMark HBU, LLC in favor of CoBank, ACB, as administrative agent for the benefit of itself and each Lender Party (incorporated by reference to Exhibit 10.8 to the December 26 Form 8-K)
10.28	Joinder and Amendment Agreement dated May 30, 2014, by and among Timberlands II, LLC., and CatchMark Timber Operating Partnership, L.P., as borrowers, CatchMark Texas Timberlands GP, LLC, and Catchmark Texas Timberlands LP, L.P., as subsidiaries, and CoBank A.C.B., as Administrative Agent (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2014 filed on August 14, 2014)
10.29	Fourth Amended and Restated Credit Agreement, dated as of December 23, 2014, by and among CatchMark Timber Operating Partnership, L.P., as Borrower, certain Guarantors, CoBank, ACB, as Administrative Agent, Joint Lead Arranger, Sole Bookrunner, Swingline Lender and Issuing Lender, AgFirst Farm Credit Bank, as Joint Lead Arranger and Syndication Agent, Cooperatieve Centrale Raiffeisen-Boerenleenbank, B.A. "RaboBank Nederland", New York Branch, as Document Agent, and Certain Financial Institutions, as the Lenders (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on December 30, 2014 (the "December 30, 2014 8-K"))
10.30	Third Amended and Restated Security Agreement, dated as of December 23, 2014, made by CatchMark Timber Operating Partnership, L.P., Timberlands II, LLC, CatchMark Timber TRS, Inc., CatchMark TRS Harvesting Operations, LLC, CatchMark HBU, LLC, CatchMark Texas Timberlands GP, LLC and CatchMark Texas Timberlands, L.P. in favor of CoBank, ACB, as administrative agent for the benefit of itself and each Lender Party (incorporated by reference to Exhibit 10.2 to the December 30, 2014 Form 8-K)
10.31	Third Amended and Restated Pledge Agreement, dated as of December 23, 2014, made by CatchMark Timber Operating Partnership, L.P., Timberlands II, LLC, CatchMark Timber TRS, Inc., CatchMark TRS Harvesting Operations, LLC, CatchMark HBU, LLC, CatchMark Texas Timberlands GP, LLC and CatchMark Texas Timberlands, L.P. in favor of CoBank, ACB, as administrative agent for the benefit of itself and each Lender Party (incorporated by reference to Exhibit 10.4 to the December 30, 2014 Form 8-K)
10.32	Georgia Form of Recognition Agreement (Master Stumpage Agreement) dated as of October 9, 2007 among Timberlands II, LLC, Wells TRS Harvesting Operations, LLC, MeadWestvaco Coated Board, Inc., MeadWestvaco Corporation, CoBank, ACB, as the senior administrative agent, and Wachovia Bank, N.A., as the subordinated administrative agent (incorporated by reference to Exhibit 10.17 to the Registration Statement on Form S-11 (No. 333-129651) filed on December 14, 2007 ("Post-Effective Amendment No. 2"))
10.33	Alabama Form of Recognition Agreement (Master Stumpage Agreement) dated as of October 9, 2007 among Timberlands II, LLC, Wells TRS Harvesting Operations, LLC, MeadWestvaco Coated Board, Inc., MeadWestvaco Corporation, CoBank, ACB, as the senior administrative agent, and Wachovia Bank, N.A., as the subordinated administrative agent (incorporated by reference to Exhibit 10.18 to Post-Effective Amendment No. 2)

- 10.34 Georgia Form of Recognition Agreement (Fiber Supply Agreement) dated as of October 9, 2007 among Wells TRS Harvesting Operations, LLC, Timberlands II, LLC, MeadWestvaco Coated Board, Inc., MeadWestvaco Corporation, CoBank, ACB, as the senior administrative agent, and Wachovia Bank, N.A., as the subordinated administrative agent (incorporated by reference to Exhibit 10.19 to Post-Effective Amendment No. 2)
- 10.35 Alabama Form of Recognition Agreement (Fiber Supply Agreement) dated as of October 9, 2007 among Wells TRS Harvesting Operations, LLC, Timberlands II, LLC, MeadWestvaco Coated Board, Inc., MeadWestvaco Corporation, CoBank, ACB, as the senior administrative agent, and Wachovia Bank, N.A., as the subordinated administrative agent (incorporated by reference to Exhibit 10.20 to Post-Effective Amendment No. 2)
- 10.36 Master Stumpage Agreement dated October 9, 2007 by and among Timberlands II, LLC, Wells TRS Harvesting Operations, LLC, and MeadWestvaco Coated Board, Inc. (incorporated by reference to Exhibit 10.25 to the 2009 Form 10-K)
- 10.37 Fiber Supply Agreement dated October 9, 2007 by and among Wells TRS Harvesting Operations, LLC, MeadWestvaco Corporation, and MeadWestvaco Coated Board, Inc. (incorporated by reference to Exhibit 10.26 to the 2009 Form 10-K)
- 10.38 Purchase and Sale Agreement dated July 7, 2014 between Wildwood Timberlands, LLC, as seller, and CatchMark Timber Trust, Inc., as buyer (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2014 filed on November 13, 2014)
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Exhibit Number	Description
10.39	Purchase and Sale Agreement dated March 13, 2014 between Forestree VI LP and Forestree VI Texas LP, as seller, and CatchMark Timber Trust, Inc., as buyer (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 filed on May 13, 2014)
21.1*	Subsidiaries of the Company
23.1*	Consent of Deloitte & Touche LLP
31.1*	Certification of the Principal Executive Officer of the Company, pursuant to Securities Exchange Act Rule 13a-14 and 15d-14 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of the Principal Financial Officer of the Company, pursuant to Securities Exchange Act Rules 13a-14 and 15d-14 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Statement of the Principal Executive Officer and Principal Financial Officer of the Company, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
*	Filed herewith.
+	Management contract or compensatory plan or arrangement.