US CONCRETE INC
Form 424B5
February 02, 2006

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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-42860

PROSPECTUS SUPPLEMENT
(To Prospectus dated January 29, 2002)

7,000,000 Shares
U.S. Concrete, Inc.
Common Stock
$11.25 per share

We are selling 7,000,000 shares of our common stock. We have granted the underwriters an option to purchase up to 1,050,000 additional shares of common stock to cover over-allotments.

Our common stock is quoted on the Nasdaq National Market under the symbol RMIX. The last reported sale price of our common stock on the Nasdaq National Market on February 1, 2006 was $11.74 per share.

Investing in our common stock involves risks. See Risk Factors beginning on page S-9 of this prospectus supplement and on page 2 of the accompanying prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	$ 11.250	$ 78,750,000
Underwriting discount	$ 0.661	$ 4,627,000
Proceeds to U.S. Concrete (before expenses)	$ 10.589	$ 74,123,000

The underwriters expect to deliver the shares to purchasers on or about February 7, 2006.

Sole Book-Runner
Citigroup

BB&T Capital Markets

Sanders Morris Harris

Davenport & Company LLC

February 1, 2006

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You should rely only on the information contained in or incorporated by reference in this prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus.

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PROSPECTUS SUPPLEMENT

PROSPECTUS

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SUMMARY

You should read the following summary together with the more detailed information regarding our company and the common stock being sold in this offering and our financial statements and notes thereto appearing elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference.

U.S. Concrete

We are a major producer of ready-mixed concrete and related concrete products in the United States. We are a leading ready-mixed concrete producer in substantially all the markets in which we have ready-mixed concrete operations. Ready-mixed concrete is an important building material that is used in the vast majority of commercial, residential and public works construction projects.

We operate principally in California, New Jersey, Michigan and Texas, with those states representing 44%, 18%, 10% and 9%, respectively, of our net sales for the nine months ended September 30, 2005. According to publicly available industry information, those states represented an aggregate of 28% of the U.S. consumption of ready-mixed concrete in 2004 (California, 12%, New Jersey, 2%, Michigan, 3% and Texas, 11%). We believe the geographic scope of our operations enables us to achieve cost savings through consolidated purchasing, to reduce our administrative costs and to moderate the impact of regional economic cycles and weather conditions. In the first nine months of 2005, we generated revenues, net income and EBITDA of $418.0 million, $8.6 million and $37.0 million, respectively. See Summary Historical Financial Data. We derived approximately 78% of those revenues from the sale of ready-mixed concrete and the remaining 22% of those revenues from the sale of related concrete products and aggregates.

As of December 31, 2005, we had 100 fixed and seven portable ready-mixed concrete plants, eight precast concrete plants, three concrete block plants and two aggregates quarries. In the first nine months of 2005, these facilities produced approximately 4.7 million cubic yards of ready-mixed concrete, 3.5 million eight-inch equivalent block units and 1.1 million tons of aggregates.

Our operations consist principally of formulating, preparing and delivering ready-mixed concrete to our customers job sites. Ready-mixed concrete becomes difficult to place within 90 minutes after mixing and, accordingly, the market for a permanently installed ready-mixed concrete plant is generally limited to a 25-mile radius of its location. Our customers rely on us to fulfill their requirements on a consistent and timely basis. We also 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 mixtures for specific design uses, on-site and lab-based product quality control and customized delivery programs to meet our customers needs. Our marketing efforts primarily target general contractors, developers and home builders whose focus extends beyond the price of ready-mixed concrete to product quality and consistency and reduction of in-place concrete costs. In addition, we manufacture and deliver various precast and concrete masonry products to the construction industry. These businesses are complementary to our ready-mixed concrete operations and provide us opportunities to cross-sell various products in markets in which we sell both ready-mixed concrete and other concrete products. Of our sales revenues in the first nine months of 2005, we made approximately 41% to commercial and industrial construction contractors, 46% to residential construction contractors, 5% to street and highway construction contractors and 8% to other public works and infrastructure contractors.

In this prospectus supplement, we refer to U.S. Concrete, Inc. and its subsidiaries as we, us or U.S. Concrete, unless we specifically state otherwise or the context indicates otherwise. Our principal executive offices are located at 2925 Briarpark, Suite 1050, Houston, Texas 77042, and our telephone number at that location is (713) 499-6200. We maintain a website at www.us-concrete.com. The information on our website is not part of this prospectus.

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Our Strengths

Leading Market Positions

We have achieved our leading market positions by acquiring local operations, implementing our best practices and leveraging management s knowledge of the local market. Our market-leading positions provide us with significant advantages by allowing us to:

- develop enhanced local and regional operating efficiencies;
- further strengthen relationships with suppliers; and
- further develop our relationships with local contractors, developers and homebuilders in order to expand our market share of the business those customers generate.

Proven Record of Acquisition and Integration

We have acquired 33 ready-mixed concrete and concrete-related businesses since 1999. We selectively target well-positioned businesses in our existing markets or new markets we determine have attractive long-term growth prospects. Our acquisition candidates must complement our operating philosophy and be priced attractively. We believe we represent an attractive alternative to various other buyers in the U.S. market due to our financial strength, visibility as a public company, enhanced career opportunities and potential equity participation for local management.

We complement our capabilities in identifying and acquiring acquisition candidates with our expertise in integrating acquired businesses into our operating structure. We focus our integration efforts on:

- maintaining and expanding the acquired customer base;
- retaining key employees of the acquired business; and
- ensuring that the equipment of the acquired business meets our standards or is replaced over time with standardized equipment.

We also focus on implementing our company-wide accounting systems and controls, quality-control initiatives and standard-operating procedures.

Focus on Operational Efficiencies and Price Optimization

We believe our national approach and focus on operational efficiencies provide significant opportunities for margin expansion and corresponding advantages over smaller operators. As a national organization, we benefit from reduced raw materials costs and improved availability of supply due to our greater purchasing power. In addition, we have implemented state-of-the-art order entry, dispatch and vehicle tracking systems, which have allowed us to enhance our fleet utilization and productivity and to eliminate duplicative general and administrative functions and facilities. We expect our continued fleet standardization efforts to enhance our purchasing power for mixer trucks and lower our maintenance costs and parts inventory.

We have trained our sales teams to identify opportunities to provide value-added product to our customers and to price our products and service capabilities to enable us to receive optimum prices. Ready-mixed concrete can be formulated in various ways, many of which can provide added value to our customers, primarily by helping them to reduce their in-place cost of concrete. Our price optimization program focuses on providing cost efficiencies to our customers, while allowing us to receive optimum prices for our product.

Diverse Customers and Geographic Markets

We have over 10,000 customers in 11 states and the District of Columbia. During the nine months ended September 30, 2005, our ten largest customers accounted for less than 16% of our revenues and no customer accounted for more than 3% of our revenues. Through our acquisitions, we have combined many concrete businesses, each with its own local customer base. In the ready-mixed concrete industry, greater geographic diversity helps mitigate unfavorable regional economic and weather conditions that could negatively impact local operations. Our geographic diversity is complemented by the diverse end markets we serve, including the residential, commercial and industrial, street and highway and public works construction markets. We believe that our geographic and end market diversification enables us to access multiple sources of demand and lends additional stability to our operating results.

Strong Technical Experience

We are integrating technology into the concrete production and distribution process. We use computer-controlled batching to maintain superior product quality and have invested in technical research to create customized solutions for our customers. Because each segment of the construction industry and each region we serve has specific challenges, we have devoted substantial resources to research and development of concrete products that satisfy many different demands. For example, we offer:

- value-added formulations of ready-mixed concrete designed to reduce the contractors in-place cost of concrete;
- a wide range of architectural concrete products to designers and homeowners;
- recycled concrete products and insulated concrete forms for environmentally sustainable (green) products; and
- high performance, lightweight concrete products to replace structural steel and address security concerns raised by recent world events.

Experienced Management Team

We benefit from an experienced, disciplined senior management team with a comprehensive understanding of our industry and proven operating experience. Our senior corporate management team has an average of approximately 26 years of industry or financial experience, and our senior regional management team has an average of approximately 26 years of industry experience. Our chief executive officer, Eugene Martineau, has over 39 years of experience in the ready-mixed concrete industry and has been a leader in many industry initiatives over the course of his career. In addition, several of our directors and members of our management are serving or have served as directors and/or executive committee members of the National Ready-Mixed Concrete Association. In addition to providing us access to significant industry expertise, our management team has significant ready-mixed concrete industry contacts and other relationships that have facilitated our introductions to and negotiations with acquisition candidates.

Our Business Strategy

Our objectives are to become the leading provider of ready-mixed concrete and related concrete products in each of our markets, to further expand the geographic scope of our business and, on a select basis, to integrate our operations vertically through acquisitions of aggregates supply sources that support our ready-mixed concrete operations. We plan to achieve this objective by continuing to implement our business strategy, which includes the primary elements we discuss below.

Pursuing Disciplined Growth Through Acquisitions

The U.S. ready-mixed concrete industry, with over 2,300 small, independent producers, is a fragmented but increasingly consolidating industry. We believe these industry characteristics present growth opportunities for a company with a focused acquisition program and access to capital.

Our acquisition program targets opportunities for expanding in our existing markets and entering new geographic markets in the U.S. We typically pursue acquisitions that we believe represent attractive opportunities to strengthen local management teams, implement cost-saving initiatives, achieve market-leading positions and establish best practices. We adhere to a disciplined pricing methodology when acquiring businesses. Based on our methodology for valuing, acquiring and integrating target businesses, we expect our future acquisitions to be accretive to our earnings per share after a reasonable period of integration. We cannot provide any assurance, however, as to the impact of any future acquisition we may complete on our future earnings per share.

Expanding in Existing Markets. We seek to further penetrate our markets by acquiring other well-established companies in those markets. We have completed follow-on acquisitions in substantially all of our ready-mixed concrete markets. By expanding in existing markets through acquisitions, we strive to:

- eliminate duplicate staff and facilities and reduced material and operating costs and other selling, general and administrative expenses;
- increase customer cross-selling opportunities; and
- improve utilization and range of mixer trucks through access to additional plants.

Entering New Geographic Markets. We seek to enter new geographic markets that demonstrate prospects for growth. In any new market we enter, we will target for acquisition one or more leading local or regional companies that can serve as platform businesses into which we can consolidate other operations. We generally expect these platform acquisition candidates to have historically successful operating results, established customer relationships and superior operational management personnel whom we will be able to retain.

We believe there are numerous potential acquisition candidates in our existing markets and in new markets. Although we have no binding agreement to effect any acquisition, we have experienced increases in inquiries and similar communications with brokers and other representatives of potential acquisition candidates over the past year, and we are currently evaluating several potential acquisitions. We are currently a party to several nonbinding letters of intent relating to potential acquisitions of ready-mixed concrete and related businesses. We expect the economic and other industry conditions supporting recent consolidation activity within the industry will continue into the foreseeable future.

Improving Marketing and Sales Initiatives

Our marketing strategy emphasizes the sale of value-added products to customers more focused on reducing their in-place building material costs than on the price per cubic yard of the ready-mixed concrete they purchase. Key elements of our customer-focused approach include:

- corporate-level marketing and sales expertise;
- technical service expertise to develop innovative new branded products; and
- training programs that emphasize successful marketing and sales techniques that focus on the sale of high-margin concrete mix designs.

We have also formed strategic alliances with several national companies to provide alternative solutions for designers and contractors by using value-added concrete products. Through these alliances, we offer color-conditioned, fiber-strengthened and high-performance concretes and utilize software technology that can be used to design buildings constructed of reinforced concrete.

Promoting Operational Excellence and Achieving Cost Efficiencies

We strive to be an operationally excellent organization by:

- implementing and enhancing standard operating procedures;
- standardizing plants and equipment;
- investing in software and communications technology;
- implementing company-wide quality-control initiatives;
- providing technical expertise to optimize mix designs; and

developing strategic alliances with key suppliers of goods and services for new product development.

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We also strive to increase operating efficiencies. We believe that, if we continue to increase in size on both a local and national level, we should continue to experience future productivity and cost improvements in such areas as:

- materials, through procurement and optimized mix designs;
- purchases of mixer trucks and other equipment, supplies, spare parts and tools;
- vehicle and equipment maintenance; and
- insurance and other risk management programs.

Recent Developments

In November 2005, we acquired substantially all the operating assets, including real property, of City Concrete Company, City Concrete Products, Inc. and City Transports, Inc., which produce and deliver ready-mixed concrete from five plants in the greater Memphis, Tennessee and northern Mississippi area. These companies produced approximately 257,000 cubic yards of ready-mixed concrete during the nine months ended September 30, 2005. We purchased the assets, using cash on hand, for $14.3 million.

In December 2005, we acquired substantially all the operating assets of Go-Crete and South Loop Development Corporation, which produce and deliver ready-mixed concrete from six plants and mine sand and gravel from a quarry in the greater Dallas/ Fort Worth, Texas market. These companies produced approximately 596,000 cubic yards of ready-mixed concrete and 521,000 tons of aggregates during the nine months ended September 30, 2005. The aggregate quarry is situated on 2,100 acres and is estimated to have approximately ten million tons of remaining aggregate reserves. We purchased the assets, using cash on hand, for $27.3 million and assumed approximately $2.0 million of capital lease liabilities.

On January 23, 2006, we issued a press release announcing that our fourth quarter 2005 net income is expected to be approximately $4 million, or approximately $0.13 to $0.14 per diluted share and that our full-year 2005 net income is expected to be approximately $12 million, or approximately $0.42 to $0.43 per diluted share. Revenues for the fourth quarter of 2005 are expected to approximate $158 million. Excluding the incremental volumes from our recently acquired businesses, fourth quarter 2005 ready-mixed concrete sales volumes are estimated to be up about 13% (19% inclusive of recent acquisitions), while ready-mixed concrete average selling prices are estimated to have improved approximately 9%, over the fourth quarter of 2004. The statements above relating to expected net income and earnings per share for the fourth quarter and full-year 2005 and revenues, sales volumes and average selling prices for the fourth quarter of 2005 are forward-looking statements. These statements are based on management s belief, as well as assumptions made by and information currently available to management. These forward-looking statements speak only as of the date of this prospectus supplement. We do not intend to update these statements unless the securities laws require us to do so, and we caution you not to rely unduly on them. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that those expectations will prove to have been correct. These statements are subject to certain risks, uncertainties and assumptions, including many of those we have identified under the heading Forward-Looking Information in this prospectus supplement, as well as assumptions relating to possible year-end accounting adjustments that we may record as the audit process relating to our year ended December 31, 2005 is completed. Should our underlying assumptions (including our assumptions about the risks and uncertainties we have referenced above) prove incorrect, our actual results for the fourth quarter and full-year 2005 could vary materially from those we have estimated above. Please read the discussions under the headings Risk Factors and Forward-Looking Information in this prospectus supplement and the accompanying prospectus and Management s Discussion and Analysis of Financial Condition and Results of Operations Risks and Uncertainties in this prospectus supplement.

The Industry

Annual usage of ready-mixed concrete in the United States remains near record levels. According to information available from the National Ready-Mixed Concrete Association and F.W. Dodge, total sales from the

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production and delivery of ready-mixed concrete approximated $29 billion in 2004. As an important material for construction and repair, ready-mixed concrete historically benefited from relatively stable demand and pricing but has experienced significant price increases over the past 18 months, driven largely by strong construction activity and increases in cement prices. From 1996 to 2004, demand for ready-mixed concrete, as measured in total cubic yards shipped, increased 24% and pricing per cubic yard increased 22%, according to the National Ready-Mixed Concrete Association and F.W. Dodge. Construction activity is driven by long-term population growth, which is expected to increase in the United States by 14% between 2005 and 2020, according to the U.S. Census Bureau. Furthermore, advancements in concrete products and in the use of concrete continue to expand its potential in the construction industry.

Based on information from the National Ready-Mixed Concrete Association, we estimate that, in addition to vertically integrated manufacturers of cements and aggregates, over 2,300 independent ready-mixed concrete producers currently operate approximately 6,000 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 the typical ready-mixed concrete company is family-owned and has limited access to capital, financial and technical expertise and exit opportunities 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 also believe acquisition activity in the ready-mixed concrete industry has increased in recent months.

The Offering

Common stock offered by us	7,000,000 shares(1)
Common stock to be outstanding after the offering	37,011,977 shares(1)(2)
Use of proceeds	We intend to use the net proceeds from this offering to fund future acquisitions and for general corporate purposes. See Use of Proceeds.
Nasdaq National Market symbol	RMIX

(1) Does not include 1,050,000 shares that may be sold upon the underwriters exercise of their over-allotment option.

(2) Based on our shares of common stock outstanding as of January 31, 2006. Excludes 138,884 treasury shares, 2,463,007 shares issuable upon exercise of outstanding options at a weighted average price of $6.92 per share and approximately 1.7 million shares of common stock reserved for issuance under our incentive plans.

Summary Historical Financial Data

The following table presents summary historical financial data as of and for the years ended December 31, 2002, 2003 and 2004 and as of and for the nine months ended September 30, 2004 and 2005. We derived this information from our audited consolidated financial statements for the fiscal years indicated and from our unaudited condensed consolidated financial statements for the interim periods indicated. You should read the following summary financial data in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and our financial statements and notes thereto included in this prospectus supplement.

	Year Ended December 31			Nine Months Ended September 30	
	2002	2003	2004	2004	2005
				(Unaudited)	
	(Amounts in thousands, except selling prices)				
Sales	$ 503,314	$ 473,124	$ 500,589	$ 377,193	$ 418,010
Cost of goods sold before depreciation, depletion and amortization	404,376	388,717	412,209	309,108	343,565
Gross profit before depreciation, depletion and amortization	98,938	84,407	88,380	68,085	74,445
Selling, general and administrative expenses	47,204	42,550	47,988	33,899	38,345
Restructuring charges and impairments	28,440				
Depreciation, depletion and amortization(1)	10,734	12,441	12,669	9,351	9,783
Income from operations	12,560	29,416	27,723	24,835	26,317
Interest expense, net	17,127	16,855	16,523	12,247	12,939
Loss on early extinguishment of debt			28,781	28,781	
Other income, net	1,137	3,016	665	769	871
Income (loss) before income taxes	(3,430)	15,577	(16,916)	(15,424)	14,249
Income tax provision (benefit)	608	5,274	(6,377)	(4,858)	5,693
Income (loss) before cumulative effect of accounting change	(4,038)	10,303	(10,539)	(10,556)	8,556
Cumulative effect of accounting change	(24,328)				
Net income (loss)	$ (28,366)	$ 10,303	$ (10,539)	$ (10,566)	$ 8,556
Other Data:					
Cash flows provided by (used in):					
Operating activities	$ 34,933	$ 26,692	$ 34,423	$ 15,291	$ 21,216
Investing activities	(36,489)	(17,259)	(11,597)	(6,145)	(13,070)
Financing activities	(886)	(7,007)	9,770	9,091	162
EBITDA(2)	50,028	44,873	41,057	34,955	36,971
Balance Sheet Data (at end of period):					
Total assets	$ 382,222	$ 400,974	$ 449,159	$ 454,686	$ 483,344

Total debt (including current maturities)	161,808	155,039	200,777	200,988	200,000
Total stockholders equity	161,845	176,711	168,849	167,205	178,762
Ready-Mixed Concrete Data:					
Average selling price per cubic yard	$ 73.71	$ 73.34	$ 76.38	$ 75.33	$ 84.41
Sales volume in cubic yards	5,215	5,026	5,052	3,845	3,857

(1) We adopted Statement of Financial Auditing Standards (SFAS) No. 142, Goodwill and Other Intangibles, effective January 1, 2002. Under SFAS No. 142, goodwill and indefinite lived assets are no longer amortized. Accordingly, there is no goodwill amortization included in the years ended December 31, 2002, 2003 and 2004.

(2) We have computed EBITDA as net income plus the provision (benefit) for income taxes, net interest expense, loss on early extinguishment of debt and noncash goodwill impairments, depreciation, depletion and amortization. EBITDA does not adjust for asset impairments of $2.5 million and $0.5 million, respectively, in 2002 and 2004. EBITDA is a non-GAAP financial measure that we have included because it is widely used by investors for valuation and comparing our financial performance with the performance of other building material companies. We also use EBITDA to monitor and compare the financial performance of our operations from period to period. EBITDA does not give effect to the cash we must use to service our debt or pay our income taxes and thus does not reflect the funds actually available for capital expenditures. In addition, our presentation of EBITDA may not be comparable to similarly titled measures of other companies.

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The following table presents a reconciliation of EBITDA to net income (loss) for each of the periods indicated:

	Year Ended December 31			Nine Months Ended September 30	
	2002	2003	2004	2004	2005
	(Dollars in thousands)				
Net income (loss)	$ (28,366)	$ 10,303	$ (10,539)	$ (10,566)	$ 8,556
Cumulative effect of change in accounting principle	24,328(a)				
Income (loss) before cumulative effect of change in accounting principle	(4,038)	10,303	(10,539)	(10,566)	8,556
Plus:					
Income tax expense (benefit)	608	5,274	(6,377)	(4,858)	5,693
Interest expense	17,127	16,855	16,523	12,247	12,939
Loss on early extinguishment of debt			28,781	28,781	
Depreciation, depletion and amortization expense	10,734	12,441	12,669	9,351	9,783
Goodwill impairments(b)	25,597				
EBITDA(c)	$ 50,028	$ 44,873	$ 41,057	$ 34,955	$ 36,971

(a) Under SFAS No. 142, our goodwill is periodically tested for impairment. We completed our initial impairment review during the quarter ended June 30, 2002. That review resulted in transitional goodwill impairment charges of $24.3 million, net of tax, with respect to two reporting units.

(b) In the fourth quarter of 2002, we recorded a goodwill impairment charge of $25.6 million, representing the remaining goodwill associated with two reporting units.

(c) In 2002 and 2004, we recorded asset impairments of $2.5 million and $0.5 million, respectively, for certain equipment we removed from service or held for disposal. These amounts are not reflected in any of the adjustments made to calculate EBITDA.

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RISK FACTORS

You should carefully consider the following matters, in addition to the risk factors beginning on page 2 of the accompanying prospectus and the other information we have provided in this prospectus supplement, the accompanying prospectus and the documents we incorporate by reference, before deciding whether to invest in our common stock.

There are risks related to our internal growth and operating strategies.

Our ability to generate internal growth will be affected by, among other factors, our ability to:

- attract new customers;
- differentiate ourselves in a competitive market by emphasizing new product development and value-added sales and marketing;
- hire and retain employees; and
- reduce operating and overhead expenses.

One key component of our operating strategy is to operate our businesses on a decentralized basis, with local or regional management retaining responsibility for day-to-day operations, profitability and internal growth of the local or regional business. If we do not implement and maintain proper overall business controls, this decentralized operating strategy could result in inconsistent operating and financial practices and our overall profitability could be adversely affected.

Our resources, including management resources, are limited and may be strained if we engage in a significant number of acquisitions. Also, acquisitions may divert our management s attention from initiating or carrying out programs to save costs or enhance revenues.

Our inability to achieve internal growth could materially and adversely affect our business, financial condition, results of operations and cash flows.

We may be unsuccessful in continuing to carry out our strategy of growth through acquisitions.

One of our principal growth strategies is to increase our revenues and the markets we serve and to continue entering new geographic markets through the acquisition of additional ready-mixed concrete and related businesses. We may not be able to acquire suitable acquisition candidates at reasonable prices and on other reasonable terms for a number of reasons, including the following:

- the acquisition candidates we identify may be unwilling to sell;
- we may not have sufficient capital to pay for acquisitions; and
- competitors in our industry may outbid us.

In addition, there are risks associated with the acquisitions we complete. We may face difficulties integrating the newly acquired businesses into our operations efficiently and on a timely basis. We also may experience unforeseen difficulties managing the increased scope, geographic diversity and complexity of our operations or mitigating contingent or assumed liabilities, potentially including liabilities we do not anticipate.

Our operating results may vary significantly from one reporting period to another and may be adversely affected by the seasonal and cyclical nature of the markets we serve.

The ready-mixed concrete business is seasonal. In particular, demand for our products and services during the winter months is typically lower than in other months because of inclement winter weather. In addition, sustained periods of inclement weather or permitting delays could postpone or delay projects over geographic regions of the United States and consequently could adversely affect our business, financial condition, results of operations and cash flows. The relative demand for ready-mixed concrete is a function of the highly cyclical construction industry. As a result, our revenues may be adversely affected by declines in the construction industry

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generally and in our local markets for ready-mixed concrete and other concrete products. Our results also may be materially affected by:

- the level of residential and commercial construction in our regional markets, including possible reductions in the demand for new residential housing construction below current levels;
- the availability of funds for public or infrastructure construction from local, state and federal sources;
- unexpected events that delay or adversely affect our ability to deliver concrete according to our customers requirements;
- changes in interest rates;
- the changes in mix of our customers and business, which result in periodic variations in the margins of jobs performed during any particular quarter;
- the timing and cost of acquisitions and difficulties or costs encountered when integrating acquisitions;
- the budgetary spending patterns of our customers;
- increases in construction and design costs;
- power outages and other unexpected delays;
- our ability to control costs and maintain quality;
- employment levels; and
- regional or general economic conditions.

As a result, our operating results in any particular quarter may not be indicative of the results that you can expect for any other quarter or for the entire year. Furthermore, negative trends in the ready-mixed concrete industry or in our geographic markets could have material adverse effects on our business, financial condition, results of operations and cash flows.

We may lose business to competitors who underbid us and we may be otherwise unable to compete favorably in our highly competitive industry.

Our competitive position in a given market depends largely on the location and operating costs of our ready-mixed concrete plants and prevailing prices in that market. Generally, ready-mixed concrete is 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. 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. Concrete manufacturers like us generally obtain customer contracts through local sales and marketing efforts directed at general contractors, developers and homebuilders. As a result, we depend on local relationships.

Our competitors range from small, owner-operated private companies to subsidiaries or operating units of large, vertically integrated manufacturers of cement and aggregates. Our vertically integrated competitors generally have greater manufacturing, financial and marketing resources than we have, providing them with a competitive advantage. Competitors having lower operating costs than we do or having the financial resources to enable them to accept lower margins than we do will have a competitive advantage over us for jobs that are particularly price-sensitive. Competitors having greater financial resources or less financial leverage than we do to invest in new mixer trucks, build plants in new areas or pay for acquisitions also will have competitive advantages over us.

We depend on third parties for concrete equipment and supplies essential to operate our business.

We rely on third parties to lease properties, plant and equipment to us and to provide supplies, including cement and other raw materials, necessary for our operations. We cannot assure you that our favorable working relationships with our suppliers will continue in the future. Also, there have historically been periods of supply shortages in the concrete industry, particularly in a strong economy.

If we are unable to lease necessary properties or equipment, our operations could be severely impacted. If we lose our supply contracts and receive insufficient supplies from other third parties to meet our customers needs or if our suppliers experience price increases or disruptions to their business, such as labor disputes, supply shortages or distribution problems, our business, financial condition, results of operations and cash flows could be materially adversely affected.

During the last three quarters of 2004, supplies of cement were tight in some of our markets as a result of increased demand for cement, lower inventories of cement, downtime at certain cement plants and insufficient availability to increase imports of cement. This shortage curtailed some sales of our ready-mixed concrete, and cement prices increased, which adversely affected our gross margins. During the first quarter of 2005, cement shortages temporarily abated, although tightness of supply brought about by strong domestic consumption and insufficient availability of imported cement resulted in a continuation of the cement price increases experienced in the prior year. In the second and third quarters of 2005, these conditions persisted and we experienced further increases in cement prices in the majority of our markets. During the second quarter of 2005, we experienced cement shortages in our north Texas market that had a negative impact on our operating results through both decreased sales and higher cost of raw materials. Because of expected continued strong domestic consumption and insufficient availability of cement in certain markets, we could experience continued shortages in future periods, which could adversely affect our operating results, through both decreased sales and higher cost of raw materials.

Through the third quarter of 2005, our product pricing for ready-mixed concrete continued to increase in most of our markets. These price increases have allowed us to absorb the rising cost of raw materials (primarily cement and aggregates). However, gains on increased prices were offset in part by higher labor, freight and delivery costs, including rising diesel fuel costs. With the national average of diesel fuel prices having risen 40% in the third quarter of 2005 as compared to the third quarter in 2004, we have experienced both increased freight charges for our raw materials, in the form of fuel surcharges, and increased cost to deliver our products. As these costs have become more significant over the last two years, we have instituted fuel surcharges in most of our markets in an attempt to cover these rising costs. We do not have any long-term fuel supply contracts that would protect us from rising fuel costs. Sustaining or improving our margins in the future will depend on market conditions and our ability to increase our product pricing or realize gains in productivity to offset further increases in raw materials and other costs.

Governmental regulations, including environmental regulations, may result in increases in our operating costs and capital expenditures and decreases in our earnings.

A wide range of federal, state and local laws, ordinances and regulations apply to our operations, including the following matters:

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

In many instances, we must have various certificates, permits or licenses in order to conduct our business. Our failure to maintain required certificates, permits or licenses or to comply with applicable governmental requirements 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 failure to obtain new certificates, permits or licenses, could impede the implementation of our acquisition program.

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Governmental requirements that impact our operations include those relating to air quality, solid waste management and water quality. These requirements are complex and subject to frequent change. They impose strict liability in some cases without regard to negligence or fault and may expose us to liability for the conduct of or conditions caused by others, or for our acts that complied with all applicable requirements when we performed them. Our compliance with amended, new or more stringent requirements, stricter interpretations of existing requirements or the future discovery of environmental conditions may require us to make unanticipated material expenditures. In addition, we may fail to identify or obtain indemnification from environmental liabilities of acquired businesses. We generally do not maintain insurance to cover environmental liabilities.

In March 2005, the California Regional Water Quality Control Board for the Central Valley Region issued a draft order to regulate discharges of concrete wastewater and solid wastes associated with concrete manufacturing at ready-mixed concrete plants located in and near Sacramento, California. This order would affect four sites in which six of our ready-mixed concrete plants operate in northern California. If approved in its current draft form, the order would require all existing ready-mixed concrete plants in the area to retrofit or reconstruct their waste management units to provide impermeable containment of all concrete wastewater and install leak detection systems. It also would require all new ready-mixed concrete plants in the area to be constructed with similar waste management units. The draft order provides that operators of existing ready-mixed concrete plants would have 180 days to apply for coverage under the order, and then one year after coverage is obtained to complete all required retrofitting. In June 2005, the California Regional Water Quality Control Board for the Central Valley Region delayed approval of the order to provide the Construction Materials Association of California and various concrete producers time to provide certain information to it for further consideration. Although our actual capital expenditures may vary significantly and will ultimately depend on final regulations, if the order is approved in its current form, the cost of capital improvements to our plants at the four sites in the affected area may be up to $1.0 million per site. Also, if the order is considered and adopted by the California Water Quality Control Board for the San Francisco Bay Region, we might incur similar costs to retrofit our existing plants in that area.

Our operations are subject to various hazards that may cause personal injury or property damage and increase our operating costs.

Operating mixer trucks, particularly when loaded, exposes our drivers and others to traffic hazards. Our drivers are subject to the usual hazards associated with providing services on construction sites, while our plant personnel are subject to the hazards associated with moving and storing large quantities of heavy raw materials. Operating hazards can cause personal injury and loss of life, damage to or destruction of properties, plant and equipment and environmental damage. Although we conduct training programs designed to reduce these risks, we cannot eliminate these risks. We maintain insurance coverage in amounts we believe are in accord with industry practice; however, this insurance may not be adequate to cover all losses or liabilities we may incur in our operations, and we may not be able to maintain insurance of the types or at levels we deem necessary or adequate or at rates we consider reasonable. A partially or completely uninsured claim, if successful and of sufficient magnitude, could have a material adverse effect on us.

The insurance policies we maintain are subject to varying levels of deductibles. Losses up to the deductible amounts are accrued based on our estimates of the ultimate liability for claims incurred and an estimate of claims incurred but not reported. If we were to experience insurance claims or costs above our estimates, our business, financial condition, results of operations and cash flows may be materially and adversely affected.

The departure of key personnel could disrupt our business, and our business growth will necessitate the successful hiring of new senior managers and executive officers.

We depend on the continued efforts of our executive officers and, in many cases, on senior management of our regional and local operations. Our success will depend on recruiting new senior level officers and managers, and we cannot be certain that we can recruit and retain such additional officers and managers. To the extent we are unable to manage our growth effectively or are unable to attract and retain qualified management personnel, our business, financial condition, results of operations and cash flows could be materially and adversely affected. We do not carry key-person life insurance on any of our employees.

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We may be unable to attract and retain qualified employees.

Our ability to provide high-quality products and services on a timely basis depends on our success in employing an adequate number of skilled plant managers, technicians and drivers. Like many of our competitors, we experience shortages of qualified personnel from time to time. We may not be able to maintain an adequate skilled labor force necessary to operate efficiently and to support our growth strategy, and our labor expenses may increase as a result of a shortage in the supply of skilled personnel.

Collective bargaining agreements, work stoppages and other labor relations matters may result in increases in our operating costs, disruptions in our business and decreases in our earnings.

At December 31, 2005, approximately 38% of our employees were covered by collective bargaining agreements, which expire between 2006 and 2010. Of particular note, 335 of our employees are covered by collective bargaining agreements that expire in 2006, including approximately 250 mixer truck drivers in our northern California region, which is our largest operation. Our inability to negotiate acceptable new contracts or extensions of existing contracts with these unions could cause strikes or other work stoppages by the affected employees. In addition, any new contracts or extensions could result in increased operating costs attributable to both union and nonunion employees. If any such strikes or other work stoppages were to occur, or if other of our employees were to become represented by a union, we could experience a significant disruption of our operations and higher ongoing labor costs, which could materially adversely affect our business, financial condition, results of operations and cash flows. In addition, the coexistence of union and nonunion employees may lead to conflicts between union and nonunion employees or impede our ability to integrate our operations efficiently. Moreover, labor relations matters affecting our suppliers of cement and aggregates could adversely impact our business from time to time.

We contribute to several multiemployer pension plans. If we were to withdraw partially or completely from any plan that is underfunded, we would be liable for a proportionate share of that plan s unfunded vested benefits. Based on the limited information available from plan administrators, which we cannot independently validate, we believe that our portion of the contingent liability in the case of a full or partial withdrawal or termination from several of these plans would be material to our financial position, results of operations and cash flows.

Our overall profitability is sensitive to price changes and minor variations in sales volumes.

Generally, ready-mixed concrete is price-sensitive. Prices for our products 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 price changes and minor variations in sales volumes.

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

Our operations involve providing products 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 products meeting these requirements and specifications, material claims may arise against us and our reputation could be damaged. In the past, we experienced significant claims of this kind that we have resolved. There currently are, and we expect that in the future there will be, additional claims of this kind asserted against us. If a significant product-related claim or claims are resolved against us in the future, that resolution may have a material adverse effect on our financial condition, results of operations and cash flows.

Our net sales attributable to infrastructure projects could be negatively impacted by a decrease or delay in governmental spending.

Our business depends in part on the level of governmental spending on infrastructure projects in our markets. Reduced levels of governmental funding for public works projects or delays in that funding could adversely affect our business, financial condition, results of operations and cash flows.

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Some of our plants are susceptible to damage from earthquakes for which we have a limited amount of insurance.

We maintain only a limited amount of earthquake insurance, and, therefore, we are not fully insured against earthquake risk. Any significant earthquake damage to our plants could materially adversely affect our business, financial condition, results of operations and cash flows.

Our results of operations could be adversely affected as a result of goodwill impairments.

Goodwill represents the amount by which the total purchase price we have paid for acquisitions exceeds our estimated fair value of the net assets acquired. We periodically test our recorded goodwill for impairment and charge expense with any impairment we recognize but do not otherwise amortize that goodwill. For 2002, we recorded goodwill impairment charges of $62.2 million.

As of September 30, 2005, goodwill represented approximately 34.6% of our total assets. We can provide no assurance that future goodwill impairments will not occur. If we determine that any of our remaining balance of goodwill is impaired, we will be required to take an immediate noncash charge to earnings.

As a result of capital constraints and other factors, we may not be able to grow as rapidly as we may desire through acquiring additional businesses.

In addition to our existing working capital and cash from operations, our senior secured credit facility provides us with a significant source of liquidity. That facility provides us a borrowing capacity of up to $105 million. The credit agreement relating to this facility provides that the administrative agent may, on the bases specified, reduce the amount of the available credit from time to time. At September 30, 2005, no borrowings were outstanding under the credit facility and the amount of the available credit was approximately $85.1 million, net of outstanding letters of credit of $14.1 million.

We cannot readily predict the timing, size and success of our acquisition efforts or the capital we will need for those efforts. We may use our common stock as a component of the consideration we pay for future acquisitions. Issuances of common stock as acquisition consideration could have a dilutive effect on our stockholders. If our common stock does not maintain a sufficient market value or potential acquisition candidates are unwilling to accept our common stock as part of the consideration for the sale of their businesses, we may be required to use more of our cash resources to pursue our acquisition program.

Using cash for acquisition consideration limits our financial flexibility and increases the likelihood that we will need to seek additional capital through future debt or equity financings. If we seek more debt financing, we may have to agree to financial covenants that limit our operational and financial flexibility. Additional equity financing may dilute the ownership interests of our stockholders. There is no assurance that additional debt or equity financing will be available on terms acceptable to us.

Our substantial debt could adversely affect our financial condition.

As of September 30, 2005, we had $200 million of outstanding debt. Our substantial debt and other financial obligations could:

- make it difficult for us to satisfy our financial obligations, including making scheduled principal and interest payments on our indebtedness;
- require us to dedicate a substantial portion of our cash flow from operations to service payments on our indebtedness, thereby reducing funds available for other purposes;
- increase our vulnerability to a downturn in general economic conditions or the industry in which we compete;
- limit our ability to borrow additional funds for working capital, capital expenditures, acquisitions and general corporate and other purposes;

place us at a competitive disadvantage to our competitors; and

limit our ability to plan for and react to changes in our business and the ready-mixed concrete industry.

We will require a significant amount of cash to service all our debt.

Our ability to pay or to refinance our indebtedness depends on our future operating performance, which will be affected by general economic, financial, competitive, legislative, regulatory, business and other factors, many of which are beyond our control. Our business may not generate sufficient cash flow from operations and future financings may not be available to us in amounts sufficient to enable us to pay our debt or fund other liquidity needs. If we are unable to generate sufficient cash flow to meet our debt service obligations, we may have to renegotiate the terms of our debt or obtain additional financing, possibly on less favorable terms than our current debt. If we are not able to renegotiate the terms of our debt or obtain additional financing, we could be forced to sell assets under unfavorable circumstances. The terms of our senior secured credit facility and the indenture governing our senior subordinated notes limit our ability to sell assets and generally restrict the use of proceeds from asset sales.

Our existing debt arrangements impose restrictions on us that may adversely affect our ability to operate our business.

The indenture governing our $200 million aggregate principal amount of senior subordinated notes and our senior secured credit facility contain covenants that restrict, among other things, our ability to:

incur additional indebtedness and issue preferred stock;

pay dividends;

make asset sales;

make certain investments;

enter into transactions with affiliates;

incur liens on assets to secure other debt;

engage in specified business activities; and

engage in certain mergers or consolidations and transfers of assets.

In addition, our indenture and senior secured credit facility contain financial covenants and other limitations with which we must comply. Our ability to comply with these covenants may be affected by events beyond our control, and our future operating results may not be sufficient to comply with the covenants or, in the event of a default under either our indenture or senior secured credit facility, to remedy such a covenant default.

Our failure to comply with any of our financial or other covenants under our indenture or senior secured credit facility could result in an event of default. On the occurrence of any such event of default, the trustee under the indenture or our lenders could elect to declare all amounts outstanding under the indenture or our senior secured credit facility, as applicable, to be immediately due and payable, and our lenders could terminate all commitments to extend further credit to us and foreclose on any collateral we have granted to secure our obligations under our senior secured credit facility.

FORWARD-LOOKING INFORMATION

This prospectus supplement, including the accompanying prospectus and the information we incorporate by reference, includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. You can identify our forward-looking statements by words such as estimate, project, predict, believe, expect, anticipate, plan, forecast, budget, goal or other word uncertainty of future events or outcomes. When considering

these forward-looking statements, you should keep in mind the risk factors and other cautionary statements in this prospectus supplement, the accompanying prospectus and the documents we have incorporated by reference.

The forward-looking statements are not guarantees of future performance, and we caution you not to rely unduly on them. We have based many of these forward-looking statements on expectations and assumptions about future events that may prove to be inaccurate. Although 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 and in our business;
- the level of activity in the construction industry generally and in our local markets for ready-mixed concrete;
- the cost of capital, including the interest expense associated with our outstanding borrowings, which is tied to market interest rates;
- our ability to maintain compliance with the covenants under the documents relating to our outstanding indebtedness;
- 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, including the costs of raw materials, and maintain quality; and
- our exposure to warranty claims from developers and other customers.

We have discussed some of these factors in more detail in the Risk Factors sections of this prospectus supplement and the accompanying prospectus and in the section of this prospectus supplement under the heading Management s Discussion and Analysis of Financial Condition and Results of Operations Risks and Uncertainties. These factors are not necessarily all the important factors that could affect us. We advise you that you should (1) be aware that important factors we do not refer to above could affect the accuracy of our forward-looking statements and (2) use caution and common sense when considering our forward-looking statements. We do not intend to update these statements unless the securities laws require us to do so.

USE OF PROCEEDS

We estimate the proceeds we will receive from this offering, net of underwriting discounts and offering expenses we have paid or will pay, will be approximately $73,743,000. We intend to use those net proceeds to fund future acquisitions and for general corporate purposes. We currently expect to use substantially all the net proceeds of this offering within the next 12 months to complete acquisitions, based on the existing market for

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acquisition candidates and assuming we complete the due diligence and negotiation processes to our satisfaction. However, we cannot predict the timing, size or success of any acquisition effort or its associated capital commitments.

PRICE RANGE OF COMMON STOCK

Our common stock is publicly traded on the Nasdaq National Market under the symbol RMIX. The following table sets forth the high and low sales prices per share of our common stock as reported on the Nasdaq National Market for the periods indicated.

	High	Low
2004		
First Quarter	$ 7.35	$ 5.69
Second Quarter	7.20	5.18
Third Quarter	7.20	5.61
Fourth Quarter	7.85	6.08
2005		
First Quarter	$ 8.98	$ 5.07
Second Quarter	7.00	5.12
Third Quarter	8.11	6.24
Fourth Quarter	9.50	5.78
2006		
First Quarter (through February 1, 2006)	$ 12.50	$ 9.21

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CAPITALIZATION

The following table sets forth our capitalization at September 30, 2005 on a historical basis and as adjusted to give effect to the issuance of the common stock offered hereby and our application of the net proceeds from this offering as described under Use of Proceeds.

	September 30, 2005	
	Actual	As Adjusted
	(Unaudited; dollars in thousands)	
Debt:(1)		
Senior secured credit facility due 2009(2)	$	$
$8^{3}/8$% senior subordinated notes due 2014	200,000	200,000
Total debt (including current portion)	200,000	200,000
Stockholders Equity:		
Preferred stock		
Common stock	30	37
Additional paid-in capital	170,920	245,036
Retained earnings	12,862	12,862
Treasury stock, at cost	(892)	(892)
Deferred compensation	(4,158)	(4,158)
Total stockholders equity	178,762	252,885
Total capitalization(3)	$ 378,762	$ 452,885

(1) This table does not reflect the capital lease obligations effectively assumed in connection with the acquisition of the assets of Go-Crete and South Loop Development Corporation in December 2005.

(2) As of September 30, 2005, we had $85.1 million of available credit under our revolving credit facility, net of $14.1 million of outstanding letters of credit.

(3) Does not include $48.0 million of cash and cash equivalents as of September 30, 2005. Subsequent to September 30, 2005, we used $41.6 million of cash to fund our acquisitions completed in November and December 2005.

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SELECTED CONSOLIDATED FINANCIAL DATA

The following table presents selected consolidated financial data as of and for the years ended December 31, 2000, 2001, 2002, 2003 and 2004 and as of and for the nine months ended September 30, 2004 and 2005. We derived this information from our audited consolidated financial statements for the fiscal years indicated and from our unaudited condensed consolidated financial statements for the interim periods indicated. Our consolidated financial statements as of and for December 31, 2002, 2003 and 2004 were audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm. Our consolidated financial statements as of and for December 31, 2000 and 2001 were audited by Arthur Andersen LLP, which has ceased operations. Arthur Andersen LLP has not reissued its report on those financial statements in connection with this offering. You should read the following selected consolidated financial data in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and our audited consolidated financial statements as of December 31, 2003 and 2004 and for each of the three years in the period ended December 31, 2004 and our unaudited condensed consolidated financial statements as of September 30, 2005 and for the three and nine months ended September 30, 2004 and 2005 and notes thereto included in this prospectus supplement.

	Year Ended December 31,					Nine Months Ended September 30,	
	2000	**2001**	**2002**	**2003**	**2004**	**2004**	**2005**
						(unaudited)	
	(In thousands, except per share amounts and selling prices)						
Statement of Operations Data:							
Sales	$ 394,636	$ 493,591	$ 503,314	$ 473,124	$ 500,589	$ 377,193	$ 418,010
Costs of goods sold before depreciation, depletion and amortization	314,297	396,769	404,376	388,717	412,209	309,108	343,565
Gross profit before depreciation, depletion and amortization	80,339	96,822	98,938	84,407	88,380	68,085	74,445
Selling, general and administrative expenses (including a special compensation charge of $2.1 million in 2001)	27,741	47,057	47,204	42,550	47,988	33,899	38,345
Restructuring charges and impairments			28,440				
Depreciation, depletion and amortization(1)	11,212	13,828	10,734	12,441	12,669	9,351	9,783
Income from operations	41,386	35,937	12,560	29,416	27,723	24,835	26,317
Interest expense, net	14,095	19,386	17,127	16,855	16,523	12,247	12,939
Loss on early extinguishment of debt					28,781	28,781	

Other income, net	1,319	652	1,137	3,016	665	769	871
Income (loss) before income taxes	28,610	17,203	(3,430)	15,577	(16,916)	(15,424)	14,249
Income tax provisions (benefit)	11,750	7,658	608	5,274	(6,377)	(4,858)	5,693
Income (loss) before cumulative effect of accounting change	16,860	9,545	(4,038)	10,303	(10,539)	(10,566)	8,556
Cumulative effect of accounting change			(24,328)				
Net income (loss)	$ 16,860	$ 9,545	$ (28,366)	$ 10,303	$ (10,539)	$ (10,566)	$ 8,556
Earnings (Loss) Per Share Data:							
Basic and diluted income (loss) per share before cumulative effect of accounting change	$ 0.78	$ 0.39	$ (0.15)	$ 0.37	$ (0.37)	$ (0.37)	$ 0.30
Basic and diluted income (loss) per share	0.78	0.39	(1.06)	0.37	(0.37)	(0.37)	0.29
Balance Sheet Data (at end of period):							
Total assets	$ 357,490	$ 430,836	$ 382,222	$ 400,974	$ 449,159	$ 454,686	$ 483,344
Total debt (including current maturities)	157,134	163,775	161,808	155,039	200,777	200,988	200,000
Total stockholders equity	150,555	188,315	161,845	176,711	168,849	167,205	178,762
Statement of Cash Flow Data:							
Net cash provided by operating activities	$ 9,583	$ 44,874	$ 34,933	$ 26,692	$ 34,423	$ 15,291	$ 21,216
Net cash used in investing activities	(104,267)	(58,387)	(36,489)	(17,259)	(11,597)	(6,145)	(13,070)
Net cash provided by (used in) financing activities	94,768	19,929	(886)	(7,007)	9,770	9,091	162
EBITDA(2)	53,917	50,417	50,028	44,873	41,057	34,955	36,971
Ready-mixed Concrete Data:							
Average selling price per cubic yard	$ 69.73	$ 73.57	$ 73.71	$ 73.34	$ 76.38	$ 75.33	$ 84.41
Sales volume in cubic yards	4,705	5,394	5,215	5,026	5,052	3,845	3,857

See footnotes on the following page.

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(1) We adopted Statement of Financial Auditing Standards (SFAS) No. 142, Goodwill and Other Intangibles, effective January 1, 2002. Under SFAS No. 142, goodwill and indefinite lived assets are no longer amortized. Accordingly, there is no goodwill amortization included in the years ended December 31, 2002, 2003 and 2004.

(2) We have computed EBITDA as net income plus the provision (benefit) for income taxes, net interest expense, loss on early extinguishment of debt and noncash goodwill impairments, depreciation, depletion and amortization. EBITDA does not adjust for charges from a litigation settlement ($2.8 million in 2001), special compensation ($2.1 million in 2001) or asset impairments ($2.5 million in 2002 and $0.5 million in 2004). We have included EBITDA because it is widely used by investors for valuation and comparing our financial performance with the performance of other building material companies. We also use EBITDA to monitor and compare the financial performance of our operations. EBITDA does not give effect to the cash we must use to service our debt or pay our income taxes and thus does not reflect the funds actually available for capital expenditures. In addition, our presentation of EBITDA may not be comparable to similarly titled measures of other companies.
The following table presents a reconciliation of EBITDA to net income (loss) for each of the periods indicated:

	Year Ended December 31					Nine Months Ended September 30	
	2000	**2001**	**2002**	**2003**	**2004**	**2004**	**2005**
			(Dollars in thousands)				
Net income (loss)	$ 16,860	$ 9,545	$ (28,366)	$ 10,303	$ (10,539)	$ (10,566)	$ 8,556
Cumulative effect of change in accounting principle			24,328(a)				
Income (loss) before cumulative effect of change in accounting principle	16,860	9,545	(4,038)	10,303	(10,539)	(10,566)	8,556
Plus:							
Income tax expense (benefit)	11,750	7,658	608	5,274	(6,377)	(4,858)	5,693
Interest expense	14,095	19,386	17,127	16,855	16,523	12,247	12,939
Loss on early extinguishment of debt					28,781	28,781	
Depreciation, depletion and amortization expense	11,212	13,828	10,734	12,441	12,669	9,351	9,783
Goodwill impairments(b)			25,597				
EBITDA(c)	$ 53,917	$ 50,417	$ 50,028	$ 44,873	$ 41,057	$ 34,955	$ 36,971

(a) Under SFAS No. 142, our goodwill is periodically tested for impairment. We completed our initial impairment review during the quarter ended June 30, 2002. That review resulted in transitional goodwill impairment charges of $24.3 million, net of tax, with respect to two reporting units.

(b) In the fourth quarter of 2002, we recorded a goodwill impairment charge of $25.6 million, representing the remaining goodwill associated with two reporting units.

(c) In 2002 and 2004, we recorded asset impairments of $2.5 million and $0.5 million, respectively, for certain equipment we removed from service or held for disposal. These amounts are not reflected in any of the adjustments made to calculate EBITDA.

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 facts, are forward-looking statements that are subject to various 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 to which we refer in Risk Factors and Risks and Uncertainties below. The following discussion should be read in conjunction with our audited consolidated financial statements and condensed consolidated financial statements and the accompanying notes included in this prospectus supplement.

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 typically sell ready-mixed concrete under purchase orders that require us to formulate, prepare and deliver the product to our customers job sites. We recognize sales from these orders when we deliver the ordered products. The principal states in which we operate are California (44% of sales in the nine months ended September 30, 2005, 42% of 2004 sales and 44% of 2003 sales), New Jersey (18% of sales in the nine months ended September 30, 2005, 17% of 2004 sales and 17% of 2003 sales), Michigan (10% of sales in the nine months ended September 30, 2005, 12% of 2004 sales and 12% of 2003 sales) and Texas (9% of sales in the nine months ended September 30, 2005, 8% of 2004 sales and 9% of 2003 sales). We serve substantially all segments of the construction industry in our markets, and our customers include contractors for commercial and industrial, residential, street and highway and public works construction. The approximate percentages of our concrete product sales by construction type activity were as follows for the periods indicated:

	Year Ended December 31,		Nine Months Ended September 30,
	2003	2004	2005
Residential	46%	41%	46%
Commercial and industrial	32%	38%	41%
Street and highway	7%	6%	5%
Other public works	15%	15%	8%

The markets for our products generally are local, and our operating results are subject to swings in the level and product mix of construction activity that occur in our markets. The level of activity affects the demand for our products, while the product mix of activity among the various segments of the construction industry affects both our relative competitive strengths and our operating margins, as ready-mixed concrete sold for commercial and industrial construction is generally more technical and, therefore, more profitable than that sold for residential construction. Commercial and industrial jobs also provide ready-mixed concrete producers more opportunities to sell value-added concrete mix designs for various high performance requirements that often include admixtures, such as chemicals, minerals and fibers, or color conditioning additives.

The ready-mixed concrete business is subject to seasonal variations. In particular, demand for our products and services during the winter months is typically lower than in other months of the year because of inclement weather. In addition, sustained periods of inclement weather and other weather conditions could postpone or delay projects in our markets.

During the first four months of 2005, we experienced sustained adverse weather conditions and permitting delays that exceeded historical norms for this period, primarily in our California markets, which resulted in lower-than-expected sales volume during that period. In the following five months, we experienced more normalized weather conditions, which enabled us to begin to achieve production levels and related efficiencies more consistent with management s expectations. Should we experience sustained adverse weather in our markets in the future, our sales volumes and results of operations would be adversely affected.

During the last three quarters of 2004, supplies of cement were tight in some of our markets as a result of increased demand for cement, lower inventories of cement, downtime at certain cement plants and insufficient availability to increase imports of cement. This shortage curtailed some sales of our ready-mixed concrete, and cement prices increased, which adversely affected our gross margins. During the first quarter of 2005, cement shortages temporarily abated, although tightness of supply brought about by strong domestic consumption and insufficient availability of imported cement resulted in a continuation of the cement price increases experienced in the prior year. In the second and third quarters of 2005, these conditions persisted and we experienced further increases in cement prices in the majority of our markets. During the second quarter of 2005, we experienced cement shortages in our north Texas market that had a negative impact on our operating results through both decreased sales and higher cost of raw materials. Because of expected continued strong domestic consumption and insufficient availability of cement in certain markets, we could experience continued shortages in future periods, which could adversely affect our operating results, through both decreased sales and higher cost of raw materials.

Through the third quarter of 2005, our product pricing for ready-mixed concrete continued to increase in most of our markets. These price increases have allowed us to absorb the rising cost of raw materials (primarily cement and aggregates). However, gains on increased prices were offset in part by higher labor, freight and delivery costs, including rising diesel fuel costs. With the national average of diesel fuel prices having risen 40% in the third quarter of 2005 as compared to the third quarter in 2004, we have experienced both increased freight charges for our raw materials in the form of fuel surcharges and increased cost to deliver our products. As these costs have become more significant over the last two years, we have instituted fuel surcharges in most of our markets in an attempt to cover these rising costs. We do not have any long-term fuel supply contracts that would protect us from rising fuel costs. Sustaining or improving our margins in the future will depend on market conditions and our ability to increase our product pricing or realize gains in productivity to offset further increases in raw materials and other costs.

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. We obtain most of these materials from third parties and generally have only a few days supply at each of our plants. These costs vary with our levels of production. Our cost of goods sold also includes labor costs, primarily for delivery personnel, and insurance costs and the operating, maintenance and rental expenses we incur in operating our plants, mixer trucks and other vehicles.

Since our inception in 1999, our growth strategy has contemplated acquisitions. We purchased one business in 2003, one business in 2004 and three businesses in 2005, all of which we have accounted for in accordance with the purchase method of accounting. Please read Liquidity and Capital Resources Acquisitions for further information regarding our recent acquisitions. The rate and extent to which appropriate further acquisition opportunities are available, and the extent to which acquired businesses are integrated and anticipated synergies and cost savings are achieved can affect our operations and results.

Risks and Uncertainties

Numerous factors could affect our future operating results, including the factors discussed under the headings Risk Factors in this prospectus supplement and the accompanying prospectus and the following factors.

Internal Computer Network and Applications

We rely on our network infrastructure, enterprise applications and internal technology systems for our operational, support and sales activities. The hardware and software systems related to such activities are subject to damage from earthquakes, floods, fires, power loss, telecommunication failures and other similar events. They are also subject to acts such as computer viruses, physical or electronic vandalism or other similar disruptions that could cause system interruptions, delays and loss of critical data and could prevent us from fulfilling our customers orders. We have developed disaster recovery plans and backup systems to reduce the potentially

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adverse effects of such events. Any event that causes failures or interruption in our hardware or software systems could result in disruption in our business operations, loss of revenues or damage to our reputation.

Accounting Rules and Regulations

We prepare our consolidated financial statements in conformity with accounting principles generally accepted in the United States of America. These principles are subject to interpretation by the SEC and various bodies formed to interpret and create appropriate accounting policies. A change in these policies can have a significant effect on our reported results and may even retroactively affect previously reported transactions. Our accounting policies that recently have been or may be affected by changes in the accounting rules are as follows:

- accounting for share-based payments;
- accounting for income taxes; and
- accounting for business combinations and related goodwill.

In particular, the Financial Accounting Standards Board (the FASB) recently adopted Statement of Financial Accounting Standards (SFAS) No. 123R, which will require us to expense the fair value of our stock option grants and stock purchases under our employee stock purchase plan rather than disclose the impact on the consolidated net income in the footnotes to our consolidated financial statements. See Recent Accounting Pronouncements and Note 11 to the condensed consolidated financial statements included in this prospectus supplement for a discussion of SFAS No. 123R.

Tax Liabilities

We are subject to federal, state and local income taxes, applicable to corporations generally, as well as nonincome-based taxes. Significant judgment is required in determining our provision for income taxes and other tax liabilities. In the ordinary course of business, we make calculations in which the ultimate tax determination is uncertain. We are also from time to time under audit by state and local tax authorities. Although we can provide no assurance that the final determination of our tax liabilities will not differ from what our historical income tax provisions and accruals reflect, we believe our tax estimates are reasonable.

Critical Accounting Policies and Estimates

Preparation of our financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Note 1 to our audited consolidated financial statements and condensed consolidated financial statements included in this prospectus supplement describes the significant accounting policies we use in preparing those statements. We believe the most complex and sensitive judgments, because of their significance to our financial statements, result primarily from the need to make estimates about the effects of matters that are inherently uncertain. The most significant areas involving our management judgments and estimates are described below. Actual results in these areas could differ from our estimates.

Allowance for Doubtful Accounts

We extend credit to customers and other parties in the normal course of business. We regularly review outstanding receivables and provide for estimated losses on accounts receivable we believe we may not collect in full. A provision for bad debt expense recorded to selling, general and administrative expenses increases the allowance, and accounts receivable that we write off our books decrease the allowance. We determine the amount of bad debt expense we record each period and the resulting adequacy of the allowance at the end of each period by using a combination of our historical loss experience, customer-by-customer analyses of our accounts receivable balances each period and subjective assessments of our bad debt exposure. Our allowance for doubtful accounts was $2.6 million as of September 30, 2005, $2.3 million as of December 31, 2004 and $4.6 million as of December 31, 2003.

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Goodwill

We record as goodwill the amount by which the total purchase price we pay for our acquisitions exceeds our estimated fair value of the net assets we acquire. We test our recorded goodwill annually for impairment and charge income with any impairment we recognize, but we do not otherwise amortize that goodwill. The impairment test we use consists of comparing our estimates of the current fair values of our reporting units with their carrying amounts. We use a variety of valuation approaches, primarily the discounted future cash flow approach, to arrive at these estimates. These approaches entail making numerous assumptions respecting future circumstances, such as general or local industry or market conditions, and, therefore, are uncertain. For 2002, we recognized a transitional impairment charge to earnings, net of tax, of $24.3 million and an impairment charge to income from operations of $25.6 million. We did not record a goodwill impairment charge for 2003 or 2004. We can provide no assurance that future goodwill impairments will not occur. Our goodwill balance was $167.3 million as of September 30, 2005, $166.6 million as of December 31, 2004 and $165.2 million as of December 31, 2003. See Note 2 to our audited consolidated financial statements and Note 5 to our condensed consolidated financial statements included in this prospectus supplement.

Insurance Programs

We maintain third-party insurance coverage in amounts and against the risks we believe are reasonable. Under our current insurance programs, we share the risk of loss with our insurance underwriters by maintaining high deductibles subject to aggregate annual loss limitations. Currently, our workers compensation per occurrence retention is $1.0 million and our automobile and general liability per occurrence retention is $0.5 million. In connection with these automobile and general liability and workers compensation insurance programs, we have entered into standby letter of credit agreements for $14.1 million at September 30, 2005 and $11.6 million at December 31, 2004. We fund these deductibles and record an expense for losses we expect under the programs. We determine the expected losses using a combination of our historical loss experience and subjective assessments of our future loss exposure. The estimated losses are subject to uncertainty from various sources, including changes in claims reporting and settlement patterns, judicial decisions, new legislation and economic conditions. Although we believe the estimated losses are reasonable, significant differences related to the items we have noted above could materially affect our insurance obligations and future expense. The amount accrued for self-insurance claims was $9.6 million at September 30, 2005, $8.7 million as of December 31, 2004 and $6.6 million as of December 31, 2003, which is currently classified in accrued liabilities.

Income Taxes

We use the liability method of accounting for income taxes. Under this method, we record deferred income taxes based on temporary differences between the financial reporting and tax bases of assets and liabilities and use enacted tax rates and laws that we expect will be in effect when we recover those assets or settle those liabilities, as the case may be, to measure those taxes. We believe our earnings during the periods when the temporary differences become deductible will be sufficient to realize the related future income tax benefits. In cases where the expiration date of tax carryforwards or the projected operating results indicate that realization is not likely, we would provide for a valuation allowance.

As of September 30, 2005, we had significant deferred tax assets, resulting from net operating loss carryforwards and deductible temporary differences that may reduce taxable income in future periods. A valuation allowance is required when it is more likely than not that all or a portion of a deferred tax asset will not be realized. In assessing the need for a valuation allowance, we estimate future taxable income, considering the feasibility of ongoing tax-planning strategies and the realizability of tax loss carryforwards. Valuation allowances related to deferred tax assets can be impacted by changes in tax laws, changes in statutory tax rates and future taxable income levels. If we determined that we would not be able to realize all or a portion of our deferred tax assets in the future, we would reduce such amounts through a charge to income in the period in which that determination is made. Conversely, if we determined that we would be able to realize our deferred tax assets in the future in excess of the net carrying amounts, we would decrease the recorded valuation allowance through an increase to income in the period in which that determination is made. Subsequently recognized tax benefits

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associated with valuation allowances, recorded in connection with a business combination, will be recorded as an adjustment to goodwill. We recorded no valuation allowance at December 31, 2004 and December 31, 2003.

Inventory Obsolescence

We provide reserves for estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventory and the estimated net realizable value using assumptions about future demand for those products and market conditions. If actual market conditions are less favorable than those projected by management, additional inventory reserves may be required.

Properties, Plant and Equipment, Net

We state our properties, plant and equipment at cost and use the straight-line method to compute depreciation of these assets over their estimated remaining useful lives. Our estimates of those lives may be affected by such factors as changing market conditions, technological advances in our industry or changes in applicable regulations.

We evaluate the recoverability of our properties, plant and equipment when changes in circumstances indicate that the carrying amount of the asset may not be recoverable in accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. We compare the carrying value of long-lived assets to our projection of future undiscounted cash flows attributable to those assets. If the carrying value exceeds the future undiscounted cash flows, we record an impairment loss equal to the excess of the carrying value over the fair value. Actual useful lives and future cash flows could be different from those we estimate. These differences could have a material effect on our future operating results.

Other

We record accruals for legal, income tax and other contingencies when estimated future expenditures associated with those contingencies become probable and the amounts can be reasonably estimated. However, new information may become available, or circumstances (such as applicable laws and regulations) may change, thereby resulting in an increase or decrease in the amount required to be accrued for such matters (and, therefore, a decrease or increase in reported net income in the period of such change).

Recent Account Pronouncements

For a discussion of recently adopted accounting standards, see Note 1 to our audited consolidated financial statements and our condensed consolidated financial statements included in this prospectus supplement.

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Results of Operations

The following table sets forth selected historical statement of operations information and that information as a percentage of sales for the years indicated.

	Year Ended December 31,						Nine Months Ended September 30,			
	2002		2003		2004		2004		2005	
							(Unaudited)			
	(Amounts in thousands)									
Sales	$ 503,314	100.0%	$ 473,124	100.0%	$ 500,589	100.0%	$ 377,193	100.0%	$ 418,010	100.0%
Cost of goods sold before depreciation, depletion and amortization	404,376	80.3	388,717	82.2	412,209	82.3	309,108	81.9	343,565	82.2
Gross profit before depreciation, depletion and amortization	98,938	19.7	84,407	17.8	88,380	17.7	68,085	18.1	74,445	17.8
Selling, general and administrative expenses	47,204	9.4	42,550	8.9	47,988	9.6	33,899	9.0	38,345	9.2
Restructuring charges and impairments	28,440	5.7								
Depreciation, depletion and amortization	10,734	2.1	12,441	2.6	12,669	2.5	9,351	2.5	9,783	2.3
Income from operations	12,560	2.5	29,416	6.3	27,723	5.6	24,835	6.6	26,317	6.3
Interest expense, net	17,127	3.4	16,855	3.6	16,523	3.3	12,247	3.2	12,939	3.1
Loss on early extinguishment of debt					28,781	5.8	28,781	7.6		0.0
Other income, net	1,137	0.2	3,016	0.6	665	0.1	769	0.2	871	0.2
Income (loss) before income taxes	(3,430)	(0.7)	15,577	3.3	(16,916)	(3.4)	(15,424)	(4.1)	14,249	3.4
Income tax provision (benefit)	608	0.1	5,274	1.1	(6,377)	(1.3)	(4,858)	(1.3)	5,693	1.4

Income (loss) before cumulative effect of accounting change	(4,038)	(0.8)	10,303	2.2	(10,539)	(2.1)	(10,566)	(2.8)	8,556	2.0
Cumulative effect of accounting change	(24,328)	(4.8)								
Net income (loss)	$ (28,366)	(5.6)%	$ 10,303	2.2%	$ (10,539)	(2.1)%	$ (10,566)	(2.8)%	$ 8,556	2.0%

Nine Months Ended September 30, 2005 Compared to Nine Months Ended September 30, 2004

Sales. Sales increased $40.8 million, or 10.8%, for the nine months ended September 30, 2005, as compared to the corresponding period in 2004. This increase was primarily attributable to a 12.0% increase in the average sales price of ready-mixed concrete, and a 5.6% increase in other sales as compared to the corresponding period in 2004.

Gross Profit Before Depreciation, Depletion and Amortization. Gross profit increased $6.4 million, or 9.3%, for the nine months ended September 30, 2005, as compared to the corresponding period in 2004. That increase was primarily attributable to an increase in the average sales price of ready-mixed concrete, partially offset by increased raw material, labor and delivery costs. Gross profit margins were 17.8% for the nine months ended September 30, 2005 and 18.1% for the corresponding period in 2004.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased $4.4 million, or 13.1%, for the nine months ended September 30, 2005, as compared to the corresponding period in 2004. These increases were primarily attributable to higher compensation expenses, including incentive and stock-based compensation, and increased professional fees.

Depreciation, Depletion and Amortization. Depreciation, depletion and amortization expense increased $0.4 million, or 4.6%, for the nine months ended September 30, 2005, as compared to the corresponding period in 2004. The increase was primarily attributable to capital expenditures for assets acquired and placed in service during 2005.

Interest Expense, Net. Interest expense, net, increased $0.7 million for the nine months ended September 30, 2005, as compared to the corresponding period in 2004. Interest expense increased principally as a result of higher interest rates associated with our indebtedness as a result of the termination of our interest rate swap agreements in June 2005.

Loss on Early Extinguishment of Debt. As a result of our March 2004 refinancing discussed below, we recognized an ordinary loss on early extinguishment of debt of $28.8 million, which consisted of $25.9 million in premium payments to holders of the subordinated notes we prepaid and a write-off of $2.9 million of debt issuance costs associated with all the debt repaid.

Income Tax Provision/Benefit. We recorded an income tax provision of $5.7 million for the nine months ended September 30, 2005, as compared to an income tax benefit of $4.9 million for the corresponding period in 2004. The net loss and corresponding income tax benefit for the nine months ended September 30, 2004 was attributable to the loss on early extinguishment of debt in the nine months ended September 30, 2004. At the end of each interim reporting period, we estimate the effective income tax rate we expect to be applicable for the full year. We use this estimate in providing for income taxes on a year-to-date basis, and it may change in subsequent interim periods. Our estimated annualized effective tax rate was 40% for the nine months ended September 30, 2005 and 31% for the nine months ended September 30, 2004. The effective income tax rate for 2005 is higher than the federal statutory rate due primarily to state income taxes.

Year Ended December 31, 2004 Compared to Year Ended December 31, 2003

Sales. Sales increased $27.5 million, or 5.8%, from $473.1 million in 2003 to $500.6 million in 2004. The increase is mostly attributable to a 9.7% increase in the volume of other concrete product sales and a 4.1% increase in the average selling price of ready-mixed concrete. The price improvement was primarily due to a stable residential construction market and moderate improvements in nonresidential construction in most of our markets during 2004, reflecting the general state of the overall economy, and employment levels in the United States. Adverse weather conditions in the fourth quarter of 2004, particularly in northern California, resulted in lower sales volumes.

Gross Profit Before Depreciation, Depletion and Amortization. Gross profit before depreciation, depletion and amortization increased $4.0 million, or 4.7%, from $84.4 million in 2003 to $88.4 million in 2004. Gross margin decreased from 17.8% in 2003 to 17.7% in 2004. The gross margin in 2003 reflected a $1.1 million correction of an inventory overstatement. The rise in cement, raw material, labor, insurance and diesel fuel costs during the year adversely impacted gross margin and profit in 2004.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased $5.4 million, or 12.8%, from $42.6 million in 2003 to $48.0 million in 2004. This increase was attributable to asset impairments and write-downs related to properties and equipment ($0.7 million), increases in professional fees ($1.5 million), and higher salary and benefit expenses ($2.5 million) in 2004, primarily due to higher stock-based and incentive-based compensation and group health insurance costs.

Depreciation, Depletion and Amortization. Depreciation, depletion and amortization expense increased $0.3 million, or 1.8%, from $12.4 million in 2003 to $12.7 million in 2004.

Interest Expense, Net. Our interest rate swap agreements reduced interest expense by approximately $1.4 million in 2004. Interest expense, net, decreased $0.3 million, or 2.0%, from $16.9 million in 2003 to $16.5 million in 2004, as a result of our 2004 refinancings and interest rate swaps. As of December 31, 2004, we had outstanding borrowings totaling $200.0 million, as compared to $155.0 million as of December 31, 2003. Our weighted average interest rate was 7.5%, after giving effect to our interest rate swaps, as of December 31,2004, as compared to 9.0% as of December 31, 2003.

Loss on Early Extinguishment of Debt. As a result of our refinancings we describe under Liquidity and Capital Resources Senior Subordinated Notes, we recognized an ordinary loss in 2004 on early extinguishment of debt of $28.8 million, which consisted of $25.9 million in premium payments to redeem our prior senior subordinated notes and a write-off of $2.9 million of debt issuance costs associated with our debt repayments.

Other Income, Net. Other income, net, decreased $2.3 million, or 78.0%, from $3.0 million in 2003 to $0.7 million in 2004. This decrease was primarily attributable to a $2.0 million settlement we recorded in 2003 in connection with a claim we filed against the former owners of a subsidiary in our Atlantic Region. For additional information, see Note 4 to our audited consolidated financial statements included in this prospectus supplement.

Income Tax Provision. We recorded a benefit for income taxes of $6.4 million in 2004 compared to a provision for income taxes of $5.3 million in 2003. The 2004 benefit resulted principally from the taxable loss generated from our 2004 debt refinancings. Our effective tax rate was 37.7% for 2004 and 33.9% for 2003. The effective income tax rate for 2004 is greater than the federal statutory rate due primarily to state income tax benefits and non-taxable settlement income increasing the federal tax benefit related to the estimated current year loss.

Year Ended December 31, 2003 Compared to Year Ended December 31, 2002

Sales. Sales decreased $30.2 million, or 6.0%, from $503.3 million in 2002 to $473.1 million in 2003. The decrease is attributable to a 7.2% decrease in sales volume of ready-mixed concrete and a 0.1% decline in our average ready-mixed concrete price and was primarily due to the general decline in nonresidential construction markets reflecting the general state of the overall economy, employment levels in the United States, sustained adverse weather conditions in several of our markets for a portion of the year and the realignment of our businesses in our North Texas operations, partially offset by $11.3 million in additional sales contributed through our acquisition of Builders Redi-Mix, Inc. in February 2003.

Gross Profit Before Depreciation, Depletion and Amortization. Gross profit before depreciation, depletion and amortization decreased $14.5 million, or 14.7%, from $98.9 million in 2002 to $84.4 million in 2003. Gross margins decreased from 19.7% in 2002 to 17.8% in 2003. The decline in gross margin is attributable in part to a $1.1 million correction of an inventory overstatement, a relative decline in productivity due to the adverse weather conditions in some of our markets and a relative shift in our project mix from commercial and industrial construction projects to residential construction projects, which typically require products with lower margins, and higher risk and group health insurance costs. The decline in gross profit was partially offset by $2.1 million in additional gross profit contributed by the business we acquired in 2003.

Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased $4.6 million, or 9.9%, from $47.2 million in 2002 to $42.6 million in 2003. This decrease was attributable to a decline in salary and benefit expenses in 2003 primarily due to lower incentive compensation and a reduced provision for doubtful accounts. This decline in expenses was partially offset by approximately $0.9 million in additional expenses associated with the business we acquired in 2003 and professional fees associated with our investigation of the inventory overstatement.

Restructuring and Impairments. In 2002, we recorded an impairment charge of $25.6 million for goodwill impairments related to two reporting units in our North Texas/ Southwest Oklahoma and Memphis, Tennessee/ Northern Mississippi markets. We also recorded charges totaling $2.8 million related primarily to the realignment of our business in North Texas. We recorded no restructuring or impairment charges in 2003. For additional information, see Note 5 to our audited consolidated financial statements included in this prospectus supplement.

Depreciation, Depletion and Amortization. Depreciation, depletion and amortization expense increased $1.7 million, or 15.9%, from $10.7 million in 2002 to $12.4 million in 2003. This increase resulted from the additional properties, plant and equipment we placed in service in 2003, including those associated with the business we acquired in February 2003.

Interest Expense, Net. Interest expense, net, decreased $0.2 million, or 1.6%, from $17.1 million in 2002 to $16.9 million in 2003. This decrease was attributable to a lower average outstanding balance under our revolving credit facility during 2003, partially offset by a write-off of $0.4 million in deferred financing costs.

Other Income, Net. Other income, net, increased $1.9 million, from $1.1 million in 2002 to $3.0 million in 2003. This increase was attributable to a $2.0 million settlement we recorded in the fourth quarter of 2003 in connection with a claim we filed against the former owners of a subsidiary in our Atlantic Region. For additional information, see Note 4 to our audited consolidated financial statements included in this prospectus supplement.

Income Tax Provision. We provided for income taxes of $5.3 million in 2003, an increase of $4.7 million from our provision in 2002. Our income taxes increased principally because we had restructuring charges and goodwill impairments in 2002 that caused our results to be lower in that year. Our effective tax rate was 33.9% for 2003 and 17.7% for 2002.

Cumulative Effect of Accounting Change. Our 2003 net income does not include any cumulative effect of accounting change. Our 2002 net loss included a cumulative effect of accounting change, net of tax, of $24.3 million as a result of our adoption of SFAS No. 142. Under SFAS No. 142, we recorded a transitional goodwill impairment charge of $24.3 million, net of tax, effective January 1, 2002. This impairment charge was attributable to two reporting units, our divisions in North Texas/ Southwest Oklahoma and Memphis, Tennessee/ Northern Mississippi. Local market and economic conditions affected the value of acquisitions made in North Texas (in 2000 and 2001) and Memphis, Tennessee/ Northern Mississippi (in 1999).

Liquidity and Capital Resources

Our primary short-term liquidity needs consist of financing seasonal increases in accounts receivable, purchasing property and equipment and paying cash interest expense under our $8^3/8$% senior subordinated notes due in April 2014 and cash interest expense, if any, under our senior secured revolving credit facility due in March 2009. In addition to our cash from operations, our senior secured revolving credit facility provides us with a significant source of liquidity. That facility provides us a borrowing capacity of up to $105 million. The credit agreement relating to this facility provides that the administrative agent may, on the bases specified, reduce the amount of the available credit from time to time. At September 30, 2005, no borrowings were outstanding under the revolving credit facility and the amount of that available credit was approximately $85.1 million, net of outstanding letters of credit of $14.1 million. Our working capital needs typically increase in the second and third quarters to finance the increases in accounts receivable during those periods and the cash interest payment on our $8^3/8$% senior subordinated notes due on April 1 of each year. Generally, in the fourth quarter, our working capital borrowings begin to decline and then are paid down to their lowest annual levels in the first quarter of the following year.

The principal factors that could adversely affect the availability of internally generated funds include:

- any deterioration of sales because of weakness in markets in which we operate;
- any decline in gross margins due to shifts in our project mix; and
- the extent to which we are unable to generate internal growth through integration of additional businesses or capital expansions of our existing business.

The principal factors that could adversely affect our ability to obtain cash from external sources include:

- covenants contained in our credit facility and the indenture governing our $8^3/8$% senior subordinated notes;
- volatility in the markets for corporate debt; and
- fluctuations in the market price of our common stock or $8^3/8$% senior subordinated notes.

The following key financial measurements reflect our financial position and capital resources as of September 30, 2004 and 2005 and as of December 31, 2002, 2003 and 2004 (dollars in thousands):

	December 31,			September 30,	
	2002	2003	2004	2004	2005
Cash and cash equivalents	$ 4,685	$ 7,111	$ 39,707	$ 25,348	$ 48,015
Working capital	$ 47,116	$ 37,941	$ 89,647	$ 88,228	$ 99,046
Total debt(1)	$ 161,808	$ 155,039	$ 200,000	$ 200,000	$ 200,000
Available credit(2)	$ 15,300	$ 7,000	$ 75,900	$ 86,700	$ 85,100

Debt as a percent of capital employed	50.0%	46.7%	54.2%	54.6%	52.8%

(1) The interest rate swap mark-to-market adjustments of $0.8 million in 2004 are not included in the total debt.

(2) Based on eligible borrowing base, net of outstanding letters of credit, in 2004 and at September 30, 2005 and maximum leverage ratios in 2003 and 2002.

At December 31, 2003, current maturities of long-term debt reduced our working capital by $13.6 million.

Our cash and cash equivalents consist of highly liquid investments in deposits we hold at major banks.

Senior Secured Credit Facility

The borrowings under our credit facility are limited based on a portion of the net amounts of our eligible accounts receivable, inventory and mixer trucks. At our option, these borrowings will bear annual interest at either the Eurodollar-based rate (LIBOR) plus 2.00%, or the domestic rate plus 0.50%. The interest rate margins will vary inversely with the amount of unused borrowing capacity available under the facility. We pay commitment fees at an annual rate of 0.375% on the unused portion of the facility.

Our subsidiaries have fully and unconditionally guaranteed the repayment of all amounts owing under our credit facility, on a joint and several basis. In addition, we have collateralized the facility with the capital stock and substantially all the assets of our subsidiaries, excluding minor subsidiaries without operations or material assets, and substantially all the assets of those subsidiaries, excluding most of the assets of our aggregate quarry in northern New Jersey. The credit agreement contains covenants limiting, among other things, prepayment or redemption of subordinated notes, distributions, dividends and repurchases of capital stock and other equity interests, acquisitions and investments, mergers, asset sales other than in the ordinary course of business, indebtedness, liens, changes in our business, changes to charter documents and affiliate transactions. It also limits capital expenditures to 5% of consolidated revenues in the prior 12 months and will require us to maintain a minimum fixed charge coverage ratio of 1.0 to 1.0 on a rolling 12-month basis if the available credit under the facility falls below $15 million. The credit agreement provides that specified change of control events would constitute events of default under the agreement.

At September 30, 2005, no borrowings were outstanding under the revolving credit facility, and we used $14.1 million of our availability for letters of credit. The credit agreement limits our ability to incur additional debt primarily to the greater of (1) the borrowings available under our credit facility, plus $20 million, or (2) additional debt if, after giving effect to its incurrence, our total debt does not exceed three times our earnings before interest, taxes, depreciation, amortization and certain noncash items.

Senior Subordinated Notes

To improve liquidity and provide more financial and operating flexibility, on March 31, 2004, we issued and sold, through a private placement, $200 million of 8^{3}/8% senior subordinated notes maturing April 1, 2014. Interest on these notes is payable semiannually on April 1 and October 1 of each year. We used the net proceeds of this financing to redeem our prior 12% senior subordinated notes and prepay outstanding debt under our senior secured credit facility. We paid $122.5 million to redeem our prior 12% senior subordinated notes, including a prepayment premium of $25.9 million, plus all accrued and unpaid interest through the redemption date of $1.6 million.

All our subsidiaries, excluding minor subsidiaries, have jointly and severally and fully and unconditionally guaranteed the repayment of our outstanding senior subordinated notes.

The indenture governing the notes limits our ability and that of our subsidiaries to pay dividends or repurchase common stock, make certain investments, incur additional debt or sell preferred stock, create liens, merge or transfer assets. At any time prior to April 1, 2007, we may redeem up to 35% of the aggregate principal amount of the notes at a redemption price of 108.375% of their principal amount, plus accrued interest, with the net cash proceeds from certain equity offerings. In addition, after March 31, 2009, we may redeem all or a part of the notes at a redemption price of 104.188% in 2009, 102.792% in 2010, 101.396% in 2011 and 100% in 2012 and thereafter. The indenture requires us to offer to repurchase (1) an aggregate principal amount of the subordinated notes equal to the proceeds of certain asset sales that are not reinvested in our business or used to

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pay senior debt and (2) all the notes following the occurrence of a change of control. Our senior secured credit agreement prohibits these repurchases.

On May 13, 2004, we filed a registration statement with the SEC, which became effective on June 22, 2004, pursuant to which we exchanged our outstanding $200 million 8^3/8% senior subordinated notes for notes that are substantially identical, except that the offering of the new notes was registered under the Securities Act of 1933.

As a result of restrictions contained in the indenture relating to the 8^3/8% senior subordinated notes, our ability to incur additional debt is primarily limited to the greater of (1) borrowings available under our senior secured credit facility, plus the greater of $15 million or 7.5% of our tangible assets, or (2) additional debt if, after giving effect to such incurrence of such additional debt, our earnings before interest, taxes, depreciation, amortization and certain noncash items equals or exceeds two times our total interest expense.

Interest Rate Swaps

On April 16, 2004, we entered into interest rate swap agreements with a notional value of $70 million. We terminated these agreements in June 2005. When they were in effect, these interest rate swap agreements had the economic effect of modifying the interest obligations associated with $70 million of our 8^3/8% senior subordinated notes, such that the interest payable on these notes effectively became variable based on the six-month LIBOR rate, set on April 1 and October 1 of each year. The swaps were designated as fair-value hedges and had no ineffective portion. The notional amounts of the swaps matched the principal amounts of the hedged portion of the notes, and the termination dates of the swaps matched the maturity date of the notes. As a result of the swaps, the interest rate on the hedged portion of the notes was LIBOR plus 3.16%. The swap agreements were marked to market each quarter, with a corresponding mark-to-market adjustment reflected as either a discount or premium on the 8^3/8% senior subordinated notes. Because the swap agreements were considered an effective fair-value hedge, there was no effect on our results of operations from these adjustments while the swap agreements were in effect. Upon termination of these interest rate swap agreements, we received $2.2 million in cash as settlement proceeds. The cash proceeds have been included in changes in operating assets and liabilities, net of acquisitions within the accompanying unaudited condensed consolidated statements of cash flows. The cash received has been recorded against the fair values of the respective agreements and the resulting net gain of $2.0 million is being amortized over the remaining life of the underlying debt instruments as an adjustment to interest expense. There were no interest rate swap agreements outstanding as of September 30, 2005. During the nine months ended September 30, 2005, the interest rate swap agreements reduced our interest expense by approximately $0.5 million.

Fair Value of Financial Instruments

The estimated aggregate fair market value of our senior subordinated notes increased from December 31, 2003 by $108 million to $215 million as of December 31, 2004, due primarily to our March 31, 2004 issuance of $200 million principal amount of 8^3/8% senior subordinated notes and subsequent redemption of our prior 12% senior subordinated notes. The fair market values are based on quoted market prices and yields obtained through independent pricing sources for the same or similar types of borrowing arrangements taking into consideration the underlying terms of the debt.

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate fair value because of their short-term maturity and variable rates of interest.