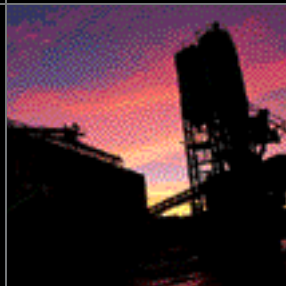


CONSOLIDATION

INTEGRATION



EXPERTISE

INVESTMENT



C O R P O R A T E H I G H L I G H T S

(IN THOUSANDS OF DOLLARS)

YEAR ENDED DECEMBER 31,

	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
REVENUES	<u>\$ 394,636</u>	<u>\$ 167,912</u>	<u>\$ 66,499</u>	<u>\$ 53,631</u>	<u>\$ 39,204</u>
INCOME FROM CONTINUING OPERATIONS	<u>\$ 41,386</u>	<u>\$ 16,893</u>	<u>\$ 6,883</u>	<u>\$ 4,242</u>	<u>\$ 955</u>
TOTAL ASSETS	<u>\$ 355,837</u>	<u>\$ 212,734</u>	<u>\$ 26,640</u>	<u>\$ 19,837</u>	<u>\$ 13,603</u>
LONG-TERM DEBT, INCLUDING CURRENT MATURITIES	<u>\$ 157,134</u>	<u>\$ 57,375</u>	<u>\$ 3,530</u>	<u>\$ 2,660</u>	<u>\$ 1,730</u>
TOTAL STOCKHOLDERS' EQUITY	<u>\$ 150,555</u>	<u>\$ 110,793</u>	<u>\$ 15,154</u>	<u>\$ 10,731</u>	<u>\$ 6,472</u>

The above historical financial information is of Central Concrete Supply Company prior to June 1, 1999 and of U.S. Concrete and its consolidated subsidiaries after that date.

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[COMPANY PROFILE](#)

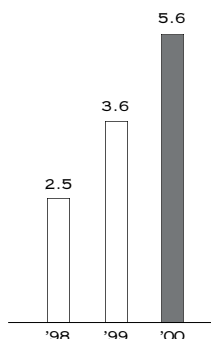
U.S. Concrete, Inc. is a leading value-added provider of ready-mixed concrete and related products and services to the construction industry in several major markets in the United States. As of March 15, 2001, we operate 73 ready-mixed plants producing more than 5.6 million cubic yards of concrete annually. Our common stock trades on The Nasdaq Stock Market under the symbol "RMIX."



EUGENE P. MARTINEAU
*Chief Executive Officer
and President*



VINCENT D. FOSTER
Chairman of the Board



READY-MIXED CONCRETE VOLUME
ANNUAL RUN RATE
AS OF DEC. 31
(IN MILLIONS OF CUBIC YARDS)

U.S. Concrete entered its first full year as a public company with a firm foundation in place and a clear strategy for capitalizing on the substantial opportunities presented within the United States concrete industry.

Our performance provides many reasons for satisfaction, as well as a great promise of potential for our future.

Our annual revenue run rate is now \$475 million, based on the 2000 revenues of the companies we owned as of March 15, 2001. The rate has climbed 68% from the \$283 million run rate for the companies we owned at December 31, 1999. We now have 73 ready-mixed plants producing over 5.6 million cubic yards of concrete per year, making U.S. Concrete the sixth largest ready-mixed concrete producer in the country.

GROWTH BY DESIGN

U.S. Concrete's continued growth during 2000 resulted primarily from our ongo-

ing business development activity and the significant advances we made during the year in executing the four primary components of our business strategy, which continue to be: Consolidation, Integration, Expertise and Investment.

Each of these components served as a cornerstone throughout 2000, both supporting and balancing our efforts, and they have set the structure for this year's report. We invite you to read on for a more detailed description of the advances we made in each area.

Of particular note, we were pleased with our ability to raise significant capital during 2000, even though our access to many of the capital market sectors was significantly limited throughout the year.

In February 2000, we successfully doubled the capacity of our senior credit facility from \$100 million to \$200 million. We also privately placed \$95 million of senior subordinated notes during

OUR 2000 RESULTS EPITO-
MIZE U.S. CONCRETE'S
STRONG COMBINATION OF
TALENT, EXPERTISE AND
DEDICATION, AND HOLD
THE PROMISE OF AN EVEN
BRIGHTER FUTURE.

November 2000 and used the net proceeds to reduce outstanding amounts under our credit facility.

Together, these achievements provide U.S. Concrete with the necessary financial flexibility and strength to continue identifying and pursuing favorable acquisition opportunities as they emerge within the marketplace.

INVESTING IN OUR PEOPLE

None of our advances would have been possible without the tireless efforts of U.S. Concrete's more than 1,800 employees.

We are proud of the depth of experience and the level of commitment that our employees continue to demonstrate at the corporate and operational levels

of U.S. Concrete, and most importantly throughout our entire organization.

Our 2000 results epitomize our strong combination of talent, expertise and dedication, and hold the promise of an even brighter future. U.S. Concrete continues investing in both our operations and people to ensure that we can fully leverage the potential embodied within our growing organization even as we work to capitalize on the opportunities that continue unfolding within the marketplace.

A CONCRETE FUTURE

With more than 3,500 independent ready-mixed concrete producers and more than 5,000 independent pre-cast concrete producers in the United States, there remains ample opportunity for consolidation within this combined \$50 billion industry, and U.S. Concrete is at the forefront of this effort.

In addition to capitalizing on consolidation within both of these industry

segments, we actively work to promote concrete as the building material of choice and, in doing so, enhance the potential for all industry participants.

As we look ahead with great encouragement, we remain committed to serving U.S. Concrete's stakeholders – our owners, customers, employees and suppliers – in a manner distinguished by the increasing value we provide and the integrity we demonstrate.

We thank you for your continued confidence and support. We look forward with you to a year of significant potential, intent on exploiting each opportunity to build on this past year's achievements.



EUGENE P. MARTINEAU
Chief Executive Officer and President



VINCENT D. FOSTER
Chairman of the Board

CONSOLIDATION



With more than 3,500 independent producers operating 5,300 ready-mixed plants and an additional 5,000 independent pre-cast concrete producers in the United States, the concrete industry remains highly fragmented, making it an ideal candidate for both vertical and geographic consolidation – a scenario of which U.S. Concrete continues to take fair advantage.

LEADING THE INDUSTRY

Since our IPO in May 1999, U.S. Concrete actively has participated in the industry’s geographic consolidation. A key component of our strategy is to geographically diversify by acquiring high-quality platform companies in growing new markets and increasing market share through in-market acquisitions and new plant expansions.

This strategy has enabled U.S. Concrete to become the sixth largest company

within the ready-mixed industry. U.S. Concrete currently operates 73 ready-mixed plants competing in nine major markets, with significant operations in three of the country’s top ten major markets – Northern California, Dallas/Fort Worth and Detroit.

In doing so, U.S. Concrete also has attained sufficient market share in seven of the markets we serve to establish strong market presence and to achieve significant operational synergies.

REGIONAL RESULTS WITH NATIONAL REACH

In addition to expanding market presence, the consolidation component of our strategy allowed U.S. Concrete to implement a number of initiatives throughout 2000 to enhance revenues and to curtail costs.

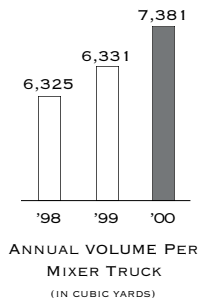
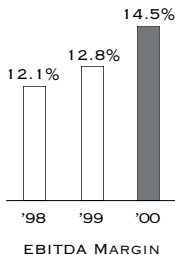
During the year, we consolidated duplicate facilities by combining offices in San Jose, Santa Rosa, Dallas/Fort Worth, Detroit, Memphis and Baltimore.



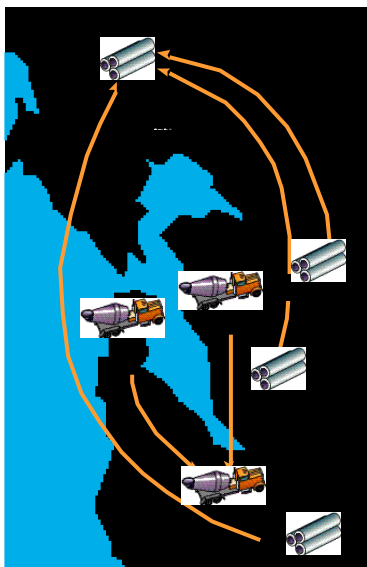
“THE CONSOLIDATION OF THE MARKETING AND SALES FUNCTIONS WITHIN EACH OF OUR MARKETS HAS IMPROVED DRAMATICALLY OUR ABILITY TO PROMOTE INNOVATIVE, VALUE-DIFFERENTIATED PRODUCTS TO OUR CUSTOMERS AND TO CROSS-SELL ADDITIONAL BUILDING MATERIALS AND PRE-CAST CONCRETE PRODUCTS. WE ALSO ARE BEGINNING TO SEE THE BENEFITS OF SHARING BEST PRACTICES IN MARKETING AND SALES AMONG OUR OPERATING COMPANIES.”

Richard Williams
Director, Marketing and Sales

BENEFITS OF NORTHERN CALIFORNIA CONSOLIDATION



OFFICE CONSOLIDATION IN NORTHERN CALIFORNIA



READY-MIXED CONCRETE ADMINISTRATIVE OFFICE



PRE-CAST CONCRETE ADMINISTRATIVE OFFICE

These consolidations allowed us to increase the efficiency of our administrative and accounting processes. In many instances, we also achieved savings by leveraging the economies of scale that resulted from our tuck-in acquisitions in these markets.

As our purchasing power grew on a local basis, it presented U.S. Concrete with even greater opportunities for savings on a national level. We worked throughout the year to negotiate and realize the benefits that are available to a company with national reach, including fleet standardization, national supply contracts for admixtures, fuel, tires, batteries and spare parts and consolidated insurance programs.

INCREASED EFFICIENCIES THROUGHOUT OUR ORGANIZATION

In addition to achieving greater economies, the consolidation of duplicate facilities allowed us to centralize certain functions within these combined offices, such as sales, customer service,

maintenance and accounting. The benefits of centralizing these functions were enhanced by the conversion of the various financial and operational IT systems of these offices to standardized systems.

EVEN GREATER OPPORTUNITIES AHEAD

We believe that industry consolidation remains in its infancy within the ready-mixed and concrete products industries, and U.S. Concrete is well poised to take full advantage of the opportunities that are emerging as independents across the country search for alliances that will enable them to better keep pace with the technological changes the industry is facing and to remain competitive.

U.S. Concrete will strive to continue its disciplined acquisition strategy, actively seeking high-quality platform companies that provide us entry into new markets and favorable tuck-in acquisitions that provide us with increased market share and capability within the markets we already serve.



INTEGRATION



CONSOLIDATION



Acquisition is just one of the components required for successful growth. It brings with it the challenge of integrating multiple IT systems, policies, procedures, personnel and corporate cultures. As a result, integration is an equal component of U.S. Concrete's long-term strategy.

MOVING TO COMMON PLATFORMS

U.S. Concrete made extraordinary advances in successfully migrating many of the key aspects of our operations from discrete, often incongruous, IT systems to a series of centralized, standardized platforms during 2000.

We implemented the Great Plains financial software system in five of our seven ready-mixed concrete markets and our corporate headquarters in Houston. Our two remaining ready-mixed operations are scheduled to be converted to Great Plains by June 2001.

We implemented the Command Series version of Command Data in five of our

seven ready-mixed concrete markets to handle quotes, order taking, dispatching, truck tracking, invoicing, accounts receivable and cash applications. We have scheduled conversion of our two remaining ready-mixed operations to Command Series by June 2001.

We converted our pre-cast concrete operations to the MAS 90 financial software system during the year. This system provides several customized, integrated features unique to the pre-cast sector of the industry.

By the first quarter of 2001, we had implemented the TMT repair and maintenance software system in three of our nine markets. Our six remaining markets are scheduled to be converted to TMT by June 2001.

We also centralized six of our nine operations onto our corporate network. This network communicates by means of a frame relay network and a common email software platform to further

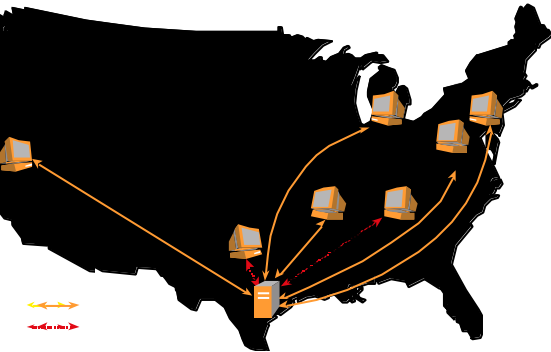


“OUR TRACK RECORD DEMONSTRATES OUR STRONG COMMITMENT TO INTEGRATION. WE ACHIEVED SIGNIFICANT PROGRESS CENTRALIZING OUR OPERATIONAL AND FINANCIAL IT SYSTEMS, DEVELOPING COMMON POLICIES AND PROCEDURES AND FOSTERING A UNIFORM CORPORATE CULTURE. WE HAVE ALREADY BEGUN TO REALIZE COST SAVINGS AND EXPECT TO SEE SUBSTANTIAL ADDITIONAL FUTURE BENEFITS FROM THESE COMMITMENTS.”

Terry Green
Vice President,
Operational Integration



FINANCIAL SYSTEM INTEGRATION



OUR COORDINATED MIGRATIONS TO CENTRALIZED, STANDARDIZED IT PLATFORMS WERE KEY IN PROVIDING THE INFRASTRUCTURE NECESSARY FOR OUR COMPANY AND STOCKHOLDERS TO REALIZE THE FULL VALUE OF CONSOLIDATION.

facilitate the real-time transfer and consistency of information throughout our company.

These coordinated migrations were key in providing the infrastructure necessary for our company and stockholders to realize the full value of consolidation, enabling U.S. Concrete to benefit from both standardized and automated processes.

COMMON POLICIES AND PROCEDURES

At the same time we were putting common systems in place, we also made a concerted effort to leverage the experience of our employees and the knowledge base we were aggregating with each new acquisition to centralize and standardize our policies and procedures.

From financial and sales policies to operational and risk management procedures, U.S. Concrete has identified the “best practices” within both the industry and our acquired companies. We have transferred and implemented these across

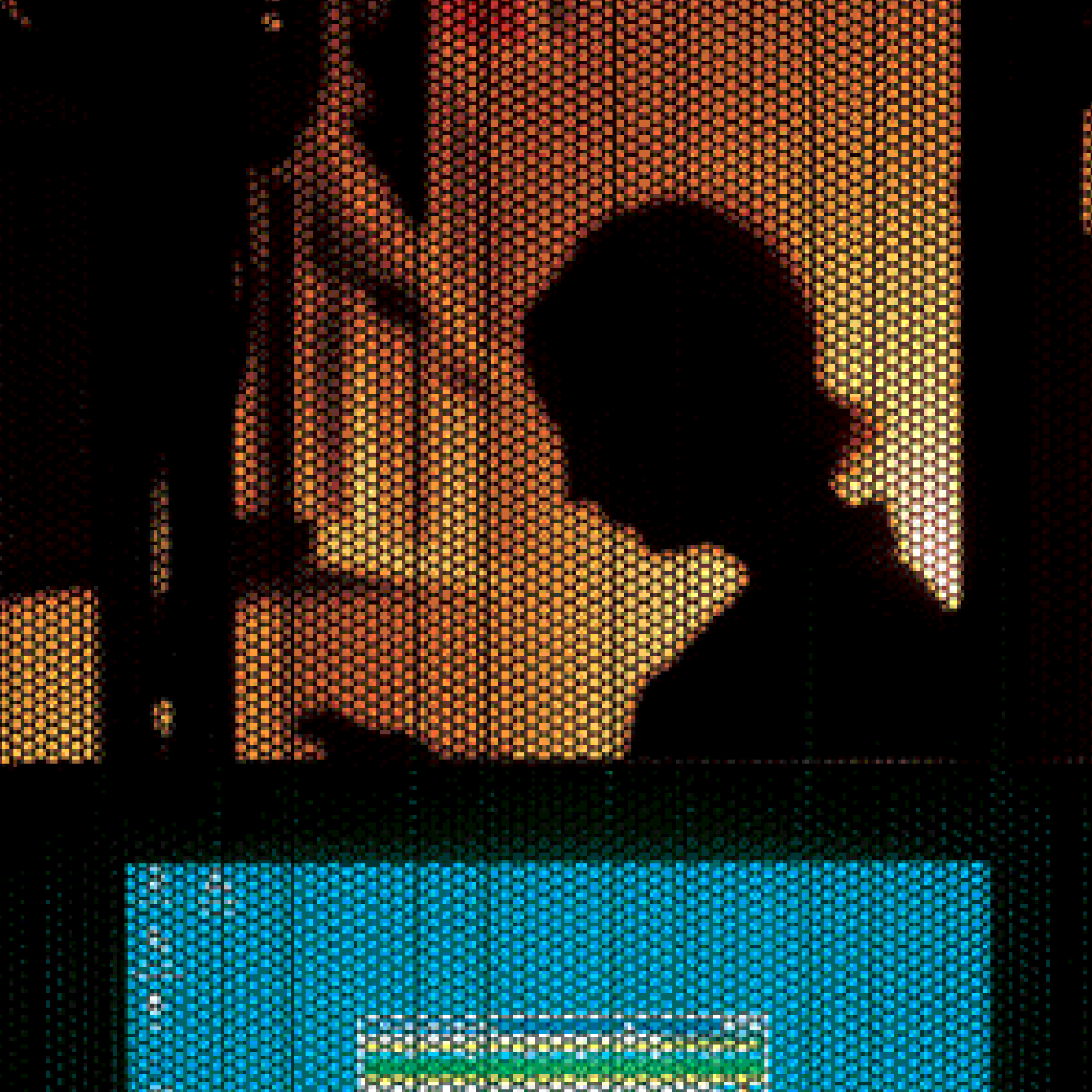
our entire organization. The result is a cohesive infrastructure that will support U.S. Concrete’s continued expansion.

COMMON CULTURE

Integrating systems and standardizing procedures is just the beginning of transforming numerous operations into a single, focused organization. We believe establishing a common corporate culture will play a pivotal role in driving our long-term success as we continue to grow through acquisition.

In addition to establishing and deploying a common infrastructure, we made significant progress in uniting our people with a common vision for our company, an understanding of our strategy for moving forward and an enthusiasm for addressing the challenges at hand.

We strongly believe that the ongoing success of our integration efforts will better enable U.S. Concrete to attract and retain high-quality professionals and operating partners.



EXPERTISE



INTEGRATION



CONSOLIDATION



A management team with significant operating and financial expertise has been assembled by U.S. Concrete. Most of our key team members are former owners and operators of the companies we have acquired.

We also have made a significant investment in our concrete industry expertise by actively recruiting and hiring respected industry experts in the key areas of technical service, operations and marketing and sales.

TECHNICAL SERVICE

U.S. Concrete hired Raymond Turpin as Vice President, Technical Affairs, in January 2000. His background includes 40 years in various technical services areas of the ready-mixed concrete industry.

Throughout 2000, Mr. Turpin strengthened the technical services and quality control functions at each of U.S. Concrete's operations. He hired additional technical services personnel in four of our markets

and assisted in the development of standardized technical services training and quality assurance policies and procedures in each of our markets.

The most obvious benefits of this level of commitment have been our ability to optimize mix designs to contribute to raw materials cost savings, enabling U.S. Concrete to achieve an even more efficient cost structure while simultaneously exceeding our customers' expectations by developing innovative new products.

OPERATIONS

The depth of expertise that U.S. Concrete has established since our inception reaches far beyond developing innovative new products. The same levels of expertise also have been achieved throughout our operational teams.

Terry Green joined U.S. Concrete as Vice President, Operational Integration, just prior to our IPO in May 1999. Mr. Green has more than 27 years of



“U.S. CONCRETE HAS ASSEMBLED SEASONED PROFESSIONALS WITH SIGNIFICANT CONCRETE INDUSTRY EXPERTISE IN ALL ASPECTS OF OUR OPERATIONS. THIS EXPERTISE HAS ENABLED US TO OPTIMIZE OUR MIX DESIGNS TO ACHIEVE RAW MATERIALS COST SAVINGS AND ALSO TO EXCEED OUR CUSTOMERS’ EXPECTATIONS BY DEVELOPING INNOVATIVE NEW PRODUCTS.”

Raymond C. Turpin, Jr.
Vice President, Technical Affairs



U.S. CONCRETE HAS MADE
A SIGNIFICANT INVESTMENT
IN OUR INDUSTRY EXPER-
TISE, ACTIVELY RECRUITING
AND HIRING RESPECTED
INDUSTRY EXPERTS IN THE
KEY AREAS OF TECHNICAL
SERVICE, OPERATIONS AND
MARKETING AND SALES.

experience in various sectors of the distribution industry, including 13 years in the ready-mixed concrete industry. He has worked directly with the operations management in each of our markets developing operational best practices, including the implementation of the Command Data and TMT software systems.

As a result, in addition to achieving the technologies and systems migrations of the past year, we also began reaping the rewards very quickly. These efforts have allowed us to optimize our fleet management, driver productivity, risk management programs and purchasing efforts, resulting in greater collective cost efficiencies for the organization than any of the operations could have achieved individually.

MARKETING AND SALES

Richard Williams joined U.S. Concrete as Director, Marketing and Sales, in August 2000. He has over 37 years of marketing

and sales experience, including 34 years in the ready-mixed concrete industry.

Mr. Williams worked directly with the sales teams in each of our markets during the last two quarters of 2000 to develop their 2001 marketing plans. This process included segmenting their markets and developing strategies for marketing innovative new value-differentiated products. He also assisted in developing programs to cross-sell additional building materials and pre-cast concrete products in markets that formerly were exclusively ready-mixed concrete markets.

In addition to Messrs Turpin, Green and Williams, we recruited and hired numerous key personnel for our local operating company management teams during 2000 in the areas of technical service, operations and marketing and sales. These individuals bring valuable industry and functional expertise to U.S. Concrete's management infrastructure.

US 
Concrete

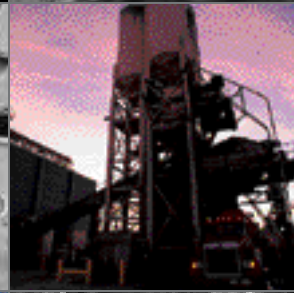
BEALL



INVESTMENT



EXPERTISE



INTEGRATION



CONSOLIDATION



Investment is the final component of our strategy, and both balances and drives U.S. Concrete's continued growth. Capitalizing on the rapidly emerging consolidation opportunities within the United States concrete industry requires both financial expertise and a unique investment strategy. U.S. Concrete demonstrated both throughout the year.

THE FLEXIBILITY TO MOVE FORWARD

We were successful in raising capital and managing our liquidity throughout the year despite a capital market which provided limited access in certain sectors.

We doubled the size of our senior credit facility during the first quarter of 2000 from \$100 million to \$200 million.

This enhanced financial foundation was strengthened further in the fourth quarter of 2000 when we completed the private placement of \$95 million of senior subordinated notes. The notes,

which were placed with some of the leading names in the institutional investment community, carry a fixed coupon rate of 12% and are payable beginning in 2004, with a ten-year final maturity.

We used the net proceeds of this placement to reduce amounts outstanding under our senior credit facility. These financings significantly increased our ability to continue taking advantage of growth opportunities.

Although the equity markets remained relatively unattractive to U.S. Concrete throughout the year, we did raise an additional \$22.4 million through the issuance of common stock to acquired companies during 2000.

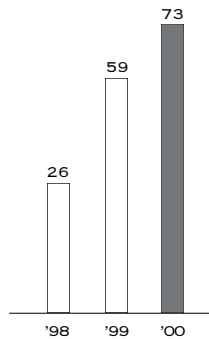
We also secured three operating lease lines during 2000 totaling \$14.5 million.

Our successful capital raising efforts during 2000, coupled with our solid operational performance, leave U.S. Concrete in position to capitalize

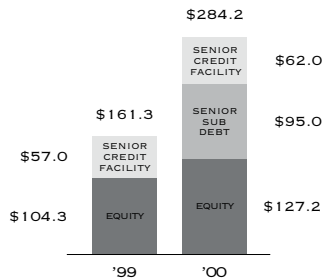


“MAINTAINING ACCESS TO CAPITAL IS KEY TO OUR OPERATING AND GROWTH STRATEGY. WHILE LAST YEAR’S FINANCIAL MARKETS PRESENTED CHALLENGES, OUR BUSINESS INTEGRATION SUCCESS AND SOLID PERFORMANCE HELPED US RAISE OVER \$230 MILLION FROM MULTIPLE CAPITAL MARKETS. OUR RESULTING BALANCE SHEET POSITIONS US TO CONTINUE CAPITALIZING ON EMERGING CONSOLIDATION OPPORTUNITIES.”

Michael W. Harlan
Senior Vice President and
Chief Financial Officer



READY-MIXED CONCRETE PLANTS
AS OF DEC. 31



COMPONENTS OF CAPITAL
AS OF DEC. 31
(IN MILLIONS OF DOLLARS)

on additional vertical and geographic consolidation opportunities within our marketplace as they emerge.

INVESTING IN OUR PEOPLE

From standardizing incentive compensation to implementing an attractive stock purchase plan, U.S. Concrete also made noteworthy investments in our people that we believe will enhance our ongoing efforts to attract and retain the industry's most promising professionals.

In addition to these advances, our senior management worked early in the year to establish quantifiable goals and objectives, then continued to meet quarterly to review their progress and make appropriate adjustments.

FOCUSING ON OUR FUTURE

U.S. Concrete enters 2001 with great enthusiasm and encouragement. It has been a successful year of building and transition, and we have made significant advances in all four components of our operational strategy.

We have centralized our systems, standardized our procedures, integrated our processes and proven that our long-term strategy is on target. Our 2000 performance reflects all these efforts. Best of all, we believe that this past year's performance is only a small indication of what is to come.

With the foundation poured and the infrastructure now firmly in place, we believe we are poised to capture even greater value for our company and our stockholders.

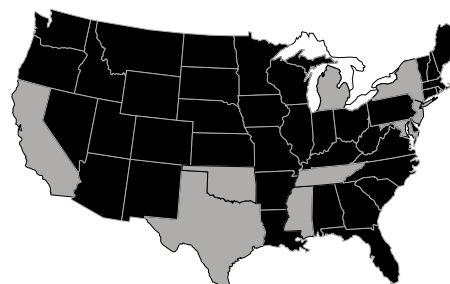
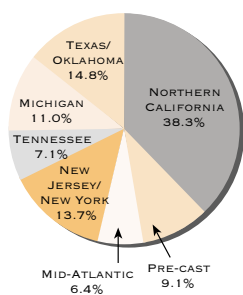
We will continue to work diligently to maintain the momentum that U.S. Concrete has gained in 2000 and to seize opportunities in the coming years. We look forward to realizing our full potential, to raising U.S. Concrete to even greater heights and to sharing the benefits of these efforts with you.

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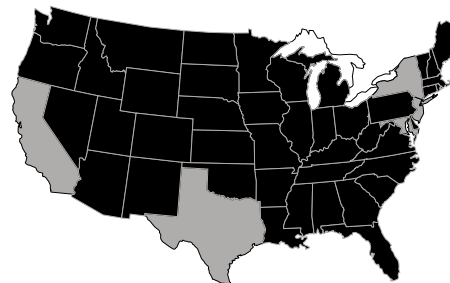
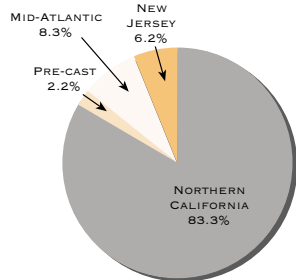
19X

LOCATION	FIXED-PLANT FACILITIES			2000 PRO FORMA READY-MIXED VOLUME (IN THOUSANDS OF CUBIC YARDS)
	READY-MIXED	PRE-CAST	BUILDING MATERIALS/ CONCRETE MASONRY	
NORTHERN CALIFORNIA	20	6	3	2,266
NORTHERN NEW JERSEY/ SOUTHERN NEW YORK	15	—	—	880
NORTH TEXAS/SOUTHWEST OKLAHOMA	14	—	2	753
MICHIGAN	11	—	1	742
MID-ATLANTIC	4	—	—	463
MID-SOUTH	6	—	—	327
KNOXVILLE	3	—	—	203
SAN DIEGO	—	1	—	—
	<u>73</u>	<u>7</u>	<u>6</u>	<u>5,634</u>

GEOGRAPHIC DIVERSIFICATION



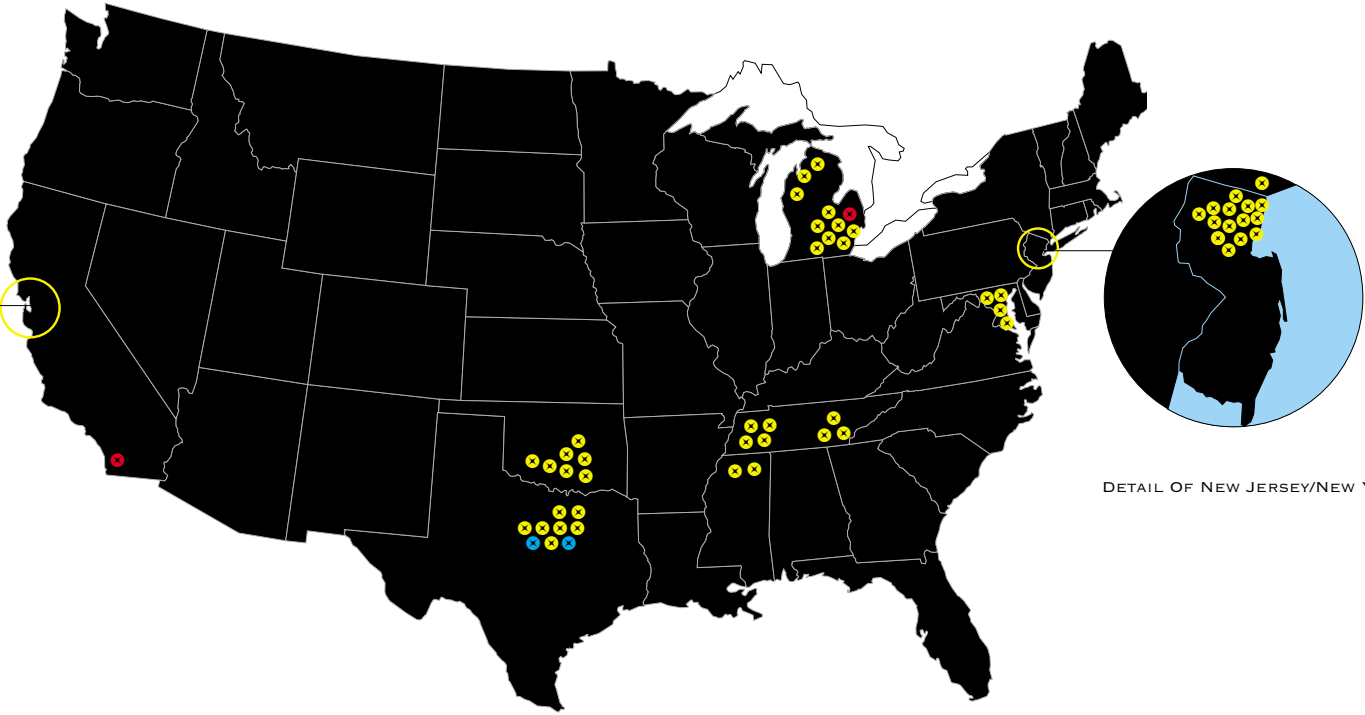
TODAY (MARCH 2001)



AT THE IPO (MAY 1999)

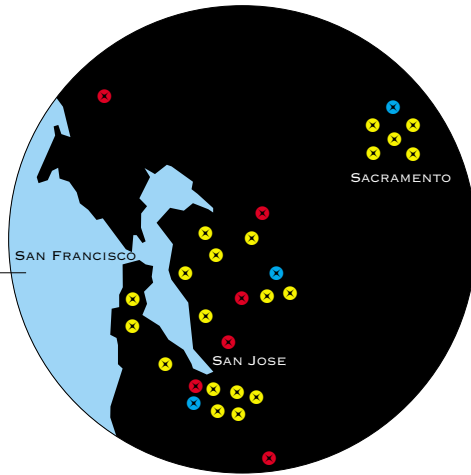
REVENUE

STATES



DETAIL OF NEW JERSEY/NEW YORK

● READY-MIXED PLANT
 ● PRE-CAST CONCRETE PRODUCTS FACILITY
 ● BUILDING MATERIALS FACILITY



DETAIL OF NORTHERN CALIFORNIA

FINANCIAL STATEMENTS

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Statements we make in this Annual Report on Form 10-K which express a belief, expectation or intention, as well as those that are not historical fact, are forward-looking statements under the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to various risks, uncertainties and assumptions, including those to which we refer under the heading "Cautionary Statement Concerning Forward-Looking Statements" following Items 1 and 2 of Part I of this report.

PART I

ITEMS 1 AND 2. BUSINESS AND PROPERTIES

GENERAL

U.S. Concrete provides ready-mixed concrete and related products and services to the construction industry in several major markets in the United States. As of March 15, 2001, we have 73 operating plants producing over 5.6 million cubic yards of ready-mixed concrete annually. Our operations consist principally of formulating, preparing, delivering and placing ready-mixed concrete at the job sites of our customers. We provide services intended to reduce our customers' overall construction costs by lowering the installed, or "in-place," cost of concrete. These services include the formulation of new mixtures for specific design uses, on-site and lab-based product quality control and delivery programs we configure to meet our customers' needs.

We completed our initial public offering in May 1999. At the same time, we acquired six ready-mixed concrete and related businesses and began operating 26 concrete plants in three major markets in the United States. Since our IPO and through March 15, 2001, we have acquired an additional 16 ready-mixed concrete and related businesses, and are operating an additional 47 concrete plants, in five additional major markets in the United States.

To increase our geographic diversification and expand the scope of our operations, we seek to acquire businesses operating under quality management teams in growing markets. Our acquisition strategy has two primary objectives. In a new market, we target one or more companies that can serve as platform businesses into which we can integrate other concrete operations. In markets where we have existing operations and seek to increase our market penetration, we pursue tuck-in acquisitions.

INDUSTRY OVERVIEW

Annual usage of ready-mixed concrete in the United States remains at record levels. According to information available from the National Ready Mixed Concrete Association and F.W. Dodge, total sales from production and delivery of ready-mixed concrete in the United States grew over the past three years as follows:

YEAR	Sales (\$ in millions)
1998	\$ 23,672
1999	\$ 25,812
2000	\$ 26,835

According to National Ready Mixed Concrete Association data, the four major segments of the construction industry accounted for the following approximate percentages of total sales of ready-mixed concrete in the United States in 2000:

Residential construction	27 %
Commercial and industrial construction	23 %
Street and highway construction and paving	31 %
Other public works and infrastructure construction	19 %
Total	100 %

Ready-mixed concrete is a versatile, low-cost manufactured material the construction industry uses in substantially all its projects. It is a stone-like compound that results from combining coarse and fine aggregates, such as gravel, crushed stone and sand, with water, various admixtures and cement. Ready-mixed concrete can be manufactured in thousands of variations which in each instance may reflect a specific design use. Manufacturers of ready-mixed concrete generally maintain less than one day's requirements of raw materials and must coordinate their daily material purchases with the time-sensitive delivery requirements of their customers.

Ready-mixed concrete begins a chemical reaction when mixed and begins to harden and generally becomes difficult to place within 90 minutes after mixing. This characteristic generally limits the market for a permanently installed plant to an area within a 25-mile radius of its location. Concrete manufacturers produce ready-mixed concrete in batches at their plants and use mixer and other trucks to distribute and place it at the job sites of their customers. These manufacturers generally do not provide paving or other finishing services construction contractors or subcontractors typically perform.

Concrete manufacturers generally obtain contracts through local sales and marketing efforts they direct at general contractors, developers and home builders. As a result, local relationships are very important.

On the basis of information the National Ready-Mixed Concrete Association has provided to us, we estimate that, in addition to vertically integrated manufacturers of cement and ready-mixed concrete, more than 3,500 independent concrete producers currently operate a total of approximately 5,300 plants in the United States. Larger markets generally have numerous producers competing for business on the basis of price, timing of delivery and reputation for quality and service. We believe, on the basis of available market information, that the typical ready-mixed concrete company is family-owned and has limited access to capital, limited financial and technical expertise and limited exit strategies for its owners. Given these operating constraints, we believe many ready-mixed concrete companies are finding it difficult to both grow their businesses and compete effectively against larger, more cost-efficient and technically capable competitors. We believe these characteristics in our highly fragmented industry present growth opportunities for a company with a focused acquisition program and access to capital.

Barriers to the start-up of a new ready-mixed concrete manufacturing operation historically have been low. In recent years, however, public concerns about the dust, noise and heavy mixer and other truck traffic associated with the operation of ready-mixed concrete plants and their general appearance have made obtaining the permits and licenses required for new plants more difficult. Delays in the regulatory process, coupled with the substantial capital investment start-up operations entail, have raised the barriers to entry for those operations.

SIGNIFICANT FACTORS IMPACTING THE MARKET FOR READY-MIXED CONCRETE

On the basis of available industry information, we believe that between 1996 and 2000, ready-mixed concrete sales as a percentage of total construction expenditures in the United States increased 6.1%. In addition to favorable trends in the overall economy of the United States during much of this period, we believe three significant factors have contributed to expansion of the market for ready-mixed concrete in particular:

- ▶ the increased level of industry-wide promotional and marketing activities;
- ▶ the development of new and innovative uses for ready-mixed concrete; and
- ▶ the enactment of the federal legislation commonly called TEA-21.

Industry-wide Promotional and Marketing Activities. We believe industry participants have only in recent years focused on and benefited from promotional activities to increase the industry's share of street and highway and residential construction expenditures. Many of these promotional efforts resulted from an industry-wide initiative called RMC 2000, a program established in 1993 under the leadership of our chief executive officer, Eugene P. Martineau. The National Ready Mixed Concrete Association, the industry's largest trade organization, has adopted this program. Its principal goals have been to (1) promote ready-mixed concrete as a building and paving material and (2) improve the overall image of the ready-mixed concrete industry. We believe RMC 2000 has been a catalyst for increased investment in the promotion of concrete.

Development of New and Innovative Ready-mixed Concrete Products. Ready-mixed concrete has many attributes that make it a highly versatile construction material. In recent years, industry participants have developed various product innovations, including:

- ▶ concrete housing;
- ▶ pre-cast modular paving stones;
- ▶ pre-stressed concrete railroad ties to replace wood ties;
- ▶ continuous-slab rail-support systems for rapid transit and heavy-traffic intricate rail lines; and
- ▶ concrete bridges, tunnels and other structures for rapid transit systems.

Other examples of successful innovations that have opened new markets for ready-mixed concrete include:

- ▶ highway median barriers;
- ▶ highway sound barriers;
- ▶ paved shoulders to replace less permanent and increasingly costly asphalt shoulders;
- ▶ parking lots providing a long-lasting and aesthetically pleasing urban environment; and
- ▶ colored pavements to mark entrance and exit ramps and lanes of expressways.

Impact of TEA-21. The Federal Transportation Equity Act for the 21st Century, commonly called TEA-21, is the largest public works funding bill in the history of the United States. It became effective in June 1998 and provides a \$218 billion budget for federal highway, transit and safety spending for the six-year period from 1998 through 2003. This represents a 43% increase over the funding levels similar federal funding programs authorized for the 1992-1997 period. Although road and highway construction and paving accounted for only 12% of our 2000 sales, we believe we should benefit from the impact we expect TEA-21 will have on the overall demand for ready-mixed concrete in the United States.

OUR BUSINESS STRATEGY

Our objective is to continue expanding the geographic scope of our operations and become the leading value-added provider of ready-mixed concrete and related products and services in each of our markets. We plan to achieve this objective by (1) continuing to make acquisitions and (2) continuing to implement our national operating strategy aimed at increasing revenue growth and market share, achieving cost efficiencies and enhancing profitability.

Growth Through Acquisitions. The significant costs and regulatory requirements involved in building new plants make acquisitions an important element of our growth strategy. Our acquisition program targets opportunities for (1) expansion in our existing markets and (2) entering new geographic markets in the United States.

Expanding in Existing Markets. We seek to continue acquiring other well-established companies operating in our existing markets in order to expand our market penetration. We have acquired operating companies in Northern California, Michigan, North Texas, Memphis/Northern Mississippi, Northern New Jersey/Southern New York and the Washington, D.C. area following our initial entry into these markets. By expanding in existing markets through acquisitions, we expect to continue realizing various operating synergies, including:

- ▶ increased market coverage;
- ▶ improved utilization and range of mixer trucks because of access to additional plants;
- ▶ customer cross-selling opportunities; and
- ▶ reduced operating and overhead costs.

Entering New Geographic Markets. We seek to continue entering new geographic markets that have a balanced mix of residential, commercial, industrial and public sector concrete consumption and have demonstrated adequate sustainable demand and prospects for growth. In each new market we enter, we target for acquisition one or more leading local or regional ready-mixed concrete companies that can serve as platform businesses into which we can consolidate other ready-mixed concrete operations. Important criteria for these acquisition candidates include

historically successful operating results, established customer relationships and superior operational management personnel, whom we generally will seek to retain. Since our formation in May 1999 and through March 15, 2001, we have entered into new geographic markets in San Diego, North Texas/Southwest Oklahoma, Memphis/Northern Mississippi, Knoxville and Michigan.

Implementation of National Operating Strategy. We designed our national operating strategy (1) to increase revenues and market share through improved marketing and sales initiatives and enhanced operations and (2) to achieve cost efficiencies.

Improving Marketing and Sales Initiatives and Enhancing Operations. Our basic operating strategy emphasizes the sale of value-added product to customers who are more focused on reducing their installed, or in-place, concrete costs than on the price per cubic yard of the ready-mixed concrete they purchase. Key elements of our service-oriented strategy include:

- ▶ providing corporate-level marketing and sales expertise;
- ▶ establishing and implementing company-wide quality control improvements;
- ▶ continuing to develop and implement training programs that emphasize successful marketing, sales and training techniques and the sale of high-margin concrete mix designs; and
- ▶ investing in computer and communications technology at each of our locations to improve communications, purchasing, accounting, load dispatch, delivery efficiency, reliability, truck tracking and customer relations.

Achieving Cost Efficiencies. We strive over time to reduce the total operating expenses of the businesses we acquire by eliminating or consolidating some of the functions each business performed separately prior to its acquisition. In addition, we believe that, as we continue to increase in size on both a local market and national level, we should experience reduced costs as a percentage of net sales compared to those of the individual businesses we acquire in such areas as:

- ▶ materials procurement;
- ▶ purchases of mixer trucks and other equipment, spare parts and tools;
- ▶ vehicle and equipment maintenance;
- ▶ employee benefit plans; and
- ▶ insurance and other risk management programs.

PRODUCTS AND SERVICES

Ready-Mixed Concrete. Our ready-mixed concrete products consist of proportioned mixes we prepare and deliver in unhardened plastic states for placement and shaping into their designed forms. Selecting the optimum mix for a job entails determining not only the ingredients that will produce the desired permeability, strength, appearance and other properties of the concrete after it has hardened and cured, but also the ingredients necessary to achieve a workable consistency considering the weather and other conditions at the job site. We believe we can achieve product differentiation for the mixes we offer because of the variety of mixes we can produce, our volume production capacity and our scheduling, delivery and placement reliability. We also believe we distinguish ourselves with our value-added service approach that emphasizes reducing our customers' overall construction costs by lowering the installed, or in-place, cost of concrete and the time required for construction.

From a contractor's perspective, the in-place cost of concrete includes both the amount paid to the ready-mixed concrete manufacturer and the internal costs associated with the labor and equipment the contractor provides. A contractor's unit cost of concrete is often only a small component of the total in-place cost that takes into account all the labor and equipment costs required to place and finish the ready-mixed concrete, including the cost of additional labor and time lost as a result of substandard products or delivery delays not covered by warranty or insurance. By carefully designing proper mixes and using advances in mixing technology, we can assist our customers in reducing the amount of reinforcing steel and labor they will require in various applications.

We provide a variety of services in connection with our sale of ready-mixed concrete which can help reduce our customers' in-place cost of concrete. These services include:

- ▶ production of new formulations and alternative product recommendations that reduce labor and materials costs;
- ▶ quality control, through automated production and laboratory testing, that ensures consistent results and minimizes the need to correct completed work; and
- ▶ automated scheduling and tracking systems that ensure timely delivery and reduce the downtime incurred by the customer's finishing crew.

We produce ready-mixed concrete by combining the desired type of cement, sand, gravel and crushed stone with water and typically one or more admixtures. These admixtures, such as chemicals, minerals and fibers, determine the usefulness of the product for particular applications.

We use a variety of chemical admixtures to achieve one or more of five basic purposes:

- ▶ relieve internal pressure and increase resistance to cracking in subfreezing weather;
- ▶ retard the hardening process to make concrete more workable in hot weather;
- ▶ strengthen concrete by reducing its water content;
- ▶ accelerate the hardening process and reduce the time required for curing; and
- ▶ facilitate the placement of concrete having a low water content.

We frequently use various mineral admixtures as supplementary cementing materials to alter the permeability, strength and other properties of concrete. These materials include fly ash, ground granulated blast-furnace slag and silica fume.

We also use fibers, such as steel, glass and synthetic and carbon filaments, as an additive in various formulations of concrete. Fibers help to control shrinkage cracking, thus reducing permeability and improving abrasion resistance. In many applications, fibers replace welded steel wire and reinforcing bars. Relative to the other components of ready-mixed concrete, these additives generate comparatively high margins.

Our ready-mixed concrete operations comprised 89.2% of our pro forma 2000 revenues.

Pre-Cast Concrete. We produce pre-cast concrete products at six of our Northern California plants and at our San Diego California plant. Our pre-cast concrete products consist of ready-mixed concrete we produce and then pour into molds at our plant sites. These operations produce a wide variety of specialized finished products, including specialty engineered structures, custom signage and curb inlets. After the concrete sets, we strip the molds from the products and ship the finished product to our customers. Because these products are not perishable, pre-cast concrete plants can serve a much larger market than ready-mixed concrete plants.

Our pre-cast operations comprised 7.8% of our pro forma 2000 revenues.

Building Materials (Including Concrete Masonry). Our building materials operations supply various materials, products and tools contractors use in the concrete construction industry. These materials include rebar, wire mesh, color additives, curing compounds, grouts, wooden forms, hard hats, rubber boots, gloves, trowels, lime slurry used to stabilize foundations and numerous other items. We also produce concrete masonry at our Auburn Hills, Michigan plant. Our building materials operations are generally located near our ready-mixed concrete operations.

Our building materials operations comprised 3.0% of our pro forma 2000 revenues.

OPERATIONS

The businesses we have acquired have made substantial capital investments in equipment, systems and personnel at their respective plants to facilitate continuous multi-customer deliveries of highly perishable products. In any given market, we may maintain a number of plants whose production we centrally coordinate to meet customer production requirements. We must be able to adapt constantly to continually changing delivery schedules.

Our ready-mixed concrete plants consist of permanent and mobile facilities that produce ready-mixed concrete in wet or dry batches. Our 73 fixed-plant facilities produce ready-mixed concrete that we transport to job sites by mixer trucks. Our on-site mobile plant operations deploy our nine mobile-plant facilities to produce ready-mixed concrete at the job site that we direct into place using a series of conveyor belts or a mixer truck. Several factors govern the choice of plant type, including:

- ▶ capital availability;
- ▶ production consistency requirements;
- ▶ daily production capacity requirements; and
- ▶ job-site location.

A wet batch plant generally costs more, but yields greater consistency in the concrete produced and has greater daily production capacity, than a dry batch plant. We believe that a wet batch plant having an hourly capacity of 250 cubic yards currently would cost approximately \$1.5 million, while a dry batch plant having the same capacity currently would cost approximately \$0.7 million. At March 15, 2001, we operated 13 wet batch plants and 60 dry batch plants.

The market primarily will drive our future plant decisions. The relevant market factors include:

- ▶ the expected production demand for the plant;
- ▶ the expected types of projects the plant will service; and
- ▶ the desired location of the plant.

Generally, plants intended primarily to serve high-volume, commercial or public works projects will be wet batch plants, while plants intended primarily to serve low-volume, residential construction projects will be dry batch plants. From time to time, we also may use portable plants, which include both wet batch and dry batch facilities, to service large, long-term jobs and jobs in remote locations.

The batch operator in a dry batch plant simultaneously loads the dry components of stone, sand and cement with water and admixtures in a mixer truck that begins the mixing process during loading and completes that process while driving to the job site. In a wet batch plant, the batch operator blends the dry components and water in a plant mixer from which he loads the already mixed concrete into the mixer truck, which leaves for the job site promptly after loading.

Mixer trucks slowly rotate their loads en route to job sites in order to maintain product consistency. A mixer truck typically has a load capacity of nine cubic yards, or approximately 18 tons, and a useful life of 12 years. Depending on the type of batch plant from which the mixer trucks generally are loaded, some components of the mixer trucks will require refurbishment after three to nine years. A new truck of this size currently costs approximately \$125,000. At March 15, 2001, we operated a fleet of approximately 960 mixer trucks.

In our manufacture and delivery of ready-mixed concrete, we emphasize quality control, pre-job planning, customer service and coordination of supplies and delivery. We often obtain purchase orders for ready-mixed concrete months in advance of actual delivery to a job site. A typical order contains various specifications the contractor requires the concrete to meet. After receiving the specifications for a particular job, we use computer modeling, industry information and information from previous similar jobs to formulate a variety of mixtures of cement, aggregates, water and admixtures which meet or exceed the contractor's specifications. We perform testing to determine which mix design is most appropriate to meet the required specifications. The test results enable us to select the mixture that has the lowest cost and meets or exceeds the job specifications. The testing center creates and maintains a project file that details the mixture we will use when we produce the concrete for the job. For quality control purposes, the testing center also is responsible for maintaining batch samples of concrete we have delivered to a job site.

We use computer modeling to prepare bids for particular jobs based on the size of the job, location, desired margin, cost of raw materials and the design mixture identified in our testing process. If the job is large enough, we obtain quotes from our suppliers as to the cost of raw materials we use in preparing the bid. Once we obtain a quotation from our suppliers, the price of the raw materials for the specified job is informally established. Several

months may elapse from the time a contractor has accepted our bid until actual delivery of the ready-mixed concrete begins. During this time, we maintain regular communication with the contractor concerning the status of the job and any changes in the job's specifications in order to coordinate the multi-sourced purchases of cement and other materials we will need to fill the job order and meet the contractor's delivery requirements. We confirm that our customers are ready to take delivery of manufactured product throughout the placement process. On any given day, a particular plant may have production orders for dozens of customers at various locations throughout its area of operation. To fill an order:

- ▶ the customer service office coordinates the timing and delivery of the concrete to the job site;
- ▶ a load operator supervises and coordinates the receipt of the necessary raw materials and operates the hopper that dispenses those materials into the appropriate storage bins;
- ▶ a batch operator, using a computerized batch panel, prepares the specified mixture from the order and oversees the loading of the mixer truck with either dry ingredients and water in a dry batch plant or the already-mixed concrete in a wet batch plant; and
- ▶ the driver of the mixer truck delivers the load to the job site, discharges the load and, after washing the truck, departs at the direction of the dispatch office.

The central dispatch system tracks the status of each mixer truck as to whether a particular truck is:

- ▶ loading concrete;
- ▶ en route to a particular job site;
- ▶ on the job site;
- ▶ discharging concrete;
- ▶ being washed; or
- ▶ en route to a particular plant.

The system is updated continuously via signals received from the individual truck operators as to their status. In this manner, the dispatcher can determine the optimal routing and timing of subsequent deliveries by each mixer truck and monitor the performance of each driver.

A plant manager oversees the operation of each plant. Our employees also include:

- ▶ maintenance personnel who perform routine maintenance work throughout our plants;
- ▶ a full-time staff of mechanics who perform substantially all the maintenance and repair work on our vehicles;
- ▶ testing center staff who prepare mixtures for particular job specifications and maintain quality control;
- ▶ various clerical personnel who perform administrative tasks; and
- ▶ sales personnel who are responsible for identifying potential customers and maintaining existing customer relationships.

We generally operate on a single shift with some overtime operation during the construction season. On occasion, however, we may have projects that require deliveries around the clock.

CEMENT AND RAW MATERIALS

We obtain most of the materials necessary to manufacture ready-mixed concrete at each of our facilities on a daily basis. These raw materials include cement, which is a manufactured product, stone, gravel and sand. Each plant typically maintains an inventory level of these materials sufficient to satisfy its operating needs for one day or less. Cement represents the highest cost material used in manufacturing a cubic yard of ready-mixed concrete, while the combined cost of the stone, gravel and sand used is slightly less than the cement cost. In each of our markets, we purchase each of these materials from several suppliers.

SALES AND MARKETING

General contractors typically select their suppliers of ready-mixed concrete. In large, complex projects, an engineering firm or division within a state transportation or public works department may influence the purchasing decision, particularly if the concrete has complicated design specifications.

In those projects and in government-funded projects generally, the general contractor or project engineer usually awards supply orders on the basis of either direct negotiation or competitive bidding. We believe the purchasing decision in many cases ultimately is relationship-based. Our marketing efforts target general contractors, design engineers and architects whose focus extends beyond the price of ready-mixed concrete to product quality and consistency and reducing their in-place cost of concrete.

CUSTOMERS

Of our 2000 sales, we made approximately 51% to commercial and industrial construction contractors, approximately 32% to residential construction contractors, approximately 12% to street and highway construction contractors and approximately 5% to other public works and infrastructure contractors. In 2000, no single customer or project accounted for more than 5% of our total sales.

We rely heavily on repeat customers. Our management and dedicated sales personnel are responsible for developing and maintaining successful long-term relationships with key customers. We believe that by expanding our operations into more geographic markets, we will be in a better position to market to and service large nationwide and regional contractors.

TRAINING AND SAFETY

Our future success will depend, in part, on the extent to which we can attract, retain and motivate qualified employees. We believe that our ability to do so will depend on the quality of our recruiting, training, compensation and benefits, the opportunities we afford for advancement and our safety record. Historically, we have supported and funded continuing education programs for our employees. We intend to continue and expand these programs. We require all field employees to attend periodic safety training meetings and all drivers to participate in training seminars followed by certification testing. The responsibilities of our national safety director include managing and executing a unified, company-wide safety program.

COMPETITION

The ready-mixed concrete industry is highly competitive. Our competitive position in a market depends largely on the location and operating costs of our ready-mixed concrete plants and prevailing prices in that market. Price is the primary competitive factor among suppliers for small or simple jobs, principally in residential construction, while timeliness of delivery and consistency of quality and service as well as price are the principal competitive factors among suppliers for large or complex jobs. Our competitors range from small, owner-operated private companies to subsidiaries or operating units of large, vertically integrated cement manufacturing and concrete products companies. Competitors having lower operating costs than we do or having the financial resources to enable them to accept lower margins than we do have a competitive advantage over us for jobs that are particularly price-sensitive. Competitors having greater financial resources to build plants in new areas or pay for acquisitions also have competitive advantages over us.

EMPLOYEES

At March 15, 2001, we had approximately 375 salaried employees, including executive officers, management personnel, sales personnel, technical personnel, administrative staff and clerical personnel, and approximately 1,522 hourly personnel generally employed on an as-needed basis, including 1,032 truck drivers. The number of employees fluctuates depending on the number and size of projects ongoing at any particular time, which may be impacted by variations in weather conditions throughout the year.

At March 15, 2001, approximately 996 of our employees were represented by labor unions having collective bargaining agreements with us. Generally, these agreements have multi-year terms and expire on a staggered basis. Under these agreements, we pay specified wages to covered employees, observe designated workplace rules and make payments to multi-employer pension plans and employee benefit trusts rather than administering the funds on behalf of these employees.

None of the businesses we have acquired has experienced any strikes or significant work stoppages in the past five years. We believe our relationships with our employees and union representatives are satisfactory.

FACILITIES AND EQUIPMENT

At March 15, 2001, we operated a fleet of approximately 960 owned and leased mixer trucks and 509 other vehicles. Our own mechanics service most of the fleet. We believe these vehicles generally are well maintained and adequate for our operations. The average age of the mixer trucks is approximately 5.3 years.

We operated 73 fixed-plant facilities and nine onsite mobile-plant facilities that produce ready-mixed concrete at March 15, 2001. We believe that these facilities are sufficient for our immediate needs. The table below summarizes operations at our fixed-plant facilities at March 15, 2001. The ready-mixed volumes in the table represent the pro forma 2000 volumes produced by each location.

LOCATION	Ready-Mixed	Pre-Cast	Building Materials/ Concrete Masonry	Ready-Mixed Volume <i>(in thousands of cubic yards)</i>
Northern California	20	6	3	2,266
Northern New Jersey/Southern New York	15	—	—	880
North Texas/Southwest Oklahoma	14	—	2	753
Michigan	11	—	1	742
Washington, D.C. area	3	—	—	463
Memphis/Northern Mississippi	7	—	—	327
Knoxville	3	—	—	203
San Diego	—	1	—	—
	<u>73</u>	<u>7</u>	<u>6</u>	<u>5,634</u>

The information above includes the following locations we purchased between January 1 and March 15, 2001:

LOCATION	Ready-Mixed	Pre-Cast	Building Materials/ Concrete Masonry	Ready-Mixed Volume <i>(in thousands of cubic yards)</i>
Northern New Jersey/Southern New York	12	—	—	678
Northern California	—	1	—	—
	<u>12</u>	<u>1</u>	<u>—</u>	<u>678</u>

GOVERNMENTAL REGULATION AND ENVIRONMENTAL MATTERS

A wide range of federal, state and local laws apply to our operations, including such matters as:

- ▶ land usage;
- ▶ street and highway usage;
- ▶ noise levels; and
- ▶ health, safety and environmental matters.

In many instances, we must have certificates, permits or licenses to conduct our business. Failure to maintain required certificates, permits or licenses or to comply with applicable laws could result in substantial fines or possible revocation of our authority to conduct some of our operations. Delays in obtaining approvals for the transfer or grant of certificates, permits or licenses, or failures to obtain new certificates, permits or licenses, could impede the implementation of our acquisition program.

Environmental laws that impact our operations include those relating to air quality, solid waste management and water quality. Environmental laws are complex and subject to frequent change. These laws impose strict liability in some cases without regard to negligence or fault. Sanctions for noncompliance may include revocation of permits, corrective action orders, administrative or civil penalties and criminal prosecution. Some environmental laws provide for joint and several strict liability for remediation of spills and releases of hazardous substances. In addition, businesses may be subject to claims alleging personal injury or property damage as a result of alleged exposure to hazardous substances, as well as damage to natural resources. These laws also may expose us to liability for the conduct of or conditions caused by others, or for acts which complied with all applicable laws when performed. We have conducted Phase I investigations to assess environmental conditions on substantially all the real properties we own or lease and have engaged independent environmental consulting firms in that connection. We have not identified any environmental concerns we believe are likely to have a material adverse effect on our business, financial condition or results of operations, but you have no assurance material liabilities will not occur. You also have no assurance our compliance with amended, new or more stringent laws, stricter interpretations of existing laws or the future discovery of environmental conditions will not require additional, material expenditures. OSHA regulations establish requirements our training programs must meet.

We have all material permits and licenses we need to conduct our operations and are in substantial compliance with applicable regulatory requirements relating to our operations. Our capital expenditures relating to environmental matters were not material on a pro forma combined basis in 2000. We currently do not anticipate any material adverse effect on our business or financial position as a result of our future compliance with existing environmental laws controlling the discharge of materials into the environment.

PRODUCT WARRANTIES

Our operations involve providing ready-mixed concrete formulations that must meet building code or other regulatory requirements and contractual specifications for durability, stress-level capacity, weight-bearing capacity and other characteristics. If we fail or are unable to provide product meeting these requirements and specifications, material claims may arise against us and our reputation could be damaged.

We are currently in discussions with a customer and developer regarding a product warranty claim. The claim relates to a large, single-family home tract-construction project in Northern California for which we produced and supplied a different batch mix for a short period of time that was used in 72 foundation slabs on grade. The developer asserts that it is entitled to be made whole for all expenses it incurred in demolishing the homes on those slabs, for all costs of rebuilding the homes to their state prior to demolition and for all related costs. While we believe we have valid defenses to this claim based on, among other things, failure to mitigate damages, we are unable to quantify a range of loss or predict with certainty the outcome of this matter at this time.

INSURANCE

Our employees perform a significant portion of their work moving and storing large quantities of heavy raw materials, driving large mixer trucks in heavy traffic conditions or placing concrete at construction sites or in other areas that may be hazardous. These operating hazards can cause personal injury and loss of life, damage to or destruction of property and equipment and environmental damage. We maintain insurance coverage in amounts and against the risks we believe accord with industry practice, but this insurance may not be adequate to cover all losses or liabilities we may incur in our operations, and we may be unable to maintain insurance of the types or at levels we deem necessary or adequate or at rates we consider reasonable.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

We are including the following discussion to inform our existing and potential security holders generally of some of the risks and uncertainties that can affect our company and to take advantage of the “safe harbor” protection for forward-looking statements that applicable federal securities law affords.

From time to time, our management or persons acting on our behalf make forward-looking statements to inform existing and potential security holders about our company. These statements may include projections and estimates concerning the timing of pending acquisitions and the success of our acquisition program, revenues, income and capital spending. Forward-looking statements generally use words such as “estimate,” “project,” “predict,” “believe,” “expect,” “anticipate,” “plan,” “goal” or other words that convey the uncertainty of future events or outcomes. In addition, sometimes we will specifically describe a statement as being a forward-looking statement and refer to this cautionary statement.

In addition, various statements this report contains, including those that express a belief, expectation or intention, as well as those that are not statements of historical fact, are forward-looking statements. Those forward-looking statements appear in Items 1 and 2—“Business and Properties” and Item 3—“Legal Proceedings” in Part I of this report and in Item 7—“Management’s Discussion and Analysis of Financial Condition and Results of Operations” and in the notes to our consolidated financial statements in Item 8 of Part II of this report and elsewhere in this report. These forward-looking statements speak only as of the date of this report, we disclaim any obligation to update these statements and we caution you not to rely unduly on them. We have based these forward-looking statements on our current expectations and assumptions about future events. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. These risks, contingencies and uncertainties relate to, among other matters, the following:

- ▶ our acquisition and national operating strategies;
- ▶ our ability to integrate the businesses we acquire;
- ▶ our ability to obtain the capital necessary to finance our growth strategies;
- ▶ the availability of qualified personnel;
- ▶ the trends we anticipate in the ready-mixed concrete industry;
- ▶ the level of activity in the construction industry generally and in our local markets for ready-mixed concrete;
- ▶ the highly competitive nature of our business;
- ▶ changes in, or our ability to comply with, governmental regulations, including those relating to the environment;
- ▶ our labor relations and those of our suppliers of cement and aggregates;
- ▶ the level of funding allocated by the United States Government for federal highway, transit and safety spending;
- ▶ power outages and other unexpected events that delay or adversely affect our ability to deliver concrete according to our customers’ requirements;
- ▶ our ability to control costs and maintain quality; and
- ▶ our exposure to warranty claims from developers and other customers.

We believe the items we have outlined above are important factors that could cause our actual results to differ materially from those expressed in a forward-looking statement made in this report or elsewhere by us or on our behalf. We have discussed most of these factors in more detail elsewhere in this report. These factors are not necessarily all the important factors that could affect us. Unpredictable or unknown factors we have not discussed in this report could also have material adverse effects on actual results of matters that are the subject of our forward-looking statements. We do not intend to update our description of important factors each time a potential important factor arises. We advise our existing and potential security holders that they should (1) be aware that important factors to which we do not refer above could affect the accuracy of our forward-looking statements and (2) use caution and common sense when considering our forward-looking statements.

ITEM 3. LEGAL PROCEEDINGS

Bay-Crete Transportation & Materials, LLC alleges in a lawsuit it filed on July 11, 2000 in California Superior Court in San Mateo County, against our subsidiary, Central, and us that it possesses beneficiary rights under a 1983 contract to purchase annually up to 200,000 cubic yards of ready-mixed concrete from Central until March 30, 2082. Under that contract, the purchase price would consist of Central's direct materials costs and an overhead fee. Bay-Crete alleges that we breached that contract by refusing to acknowledge Bay-Crete's rights as a beneficiary of that contract. It is seeking damages of \$500 million of lost profits spread over the next 82 years. Central and we each filed an answer and cross-complaint in August 2000 which seeks declaratory relief for a determination that Bay-Crete is not entitled to use the contract. In addition, the cross-complaints seek damages for improper conduct by Bay-Crete, the general manager of Bay-Crete and a member of Bay-Crete for making demands under the contract in violation of an order of the United States Bankruptcy Court for the Northern District of California, San Francisco Division. A predecessor to Central previously prevailed in the defense of a similar action brought by the general manager of Bay-Crete under a related agreement, and Central and we believe we have meritorious defenses to Bay-Crete's claim and intend to vigorously defend this suit.

From time to time, and currently, we are subject to various other claims and litigation brought by employees, customers and other third parties for, among other matters, personal injuries, property damages, product defects and delay damages that have, or allegedly have, resulted from the conduct of our operations.

We believe that the resolution of all litigation currently pending or threatened against us or any of our subsidiaries (including the dispute with Bay-Crete we describe above) will not have a material adverse effect on our business or financial condition; however, because of the inherent uncertainty of litigation, we cannot assure you that the resolution of any particular claim or proceeding to which we are a party will not have a material adverse effect on our results of operations for the fiscal period in which that resolution occurs.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matter was submitted to a vote of the our security holders during the fourth quarter of 2000.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock began trading on The Nasdaq Stock Market in May 1999 under the symbol "RMIX." As of March 15, 2001, 22.6 million shares of our common stock were outstanding, held by approximately 721 stockholders of record. The number of record holders does not necessarily bear any relationship to the number of beneficial owners of our common stock.

The following table sets forth the range of high and low bid prices for our common stock on The Nasdaq Stock Market for the periods indicated:

	2000		1999	
	High	Low	High	Low
First Quarter	\$ 7 ⁷ / ₈	\$ 6	\$ —	\$ —
Second Quarter	8 ¹ / ₈	6	10 ¹ / ₃₂	7 ⁷ / ₈
Third Quarter	8 ³ / ₁₆	6	11 ¹ / ₈	6 ¹ / ₂
Fourth Quarter	7 ⁵ / ₁₆	5 ¹¹ / ₁₆	8 ⁵ / ₃₂	5 ⁷ / ₈

The last reported bid price for our common stock on The Nasdaq Stock Market on March 15, 2001 was \$6 ¹⁵/₁₆ per share.

We have not paid or declared any dividends since our formation and currently intend to retain earnings to fund our working capital. Any future dividends will be at the discretion of our board of directors after taking into account various factors it deems relevant, including our financial condition and performance, cash needs, income tax consequences and the restrictions Delaware and other applicable laws and our credit facilities then impose. Our credit facility prohibits the payment of cash dividends on our common stock. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources” in Item 7 of this Report and Note 6 of our Notes to Consolidated Financial Statements in Item 8 of this Report.

RECENT SALES OF UNREGISTERED SECURITIES

On November 10, 2000, we issued and sold for cash \$95 million aggregate principal amount of our 12.00% senior subordinated notes due November 10, 2010. We used the net proceeds from this sale to reduce amounts outstanding under our secured revolving credit facility. We sold the notes to a small number of accredited institutional investors without registration under the Securities Act in reliance on the exemption Section 4(2) of the Securities Act provides for transactions not involving any public offering.

ITEM 6. SELECTED FINANCIAL DATA

We acquired six businesses in 2000 and 14 in 1999 (including our initial six acquisitions), all of which we have accounted for under the purchase method of accounting (see Note 3 “Business Combinations” under Item 8). Our financial statements present Central Concrete Supply Co., Inc., one of our initial six acquisitions, as the acquirer of the other 19 businesses and U.S. Concrete. The following historical financial information is of Central prior to June 1, 1999 and of U.S. Concrete and its consolidated subsidiaries after that date. The historical financial information for Central as of December 31, 1998 and 1997, and for the years ended December 31, 1998, 1997 and 1996, derives from the audited financial statements of Central. See the historical financial statements and related notes this document contains.

	Year Ended December 31				
	2000	1999	1998	1997	1996
STATEMENT OF OPERATIONS INFORMATION:	<i>(in thousands)</i>				
Sales	\$ 394,636	\$ 167,912	\$ 66,499	\$ 53,631	\$ 39,204
Cost of goods sold	314,297	135,195	53,974	43,794	33,402
Gross profit	80,339	32,717	12,525	9,837	5,802
Selling, general and administrative expenses	27,741	9,491	4,712	4,265	3,644
Stock compensation charge	—	2,880	—	—	—
Depreciation and amortization	11,212	3,453	930	1,330	1,203
Income from operations	41,386	16,893	6,883	4,242	955
Interest expense, net	14,095	1,708	165	226	188
Other income, net	1,319	663	36	26	—
Income before income tax provision	28,610	15,848	6,754	4,042	767
Income tax provision (benefit)	11,750	7,658	100	(457)	303
Net income	\$ 16,860	\$ 8,190	\$ 6,654	\$ 4,499	\$ 464

	December 31				
	2000	1999	1998	1997	1996
BALANCE SHEET INFORMATION:					
	<i>(in thousands)</i>				
Working capital	\$ 41,532	\$ 14,578	\$ 7,431	\$ 4,899	\$ 1,363
Total assets	355,837	212,734	26,640	19,837	13,603
Long-term debt, including current maturities	157,134	57,375	3,530	2,660	1,730
Total stockholders' equity	150,555	110,793	15,154	10,731	6,472

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

Statements we make in the following discussion which express a belief, expectation or intention, as well as those that are not historical fact, are forward-looking statements that are subject to risks, uncertainties and assumptions. Our actual results, performance or achievements, or industry results, could differ materially from those we express in the following discussion as a result of a variety of factors, including the risks and uncertainties we have referred to under the heading "Cautionary Statement Concerning Forward-Looking Statements" following Items 1 and 2 of Part I of this report and under the heading "Factors That May Affect Our Future Operating Results" below.

OVERVIEW

We derive substantially all our revenues from the sale of ready-mixed concrete, other concrete products and related construction materials to the construction industry in the United States. We serve substantially all segments of the construction industry, and our customers include contractors for commercial, industrial, residential and public works and infrastructure construction. We typically sell ready-mixed concrete under daily purchase orders that require us to formulate, prepare and deliver ready-mixed concrete to the job sites of our customers. We recognize our sales from these orders when we deliver the ordered products.

Our cost of goods sold consists principally of the costs we incur in obtaining the cement, aggregates and admixtures we combine to produce ready-mixed concrete and other concrete products in various formulations. We obtain all these materials from third parties and generally have only one day's supply at each of our concrete plants. Our cost of goods sold also includes labor costs and the operating, maintenance and rental expenses we incur in operating our concrete plants and mixer trucks and other vehicles.

Our selling expenses include the salary and incentive compensation we pay our sales force, the salaries and incentive compensation of our sales managers and travel, entertainment and other promotional expenses. Our general and administrative expenses include the salaries and benefits we pay to our executive officers, the senior managers of our local and regional operations, plant managers and administrative staff. These expenses also include office rent and utilities, communications expenses and professional fees.

We purchased six operating businesses in 2000 and 14 operating businesses in 1999, all of which we have accounted for in accordance with the purchase method of accounting. Our financial statements present Central Concrete Supply Co., Inc., one of our initial six acquisitions, as the acquirer of the other 19 businesses and U.S. Concrete. These financial statements are those of Central prior to June 1, 1999 and of U.S. Concrete and its consolidated subsidiaries after that date.

FACTORS THAT MAY AFFECT OUR FUTURE OPERATING RESULTS

Reflecting the levels of construction activity, the demand for ready-mixed concrete is highly seasonal. We believe that this demand may be as much as three times greater in a prime summer month than in a slow winter month and that the six-month period of May through October is the peak demand period. Consequently, we expect that our sales generally will be materially lower in the first and fourth calendar quarters. Because we incur fixed costs, such as wages, rent, depreciation and other selling, general and administrative expenses, throughout the year, we expect our gross profit margins will be

disproportionately lower than our sales in these quarters. Even during traditional peak periods, sustained periods of inclement weather and other extreme weather conditions can slow or delay construction and thus slow or delay our sales.

You should not rely on (1) quarterly comparisons of our revenues and operating results as indicators of our future performance or (2) the results of any quarterly period during a year as an indicator of results you may expect for that entire year.

Demand for ready-mixed concrete and other concrete products depends on the level of activity in the construction industry. That industry is cyclical in nature, and the general condition of the economy and a variety of other factors beyond our control affect its level of activity. These factors include, among others:

- ▶ the availability of funds for public or infrastructure construction;
- ▶ commercial and residential vacancy levels;
- ▶ changes in interest rates;
- ▶ the availability of short- and long-term financing;
- ▶ inflation;
- ▶ consumer spending habits; and
- ▶ employment levels.

We may incur material costs and losses as a result of claims that our products do not meet regulatory requirements or contractual specifications.

The construction industry can exhibit substantial variations in activity across the country as a result of these factors impacting regional and local economies differently.

Markets for ready-mixed concrete generally are local. Our results of operations are susceptible to swings in the level of construction activity which may occur in our markets.

Ready-mixed concrete is highly price-sensitive. Our prices are subject to changes in response to relatively minor fluctuations in supply and demand, general economic conditions and market conditions, all of which are beyond our control. Because of the fixed-cost nature of our business, our overall profitability is sensitive to minor variations in sales volumes and small shifts in the balance between supply and demand.

Competitive conditions in our industry also may affect our future operating results.

When we acquire a business, we record an asset called “goodwill” equal to the excess amount we pay for the business, including liabilities we assume, over the fair value of the assets of the business we acquire. Under generally accepted accounting principles, we amortize goodwill over periods up to 40 years following the acquisition, which directly affects our earnings in those years. Should we be required to accelerate the amortization of goodwill or write it off completely because of impairments or changes in generally accepted accounting principles, our results of operations may be materially and adversely affected.

As we acquire additional businesses in the future for which we will account in accordance with the purchase method of accounting, we will include the operating results of those businesses in our consolidated operating results from their respective acquisition dates and begin writing off any purchased goodwill resulting from those acquisitions on those same dates. Consequently, the magnitude and timing of our future acquisitions will affect our operating results.

RESULTS OF OPERATIONS

The following table sets forth for us selected historical statement of operations information and that information as a percentage of sales for the years indicated. These financial statements are those of Central prior to June 1, 1999 and of U.S. Concrete and its consolidated subsidiaries after that date. Except as we note below, our acquisitions in 2000 primarily account for the changes in 2000 from 1999. Similarly, except as we note below, the consolidation of operating results beginning on June 1, 1999 and our subsequent acquisitions in 1999 principally account for the changes in 1999 from 1998.

	Year Ended December 31					
	2000		1999		1998	
	<i>(dollars in thousands)</i>					
Sales	\$394,636	100.0%	\$167,912	100.0%	\$66,499	100.0%
Cost of goods sold	314,297	79.6	135,195	80.5	53,974	81.2
Gross profit	80,339	20.4	32,717	19.5	12,525	18.8
Selling, general and administrative expenses	27,741	7.0	9,491	5.7	4,712	7.1
Stock compensation charge	—	—	2,880	1.7	—	—
Depreciation and amortization	11,212	2.9	3,453	2.1	930	1.4
Income from operations	41,386	10.5	16,893	10.0	6,883	10.3
Interest expense, net	14,095	3.6	1,708	1.0	165	0.2
Other income, net	1,319	0.4	663	0.4	36	0.1
Income before income tax provision	28,610	7.3	15,848	9.4	6,754	10.2
Income tax provision	11,750	3.0	7,658	4.5	100	0.2
Net income	\$16,860	4.3%	\$8,190	4.9%	\$6,654	10.0%

2000 Compared to 1999

Sales. Sales increased \$226.7 million, or 135.0%, from \$167.9 million in 1999 to \$394.6 million in 2000.

Gross profit. Gross profit increased \$47.6 million, or 145.6%, from \$32.7 million in 1999 to \$80.3 million in 2000. Gross margins increased from 19.5% in 1999 to 20.4% in 2000, primarily due to improved pricing terms we have negotiated with key materials suppliers in our major ready-mixed markets.

Selling, general and administrative expenses. Selling, general and administrative expenses increased \$18.3 million, or 192.3%, from \$9.5 million in 1999 to \$27.7 million in 2000. The increase in selling, general and administrative expenses as a percentage of sales is attributable to additions to the corporate overhead infrastructure to accommodate our growth strategy, as well as management additions in certain of our markets.

Stock compensation charge. The 1999 stock compensation charge represents a noncash charge for the 400,000 shares of common stock we issued in December 1998 and March 1999 to management and nonemployee directors at a nominal cost. The amount of this charge reflected a fair value of \$7.20 per share, which represented a 10% discount from the initial offering price to the public of \$8.00 per share in our IPO.

Depreciation and amortization. Depreciation and amortization expense increased \$7.8 million, or 224.7%, from \$3.5 million in 1999 to \$11.2 million in 2000. This increase includes amortization of the goodwill attributable to our acquisition activity. We are amortizing this goodwill over 40 years for each acquisition. At December 31, 2000, the annualized amount of this noncash expense was \$4.9 million.

Interest expense, net. Interest expense, net, increased \$12.4 million from \$1.7 million in 1999 to \$14.1 million in 2000. This increase was attributable principally to borrowings we made to pay the cash portion of the purchase prices for our acquisitions. At December 31, 2000, we had outstanding borrowings totaling \$157.1 million, at a weighted average interest cost of 10.7% per annum.

Other income, net. Other income, net increased \$656,000, or 98.9%, from \$663,000 in 1999 to \$1.3 million in 2000. This increase is attributable to the sale of a customer contract, a gain from the involuntary conversion of property and numerous other items of income and expense.

Income tax provision. We provided for income taxes of \$11.8 million in 2000, an increase of \$4.1 million from our provision in 1999. The increase is principally attributable to an overall increase in taxable earnings for 2000 resulting from our operating activities. Additionally, in the first five months of 1999, Central operated as an S corporation and thus made no provision for income taxes during that period. The increase in our overall income tax provision is partially offset by a decrease in our effective income tax rate from 48.3% in 1999 to 41.1% in 2000. The higher rate in 1999 primarily resulted from the income tax expense we recognized as a result of the conversion of Central from an S corporation to a C corporation and a non-deductible stock compensation charge which we recognized during that year.

1999 Compared to 1998

Sales. Sales increased \$101.4 million, or 152.5%, from \$66.5 million in 1998 to \$167.9 million in 1999.

Gross profit. Gross profit increased \$20.2 million, or 161.2%, from \$12.5 million in 1998 to \$32.7 million in 1999. Gross margins increased from 18.8% in 1998 to 19.5% in 1999, primarily because increases in our product prices more than offset increases in labor rates, additional technical personnel and increases in our costs of raw materials.

Selling, general and administrative expenses. Selling, general and administrative expenses increased \$4.8 million, or 101.4%, from \$4.7 million in 1998 to \$9.5 million in 1999. The 1999 expenses include the salaries of our executive officers and expenses we incurred in building our corporate infrastructure.

Stock compensation charge. The 1999 stock compensation charge represents a noncash charge for the 400,000 shares of our common stock we issued in December 1998 and March 1999 to management and nonemployee directors at a nominal cost.

Depreciation and amortization. Depreciation and amortization expense increased \$2.6 million, or 271.3%, from \$0.9 million in 1998 to \$3.5 million in 1999. This increase reflects our initial amortization of the goodwill attributable to our 1999 acquisition activity. We are amortizing this goodwill over 40 years for each acquisition. At December 31, 1999, the annualized amount of this noncash expense was \$2.7 million.

Interest expense, net. Interest expense, net, increased \$1.5 million from \$0.2 million in 1998 to \$1.7 million in 1999. This increase was attributable principally to borrowings we made to finance our post-IPO acquisitions in 1999 and to refinance indebtedness of our acquired businesses. At December 31, 1999, we had borrowings totaling \$57.1 million outstanding under our credit facility at a weighted average interest cost of 7.9% per annum.

Income tax provision. We provided for income taxes of \$7.7 million in 1999, an increase of \$7.6 million from our provision in 1998. This increase is attributable to the fact that Central was an S corporation during 1998 and the first five months of 1999 and thus made no provision for federal income taxes during those periods.

LIQUIDITY AND CAPITAL RESOURCES

Our acquisitions since December 31, 1999 principally account for the changes in our working capital accounts and our property, plant and equipment account from December 31, 1999 to December 31, 2000.

During 2000, we purchased six businesses that we have accounted for in accordance with the purchase method of accounting. The aggregate consideration we paid in these transactions consisted of \$98.9 million in cash and 3.7 million shares of common stock.

In February 2000, we increased the size of our secured revolving credit facility from \$100 million to \$200 million. We had \$62.0 million of outstanding borrowings under the facility at December 31, 2000. The facility has a term expiring in May 2002 and a \$5.0 million sublimit for letters of credit issued on our behalf. Our borrowing availability under the facility will vary from time to time depending on our satisfaction of several financial tests. We may use the facility for the following purposes:

- ▶ financing acquisitions;
- ▶ funding the internal expansion of our operations;
- ▶ working capital; and
- ▶ general corporate purposes.

Our subsidiaries have guaranteed the repayment of all amounts owing under the facility, and we secured the facility with the capital stock and assets of our subsidiaries. The facility:

- ▶ requires the consent of the lenders for certain acquisitions;
- ▶ prohibits the payment of cash dividends on our common stock;
- ▶ limits our ability to incur additional indebtedness; and
- ▶ requires us to comply with financial covenants.

The failure to comply with these covenants and restrictions would constitute an event of default under the facility.

On November 10, 2000, we issued and sold to institutional investors in a private placement \$95 million aggregate principal amount of our 12.00% senior subordinated notes due November 10, 2010 for \$95 million in cash. The terms of these notes will require us to repay them in equal annual installments of approximately \$13.6 million on November 10 in each of the years 2004 through 2010. We used the net proceeds from our sale of the notes to repay borrowings under our secured revolving credit facility. We intend to keep that facility in place and may borrow under that facility to fund future growth opportunities and for general corporate purposes. Our borrowing availability under that facility will vary from time to time depending on our satisfaction of several financial tests.

We anticipate that our consolidated cash flow from our operations will exceed our normal working capital needs, debt service requirements and the amount of our planned capital expenditures, excluding acquisitions, for at least the next 12 months.

We may use funds during the next 12 months to resolve the product warranty claim we describe under the heading “Product Warranties” in Items 1 and 2 — “Business and Properties.” We anticipate the cash flows from our operations will provide sufficient funds for any such resolution.

The continuation of our growth strategy will require substantial capital. We currently intend to finance future acquisitions through issuances of our common stock or debt securities, including convertible debt securities, and borrowings under our credit facility. Using debt to complete acquisitions could substantially limit our operational and financial flexibility. The extent to which we will be able or willing to use our common stock to make acquisitions will depend on its market value from time to time and the willingness of potential sellers to accept it as full or partial payment. Using our common stock for this purpose may result in dilution to our then existing stockholders. To the extent we are unable to use our common stock to make future acquisitions, our ability to grow will be limited by the extent to which we are able to raise capital for this purpose, as well as to expand existing operations, through debt or additional equity financings. If we are unable to obtain additional capital on acceptable terms, we may be required to reduce the scope of our presently anticipated expansion, which could materially adversely affect our business and the value of our common stock.

We cannot accurately predict the timing, size and success of our acquisition efforts or our associated potential capital commitments.

Inflation

As a result of the relatively low levels of inflation during the past three years, inflation did not significantly affect our results of operations in any of those years.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Borrowings under our revolving credit facility expose us to certain market risks. Outstanding borrowings under our credit facility were \$62.0 million at December 31, 2000. A change of one percent in the interest rate would cause a change in interest expense of approximately \$620,000, or \$0.02 per share, on an annual basis. We did not enter into our credit facility for trading purposes. The credit facility carries interest at a pre-agreed percentage point spread from either the prime interest rate, or a one, two, three or six month Eurodollar interest rate.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

U.S. CONCRETE, INC. AND SUBSIDIARIES
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Consolidated Statements of Operations for the Years Ended December 31, 2000, 1999 and 1998	22
Consolidated Statements of Changes in Stockholders' Equity for the Years Ended December 31, 2000, 1999 and 1998	23
Consolidated Statements of Cash Flows for the Years Ended December 31, 2000, 1999 and 1998	24
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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

TO U.S. CONCRETE, INC.:

We have audited the accompanying consolidated balance sheets of U.S. Concrete, Inc., a Delaware corporation, and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2000. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the 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, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of U.S. Concrete, Inc. and subsidiaries as of December 31, 2000 and 1999, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

Houston, Texas
March 15, 2001

CONSOLIDATED BALANCE SHEETS

(in thousands, except share amounts)

	December 31	
	2000	1999
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 711	\$ 627
Trade accounts receivable, net	62,641	44,085
Inventories	9,494	4,351
Prepaid expenses and other current assets	5,106	3,254
Total current assets	77,952	52,317
Property, plant and equipment, net	82,993	53,949
Goodwill, net	188,921	105,492
Other assets	5,971	976
Total assets	<u>\$ 355,837</u>	<u>\$ 212,734</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	\$ 107	\$ 140
Accounts payable and accrued liabilities	36,313	37,599
Total current liabilities	36,420	37,739
Long-term debt, net of current maturities	157,027	57,235
Deferred income taxes	11,835	6,967
Total liabilities	205,282	101,941
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value; 10,000,000 shares authorized; none issued and outstanding	—	—
Common stock, \$0.001 par value; 60,000,000 shares authorized; 22,452,036 and 18,639,228 shares issued and outstanding in 2000 and 1999, respectively	22	19
Additional paid-in capital	127,170	104,271
Retained earnings	23,363	6,503
Total stockholders' equity	150,555	110,793
Total liabilities and stockholders' equity	<u>\$ 355,837</u>	<u>\$ 212,734</u>

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share amounts)

	Year Ended December 31		
	2000	1999	1998
Sales	\$394,636	\$167,912	\$ 66,499
Cost of goods sold	314,297	135,195	53,974
Gross profit	80,339	32,717	12,525
Selling, general and administrative expenses	27,741	9,491	4,712
Stock compensation charge	—	2,880	—
Depreciation and amortization	11,212	3,453	930
Income from operations	41,386	16,893	6,883
Interest expense, net	14,095	1,708	165
Other income, net	1,319	663	36
Income before income tax provision	28,610	15,848	6,754
Income tax provision	11,750	7,658	100
Net income	<u>\$ 16,860</u>	<u>\$ 8,190</u>	<u>\$ 6,654</u>
Earnings per share:			
Basic	<u>\$ 0.78</u>	<u>\$ 0.70</u>	<u>\$ 2.13</u>
Diluted	<u>\$ 0.78</u>	<u>\$ 0.70</u>	<u>\$ 2.13</u>
Number of shares used in calculating earnings per share:			
Basic	<u>21,573</u>	<u>11,770</u>	<u>3,120</u>
Diluted	<u>21,592</u>	<u>11,783</u>	<u>3,120</u>

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(in thousands, except share amounts)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Stockholders' Equity
	Shares	Amount			
BALANCE, DECEMBER 31, 1997	3,120	\$ 3	\$ 621	\$ 10,107	\$ 10,731
Distributions to stockholders	—	—	—	(2,231)	(2,231)
Net income	—	—	—	6,654	6,654
BALANCE, DECEMBER 31, 1998	3,120	3	621	14,530	15,154
Initial public offering, net of offering costs	4,370	4	27,668	—	27,672
Acquisitions of founding companies	8,319	10	57,904	(6,064)	51,850
Acquisitions of purchased companies	2,430	2	15,198	—	15,200
Distributions to stockholders	—	—	—	(10,153)	(10,153)
Stock compensation charge	400	—	2,880	—	2,880
Net income	—	—	—	8,190	8,190
BALANCE, DECEMBER 31, 1999	18,639	19	104,271	6,503	110,793
Acquisitions of purchased companies	3,710	2	22,355	—	22,357
Stock issued pursuant to employee stock purchase plan	103	1	544	—	545
Net income	—	—	—	16,860	16,860
BALANCE, DECEMBER 31, 2000	22,452	\$ 22	\$ 127,170	\$ 23,363	\$ 150,555

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Year Ended December 31		
	2000	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 16,860	\$ 8,190	\$ 6,654
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	11,212	3,453	930
Debt issuance cost amortization	1,099	123	—
Net gain on sale of property, plant and equipment	(435)	(218)	(36)
Deferred income tax provision	3,011	762	11
Provision for doubtful accounts	220	118	17
Stock compensation charge	—	2,880	—
Changes in assets and liabilities, excluding effects of acquisitions:			
Receivables	(4,194)	(5,372)	(1,697)
Prepaid expenses and other current assets	(2,623)	69	(519)
Accounts payable and accrued liabilities	(15,567)	(959)	1,499
Net cash provided by operating activities	<u>9,583</u>	<u>9,046</u>	<u>6,859</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(8,205)	(7,547)	(3,300)
Payments for acquisitions, net of cash received of \$3,961, \$10,070 and \$0	(94,957)	(68,495)	—
Payment of direct costs in connection with acquisitions	(3,261)	(8,406)	—
Proceeds from disposals of property, plant and equipment	2,156	1,031	52
Increase in cash surrender value of life insurance	—	—	(189)
Net cash used in investing activities	<u>(104,267)</u>	<u>(83,417)</u>	<u>(3,437)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings	192,900	57,266	2,006
Repayments of borrowings	(93,141)	(3,607)	(1,136)
Proceeds from issuances of common stock	545	32,512	—
Cash paid related to common stock issuance costs	(242)	(4,373)	—
Debt issuance costs	(5,294)	(860)	—
Distributions to stockholders	—	(10,153)	(2,024)
Net cash provided by (used in) financing activities	<u>94,768</u>	<u>70,785</u>	<u>(1,154)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	84	(3,586)	2,268
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	627	4,213	1,945
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 711	\$ 627	\$ 4,213
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid for interest	\$ 12,377	\$ 1,412	\$ 344
Cash paid for income taxes	\$ 12,340	\$ 4,973	\$ 78
NONCASH FINANCING ACTIVITY:			
Distribution of cash surrender value of life insurance to stockholder	\$ —	\$ 1,155	\$ —
Distribution of note receivable to stockholder	\$ —	\$ —	\$ 207

The accompanying notes are an integral part of these consolidated financial statements.

U.S. CONCRETE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND BASIS OF PRESENTATION

U.S. Concrete, Inc., a Delaware corporation, was founded in July 1997 to create a leading provider of ready-mixed concrete and related products and services to the construction industry in major markets in the United States. It did not conduct any operations prior to May 1999. On May 28, 1999, it completed an initial public offering of its common stock and concurrently acquired six businesses. From the date of its IPO through December 31, 2000, U.S. Concrete acquired 14 additional businesses.

For financial statement presentation purposes, (1) Central Concrete Supply Co., Inc., one of the acquired businesses, is presented as the acquirer of the other acquired businesses and U.S. Concrete, (2) all acquisitions are accounted for in accordance with the purchase method of accounting and (3) the effective date of the initial acquisitions is May 31, 1999. These consolidated financial statements are those of Central prior to June 1, 1999 and of U.S. Concrete and its consolidated subsidiaries after that date. These consolidated financial statements reflect the operations of the businesses U.S. Concrete acquired after May 31, 1999 from their respective dates of acquisition.

U.S. Concrete's future success depends on a number of factors which include integrating operations successfully, identifying and integrating satisfactory acquisition candidates, obtaining acquisition financing, managing growth, attracting and retaining qualified management and employees, complying with government regulations and other regulatory requirements or contract specifications, and addressing risks associated with competition, seasonality and quarterly fluctuations.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements consist of the accounts of U.S. Concrete and its wholly-owned subsidiaries. All significant intercompany account balances and transactions have been eliminated.

Cash and Cash Equivalents

U.S. Concrete records as cash equivalents all highly liquid investments having maturities of three months or less at the date of purchase.

Inventories

Inventories consist primarily of raw materials, pre-cast products, building materials and repair parts that U.S. Concrete holds for use or sale in the ordinary course of business. It uses the first-in, first-out method to value inventories at the lower of cost or market. For each of the three years ended December 31, 2000, management believes U.S. Concrete incurred no material impairments in the carrying value of its inventories.

Prepaid Expenses

Prepaid expenses primarily include amounts U.S. Concrete has paid for insurance, licenses, property taxes, rent and maintenance contracts. It expenses or amortizes all prepaid amounts as used or over the period of benefit, as applicable.

Property, Plant and Equipment, Net

U.S. Concrete states property, plant and equipment at cost, unless impaired, and uses the straight-line method to compute depreciation of these assets over their estimated useful lives. It capitalizes leasehold improvements on properties it holds under operating leases and amortizes them over the lesser of their estimated useful lives or the applicable lease term. It states equipment it holds under capital leases at the net present value of the future minimum lease payments at the inception of the applicable leases and amortizes that equipment over the lesser of the life of the lease or the estimated useful life of the asset.

U.S. Concrete expenses maintenance and repair costs when incurred and capitalizes and depreciates expenditures for major renewals and betterments that extend the useful lives of its existing assets. When U.S. Concrete retires or disposes of property, plant or equipment, it removes the related cost and accumulated depreciation from its accounts and reflects any resulting gain or loss in its statements of operations.

Goodwill

Goodwill represents the amount by which the total purchase price U.S. Concrete has paid to acquire businesses accounted for as purchases exceeds the estimated fair value of the net assets acquired. It amortizes goodwill on a straight-line basis over 40 years. Goodwill and other intangible assets are evaluated for impairment based on the estimated undiscounted future cash flows of the business unit to which these assets relate. As of December 31, 2000 and 1999, accumulated amortization was \$5.4 and \$1.1 million, respectively.

Debt Issue Costs

Other long-term assets include debt issue costs related to U.S. Concrete's credit facility and subordinated debentures (see Note 6 for discussion). U.S. Concrete amortizes these costs as interest expense over the scheduled maturity period of the debt. As of December 31, 2000 and 1999, accumulated amortization of debt issue costs was \$1.2 million and \$123,000, respectively.

Allowance for Doubtful Accounts

U.S. Concrete provides an allowance for accounts receivable it believes it may not collect in full.

Sales and Expenses

U.S. Concrete derives its sales primarily from the production and delivery of ready-mixed concrete and related products and materials. It recognizes sales when products are delivered. Cost of goods sold consists primarily of product costs and operating expenses. Operating expenses consist primarily of wages, benefits and other expenses attributable to plant operations, repairs and maintenance and delivery costs. Selling expenses consist primarily of sales commissions, salaries of sales managers, travel and entertainment expenses and trade show expenses. General and administrative expenses consist primarily of executive and administrative compensation and benefits, office rent, utilities, communication and technology expenses and professional fees.

Income Taxes

U.S. Concrete uses the liability method of accounting for income taxes. Under this method, it records deferred income taxes based on temporary differences between the financial reporting and tax bases of assets and liabilities and uses enacted tax rates and laws that will be in effect when it recovers those assets or settles those liabilities, as the case may be, to measure those taxes.

U.S. Concrete files a consolidated federal income tax return, which includes the operations of all acquired businesses for periods subsequent to their respective acquisition dates. The acquired businesses file "short period" federal income tax returns for the period from their last fiscal year through their respective acquisition dates.

Fair Value of Financial Instruments

The financial instruments of U.S. Concrete consist primarily of cash and cash equivalents, trade receivables, trade payables and long-term debt. Management considers the book values of these items to be representative of their respective fair values.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions by management in determining the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Valuation of Long-Lived Assets

U.S. Concrete reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If the expected future undiscounted cash flows of an asset it intends to hold for use is less than the carrying amount of the asset, it will recognize a loss equal to the difference between the fair value (calculated by discounting the estimated future operating cash flows) and the carrying amount of the asset. If it intends to dispose of an asset that is impaired, it will recognize a loss equal to the difference between the estimated fair value of the asset, less estimated costs to sell, and its carrying amount.

Reclassifications

Certain reclassifications have been made to amounts in prior period financial statements to conform with current period presentation.

Earnings per Share

Since Central is presented as the acquirer of the other acquired businesses and U.S. Concrete, U.S. Concrete uses the shares of its common stock beneficially owned by the former owners of Central in the calculation of its earnings per share for all periods prior to the IPO.

The following table reconciles the numerators and denominators of the basic and diluted earnings per share for the periods shown (in thousands, except per share amounts). Basic earnings represent earnings per weighted average outstanding share, while diluted earnings represent those earnings as diluted by potentially dilutive securities such as outstanding options.

	Year Ended December 31		
	2000	1999	1998
Numerator:			
Net income	\$ 16,860	\$ 8,190	\$ 6,654
Denominator:			
Weighted average common shares outstanding-basic	21,573	11,770	3,120
Effect of dilutive stock options	19	13	—
Weighted average common shares outstanding-diluted	<u>21,592</u>	<u>11,783</u>	<u>3,120</u>
Earnings per share:			
Basic	\$ 0.78	\$ 0.70	\$ 2.13
Diluted	\$ 0.78	\$ 0.70	\$ 2.13

For the years ended December 31, 2000 and 1999, 2.1 million and 1.3 million stock options, respectively, were excluded from the computation of diluted earnings per share because their exercise prices were greater than the average market price of the common stock.

Comprehensive Income

In the first quarter of 1999, U.S. Concrete adopted Statement of Financial Accounting Standards (SFAS) No. 130, "Reporting Comprehensive Income," which requires the display of comprehensive income and its components in the financial statements. Comprehensive income represents all changes in equity of an entity during the reporting period, except those resulting from investments by and distributions to stockholders. For each of the three years ended December 31, 2000, no material differences exist between the historical net income and comprehensive income of U.S. Concrete.

Segment Information

U.S. Concrete has adopted SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information," which establishes standards for the manner public enterprises are to report information about operating segments in annual financial statements and requires the reporting of selected

information about operating segments in interim financial reports issued to stockholders. All segments that meet a threshold of 10% of revenues, reported profit or loss or combined assets are defined as significant segments. U.S. Concrete currently operates as one segment comprised of its ready-mixed concrete and related products. All of its operations, sales and long-lived assets are in the United States.

New Accounting Pronouncements

Beginning January 1, 2001, U.S. Concrete will apply SFAS No. 133, "Accounting for Derivative Securities and Hedging Activities." SFAS No. 133 will require it to recognize all derivative instruments (including some derivative instruments embedded in other contracts) as assets or liabilities on its balance sheet and measure them at fair value. The statement requires that changes in the fair value of derivatives be recognized currently in earnings unless specific hedge accounting criteria are met. U.S. Concrete is evaluating SFAS No. 133 and its impact on existing accounting policies and financial reporting disclosures. U.S. Concrete has not, to date, engaged in activities or entered into arrangements associated with derivative instruments.

3. BUSINESS COMBINATIONS

U.S. Concrete completed a total of six acquisitions in 2000 and 14 in 1999 including its initial six acquisitions at the time of its IPO, all of which were accounted for as purchases. The accompanying balance sheet at December 31, 2000 includes the preliminary allocations of the purchase prices of the 2000 acquisitions and is subject to final adjustment. The following table summarizes the aggregate consideration U.S. Concrete paid in these transactions:

Acquisitions completed:	2000	1999
Ready-mixed businesses	5	11
Pre-cast businesses	1	3
Total	<u>6</u>	<u>14</u>

Consideration:	2000	1999
	<i>(in thousands)</i>	
Cash	\$ 98,918	\$ 78,565
Fair value of common stock issued	<u>22,357</u>	<u>67,050</u>
Total	<u>\$ 121,275</u>	<u>\$ 145,615</u>

The following summarized unaudited pro forma financial information adjusts the historical financial information by assuming that all 20 of the 1999 and 2000 acquisitions occurred on January 1, 1999 (in thousands, except per share amounts):

	Year Ended December 31	
	2000	1999
	<i>(unaudited)</i>	
Revenues	\$ 416,374	\$ 413,193
Net income	\$ 16,460	\$ 18,178
Basic earnings per share	\$ 0.74	\$ 0.81
Diluted earnings per share	\$ 0.74	\$ 0.81

Pro forma adjustments these amounts include primarily relate to:

- ▶ contractual reductions in salaries, bonuses and benefits to former owners of the businesses;
- ▶ elimination of legal, accounting and other professional fees incurred in connection with the acquisitions;
- ▶ amortization of goodwill resulting from the acquisitions;
- ▶ reduction in interest expense, net of interest expense on borrowings to fund acquisitions; and
- ▶ adjustments to the federal and state income tax provision based on pro forma operating results.

The pro forma financial information does not purport to represent what the combined financial results of operations of U.S. Concrete actually would have been if these transactions and events had in fact occurred when assumed and are not necessarily representative of its financial results of operations for any future period.

In connection with the acquisitions, U.S. Concrete has determined the resulting goodwill as follows (in thousands):

	2000	1999
Cash consideration	\$ 98,918	\$ 78,565
Less: Cash received from acquired companies	(3,961)	(10,070)
Cash paid, net of cash acquired	94,957	68,495
Fair value of common stock issued	22,357	67,050
Direct acquisition costs incurred	3,261	8,406
Total purchase costs incurred, net of cash acquired	<u>120,575</u>	<u>143,951</u>
Fair value of assets acquired, net of cash	48,546	75,067
Less: Fair value of assumed liabilities	(15,700)	(37,699)
Fair value of net assets acquired, net of cash	32,846	37,368
Costs incurred in excess of net assets acquired	<u>\$ 87,729</u>	<u>\$ 106,583</u>

The amounts relating to the 2000 acquisitions are preliminary and subject to final adjustment.

4. PROPERTY, PLANT AND EQUIPMENT

A summary of property, plant and equipment is as follows (dollars in thousands):

	Useful Lives in Years	December 31	
		2000	1999
Land	—	\$ 12,657	\$ 12,381
Buildings and improvements	10-40	5,395	7,225
Machinery and equipment	10-30	35,880	14,191
Mixers, trucks and other vehicles	6-12	45,496	29,211
Furniture and fixtures	3-10	1,075	527
Construction in progress	—	1,010	2,322
		<u>101,513</u>	<u>65,857</u>
Less: accumulated depreciation		<u>(18,520)</u>	<u>(11,908)</u>
		<u>\$ 82,993</u>	<u>\$ 53,949</u>

5. DETAIL OF CERTAIN BALANCE SHEET ACCOUNTS

Activity in U.S. Concrete's allowance for doubtful accounts receivable consists of the following (in thousands):

	December 31		
	2000	1999	1998
Balance, beginning of period	\$ 730	\$ 97	\$ 80
Additions from acquisitions	1,085	686	—
Provision for uncollectible accounts	220	118	17
Uncollectible receivables written off, net of recoveries	(408)	(171)	—
Balance, end of period	<u>\$ 1,627</u>	<u>\$ 730</u>	<u>\$ 97</u>

Inventory consists of the following (in thousands):

	December 31	
	2000	1999
Raw materials	\$ 3,768	\$ 1,905
Pre-cast products	3,210	993
Building materials for resale	1,500	844
Repair parts	1,016	609
	<u>\$ 9,494</u>	<u>\$ 4,351</u>

Accounts payable and accrued liabilities consist of the following (in thousands):

	December 31	
	2000	1999
Accounts payable	\$ 25,283	\$ 27,473
Accrued compensation and benefits	3,895	2,764
Accrued interest	1,890	172
Accrued income taxes	—	3,827
Other	5,245	3,363
	<u>\$ 36,313</u>	<u>\$ 37,599</u>

6. LONG-TERM DEBT

A summary of long-term debt is as follows (in thousands):

	December 31	
	2000	1999
Secured revolving credit facility	\$ 62,000	\$ 57,100
12.00% Senior Subordinated Notes	95,000	—
Other	134	275
	157,134	57,375
Less: current maturities	(107)	(140)
Long-term debt, net of current maturities	<u>\$ 157,027</u>	<u>\$ 57,235</u>

U.S. Concrete has a \$200 million secured revolving credit facility that expires in May 2002. It may use this facility for working capital, to finance acquisitions and for other general corporate purposes. Availability under the facility is tied to various affirmative and negative financial covenants, including a leverage ratio, an asset coverage ratio, a minimum net worth calculation, a limitation on additional indebtedness and prohibition of dividends on its common stock. Subsidiary guarantees and pledges of substantially all U.S. Concrete's fixed assets and subsidiary capital stock secure the payment of all obligations owing under the facility. Advances bear interest at the prime rate or LIBOR, at U.S. Concrete's option, in each case plus a margin keyed to the ratio of consolidated indebtedness to cash flow. A commitment fee, based on the ratio of consolidated indebtedness to cash flow, is paid on any unused borrowing capacity. At December 31, 2000 and 1999, U.S. Concrete had borrowings totaling \$62.0 million and \$57.1 million, respectively, outstanding under this facility at weighted average interest costs of 8.6% and 7.9%. At December 31, 2000, U.S. Concrete had \$138 million of remaining capacity under this facility, of which it could borrow \$24.8 million based on its leverage ratio at that date. Its ability to borrow additional amounts would increase to the extent that the facility was utilized to fund the acquisition of additional businesses with positive cash flow.

On November 10, 2000, U.S. Concrete issued and sold to institutional investors in a private placement \$95 million aggregate principal amount of its 12.00% senior subordinated notes due November 10, 2010 for \$95 million in cash. The terms of these notes requires repayment in equal annual installments of approximately \$13.6 million on November 10 in each of the years 2004 through 2010. These notes are subordinated in right of payment to the credit facility and are guaranteed by the subsidiaries of U.S. Concrete. The notes require U.S. Concrete to comply with affirmative and financial covenants generally consistent with those required under the credit facility. U.S. Concrete used the net proceeds from the sale of these notes to repay borrowings under the secured revolving credit facility.

Aggregate maturities are as follows (in thousands):

<u>Year Ending December 31</u>	
2001	\$ 107
2002	62,027
2003	—
2004	13,571
2005	13,571
Thereafter	67,858
Total	\$ 157,134

7. STOCKHOLDERS' EQUITY

Initial Public Offering

In May 1999, U.S. Concrete completed its IPO, issuing 3.8 million shares of its common stock to the public at a price of \$8.00 per share, resulting in net proceeds to U.S. Concrete of \$23.5 million, after deducting offering costs. In June 1999, it sold an additional 570,000 shares of common stock on the exercise of the underwriters' over-allotment option. It realized net proceeds from this sale of \$4.2 million.

Warrants

In connection with the IPO, U.S. Concrete issued warrants to the underwriters to purchase 200,000 shares of common stock at an exercise price of \$8.00 per share. These warrants expire in May 2002. U.S. Concrete issued warrants to purchase an additional 100,000 shares of common stock to such parties in May 2000 at an exercise price of \$8.00 per share for advisory services performed by them in connection with an acquisition. These warrants expire in May 2003. At December 31, 2000 and 1999, all these warrants remained outstanding.

Stock Options

U.S. Concrete's 1999 incentive plan enables U.S. Concrete to grant non-qualified options, restricted stock, deferred stock, incentive stock options, stock appreciation rights and other long-term incentive awards. Options granted under the plan generally vest over a four year period and expire if not exercised prior to the 10th anniversary following the grant date. The number of shares available for issuance under the plan is limited to the greater of 2.0 million shares of common stock or 15% of the number of shares of common stock outstanding on the last day of the preceding calendar quarter, although the board of directors of U.S. Concrete may, in its discretion, grant additional awards or establish other compensation plans. The number of shares available for awards under the plan was 1.0 million and 1.3 million as of December 31, 2000 and 1999, respectively.

The following table summarizes stock option activity (in thousands, except prices):

	Options	Weighted Average Exercise Price
Options outstanding at December 31, 1998	—	\$ —
Granted	1,425	7.93
Exercised	—	—
Forfeited	(32)	8.13
Options outstanding at December 31, 1999	1,393	7.93
Granted	1,205	7.52
Exercised	—	—
Forfeited	(198)	7.68
Options outstanding at December 31, 2000	<u>2,400</u>	\$ 7.74
Options exercisable at December 31, 2000	<u>389</u>	\$ 7.94
Option exercise price range at December 31, 2000	\$6.13 – \$8.75	

The weighted average remaining contractual life of the options at December 31, 2000 was 8.63 years.

As allowed by SFAS No. 123, "Accounting for Stock-Based Compensation," U.S. Concrete accounts for stock option awards in accordance with Accounting Principles Board (APB) Opinion No. 25. The exercise prices of all options U.S. Concrete awarded during 2000 and 1999 were at least equal to the fair market values of the common stock on the dates of grant. As a result, under APB No. 25, it did not recognize any compensation expense attributable to these options. Had it determined compensation expense under the SFAS No. 123 method, its net income and earnings per share during 2000 and 1999 would have been the following pro forma amounts (in thousands, except per share amounts):

	Year Ended December 31	
	2000	1999
Net income		
As reported	\$ 16,860	\$ 8,190
Pro forma	<u>\$ 16,076</u>	<u>\$ 7,699</u>
Diluted earnings per share		
As reported	\$ 0.78	\$ 0.70
Pro forma	<u>\$ 0.74</u>	<u>\$ 0.65</u>

The effects of applying SFAS No. 123 in the pro forma disclosure may not be indicative of future amounts because U.S. Concrete expects to make additional awards. For purposes of this disclosure, U.S. Concrete estimated the fair value of each option grant on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	Year Ended December 31	
	2000	1999
Expected dividend yield	0.0%	0.0%
Expected stock price volatility	48.2%	54.7%
Risk-free interest rate	5.0%	6.0%
Expected life of options	10 years	10 years

Employee Stock Purchase Plan

In May 2000, U.S. Concrete's Board of Directors adopted, and its stockholders approved, the U.S. Concrete 2000 Employee Stock Purchase Plan (the "ESPP"). The ESPP is intended to qualify as an "employee stock purchase plan" under Section 423 of the Internal Revenue Code of 1986. All U.S. Concrete personnel that are customarily employed for at least 20 hours per week and five months per calendar year are eligible to participate in the ESPP. Under the ESPP, employees electing to participate are granted the right to purchase shares of U.S. Concrete common stock at a price generally equal to 85% of the lower of the fair market value of a share of U.S. Concrete common stock on the first or last day of the offering period.

8. INCOME TAXES

U.S. Concrete's consolidated federal and state tax returns include the results of operations of acquired businesses from their dates of acquisition.

The amounts of consolidated federal and state income tax provision are as follows (in thousands):

	Year Ended December 31		
	2000	1999	1998
Current:			
Federal	\$ 7,617	\$ 6,398	\$ —
State	1,122	498	89
	<u>8,739</u>	<u>6,896</u>	<u>89</u>
Deferred:			
Federal	2,646	700	—
State	365	62	11
	<u>3,011</u>	<u>762</u>	<u>11</u>
	<u>\$ 11,750</u>	<u>\$ 7,658</u>	<u>\$ 100</u>

A reconciliation of U.S. Concrete's effective income tax rate to the amounts calculated by applying the federal statutory corporate tax rate of 35% is as follows (in thousands):

	Year Ended December 31		
	2000	1999	1998
Tax at statutory rate	\$ 10,013	\$ 5,547	\$ —
Add (deduct):			
State income taxes	967	364	100
Nondeductible expenses	960	405	—
Nondeductible compensation charge	—	1,008	—
Income taxed to Central shareholders	—	(590)	—
Deferred tax charge for S corporation taxes	—	924	—
Other	(190)	—	—
Income tax provision	<u>\$ 11,750</u>	<u>\$ 7,658</u>	<u>\$ 100</u>
Effective income tax rate	<u>41.1%</u>	<u>48.3%</u>	<u>1.5%</u>

Deferred income tax provisions result from temporary differences in the recognition of expenses for financial reporting purposes and for tax reporting purposes. U.S. Concrete presents the effects of those differences as deferred income tax liabilities and assets, as follows (in thousands):

	December 31	
	2000	1999
Deferred income tax liabilities:		
Property and equipment, net	\$ 10,407	\$ 7,838
Goodwill	1,689	—
Other	1,816	476
Total deferred income tax liabilities	<u>13,912</u>	<u>8,314</u>
Deferred income tax assets:		
Allowance for doubtful accounts	433	197
Accrued expenses	1,220	1,062
Other	424	88
Total deferred income tax assets	<u>2,077</u>	<u>1,347</u>
Net deferred income tax liabilities	<u>\$ 11,835</u>	<u>\$ 6,967</u>

Prior to their respective acquisitions, Central and other acquired businesses were S corporations and were not subject to federal income taxes. Effective with their acquisition they became subject to those taxes, and U.S. Concrete has recorded an estimated deferred tax liability to provide for its estimated future income tax liability as a result of the difference between the book and tax bases of the net assets of these corporations as of the dates of their acquisitions. These consolidated financial statements reflect the federal and state income taxes of these corporations since their dates of acquisition.

9. RELATED-PARTY TRANSACTIONS

U.S. Concrete has transactions in the normal course of business with related parties. These transactions consist principally of operating leases under which U.S. Concrete leases facilities from former owners of its acquired businesses or their affiliates. These leases are for periods generally ranging from three to five years and are on terms management believes are comparable to unrelated party leases. Lease payments under these leases were approximately \$978,000 in 2000, \$597,000 in 1999, and \$144,000 in 1998. The schedule of minimum lease payments in Note 11 includes U.S. Concrete's future commitments under these leases.

U.S. Concrete provides advances to employees in the normal course of business that are repaid directly or through deductions from payroll. During 2000, U.S. Concrete made non-interest bearing loans totalling \$300,000 to two of its officers. The loans to these officers are payable in full by March 1, 2005.

U.S. Concrete's venture capital partner, Main Street Equity Ventures II, L.P., of which Vincent D. Foster, U.S. Concrete's chairman, is a senior managing director, advanced funds to U.S. Concrete from August 1998 until May 1999 totaling \$1.7 million to enable it to pay its expenses in connection with the completion of its IPO and concurrent acquisitions of six operating businesses. U.S. Concrete repaid these advances, including interest accrued at the rate of 6% per year, from the gross proceeds of its IPO. U.S. Concrete paid Main Street \$403,000 in 2000 and \$180,000 in 1999 for services related to U.S. Concrete's acquisition program.

In March 2000, U.S. Concrete modified the non-compete provisions pertaining to Neil J. Vannucci, one of its directors, that are contained in the acquisition agreement for the company he formerly owned. The modifications further limit Mr. Vannucci's right to compete in exchange for three annual cash payments of \$138,000 each.

10. RISK CONCENTRATION

U.S. Concrete grants credit, generally without collateral, to its customers, which include general contractors, municipalities and commercial companies located solely in the United States. Consequently, it is subject to potential credit risk related to changes in business and economic factors throughout the United States. U.S. Concrete generally has lien rights in the work it performs, and concentrations of credit risk are limited because of the diversity of its customer base. Further, management believes that its contract acceptance, billing and collection policies are adequate to minimize any potential credit risk.

U.S. Concrete maintains cash balances at financial institutions, which may at times be in excess of federally insured levels. It has not incurred losses related to these balances during the three-year period ended December 31, 2000.

11. COMMITMENTS AND CONTINGENCIES

Litigation and Other Claims

Bay-Crete Transportation & Materials, LLC alleges in a lawsuit it filed on July 11, 2000 in a California state court, against U.S. Concrete and its subsidiary, Central, that it possesses beneficiary rights under a 1983 contract to purchase annually up to 200,000 cubic yards of ready-mixed concrete from Central until March 30, 2082. Under that contract, the purchase price would consist of Central's direct materials costs and an overhead fee. Bay-Crete alleges that U.S. Concrete breached that contract by refusing to acknowledge Bay-Crete's rights as a beneficiary of that contract. It is seeking damages of \$500 million of lost profits spread over the next 82 years. U.S. Concrete and Central each filed an answer and cross-complaint in August 2000 which seeks declaratory relief for a determination that Bay-Crete is not entitled to use the contract. In addition, the cross-complaints seek damages for improper conduct by Bay-Crete, the general manager of Bay-Crete and a member of Bay-Crete for making demands under the contract in violation of an order of a United States bankruptcy court. A predecessor to Central previously prevailed in the defense of a similar action brought by the general manager of Bay-Crete under a related agreement, and U.S. Concrete and Central believe they have meritorious defenses to Bay-Crete's claim and intend to vigorously defend this suit.

From time to time, and currently, U.S. Concrete is subject to various other claims and litigation brought by employees, customers and other third parties for, among other matters, personal injuries, property damages, product defects and delay damages that have, or allegedly have, resulted from the conduct of its operations.

U.S. Concrete is currently in discussions with a customer and developer regarding a product warranty claim. The claim relates to a large, single-family home tract-construction project in Northern California for which U.S. Concrete produced and supplied a different batch mix for a short period of time that was used in 72 foundation slabs on grade. The developer asserts that it is entitled to be made whole for all expenses it incurred in demolishing the homes on those slabs, for all costs of rebuilding the homes to their state prior to demolition and for all related costs. Although management believes

U.S. Concrete has valid defenses to this claim based on, among other things, failure to mitigate damages, management is unable to quantify a range of loss or to predict with certainty the outcome of this matter at this time.

U.S. Concrete believes that the resolution of all claims or litigation currently pending or threatened against U.S. Concrete or any of its subsidiaries (including the dispute with Bay-Crete and the product warranty claim described above) will not have a material adverse effect on its business or financial condition; however, because of the inherent uncertainty of resolving claims and litigation, U.S. Concrete cannot assure that the resolution of any particular claim or proceeding to which it is a party will not have a material adverse effect on its results of operations for the fiscal period in which that resolution occurs.

Lease Payments

U.S. Concrete leases tracts of land, facilities and equipment it uses in its operations. Rental expense under operating leases was \$4.4 million, \$2.0 million, and \$322,000 in 2000, 1999 and 1998, respectively. Minimum future annual lease payments under these leases are as follows (in thousands):

<u>Year Ending December 31</u>	
2001	\$ 5,004
2002	4,345
2003	3,269
2004	2,752
2005	2,253
Thereafter	3,247
	<u>\$ 20,870</u>

Insurance Programs

U.S. Concrete maintains third-party insurance coverage in amounts and against the risks it believes accord with industry practice. Under certain components of its insurance program, U.S. Concrete shares the risk of loss with its insurance underwriters by maintaining high deductibles subject to aggregate annual loss limitations. U.S. Concrete funds these deductibles and records an expense for expected losses under the programs. The expected losses are determined using actuarial assumptions followed by the insurance industry and U.S. Concrete's historical loss experience.

12. SIGNIFICANT CUSTOMERS

Significant customers represented sales (as a percentage of total sales) as follows:

	<u>Year Ended December 31</u>		
	2000	1999	1998
Customer A	5%	8%	16%
Customer B (related party)	4	8	22

13. SIGNIFICANT SUPPLIERS

Significant suppliers represented purchases (as a percentage of total purchases) as follows:

	<u>Year Ended December 31</u>		
	2000	1999	1998
Supplier A	11%	23%	41%
Supplier B	5	17	18

14. EMPLOYEE BENEFIT PLANS

In February 2000, U.S. Concrete established a defined contribution 401(k) profit sharing plan for employees meeting various employment requirements. Eligible employees may contribute amounts up to the lesser of 15% of their annual compensation or the maximum amount permitted under IRS regulations. U.S. Concrete matches 100% of employee contributions up to a maximum of 5% of their compensation. U.S. Concrete paid matching contributions of \$865,000 during 2000.

U.S. Concrete maintains defined contribution profit-sharing and money purchase pension plans for its non-union employees. Contributions were not made to these plans in 2000, but were approximately \$816,000 in 1999, and \$404,000 in 1998.

U.S. Concrete's subsidiaries are parties to various collective bargaining agreements with labor unions having multi-year terms that expire on a staggered basis. Under these agreements, U.S. Concrete pays specified wages to covered employees, observes designated workplace rules and makes payments to multi-employer pension plans and employee benefit trusts rather than administering the funds on behalf of these employees.

In connection with its collective bargaining agreements U.S. Concrete participates with other companies in the unions' multi-employer pension plans. These plans cover substantially all of U.S. Concrete's employees who are members of such unions. The Employee Retirement Income Security Act of 1974, as amended by the Multi-Employer Pension Plan Amendments Act of 1980, imposes liabilities on employers who are contributors to a multi-employer plan in the event of the employer's withdrawal from, or on termination of that plan. U.S. Concrete has no plans to withdraw from these plans. These plans do not maintain information on net assets and actuarial present value of the accumulated share of the plans' unfunded vested benefits allocable to U.S. Concrete, and amounts, if any, for which U.S. Concrete may be contingently liable are not ascertainable at this time. U.S. Concrete made contributions to these plans of \$9.0 million in 2000, \$4.2 million in 1999 and \$2.3 million in 1998.

15. SELECTED QUARTERLY FINANCIAL INFORMATION (UNAUDITED; IN THOUSANDS, EXCEPT PER SHARE DATA)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2000				
Sales	\$ 67,990	\$106,486	\$116,590	\$103,570
Income from operations	4,553	13,991	15,203	7,639
Net income	1,516	6,666	6,732	1,946
Basic earnings per share	0.08	0.31	0.31	0.09
Diluted earnings per share	0.08	0.31	0.31	0.09
1999				
Sales	\$ 12,956	\$ 27,648	\$ 59,803	\$ 67,505
Income (loss) from operations	716	(182)	8,296	8,063
Net income (loss)	926	(1,979)	4,913	4,330
Basic earnings (loss) per share	0.30	(0.23)	0.30	0.24
Diluted earnings (loss) per share	0.30	(0.23)	0.30	0.24

In the second quarter of 1999, in connection with the IPO, U.S. Concrete recorded a noncash compensation charge of \$2.9 million for 400,000 shares of common stock issued to management at a nominal cost. The compensation charge was calculated using a fair value of \$7.20 per share, which reflects a 10% discount from the IPO price of \$8.00 per share because of restrictions on the sale and transferability of the shares issued.

Also in the second quarter of 1999, an additional tax provision of \$924,000 was recorded with the conversion of Central from S-corporation status to C-corporation status. Central had made no provision for federal income taxes for the first five months of 1999.

16. SUBSEQUENT EVENTS

Acquisitions

From January 1 through March 15, 2001, U.S. Concrete acquired two businesses. The aggregate consideration it paid in these transactions, both of which it accounted for as purchases, consisted of \$23.5 million in cash and 0.2 million shares of common stock. The cash component of consideration paid was funded by U.S. Concrete's senior revolving credit facility.

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

None.

PART III

In Items 10, 11, 12 and 13 below, we are incorporating by reference the information we refer to in those Items from the definitive proxy statement for our 2001 Annual Meeting of Stockholders. We intend to file that definitive proxy statement with the SEC by April 30, 2001.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Please see the information appearing under the headings "Proposal No. 1—Election of Directors" and "Executive Officers" in the definitive proxy statement for our 2001 Annual Meeting of Stockholders for the information this Item 10 requires.

ITEM 11. EXECUTIVE COMPENSATION

Please see the information appearing under the heading "Executive Compensation and Other Matters" in the definitive proxy statement for our 2001 Annual Meeting of Stockholders for the information this Item 11 requires.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Please see the information appearing under the heading "Security Ownership of Certain Beneficial Owners and Management" in the definitive proxy statement for our 2001 Annual Meeting of Stockholders for the information this Item 12 requires.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Please see the information appearing under the heading "Certain Transactions" in the definitive proxy statement for our 2001 Annual Meeting of Stockholders for the information this Item 13 requires.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a)(1) Financial Statements.

See Index to Consolidated Financial Statements on page 19.

(2) Financial Statement Schedules.

All financial statement schedules are omitted because they are not required or the required information is shown in our consolidated financial statements or the notes thereto.

(3) Exhibits.

Exhibit Number	Description
2.1*	—Agreement and Plan of Reorganization dated as of March 22, 1999 by and among U.S. Concrete, OCC Acquisition Inc., Opportunity Concrete Corporation and the stockholders named therein (Form S-1 (Reg. No. 333-74855), Exhibit 2.1).
2.2*	—Agreement and Plan of Reorganization dated as of March 22, 1999 by and among U.S. Concrete, Walker's Acquisition Inc., Walker's Concrete, Inc. and the stockholders named therein (Form S-1 (Reg. No. 333-74855), Exhibit 2.2).
2.3*	—Agreement and Plan of Reorganization dated as of March 22, 1999 by and among U.S. Concrete, Central Concrete Acquisitions Inc., Central Concrete Supply Co., Inc. and the stockholders named therein (Form S-1 (Reg. No. 333-74855), Exhibit 2.3).
2.4*	—Agreement and Plan of Reorganization dated as of March 22, 1999 by and among U.S. Concrete, Bay Cities Acquisition Inc., Bay Cities Building Materials Co., Inc. and the stockholders named therein (Form S-1 (Reg. No. 333-74855), Exhibit 2.4).
2.5*	—Agreement and Plan of Reorganization dated as of March 22, 1999 by and among U.S. Concrete, Baer Acquisition Inc., Baer Concrete, Incorporated and the stockholders named therein (Form S-1 (Reg. No. 333-74855), Exhibit 2.5).
2.6*	—Agreement and Plan of Reorganization dated as of March 22, 1999 by and among U.S. Concrete, Santa Rosa Acquisition, Inc., R.G. Evans/Associates (d/b/a Santa Rosa Cast Products Co.) and the stockholders named therein (Form S-1 (Reg. No. 333-74855), Exhibit 2.6).
2.7*	—Uniform Provisions for the Acquisitions (incorporated into the agreements filed as Exhibits 2.1 through 2.6 hereto) (Form S-1 (Reg. No. 333-74855), Exhibit 2.7).
2.8*	—Acquisition Agreement and Plan of Reorganization dated as of September 14, 1999 by and among U.S. Concrete, Inc., Concrete XI Acquisition, Inc., Carrier Excavation and Foundation Company, John F. Carrier, William Henry Carrier, Michael K. Carrier, Mary G. Carrier, Trustee for Anne Carrier (TN UGMA), William Henry Carrier, Trustee for William Henry Carrier, Jr. (TN UGMA), and Mary G. Carrier (Form 10-K for the year ended December 31, 1999 (File No. 000-26025), Exhibit 2.8).
2.9*	—Stock Purchase Agreement dated as of November 5, 1999 by and among U. S. Concrete, Inc., B. Thomas Stover, as Trustee under Trust Agreement dated February 20, 1986 for B. Thomas Stover, Sarah M. Stover, as Trustee under Trust Agreement dated February 27, 1990 for Sarah M. Stover, B. Andrew Stover, B. Thomas Stover, Custodian under Michigan Uniform Gifts to Minors Act for the benefit of Carolyn A. Stover, Jeffery D. Spahr, Jeffrey T. Stover, and Bradley C. Stover (Form 10-K for the year ended December 31, 1999 (File No. 000-26025), Exhibit 2.9).
2.10*	—Stock Purchase Agreement dated as of January 20, 2000 by and among Robert S. Beall, Chase Bank of Texas, National Association, in its capacity as Trustee for Allison Beall 1999 Trust, Logan Beall 1999 Trust, Allison Beall Descendants' Trust and Logan Beall Descendants' Trust and U.S. Concrete, Inc. (Form 8-K dated February 23, 2000, (File No. 000-26025), Exhibit 2.1).

Exhibit Number	Description
2.11*	—Amendment No. 1 to Stock Purchase Agreement dated January 28, 2000 by and among Robert S. Beall, Chase Bank of Texas, National Association, in its capacity as Trustee for Allison Beall 1999 Trust, Logan Beall 1999 Trust, Allison Beall Descendants’ Trust and Logan Beall Descendants’ Trust and U.S. Concrete, Inc. (Form 8-K dated February 23, 2000, (File No. 000-26025), Exhibit 2.2).
2.12*	—Stock Purchase Agreement dated as of January 24, 2000 by and among Fallis Arch Beall, Nola Sue Beall, Robert S. Beall, Leigh Ann Gathright, Doris W. Stokes and Fallis Arch Beall, in his capacity as Trustee for the R. E. Stokes Trust and U. S. Concrete, Inc. (Form 8-K dated February 23, 2000, (File No. 000-26025), Exhibit 2.3).
2.13*	—Acquisition Agreement and Plan of Reorganization dated as of February 8, 2000 by and among U. S. Concrete, Inc., Concrete XIX Acquisition, Inc., Cornillie Fuel & Supply, Inc., Richard A. Deneweth and Joseph C. Cornillie, Trustee URTA of Joseph C. Cornillie (Form 10-K for the year ended December 31, 1999 (File No. 000-26025), Exhibit 2.13).
2.14*	—Stock Purchase Agreement dated as of February 8, 2000 by and among U. S. Concrete, Inc., Cornillie Fuel & Supply, Inc., Dencor, Inc. Richard A. Deneweth and Joseph C. Cornillie, Trustee URTA of Joseph C. Cornillie (Form 10-K for the year ended December 31, 1999 (File No. 000-26025), Exhibit 2.14).
2.15*	—Acquisition Agreement and Plan of Reorganization dated as of February 8, 2000 by and among U. S. Concrete, Inc., Concrete XVIII Acquisition, Inc., Cornillie Leasing, Inc., Richard A. Deneweth, and Joseph C. Cornillie, Trustee URTA of Joseph C. Cornillie (Form 10-K for the year ended December 31, 1999 (File No. 000-26025), Exhibit 2.15).
2.16*	—Acquisition Agreement and Plan of Reorganization dated as of March 2, 2000 by and among U. S. Concrete, Inc., Concrete XXIV Acquisition, Inc., Stancon Inc. and Donald S. Butler and John Grace (Form 10-K for the year ended December 31, 1999 (File No. 000-26025), Exhibit 2.16).
3.1*	—Restated Certificate of Incorporation of U.S. Concrete (Form S-1 (Reg. No. 333-74855), Exhibit 3.1).
3.2*	—Bylaws of U.S. Concrete (Form 10-Q for the quarter ended September 30, 2000 (File No. 000-26025), Exhibit 3.2).
3.3*	—Certificate of Designation of Junior Participating Preferred Stock (Form 10-Q for the quarter ended June 30, 2000 (File No. 000-26025), Exhibit 3.3).
4.1*	—Amended and Restated Credit Agreement dated as of February 9, 2000, among U.S. Concrete, the Guarantors named therein, the Lenders named therein, Bankers Trust Company, as syndication agent, First Union National Bank, as documentation agent, Bank One, Texas, NA, Branch Banking & Trust Company, Credit Lyonnais New York Branch and The Bank of Nova Scotia, as co-managing agents and Chase Bank of Texas, N.A., as the Administrative Agent, and Chase Securities, Inc., as sole book manager and lead arranger (Form 10-K for the year ended December 31, 1999 (File No. 000-26025), Exhibit 4.6).
4.2	—First Amendment to Amended and Restated Credit Agreement, dated July 7, 2000, among U.S. Concrete, the Guarantors named therein, the Lenders named therein, Bankers Trust Company, as syndication agent, First Union National Bank, as documentation agent, Bank One, Texas, NA, Branch Banking & Trust Company, Credit Lyonnais New York Branch and The Bank of Nova Scotia, as co-managing agents and Chase Bank of Texas, N.A., as the Administrative Agent, and Chase Securities, Inc., as sole book manager and lead arranger.
4.3	—Second Amendment to Amended and Restated Credit Agreement, dated September 30, 2000, among U.S. Concrete, the Guarantors named therein, the Lenders named therein, Bankers Trust Company, as syndication agent, First Union National Bank, as documentation agent, Bank One, Texas, NA, Branch Banking & Trust Company, Credit Lyonnais New York Branch and The Bank of Nova Scotia, as co-managing agents and Chase Bank of Texas, N.A., as the Administrative Agent, and Chase Securities, Inc., as sole book manager and lead arranger.

Exhibit Number	Description
4.4	—Note Purchase Agreement, dated November 10, 2000, among U.S. Concrete, Inc., The Prudential Insurance Company of America, Metropolitan Life Insurance Company, Teachers Insurance & Annuity Association, Connecticut General Life Insurance Company, Allstate Life Insurance Company, Allstate Life Insurance Company of New York and Southern Farm Bureau Life Insurance Company. U.S. Concrete and some of its subsidiaries are parties to debt instruments under which the total amount of securities authorized does not exceed 10% of the total assets of U.S. Concrete and its subsidiaries on a consolidated basis. Pursuant to paragraph 4(iii) (A) of Item 601(b) of Regulation S-K, U.S. Concrete agrees to furnish a copy of those instruments to the SEC on request.
10.1*†	—1999 Incentive Plan of U.S. Concrete (Form S-1 (Reg. No. 333-74855), Exhibit 10.1).
10.2*†	—Employment Agreement between U.S. Concrete and William T. Albanese (Form S-1 (Reg. No. 333-74855), Exhibit 10.2).
10.3*†	—Form of Employment Agreement between U.S. Concrete and Michael W. Harlan (Form S-1 (Reg. No. 333-74855), Exhibit 10.3).
10.4*†	—Form of Employment Agreement between U.S. Concrete and Eugene P. Martineau (Form S-1 (Reg. No. 333-74855), Exhibit 10.4).
10.5*†	—Employment Agreement between U.S. Concrete and Michael D. Mitschle (Form S-1 (Reg. No. 333-74855), Exhibit 10.5).
10.6*†	—Employment Agreement between U.S. Concrete and Charles W. Sommer (Form S-1 (Reg. No. 333-74855), Exhibit 10.6).
10.7*†	—Employment Agreement between U.S. Concrete and Neil J. Vannucci (Form S-1 (Reg. No. 333-74855), Exhibit 10.7).
10.8*†	—Employment Agreement between U.S. Concrete and Robert S. Walker (Form S-1 (Reg. No. 333-74855), Exhibit 10.8).
10.9*†	—Form of Indemnification Agreement between U.S. Concrete and each of its directors and officers (Form S-1 (Reg. No. 333-74855), Exhibit 10.9).
10.10*†	—Form of Employment Agreement between U.S. Concrete and Terry Green (Form S-1 (Reg. No. 333-74855), Exhibit 10.10).
10.11*†	—Employment Agreement between U.S. Concrete and Donald C. Wayne (Form 10-K for the year ended December 31, 1999 (File No. 000-26025), Exhibit 10.11).
10.12*†	—Amended and Restated Indemnification Agreements dated August 17, 2000 between U.S. Concrete and each of its directors and officers (Form 10-Q for the quarter ended September 30, 2000 (File No. 000-26025), Exhibit 10.1).
10.13*†	—Indemnification Agreement dated August 17, 2000 between U.S. Concrete and Raymond C. Turpin (Form 10-Q for the quarter ended September 30, 2000 (File No. 000-26025), Exhibit 10.2).
10.14	—Promissory Note, dated March 2, 2000, issued by Michael W. Harlan to U.S. Concrete, Inc.
10.15	—Promissory Note, dated March 2, 2000, issued by Eugene P. Martineau to U.S. Concrete, Inc.
10.16	—Agreement, dated March 15, 2000, between U.S. Concrete, Inc. and Neil J. Vannucci.
21	—Subsidiaries
23	—Consent of independent public accountants.

* Incorporated by reference to the filing indicated.

† Management contract or compensatory plan or arrangement.

(b) Reports on Form 8-K.

None

SIGNATURES

Pursuant to the requirements of Section 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.

Date: March 15, 2001

U.S. CONCRETE, INC.

By: /s/ Eugene P. Martineau

EUGENE P. MARTINEAU

President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on March 15, 2001.

<u>SIGNATURE</u>	<u>TITLE</u>
<u>/s/ Eugene P. Martineau</u> EUGENE P. MARTINEAU	President and Chief Executive Officer and Director (Principal Executive Officer)
<u>/s/ Michael W. Harlan</u> MICHAEL W. HARLAN	Chief Financial Officer and Director (Principal Financial Officer)
<u>/s/ Charles W. Sommer</u> CHARLES W. SOMMER	Vice President and Controller (Principal Accounting Officer)
<u>/s/ Vincent D. Foster</u> VINCENT D. FOSTER	Director
<u>/s/ John R. Colson</u> JOHN R. COLSON	Director
<u>/s/ Peter T. Dameris</u> PETER T. DAMERIS	Director
<u>/s/ William T. Albanese</u> WILLIAM T. ALBANESE	Director
<u>/s/ Michael D. Mitschele</u> MICHAEL D. MITSCHELE	Director
<u>/s/ Murray S. Simpson</u> MURRAY S. SIMPSON	Director
<u>/s/ Neil J. Vannucci</u> NEIL J. VANNUCCI	Director
<u>/s/ Robert S. Walker</u> ROBERT S. WALKER	Director



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