

GRANITE CONSTRUCTION INC
Form 8-K
April 28, 2010

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

FORM 8-K

CURRENT REPORT
Pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) April 28, 2010

GRANITE CONSTRUCTION INCORPORATED
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	1-12911 (Commission File Number)	77-0239383 (IRS Employer Identification No.)
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585 West Beach Street
Watsonville, California 95076
(Address of principal executive offices) (Zip Code)

(831) 724-1011
Registrant's telephone number, including area code

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01 Other Events

Introduction

On August 31, 2009, Granite Construction Incorporated (“Granite” or the “Company”) announced changes to its organizational structure designed to improve operating efficiencies and better position the Company for long-term growth. In conjunction with the restructure, the Company changed its reportable business segments to reflect its lines of business rather than its geographies, as it has been in recent history. Effective January 1, 2010 the Company’s new reportable segments are: Construction, Large Project Construction, Construction Materials and Real Estate. Additionally, the Company reclassified certain costs between cost of revenue and selling, general and administrative expense to better represent our direct cost of revenue. These reclassifications did not have a significant affect on our previously reported net operating results.

For investors who may want to consider the effects of the realignment and reclassifications in advance of the announcement of first quarter 2010 results, Granite is presenting unaudited financial information for the new reportable segments in the following tables. Specifically presented are segment net revenue, gross profit (loss), gross margin (loss) and consolidated selling, general and administrative expense for years ended 2009 and 2008 and for each of the quarterly periods in these years. Information on segment assets and related depreciation, depletion and amortization will be presented in the respective Form 10-Q and 10-K reports beginning with the Form 10-Q report for the three months ended March 31, 2010.

Former Reportable Segments

As indicated in Note 20, “Business Segment Information,” of the notes to Granite’s consolidated financial statements, set forth in Item 15 of Part IV of Granite’s Form 10-K for fiscal year ended December 31, 2009, the Company previously operated in three reportable business segments: Granite West, Granite East, and Granite Land Company.

Granite West’s revenues were generated in the western United States from construction projects and the sale of construction materials. Granite West projects tended to be smaller in nature and duration, however, they included some large, complex infrastructure projects. Granite East’s revenues were primarily generated in the eastern United States from large, complex infrastructure projects. Granite Land Company’s revenues were generated from real estate development projects and services.

Overview of New Reportable Segments

Construction

This segment performs various heavy civil construction projects with a large portion of the work focused on new construction and improvement of streets, roads, highways, bridges, site work and other infrastructure projects. Construction segment projects are typically bid-build projects completed within two years and have a contract value of less than \$75 million.

Large Project Construction

This segment focuses on large, complex infrastructure projects which are long-term in nature. Large Project Construction projects include major highways, mass transit facilities, bridges, tunnels, waterway locks and dams, pipelines, canals and airport infrastructure. This segment primarily includes bid-build, design-build and construction management/general contractor (CMGC) contracts, generally with contract values in excess of \$75 million.

Construction Materials

This segment mines and processes aggregates and operates plants that produce construction materials for internal use and for sale to third parties.

Real Estate

This segment purchases, develops, operates, sells and invests in real estate related projects and provides real estate services for the Company's operations.

2

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The following tables present unaudited summarized segment information for the years ended December 31, 2009 and 2008 and for each of the quarterly periods in these years (dollars in thousands):

Year Ended December 31, 2009	Prior Segments			New Segments			Total
	Total	Construction	Large Project Construction	Construction Materials	Real Estate		
Net revenue							
Granite West	\$ 1,411,016	\$ 1,096,729	\$ 108,342	\$ 205,945	\$ -		\$ 1,411,016
Granite East	550,189	55,014	495,175	-	-		550,189
Granite Land Company	2,274	-	-	-	2,274		2,274
Net revenue	\$ 1,963,479	\$ 1,151,743	\$ 603,517	\$ 205,945	\$ 2,274		\$ 1,963,479
Gross profit (loss)							
Granite West	\$ 236,868	\$ 202,598	\$ 19,870	\$ 14,400	\$ -		\$ 236,868
Granite East	110,823	10,106	100,717	-	-		110,823
Granite Land Company	(1,318)	-	-	-	(1,318)		(1,318)
Gross profit (loss)	346,373	212,704	120,587	14,400	(1,318)		346,373
Cost reclassification	3,136	(3,217)	(487)	6,840	-		3,136
Gross profit (loss) adjusted	\$ 349,509	\$ 209,487	\$ 120,100	\$ 21,240	\$ (1,318)		\$ 349,509
Gross margin (loss)							
Granite West	16.8 %	18.5 %	18.3 %	7.0 %	- %		16.8 %
Granite East	20.1	18.4	20.3	-	-		20.1
Granite Land Company	(58.0)	-	-	-	(58.0)		(58.0)
Gross margin (loss)	17.6	18.5	20.0	7.0	(58.0)		17.6
Gross margin (loss) adjusted	17.8 %	18.2 %	19.9 %	10.3 %	(58.0)%		17.8 %
Selling, general and administrative							