VULCAN MATERIALS CO

FORM 8-K
(Current report filing)

Filed 02/27/09 for the Period Ending 02/25/09

Address 1200 URBAN CENTER DRIVE
BIRMINGHAM, AL 35242
Telephone 2052983000
CIK 0001396009
Symbol VMC
SIC Code 1400 - Mining & Quarrying of Nonmetallic Minerals (No Fuels)
Industry Construction - Raw Materials
Sector Capital Goods
Fiscal Year 12/31
VULCAN MATERIALS COMPANY
(Exact name of registrant as specified in its charter)

1200 Urban Center Drive
Birmingham, Alabama 35242
(Address of principal executive offices) (zip code)

(205) 298-3000
Registrant’s telephone number, including area code:

Not Applicable
(Former name or former address if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions:

☐ 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 2.06. Material Impairments.

The Company issued a press release in which it announced that the Company concluded on February 25, 2009, that it had an impairment of the full amount of goodwill related to its cement segment, which the Company acquired in the Florida Rock transaction in 2007. As a result, for the year ended December 31, 2008, the Company has recorded a non-cash impairment charge of $253 million. Ongoing disruptions in the credit and equity markets and weak levels of the construction activity, underscored by the underlying negative effects of the prolonged global recession, prompted a reevaluation of the segment and resulting increase in the discount rates used to test goodwill impairment. This impairment will not affect the Company’s liquidity, cash flows, cash earnings or compliance with debt covenants. The impairment charge will not result in any future cash expenditures.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits:

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<th>Exhibit No.</th>
<th>Description</th>
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant had duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Vulcan Materials Company

Date: February 27, 2009

By: /s/ Robert A. Wason IV

Robert A. Wason IV
VULCAN RECORDS 2008 NONCASH GOODWILL IMPAIRMENT CHARGE FOR ITS CEMENT SEGMENT

No Impact on Vulcan Operations, Cash Flows or Debt Covenants

Birmingham, Alabama — February 25, 2009 — Vulcan Materials Company (NYSE:VMC) announced today that, in accordance with Financial Accounting Standard 142, it has recorded a fourth quarter noncash charge for impairment of the full $253 million of goodwill allocated to its cement segment, acquired in the Florida Rock Industries transaction in 2007. Ongoing disruptions in the credit and equity markets and weak levels of construction activity, underscored by the negative effects of the prolonged global recession, prompted a reevaluation and increase in the discount rates used to test goodwill impairment. As a result of this charge, and certain year end tax adjustments, full year 2008 net earnings will be reduced by $233 million, or $2.10 per diluted share, from the levels previously announced.

While the goodwill impairment charge reduced reported earnings for 2008, it will not affect Vulcan’s liquidity, cash flows, cash earnings or debt covenants. Additionally, it will not have any impact on operations of the Company’s cement business.

In accordance with generally accepted accounting principles (“GAAP”) governing goodwill and other intangible assets, the Company is required to test annually whether the estimated fair market value of its business segments is sufficient to support the goodwill assigned to those segments. The Company utilizes several valuation techniques in making that determination, including a discounted cash flow methodology, which requires the selection of discount rates. Management uses available information to make these fair value estimates, including discount rates commensurate with the risks relevant to the Company’s businesses. Additional information regarding this impairment charge will be included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2008, which will be filed with the Securities and Exchange Commission.

Vulcan Materials Company, a member of the S&P 500 Index, is the nation’s largest producer of construction aggregates, a major producer of asphalt mix and concrete and a leading producer of cement in Florida.