VULCAN MATERIALS CO
Form 11-K
June 28, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2003

Commission file number: 1-4033

VULCAN MATERIALS COMPANY
THRIFT PLAN FOR SALARIED EMPLOYEES
(full title of the plan)

VULCAN MATERIALS COMPANY
(Name of issuer of the securities held pursuant to the plan)

1200 Urban Center Drive
Birmingham, Alabama 35242
(Address of issuer's principal executive offices and address of the plan)

Vulcan Materials Company
Thrift Plan For Salaried Employees
Financial Statements as of and for the
Years Ended December 31, 2003 and 2002,
Supplemental Schedule as of
December 31, 2003, and
Report of Independent Registered Public Accounting Firm

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Administrative Committee
Vulcan Materials Company
Thrift Plan for Salaried Employees

We have audited the accompanying statements of net assets available for benefits of the Vulcan Materials Company Thrift Plan for Salaried Employees (the "Plan") as of December 31, 2003 and 2002, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2003 and 2002, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2003, is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. Such supplemental schedule has been subjected to the auditing procedures applied in our audit of the basic 2003 financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Birmingham, Alabama
June 25, 2004

VULCAN MATERIALS COMPANY
THRIFT PLAN FOR SALARIED EMPLOYEES

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2003 AND 2002

ASSETS	2003	2002
INTEREST IN MASTER TRUST:		
Investments	$399,864,116	$321,155,260
Participant loans	9,282,904	9,366,213
Total interest in Master Trust	409,147,020	330,521,473
RECEIVABLES FROM VULCAN MATERIALS COMPANY:		
Employer contributions	1,242,512	1,335,683
Employee contributions	808,412	
Total receivables	2,050,924	1,335,683
NET ASSETS AVAILABLE FOR BENEFITS	$411,197,944	$331,857,156

See notes to financial statements.

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VULCAN MATERIALS COMPANY
THRIFT PLAN FOR SALARIED EMPLOYEES

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEARS ENDED DECEMBER 31, 2003 AND 2002

ADDITIONS (DEDUCTIONS) TO NET ASSETS ATTRIBUTED TO:	2003	2002
Investment income (loss) from interest In Master Trust		
Contributions:	$81,717,198	$(61,461,309)
Participants		
Vulcan Materials Company		
Total contributions	15,202,068	14,596,993
	5,979,831	5,730,794
Loan repayments from participants	21,181,899	20,327,787
Transfer of participants' investment account between other vulcan materials company plans (Note 1)	10,059,240	4,953,510
Other-Net	328,477	158,305
TOTAL	(36,194)	(55,070)
	113,250,620	(36,076,777)
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:		
Withdrawals by participants	24,101,000	30,906,784
Loans to participants	9,808,832	5,359,093
TOTAL	33,909,832	36,265,877
NET INCREASE (DECREASE)	79,340,788	(72,342,654)
NET ASSETS AVAILABLE FOR BENEFITS:		
Beginning of year	331,857,156	404,199,810
End of year	$411,197,944	$331,857,156

See notes to financial statements.

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VULCAN MATERIALS COMPANY
THRIFT PLAN FOR SALARIED EMPLOYEES

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

1. DESCRIPTION OF THE PLAN

General

-The Vulcan Materials Company Thrift Plan for Salaried Employees (the "Plan"), a defined contribution employee benefit plan established effective January 1, 1965 and most recently restated effective January 1, 2002, provides for accumulation of savings, including ownership of common stock of Vulcan Materials Company (the "Company"), for salaried employees of the Company and its participating subsidiaries, Vulcan Gulf Coast Materials, Inc., RECO Transportation, LLC., Callaway Chemical Company, Vulcan Chemical Technologies, Inc., Vulcan Aggregates Co., LLC, Vulcan Construction Materials, LP, Vulcan Construction Materials, Inc., Vulcan Materials Finance Company, Tarmac Mid-Atlantic, Inc., Palomar Transit Mix, Inc., Azusa Rock, Inc., Triangle Rock Products, Inc., Reliance Transport Company, Western Environmental Contracting, CalMat Company, CalMat of New Mexico, and CalMat of Central California (collectively, the "Participating Companies") through voluntary payroll deductions and contributions by the Participating Companies.

Effective January 1, 2002, the Company amended and restated the Plan. In connection with the amended and restated Plan, the Company designated a portion of the Plan consisting of the Vulcan Materials Company common stock fund as an Employee Stock Ownership Plan ("ESOP"). The Vulcan ESOP fund allows a participant to elect to have the dividends paid on Vulcan Materials Company common stock reinvested in the Company's common stock or paid to the participant in cash. Further, the Plan adopted the provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001.

A participant may transfer between the Company's divisions. In these instances, the net assets of the participant's account will be transferred between the other defined contribution employee benefit plans that participate in the Vulcan Materials Company Retirement Savings Trust (the "Master Trust").

Participation and Vesting-Generally, salaried employees qualify to participate on the first of the month following or coincident with one month of employment service. Participants are fully vested at all times.

Contributions-The Plan is funded through contributions by participants and the Participating Companies. The Plan provides for two types of employee contributions to the Plan: pay conversion contributions (pretax) and after-tax contributions. An employee may designate multiples of 1%, ranging from 1% to 35%, of earnings as either pay conversion contributions, after-tax contributions, or any combination of the two. Pay conversion contributions, which are subject to annual increases pursuant to federal regulations, are limited to a maximum dollar amount of $12,000. Certain additional limits may be imposed on the amount of contributions by or on behalf of certain higher-paid employees. For participants over the age of 50, additional catch-up contributions may be made in the amount of $2,000 and $1,000 for the years ended 2003 and 2002, respectively.

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Participating Companies expect to make matching contributions out of accumulated earnings and profits to match that portion of an employee's contribution (whether pretax, aftertax, or both) amounting up to 4% of the employee's earnings. Matching contributions by Participating Companies are determined by their boards of directors and normally range from 0% to 100% depending on a participant's completed years of matching service. In addition to the matching contributions described above, each participating company may make an additional bonus matching contribution equal to a percentage of the after-tax contributions and pay conversion contributions on the last day of the Plan year, which in aggregate exceed 4% but do not exceed 6%, of the employee's earnings for the portion of the Plan year in which the employee was an eligible participant.

Investment Options-Participant's contributions are invested in 14 separate investment funds and a select retirement account of the Plan in proportions elected by the participant. The Participating Companies' matching contributions are invested in the fund which consists of common stock of the Company and are nonparticipant-directed. See Note 4 for further information on nonparticipant-directed contributions.

Allocations and Determination of Accounts-Separate accounts are maintained for each participant for matched, unmatched, and Participating Companies contributions and accumulated earnings on each. Additionally, subaccounts are maintained for matched and unmatched accounts for the portion of each account that is attributable to pretax contributions and the portion attributable to after-tax contributions. Earnings are allocated daily to each participant's account in the ratio of the participant's account balance to total participants' account balances.

Distributions and Withdrawals-Upon termination of employment, disability (as defined in the Plan), or death, a participant or his or her beneficiary is entitled to his or her entire account. Distributions are made in cash, except that the portion invested in common stock of the Company may be distributed in whole shares of such stock, if requested by the participant or beneficiary. An employee terminating after January 1, 1983 can maintain his or her account in the Plan until age 70 1/2 if the value of such account exceeds $5,000. As of December 31, 2003 and 2002, benefits of $102,175,520 and $69,605,774, respectively, were due to individuals who were separated from the Plan.

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

Participant Loans-A participant may apply for a loan at any time provided that the participant is receiving compensation from which payroll deductions may be made. The amount of the loan cannot exceed the lesser of 50% of the participant's total account, less the outstanding balance of all existing loans, or $50,000, reduced by the highest outstanding balance of existing loans during the 12 months preceding the effective date of such loan. If a loan is made, the participant shall execute a note payable to the Northern Trust Company of Chicago, Illinois (the "Trustee") in the amount of the loan and bearing interest at the Prime interest rate plus 1%. The average rate of interest on loans approximated 6.4% and 8% as of December 31, 2003 and 2002, respectively. A loan is considered an investment of the Plan. The participant's investment accounts will be reduced by the amount of the loan. Any repayment made will be allocated to the participant's investment accounts in accordance with his or her current investment direction. Loans must be repaid in monthly installments through payroll deductions. The maximum number of monthly installments is 60.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

-The financial statements of the Plan have been prepared on the accrual basis of accounting. All assets of the Plan are held by the Trustee. The Company pays the administrative costs of the Plan, including the Trustee's fees and charges. Hewitt Associates, LLC (the "Recordkeeper") is the Recordkeeper for the Plan.

The Plan's investment in the Vulcan Materials Company Retirement Savings Trust (the "Master Trust") represents its proportionate interest. The Plan's investment in the Master Trust is presented at estimated fair value, which has been determined based on the underlying fair values of the assets of the Master Trust.

Valuation of Investments and Income Recognition-Investments are reported at fair value. All investments in securities are traded on national and over-the-counter exchanges and are valued at the closing bid price of the security as of the last day of the year. Loans to participants are valued at cost plus accrued interest which approximates fair value. The average cost of securities sold or distributed is used to determine net investment gains or losses realized. Security transactions are recorded on the settlement date, which approximates the trade date. Distributions of common stock, if any, to participants are recorded at the market value of such stock at the time of distribution. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Investment manager fees are netted against Plan investment income. Expenses incurred in connection with the transfer of securities, such as brokerage commissions and transfer taxes, are added to the cost of such securities or deducted from the proceeds thereof.

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

Reclassifications-Certain prior year items have been reclassified to conform with the current year presentation.

3. INVESTMENT IN MASTER TRUST

The Plan's investment assets are held in a trust account by The Northern Trust Company of Chicago, Illinois, the Plan's Trustee. Use of the Master Trust permits the commingling of investment assets of a number of employee benefit plans of the Participating Companies. Although assets of the plans are commingled in the Master Trust, the Recordkeeper maintains supporting records for the purpose of allocating the net gain or loss of the investment account to the participating plans. The net investment income or loss of the investment assets and administrative expenses are allocated by the Recordkeeper to each participating plan based on the relationship of the interest of each plan to the total of the interests of the participating plans.

The net assets of the Master Trust at December 31, 2003 and 2002 are summarized as follows:

	2003	2002
Commingled fund holding principally short-term fixed income investments		
Guaranteed investment contracts	$98,437,655	$82,261,237
Fund holding principally venture capital and partnership investments	87,219,810	73,659,748
International equity investments	26,096,654	25,860,144
Domestic equity investments	107,658,874	84,282,775
U.S. government securities	113,041,238	76,695,674
Commingled funds holding principally common stock	66,993,828	61,457,771
Commingled funds holding principally international equity instruments	85,040,720	58,050,365
Vulcan Materials Company common stock*	36,955,890	27,975,225
Corporate debt investments	269,938,820	218,074,431
Other equities	63,808,801	56,567,037
Net assets	18,923,268	23,097,851
	$974,115,558	$787,982,258
Percentage of Plan's investments in the Master Trust's investments		
	41.0%	40.8%

*Consists of both participant-directed and nonparticipant-directed contributions.

The total investment income (loss) of the Master Trust at December 31, 2003 and 2002 is summarized as follows:

	2003	2002
Interest-net		
Dividends	$12,136,202	$12,045,779
Other	6,245,087	6,319,623
Net investment gains (losses):	127,297	260,289
Realized		
Unrealized	30,463,685	(2,008,576)
Total	143,253,303	(148,282,806)
	$192,225,574	$(131,665,691)

4. NONPARTICIPANT-DIRECTED INVESTMENTS

Information about the net assets and the significant components of the changes in net assets relating to Vulcan Materials Company common stock, which includes both participant-and nonparticipant-directed investments as of and for the years ended December 31, 2003 and 2002 is as follows:

	2003	2002
Net assets-beginning of year		
Changes in net assets:	$218,074,431	$287,361,951
Investment income (loss)		
Employer's contributions	62,387,372	(53,830,879)
Participants' contributions	8,150,074	2,379,650
Loan repayments from participants	7,850,162	3,018,447
Benefits paid to participants	4,099,908	1,208,789
Distribution of loans to participants	(13,140,714)	(15,353,726)
Transfers to participant-directed investments-net	(4,578,083)	(1,619,711)
Net change	(12,904,330)	(5,090,090)
Net assets-end of year	51,864,389	(69,287,520)
	$269,938,820	$218,074,431

5. PLAN TERMINATION

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

6. TAX STATUS

The Internal Revenue Service has determined and informed the Company by a letter dated January 10, 2003 that the Plan and related trust were designed in accordance with the applicable regulations of the Internal Revenue Code. The Company and plan administrator believe that the Plan is currently designed and operated in compliance with the applicable requirements of the Internal Revenue Code and that the Plan and the related trust continue to be tax-exempt. Therefore, no provision for income taxes has been included in the Plan's financial statements.

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SUPPLEMENTAL SCHEDULE
(See Report of Independent Registered Public Accounting Firm)

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VULCAN MATERIALS COMPANY
THRIFT PLAN FOR SALARIED EMPLOYEES

FORM 5500, SCHEDULE H, PART IV, LINE 4i-
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2003

(a)	(b) Identity of Issuer, Borrower, Lessor, or Similar Party	(c) Description of Investment, Including Maturity Date, Rate of Interest, Collateral, and Par or Maturity Value	(d) Cost	(e) Current Value
	*Various Plan participants	Participant loans at interest rates of 5% to 11.5% maturing in 1 to 60 months	**	$9,282,904

*Party-in-interest.
**Cost information is not required for participant-directed investments and, therefore, is not included.

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SIGNATURES

THE PLAN. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustee (or other person who administers the employee benefit plan) has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

VULCAN MATERIALS COMPANY
THRIFT PLAN FOR SALARIED EMPLOYEES

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

Date: June 25, 2004

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