

---

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## FORM 10-K

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

For the fiscal year ended December 31, 2009

Commission file number 000-26025



## U.S. CONCRETE, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of  
Incorporation or organization)

76-0586680

(I.R.S. Employer  
Identification Number)

2925 Briarpark, Suite 1050, Houston, Texas 77042

(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code: (713) 499-6200

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, par value \$.001

(Title of class)

Nasdaq Global Select Market

(Name of exchange on which registered)

Rights to Purchase Series A Junior

Participating Preferred Stock

(Title of class)

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-K (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or non-accelerated filer, or a smaller reporting company. See the definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☒

Non-accelerated filer ☐

Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act.) Yes ☐ No ☒

Aggregate market value of the voting stock held by nonaffiliates of the registrant computed by reference to the last reported sale price of \$1.98 of the registrant's common stock on the Nasdaq Global Market as of June 30, 2009, the last business day of the registrant's most recently completed second quarter: \$64,377,699.

There were 37,437,629 shares of common stock, par value \$.001 per share, of the registrant outstanding as of March 15, 2010.

#### DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement related to the registrant's 2010 Annual Meeting of Stockholders are incorporated by reference into Part III of this report.

---

**U.S. CONCRETE, INC.**

**FORM 10-K**

**For the Year Ended December 31, 2009**

**TABLE OF CONTENTS**

	<b>Page</b>
<b>PART I</b>	
Item 1. Business .....	3
Item 1A. Risk Factors .....	15
Item 1B. Unresolved Staff Comments .....	25
Item 2. Properties .....	25
Item 3. Legal Proceedings .....	26
Item 4. Reserved.....	26
<b>PART II</b>	
Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities .....	26
Item 6. Selected Financial Data.....	29
Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations .....	30
Item 7A. Quantitative and Qualitative Disclosures About Market Risk .....	47
Item 8. Financial Statements and Supplementary Data .....	48
Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure .....	84
Item 9A. Controls and Procedures .....	84
Item 9B. Other Information .....	84
<b>PART III</b>	
Item 10. Directors, Executive Officers and Corporate Governance .....	85
Item 11. Executive Compensation.....	85
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.....	85
Item 13. Certain Relationships and Related Transactions, and Director Independence .....	85
Item 14. Principal Accountant Fees and Services .....	85
<b>PART IV</b>	
Item 15. Exhibits and Financial Statement Schedules .....	85
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM .....	49
CONSOLIDATED BALANCE SHEETS .....	50
CONSOLIDATED STATEMENTS OF OPERATIONS .....	51
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY .....	52
CONSOLIDATED STATEMENTS OF CASH FLOWS .....	53
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS .....	54
SIGNATURES .....	90
INDEX TO EXHIBITS .....	91

## Cautionary Statement Concerning Forward-Looking Statements

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

*This report contains various statements, including those that express a belief, expectation or intention and those that are not statements of historical fact, that are forward-looking statements under the Private Securities Litigation Reform Act of 1995. Those forward-looking statements appear in Item 1—“Business,” Item 2—“Properties,” Item 3—“Legal Proceedings,” Item 7—“Management’s Discussion and Analysis of Financial Condition and Results of Operations,” Item 7A—“Quantitative and Qualitative Disclosures About Market Risk,” Item 9A—“Controls and Procedures” and elsewhere in this report, including in the notes to our Consolidated Financial Statements in Item 8 of this report. Those forward-looking statements speak only as of the date of this report. We disclaim any obligation to update those statements, except as applicable law may require us to do so, and we caution you not to rely unduly on them. We have based those forward-looking statements on our current expectations and assumptions about future events, which may prove to be inaccurate. While our management considers those 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. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, those we discuss in this report under the section entitled “Risk Factors” in Item 1A and the section entitled “Risks and Uncertainties” in Item 7—“Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and in other reports we file with the Securities and Exchange Commission (the “SEC”). The factors we discuss in this report are not necessarily all the important factors that could affect us. Unpredictable or unknown factors we have not discussed in this report also could have material adverse effects on actual results of matters that are the subject of our forward-looking statements. We do not intend to update our description of important factors each time a potential important factor arises. We advise our existing and potential security holders that they should (1) be aware that important factors to which we do not refer in this report could affect the accuracy of our forward-looking statements and (2) use caution and common sense when considering our forward-looking statements.*

## PART I

### Item 1. Business

#### General

We are a major producer of ready-mixed concrete, precast concrete products and concrete-related products in select markets in the United States. We operate our business through our ready-mixed concrete and concrete-related products segment and our precast products concrete segment. We are a leading producer of ready-mixed concrete or precast concrete products in substantially all the markets in which we have operations. Ready-mixed and precast concrete products are important building materials that are used in a vast majority of commercial, residential and public works construction projects.

All of our operations are in (and all of our sales are made within) the United States. We operate principally in Texas, California, New Jersey/New York and Michigan, with those states representing 35%, 30%, 15% and 9%, respectively, of our consolidated revenues from continuing operations for the year ended December 31, 2009. According to publicly available industry information, those states represented an aggregate of 31.4% of the consumption of ready-mixed concrete in the United States in 2009 (Texas, 13.7%, California, 10.4%, New Jersey/New York, 5.3% and Michigan, 2.0%). Our consolidated revenues from continuing operations for the year ended December 31, 2009 were \$534.5 million, of which we derived approximately 89.3% from our ready-mixed concrete and concrete-related products segment and 10.7% from our precast concrete products segment. For more information on our consolidated revenues and results of operations for the years ended December 31, 2009, 2008 and 2007 and our consolidated total assets as of December 31, 2009 and 2008, see our Consolidated Financial Statements included in this report.

As of March 15, 2010, we had 125 fixed and 11 portable ready-mixed concrete plants, seven precast concrete plants and seven producing aggregates facilities (including 27 fixed ready-mixed concrete plants operated by our 60%-owned Michigan subsidiary). During 2009, these plants and facilities produced approximately 4.5 million cubic yards of ready-mixed concrete and 3.0 million tons of aggregates. We also own two aggregates facilities that we lease to third parties and retain a royalty on production from those facilities.

Our ready-mixed concrete and concrete-related products segment engages principally in the formulation, preparation and delivery of ready-mixed concrete to the job sites of our customers. 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 concrete sub-contractors, general contractors, governmental agencies, property owners and developers and home builders whose focus extends beyond the price of ready-mixed concrete to product quality, on-time delivery and reduction of in-place costs. To a lesser extent, this segment is also engaged in the mining and sale of aggregates and the resale of building materials, primarily to our ready-mixed concrete customers. These businesses are generally complementary to our ready-mixed concrete operations and provide us opportunities to cross-sell various products in markets where we sell both ready-mixed concrete and concrete-related products. We provide our ready-mixed concrete and concrete-related products from our continuing operations in north and west Texas, northern California, New Jersey, New York, Washington, D.C., Michigan and Oklahoma.

Our precast concrete products segment produces precast concrete products at seven plants in three states, with five plants in California, one in Arizona and one in Pennsylvania. Our customers choose precast technology for a variety of architectural applications, including free-standing walls used for landscaping, soundproofing and security walls, panels used to clad a building façade and storm water drainage. Our operations also specialize in a variety of finished products, among which are utility vaults, manholes, catch basins, highway barriers, curb inlets, pre-stressed bridge girders, concrete piles and custom-designed architectural products.

For financial information regarding our reporting segments, including revenue and operating income (loss) for the years ended December 31, 2009, 2008 and 2007, see Note 14 to our Consolidated Financial Statements included in this report.

U.S. Concrete, Inc. is a Delaware corporation which was incorporated in 1997. We began operations in 1999, which is the year we completed our initial public offering. In this report, 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.

### **Market Trends, Liquidity and Restructuring**

Since the middle of 2006, the United States building materials construction market has become increasingly challenging. Currently, the construction industry, particularly the ready-mixed concrete industry, is characterized by significant overcapacity, fierce competitive activity and rapidly declining sales volumes. From 2007 through 2009, we have implemented cost reduction programs, including workforce reductions, plant idling, rolling stock dispositions and divestitures of nonperforming business units to reduce structural costs.

Despite these initiatives in 2007, 2008 and 2009, our business has been severely affected by the steep decline in single-family home starts in the U.S. residential construction markets, the turmoil in the global credit markets and the U.S. recession. These conditions had a dramatic impact on demand for our products in each of the last three years. During 2007, 2008 and 2009, single family home starts declined by approximately 29%, 41% and 29%, respectively, and commercial construction activity, which has been negatively affected by the credit crisis and U.S. recession, is expected to be weaker in our markets in 2010. Sales volumes in our precast operations have also been significantly affected due to its significant presence in residential construction. We are also experiencing product pricing pressure and expect ready-mixed concrete pricing declines in 2010 compared to 2009 in most of our markets, which will have a negative effect on our gross margins.

In response to the protracted, declining sales volumes, we have expanded our cost reduction efforts for 2010, including wage freezes, elimination of our 401(k) company match program and reductions in other employee benefits. We also continue to significantly scale back capital investment expenditures.

Nonetheless, the continued weakening economic conditions, including ongoing softness in residential construction, further reduction of demand in the commercial sector and delays in anticipated public works projects in many of our markets, have placed significant distress on our liquidity position. Prior to its amendment, the credit agreement governing our senior revolving credit facility (the “Credit Agreement” or “our Credit Agreement”) required 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 \$25 million. In February 2010, we entered into an amendment to the Credit Agreement. The amendment, among other things, temporarily reduces the minimum availability trigger at which we must maintain a minimum fixed charge coverage ratio of 1.0 to 1.0 from \$25 million to (1) \$22.5 million from the effective date of the amendment through March 10, 2010 (or such earlier date on which we elect to deliver the first weekly borrowing base certificate) and (2) \$20 million thereafter through April 30, 2010, but in each case that trigger reverts to \$25 million upon the earlier of (a) our delivery of notice to the lenders of our intent to make payment on our 8 ⅔% Senior Subordinated Notes due 2014 (the “8 ⅔% Notes”) or any other subordinated debt and (b) May 1, 2010.

We also obtained (i) a permanent waiver by the lenders of any default or event of default arising under the Credit Agreement as a result of our delivery of our 2009 fiscal year financials with a report from our independent registered public accounting firm containing an explanatory paragraph with their conclusion regarding substantial doubt about our ability to continue as a going concern and (ii) a temporary waiver by the lenders through April 30, 2010, of any default or event of default arising under the Credit

Agreement as a result of our failure to make our regularly scheduled interest payments under the 8 ¾% Notes. More information regarding the amendment is contained under “Market Trends, Liquidity and Restructuring” in Item 7—“Management’s Discussion and Analysis of Financial Condition and Results of Operations” and in Note 1 to our consolidated financial statements.

While we believe the amendment to our Credit Agreement provides us with some additional, temporary access to liquidity, we continue to see our business affected by the decline in construction activity and inclement weather conditions in January and February 2010 across the regions we operate. The amount available for borrowing under our Credit Agreement is based in part on our accounts receivable balances. The inclement weather and decline in demand for our products has a direct effect on the amounts we bill our customers and our accounts receivable balances. This inclement weather along with the seasonally low production and economic downturn has caused us to take actions to conserve cash. These actions include delaying payments to certain vendors and suppliers. If our liquidity falls below the availability thresholds noted above, we will not be in compliance with the minimum fixed charge coverage ratio of 1.0 to 1.0. If this occurs and we are unable to continue to obtain amendments from the lenders that waive compliance with these financial covenants, the lenders could declare us to be in default under the terms of the Credit Agreement, at which point the entire outstanding principal balance of the revolving credit facility, together with all accrued and unpaid interest and other amounts then owing to our lenders, would become immediately due and payable. Because substantially all of our assets are pledged as collateral under the Credit Agreement, if our lenders were to declare an event of default, they would be entitled to foreclose on and take possession of those assets.

In addition, acceleration of our obligations under the Credit Agreement would constitute a default under the 8 ¾% Notes and would likely result in the acceleration of those obligations as well. A default under our Credit Agreement also could result in a cross-default or the acceleration of our payment obligations under other financing agreements. In any such event, we may not be able to repay the debt or refinance the debt on acceptable terms, and we may not have sufficient assets to make the payments when due.

In addition to the restrictions we face under our debt instruments, our stock price has declined significantly over the past year, which makes it more difficult to obtain equity financing on acceptable terms to address our liquidity issues. The indenture governing the 8 ¾% Notes and the Credit Agreement also contain restrictions on our ability to incur additional debt. Our ability to obtain cash from external sources also could be adversely affected by volatility in the markets for corporate debt, fluctuations in the market price of our common stock or the 8 ¾% Notes and any additional market instability, unavailability of credit or inability to access the capital markets which may result from the continuing effects of the global financial crisis and the U.S. recession.

We have received a letter from The Nasdaq Stock Market indicating that the bid price of our common stock over 30 consecutive business days had closed below the minimum \$1.00 per share required for continued listing under the Nasdaq Marketplace Rules. We have been provided an initial period of 180 calendar days, or until September 7, 2010, to regain compliance. Compliance can be attained if at any time before September 7, 2010; the bid price of our common stock closes at \$1.00 per share or more for a minimum of 10 consecutive business days. In the event we cannot demonstrate compliance with the minimum bid price rule by September 7, 2010, our securities are subject to delisting.

In light of this situation, we are currently reviewing the strategic and financing alternatives available to us and have retained legal and financial advisors to assist us in this regard. We are engaged in continuing discussions with the lenders under our Credit Agreement and others regarding a permanent restructuring of our capital structure. Such a restructuring would likely affect the terms of the 8 ¾% Notes, the Credit Agreement, other debt obligations and our common stock and may be effected through negotiated modifications to the agreements related to our debt obligations or through other forms of restructurings, which we may be required to effect under court supervision pursuant to a voluntary bankruptcy filing under Chapter 11 of the U.S. Bankruptcy Code. There can be no assurance that an agreement regarding any such restructuring will be obtained on acceptable terms with the necessary parties or at all. Additionally, if we do not maintain adequate liquidity prior to any restructuring, we may seek protection pursuant to a voluntary bankruptcy filing under Chapter 11.

We are reporting net losses for the year ended December 31, 2009 for the fourth consecutive year and currently anticipate losses for 2010. These cumulative losses in addition to our current liquidity situation raise substantial doubt as to our ability to continue as a going concern for a period longer than the current fiscal year. Our ability to continue as a going concern depends on the achievement of profitable operations, the success of our financial and strategic alternatives process, which may include the restructuring of the 8 ¾% Notes and the Credit Agreement or a recapitalization. Until the possible completion of the financial and strategic alternatives process, our future remains uncertain, and there can be no assurance that our efforts in this regard will be successful.

Our consolidated financial statements have been prepared assuming that we will continue as a going concern, which implies that we will continue to meet our obligations and continue our operations for at least the next 12 months. Realization values may be substantially different from carrying values as shown, and our consolidated financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts or the amount and classification of liabilities that might be necessary as a result of this uncertainty.

## Industry Overview

### *General*

Ready-mixed concrete is a highly versatile construction material that results from combining coarse and fine aggregates, such as gravel, crushed stone and sand, with water, various chemical admixtures and cement. We manufacture ready-mixed concrete in thousands of variations, which in each instance may reflect a specific design use. We generally maintain only a few days' inventory of raw materials and coordinate our daily materials purchases with the time-sensitive delivery requirements of our customers.

The quality of ready-mixed concrete is time-sensitive as it becomes difficult to place within 90 minutes after mixing. Consequently, the market for a permanently installed ready-mixed concrete plant is usually limited to an area within a 25-mile radius of its plant location. We produce ready-mixed concrete in batches at our plants and use mixer and other trucks to distribute and deliver the concrete to the job sites of our customers. We generally do not provide paving or other finishing services, which construction contractors or subcontractors typically perform.

Ready-mixed concrete is poured-in-place in forms at a construction site and cured on site. In contrast, our precast concrete products are made with ready-mixed concrete (its primary raw material), but are cast in reusable molds or "forms" and cured in a controlled environment at our plant, then either placed in inventory or transported to the construction site. The advantages of using precast concrete products include the higher quality of the material, when formed in controlled conditions, and the reduced cost of reusable forms as compared to the cost of constructing large forms used with ready-mixed concrete placed at the construction site.

Concrete has many attributes that make it a highly versatile construction material. In recent years, industry participants have developed various uses for concrete products, including:

- high-strength engineered concrete to compete with steel-frame construction;
- concrete housing;
- precast modular paving stones;
- flowable fill for backfill applications;
- continuous-slab rail-support systems for rapid transit and heavy-traffic rail lines; and
- concrete bridges, tunnels and other structures for rapid transit systems.

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

- overlaying asphalt pavement with concrete, or "white topping";
- highway median barriers;
- highway sound barriers;
- paved shoulders to replace less permanent and increasingly costly asphalt shoulders;
- pervious concrete parking lots for water drainage management, as well as providing a long-lasting and aesthetically pleasing urban environment; and
- colored pavements to mark entrance and exit ramps and lanes of expressways.

We generally obtain contracts through local sales and marketing efforts directed at concrete sub-contractors, general contractors, property owners and developers, governmental agencies and home builders. In many cases, local relationships are very important.

Based on information from the National Ready-Mixed Concrete Association ("NRMCA") and the National Precast Concrete Association ("NPCA"), we estimate that, in addition to vertically integrated manufacturers of cements and aggregates, over 2,200 independent ready-mixed concrete producers currently operate approximately 5,000 plants in the United States and 3,200 precast concrete products manufacturers operate in the United States and Canada. Larger markets generally have several producers competing for business on the basis of product quality, service, on-time delivery and price.

Annual usage of ready-mixed concrete in the United States dropped significantly in 2009 and 2008 from its “near record” 2006 level. According to information available from the NRMCA and McGraw-Hill Construction, total volume (measured in cubic yards) from the production and delivery of ready-mixed concrete in the United States over the past three years were as follows (in millions):

2009.....	271
2008.....	349
2007.....	387

Ready-mixed concrete and precast concrete products have historically benefited from relatively stable demand and pricing. However, pricing of our products is primarily driven by the cost of raw materials (cement, aggregates, etc.), cost of labor and competition in our local markets. From 2006, through most of 2007, raw materials cost and ready-mixed concrete products average selling prices increased. For 2008 and 2009, pricing of our raw materials, particularly cement, and our ready-mixed pricing has been put under competitive pressure due to product demand declines resulting from the slowdown in construction activity in all of our markets, especially in the residential construction sector.

According to recently published McGraw-Hill Construction data, the four major segments of the construction industry accounted for the following approximate percentages of the total volume of ready-mixed concrete produced in the United States in 2009, 2008 and 2007:

	2009	2008	2007
Commercial and industrial construction .....	21%	25%	24%
Residential construction.....	13%	16%	23%
Street and highway construction and paving .....	24%	21%	20%
Other public works and infrastructure construction.....	42%	38%	33%

Barriers to the start-up of new ready-mixed concrete and precast concrete products manufacturing operations have been increasing. During the past decade, public concerns about dust, process water runoff, noise and heavy mixer and other truck traffic associated with the operation of these types of plants and their general appearance have made obtaining the permits and licenses required for new plants more difficult. Delays in the regulatory process, coupled with the substantial capital investment that start-up operations entail, have raised the barriers to entry for those operations.

For a discussion of the general seasonality of the construction industry, see Item 1A — “Risk Factors – 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” and Item 7 — “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this report.

## Products and Services

### *Ready-Mixed Concrete and Concrete-Related Products Segment*

**Ready-Mixed Concrete.** Our ready-mixed concrete products consist of proportioned mixes we prepare and deliver in an unhardened plastic state for placement and shaping into designed forms at the job site. Selecting the optimum mix for a job entails determining not only the ingredients that will produce the desired permeability, strength, appearance and other properties of the concrete after it has hardened and cured, but also the ingredients necessary to achieve a workable consistency considering the weather and other conditions at the job site. We believe we can achieve product differentiation for the mixes we offer because of the variety of mixes we can produce, our volume production capacity and our scheduling, delivery and placement reliability. Additionally, we believe our *EF Technology* initiative, which utilizes alternative materials and mix designs that result in lower CO<sub>2</sub> emissions, helps differentiate us from our competitors. We also believe we distinguish ourselves with our value-added service approach that emphasizes reducing our customers’ overall construction costs by reducing the in-place cost of concrete and the time required for construction.

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

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

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

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

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

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

We frequently use various mineral admixtures as supplements to cement, which we refer to as cementitious materials, to alter the permeability, strength and other properties of concrete. These materials include fly ash, ground granulated blast-furnace slag, silica fume and other natural pozzolans. These materials also reduce the amount of cement content used which results in a reduction in CO<sub>2</sub> emissions.

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

**Aggregates.** We produce crushed stone aggregates, sand and gravel from seven aggregates facilities located in New Jersey and Texas. We sell these aggregates for use in commercial, industrial and public works projects in the markets they serve, as well as consume them internally in the production of ready-mixed concrete in those markets. We produced approximately 3.0 million tons of aggregates in 2009 from these facilities with Texas producing 42% and New Jersey 58% of that total production. In April 2007, we entered into an agreement to lease our sand pit operations in Michigan to the Edward C. Levy Co. as a component of a ready-mixed concrete business combination, which we refer to as the 60%-owned Michigan subsidiary. We now receive a royalty based on the volume of product produced and sold from the Michigan quarry during the term of the lease.

At December 31, 2009, our total estimated aggregates reserves (excluding an aggregates property leased to a third party) were 78 million tons, assuming loss factors of approximately 20% for unusable material. We believe these aggregates reserves provide us with additional raw materials sourcing flexibility and supply availability, although they will provide us with supply for less than 5% of our annual consumption of aggregates.

**Building Materials.** Our building materials operations supply concrete masonry, various resale materials, products and tools contractors use in the concrete construction industry. These materials include rebar concrete block, wire mesh, color additives, curing compounds, grouts, wooden forms and numerous other items. Our building materials operations are located near several of our ready-mixed concrete operations in northern California, Michigan and Texas.

### ***Precast Concrete Products Segment***

We produce precast concrete products at seven plants in three states, with five in California, one in Arizona and one in Pennsylvania. Our precast concrete products consist of ready-mixed concrete we either produce on-site or purchase from third parties, which is then poured into reusable molds at our plant sites. After the concrete sets, we strip the molds from the finished products and either place them in inventory or ship them to our customers. Our precast technology produces a wide variety of finished products, including a variety of architectural applications, such as free-standing walls used for landscaping, soundproofing and security walls,



signage, utility vaults, manholes, panels to clad a building façade, highway barriers, pre-stressed bridge girders, concrete piles, catch basins and curb inlets.

Because precast concrete products are not perishable, we can place these products into inventory and stage them at plants or other distribution sites to serve a larger geographic market area. The cost of transportation and storage usually limits the market area for these types of products to within approximately 150 miles of our plant sites and, therefore, sales are generally driven by the level of construction activity within the market area served by our plants. Our precast concrete products are marketed by our local sales organizations and are sold to numerous customers.

## **Operations**

### *Ready-Mixed Concrete*

Our ready-mixed concrete plants consist of fixed and portable facilities that produce ready-mixed concrete in wet or dry batches. Our fixed-plant facilities produce ready-mixed concrete that we transport to job sites by mixer trucks. Our portable plant operations deploy our 11 portable plant facilities to produce ready-mixed concrete at the job site that we direct into place using a series of conveyor belts or a mixer truck. We use our portable plants to service high-volume projects or projects in remote locations. Several factors govern the choice of plant type, including:

- production consistency requirements;
- daily production capacity requirements;
- job site proximity to fixed plants; and
- capital and financing.

Generally, we will construct wet batch plants to serve markets that we expect will have consistently high demand, as opposed to dry batch plants that will serve those markets that we expect will have a less consistent demand. A wet batch plant generally has a higher initial cost and daily operating expenses, but yields greater consistency with less time required for quality control in the concrete produced and generally have greater daily production capacity than a dry batch plant. We believe that construction of a wet batch plant having an hourly capacity of 250 cubic yards currently would cost approximately \$1.5 million, while a dry batch plant having the same capacity currently would cost approximately \$0.7 million. As of March 15, 2010, our fixed batch plants included 23 wet batch plants and 102 dry batch plants.

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

Any future decisions we make regarding the construction of additional plants will be impacted by market factors, including:

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

Mixer trucks slowly rotate their loads en route to job sites in order to maintain product consistency. Our mixer trucks typically have load capacities of 10 cubic yards, or approximately 20 tons, and an estimated useful life of 12 years. A new truck of this size currently costs between \$160,000 and \$190,000, depending on the geographic location and design specifications. Depending on the type of batch plant from which the mixer trucks generally are loaded, some components of the mixer trucks usually require refurbishment after three to five years. As of December 31, 2009, we operated a fleet of approximately 1,226 owned and leased mixer trucks, which had an average age of approximately eight years.

In our ready-mixed concrete operations, we emphasize quality control, pre-job planning, customer service and coordination of supplies and delivery. We often obtain purchase orders for ready-mixed concrete months in advance of actual delivery. A typical order contains specifications the contractor requires the concrete to meet. After receiving the specifications for a particular job, we use computer modeling, industry information and information from previous similar jobs to formulate a variety of mixtures of cement,

aggregates, water and admixtures which meet or exceed the contractor's specifications. We perform testing to determine which mix design is most appropriate to meet the required specifications. The test results enable us to select the mixture that has the lowest cost and meets or exceeds the job specifications. The testing center creates and maintains a project file that details the mixture we will use when we produce the concrete for the job. For quality control purposes, the testing center also is responsible for maintaining batch samples of concrete we have delivered to a job site.

We use computer modeling to prepare bids for particular jobs based on the size of the job, location, desired margin, cost of raw materials and the design mixture identified in our testing process. If the job is large enough and has a projected duration beyond the supply arrangement in place at that time, we obtain quotes from our suppliers as to the cost of raw materials we use in preparing the bid. Once we obtain a quotation from our suppliers, the price of the raw materials for the specified job is informally established. Several months may elapse from the time a contractor has accepted our bid until actual delivery of the ready-mixed concrete begins. During this time, we maintain regular communication with the contractor concerning the status of the job and any changes in the job's specifications in order to coordinate the multisourced purchases of cement and other materials we will need to fill the job order and meet the contractor's delivery requirements. We confirm that our customers are ready to take delivery of manufactured products throughout the placement process. On any given day, one of our plants may have production orders for dozens of customers at various locations throughout its area of operation. To fill an order:

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

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

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

The system is updated continuously on the trucks' status via signals received from sensors. In this manner, the dispatcher can determine the optimal routing and timing of subsequent deliveries by each mixer truck and monitor the performance of each driver.

Our plant managers oversee the operations of each of our plants. Our operational employees also include:

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

We generally operate each of our plants on an extended single shift, with some overtime operation during the year. On occasion, however, we may have projects that require deliveries around the clock.

## *Precast Concrete Products*

Our precast concrete products operations consist of seven fixed plant sites where precast products are produced, staged and shipped to our customers and distribution yards. We stage precast products at distribution facilities to serve markets beyond the normal reach of our existing manufacturing sites. Each of our precast manufacturing sites has as its primary components:

- either a concrete batch plant or local ready-mixed concrete provider for the concrete utilized in production;
- precast molds or “forms” for the array of products and product sizes we offer or a custom design center to create precast forms; and
- a crane-way or other method to facilitate moving forms, finished product or pouring ready-mixed concrete.

Some of the products we produce are designed by the customer for use in their own systems, while other products are designed by our in-house engineers to meet the needs of our customers through a more standardized product. Each of our precast manufacturing sites produces a range of precast products.

Generally, precast structures are manufactured by placing pre-engineered ready-mixed concrete into molds, which are then vibrated to facilitate consolidation of the concrete within the mold and remove any voids created by air that may be trapped during the pouring process. These molds generally utilize some form of reinforcing which can include products ranging from (1) welded steel wire or re-bar placed inside the mold in a pre-engineered design to support the integrity of the finished precast product, to (2) steel fibers or other similar additives which are blended into the ready-mixed concrete during mixing to serve a similar purpose, or a combination of both. Once the pouring is complete, any exposed surfaces are finished and the product is allowed to cure in a controlled environment for a minimum of two to four hours and as long as 24 hours, depending on the product and design specification. After the product has cured, the mold is stripped and prepared for re-use in the manufacturing process.

Precast concrete structures are not perishable products. This contributes to our ability to maintain some level of standardized products in inventory at all times, as well as service a larger market area from a plant location than a ready-mixed concrete plant site. Our precast concrete products can be shipped across the country, but due to the weight of the products, shipping is generally limited to within a 150-mile radius of a plant site. Depending on our overall costs, shipments occur either through our existing fleet of crane-equipped trucks or through contract haulers. In some markets, we also install our precast products and provide our customers with the added benefit of eliminating coordination with a third party.

Bidding and order fulfillment processes for our precast business are similar to our ready-mixed concrete operations, as previously described above. Cement and aggregates are the two primary raw materials used in precast concrete manufacturing, similar to our ready-mixed concrete operations, while labor costs are second only to our materials cost.

## *Promoting Operational Excellence*

We strive to be an operationally excellent organization by:

- investing in safety training solutions and technologies which enhance the safety of our work environments;
- 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 ready-mixed concrete mix designs; and
- developing strategic alliances with key suppliers of goods and services for new product development.

## **Cement and Other Raw Materials**

We obtain most of the materials necessary to manufacture ready-mixed concrete and precast concrete products on a daily basis. These materials include cement, other cementitious materials (fly ash, blast furnace slag) and aggregates (stone, gravel and sand), in addition to certain chemical admixtures. With the exception of chemical admixtures, each plant typically maintains an inventory level

of these materials sufficient to satisfy its operating needs for a few days. Cement represents one of the highest cost material used in manufacturing a cubic yard of ready-mixed concrete. During 2009, based on raw materials pricing and mix design changes requiring less cement in the manufacturing of ready-mixed concrete, aggregates represents the highest materials cost used followed closely by cement. Historically, we have purchased cement from several suppliers in each of our major markets. Due to certain industry consolidations and our decision to have a primary and secondary supplier, in certain of our markets, we are now purchasing cement from fewer suppliers than in past years. Based on current economic conditions, this decision has not affected our ability to obtain an adequate supply of cement for our operations. Chemical admixtures are generally purchased from suppliers under national purchasing agreements.

Generally, cement and aggregates prices remained relatively flat to down in most of our markets in 2009, as compared to 2008. In certain of our markets, where we did experience cement price decreases, our ready-mixed concrete products pricing decreased in relative proportion to our raw material price decreases. Generally, we negotiate with suppliers on a company-wide basis and at the local market level to obtain the most competitive pricing available for cement, aggregates and chemical admixtures. The demand for construction sector products was weak throughout 2007, 2008 and 2009, with sales volumes significantly below 2006 peak levels. The slowdown in our end-use markets has caused an oversupply of cement in most of our markets, with cement producers slowing down or shutting down domestic production and reducing imported cement to respond to the weak demand. We do not expect to experience cement shortages. Today, in most of our markets, we believe there is an adequate supply of aggregates.

We recognize the value in advocating green building and construction as part of our strategy. We initiated Environmentally Friendly Concrete (“*EF Technology*”), our commitment to environmentally friendly concrete technologies that significantly reduce potential carbon dioxide (CO<sub>2</sub>) emissions. Our *EF Technology* ready-mixed concrete products replace a portion of traditional raw materials with reclaimed fly ash, slag and other materials. This results in an environmentally superior and sustainable alternative to traditional ready-mixed concrete. We believe *EF Technology* reduces greenhouse gases and landfill space consumption and produces a highly durable product. Customers can also receive Leadership in Energy and Environmental Design (“LEED”) credits for the use of this technology. We are also a supporter of the NRMCA Green-Star program, a plant-specific certification that utilizes an environmental management system based on a model of continual improvement. In 2008, two plants in our Dallas/Ft. Worth market were part of the first group of plants to be awarded with Green-Star Certification.

## **Marketing and Sales**

General contractors typically select their suppliers of ready-mixed concrete and precast concrete. In large, complex projects, an engineering firm or division within a state transportation or public works department may influence the purchasing decision, particularly if the concrete has complicated design specifications. In those projects and in government-funded projects generally, the general contractor or project engineer usually awards supply orders on the basis of either direct negotiation or competitive bidding. We believe the purchasing decision for many jobs ultimately is relationship-based. Our marketing efforts target general contractors, developers, design engineers, architects and homebuilders whose focus extends beyond the price of our product to quality, consistency and reducing the in-place cost.

Our marketing and sales strategy emphasizes the sale of value-added products and solutions to customers more focused on reducing their in-place building material costs than on the price per cubic yard of ready-mixed concrete or unit price of the concrete-related product 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 and specialty-engineered precast concrete products.

We have also formed a strategic alliance to provide alternative solutions for designers and contractors by using value-added concrete products. Through this alliance, we offer color-conditioned, fiber-reinforced, steel-reinforced and high-performance concrete and utilize software technology that can be used to design buildings constructed of reinforced concrete.

## **Customers**

Of our 2009 revenue, we had approximately 55% from commercial and industrial construction contractors, 19% from residential construction contractors and 26% from street and highway construction contractors and other public works and infrastructure contractors. In 2009, no single customer or project accounted for more than 5% of our total revenue.

We rely heavily on repeat customers. Our management and sales personnel are responsible for developing and maintaining successful long-term relationships with key customers.

## **Competition**

The ready-mixed concrete, precast concrete and concrete-related products industries are highly competitive. Our competitive position in a market depends largely on the location and operating costs of our plants and prevailing prices in that market. Price is the primary competitive factor among suppliers for small or simple jobs, principally in residential construction. However, timeliness of delivery and consistency of quality and service, along with price, are the principal competitive factors among suppliers for large or complex jobs. Our competitors range from small, owner-operated private companies to subsidiaries or operating units of large, vertically integrated 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 may be able to invest more in new mixer trucks, ready-mixed concrete plants and other production equipment or pay for acquisitions which could provide them a competitive advantage over us. See Item 1A – “Risk Factors – We may lose business to competitors who underbid us, and we may be otherwise unable to compete favorably in our highly competitive industry.”

## **Employees**

As of March 15, 2010, we had approximately 529 salaried employees, including executive officers and management, sales, technical, administrative and clerical personnel, and approximately 1,844 hourly personnel. The number of employees fluctuates depending on the number and size of projects ongoing at any particular time, which may be impacted by variations in weather conditions throughout the year.

As of March 15, 2010, approximately 845 of our employees were represented by labor unions having collective bargaining agreements with us. Generally, these agreements have multi-year terms and expire on a staggered basis between 2010 and 2013. Under these agreements, we pay specified wages to covered employees and make payments to multi-employer pension plans and employee benefit trusts rather than administering the funds on behalf of these employees.

We have not experienced any strikes or significant work stoppages in the past five years. We believe our relationships with our employees and union representatives are satisfactory. See Note 16 to our consolidated financial statements included in this report for a discussion of class action litigation involving various mixer truck and transport truck drivers who have worked in our operations in California.

## **Training and Safety**

Our future success will depend, in part, on the extent to which we can attract, retain and motivate qualified employees. We believe that our ability to do so will depend, in part, on providing a work environment that allows employees the opportunity to develop and maximize their capabilities. We support and fund continuing education and training programs for our employees. We intend to continue and expand these programs. We require all field employees to attend periodic safety training meetings and all drivers to participate in training seminars. We employ a national safety director whose responsibilities include managing and executing a unified, company-wide safety program. Employee development and safety are criteria used in evaluating performance in our annual incentive plan for salaried employees.

## **Governmental Regulation and Environmental Matters**

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 are required to have various certificates, permits or licenses to conduct our business. Our failure to maintain these required authorizations or to comply with applicable laws or other 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 authorizations, or failures to obtain new authorizations, could impede acquisition efforts.

Environmental laws that impact our operations include those relating to air quality, solid waste management and water quality. These laws are complex and subject to frequent change. They impose strict liability in some cases without regard to negligence or fault. Sanctions for noncompliance may include revocation of permits, corrective action orders, administrative or civil penalties and criminal prosecution. Some environmental laws provide for joint and several strict liability for remediation of spills and releases of hazardous substances. In addition, businesses may be subject to claims alleging personal injury or property damage as a result of alleged exposure to hazardous substances, as well as damage to natural resources. These laws also may expose us to liability for the conduct of or conditions caused by others, or for acts that complied with all applicable laws when performed.

We have conducted Phase I environmental site assessments, which are non-intrusive investigations conducted to evaluate the potential for significant on-site environmental impacts, on substantially all the real properties we own or lease and have engaged independent environmental consulting firms to complete those assessments. We have not identified any environmental concerns associated with those properties that we believe are likely to have a material adverse effect on our business, financial position, results of operations or cash flows, but we can provide no assurance material liabilities will not occur. In addition, we can provide no assurance our compliance with amended, new or more stringent laws, stricter interpretations of existing laws or the future discovery of environmental conditions will not require additional, material expenditures.

We believe we have all material permits and licenses we need to conduct our operations and are in substantial compliance with applicable regulatory requirements relating to our operations. Our capital expenditures relating to environmental matters were not material in 2009. We currently do not anticipate any material adverse effect on our business, financial condition, results of operations or cash flows as a result of our future compliance with existing environmental laws controlling the discharge of materials into the environment.

## **Product Warranties**

Our operations involve providing ready-mixed concrete, precast concrete products and other concrete formulations or 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 have had significant claims of this kind asserted against us 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 is resolved against us in the future, that resolution may have a material adverse effect on our business, financial condition, results of operations and cash flows.

## **Insurance**

Our employees perform a significant portion of their work moving and storing large quantities of heavy raw materials, driving large mixer and other trucks in heavy traffic conditions and delivering concrete at construction sites or in other areas that may be hazardous. These operating hazards can cause personal injury and loss of life, damage to or destruction of properties and equipment and environmental damage. We maintain insurance coverage in amounts and against the risks we believe are in accord with industry practice, but this insurance may not be adequate to cover all losses or liabilities we may incur in our operations, and we may be unable to maintain insurance of the types or at levels we deem necessary or adequate or at rates we consider reasonable. For additional discussion of our insurance programs, see Note 16 to our consolidated financial statements included in this report.

## **Available Information**

Our Web site address is [www.us-concrete.com](http://www.us-concrete.com). We make available on this Web site under the “investors” section, free of charge, our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and amendments to those reports, as soon as reasonably practicable after we electronically file those materials with, or furnish them to, the SEC. Alternatively, the public may read and copy any materials we file with the SEC at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. The SEC also maintains a Web site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The SEC’s Web site address is [www.sec.gov](http://www.sec.gov).

## Item 1A. Risk Factors

Set forth below and under “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Risks and Uncertainties” in Item 7 of Part II of this report are various risks and uncertainties that could adversely impact our business, financial condition, results of operations, cash flows and common stock price.

### Bankruptcy Risks

*We may file for bankruptcy protection, or an involuntary petition for bankruptcy may be filed against us.*

As described below under “Liquidity Risks,” we have a substantial amount of debt which we may not be able to extend or refinance. If we are unable to extend or refinance our debt, or if our debt is accelerated due to a default by us, our assets may not be sufficient to repay our debt in full, and our available cash flow may not be adequate to maintain our current operations. Under those circumstances, or if we believe those circumstances are likely to occur, we may be required to seek protection under court supervision pursuant to a voluntary bankruptcy filing under Chapter 11 of the U.S. Bankruptcy Code. In addition, under certain circumstances creditors may file an involuntary petition for bankruptcy against us. Due to the possibility of these circumstances occurring, we have begun active planning for a potential restructuring.

*If we file for bankruptcy protection, our business and operations will be subject to certain risks.*

A bankruptcy filing under Chapter 11 of the U.S. Bankruptcy Code would subject our business and operations to various risks, including but not limited to, the following:

- our suppliers may attempt to cancel our contracts or restrict ordinary credit terms, require financial assurances of performance or refrain entirely from shipping goods;
- our employees may become distracted from performance of their duties or more easily attracted to other career opportunities;
- the coordination of a bankruptcy filing and operating under protection of the bankruptcy court would involve significant costs, including expenses of legal counsel and other professional advisors;
- we may have difficulty continuing to obtain and maintain contracts necessary to continue our operations and at affordable rates with competitive terms;
- we may have difficulty maintaining existing and building new relationships;
- transactions outside the ordinary course of business would be subject to the prior approval of the Bankruptcy Court, which may limit our ability to respond timely to certain events or take advantage of certain opportunities;
- we may not be able to obtain court approval or such approval may be delayed with respect to motions made in the bankruptcy proceedings;
- we may be unable to retain and motivate key executives and associates through the process of a Chapter 11 reorganization, and we may have difficulty attracting new employees;
- there can be no assurance as to our ability to maintain or obtain sufficient financing sources for operations or to fund any reorganization plan and meet future obligations;
- there can be no assurance that we will be able to successfully develop, confirm and consummate one or more plans of reorganization that are acceptable to the bankruptcy court and our creditors, and other parties in interest; and
- the value of our common stock could be affected as a result of a bankruptcy filing.

As with any judicial proceeding, a Chapter 11 proceeding (even if there is a pre-packaged or pre-arranged plan of reorganization) involves the potential for significant delays in reaching a final resolution. In a Chapter 11 proceeding, there are risks of delay with the confirmation of the plan of reorganization and there are risks of objections from certain stakeholders, including any creditors that vote to reject the plan, that could further delay the process and potentially cause a plan of reorganization to be rejected by the court. Any material delay in the confirmation of a Chapter 11 proceeding would compound the risks described above and add substantial expense and uncertainty to the process.

## Liquidity Risks

***We may not be able to extend, refinance or repay our substantial indebtedness.***

We have a substantial amount of indebtedness which we may not be able to extend, refinance or repay. As of December 31, 2009, we had \$272.6 million aggregate principal amount of the 8 ¾% Notes outstanding and \$16.7 million outstanding under the credit agreement relating to our senior secured credit facility (the “Credit Agreement”), which is scheduled to mature in March 2011. Our subsidiaries, excluding our 60%-owned Michigan subsidiary, Superior Materials Holdings, LLC (“Superior”), and some of our minor subsidiaries without operations or material assets, have guaranteed the repayment of all amounts owing under the Credit Agreement. In addition, we have collateralized our obligations under the Credit Agreement with the capital stock of our subsidiaries (excluding Superior and those minor subsidiaries) and substantially all the assets of our subsidiaries, excluding most of the assets of the aggregates quarry in northern New Jersey, other real estate owned by us or our subsidiaries and the assets of Superior. Superior has a separate credit agreement (the “Superior Credit Agreement”), under which there was \$5.6 million in outstanding revolving credit borrowing as of December 31, 2009. Borrowings under the Superior Credit Agreement are collateralized by substantially all the assets of Superior and are scheduled to mature on April 1, 2010. Although U.S. Concrete and its wholly owned subsidiaries are not obligors under the Superior Credit Agreement, the agreement provides, among other things, that an event of default beyond a 30-day grace period under U.S. Concrete’s Credit Agreement would constitute an event of default under the Superior Credit Agreement. Superior is in the process of renegotiating its credit facility. If the negotiations are not successful, the amounts outstanding under the credit facility would be due and payable on April 1, 2010. There was \$6.6 million outstanding under this facility at March 12, 2010.

In February 2010, we entered into an amendment to the Credit Agreement with the lenders who are parties to the Credit Agreement. The amendment, among other things, temporarily reduces the minimum availability trigger at which we must maintain a minimum fixed charge coverage ratio of 1.0 to 1.0 from \$25 million to (1) \$22.5 million from the effective date of the amendment through March 10, 2010 (or such earlier date on which we elect to deliver the first weekly borrowing base certificate) and (2) \$20 million thereafter through April 30, 2010, but in each case that trigger reverts to \$25 million upon the earlier of (a) our delivery of notice to the lenders of our intent to make payment on the 8 ¾% Notes or any other subordinated debt and (b) May 1, 2010. It also reduced the size of our revolving credit facility from \$150 million to \$90 million. We also obtained (1) a permanent waiver by the lenders of any default or event of default arising under the Credit Agreement as a result of our delivery of our 2009 fiscal year financials with a report from our independent registered public accounting firm containing an explanatory paragraph with their conclusion regarding substantial doubt about our ability to continue as a going concern and (2) a temporary waiver by the lenders through April 30, 2010, of any default or event of default arising under the Credit Agreement as a result of our failure to make our regularly scheduled interest payments under the 8 ¾% Notes. More information regarding the amendment is contained in Note 1 to our consolidated financial statements.

Even with the relief provided by the February 2010 amendment to the Credit Agreement, we have significant debt-service obligations for which we currently do not have sufficient liquidity. On April 1, 2010, we are obligated to make semi-annual interest payments on the 8 ¾% Notes aggregating approximately \$11.4 million and the debt outstanding under the Superior Credit Agreement is scheduled to mature. Under the indenture relating to the 8 ¾% Notes (the “Indenture”), an event of default would occur if we fail to make any payment of interest on the 8 ¾% Notes when due and that failure continues for a period of 30 days. If such an event of default occurs and is continuing, the trustee or the holders of 25% or more in aggregate principal amount of the 8 ¾% Notes then outstanding may accelerate our obligation to repay the 8 ¾% Notes, together with accrued and unpaid interest. Under the terms of the Credit Agreement, an event of default under the Indenture would also constitute an event of default under the Credit Agreement, and would give rise to the right of our lenders under the Credit Agreement to immediately accelerate the maturity of the debt outstanding under the Credit Facility. Those circumstances would trigger provisions in the Indenture that would permit the lenders under the Credit Agreement to prohibit payments with respect to the 8 ¾% Notes for up to 180 days, even though our payment obligations with respect to the 8 ¾% Notes may have been accelerated.

Given the current negative conditions in the economy and the credit markets generally and in our industry in particular, there is substantial uncertainty that we will be able to restructure or refinance our indebtedness on or before April 30, 2010, the date at which an event of default would occur for failure to make the scheduled April 1, 2010 interest payment for the 8 ¾% Notes. Additionally, there is no assurance that a successful refinancing of the Superior Credit Agreement will be consummated by the maturity date of April 1, 2010.

***We have a history of net losses, an accumulated stockholders’ deficit and pending obligations for which we do not currently have sufficient liquidity. Accordingly, we have stated in our financial statements included herein that there is substantial doubt about our ability to continue as a going concern.***

We have a history of net losses. In the years ended December 31, 2007, 2008 and 2009, our net losses were \$69.0 million, \$132.4 million and \$88.2 million, respectively. We also had an accumulated stockholders’ deficit of \$15.7 million as of December 31, 2009. Additionally, as we discuss above, we have a substantial amount of indebtedness which we may not be able to extend, refinance or repay. As a result of these and other factors, including continuing adverse industry conditions, as discussed in Note 1 to the



consolidated financial statements, there is substantial doubt about our ability to continue as a going concern. The presence of such substantial doubt may have an adverse impact on our relationship with third parties with whom we do business, including our customers, suppliers and employees and could make it challenging and difficult for us to raise additional debt or equity financing, all of which could have a material adverse impact on us.

***We may not have sufficient liquidity to maintain our operations.***

The amendment to our Credit Agreement discussed above provides us with some additional access to liquidity, but we continue to see our business affected by the decline in construction activity and inclement weather conditions in January and February 2010 across the regions in which we operate. The amount available for borrowing under our Credit Agreement is based in part on our accounts receivable balances. The inclement weather and decline in demand for our products has a direct effect on the amounts we bill our customers and accounts receivable balances. In addition, we face higher expenses due to payments to our financial and legal advisors discussed below, as well as fees and other amounts payable to our lenders in connection with our Credit Agreement amendment. If our liquidity falls below the availability threshold of \$20 million, we will not be in compliance with the minimum fixed charge coverage ratio of 1.0 to 1.0. If this occurs and we are unable to continue to obtain amendments or waivers from the lenders for non-compliance with this financial covenant, the lenders could declare us to be in default under the terms of the Credit Agreement, at which point the entire outstanding principal balance of the revolving credit facility, together with all accrued and unpaid interest and other amounts then owing to our lenders, would become immediately due and payable. Because substantially all of our assets are pledged as collateral under the Credit Agreement, if our lenders were to declare an event of default, they would be entitled to foreclose on and take possession of those assets.

In addition, acceleration of our obligations under the Credit Agreement would constitute a default under the 8 ⅜% Notes and would likely result in the acceleration of those obligations as well. A default under our Credit Agreement also could result in a cross-default or the acceleration of our payment obligations under Superior Credit Agreement. In any such event, we may not be able to repay the debt or refinance the debt on acceptable terms, and we may not have sufficient assets to make the payments when due. If we are unable to maintain sufficient liquidity prior to implementing any restructuring discussed below and are unable to obtain waivers or amendments for non-compliance, we may be compelled to seek protection pursuant to a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code.

***We have retained financial advisors to assist us in evaluating potential strategies which may be available to us to reduce or restructure our significant outstanding indebtedness.***

We are exploring a variety of possible options to reduce or restructure our significant outstanding indebtedness. To that end, we have retained financial advisors to assist us in evaluating potential strategies. We believe the consummation of a successful restructuring is critical to our continued viability. Any restructuring will likely be subject to a number of conditions, many of which will be outside of our control, including the agreement of our creditors and other parties, and may limit our ability to utilize our net operating loss carry forwards if there is an ownership change, which is likely. We may be unsuccessful in implementing an option selected by our board of directors, and our implementation of any particular alternative could present additional risks to our business, financial condition and results of operations, or yield unexpected results. The process of continuing to review, and potentially executing, options may be costly and time-consuming and may distract our management and otherwise disrupt our operations, which could have an adverse effect on us. We can provide no assurance that any particular alternative or arrangement will lead to increased stockholder value. Moreover, certain actions we could undertake may involve the issuance of shares of our common stock or preferred stock in a transaction or series of transactions that could significantly dilute our existing stockholders without requiring a stockholder vote. In addition, to the extent that we elect to pursue a transaction or series of transactions that includes a sale of one or more corporate assets, our ability to sell any assets may be limited by many factors beyond our control, such as general economic conditions, and we cannot predict whether we would be able to sell any particular asset on favorable terms and conditions, if at all, or the length of time which we may be involved in any asset sale transaction. In this connection, it is important to note that the terms of the Credit Agreement and the Indenture currently limit our ability to sell assets and generally restrict the use of proceeds from asset sales.

We may be compelled to seek an in-court solution in the form of a pre-packaged or pre-arranged filing under Chapter 11 of the U.S. Bankruptcy Code if we are unable to successfully negotiate a timely out-of-court restructuring agreement with our creditors. Any Chapter 11 filing, even in connection with a pre-packaged or pre-arranged plan, may have adverse effects on our business and operations.

***Even if we are able to extend or refinance our indebtedness, our substantial level of indebtedness would still adversely affect our financial condition and operating flexibility.***

***Risks related to debt level.*** Even if we are able to extend or refinance our indebtedness, our substantial level of indebtedness could still have important consequences to us and the value of our common stock, including:

- limiting our ability to use operating cash flows and cash flows from asset dispositions in other areas of our business because we must dedicate a substantial portion of these funds to service the debt;
- limiting our ability to borrow additional amounts for working capital, capital expenditures, acquisitions, research and development expenditures, general corporate or other purposes;
- increasing our vulnerability to general adverse economic and industry conditions;
- limiting our ability to capitalize on business opportunities and to react to changes in our business and the ready-mixed concrete industry, including changes in competitive pressures, and adverse changes in government regulation; and
- limiting our ability or increasing the costs to refinance indebtedness.

In addition, a portion of our indebtedness bears interest at variable rates. If market interest rates increase, the interest rate on our variable-rate debt will increase and will create higher debt service requirements, which would adversely affect our cash flow and could adversely impact our results of operations. While we may enter into agreements limiting our exposure to higher debt service requirements, any such agreements may not offer complete protection from this risk.

Even if we are able to extend or refinance our existing indebtedness, our ability to later repay or to refinance that indebtedness will depend on our future operating performance, which may 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 service our debt or fund other liquidity needs.

*Risks related to existing financial covenants and other limitations.* The Credit Agreement and the Indenture 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. Additionally, any “material adverse change” of our company could restrict our ability to borrow under the Credit Agreement.

The covenants in the Credit Agreement and the Indenture 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, the Credit Agreement, as amended by the February 2010 amendment, requires 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 \$20 million. If our available credit falls below \$20 million, we do not currently expect that we would be able to meet the minimum fixed-charge coverage ratio of 1.0 to 1.0 on a rolling 12-month basis.

Absent a waiver or amendment from our lenders or a successful refinancing of the Credit Agreement prior to a potential noncompliance event, our lenders would continue to control our cash depository accounts, may limit or restrict our future borrowings under the Credit Agreement and may, at their option, immediately accelerate the maturity of the facility, terminate all commitments to extend further credit to us and foreclose on any of the collateral we have granted to secure our obligations under the Credit Agreement. If the lenders were to accelerate our obligation to repay borrowings under the Credit Agreement, we may not be able to repay the debt or refinance the debt on acceptable terms, and we may not have sufficient liquidity to make the payments when due. Our lenders may also prohibit interest payments on the 8 <sup>3</sup>/<sub>8</sub>% Notes for a period ending on the earlier of 180 days or the date the event of default has been waived or amended.

Under the Indenture, an event of default under the Credit Agreement would not give rise to an acceleration of our obligation to repay the indebtedness under the 8 3/8% Notes unless the Credit Agreement lenders accelerate maturity of the debt outstanding under that agreement. If our obligation to repay the indebtedness under the 8 3/8% Notes was accelerated, we may not be able to repay the debt or refinance the debt on acceptable terms, and we may not have sufficient assets to make the payments when due. The acceleration of our indebtedness outstanding under the Credit Agreement or the 8 3/8% Notes would have a material adverse affect on our operations and our ability to meet our obligations as they become due.

*Risks related to extensions.* In the event we obtain extensions on our existing debt, including both short-term forbearance agreements and longer-term extensions, such extensions will likely include operational and financial covenants significantly more restrictive than our current debt covenants. In addition, any such extensions will likely require us to pay certain fees to and expenses of our lenders. These fees and cash flow restrictions will affect our ability to fund our ongoing operations from our operating cash flows, as discussed below.

*Risks related to refinancings.* Due to the current lending environment, our financial condition and general economic factors, it is unlikely that we will be able to refinance our debt from new sources. In the event we are able to refinance all or a portion of our debt, it is likely that the agreements relating to the new debt would contain terms which are less attractive than the terms contained in our existing debt agreements. Such terms may include more restrictive operational and financial covenants, as well as higher fees and interest rates.

## **Common Stock Investment Risks**

*The recent decline in our common stock price could have materially adverse effects on us.*

The price of our common stock has declined significantly and rapidly since September 2008. In the event we seek bankruptcy protection, it is possible that the value of our common stock could decline further. This reduction in stock price could have materially adverse effects on our business, including reducing our ability to use our common stock as compensation or to otherwise provide incentives to employees and by reducing our ability to generate capital through sales of shares of our common stock or otherwise use our common stock as currency with third parties.

We have received a letter from The Nasdaq Stock Market indicating that the bid price of our common stock over 30 consecutive business days had closed below the minimum \$1.00 per share required for continued listing under the Nasdaq Marketplace Rules. We have been provided an initial period of 180 calendar days, or until September 7, 2010, to regain compliance. Compliance can be attained if at any time before September 7, 2010, the bid price of our common stock closes at \$1.00 per share or more for a minimum of 10 consecutive business days. In the event we cannot demonstrate compliance with the minimum bid price rule by September 7, 2010, our securities are subject to delisting.

If our common stock were to be delisted, shares of our common stock would only be traded in the over-the-counter market. Securities traded in the over-the-counter market generally have significantly less liquidity than securities traded on a national securities exchange, due to factors such as a reduction in the number of investors that will consider investing in the securities, the number of market makers in the securities, reduction in securities analyst and news media coverage and lower market prices than might otherwise be obtained. As a result, in the event of a delisting, holders of shares of our common stock may find it difficult to resell their shares at prices quoted in the market or at all. Furthermore, because of the limited market and generally low volume of trading in our common stock that could occur, the share price of our common stock could be more likely to be affected by broad market fluctuations, general market conditions, fluctuations in our operating results, changes in the markets perception of our business, and announcements made by us, our competitors or parties with whom we have business relationships. Investors may also determine to sell all their shares of our common stock as a result of the delisting of our common stock, which could further depress the share price. In some cases, delisting may subject us to additional compliance requirements under applicable state securities laws in connection with issuances of additional shares of our common stock.

## **Business Risks**

*Further tightening of mortgage lending or mortgage financing requirements could adversely affect the residential construction market and prolong the downturn in, or further reduce, the demand for new home construction which began in 2006 and has had a negative effect on our sales volumes and revenues.*

Since 2006, the mortgage lending and mortgage finance industries experienced significant instability due to, among other things, defaults on subprime loans and adjustable rate mortgages. In light of these developments, lenders, investors, regulators and other third parties have questioned the adequacy of lending standards and other credit requirements for several loan programs made available to borrowers in recent years. This has led to reduced investor demand for mortgage loans and mortgage-backed securities, reduced market values for those securities, tightened credit requirements, reduced liquidity, increased credit risk premiums and regulatory

actions. Deterioration in credit quality among subprime and other loans has caused many lenders to eliminate subprime mortgages and other loan products that do not conform to Fannie Mae, Freddie Mac, FHA or VA standards. Fewer loan products and tighter loan qualifications in turn make it more difficult for some categories of borrowers to finance the purchase of new homes. In general, these developments have been a significant factor in the downturn of, and have delayed any general improvement in, the housing market.

Approximately 19% of our 2009 revenue was from residential construction contractors. Further tightening of mortgage lending or mortgage financing requirements could adversely affect the availability to obtain credit for some borrowers and prolong the downturn in, or further reduce the demand for, new home construction, which could have a material adverse effect on our business and results of operations in 2010. A further downturn in new home construction could also adversely affect our customers focused in this industry segment, possibly resulting in slower payments, higher default rates in our accounts receivable, and an overall increase in working capital.

***The global financial crisis may impact our business and financial condition in ways that we currently cannot predict.***

The unprecedented and continuing credit crisis and related turmoil in the global financial system may have an impact on our business and our financial condition. In particular, the cost of capital has increased substantially while the availability of funds from the capital markets has diminished significantly. Accordingly, our ability to access the capital markets may be restricted or be available only on unfavorable terms. Limited access to the capital markets could adversely impact our ability to take advantage of business opportunities or react to changing economic and business conditions and could adversely impact our ability to execute our long-term growth strategy. Ultimately, we may be required to reduce our future capital expenditures substantially. Such a reduction could have a material adverse effect on our revenues, income from operations and cash flows.

If one or more of the lenders under our senior secured credit facility were to become unable or unwilling to perform their obligations under that facility, our borrowing capacity could be reduced. Our inability to borrow additional amounts under our senior secured credit facility could limit our ability to fund our future operations and growth.

The current economic situation could have an impact on our suppliers and our customers, causing them to fail to meet their obligations to us, which could have a material adverse effect on our revenues, income from operations and cash flows. The uncertainty and volatility of the global financial crisis may have further impacts on our business and financial condition that we currently cannot predict or anticipate.

***There are risks related to our internal growth and operating strategy.***

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

- attract new customers; and
- differentiate ourselves in a competitive market by emphasizing new product development and value added sales and marketing; hiring and retaining employees; and reducing 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 the internal growth of the individual 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 inability to achieve internal growth could materially and 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 tangible assets acquired. We test goodwill for impairment on an annual basis, or more often if events or circumstances indicate that there may be impairment. We generally test for goodwill impairment in the fourth quarter of each year, because this period gives us the best visibility of the reporting units' operating performances for the current year (seasonally, April through October are highest revenue and production months) and outlook for the upcoming year, since much of our customer base is finalizing operating and capital budgets. We will record such a charge to the extent that the book-equity value of any one of our reporting units (including goodwill) exceeds the estimated fair value of that reporting unit. The estimated fair values of our reporting units were based on discounted cash flow models derived from internal earnings forecasts and other market-based valuation techniques.

There was no goodwill impairment recorded as a result of the fourth quarter 2009 test. During the third quarter of 2009, we sold our ready-mixed concrete plants in Sacramento, California. These plants and operations were included in our northern California

ready-mixed concrete reporting unit and \$3.0 million of goodwill was allocated to these assets and included in the calculation of loss on sale. Concurrent with this sale, we performed an impairment test on the remaining goodwill for this reporting unit and on all other reporting units with remaining goodwill as a result of current economic conditions. The U.S. economic downturn and resulting impact on the U.S. construction markets have continued to impact our revenue and expected future growth. The cost of capital has increased while the availability of funds from capital markets has not improved significantly. Lack of available capital has impacted our customers by creating project delays or cancellations, thereby impacting our revenue growth and assumptions. The downturn in residential construction has not improved and we are now seeing the economic downturn affect the commercial sector of our revenue base. In addition, the California budget crisis may have adversely affected public works spending in this market. All these factors led to a more negative outlook for expected future cash flows and during the third quarter of 2009 resulted in an impairment charge of \$45.8 million, of which \$42.2 million is related to our northern California reporting unit and the remaining amount related to our Atlantic Region reporting unit.

In 2008 we recorded an impairment charge of \$135.3 million. The macro economic factors including the unprecedented and continuing credit crisis, the U.S. recession, the escalating unemployment rate and specifically the severe downturn in the U.S. construction markets, had a significant impact on the valuation metrics used in determining the long-term value of our reporting units. The slowdown in construction activity resulted in lower sales volumes and more competition for construction projects, thereby reducing expected future cash flows. These specific negative factors, combined with (i) lower enterprise values resulting from lower multiples of sales and EBITDA comparables, and (ii) the lack of recent third party transactions due to depressed macro economic conditions, resulted in the goodwill impairment expense for 2008.

In 2007, we recorded goodwill impairments of \$81.9 million relating to our Michigan, South Central and our Northern California Precast reporting units. Our Michigan reporting unit's economic outlook continued to soften at greater levels throughout 2007, resulting in lower projected cash flow. Our South Central reporting unit's outlook deteriorated, resulting in lower projected cash flow and continued competitive pressures and limiting our future profitability expectations. Our Northern California Precast reporting unit was significantly impacted by the continued slowdown in residential housing construction, which impacted our projected future cash flows. These specific negative factors in the above mentioned reporting units, combined with lower enterprise values and sales transaction values for participants in our industry, resulted in the goodwill impairment expense.

As of December 31, 2009, goodwill represented approximately 3.6% 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 through acquiring additional businesses.***

Our senior secured credit facility provided us with a source of liquidity for acquisitions in prior years. The continued economic downturn, decline in construction activity and its effect on our liquidity has adversely affected our ability to achieve growth through acquisitions. Unless and until we complete a restructuring of our indebtedness, we do not expect to be able to use this credit facility to fund any business acquisitions.

***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 and precast concrete businesses are seasonal. In particular, demand for our products and services during the winter months are 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 our products is a function of the highly cyclical construction industry. As a result, our revenues may be adversely affected by declines in the construction industry generally and in our local markets. Our results also may be materially affected by:

- the level of residential and commercial construction in our regional markets, including reductions in the demand for new residential housing construction below current or historical 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 and lending standards;
- 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 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 a material adverse effects on 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 has been to increase our revenues and the markets we serve and to continue selectively entering new geographic markets through the acquisition of additional ready-mixed concrete, precast concrete products, aggregates products and related businesses. We do not anticipate completing any new acquisitions in the foreseeable future due to our distressed liquidity position and our review of strategic and financing alternatives. Even if we are able to resume acquisitions activity, 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.

***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 plants and prevailing prices in that market. Generally, our products are 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. However, 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, governmental agencies and homebuilders. As a result, we depend on local relationships. We generally do not have any long-term sales contracts with our customers.

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 competitive advantages. 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 competitive advantages 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 sell or lease property, 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 purchase or 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.

In 2006, cement prices rose at rates similar to those experienced in 2005 and 2004, as a result of strong domestic consumption driven largely by historic levels of residential construction that did not abate until the second half of 2006. During 2007, 2008 and 2009, residential construction slowed significantly, which resulted in a decline in the demand for ready-mixed concrete. Cement prices remained relatively flat in 2009, while cement supplies were at levels that indicated a very low risk of cement shortages in our markets. Should demand increase substantially beyond our current expectations, we could experience shortages of cement in future periods, which could adversely affect our operating results, through both decreased sales and higher cost of raw materials.

***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.

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.

***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 property, 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 might be materially and adversely affected.

***The departure of key personnel could disrupt our business.***

We depend on the efforts of our executive officers and, in many cases, on senior management of our businesses. Our success will depend on retaining our senior-level managers and officers. We need to insure that key personnel are compensated fairly and competitively to reduce the risk of departure of key personnel to our competitors or other industries. To the extent we 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 personnel life insurance on any of our employees.

***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.***

As of March 15, 2010, approximately 36%, or 845, of our employees were covered by collective bargaining agreements, which expire between 2010 and 2013. Our inability to negotiate acceptable new contracts or extensions of existing contracts with these unions could cause 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 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 impede our ability to integrate our operations efficiently. Also, labor relations matters affecting our suppliers of cement and aggregates could adversely impact our business from time to time.

We contribute to 18 multiemployer pension plans. During 2006, the “Pension Protection Act of 2006” (the “PPA”) was signed into law. For multiemployer defined benefit plans, the PPA establishes new funding requirements or rehabilitation requirements, creates additional funding rules for plans that are in endangered or critical status, and introduces enhanced disclosure requirements to participants regarding a plan’s funding status. The Worker, Retiree and Employer Recovery Act of 2008 (the “WRERA”) was enacted in late 2008 and provided some funding relief to defined benefit plan sponsors affected by recent market conditions. The WRERA allowed multiemployer plan sponsors to elect to freeze their current fund status at the same funding status as the preceding plan year (for example, a calendar year plan that was not in critical or endangered status for 2008 was able to elect to retain that status for 2009), and sponsors of multiemployer plans in endangered or critical status in plan years beginning in 2008 or 2009 were allowed a three-year extension of funding improvement or rehabilitation plans (extended the timeline for these plans to accomplish their goals from 10 years to 13 years, or from 15 years to 18 years for seriously endangered plans). Additionally, 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 information available from plan administrators, we believe that our portion of the contingent liability in the case of a full or partial withdrawal from or termination of several of these plans or the inability of plan sponsors to meet the funding or rehabilitation requirements would be material to our business financial condition, results of operations and cash flows.

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

Generally, our products are 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 have had significant claims of this kind asserted against us that we have resolved. There currently are claims, 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 business, financial condition, results of operations and cash flows.

***Our net revenue 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.

***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.

***Increasing insurance claims and expenses could lower our profitability and increase our business risk.***

The nature of our business subjects us to product liability, property damage and personal injury claims. Over the last several years, insurance carriers have raised premiums for many companies operating in our industry, including us. Increased premiums may further increase our insurance expense as coverage expires or otherwise cause us to raise our self-insured retention. If the number or severity of claims within our self-insured retention increases, we could suffer losses in excess of our reserves. An unusually large liability claim or a string of claims based on a failure repeated throughout our mass production process may exceed our insurance coverage or result in direct damages if we were unable or elected not to insure against certain hazards because of high premiums or other reasons. In addition, the availability of, and our ability to collect on, insurance coverage is often subject to factors beyond our control.

#### **Item 1B. Unresolved Staff Comments**

None.

#### **Item 2. Properties**

##### **Facilities**

The table below lists our concrete plants as of March 15, 2010. We believe these plants are sufficient for our current needs. The ready-mixed concrete volumes shown are the volumes from continuing operations each location produced in 2009.

	Ready-Mixed Concrete Plants				Precast Plants	Block Plants	Ready-Mixed Concrete Volume (in thousands of cubic yards)
Locations	Fixed	Portable	Leased	Total			
Ready-Mixed Concrete and Concrete-Related Products Segment:							
Northern California .....	14	2	2	18	—	—	998
Atlantic Region .....	19	5	2	26	—	—	836
Texas / Oklahoma.....	61	3	1	65	—	—	2,115
Michigan .....	25	—	2	27	—	1	568
Precast Concrete Products Segment:							
Northern California .....	—	—	—	—	3	—	—
Southern California/Arizona .....	—	—	—	—	3	—	—
Pennsylvania.....	—	—	—	—	1	—	—
Total Company .....	119	10	7	136	7	1	4,517

The fixed plants, precast plants, block plant and leased plants, are located on approximately 68 sites we own and 66 sites we lease. The lease terms extend to dates that vary from 2010 to 2025. For operating plants, we intend to renew most of the leases expiring in the near term.

We produce crushed stone aggregates, sand and gravel, from seven aggregates facilities located in Texas and New Jersey. We sell these aggregates for use in commercial, industrial and public works projects in the markets they serve, as well as consume them internally in the production of ready-mixed concrete in those markets. We produced approximately 3.0 million tons of aggregates in

2009, with Texas producing 42% and New Jersey 58% of that total production. In April 2007, we entered into an agreement to lease our sand pit operations in Michigan to the Edward C. Levy Co. as a part of the formation of our 60%-owned Michigan subsidiary. We now receive a royalty based on the volume of product produced and sold from the quarry during the term of the lease.

At December 31, 2009, our total estimated aggregates reserves are 78 million tons, assuming loss factors of approximately 20% for unusable material. We believe these aggregates reserves provide us with additional raw materials sourcing flexibility and supply availability, although they will provide us with supply for less than 5% of our annual consumption of aggregates.

## Equipment

As of December 31, 2009, we had a fleet of approximately 1,226 owned and leased mixer trucks and 1,114 other vehicles. Our own mechanics service most of the fleet. We believe these vehicles generally are well maintained and are adequate for our operations. The average age of our mixer trucks is approximately eight years.

For additional information related to our properties, see Item 1 of this report.

## Item 3. *Legal Proceedings*

The information set forth under the heading “Legal Proceedings” in Note 16, “Commitments and Contingencies,” to our consolidated financial statements included in this report is incorporated by reference into this Item 3.

## Item 4. *Reserved*

## PART II

## Item 5. *Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Our common stock is traded on the Nasdaq Global Stock Market under the symbol “RMIX.” As of March 15, 2010, shares of our common stock were held by approximately 519 stockholders of record. The number of record holders does not necessarily bear any relationship to the number of beneficial owners of our common stock.

The closing price for our common stock on the Nasdaq Global Select Market on March 12, 2010 was \$0.46 per share. The following table sets forth, for the periods indicated, the range of high and low sales prices for our common stock:

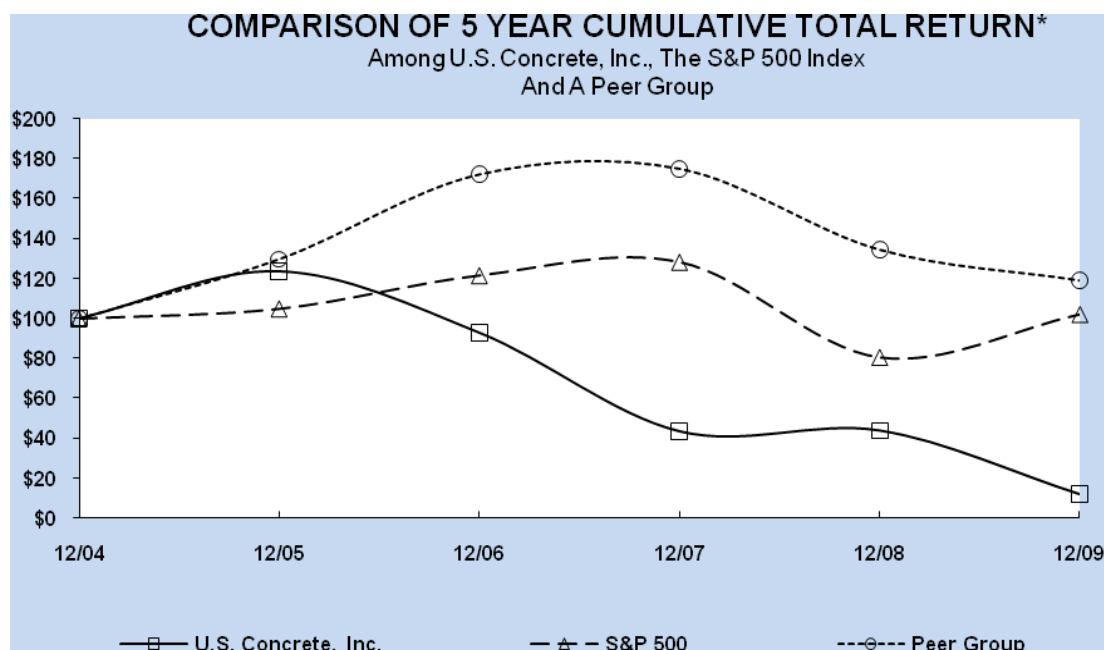
	2009		2008	
	High	Low	High	Low
First Quarter .....	3.53	1.40	\$4.40	\$2.14
Second Quarter .....	2.75	1.76	\$6.25	\$3.05
Third Quarter .....	2.01	1.50	\$8.38	\$3.86
Fourth Quarter.....	1.86	0.64	\$4.69	\$1.83

We have not paid or declared any dividends since our formation and currently do not intend to pay dividends in 2010. Additional information concerning restrictions on our payment of cash dividends may be found in “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources” in Item 7 of this report and Note 11 to our consolidated financial statements in this report.

## PERFORMANCE GRAPH

The following graph compares, for the period from December 31, 2004 to December 31, 2009, the cumulative stockholder return on our common stock with the cumulative total return on the Standard & Poor's 500 Index and a peer group index we selected that includes four public companies within our industry. The comparison assumes that (1) \$100 was invested on December 31, 2004 in our common stock, the S&P 500 Index and the peer group index and (2) all dividends were reinvested.

The peer group companies at December 31, 2009 for this performance graph are Texas Industries, Inc., Eagle Materials Inc., Martin Marietta Materials, Inc. and Vulcan Materials Company. In addition to ready-mixed concrete and concrete-related products, the members of the peer group also have material operations in other segments of the building products industry in which we either do not currently operate, or do not operate at a comparable level, such as cement, aggregates and other building products. These other business segments of peer group members have an affect on cumulative stockholder return over the covered period.



## Equity Compensation Plan Information

The following table summarizes, as of December 31, 2009, the indicated information regarding equity compensation to our employees, officers, directors and other persons under our equity compensation plans. These plans use or are based on shares of our common stock.

<b>Plan Category</b>	<b>Number of Securities to Be Issued Upon Exercise of Outstanding Stock Options</b>	<b>Weighted Average Exercise Price of Outstanding Stock Options</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in First Column)</b>
Equity compensation plans approved by security holders <sup>(1)</sup> .....	1,618,082	5.19	2,060,672
Equity compensation plans not approved by security holders <sup>(2)</sup> .....	294,055	6.53	227,727
Total .....	<u>1,912,137</u>	5.54	

- (1) Pursuant to the terms of the 2008 Incentive Plan, there were 2,060,672 shares of our common stock remaining available for awards under the plan for future issuance as of December 31, 2009, including shares of common stock which were the subject of awards under the 1999 Incentive Plan or the 2001 Employee Incentive Plan (the "2001 Plan") that were forfeited or terminated, expired unexercised, were settled in cash in lieu of common stock or in a manner such that the shares covered thereby were not issued or are exchanged for consideration involving common stock. The 1999 Incentive Plan terminated on December 31, 2008, but there are still outstanding awards of stock options and restricted stock under such plan.
- (2) Our board adopted the 2001 Plan in February 2001. The purpose of this plan is to attract, retain and motivate our employees and consultants, to encourage a sense of propriety of those persons in our company and to stimulate an active interest of those persons in the development and financial success of our company. Awards may be made to any of our employees or consultants. The plan provides for grants of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock and other long-term incentive awards. None of our officers or directors is eligible to participate in the plan. Pursuant to the terms of the 2001 Plan, there were 227,727 shares of our common stock remaining available for awards under the plan for future issuance as of December 31, 2009. No awards were made under the 2001 Plan in 2009. Shares of our common stock which were the subject of awards under the 2001 Plan when the 2008 Incentive Plan was adopted that are subsequently forfeited or terminated, expire unexercised, are settled in cash in lieu of common stock or in a manner such that all or some of the shares covered thereby are not issued or are exchanged for consideration that does not involve common stock are included in the number of shares that may be issued under the 2008 Incentive Plan.

## Issuer Purchases of Equity Securities

The following table provides information with respect to our repurchases of shares of our common stock during the fourth quarter of 2009:

<b>Calendar Month</b>	<b>Total Number of Shares Purchased<sup>(1)</sup></b>	<b>Average Price Paid Per Share</b>	<b>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</b>	<b>Maximum Number (or Approximate Dollar Value) of Shares That May Yet Be Purchased Under the Plans or Programs</b>
October 2009 .....	3,488	\$ 1.65	-	-
November 2009 .....	397	\$ 1.61	-	-
December 2009.....	-	-	-	-

- (1) Represents shares of our common stock repurchased during the three-month period ended December 31, 2009 from company employees who elected for us to make their required tax payments upon vesting of certain restricted shares by withholding a number of those vested shares having a value on the date of vesting equal to their tax obligations.

## Item 6. Selected Financial Data

The information below was derived from the audited consolidated financial statements included in this report and in other reports we have previously filed with the SEC, and this information should be read together with those financial statements and the notes to those financial statements. The adoption of new accounting pronouncements, changes in accounting policies and reclassifications impact the comparability of the financial information presented below. These historical results are not necessarily indicative of the results to be expected in the future.

	Year Ended December 31, <sup>(5)</sup>				
	2009 <sup>(1)</sup>	2008 <sup>(2)</sup>	2007 <sup>(3)</sup>	2006 <sup>(4)</sup>	2005
<b>Statement of Operations Data:</b>					
Revenue .....	\$ 534,485	\$ 754,298	\$ 803,803	\$ 728,510	\$ 525,637
Income (loss) from continuing operations, net of tax .....	\$ (94,863)	\$ (135,922)	\$ (65,061)	\$ (7,303)	\$ 14,431
Loss from discontinued operations, net of tax .....	\$ —	\$ (149)	\$ (5,241)	\$ (787)	\$ (1,819)
Net income (loss) .....	\$ (94,863)	\$ (136,071)	\$ (70,302)	\$ (8,090)	\$ 12,612
Net income (loss) attributable to stockholders .....	\$ (88,238)	\$ (132,446)	\$ (69,001)	\$ (8,090)	\$ 12,612
<b>Earnings (Loss) Per Share Attributable to Stockholders Data:</b>					
Basic income (loss) per share from continuing operations .....	\$ (2.44)	\$ (3.48)	\$ (1.67)	\$ (0.20)	\$ 0.50
Loss from discontinued operations, net of tax .....	\$ —	\$ —	\$ (0.14)	\$ (0.02)	\$ (0.06)
Basic net income (loss) per share .....	\$ (2.44)	\$ (3.48)	\$ (1.81)	\$ (0.22)	\$ 0.44
Diluted income (loss) per share from continuing operations .....	\$ (2.44)	\$ (3.48)	\$ (1.67)	\$ (0.20)	\$ 0.49
Loss from discontinued operations, net of tax .....	\$ —	\$ —	\$ (0.14)	\$ (0.02)	\$ (0.06)
Diluted net income (loss) per share .....	\$ (2.44)	\$ (3.48)	\$ (1.81)	\$ (0.22)	\$ 0.43
<b>Balance Sheet Data (at end of period):</b>					
Total assets .....	\$ 389,160	\$ 507,810	\$ 647,256	\$ 716,646	\$ 494,043
Total debt (including current maturities) .....	\$ 296,542	\$ 305,988	\$ 298,500	\$ 303,292	\$ 201,571
Total stockholders' equity .....	\$ (15,742)	\$ 69,796	\$ 205,105	\$ 269,577	\$ 184,921
Total equity .....	\$ (10,191)	\$ 80,363	\$ 219,297	\$ 269,577	\$ 184,921
<b>Statement of Cash Flow Data:</b>					
Net cash provided by operating activities .....	\$ 8,011	\$ 29,678	\$ 44,338	\$ 39,537	\$ 41,229
Net cash used in investing activities .....	\$ (9,018)	\$ (39,516)	\$ (34,084)	\$ (230,679)	\$ (58,563)
Net cash provided by (used in) financing activities .....	\$ (87)	\$ 311	\$ (4,208)	\$ 176,292	\$ 1,281
<b>Ready-mixed Concrete Data</b>					
Average selling price per cubic yard .....	\$ 95.32	\$ 94.22	\$ 91.70	\$ 88.23	\$ 86.42
Sales volume in cubic yards from continuing operations .....	4,517	6,517	7,176	6,679	4,734

<sup>(1)</sup> The 2009 results include a goodwill impairment charge of \$45.8 million, net of income taxes, and an asset impairment charge of \$8.8 million, net of income taxes, which we recorded in the third quarter in accordance with authoritative accounting guidance.

<sup>(2)</sup> The 2008 results include an impairment charge of \$119.8 million, net of income taxes, which we recorded in the fourth quarter pursuant to our annual review of goodwill in accordance with authoritative accounting guidance.

<sup>(3)</sup> The 2007 results include an impairment charge of \$76.4 million, net of income taxes, which we recorded in the fourth quarter pursuant to our annual review of goodwill in accordance with authoritative accounting guidance. Also in 2007, we discontinued the operations of three business units in certain markets. The financial data for years prior to 2007 have been restated to segregate the effects of the operations of those discontinued units.

<sup>(4)</sup> The 2006 results include an impairment charge of \$26.8 million, net of income taxes, primarily pursuant to our annual review of goodwill in accordance with authoritative accounting guidance.

<sup>(5)</sup> All data presented in each year has been updated to reflect the effect of our fourth quarter of 2007 decision to dispose of certain of our operations.

## Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

*Statements we make in the following discussion that express a belief, expectation or intention, as well as those that are not historical fact are forward-looking statements that are subject to various risks, uncertainties and assumptions. Our actual results, performance or achievements, or market conditions 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 under the headings "Cautionary Statement Concerning Forward-Looking Statements" preceding Item 1 of this report, "Risk Factors" in Item 1A of this report and "—Risks and Uncertainties" below.*

### Our Business

We operate our business in two business segments: ready-mixed concrete and concrete-related products; and precast concrete products.

**Ready-Mixed Concrete and Concrete-Related Products.** Our ready-mixed concrete and concrete-related products segment is engaged primarily in the production, sale and delivery of ready-mixed concrete to our customers' job sites. To a lesser extent, this segment is engaged in the mining and sale of aggregates; and the resale of building materials, primarily to our ready-mixed concrete customers. We provide these products and services from our operations in north and west Texas, northern California, New Jersey, New York, Washington, D.C., Michigan and Oklahoma.

**Precast Concrete Products.** Our precast concrete products segment engages principally in the production, distribution and sale of precast concrete products from our seven precast plants located in California, Arizona and Pennsylvania. From these facilities, we produce precast concrete structures such as utility vaults, manholes and other wastewater management products, specialty engineered structures, pre-stressed bridge girders, concrete piles, curb-inlets, catch basins, retaining and other wall systems, custom designed architectural products and other precast concrete products.

We derive substantially all our revenues from the sale of ready-mixed concrete, precast concrete and concrete-related products to the construction industry in the United States. We typically sell our products under purchase orders that require us to formulate, prepare and deliver the product to our customers' job sites. We recognize revenue from these orders when we deliver the ordered products. The principal states in which we operate are Texas (35% of 2009 revenue and 39% of 2008 revenue), California (30% of 2009 revenue and 31% of 2008 revenue), New Jersey/New York (15% of 2009 revenue and 14% of 2008 revenue) and Michigan (9% of 2009 and 2008 revenue). We serve substantially all segments of the construction industry in our markets. Our customers include contractors for commercial and industrial, residential, street and highway and other public works construction. The approximate percentages of our concrete product revenue by construction type activity were as follows in 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Commercial and industrial.....	55%	55%
Residential .....	19%	26%
Street, highway and other public works ....	26%	19%

The markets for our products are generally local, and our operating results are subject to fluctuations in the level and 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. Commercial and industrial projects generally provide more opportunities to sell value-added products that are designed to meet the high-performance requirements of these types of projects.

Our customers are generally involved in the construction industry, which is a cyclical business and is subject to general and more localized economic conditions, including the recessionary conditions impacting all our markets. In addition, our business is impacted by seasonal variations in weather conditions, which vary by regional market. Accordingly, demand for our products and services during the winter months is typically lower than in other months of the year because of inclement weather. Also, sustained periods of inclement weather and other adverse weather conditions could cause the delay of construction projects during other times of the year.

### Market Trends, Liquidity and Restructuring

Since the middle of 2006, the United States building materials construction market has become increasingly challenging. Currently, the construction industry, particularly the ready-mixed concrete industry, is characterized by significant overcapacity, fierce competitive activity and rapidly declining sales volumes. From 2007 through 2009, we have implemented cost reduction programs, including workforce reductions, plant idling, rolling stock dispositions and divestitures of nonperforming business units to reduce structural costs.

Despite these initiatives in 2007, 2008 and 2009, our business has been severely affected by the steep decline in single family home starts in the U.S. residential construction markets, the turmoil in the global credit markets and the U.S. recession. These conditions had a dramatic impact on demand for our products in each of the last three years. During 2007, 2008 and 2009, single family home starts declined by approximately 29%, 41% and 29%, respectively, and commercial construction activity, which has been negatively affected by the credit crisis and U.S. economic downturn, is expected to be weaker in our markets in 2010. Sales volumes in our precast operations have also been significantly affected due to our significant presence in residential construction. We are also experiencing product pricing pressure and expect ready-mixed concrete pricing declines in 2010 compared to 2009 in most of our markets, which will have a negative effect on our gross margins.

In response to our protracted, declining sales volumes, we have expanded our cost reduction efforts for 2010, including wage freezes, elimination of our 401(k) company match program and reductions in other employee benefits. We also continue to significantly scale back capital investment expenditures.

Nonetheless, the continued weakening economic conditions, including ongoing softness in residential construction, further reduction in demand in the commercial sector and delays in anticipated public works projects in many of our markets, have placed significant distress on our liquidity position. Prior to its amendment described below, the credit agreement governing our senior revolving credit facility (the "Credit Agreement" or "our Credit Agreement") required 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 \$25 million. In February 2010, we entered into an amendment to the Credit Agreement. The amendment:

- temporarily reduces the minimum availability trigger at which we must maintain a minimum fixed charge coverage ratio of 1.0 to 1.0 from \$25 million to (1) \$22.5 million from the effective date of the amendment through March 10, 2010 (or such earlier date on which we elect to deliver the first weekly borrowing base certificate) and (2) \$20 million thereafter through April 30, 2010, but in each case that trigger reverts to \$25 million upon the earlier of (a) our delivery of notice to the lenders of our intent to make payment on our 8 ¾% Senior Subordinated Notes due 2014 (the "8 ¾% Notes") or any other subordinated debt and (b) May 1, 2010;
- reduces the size of our revolving credit facility from \$150 million to \$90 million;
- implements permanent cash dominion by the lenders over the deposit accounts of us and the guarantors under the Credit Agreement, subject to exceptions for specific accounts and threshold dollar amounts;
- modifies the borrowing base formula to include a \$20 million cap on the value of concrete trucks and mixing drums that will be included in the borrowing base;
- increases the pricing on drawn revolver loans from the current availability-based pricing grid of either the Eurodollar-based rate ("LIBOR") plus 1.75% per annum to 2.25% per annum or the domestic rate (3.25% at December 31, 2009), plus 0.25% to 0.75% per annum to LIBOR plus 4.00% per annum, eliminates the availability-based pricing grid, and increases our commitment fees on the unused portion of the facility from 0.25% to 0.75%;
- requires us to report our borrowing base on a weekly, rather than monthly, basis;
- waives our solvency representation and warranty through April 30, 2010;
- permits us to prepay or redeem the 8 ¾% Notes with the proceeds of permitted subordinated debt and/or an equity issuance, but not cash;
- modifies certain restrictions on the operation of our business by, among other things, (i) eliminating the general restricted payments, lien and investment baskets; (ii) adding new restrictions on our ability to sell or incur liens on certain assets, including owned real property of our company and our subsidiaries; (iii) adding restrictions on our ability to form, acquire or enter into any new joint venture or partnership or create any new foreign subsidiary; (iv) reducing the basket for permitted debt of our Michigan joint venture from \$20 million to \$17.5 million; (v) limiting investments by our company and our subsidiaries in the Michigan joint venture to \$2.25 million in any fiscal quarter and \$5 million for the remaining term of the Credit Agreement; and (vi) limiting our ability to consummate permitted acquisitions and incur or assume debt at the time the acquisition is consummated; and
- adds a new event of default under the Credit Agreement if we or any of our subsidiaries contests the enforceability of the subordination provisions relating to the 8 ¾% Notes and any other subordinated debt, or if such debt fails to remain subordinated to the Credit Agreement.

We also obtained (i) a permanent waiver by the lenders of any default or event of default arising under the Credit Agreement as a result of our delivery of our 2009 fiscal year financials with a report from our independent registered public accounting firm containing an explanatory paragraph with their conclusion regarding substantial doubt about our ability to continue as a going concern and (ii) a temporary waiver by the lenders through April 30, 2010, of any default or event of default arising under the Credit Agreement as a result of our failure to make our regularly scheduled interest payments under the 8 ⅜% Notes.

While we believe the amendment of our Credit Agreement provides us with some additional access to liquidity, we continue to see our business affected by the decline in construction activity and inclement weather conditions in January and February 2010 across the regions we operate. The amount available for borrowing under our Credit Agreement is based in part on our accounts receivable balances. The inclement weather and decline in demand for our products has a direct effect on the amounts we bill our customers and our accounts receivable balances. This inclement weather along with the seasonally low production and economic downturn has caused us to take actions to conserve cash. These actions include delaying payments to certain vendors and suppliers. If our liquidity falls below the availability thresholds noted above, we will not be in compliance with the minimum fixed charge coverage ratio of 1.0 to 1.0. If this occurs and we are unable to continue to obtain amendments from the lenders that waive compliance with these financial covenants, the lenders could declare us to be in default under the terms of the Credit Agreement, at which point the entire outstanding principal balance of the revolving credit facility, together with all accrued and unpaid interest and other amounts then owing to our lenders, would become immediately due and payable. Because substantially all of our assets are pledged as collateral under the Credit Agreement, if our lenders were to declare an event of default, they would be entitled to foreclose on and take possession of those assets.

In addition, acceleration of our obligations under the Credit Agreement would constitute a default under the 8 ⅜% Notes and would likely result in the acceleration of those obligations as well. A default under our Credit Agreement also could result in a cross-default or the acceleration of our payment obligations under other financing agreements. In any such event, we may not be able to repay the debt or refinance the debt on acceptable terms, and we may not have sufficient assets to make the payments when due.

In addition to our Credit Agreement, our 60%-owned Michigan subsidiary, Superior Materials Holdings, LLC ("Superior"), has a separate credit agreement (the "Superior Credit Agreement") under which there was \$5.6 million in outstanding revolving credit borrowings as of December 31, 2009. Borrowings under the Superior Credit Agreement are collateralized by substantially all the assets of Superior and are scheduled to mature on April 1, 2010. Although we and our wholly owned subsidiaries are not obligors under the Superior Credit Agreement, an event of default beyond a 30-day grace period under our Credit Agreement would constitute an event of default under the Superior Credit Agreement. Superior is in the process of renegotiating the Superior Credit Agreement, which has a maturity date of April 1, 2010. If the negotiations are not successful, the amounts outstanding under the Superior Credit Agreement would be due and payable as well. There was \$6.6 million outstanding under the Superior Credit Agreement at March 12, 2010.

Also, we are obligated to make semi-annual interest payments on the 8 ⅜% Notes aggregating approximately \$11.4 million on April 1, 2010. Under the indenture relating to the 8 ⅜% Notes, an event of default would occur if we fail to make any payment of interest on the 8 ⅜% Notes when due and that failure continues for a period of 30 days. If such an event of default occurs and is continuing, the trustee or the holders of 25% or more in aggregate principal amount of the 8 ⅜% Notes then outstanding may accelerate our obligation to repay the 8 ⅜% Notes, together with accrued and unpaid interest. Under the terms of our Credit Agreement, an event of default under the 8 ⅜% Notes indenture would also constitute an event of default under the Credit Agreement, and would give rise to the right of our lenders under the Credit Agreement to immediately accelerate the maturity of the debt outstanding under the Credit Agreement. Those circumstances would trigger provisions in the 8 ⅜% Notes indenture that would permit the lenders under the Credit Agreement to prohibit payments with respect to the 8 ⅜% Notes for up to 180 days, even though our payment obligations with respect to the 8 ⅜% Notes may have been accelerated.

Given the current negative conditions in the economy and the credit markets generally and in our industry in particular, there is substantial uncertainty that we will be able to restructure or refinance our indebtedness on or before April 30, 2010, the date at which an event of default occurs for failure to make the scheduled April 1, 2010 interest payment for the 8 ⅜% Notes. Additionally, there is no assurance that a successful refinancing of the indebtedness outstanding under the Superior Credit Agreement will be consummated by the maturity date of April 1, 2010.

In addition to the restrictions we face under our debt instruments, our stock price has declined significantly over the past year, which makes it more difficult to obtain equity financing on acceptable terms to address our liquidity issues. The indenture governing the 8 ⅜% Notes and the Credit Agreement also contains restrictions on our ability to incur additional debt. Our ability to obtain cash from external sources also could be adversely affected by volatility in the markets for corporate debt, fluctuations in the market price of our common stock or the 8 ⅜% Notes and any additional market instability, unavailability of credit or inability to access the capital markets which may result from the effect of the global financial crisis and U.S. economic downturn.



We have received a letter from The Nasdaq Stock Market indicating that the bid price of our common stock over 30 consecutive business days had closed below the minimum \$1.00 per share required for continued listing under the Nasdaq Marketplace Rules. We have been provided an initial period of 180 calendar days, or until September 7, 2010, to regain compliance. Compliance can be attained if at any time before September 7, 2010; the bid price of our common stock closes at \$1.00 per share or more for a minimum of 10 consecutive business days. In the event we cannot demonstrate compliance with the minimum bid price rule by September 7, 2010, our securities are subject to delisting.

In light of this situation, we are currently reviewing the strategic and financing alternatives available to us and have retained legal and financial advisors to assist us in this regard. We are engaged in continuing discussions with the lenders under our Credit Agreement and others regarding a permanent restructuring of our capital structure. Such a restructuring would likely affect the terms of the 8 ¾% Notes, the Credit Agreement, other debt obligations and our common stock and may be effected through negotiated modifications to the agreements related to our debt obligations or through other forms of restructurings, which we may be required to effect under court supervision pursuant to a voluntary bankruptcy filing under Chapter 11 of the U.S. Bankruptcy Code. There can be no assurance that an agreement regarding any such restructuring will be obtained on acceptable terms with the necessary parties or at all. Additionally, if we do not maintain adequate liquidity prior to any restructuring, we may seek protection pursuant to a voluntary bankruptcy filing under Chapter 11.

We are reporting net losses for the year ended December 31, 2009 for the fourth consecutive year and currently anticipate losses for 2010. These cumulative losses, in addition to our current liquidity situation, raise substantial doubt as to our ability to continue as a going concern for a period longer than the current fiscal year. Our ability to continue as a going concern depends on the achievement of profitable operations, the success of our financial and strategic alternatives process, which may include the restructuring of the 8 ¾% Notes and Credit Agreement or a recapitalization. Until the possible completion of the financial and strategic alternatives process, our future remains uncertain, and there can be no assurance that our efforts in this regard will be successful.

Our consolidated financial statements have been prepared assuming that we will continue as a going concern, which implies that we will continue to meet our obligations and continue our operations for at least the next 12 months. Realization values may be substantially different from carrying values as shown, and our consolidated financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts or the amount and classification of liabilities that might be necessary as a result of this uncertainty.

## **Liquidity and Capital Resources**

Our primary short-term liquidity needs consist of financing seasonal working capital requirements, servicing indebtedness, and purchasing property and equipment. Our working capital needs are typically at their lowest level in the first quarter and increase in the second and third quarters to fund the increases in accounts receivable and inventories during those periods and the cash interest payment on the 8 ¾% Notes on April 1 and October 1 of each year. Generally, in the fourth quarter of each year, our working capital borrowings decline and are at their lowest annual levels in the first quarter of the following year. Current market conditions have limited the availability of new sources of financing and capital. As a result of the challenging and prolonged economic and industry conditions, we anticipate using net cash in our operating activities after capital expenditures for all of 2010. In response to the protracted, declining sales volumes, we have expanded our cost reduction efforts for 2010, including wage freezes, elimination of our 401(k) company match program and reductions in other employee benefits. We also continue to scale back capital investment expenditures in order to maintain liquidity. Nonetheless, the continued weakening economic conditions, including ongoing softness in residential construction, further reduction of demand in the commercial sector and delays in public works projects in many of our markets, have placed significant distress on our liquidity position.

We rely on our Credit Agreement to fund short-term liquidity needs if internal funds are not available from our operations. The recent amendment to our Credit Agreement has provided additional access to liquidity. However, given the inclement weather in the regions where we operate during January and February 2010 and the overall continued decline in activity, the availability under our Credit Agreement has declined to \$26.6 million at March 12, 2010. This inclement weather along with the seasonally low production and economic downturn has caused us to take actions to conserve cash. These actions include delaying payments to certain vendors and suppliers. If the available liquidity under our Credit Agreement falls below \$20 million, we will not be in compliance with the minimum fixed charge coverage ratio of 1.0 to 1.0. If this occurs and we are unable to continue to obtain amendments from the lenders that waive compliance with these financial covenants, the lenders could declare us to be in default under the terms of the Credit Agreement, at which point the entire outstanding principal balance of the revolving credit facility, together with all accrued and unpaid interest and other amounts then owing to our lenders, would become immediately due and payable. There was \$21.4 million outstanding at March 15, 2010 under the Credit Agreement. Because substantially all of our assets are pledged as collateral under the Credit Agreement, if our lenders were to declare an event of default, they would be entitled to foreclose on and take possession of those assets. Additionally, Superior is in the process of renegotiating the Superior Credit Agreement, which is scheduled to mature on April 1, 2010, and we owe an interest payment of \$11.4 on the 8 ¾% Notes on April 1, 2010. If the negotiations are not successful, the amounts outstanding under the Superior credit facility would be due and payable. There was \$6.6 million outstanding under the

Superior Credit Agreement at March 12, 2010. This would put further strain on our liquidity. In any such event, we may not be able to repay the debt or refinance the debt on acceptable terms, and we may not have sufficient assets to make the payments when due. Our default under one or more of our debt instruments also will accelerate our obligation to repay that debt and our other debt instruments as well. In that event, we may seek protection pursuant to a voluntary bankruptcy filing under Chapter 11 of the U.S. Bankruptcy Code.

If we are unable to maintain liquidity above the minimum threshold established under our Credit Agreement, we will not meet the fixed charge coverage ratio of 1.0 to 1.0 and will be in default. If this occurs, we may seek to obtain a waiver for this default or amendment to our Credit Agreement or we may seek to file a voluntary petition for bankruptcy under Chapter 11 of the U.S. Bankruptcy Code.

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

- further deterioration of revenue because of weakness in the markets in which we operate;
- further decline in gross margins due to shifts in our project mix or increases in the cost of our raw materials;
- any deterioration in our ability to collect our accounts receivable from customers as a result of further weakening in residential and other construction demand or as a result of payment difficulties experienced by our customers relating to the global financial crisis; 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 following key financial measurements reflect our financial position and capital resources as of December 31, 2009, 2008 and 2007 (dollars in thousands):

	<b>2009</b>	<b>2008</b>	<b>2007</b>
Cash and cash equivalents.....	\$ 4,229	\$ 5,323	\$ 14,850
Working capital.....	\$ 34,481	\$ 63,484	\$ 88,129
Total debt .....	\$ 296,542	\$ 305,988	\$ 298,500
Available credit <sup>1</sup> .....	\$ 45,250	\$ 91,100	\$ 112,600
Debt as a percent of capital employed .....	103.6%	79.2%	57.6%

<sup>1</sup> Based on eligible borrowing base, net of outstanding letters of credit and borrowings outstanding under our senior secured revolving credit facility.

Our cash and cash equivalents consist of highly liquid investments in deposits and money market funds we hold at major financial institutions.

The allowance for doubtful accounts increased to \$5.3 million in 2009 from \$3.1 million in 2008. As a percentage of total accounts receivable, the allowance was 6.6% in 2009 and 3.0% in 2008. This increase is due to the prolonged U.S. economic downturn and the expected effect on collections from our customers. We cannot predict the impact of the U.S. economic downturn on the ability of our customers to pay in future periods.

The following discussion provides a description of our arrangements relating to outstanding indebtedness.

#### *Senior Secured Credit Facility*

In February 2010, we entered into an amendment to our Credit Agreement to reduce temporarily the minimum availability trigger at which we must maintain a minimum fixed charge coverage ratio of 1.0 to 1.0 from \$25 million to \$20 million from March 11, 2009 through April 30, 2009, as described in more detail under “Market Trends, Liquidity and Restructuring” above and in Note 1 to our consolidated financial statements. While we believe the amendment of our Credit Agreement provides us with some additional access to liquidity, ongoing inclement weather and the decline in demand for our products has a direct effect on the amounts we bill our customers and our accounts receivable balances, which in turn affects the amount available for borrowing under our Credit Agreement. If our liquidity falls below the availability thresholds noted above, we will not be in compliance with the minimum fixed charge coverage ratio of 1.0 to 1.0. If this occurs and we are unable to continue to obtain amendments from the lenders that waive compliance with these financial covenants or refinance the debt on acceptable terms, the lenders could declare us to be in default under the terms of the Credit Agreement, at which point the entire outstanding principal balance of the revolving credit facility, together with all accrued and unpaid interest and other amounts then owing to our lenders, would become immediately due and payable. Because substantially all of our assets are pledged as collateral under the Credit Agreement, if our lenders were to declare an

event of default, they would be entitled to foreclose on and take possession of those assets. If our assets are not sufficient to satisfy the outstanding balances when due, we may seek protection pursuant to a voluntary bankruptcy filing under Chapter 11.

At December 31, 2009, we had borrowings of \$16.7 million under this facility and outstanding letters of credit of approximately \$11.6 million. The outstanding letters of credit increased to \$17.7 million in February 2010. The Credit Agreement provides that the administrative agent may, on the bases specified, reduce the amount of the available credit from time to time. Additionally, any “material adverse change” of the Company could restrict our ability to borrow under the senior secured credit facility. A material adverse change is defined as a material adverse change in any of (a) the condition (financial or otherwise), business, performance, prospects, operations or properties of us and our subsidiaries, taken as a whole, (b) our ability and the ability of the guarantors, taken as a whole, to perform the obligations under the Credit Agreement and the other loan documents or (c) the rights and remedies of the administrative agent, the lenders or the issuers to enforce the Credit Agreement and the other loan documents.

Our subsidiaries, excluding Superior and minor subsidiaries, without operations or material assets, have guaranteed the repayment of all amounts owing under the Credit Agreement. In addition, we collateralized our obligations under the Credit Agreement with the capital stock of our subsidiaries, excluding Superior and minor subsidiaries without operations or material assets, and substantially all the assets of those subsidiaries, excluding Superior, most of the assets of the aggregates quarry in northern New Jersey and other real estate owned by us or our subsidiaries. The Credit Agreement contains covenants restricting, among other things, prepayment or redemption of the 8  $\frac{3}{8}$ % 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 business, changes to charter documents and affiliate transactions. It also limits capital expenditures (excluding permitted acquisitions) to the greater of \$45 million, or 5%, of consolidated revenues in the prior 12 months. The Credit Agreement provides that specified change of control events would constitute events of default. As of December 31, 2009, the maintenance of a minimum fixed charge coverage ratio was not applicable, as the available credit under the facility did not fall below \$25.0 million.

#### *Senior Subordinated Notes*

On March 31, 2004, we issued \$200 million of 8  $\frac{3}{8}$ % Notes. In July 2006, we issued \$85 million of additional 8  $\frac{3}{8}$ % Notes. Interest on these notes is payable semi-annually on April 1 and October 1 of each year.

During the first quarter of 2009, we purchased \$7.4 million aggregate principal amount of the 8  $\frac{3}{8}$ % Notes in open market transactions for approximately \$2.8 million plus accrued interest of approximately \$0.3 million through the dates of purchase. We recorded a gain of approximately \$4.5 million as a result of these open market transactions after writing off \$0.1 million of previously deferred financing costs associated with the pro-rata amount of the 8  $\frac{3}{8}$ % Notes purchased. During the quarter ended June 30, 2009, we purchased an additional \$5.0 million principal amount of the 8  $\frac{3}{8}$ % Notes for approximately \$2.0 million. This resulted in a gain of approximately \$2.9 million in April 2009, after writing off \$0.1 million of previously deferred financing costs associated with the pro-rata amount of the 8  $\frac{3}{8}$ % Notes purchased. We used cash on hand and borrowings under our Credit Agreement to fund these transactions. These purchases reduced the amount outstanding under the 8  $\frac{3}{8}$ % Notes by \$12.4 million, reduced our interest expense by approximately \$0.7 million in 2009 and will reduce our interest expense by approximately \$0.9 million on an annual basis thereafter.

All of our subsidiaries, excluding Superior and minor subsidiaries, have jointly and severally and fully and unconditionally guaranteed the repayment of the 8  $\frac{3}{8}$ % Notes.

The indenture governing the 8  $\frac{3}{8}$ % Notes limits our ability and the ability of our subsidiaries to pay dividends or repurchase common stock, make certain investments, incur additional debt, sell preferred stock, create liens, merge or transfer assets. We may redeem all or a part of the 8  $\frac{3}{8}$ % Notes at a redemption price of 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 8  $\frac{3}{8}$ % Notes equal to the proceeds of certain asset sales that are not reinvested in the business or used to pay senior debt, and (2) all the 8  $\frac{3}{8}$ % Notes following the occurrence of a change of control. The Credit Agreement would prohibit these repurchases.

As a result of restrictions contained in the indenture relating to the 8  $\frac{3}{8}$ % Notes, our ability to incur additional debt is primarily limited to the greater of (1) borrowings available under the Credit Agreement, plus the greater of \$15 million or 7.5% of our tangible assets, or (2) additional debt if, after giving effect to the incurrence of such additional debt, our earnings before interest, taxes, depreciation, amortization and certain noncash items equal or exceed two times our total interest expense.

We made interest payments of approximately \$25.1 million in 2009 and \$25.5 million in 2008, primarily associated with the 8  $\frac{3}{8}$ % Notes.

On April 1, 2010, we are obligated to make semi-annual interest payments on the 8  $\frac{3}{8}$ % Notes aggregating approximately \$11.4 million. Under the indenture relating to the 8  $\frac{3}{8}$ % Notes, an event of default will occur if we fail to make any payment of interest on

the 8 ⅜% Notes when due and that failure continues for a period of 30 days. If such an event of default occurs and is continuing, the trustee or the holders of 25% or more in aggregate principal amount of the 8 ⅜% Notes then outstanding may accelerate our obligation to repay the 8 ⅜% Notes, together with accrued and unpaid interest. Under the terms of our Credit Agreement, an event of default under the indenture would also constitute an event of default under the Credit Agreement, and would give rise to the right of our lenders under the Credit Agreement to immediately accelerate the maturity of the debt outstanding under the related credit facility. Those circumstances would trigger provisions in the indenture relating to the 8 ⅜% Notes that would permit the lenders under the Credit Agreement to prohibit payments with respect to the 8 ⅜% Notes for up to 180 days, even though our payment obligations with respect to the 8 ⅜% Notes may have been accelerated.

Given the current negative conditions in the economy and the credit markets generally and in our industry in particular, there is substantial uncertainty that we will be able to extend or refinance our indebtedness on or before April 1, 2010, the next interest payment date for the 8 ⅜% Notes.

#### *Superior Credit Facility and Subordinated Debt*

Superior has a separate credit agreement that provides for a revolving credit facility. The credit agreement, as amended, allows for borrowings of up to \$17.5 million. Borrowings under this credit facility are collateralized by substantially all the assets of Superior and are scheduled to mature on April 1, 2010. Based on this maturity date, the amounts outstanding under the credit agreement are classified as current at December 31, 2009. Given the current negative conditions in the economy and the credit markets generally and in our industry in particular, there is substantial uncertainty that Superior will be able to extend or refinance the indebtedness outstanding under the Superior Credit Agreement on or before the April 1, 2010 maturity date. In addition, an event of default under our Credit Agreement beyond a 30-day grace period also will constitute an event of default under the Superior Credit Agreement and cause an acceleration of Superior's obligation to repay the outstanding balance.

Availability of borrowings under the Superior Credit Agreement is subject to a borrowing base that is determined based on the values of net receivables, certain inventories, certain rolling stock and letters of credit. The credit agreement provides that the lender may, on the bases specified, reduce the amount of the available credit from time to time. As of December 31, 2009, there was \$5.6 million in outstanding borrowings under the revolving credit facility, and the remaining amount of the available credit was approximately \$3.0 million. Letters of credit outstanding at December 31, 2009 were \$2.8 million, which reduced the amount available under the credit facility.

Currently, borrowings have an annual interest rate at Superior's option of either, LIBOR, plus 4.25%, or prime rate (3.25% at December 31, 2009) plus 2.00%. Commitment fees at an annual rate of 0.25% are payable on the unused portion of the facility.

The credit agreement contains covenants restricting, among other things, Superior's 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 business, changes to charter documents and affiliate transactions. It also generally limits Superior's capital expenditures and requires the subsidiary to maintain compliance with specified financial covenants, including an affirmative covenant which requires earnings before income taxes, interest and depreciation ("EBITDA") to meet certain minimum thresholds quarterly. During the trailing twelve months ended December 31, 2009, Superior did not meet this minimum threshold. As a result, Superior has obtained a waiver from the lender for this noncompliance with the covenant.

U.S. Concrete and its 100%-owned subsidiaries are not obligors under the terms of the Superior credit agreement. However, as mentioned above, the Superior Credit Agreement provides that an event of default beyond a 30-day grace period under either U.S. Concrete's or Edw. C. Levy Co.'s credit agreement would constitute an event of default. Furthermore, U.S. Concrete has agreed to provide or obtain additional equity or subordinated debt capital not to exceed \$6.75 million through the term of the revolving credit facility to fund any future cash flow deficits, as defined in the credit agreement, of Superior. In the first quarter of 2009, U.S. Concrete provided subordinated debt capital in the amount of \$2.4 million under this agreement in lieu of payment of related party payables. Additionally, the minority partner, Edw. C. Levy Co., provided \$1.6 million of subordinated debt capital to fund operations during the first quarter of 2009. The subordinated debt with U.S. Concrete was eliminated in consolidation. There was no interest due on each note, and each note was scheduled to mature on May 1, 2011. During the third quarter of 2009, U.S. Concrete and the minority partner, Edw. C. Levy Co., converted the subordinated debt capital into capital contributions to Superior.

Pursuant to Superior's credit agreement, U.S. Concrete made an additional capital contribution of \$2.6 million in lieu of payment of related party payables and Edw. C. Levy Co. made an additional capital contribution of \$1.8 million in the first quarter of 2010. Superior is in the process of renegotiating its credit facility. If the renegotiation process is unsuccessful, the amounts outstanding under the credit agreement will be due and payable on April 1, 2010. Additionally, U.S. Concrete and Edw. C. Levy Co. may have to make additional cash equity contributions to Superior to finance its working capital requirements and fund its cash operating losses.

### *Fair Value of Financial Instruments*

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. The estimated aggregate fair value of the 8 ¾% Notes at year-end was approximately \$163.9 million in 2009 and \$146.1 million in 2008.

### *Debt Ratings*

Our ability to obtain external financing and the related cost of borrowing is affected by our debt ratings, which are periodically reviewed by the major credit rating agencies. Debt ratings and outlooks as of March 15, 2010 were as follows:

	<u>Rating</u>	<u>Outlook</u>
Moody's		
8 ¾% Notes .....	Caa3	Negative
LT corporate family rating .....	Caa2	
Standard & Poor's		
8 ¾% Notes .....	C	Negative
Corporate credit.....	CC	

These debt ratings are not recommendations to buy, sell or hold our securities, and they may be subject to revision or withdrawal at any time by the assigning rating agency. Each rating should be evaluated independently of any other rating.

### *Cash Flow*

The net cash provided by or used in our operating, investing and financing activities is presented below (in thousands):

	<u>Year Ended December 31,</u>		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Net cash provided by (used in):			
Operating activities .....	\$ 8,011	\$ 29,678	\$ 44,338
Investing activities .....	(9,018)	(39,516)	(34,084)
Financing activities .....	(87)	311	(4,208)
Net increase (decrease) in cash .....	<u>\$ (1,094)</u>	<u>\$ (9,527)</u>	<u>\$ 6,046</u>

Our net cash provided by operating activities generally reflects the cash effects of transactions and other events used in the determination of net income or loss. Net cash provided by operating activities decreased to \$8.0 million for the year ended December 31, 2009 from \$29.7 million for the year ended December 31, 2008. The change in 2009 was principally a result of lower profitability partially offset by the receipt of a federal tax refund of \$4.9 million and lower working capital requirements. Net cash provided by operating activities of \$29.7 million for the year ended December 31, 2008 decreased \$14.7 million from the net cash provided in the year ended December 31, 2007. The decrease was principally due to lower profitability in 2008, partially offset by improvement in working capital.

Our net cash used in investing activities of \$9.0 million for the year ended December 31, 2009 decreased \$30.5 million from the net cash used in investing activities for the year ended December 31, 2008. The change during 2009 was primarily attributable to lower payments related to acquisitions, lower capital expenditures and higher proceeds from property, plant and equipment divestitures compared to 2008. During 2008, we received \$7.6 million in proceeds from the sale of our Memphis operations and spent approximately \$6.3 million for three ready-mixed concrete operations in New York, \$13.5 million for certain ready-mixed concrete operations in west Texas and \$2.5 for a precast operation in San Diego, California. We also paid \$1.4 million of contingent purchase price consideration during 2008, related to real estate acquired in connection with the acquisition of a ready-mixed operation in 2003. During 2009, we received \$6.0 million in proceeds from the sale of our ready-mixed concrete plants in Sacramento, California, plus a cash payment for inventory on hand at closing, and paid approximately \$4.5 million for a concrete crushing and recycling operation in New York. Additionally, in 2009, we made a \$750,000 payment, reduced for certain uncollected pre-acquisition accounts receivable, to the sellers of a business we acquired, related to a contingent payment obligation.

Our net cash used in investing activities of \$39.5 million in the year ended December 31, 2008 increased \$5.4 million from the net cash used in investing activities in the year ended December 31, 2007, primarily due to lower proceeds received from our disposition of certain business units in 2008 as compared with 2007, offset by \$3.8 million lower capital expenditures, net of disposal proceeds in 2008.

Our net cash used in financing activities of \$0.1 million decreased \$0.4 million from the net cash provided by financing activities of \$0.3 million in 2008. While this change was negligible year over year, we purchased \$12.4 million principal amount of the 8 3/4% Notes for \$4.8 million during 2009 and purchased shares under our previous common stock repurchase program for \$6.6 million in 2008. Our net cash provided in financing activities of \$0.3 million increased \$4.5 million from the net cash used by financing activities of \$4.2 million in 2007. The change was primarily attributable to an increase in borrowings under our revolving credit facility of \$6.8 million in 2008 as compared to a reduction of borrowings under our revolving credit facility in 2007 of \$5.0 million, partially offset by our use of \$6.6 million in our share repurchase program in 2008.

We define free cash flow as net cash provided by operating activities less purchases of property, plant and equipment (net of disposals). Free cash flow is a liquidity measure not prepared in accordance with GAAP. Our management uses free cash flow in managing our business because we consider it to be an important indicator of our ability to service our debt and generate cash for acquisitions and other strategic investments. We believe free cash flow may provide users of our financial information additional meaningful comparisons between current results and results in prior operating periods. As a non-GAAP financial measure, free cash flow should be viewed in addition to, and not as an alternative for, our reported operating results or cash flow from operations or any other measure of performance prepared in accordance with GAAP.

Our historical net cash provided by operating activities and free cash flow is as follows (in thousands):

	Year Ended December 31,		
	2009	2008	2007
Net cash provided by operating activities.....	\$ 8,011	\$ 29,678	\$ 44,338
Less: purchases of property, plant and equipment.....	(13,939)	(27,783)	(29,719)
Plus: proceeds from disposals of property, plant and equipment.....	10,135	4,403	2,574
Free cash flow .....	<u>\$ 4,207</u>	<u>\$ 6,298</u>	<u>\$ 17,193</u>

#### *Off-Balance Sheet Arrangements*

We do not currently have any off-balance sheet arrangements that have or are reasonably likely to have a material current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources. From time to time, we may enter into noncancelable operating leases that would not be reflected on our balance sheet. For additional discussion on our operating leases, see Note 16 to our consolidated financial statements in this report.

#### *Commitments*

The following are our contractual commitments associated with our indebtedness and our lease obligations as of December 31, 2009 (in millions):

Contractual obligations	Total	Less Than 1 year	1-3 years	4-5 years	After 5 years
Principal on debt.....	\$ 296.6	\$ 7.9	\$ 16.9	\$ 271.8	\$ -
Interest on debt <sup>(1)</sup> .....	102.7	22.8	45.7	34.2	-
Capital leases .....	0.2	0.2	-	-	-
Operating leases.....	63.6	12.1	16.0	12.3	23.2
Total.....	<u>\$ 463.1</u>	<u>\$ 43.0</u>	<u>\$ 78.6</u>	<u>\$ 318.3</u>	<u>\$ 23.2</u>

(1) Interest payments due under the 8 3/4% senior subordinated notes.

The following are our commercial commitment expirations as of December 31, 2009 (in millions):

Other commercial commitments	Total	Less Than 1 year	1-3 years	4-5 years	After 5 years
Standby letters of credit.....	\$ 14.4	\$ 3.3	\$ 11.1	\$ -	\$ -
Purchase obligations .....	-	-	-	-	-
Performance bonds .....	42.9	27.4	15.5	-	-
Total.....	<u>\$ 57.3</u>	<u>\$ 30.7</u>	<u>\$ 26.6</u>	<u>\$ -</u>	<u>\$ -</u>

The following long-term liabilities included on the consolidated balance sheet are excluded from the table above: accrued employment costs, income tax contingencies, insurance accruals and other accruals. Due to the nature of these accruals, the estimated timing of such payments (or contributions in the case of certain accrued employment costs) for these items is not predictable. As of

December 31, 2009, the total unrecognized tax benefit related to uncertain tax positions was \$5.3 million. We estimate that none of this will be paid within the next 12 months.

#### *Share Repurchase Plan*

On January 7, 2008, our Board of Directors approved a plan to repurchase up to an aggregate of three million shares of our common stock. The Board modified the repurchase plan in October 2008 to slightly increase the aggregate number of shares authorized for repurchase. The plan permitted the stock repurchases to be made on the open market or in privately negotiated transactions in compliance with applicable securities and other laws. As of December 31, 2008, we had repurchased and subsequently cancelled 3,148,405 shares with an aggregate value of \$6.6 million and completed the repurchase program.

#### **Acquisitions**

In May 2009, we acquired substantially all the assets of a concrete crushing and recycling business in Queens, New York for approximately \$4.5 million. We do not anticipate completing any new acquisitions in the foreseeable future due to our distressed liquidity position and our review of strategic and financing alternatives.

#### **Divestitures**

During the third quarter of 2009, we sold our ready-mixed concrete plants in Sacramento, California for approximately \$6.0 million, plus a payment for certain inventory on hand at closing.

#### **Risks and Uncertainties**

Numerous factors could affect our future operating results, including those discussed under the heading “Risk Factors” in Item 1A of Part I of this report. Based on our current distressed liquidity position, the economic conditions and our outlook of continued weak demand in 2010 for our products and product pricing pressures, we have also included additional disclosures regarding our liquidity, covenants under our debt agreements and restructuring alternatives under “Market Trends, Liquidity and Restructuring” and “Liquidity and Capital Resources” above.

#### **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 2 to our consolidated financial statements included in this report 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’s 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 assess 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 \$5.3 million as of December 31, 2009 and \$3.1 million as of December 31, 2008.

##### *Goodwill*

We record as goodwill the amount by which the total purchase price we pay in our acquisition transactions exceeds our estimated fair value of the identifiable net assets we acquire. We test goodwill for impairment on an annual basis, or more often if events or circumstances indicate that there may be impairment. We generally test for goodwill impairment in the fourth quarter of each year, because this period gives us the best visibility of the reporting units’ operating performances for the current year (seasonally, April through October are highest revenue and production months) and outlook for the upcoming year, since much of our customer base is finalizing operating and capital budgets. The impairment test we use consists of comparing our estimates of the current fair values of our reporting units with their carrying amounts. We currently have seven reporting units. Reporting units are organized based on our

two product segments ((1) ready-mixed concrete and concrete related products and (2) precast concrete products) and geographic regions.

There was no impairment of goodwill as a result of our fourth quarter 2009 test. During the third quarter of 2009, we sold our ready-mixed concrete plants in Sacramento, California. These plants and operations were included in our northern California ready-mixed concrete reporting unit, and \$3.0 million of goodwill was allocated to these assets and included in the calculation of loss on sale. Concurrently with this sale, we performed an impairment test on the remaining goodwill for this reporting unit and on all other reporting units with remaining goodwill as a result of current economic conditions. The U.S. economic downturn and resulting impact on the U.S. construction markets have continued to impact our revenue and expected future growth. The cost of capital has increased while the availability of funds from capital markets has not improved significantly. Lack of available capital has impacted our customers by creating project delays or cancellations, thereby impacting our revenue growth and assumptions. The downturn in residential construction has not improved, and we are now seeing the economic downturn affect the commercial sector of our revenue base. In addition, the California budget crisis has adversely affected public works spending in this market. All these factors led to a more negative outlook for expected future cash flows and during the third quarter 2009, resulted in an impairment charge of \$45.8 million, of which \$42.2 million related to our northern California reporting unit.

In 2008 we recorded an impairment charge of \$135.3 million. The macro economic factors including the unprecedented and continuing credit crisis, the U.S. recession, the escalating unemployment rate and specifically the severe downturn in the U.S. construction markets, had a significant impact on the valuation metrics used in determining the long-term value of our reporting units. The slowdown in construction activity resulted in lower sales volumes and more competition for construction projects, thereby reducing expected future cash flows. These specific negative factors, combined with (i) lower enterprise values resulting from lower multiples of sales and EBITDA comparables, and (ii) the lack of recent third party transactions due to depressed macro economic conditions, resulted in the goodwill impairment expense for 2008.

In 2007, we recorded goodwill impairments of \$81.9 million relating to our Michigan, South Central and our Northern California Precast reporting units. Our Michigan reporting unit's economic outlook continued to soften at greater levels throughout 2007, resulting in lower projected cash flow. Our South Central reporting unit's outlook deteriorated, resulting in lower projected cash flow and continued competitive pressures and limited our future profitability expectations. Our Northern California Precast reporting unit was significantly impacted by the continued slowdown in residential housing construction, which impacted our projected future cash flows. These specific negative factors in the above mentioned reporting units, combined with lower enterprise values and sales transaction values for participants in our industry, resulted in the goodwill impairment expense.

Our fair value analysis is supported by a weighting of three generally accepted valuation approaches.

These valuation methods include the following:

- Income Approach - discounted cash flows of future benefit streams;
- Market Approach - public comparable company multiples of sales and earnings before interest, taxes, depreciation, depletion and amortization ("EBITDA"); and
- Market Approach - multiples generated from recent transactions comparable in size, nature and industry.

These approaches include numerous assumptions with respect to future circumstances, such as industry and/or local market conditions that might directly impact each of the reporting units operations in the future, and are, therefore uncertain. These approaches are utilized to develop a range of fair values and a weighted average of these approaches is utilized to determine the best fair value estimate within that range.

*Income Approach - Discounted Cash Flows.* This valuation approach derives a present value of the reporting unit's projected future annual cash flows over the next 15 years and the present residual value of the reporting unit. We use a variety of underlying assumptions to estimate these future cash flows, including assumptions relating to future economic market conditions, product pricing, sales volumes, costs and expenses and capital expenditures. These assumptions vary by each reporting unit depending on regional market conditions, including competitive position, degree of vertical integration, supply and demand for raw materials and other industry conditions. The discount rate used in the Income Approach, specifically, the weighted average cost of capital, used in our analysis for 2009, 2008 and 2007 was 15.0%, 14.0% and 8.9%, respectively. Our increased cost of capital assumption for 2009 and 2008 reflects the U.S. credit crisis which has negatively affected our ability to borrow cost effectively. The revenue compounded annual growth rates used in the Income Approach for 2009, 2008 and 2007 varied from -0.1% to 3.0%, depending on the reporting unit and the year. Our EBITDA margins derived from these underlying assumptions varied between approximately 3% and 20% for 2007 and 3% to 22% for 2008, depending on the reporting unit. For 2009, our EBITDA margins varied between approximately -8% and 18%, depending on the reporting unit. The terminal growth rate used in each year was 3.0%.



*Market Approach - Multiples of Sales and EBITDA.* This valuation approach utilizes publicly traded construction materials companies' enterprise values, as compared to their recent sales and EBITDA information. For the fourth quarter 2009 impairment test, we used an average sales multiple of 0.62 times and an average EBITDA multiple of 8.14 times. For the third quarter 2009 impairment test, we used an average sales multiple of 0.60 times and an average EBITDA multiple of 6.79 times in determining this market approach metric. For 2008, we used an average sales multiple of 0.48 times and an average EBITDA multiple of 5.29 times. For 2007, we used an average sales multiple of 0.57 times and an average EBITDA multiple of 5.90 times. These multiples are used as a valuation metric to our most recent financial performance. We use sales as an indicator of demand for our products/services and EBITDA because it is a widely used key indicator of the cash generating capacity of construction material companies.

*Market Approach - Comparisons of Recent Transactions.* This valuation approach uses publicly available information regarding recent third-party sales transactions in our industry to derive a valuation metric of the target's respective enterprise values over their EBITDA amounts. For 2009 and 2008, we did not weigh this market approach because current economic conditions did not yield significant recent transactions to derive an appropriate valuation metric. For 2007, we utilized an average third-party sales transaction multiple of 6.60 and 7.54 times EBITDA, respectively, for this market-approach metric. We utilize this valuation metric with each of our reporting units' most recent financial performance to derive a "what if" sales transaction comparable, fair-value estimate.

We selected these valuation approaches because we believe the combination of these approaches and our best judgment regarding underlying assumptions and estimates provides us with the best estimate of fair value for each of our reporting units. We believe these valuation approaches are proven valuation techniques and methodologies for the construction materials industry and widely accepted by investors. The estimated fair value of each reporting unit would change if our weighting assumptions under the three valuation approaches were materially modified. For the years ended December 31, 2009 and 2008, we weighted the Income Approach Discounted Cash Flows 45% and the Market Approach Multiples of Sales and EBITDA 55%. No weighting was used in 2009 and 2008 for the Market Approach - comparison of Recent Transactions as described above. In 2008, we placed a higher emphasis and weighting on the Market Approach - Multiples of Sales and EBITDA approach than used in 2007 to reflect fair value in current market conditions. This change in weighting in our view is a better representation of fair value and reflects our consideration of macro-economic factors affecting our industry, uncertainty of future economic conditions and their impact on expected cash flows in each of our reporting units. For the year ended December 31, 2007, we weighted all three valuation approaches equally to determine an estimated fair value of each reporting unit.

Detailed below is a table of key underlying assumptions for all reporting units utilized in the fair value estimate calculation for the years ended December 31, 2009, 2008 and 2007.

	2009	2008	2007
Income Approach - Discounted Cash Flows			
Revenue Growth Rates	(0.1%) to 4.0%	(0.1%) to 3.0%	(0.1%) to 2.2%
Weighted Average Cost of Capital	15.0%	14.0%	8.9%
Terminal Value Rate	3.0%	3.0%	3.0%
EBITDA Margin Rate	(9%) to 20%	3% to 22%	3% to 20%
Market Approach - Multiples of Sales & EBITDA			
Sales Multiples Used	0.60-0.62	0.48	0.57
EBITDA Multiples Used	6.79-8.14	5.29	5.90
Market Approach - Comparison of Recent Transactions			
EBITDA Multiples Used	N/A	N/A	6.60

Our valuation model utilizes assumptions which represent our best estimate of future events, but would be sensitive to positive or negative changes in each of the underlying assumptions as well as to an alternative weighting of valuation methods which would result in a potentially higher or lower goodwill impairment expense. Specifically, a continued decline in our ready-mixed concrete volumes and corresponding revenues and lower precast product revenues declining at rates greater than our expectations may lead to additional goodwill impairment charges, especially to the reporting units whose carrying values closely approximate their estimated fair values. Furthermore, a decline in publicly traded construction materials enterprise values, including lower operating margins and continued global-financial credit conditions may also lead to additional goodwill impairment charges. At December 31, 2009, our goodwill balance is \$14.1 million and is contained in the Atlantic Precast Region and South Central reporting units. The remaining five reporting units do not have goodwill reflected as an asset on their balance sheets, as we have fully impaired previously reported goodwill during the current and prior years. The reporting unit whose estimated fair value closely approximates its carrying value is our Atlantic Precast Region with a goodwill balance of \$10.0 million. The carrying value is \$14.8 million and the estimated fair value is \$16.4 million. We can provide no assurance that future goodwill impairments will not occur. See Note 3 to our consolidated financial statements included in this report for additional information about our goodwill.

### *Insurance Programs*

We maintain third-party insurance coverage in amounts and against the risks we believe are reasonable. We share the risk of loss with our insurance underwriters by maintaining high deductibles subject to aggregate annual loss limitations. We believe our workers' compensation, automobile and general liability per occurrence retentions are consistent with industry practices, although there are variations among our business units. 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 \$12.8 million as of December 31, 2009, compared to \$12.6 million as of December 31, 2008, 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. In cases where the expiration date of tax carryforwards or the projected operating results indicate that realization is not likely, we provide for a valuation allowance.

We have deferred tax assets, resulting from 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 were to determine 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 were to determine 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. Based on the assessment, we recorded a valuation allowance of \$18.1 million at December 31, 2009 and \$0.2 million at December 31, 2008. In determining the valuation allowance in 2009, we used such factors as (i) cumulative federal taxable losses, (ii) the amount of deferred tax liabilities that we generally expect to reverse in the same period and jurisdiction and is on the same character as the temporary differences, giving rise to our deferred tax assets and (iii) certain tax contingencies under authoritative accounting guidance related to accounting for uncertainty in income taxes which, should they materialize, would be offset by our net operating loss generated in 2008 and 2009. We provided a valuation allowance in 2009 and 2008 related to certain federal and state income tax attributes we did not believe we could utilize within the state tax carryforward periods.

In the ordinary course of business there is inherent uncertainty in quantifying our income tax positions. We assess our income tax positions and record tax benefits for all years subject to examination based upon management's evaluation of the facts, circumstances and information available at the reporting date. For those tax positions where it is more likely than not that a tax benefit will be sustained, we have recorded the highest amount of tax benefit with a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where it is not more likely than not that a tax benefit will be sustained, no tax benefit has been recognized in the financial statements. See Notes 2 and 13 to the consolidated financial statements for further discussion.

### *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 values 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.

### *Property, Plant and Equipment, Net*

We state our property, 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 property, plant and equipment when changes in circumstances indicate that the carrying amount of the asset may not be recoverable in accordance with authoritative accounting guidance related to the impairment or disposal

of long-lived assets. We compare the carrying values of long-lived assets to our projection of future undiscounted cash flows attributable to those assets. If the carrying value of a long-lived asset exceeds the future undiscounted cash flows we project to be derived from that asset, 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.

During the third quarter of 2009, we evaluated the recoverability of our property, plant and equipment. The Michigan market continues to be significantly impacted by the global economic downturn and by events specific to the region, including the difficult operating conditions of the U.S. automotive industry manufacturers, high unemployment rates and lack of public works spending. The decline in construction activity in each of our end-use markets in Michigan has negatively affected our outlook of future sales growth and cash flow. We identified an impairment related to the property, plant and equipment in our Michigan market and recorded expense of \$8.8 million, which represents the amount that the carrying value of these assets exceeded our estimate of fair value.

#### *Other*

We record accruals for legal 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 Accounting Pronouncements**

For a discussion of recently adopted accounting standards, see Note 2 to our consolidated financial statements included in this report.

## Results of Operations

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

	Year Ended December 31,					
	2009		2008		2007	
	(amounts in thousands, except selling prices)					
Revenue:						
Ready-mixed concrete and concrete-related products .....	\$ 491,755	92.0	\$ 702,525	93.1	\$ 745,384	92.7
Precast concrete products .....	56,959	10.7	68,082	9.0	73,300	9.1
Inter-segment revenue .....	(14,229)	(2.7)	(16,309)	(2.1)	(14,881)	(1.8)
Total revenue .....	\$ 534,485	100%	\$ 754,298	100%	\$ 803,803	100%
Cost of goods sold before depreciation, depletion and amortization:						
Ready-mixed concrete and concrete-related products .....	\$ 413,703	77.5	\$ 586,088	77.7	\$ 608,043	75.6
Precast concrete products .....	45,511	8.5	53,360	7.1	55,589	6.9
Goodwill and other asset impairments .....	54,745	10.2	135,631	18.0	82,242	10.2
Selling, general and administrative expenses.....	66,068	12.4	79,040	10.5	69,002	8.6
(Gain) loss on sale of assets .....	2,267	0.4	728	0.1	667	0.1
Depreciation, depletion and amortization .....	29,621	5.5	29,902	3.9	28,882	3.6
Income (loss) from operations .....	(77,430)	(14.5)	(130,451)	(17.3)	(40,622)	(5.0)
Interest expense, net.....	26,450	5.0	27,056	3.6	27,978	3.5
Gain on purchases of senior subordinated notes	7,406	1.4	—	—	—	—
Other income, net.....	1,423	0.3	1,984	0.3	3,587	0.4
Loss from continuing operations before income taxes .....	(95,051)	(17.8)	(155,523)	(20.6)	(65,013)	(8.1)
Income tax provision (benefit) .....	(188)	(0.0)	(19,601)	(2.6)	48	0.0
Loss from continuing operations .....	(94,863)	(17.8)	(135,922)	(18.0)	(65,061)	(8.1)
Loss from discontinued operations, net of tax .....	—	—	(149)	(0.1)	(5,241)	(0.7)
Net (loss).....	(94,863)	(17.8)	(136,071)	(18.1)	(70,302)	(8.8)
Net loss (income) attributable to non-controlling interest .....	6,625	1.2	3,625	0.5	1,301	(0.2)
Net loss attributable to stockholders .....	\$ (88,238)	(16.5)%	\$ (132,446)	(17.6)%	\$ (69,001)	(8.6)%

### Ready-mixed Concrete Data:

Average selling price per cubic yard .....	\$ 95.32	\$ 94.22	\$ 91.70
Sales volume in cubic yards .....	4,517	6,517	7,176

### Precast Concrete Data:

Average selling price per cubic yard of concrete used in production .....	911.2	\$ 842.0	\$ 605.8
Ready-mixed concrete used in production in cubic yards .....	62	81	121

### Year Ended December 31, 2009 Compared to Year Ended December 31, 2008

#### Revenue.

*Ready-mixed concrete and concrete-related products.* Revenue from our ready-mixed concrete and concrete-related products segment decreased \$210.8 million, or 30.0%, from \$702.5 million in 2008 to \$491.8 million in 2009. Our ready-mixed sales volume for 2009 was approximately 4.5 million cubic yards, down 30.7% from the 6.5 million cubic yards of concrete we sold in 2008. Excluding ready-mixed volumes associated with acquired operations, our 2009 ready-mixed volumes were down approximately 33.3% from 2008. The decline reflected the continuing downturn in residential home construction activity that began in the second half of 2006 in all our major markets and the downturn in commercial construction and public works spending due to the ongoing economic downturn in the United States.

*Precast concrete products.* Revenue from our precast concrete products segment was down \$11.1 million, or 16.3%, from \$68.1 million in 2008 to \$57.0 million in 2009. This decrease reflected the continued downturn primarily in residential construction in our northern California and Phoenix, Arizona markets and lower commercial construction activity in our mid-Atlantic market. The decrease in revenue was partially offset by higher revenue in 2009 from the acquisition of our assets of a San Diego, California precast operation in August 2008.

**Cost of goods sold before depreciation, depletion and amortization.**

*Ready-mixed concrete and concrete-related products.* Cost of goods sold before depreciation, depletion and amortization for our ready-mixed concrete and concrete-related products segment decreased \$172.4 million, or 29.4%, from \$586.1 million in 2008 to \$413.7 million in 2009. These decreases were primarily associated with lower sales volumes in 2009. As a percentage of ready-mixed concrete and concrete-related product revenue, cost of goods sold before depreciation, depletion and amortization was 84.1% in 2009, as compared to 83.4% in 2008. The increase in cost of goods sold as a percentage of ready-mixed concrete and concrete-related products revenue was primarily attributable to the effect of our fixed costs being spread over lower volumes and to higher per unit delivery costs, as compared to 2008.

*Precast concrete products.* The reduction in cost of goods sold before depreciation, depletion and amortization for our precast concrete products segment of \$7.8 million, or 14.7%, from \$53.4 million in 2008 to \$45.5 million in 2009, was primarily related to the declining residential construction market that has been impacting our northern California and Phoenix, Arizona precast markets. As a percentage of precast concrete revenue, cost of goods sold before depreciation, depletion and amortization for precast concrete products rose from 78.4% in 2008 to 79.9% in 2009, reflecting decreased efficiency in our plant operations in California and Phoenix, Arizona, resulting from lower demand for our primarily residential product offerings in these markets.

**Goodwill and other asset impairments** During the third quarter of 2009, we recorded a goodwill impairment charge of \$45.8 million related to our northern California and Atlantic Region reporting units, and an asset impairment charge of \$8.8 million related to our Michigan operations. During the fourth quarter of 2008, we recorded a goodwill impairment charge of \$135.3 million related to five of our reporting units. See "Critical Accounting Policies" above for more information concerning these impairments.

**Selling, general and administrative expenses.** Selling, general and administrative expenses were \$66.1 million in 2009, compared to \$79.0 million in 2008. This decrease was primarily due to reduced compensation as a result of workforce reductions in 2008 and 2009, lower incentive compensation accruals, lower litigation accruals and other administrative cost reductions such as in travel and entertainment costs and office expenses. This was partially offset by an increase in our bad debt provision when compared to 2008.

**Gain/loss on sale of assets.** Our loss on sale of assets increased to \$2.3 million in 2009, compared to a loss of \$0.7 million in 2008. We completed the sale of our ready-mixed concrete plants in the Sacramento, California market for \$6.0 million, plus payment for inventory on hand at closing, during the third quarter of 2009. This sale resulted in a \$3.0 million loss after the allocation of \$3.0 million of related goodwill.

**Gain on purchases of senior subordinated notes.** During the first and second quarters of 2009, we purchased \$12.4 million aggregate principal amount of the 8  $\frac{3}{8}$ % Notes in open-market transactions for approximately \$4.8 million. This resulted in a gain of approximately \$7.4 million after writing off a total of \$0.2 million of previously deferred financing costs associated with the pro-rata amount of the 8  $\frac{3}{8}$ % Notes purchased.

**Interest expense, net.** Net interest expense for 2009 was down approximately \$0.6 million to \$26.5 million, compared to \$27.1 million for 2008. This change was primarily due to the interest savings from the repurchase of some of the 8  $\frac{3}{8}$ % Notes and lower interest rates on borrowings under the Credit Agreement when compared to 2008. This was mostly offset by increased interest associated with higher amounts outstanding under the Credit Agreement.

**Non-controlling interest.** The net loss attributable to non-controlling interest reflected in 2009 and 2008 relate to the allocable share of net loss, including the proportionate share of the asset impairment charges in 2009 from our Michigan joint venture, Superior, to the minority interest owner.

**Income tax provision (benefit).** We recorded an income tax benefit from continuing operations of \$0.2 million for the full year 2009, as compared to \$19.6 million in 2008. Our effective tax benefit rate was 0.2% for 2009 and 12.6% in 2008. For 2009, we applied a valuation allowance against certain of its deferred tax assets, including net operating loss carryforwards, which reduced the effective benefit rate from the expected statutory rate. In accordance with authoritative accounting guidance, a valuation allowance is required unless it is more likely than not that future taxable income or the reversal of deferred tax liabilities will be sufficient to recover deferred tax assets. In addition, certain state taxes are calculated on bases different than pre-tax loss. This results in us recording income tax expense for these states, which also lowered the effective benefit rate in 2009 compared to the statutory rate.

## ***Year Ended December 31, 2008 Compared to Year Ended December 31, 2007***

### **Revenue.**

*Ready-mixed concrete and concrete-related products.* Revenue from our ready-mixed concrete and concrete-related products decreased \$42.9 million, or 5.8%, from \$745.4 million in 2007 to \$702.5 million in 2008. Our ready-mixed sales volume for 2008 was approximately 6.5 million cubic yards, down 9.2% from the 7.2 million cubic yards of concrete we sold in 2007. Excluding the volumes associated with acquired operations, on a same-plant-sales basis, our 2008 ready-mixed volumes were down approximately 12.1% from 2007. The decline reflected the continuing downturn in residential home construction activity that began in the second half of 2006 in all our markets and the downturn in commercial construction and public works spending due to the ongoing credit crisis and the economic recession in the United States. Partially offsetting the effects of lower sales volumes was the approximate 2.7% rise in the average sales price per cubic yard of ready-mixed concrete during 2008, as compared to 2007.

*Precast concrete products.* Revenue from our precast concrete products segment were down \$5.2 million, or 7.1%, from \$73.3 million in 2007 to \$68.1 million in 2008. This decrease reflected a \$20.0 million, or 36.0%, drop in revenue resulting from the downturn in residential construction in our northern California and Phoenix, Arizona markets. We continued the process of refocusing our product lines and streamlining our operations in these markets to better serve existing demand and penetrate additional end-use markets. Such streamlining resulted in the closure of one northern California facility at a cost of \$0.7 million. This decrease was partially offset by higher revenue in 2008 from the acquisition of API completed in October 2007. The mix of product sales from this unit resulted in a higher average selling price for our precast group in 2008.

### **Cost of goods sold before depreciation, depletion and amortization.**

*Ready-mixed concrete and concrete-related products.* Cost of goods sold before depreciation, depletion and amortization for our ready-mixed concrete and concrete-related products segment decreased \$22.0 million, or 3.6%, from \$608.0 million in 2007 to \$586.1 million in 2008. The decrease was primarily associated with lower sales volume and higher delivery costs primarily related to higher diesel fuel prices. Cost of goods sold before depreciation, depletion and amortization, as a percentage of ready-mixed concrete and concrete-related product sales of 83.4% for 2008 was higher as compared to the 2007 periods, reflecting higher raw material and fuel costs, higher per unit delivery costs, partially offset by higher average selling prices.

*Precast concrete products.* The reduction in cost of goods sold before depreciation, depletion and amortization for our precast concrete products segment of \$2.2 million, or 4.0%, from \$55.6 million in 2007 to \$53.4 million in 2008, was primarily related to a reduction in the volume of ready-mixed concrete used in production, which is reflective of the declining residential construction market that has been impacting our northern California and Phoenix, Arizona precast markets. As a percentage of precast concrete revenue, cost of goods sold before depreciation, depletion and amortization for precast concrete products rose from 75.8% in 2007 to 78.4% in 2008 reflecting decreased efficiency in our plant operations in California and Phoenix, Arizona, resulting from lower demand for our primarily residential product offerings in these markets.

**Goodwill and other asset impairments** During the fourth quarter of 2008, we recorded a goodwill impairment charge of \$135.3 million related to five of our reporting units. During 2007, we recorded a goodwill impairment charge of \$81.9 million relating to our Michigan, South Central and our Northern California Precast reporting units. See "Critical Accounting Policies" above for more information concerning these impairments.

**Selling, general and administrative expenses.** Selling, general and administrative expenses increased \$10.0 million, or 14.5%, from \$69.0 million in 2007 to \$79.0 million in 2008. As a percentage of revenue, selling, general and administrative expenses increased from 8.6% in 2007 to 10.5% in 2008. Selling, general and administrative expenses were higher in 2008, as compared to 2007, primarily due to higher compensation costs, including personnel costs and other administrative expenses from acquired businesses, increased incentive compensation costs, higher professional fees (primarily associated with the implementation of an enterprise resource planning system) and higher litigation accruals.

**Depreciation, depletion and amortization.** Depreciation, depletion and amortization expense increased \$1.0 million, or 3.5%, from \$28.9 million in 2007 to \$29.9 million in 2008. The increase was attributable primarily to acquisitions and higher depreciation expense related to our new information system technology system, which was placed in service during 2008.

**Interest expense, net.** Interest expense decreased \$1.0 million, or 3.7%, from \$28.1 million in 2007 to \$27.1 million in 2008. The decrease was attributable primarily to lower borrowings during 2008 under our senior secured credit facility.

**Non-controlling interest.** Non-controlling interest of \$(3.6) million and \$(1.3) million recorded in 2008 and 2007, respectively, related to the allocable share of net loss from our Michigan joint venture to our minority partner. The Michigan joint venture was formed on April 1, 2007. The increase in minority interest losses in 2008, as compared to 2007, related to increased losses from our

Michigan operations due to the continued slowdown in economic construction activity, resulting in lower sales volumes and increased losses from that business unit.

**Income tax provision (benefit).** We recorded a benefit for income taxes of \$19.6 million in 2008 and a provision for income taxes of \$0.1 million in 2007. Our estimated annualized effective tax rate was 12.6% for the full year ended December 31, 2008 and nil for the full year ended December 31, 2007. The effective income tax rate for 2008 and 2007 was lower than the federal statutory rate, primarily due to nondeductible goodwill associated with our goodwill impairments in the fourth quarters of 2008 and 2007, respectively, state income tax expense, the impact of minority interest from our consolidated subsidiary and the recording of a valuation allowance related to certain state tax attributes we did not believe met the realization criteria.

**Loss from discontinued operations.** In the fourth quarter of 2007, we decided to dispose of three operations. We sold two of those operations prior to December 31, 2007. In January 2008, we sold the remaining operation. Our 2007 results of operations reflected the unit sold in 2008, along with the two operations which were sold prior to year-end 2007, as discontinued operations in accordance with authoritative accounting guidance related to impairment or disposal of long-lived assets.” In 2008, we reported a loss of \$0.1 million, net of income taxes, in discontinued operations. In 2007, the discontinued operations generated a pretax loss of approximately \$9.1 million and a corresponding tax benefit of \$3.9 million.

## **Inflation**

We experienced minimal increases in operating costs during 2009 related to inflation. However, in non-recessionary conditions cement prices and certain other raw material prices, including aggregates and diesel fuel prices, have generally risen faster than regional inflationary rates. When these price increases have occurred, we have been able to partially mitigate our cost increases with price increases we obtained for our products. In 2007 and 2008, prices for our products increased at a rate similar to, or greater than, the rate of increase in our raw materials costs. During the fourth quarter of 2008, diesel fuel prices declined substantially from the historically high levels reached in the third quarter of 2008. These prices have increased slightly from the fourth quarter of 2008 but remain substantially lower than the levels reached in the third quarter of 2008.

## **Item 7A. *Quantitative and Qualitative Disclosures About Market Risk***

We do not enter into derivatives or other financial instruments for trading or speculative purposes, but we may utilize them to manage our fixed-to-variable-rate debt ratio. All derivatives, whether designated as hedging relationships or not, are required to be recorded on the balance sheet at fair value. Because of the short duration of our investments, changes in market interest rates would not have a significant impact on their fair values. At December 31, 2009 and 2008, we were not a party to any derivative financial instruments.

The indebtedness evidenced by the 8 <sup>3</sup>/<sub>8</sub>% Notes is fixed-rate debt, so we are not exposed to cash-flow risk from market interest rate changes on these notes. The fair value of that debt will vary as interest rates change.

Borrowings under the Credit Agreement and Superior’s separate credit agreement expose us to certain market risks. Interest on amounts drawn under the credit facilities varies based on either, the prime rate or one-, two-, three- or six-month Eurodollar rates. Based on the \$22.3 million outstanding under these facilities as of December 31, 2009, a one percent change in the applicable rate would change our annual interest expense by \$0.2 million.

We purchase commodities, such as cement, aggregates and diesel fuel, at market prices and do not currently use financial instruments to hedge commodity prices.

Our operations are subject to factors affecting the overall strength of the U.S. economy and economic conditions impacting financial institutions, including the level of interest rates, availability of funds for construction, and the level of general construction activity. A significant decrease in the level of general construction activity in any of our market areas may have a material adverse effect on our consolidated revenues and earnings.

**Item 8. *Financial Statements and Supplementary Data***

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

	<u><b>Page</b></u>
Report of Independent Registered Public Accounting Firm .....	49
Consolidated Balance Sheets at December 31, 2009 and 2008 .....	50
Consolidated Statements of Operations for the Years Ended December 31, 2009, 2008 and 2007 .....	51
Consolidated Statements of Changes in Equity for the Years Ended December 31, 2009, 2008 and 2007 .....	52
Consolidated Statements of Cash Flows for the Years Ended December 31, 2009, 2008 and 2007 .....	53
Notes to Consolidated Financial Statements .....	54



## **Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Stockholders of U.S. Concrete, Inc.:

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of U.S. Concrete, Inc. and its subsidiaries (the "Company") at December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2009 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in "Management's Report on Internal Control over Financial Reporting" appearing under Item 9A of this Form 10-K. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for non-controlling interests in 2009 and uncertainty in income taxes in 2007.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed under the heading "Risks and Uncertainties" in Note 1 to the consolidated financial statements, the Company has experienced severe sales volume declines and diminished liquidity and may be unable to satisfy its obligations and fund its operations in 2010 which raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Houston, Texas  
March 16, 2010

# U.S. CONCRETE, INC. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (in thousands, including share amounts)

	December 31,	
	2009	2008
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents.....	\$ 4,229	\$ 5,323
Trade accounts receivable, net .....	74,851	100,269
Inventories.....	30,960	32,768
Deferred income taxes.....	7,847	11,576
Prepaid expenses .....	3,729	3,519
Other current assets .....	6,973	13,801
Total current assets.....	128,589	167,256
Property, plant and equipment, net .....	239,917	272,769
Goodwill .....	14,063	59,197
Other assets.....	6,591	8,588
Total assets .....	\$ 389,160	\$ 507,810
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Current maturities of long-term debt.....	\$ 7,873	\$ 3,371
Accounts payable .....	37,678	45,920
Accrued liabilities .....	48,557	54,481
Total current liabilities .....	94,108	103,772
Long-term debt, net of current maturities .....	288,669	302,617
Other long-term obligations and deferred credits .....	6,916	8,522
Deferred income taxes .....	9,658	12,536
Total liabilities.....	399,351	427,447
Commitments and contingencies (Note 16)		
Equity:		
Preferred stock, \$0.001 par value per share (10,000 shares authorized; none issued) .....	—	—
Common stock, \$0.001 par value per share (60,000 shares authorized; 37,558 and 36,793 shares issued and outstanding as of December 31, 2009 and 2008).....	38	37
Additional paid-in capital.....	268,306	265,453
Retained deficit .....	(280,802)	(192,564)
Cost of treasury stock, 552 common shares as of December 31, 2009 and 459 common shares as of December 31, 2008 .....	(3,284)	(3,130)
Total stockholders' equity (deficit) .....	(15,742)	69,796
Non —controlling interest (Note 6) .....	5,551	10,567
Total equity .....	(10,191)	80,363
Total liabilities and equity .....	\$ 389,160	\$ 507,810

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

**U.S. CONCRETE, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands, except per share amounts)

	Year Ended December 31,		
	2009	2008	2007
Revenue .....	\$ 534,485	\$ 754,298	\$ 803,803
Cost of goods sold before depreciation, depletion and amortization .....	459,214	639,448	663,632
Goodwill and other asset impairments .....	54,745	135,631	82,242
Selling, general and administrative expenses .....	66,068	79,040	69,002
Loss on sale of assets .....	2,267	728	667
Depreciation, depletion and amortization .....	29,621	29,902	28,882
Loss from operations .....	(77,430)	(130,451)	(40,622)
Interest income .....	22	114	114
Interest expense .....	26,472	27,170	28,092
Gain on purchases of senior subordinated notes .....	7,406	—	—
Other income, net .....	1,423	1,984	3,587
Loss from continuing operations before income taxes .....	(95,051)	(155,523)	(65,013)
Income tax provision (benefit) .....	(188)	(19,601)	48
Loss from continuing operations .....	(94,863)	(135,922)	(65,061)
Loss from discontinued operations (net of tax benefit of \$81 in 2008 and \$3,911 in 2007) .....	—	(149)	(5,241)
Net loss .....	(94,863)	(136,071)	(70,302)
Net loss attributable to non-controlling interest .....	6,625	3,625	1,301
Net loss attributable to stockholders .....	\$ (88,238)	\$ (132,446)	\$ (69,001)
Loss per share attributable to stockholders – basic and diluted			
Loss from continuing operations .....	\$ (2.44)	\$ (3.48)	\$ (1.67)
Loss from discontinued operations, net of income tax benefit .....	—	—	(0.14)
Net loss .....	\$ (2.44)	\$ (3.48)	\$ (1.81)
Weighted average shares outstanding:			
Basic and diluted .....	36,169	38,099	38,227

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

**U.S. CONCRETE, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(in thousands)

	<u>Common Stock</u>		<u>Additional Paid-In Capital</u>	<u>Retained Earnings (Deficit)</u>	<u>Treasury Stock</u>	<u>Non- Controlling Interest</u>	<u>Total Equity</u>
	<u># of Shares</u>	<u>Par Value</u>					
BALANCE, December 31, 2006.	38,795	\$ 39	\$ 262,856	\$ 8,541	\$ (1,859)	\$ —	\$ 269,577
Change in accounting principle for FIN No. 48.....	—	—	—	342	—	—	342
Employee purchase of ESPP shares .....	221	—	932	—	—	—	932
Stock options exercised .....	153	—	1,000	—	—	—	1,000
Stock-based compensation .....	311	—	3,029	—	—	—	3,029
Cancellation of shares.....	(35)	—	—	—	—	—	—
Capital contributions to Superior Materials Holdings, LLC .....	—	—	—	—	—	15,493	15,493
Purchase of treasury shares.....	(84)	—	—	—	(774)	—	(774)
Net loss .....	—	—	—	(69,001)	—	(1,301)	(70,302)
BALANCE, December 31, 2007.	39,361	\$ 39	\$ 267,817	\$ (60,118)	\$ (2,633)	\$ 14,192	\$ 219,297
Employee purchase of ESPP shares .....	213	—	717	—	—	—	717
Stock-based compensation .....	572	1	3,511	—	—	—	3,512
Cancellation of shares.....	(61)	—	—	—	—	—	—
Repurchase of shares .....	(3,148)	(3)	(6,592)	—	—	—	(6,595)
Purchase of treasury shares.....	(144)	—	—	—	(497)	—	(497)
Net loss .....	—	—	—	(132,446)	—	(3,625)	(136,071)
BALANCE, December 31, 2008.	36,793	\$ 37	\$ 265,453	\$ (192,564)	\$ (3,130)	\$ 10,567	\$ 80,363
Employee purchase of ESPP shares .....	408	—	472	—	—	—	472
Stock-based compensation .....	497	1	2,381	—	—	—	2,382
Cancellation of shares.....	(47)	—	—	—	—	—	—
Purchase of treasury shares.....	(93)	—	—	—	(154)	—	(154)
Capital contribution to Superior Materials Holdings, LLC .....	—	—	—	—	—	1,609	1,609
Net loss .....	—	—	—	(88,238)	—	(6,625)	(94,863)
BALANCE, December 31, 2009	<u>37,558</u>	<u>\$ 38</u>	<u>\$ 268,306</u>	<u>\$ (280,802)</u>	<u>\$ (3,284)</u>	<u>\$ 5,551</u>	<u>\$ (10,191)</u>

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

# U.S. CONCRETE, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (in thousands)

	Year Ended December 31		
	2009	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net loss	\$ (94,863)	\$(136,071)	\$ (70,302)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Goodwill and other asset impairments .....	54,745	135,631	82,242
Depreciation, depletion and amortization.....	29,621	29,902	30,857
Debt issuance cost amortization .....	1,805	1,674	1,545
Gain on purchases of senior subordinated notes .....	(7,406)	—	—
Net loss on sale of assets .....	2,267	234	6,392
Deferred income taxes.....	851	(14,866)	(6,636)
Provision for doubtful accounts.....	3,282	1,923	2,253
Stock-based compensation .....	2,382	3,512	3,029
Excess tax benefits from stock-based compensation.....	—	—	(22)
Changes in assets and liabilities, excluding effects of acquisitions:			
Accounts receivable .....	22,136	2,032	4,518
Inventories.....	1,697	287	2,436
Prepaid expenses and other current assets .....	6,618	(830)	(6,151)
Other assets and liabilities, net .....	(1,708)	265	98
Accounts payable and accrued liabilities.....	(13,416)	5,985	(5,921)
Net cash provided by operating activities.....	8,011	29,678	44,338
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchases of property, plant and equipment.....	(13,939)	(27,783)	(29,719)
Payments for acquisitions, net of cash received of \$0, \$0 and \$1,000 .....	(5,214)	(23,759)	(23,120)
Proceeds from disposals of property, plant and equipment .....	10,135	4,403	2,574
Disposals of business units.....	—	7,583	16,432
Other investing activities.....	—	40	(251)
Net cash used in investing activities.....	(9,018)	(39,516)	(34,084)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from borrowings.....	190,293	151,897	34,227
Repayments of borrowings.....	(185,888)	(145,051)	(39,226)
Purchases of senior subordinated notes .....	(4,810)	—	—
Proceeds from issuances of common stock .....	472	717	1,910
Excess tax benefits from stock-based compensation .....	—	—	22
Shares purchased under common stock buyback program.....	—	(6,595)	—
Purchase of treasury shares .....	(154)	(497)	(774)
Debt issuance costs.....	—	(160)	(367)
Net cash provided by (used in) financing activities.....	(87)	311	(4,208)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS .....</b>	<b>(1,094)</b>	<b>(9,527)</b>	<b>6,046</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD .....</b>	<b>5,323</b>	<b>14,850</b>	<b>8,804</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD .....</b>	<b>\$ 4,229</b>	<b>\$ 5,323</b>	<b>\$ 14,850</b>
<b>Supplemental Disclosure of Cash Flow Information:</b>			
Cash paid for interest.....	\$ 25,056	\$ 25,587	\$ 26,665
Cash (refund) paid for income taxes .....	\$ (4,663)	\$ (2,148)	\$ 6,884
<b>Supplemental Disclosure of Noncash Investing and Financing Activities:</b>			
Assumption of notes payable and capital leases in acquisitions of businesses.....	\$ —	\$ —	\$ 108

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

## U.S. CONCRETE, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 1. ORGANIZATION AND RISKS AND UNCERTAINTIES

##### *Nature of Operations*

Our Company, a Delaware corporation, provides ready-mixed concrete, precast concrete products and concrete-related products and services to the construction industry in several major markets in the United States. U.S. Concrete, Inc. is a holding company and conducts its businesses through its consolidated subsidiaries. In these Notes to consolidated financial statements, 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.

##### *Risks and Uncertainties*

Since the middle of 2006, the United States building materials construction market has become increasingly challenging. Currently, the construction industry, particularly the ready-mixed concrete industry is characterized by significant overcapacity, fierce competitive activity and rapidly declining sales volumes. From 2007 through 2009, we have implemented cost reduction programs, including workforce reductions, plant idling, rolling stock dispositions and divestitures of nonperforming business units to reduce structural costs.

Despite these initiatives in 2007, 2008 and 2009, our business has been severely affected by the steep decline in single-family home starts in the U.S. residential construction markets, the turmoil in the global credit markets and the U.S. recession. These conditions had a dramatic impact on demand for our products in each of the last three years. During 2007, 2008 and 2009, single family home starts declined significantly and commercial construction activity, which has been negatively affected by the credit crisis and U.S. economic downturn, is expected to be weaker in our markets in 2010. Sales volumes in our precast operations have also been significantly affected due to its significant presence in residential construction. We are also experiencing product pricing pressure and expect ready-mixed concrete pricing declines in 2010 compared to 2009 in most of our markets, which will have a negative effect on our gross margins.

In response to our protracted, declining sales volumes, we have expanded our cost reduction efforts for 2010, including wage freezes, elimination of our 401(k) company match program and reductions in other employee benefits. We also continue to significantly scale back capital investment expenditures.

Nonetheless, the continued weakening economic conditions, including ongoing softness in residential construction, further reduction in demand in the commercial sector and delays in anticipated public works projects in many of our markets, have placed significant distress on our liquidity position. Prior to its amendment described below, the credit agreement governing our senior revolving credit facility (the “Credit Agreement” or “our Credit Agreement”) required 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 \$25 million. In February 2010, we entered into an amendment to the Credit Agreement. The amendment:

- temporarily reduces the minimum availability trigger at which we must maintain a minimum fixed charge coverage ratio of 1.0 to 1.0 from \$25 million to (1) \$22.5 million from the effective date of the amendment through March 10, 2010 (or such earlier date on which we elect to deliver the first weekly borrowing base certificate) and (2) \$20 million thereafter through April 30, 2010, but in each case that trigger reverts to \$25 million upon the earlier of (a) our delivery of notice to the lenders of our intent to make payment on our 8  $\frac{3}{8}$ % Senior Subordinated Notes due 2014 (the “8  $\frac{3}{8}$ % Notes”) or any other subordinated debt and (b) May 1, 2010;
- reduces the size of our revolving credit facility from \$150 million to \$90 million;
- implements permanent cash dominion by the lenders over the deposit accounts of us and the guarantors under the Credit Agreement, subject to exceptions for specific accounts and threshold dollar amounts;
- modifies the borrowing base formula to include a \$20 million cap on the value of concrete trucks and mixing drums that will be included in the borrowing base;
- increases the pricing on drawn revolver loans from the current availability-based pricing grid of either the Eurodollar-based rate (“LIBOR”) plus 1.75% per annum to 2.25% per annum or the domestic rate (3.25% at December 31, 2009), plus 0.25%

## U.S. CONCRETE, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

- to 0.75% per annum to LIBOR plus 4.00% per annum, eliminates the availability-based pricing grid, and increases our commitment fees on the unused portion of the facility from 0.25% to 0.75%;
- requires us to report our borrowing base on a weekly, rather than monthly, basis;
- waives our solvency representation and warranty through April 30, 2010;
- permits us to prepay or redeem the 8  $\frac{3}{8}$ % Notes with the proceeds of permitted subordinated debt and/or an equity issuance, but not cash;
- modifies certain restrictions on the operation of our business by, among other things, (i) eliminating the general restricted payments, lien and investment baskets; (ii) adding new restrictions on our ability to sell or incur liens on certain assets, including owned real property of our company and our subsidiaries; (iii) adding restrictions on our ability to form, acquire or enter into any new joint venture or partnership or create any new foreign subsidiary; (iv) reducing the basket for permitted debt of our Michigan joint venture from \$20 million to \$17.5 million; (v) limiting investments by our company and our subsidiaries in the Michigan joint venture to \$2.25 million in any fiscal quarter and \$5 million for the remaining term of the Credit Agreement; and (vi) limiting our ability to consummate permitted acquisitions and incur or assume debt at the time the acquisition is consummated; and
- adds a new event of default under the Credit Agreement if we or any of our subsidiaries contests the enforceability of the subordination provisions relating to the 8  $\frac{3}{8}$ % Notes and any other subordinated debt, or if such debt fails to remain subordinated to the Credit Agreement.

We also obtained (i) a permanent waiver by the lenders of any default or event of default arising under the Credit Agreement as a result of our delivery of our 2009 fiscal year financials with a report from our independent registered public accounting firm containing an explanatory paragraph with their conclusion regarding substantial doubt about our ability to continue as a going concern and (ii) a temporary waiver by the lenders through April 30, 2010, of any default or event of default arising under the Credit Agreement as a result of our failure to make our regularly scheduled interest payments under the 8  $\frac{3}{8}$ % Notes.

While we believe the amendment of our Credit Agreement provides us with some additional access to liquidity, we continue to see our business affected by the decline in construction activity and inclement weather conditions across the regions we operate. The amount available for borrowing under our Credit Agreement is based in part on our accounts receivable balances. The inclement weather and decline in demand for our products has a direct effect on the amounts we bill our customers and accounts receivable balances. This inclement weather along with the seasonally low production and economic downturn has caused us to take actions to conserve cash. These actions include delaying payments to certain vendors and suppliers. If our liquidity falls below the availability thresholds noted above, we will not be in compliance with the minimum fixed charge coverage ratio of 1.0 to 1.0. If this occurs and we are unable to continue to obtain amendments from the lenders that waive compliance with these financial covenants, the lenders could declare us to be in default under the terms of the Credit Agreement, at which point the entire outstanding principal balance of the revolving credit facility, together with all accrued and unpaid interest and other amounts then owing to our lenders, would become immediately due and payable. Because substantially all of our assets are pledged as collateral under the Credit Agreement, if our lenders were to declare an event of default, they would be entitled to foreclose on and take possession of those assets.

In addition, acceleration of our obligations under the Credit Agreement would constitute a default under the 8  $\frac{3}{8}$ % Notes and would likely result in the acceleration of those obligations as well. A default under our Credit Agreement also could result in a cross-default or the acceleration of our payment obligations under other financing agreements. In any such event, we may not be able to repay the debt or refinance the debt on acceptable terms, and we may not have sufficient assets to make the payments when due.

In addition to our Credit Agreement, our 60%-owned Michigan subsidiary, Superior Materials Holdings, LLC (“Superior”), has a separate credit agreement (the “Superior Credit Agreement”) under which there was \$5.6 million in outstanding revolving credit borrowings as of December 31, 2009. Borrowings under the Superior Credit Agreement are collateralized by substantially all the assets of Superior and are scheduled to mature on April 1, 2010. Although we and our wholly owned subsidiaries are not obligors under the Superior Credit Agreement, an event of default beyond a 30-day grace period under our Credit Agreement would constitute an event of default under the Superior Credit Agreement. Superior is in the process of renegotiating the Superior Credit Agreement, which has a maturity date of April 1, 2010. If the negotiations are not successful, the amounts outstanding under the Superior Credit Agreement would be due and payable as well.

## U.S. CONCRETE, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Also, we are obligated to make semi-annual interest payments on the 8  $\frac{3}{8}$ % Notes aggregating approximately \$11.4 million on April 1, 2010. Under the indenture relating to the 8  $\frac{3}{8}$ % Notes, an event of default would occur if we fail to make any payment of interest on the 8  $\frac{3}{8}$ % Notes when due and that failure continues for a period of 30 days. If such an event of default occurs and is continuing, the trustee or the holders of 25% or more in aggregate principal amount of the 8  $\frac{3}{8}$ % Notes then outstanding may accelerate our obligation to repay the 8  $\frac{3}{8}$ % Notes, together with accrued and unpaid interest. Under the terms of our Credit Agreement, an event of default under the 8  $\frac{3}{8}$ % Notes indenture would also constitute an event of default under the Credit Agreement, and would give rise to the right of our lenders under the Credit Agreement to immediately accelerate the maturity of the debt outstanding under the Credit Agreement. Those circumstances would trigger provisions in the 8  $\frac{3}{8}$ % Notes indenture that would permit the lenders under the Credit Agreement to prohibit payments with respect to the 8  $\frac{3}{8}$ % Notes for up to 180 days, even though our payment obligations with respect to the 8  $\frac{3}{8}$ % Notes may have been accelerated.

Given the current negative conditions in the economy and the credit markets generally and in our industry in particular, there is substantial uncertainty that we will be able to restructure or refinance our indebtedness on or before April 30, 2010, the date at which an event of default occurs for failure to make the scheduled April 1, 2010 interest payment for the 8  $\frac{3}{8}$ % Notes. Additionally, there is no assurance that a successful refinancing of the indebtedness outstanding under the Superior Credit Agreement will be consummated by the maturity date of April 1, 2010.

In addition to the restrictions we face under our debt instruments, our stock price has declined significantly over the past year, which makes it more difficult to obtain equity financing on acceptable terms to address our liquidity issues. The indenture governing the 8  $\frac{3}{8}$ % Notes and the Credit Agreement also contains restrictions on our ability to incur additional debt. Our ability to obtain cash from external sources also could be adversely affected by volatility in the markets for corporate debt, fluctuations in the market price of our common stock or the 8  $\frac{3}{8}$ % Notes and any additional market instability, unavailability of credit or inability to access the capital markets which may result from the effect of the global financial crisis and U.S. economic downturn.

We have received a letter from The Nasdaq Stock Market indicating that the bid price of our common stock over 30 consecutive business days had closed below the minimum \$1.00 per share required for continued listing under the Nasdaq Marketplace Rules. We have been provided an initial period of 180 calendar days, or until September 7, 2010, to regain compliance. Compliance can be attained if at any time before September 7, 2010, the bid price of our common stock closes at \$1.00 per share or more for a minimum of 10 consecutive business days. In the event we cannot demonstrate compliance with the minimum bid price rule by September 7, 2010, our securities are subject to delisting.

In light of this situation, we are currently reviewing the strategic and financing alternatives available to us and have retained legal and financial advisors to assist us in this regard. We are engaged in continuing discussions with the lenders under our Credit Agreement and others regarding a permanent restructuring of our capital structure. Such a restructuring would likely affect the terms of the 8  $\frac{3}{8}$ % Notes, the Credit Agreement, other debt obligations and our common stock and may be effected through negotiated modifications to the agreements related to our debt obligations or through other forms of restructurings, which we may be required to effect under court supervision pursuant to a voluntary bankruptcy filing under Chapter 11 of the U.S. Bankruptcy Code. There can be no assurance that an agreement regarding any such restructuring will be obtained on acceptable terms with the necessary parties or at all. Additionally, if we do not maintain adequate liquidity prior to any restructuring, we may seek protection pursuant to a voluntary bankruptcy filing under Chapter 11.

We are reporting net losses for the year ended December 31, 2009 for the fourth consecutive year and currently anticipate losses for 2010. These cumulative losses, in addition to our current liquidity situation, raise substantial doubt as to our ability to continue as a going concern for a period longer than the current fiscal year. Our ability to continue as a going concern depends on the achievement of profitable operations, the success of our financial and strategic alternatives process, which may include the restructuring of the 8  $\frac{3}{8}$ % Notes and Credit Agreement or a recapitalization. Until the possible completion of the financial and strategic alternatives process, our future remains uncertain, and there can be no assurance that our efforts in this regard will be successful.

Our consolidated financial statements have been prepared assuming we will continue as a going concern, which implies that we will continue to meet our obligations and continue our operations for at least the next 12 months. Realization values may be substantially different from carrying values as shown, and our consolidated financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts or the amount and classification of liabilities that might be necessary as a result of this uncertainty.



## U.S. CONCRETE, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### *Basis of Presentation*

The consolidated financial statements consist of the accounts of U.S. Concrete, Inc., its wholly owned subsidiaries and its 60%-owned Michigan subsidiary, Superior Materials Holdings, LLC (“Superior”). All significant intercompany account balances and transactions have been eliminated. We have made certain reclassifications to prior period amounts to conform to the current period presentation in accordance with authoritative accounting guidance related to non-controlling interests in consolidated financial statements.

##### *Cash and Cash Equivalents*

We record as cash equivalents all highly liquid investments having maturities of three months or less at the date of purchase. Cash held as collateral or escrowed for contingent liabilities is included in other current and noncurrent assets based on the expected release date of the underlying obligation.

##### *Inventories*

Inventories consist primarily of cement and other raw materials, precast concrete products, building materials and repair parts that we hold for sale or use in the ordinary course of business. We use the first-in, first-out method to value inventories at the lower of cost or market.

We provide reserves for estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventory and its 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 our management, additional inventory reserves may be required.

##### *Prepaid Expenses*

Prepaid expenses primarily include amounts we have paid for insurance, licenses, taxes, rent and maintenance contracts. We expense or amortize all prepaid amounts as used or over the period of benefit, as applicable.

##### *Property, Plant and Equipment, Net*

We state property, plant and equipment at cost and use the straight-line method to compute depreciation of these assets other than mineral deposits over the following estimated useful lives: buildings and land improvements, from 10 to 40 years; machinery and equipment, from 10 to 30 years; mixers, trucks and other vehicles, from six to 12 years; and other, from three to 10 years. For some of our assets, we use an estimate of the asset’s salvage value at the end of its useful life to reduce the cost of the asset which is subject to depreciation. Salvage values generally approximate 10% of the asset’s original cost. We capitalize leasehold improvements on properties held under operating leases and amortize those costs over the lesser of their estimated useful lives or the applicable lease term. We compute depletion of mineral deposits as such deposits are extracted utilizing the units-of-production method. We expense maintenance and repair costs when incurred and capitalize and depreciate expenditures for major renewals and betterments that extend the useful lives of our existing assets. When we retire or dispose of property, plant or equipment, we remove the related cost and accumulated depreciation from our accounts and reflect any resulting gain or loss in our statements of operations.

We evaluate the recoverability of our long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets is measured by comparing the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. Such evaluations for impairment are significantly impacted by estimates of future prices for our products, capital needs, economic trends in the applicable construction sector and other factors. If we consider such assets to be impaired, the impairment we recognize is measured by the amount by which the carrying amount of the assets exceeds their fair value. Assets to be disposed of by sale are reflected at the lower of their carrying amounts, or fair values, less cost to sell. See Note 4 for further discussion of asset impairments during 2009.

## U.S. CONCRETE, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

#### *Goodwill and Other Intangible Assets*

Intangible assets acquired in business combinations consist primarily of goodwill and covenants not-to-compete. Goodwill represents the amount by which the total purchase price we have paid for acquisitions exceeds our estimated fair value of the net tangible assets acquired. We test goodwill for impairment on an annual basis, or more often if events or circumstances indicate that there may be impairment. We generally test for goodwill impairment in the fourth quarter of each year, because this period gives us the best visibility of the reporting units' operating performances for the current year (seasonally, April through October are highest revenue and production months) and outlook for the upcoming year, since much of our customer base is finalizing operating and capital budgets. We test goodwill for impairment loss under a two-step approach, as defined by authoritative accounting guidance. The first step of the goodwill impairment test compares the fair value of the reporting unit with its carrying amount, including goodwill. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed to measure the amount of the impairment loss. This is determined by comparison of the implied fair value of the reporting units' goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting units' goodwill exceeds the implied fair value of that goodwill, we recognize an impairment loss as expense.

Intangible assets with definite lives consist principally of covenants not-to-compete established with former owners and other key management personnel in business combinations and are amortized over the period that we believe best reflects the period in which the economic benefits will be consumed. We evaluate intangible assets with definite lives for recoverability when events or circumstances indicate that these assets might be impaired. We test those assets for impairment by comparing their respective carrying values to estimates of the sum of the undiscounted future net cash flows expected to result from the assets. If the carrying amount of an asset exceeds the sum of the undiscounted net cash flows we expect from that asset, we recognize an impairment loss based on the amount by which the carrying value exceeds the fair value of the asset. See Note 3 for further discussion of goodwill and other intangible assets and goodwill impairments in 2009.

#### *Debt Issue Costs*

We amortize debt issue costs related to our revolving credit facilities and the 8 <sup>3</sup>/<sub>8</sub>% Notes as interest expense over the scheduled maturity period of the debt. Unamortized debt issuance costs were \$4.9 million as of December 31, 2009 and \$6.8 million as of December 31, 2008. We include those unamortized costs in other assets.

#### *Allowance for Doubtful Accounts*

We provide an allowance for accounts receivable we believe may not be collected in full. A provision for bad debt expense recorded to selling, general and administrative expenses increases the allowance. Accounts receivable are written off when we determine the receivable will not be collected. 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 historical loss experience, a customer-by-customer analysis of our accounts receivable balances each period and subjective assessments of our bad debt exposure. The allowance for doubtful accounts balance was \$5.3 million as of December 31, 2009 and \$3.1 million as of December 31, 2008.

#### *Revenue and Expenses*

We derive substantially all of our revenue from the production and delivery of ready-mixed concrete, precast concrete products, onsite products and related building materials. We recognize revenue when products are delivered. Amounts billed to customers for delivery costs are classified as a component of total revenues and the related delivery costs (excluding depreciation) are classified as a component of total cost of goods sold. Cost of goods sold consists primarily of product costs and operating expenses (excluding depreciation, depletion and amortization). Operating expenses consist primarily of wages, benefits, insurance and other expenses attributable to plant operations, repairs and maintenance, and delivery costs. Selling expenses consist primarily of sales commissions, salaries of sales managers, travel and entertainment expenses, and trade show expenses. General and administrative expenses consist primarily of executive and administrative compensation and benefits, office rent, utilities, communication and technology expenses, provision for doubtful accounts and professional fees.

#### *Insurance Programs*

We maintain third-party insurance coverage against certain risks. Under our insurance programs, we share the risk of loss with our insurance underwriters by maintaining high deductibles subject to aggregate annual loss limitations. In connection with these automobile, general liability and workers' compensation insurance programs, we have entered into standby letters of credit agreements totaling \$11.5 million at December 31, 2009. We fund our deductibles and record an expense for losses we expect under the programs. We determine expected losses using a combination of our historical loss experience and subjective assessments of our

## U.S. CONCRETE, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

future loss exposure. The estimated losses are subject to uncertainty from various sources, including changes in claim reporting patterns, claim settlement patterns, judicial decisions, legislation and economic conditions. The amounts accrued for self-insured claims were \$12.8 million as of December 31, 2009 and \$12.6 million as of December 31, 2008. We include those accruals in accrued liabilities.

#### *Asset Retirement Obligations*

Existing authoritative accounting guidance requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The fair value of the liability is added to the carrying amount of the associated asset, and this additional carrying amount is amortized over the life of the asset. The liability is accreted at the end of each reporting period through charges to operating expenses. If the obligation is settled for other than the carrying amount of the liability, we will recognize a gain or loss on settlement. Asset retirement obligations accrued at December 31, 2009 and 2008 were not material.

#### *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 record a valuation allowance to reduce the deferred tax assets to the amount that is more likely than not to be realized. We have a valuation allowance of \$18.1 million and \$0.2 million as of December 31, 2009 and 2008, respectively.

Effective January 1, 2007, we adopted authoritative accounting guidance that requires the financial statement effects of a tax position taken or expected to be taken in a tax return be recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. The cumulative effect of applying this guidance was \$0.3 million and was recorded as an adjustment to the January 1, 2007 balance of retained earnings.

#### *Fair Value of Financial Instruments*

Our financial instruments consist primarily of cash and cash equivalents, trade receivables, trade payables and long-term debt. Our management considers the carrying values of cash and cash equivalents, trade receivables and trade payables to be representative of their respective fair values because of their short-term maturities or expected settlement dates. The carrying value of outstanding amounts under our revolving credit facility approximates fair value due to the floating interest rate. The fair value of the 8  $\frac{3}{8}$ % Notes at year end was estimated at \$163.9 million at December 31, 2009 and \$146.1 million at December 31, 2008.

#### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions by management in determining the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions that we consider significant in the preparation of our financial statements include those related to our allowance for doubtful accounts, goodwill, accruals for self-insurance, income taxes, reserves for inventory obsolescence and the valuation and useful lives of property, plant and equipment.

#### *Stripping Costs*

We include post-production stripping costs in the cost of inventory produced during the period these costs are incurred. Post-production stripping costs represent stripping costs incurred after the first saleable minerals are extracted from the mine.

#### *Loss Per Share*

We computed basic loss per share attributable to stockholders using the weighted average number of common shares outstanding during the year, excluding the nonvested portion of restricted stock. Diluted earnings per share attributable to stockholders is calculated using the weighted average number of common shares outstanding during the year, but also include the effect of stock-based incentives and option plans when dilutive (including stock options and awards of restricted stock).

## U.S. CONCRETE, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The following table reconciles the numerator and denominator of the basic and diluted loss per share attributable to stockholders during the years ended December 31, 2009, 2008 and 2007 (in thousands, except per share amounts).

	2009	2008	2007
Numerator:			
Loss from continuing operations .....	\$ (88,238)	\$ (132,297)	\$ (63,760)
Loss from discontinued operations, net of income tax benefit.....	—	(149)	(5,241)
Net loss .....	<u>\$ (88,238)</u>	<u>\$ (132,446)</u>	<u>\$ (69,001)</u>
Denominator:			
Weighted average common shares outstanding-basic .....	36,169	38,099	38,227
Effect of dilutive stock options and restricted stock .....	—	—	—
Weighted average common shares outstanding-diluted .....	<u>36,169</u>	<u>38,099</u>	<u>38,227</u>
Loss per share:			
Basic and diluted loss per share:			
From continuing operations .....	\$ (2.44)	\$ (3.48)	\$ (1.67)
From discontinued operations .....	—	—	(0.14)
Net loss .....	<u>\$ (2.44)</u>	<u>\$ (3.48)</u>	<u>\$ (1.81)</u>

For the years ended December 31, stock options and awards covering 2.9 million shares in 2009 and 2.8 million shares in each of 2008 and 2007 were excluded from the computation of diluted loss per share attributable to stockholders because their effect would have been antidilutive.

#### *Comprehensive Income*

Comprehensive income represents all changes in equity of an entity during the reporting period, except those resulting from investments by and distributions to stockholders. For each of the three years in the period ended December 31, 2009, no differences existed between our consolidated net income and our consolidated comprehensive income.

#### *Stock-based Compensation*

Stock based employee compensation cost is measured at the grant date based on the calculated fair value of the award. We recognize expense over the employee's requisite service period, generally the vesting period of the award. The related excess tax benefit received upon exercise of stock options or vesting of restricted stock, if any, is reflected in the statement of cash flows as a financing activity rather than an operating activity.

For additional discussion related to stock-based compensation, see Note 7.

#### *Recent Accounting Pronouncements*

In August 2009, the Financial Accounting Standards Board ("FASB") issued authoritative guidance, which provides additional guidance on measuring the fair value of liabilities. This guidance reaffirms that the fair value measurement of a liability assumes the transfer of a liability to a market participant as of the measurement date. This guidance became effective October 1, 2009. This guidance did not have a material impact on our consolidated financial statements.

In June 2009, the FASB issued the *FASB Accounting Standard Codification*<sup>TM</sup> (the "Codification"). The Codification becomes the single source of authoritative nongovernmental U.S. GAAP, superseding existing authoritative literature. The codification establishes one level of authoritative GAAP. All other literature is considered non-authoritative. This Statement was effective beginning with our financial statements issued during the quarter ended September 30, 2009. As a result, references to authoritative accounting literature in our financial statement disclosures are referenced in accordance with the Codification.

In June 2009, the FASB issued authoritative guidance on consolidation of variable interest entities (VIEs) that changes how a reporting entity determines a primary beneficiary that would consolidate the VIE from a quantitative risk and rewards approach to a qualitative approach based on which variable interest holder has the power to direct the economic performance related activities of the VIE as well as the obligation to absorb losses or right to receive benefits that could potentially be significant to the VIE. This guidance requires the primary beneficiary assessment to be performed on an ongoing basis and also requires enhanced disclosures that will provide more transparency about a company's involvement in a VIE. This guidance is effective for a reporting entity's first annual

## U.S. CONCRETE, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

reporting period that begins after November 15, 2009. The adoption of this guidance is not expected to have a material impact on our consolidated financial statements.

In May 2009, the FASB issued guidance under the Subsequent Events topic of the Codification which requires entities to disclose the date through which they have evaluated subsequent events and whether the date corresponds with the release of their financial statements. This guidance was effective for all interim and annual periods ending after June 15, 2009. In February 2010, the FASB issued updated guidance which stated that SEC filers must still evaluate subsequent events through the issuance date of their financial statements, however, they are not required to disclose that date in their financial statements. We adopted this guidance during the quarter ended June 30, 2009 and it did not have an impact on our consolidated financial statements.

In April 2009, the FASB issued authoritative guidance related to interim disclosures about fair value of financial instruments. The guidance requires an entity to provide disclosures about fair value of financial instruments in interim financial information. This guidance is to be applied prospectively and is effective for interim and annual periods ending after June 15, 2009. We adopted this guidance in the quarter ended June 30, 2009. There was no impact on our consolidated financial statements, as the guidance relates only to additional disclosures.

In December 2007, the FASB issued authoritative guidance related to business combinations that establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any non-controlling interest in the entity acquired and the goodwill acquired. This guidance also establishes disclosure requirements which will enable users to evaluate the nature and financial effects of the business combination and was effective for fiscal years beginning after December 15, 2008. The adoption of this guidance did not have a material impact on our consolidated financial statements.

In April 2009, the FASB issued authoritative guidance related to accounting for assets acquired and liabilities assumed in a business combination that arise from contingencies. This guidance requires that assets acquired and liabilities assumed in a business combination that arise from contingencies be recognized at fair value, if fair value can be reasonably estimated. If fair value cannot be reasonably estimated, the asset or liability would generally be recognized in accordance with existing authoritative guidance related to accounting for contingencies and reasonable estimation of the amount of a loss. The guidance also eliminates the requirement to disclose an estimate of the range of possible outcomes of recognized contingencies at the acquisition date. For unrecognized contingencies, the FASB requires that entities include only the disclosures required by the authoritative guidance on accounting for contingencies. This was adopted effective January 1, 2009. There was no impact on our consolidated financial statements upon adoption, and its effects on future periods will depend on the nature and significance of business combinations subject to this guidance.

In June 2008, the FASB issued authoritative guidance on the treatment of participating securities in the calculation of earnings per share ("EPS"). This guidance addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting and, therefore, need to be included in computing earnings per share under the two-class method. This guidance was effective for fiscal years beginning after December 15, 2008, and any EPS data presented after adoption is to be adjusted retrospectively. The adoption of this guidance did not have a material impact on our consolidated financial statements.

In March 2008, the FASB issued authoritative guidance on derivative instruments and hedging activities. This guidance was intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance and cash flows. This guidance was effective in the first quarter of 2009, and the adoption did not have a material impact on our consolidated financial statements.

In September 2006, the FASB issued authoritative guidance on fair value measurements and disclosures. This guidance defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosures about fair value measurement. The initial application of this guidance was limited to financial assets and liabilities and became effective on January 1, 2008. The impact of the initial application on our consolidated financial statements was not material. In February 2008, the FASB revised the authoritative guidance on fair value measurements and disclosures to delay the effective date of the guidance for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis, to fiscal years beginning after November 15, 2008. We elected to defer the adoption of this guidance for nonfinancial assets and nonfinancial liabilities until January 1, 2009. Adoption of this guidance on January 1, 2009 did not have a material impact on our consolidated financial statements.

## U.S. CONCRETE, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

In December 2007, the FASB issued authoritative guidance on non-controlling interests. This guidance establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the non-controlling interest, changes in a parent's ownership interest and the valuation of retained non-controlling equity investments when a subsidiary is deconsolidated. It also establishes reporting requirements that provide sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the non-controlling owners. The guidance was effective for fiscal years beginning after December 15, 2008. We adopted this guidance in the first quarter of 2009 and have included the non-controlling interest in Superior as a component of equity on the consolidated balance sheets and have included net loss attributable to non-controlling interest in our consolidated net loss for all periods presented.

### 3. GOODWILL AND OTHER INTANGIBLE ASSETS

We record as goodwill the amount by which the total purchase price we pay in our acquisition transactions exceeds our estimated fair value of the identifiable net assets we acquire. We test goodwill for impairment on an annual basis, or more often if events or circumstances indicate that there may be impairment. We generally test for goodwill impairment in the fourth quarter of each year, because this period gives us the best visibility of the reporting units' operating performances for the current year (seasonally, April through October are highest revenue and production months) and outlook for the upcoming year, since much of our customer base is finalizing operating and capital budgets. The impairment test we use consists of comparing our estimates of the current fair values of our reporting units with their carrying amounts. We currently have seven reporting units. Reporting units are organized based on our two product segments ((1) ready-mix concrete and concrete related products and (2) precast concrete products) and geographic regions.

There was no impairment recorded as a result of the fourth quarter 2009 test. During the third quarter of 2009, we sold our ready-mixed concrete plants in Sacramento, California (see Note 6). These plants and operations were included in our northern California ready-mixed concrete reporting unit and \$3.0 million of goodwill was allocated to these assets and included in the calculation of loss on sale. Concurrent with this sale, we performed an impairment test on the remaining goodwill for this reporting unit and on all other reporting units with remaining goodwill as a result of current economic conditions. The U.S. economic downturn and resulting impact on the U.S. construction markets have continued to impact our revenue and expected future growth. The cost of capital has increased while the availability of funds from capital markets has not improved significantly. Lack of available capital has impacted our customers by creating project delays or cancellations, thereby impacting our revenue growth and assumptions. The downturn in residential construction has not improved and we are now seeing the economic downturn affect the commercial sector of our revenue base. In addition, the California budget crisis has affected public works spending in this market. All these factors led to a more negative outlook for expected future cash flows and, during the third quarter of 2009, resulted in an impairment charge of \$45.8 million, of which \$42.2 million is related to our northern California reporting unit and the remaining amount related to our Atlantic Region reporting unit.

In 2008 we recorded an impairment charge of \$135.3 million. The macro economic factors including the unprecedented and continuing credit crisis, the U.S. recession, the escalating unemployment rate and specifically the severe downturn in the U.S. construction markets, had a significant impact on the valuation metrics used in determining the long-term value of our reporting units. The slowdown in construction activity resulted in lower sales volumes and more competition for construction projects, thereby reducing expected future cash flows. These specific negative factors, combined with (i) lower enterprise values resulting from lower multiples of sales and EBITDA comparables, and (ii) the lack of recent third party transactions due to depressed macro economic conditions, resulted in the goodwill impairment expense for 2008.

In 2007, we recorded goodwill impairments of \$81.9 million relating to our Michigan, South Central and our Northern California Precast reporting units. Our Michigan reporting unit's economic outlook continued to soften at greater levels throughout 2007, resulting in lower projected cash flow. Our South Central reporting unit's outlook deteriorated, resulting in lower projected cash flow and continued competitive pressures and limiting our future profitability expectations. Our Northern California Precast reporting unit was significantly impacted by the continued slowdown in residential housing construction, which impacted our projected future cash flows. These specific negative factors in the above mentioned reporting units, combined with lower enterprise values and sales transaction values for participants in our industry, resulted in the goodwill impairment expense.

In the fourth quarter of 2007, we disposed of certain business units. In connection with the impairment or sale of the units in the fourth quarter, we wrote off associated goodwill of \$7.2 million, which is reflected as a component of loss from discontinued operations for the year ended December 31, 2007.

As of December 31, 2009 and 2008, U.S. Concrete had no intangible assets with indefinite lives other than goodwill.

# U.S. CONCRETE, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The change in goodwill from January 1, 2008 to December 31, 2009 is as follows (in thousands):

	Ready-Mixed Concrete and Concrete-Related Products	Precast Concrete Products	Total
Balance at January 1, 2008:			
Goodwill.....	\$ 321,967	\$ 45,957	\$ 367,924
Accumulated impairment .....	(173,851)	(9,074)	(182,925)
	148,116	36,883	184,999
Acquisitions (see Note 6) .....	8,954	—	8,954
Impairments.....	(109,331)	(25,994)	(135,325)
Adjustments.....	1,431	(862)	569
Balance at December 31, 2008 .....	<u>\$ 49,170</u>	<u>\$ 10,027</u>	<u>\$ 59,197</u>
Balance at December 31, 2008:			
Goodwill.....	\$ 332,352	\$ 45,095	\$ 377,447
Accumulated impairment .....	(283,182)	(35,068)	(318,250)
	49,170	10,027	59,197
Acquisitions (see Note 6) .....	3,596	—	3,596
Impairments.....	(45,776)	—	(45,776)
Allocated to assets sold .....	(2,954)	—	(2,954)
Balance at December 31, 2009 .....	<u>\$ 4,036</u>	<u>\$ 10,027</u>	<u>\$ 14,063</u>
Balance at December 31, 2009:			
Goodwill.....	332,994	45,095	378,089
Accumulated impairment .....	(328,958)	(35,068)	(364,026)
	<u>\$ 4,036</u>	<u>\$ 10,027</u>	<u>\$ 14,063</u>

Our intangible assets with definite lives consist of covenants not-to-compete established in business combinations and are recorded in other noncurrent assets. We amortize covenants not-to-compete ratably over the life of the agreement, which is generally five years. Accumulated amortization associated with covenants not-to-compete was \$1.1 million for 2009, \$0.8 million for 2008 and \$0.6 million for 2007. Amortization expense associated with our covenants not-to-compete at December 31, 2009, is expected to be \$0.2 million in 2010, less than \$0.1 million in 2011 and zero thereafter.

The changes in the carrying amount of our covenants not-to-compete for 2009 and 2008 were as follows (in thousands):

Balance at January 1, 2008.....	\$ 552
Addition of covenant not-to-compete related to API acquisition .....	220
Amortization of covenants not-to-compete .....	(280)
Balance at December 31, 2008	492
Amortization of covenants not-to-compete .....	(268)
Balance at December 31, 2009 .....	<u>\$ 224</u>

## 4. ASSET IMPAIRMENTS

We evaluated the recoverability of all our long-lived assets during the third quarter of 2009 given current economic conditions. We measured recoverability by comparing the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the assets. The Michigan market continues to be significantly impacted by the global economic downturn and by events specific to its region, including the difficult operating conditions of the U.S. automotive industry, high unemployment rates and lack of public works spending. The decline in construction activity in each of our end-use markets has negatively affected our outlook of future sales growth and cash flow. We identified an impairment related to the property, plant and equipment in our Michigan market and recorded a charge of \$8.8 million, which represents the amount that the carrying value of these assets exceeded estimated fair value.

# U.S. CONCRETE, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

### 5. DISCONTINUED OPERATIONS

In the fourth quarter of 2007, we entered into definitive agreements to dispose of three of our ready-mixed concrete business units. On November 19, 2007, we sold our Knoxville, Tennessee and Wyoming, Delaware business units. The sale of our third unit, headquartered in Memphis, Tennessee, occurred on January 31, 2008. All three units were part of our ready-mixed concrete and concrete-related products segment. We presented the results of operations, net of tax, as discontinued operations in the accompanying consolidated statements of operations for all periods presented. The results of discontinued operations included in the accompanying consolidated statements of operations were as follows for the years ended December 31 (in thousands):

	2008	2007
Revenue .....	\$ 671	\$ 43,606
Operating expenses .....	1,395	47,241
(Gain) loss on disposal of assets .....	(494)	5,517
Loss from discontinued operations, before income tax benefit .....	(230)	(9,152)
Income tax benefits from discontinued operations .....	(81)	(3,911)
Loss from discontinued operations, net of tax .....	\$ (149)	\$ (5,241)

### 6. ACQUISITIONS AND DISPOSITIONS

In September 2009, we sold our ready-mixed concrete plants in Sacramento, California for approximately \$6.0 million, plus a payment for inventory on hand at closing. This sale resulted in a pre-tax loss of approximately \$3.0 million after the allocation of approximately \$3.0 million of goodwill related to these assets.

In May 2009, we acquired substantially all the assets of a concrete recycling business in Queens, New York. We used borrowings under our revolving credit facility to fund the cash purchase price of approximately \$4.5 million.

In November 2008, we acquired a ready-mixed concrete plant and related inventory in Brooklyn, New York. We used borrowings under our revolving credit facility to fund the cash purchase price of approximately \$2.5 million.

In August 2008, we acquired a ready-mixed concrete operation in Mount Vernon, New York and a precast concrete product operation in San Diego, California. We used cash on hand to fund the purchase prices of \$2.0 million and \$2.5 million, respectively.

In June 2008, we acquired nine ready-mixed concrete plants, together with related real property, rolling stock and working capital, in our west Texas market from another ready-mixed concrete producer for approximately \$13.5 million. We used cash on hand and borrowings under our existing credit facility to fund the purchase price.

In May 2008, we paid \$1.4 million of contingent purchase consideration related to real estate acquired pursuant to the acquisition of Builders' Redi-Mix, Inc. in January 2003.

In January 2008, we acquired a ready-mixed concrete operation in Staten Island, New York. We used cash on hand to fund the purchase price of approximately \$1.8 million.

The pro forma impacts of our 2009 and 2008 acquisitions have not been included due to the fact that they were immaterial to our financial statements individually and in the aggregate.

In October 2007, we acquired the operating assets, including working capital and real property, of Architectural Precast, LLC ("API"), a leading designer and manufacturer of premium quality architectural and structural precast concrete products serving the mid-Atlantic region, for approximately \$14.5 million plus a \$750,000 contingency payment. The contingency payment was based on earnings of API for the twelve-month period ended September 30, 2008 and was made in the first quarter of 2009.

In April 2007, several of our subsidiaries entered into agreements with the Edw. C. Levy Co. relating to the formation of Superior Material Holdings, LLC, a ready-mixed concrete company that operates in Michigan. We contributed our Michigan ready-mixed concrete and concrete-related products assets, excluding our quarry assets and working capital, in exchange for an aggregate 60% ownership interest, and Levy contributed all of its ready-mixed concrete and concrete-related products assets, a cement terminal and cash of \$1.0 million for a 40% ownership interest in the new company. Under the contribution agreement, Superior also purchased the then carrying amount of Levy's inventory and prepaid assets, totaling approximately \$3.0 million, which is classified as cash used



## U.S. CONCRETE, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

in investing activities. Superior, which operates primarily under the trade name Superior Materials, owns 27 ready-mixed concrete plants, a cement terminal and a fleet of ready-mixed concrete trucks. Based on current economic conditions in Michigan, many of these ready-mixed concrete plants have been temporarily idled.

The following table presents our allocation, based on the fair values at the acquisition date (in thousands) of the consideration exchanged in the transaction:

<u>Estimated Purchase Price</u>	
Net assets of our Michigan operations reduced to 40% .....	\$ 8,272
Acquisition costs .....	649
Total estimated purchase price .....	<u>\$ 8,921</u>
 <u>Purchase Price Allocation</u>	
Cash .....	\$ 1,000
Property, plant and equipment .....	17,158
Goodwill .....	1,303
Total assets acquired .....	19,461
Capital lease liability .....	108
Deferred tax liability .....	3,211
Total liabilities assumed .....	3,319
Non-controlling interest .....	7,221
Net assets acquired .....	<u>\$ 8,921</u>

For financial reporting purposes, we are including Superior Materials Holdings, LLC in our consolidated accounts.

The following unaudited pro forma financial information reflects our historical results, as adjusted on a pro forma basis to give effect to the disposition of 40% of our Michigan operations (excluding quarry assets and working capital) through our contribution of those operations to the newly formed Michigan subsidiary, Superior, in return for a 60% interest in that company, which includes the Michigan ready-mixed concrete operations contributed by the Edw. C. Levy Co., as if it occurred on January 1, 2007 (in thousands, except per share amounts):

	<u>2007</u>
Revenues .....	\$ 807,035
Net loss attributable to stockholders .....	(66,628)
Basic loss per share attributable to stockholders .....	\$ (1.74)
Diluted loss per share attributable to stockholders .....	\$ (1.74)

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

We completed two other acquisitions, which are discussed in this footnote, during the year ended December 31, 2007. The pro forma impact of the other acquisitions have not been included due to the fact that they are immaterial to our financial statements individually and in the aggregate.

In other business acquisitions during the periods presented, we acquired two ready-mixed concrete plants, including real property and raw material inventories, in our west Texas market for approximately \$3.6 million in June 2007.

## 7. STOCK-BASED COMPENSATION

Under authoritative accounting guidance, share-based compensation cost is measured at the grant date based on the calculated fair value of the award. The expense is recognized over the employee's requisite service period, generally the vesting period of the award. We have elected to use the long-form method of determining our pool of windfall tax benefits as prescribed under authoritative accounting guidance.

## U.S. CONCRETE, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

For the years ended December 31, we recognized stock-based compensation expense related to restricted stock and stock options of approximately \$2.4 million (\$2.4 million, net of tax) in 2009, \$3.5 million (\$2.6 million, net of tax) in 2008, and \$3.0 million (\$1.9 million, net of tax) in 2007. Stock-based compensation expense is reflected in selling, general and administrative expenses in our consolidated statements of operations.

As of December 31, 2009 and 2008, there was approximately \$2.9 million and \$4.2 million, respectively, of unrecognized compensation cost related to unvested restricted stock awards and stock options which we expect to recognize over a weighted average period of 2.0 years and 2.3 years, respectively.

#### ***Restricted Stock***

We issue restricted stock awards under our incentive compensation plans. These awards vest over specified periods of time, generally four years. The shares of restricted common stock are subject to restrictions on transfer and certain conditions to vesting. During the restriction period, the holders of restricted shares are entitled to vote and receive dividends, if any, on those shares.

Restricted stock activity for 2009 was as follows (shares in thousands):

	Number of Shares	Weighted- Average Grant Date Fair Value
Unvested restricted shares outstanding at December 31, 2008 ....	822	\$ 7.70
Granted .....	497	1.46
Vested .....	(271)	6.78
Canceled .....	(45)	5.15
Unvested restricted shares outstanding at December 31, 2009 ....	<u>1,003</u>	<u>\$ 3.75</u>

Compensation expense associated with awards of restricted stock under our incentive compensation plans was \$2.1 million in 2009, \$3.4 million in 2008 and \$2.7 million in 2007.

#### ***Stock Options***

Our 1999 Incentive Plan, 2001 Employee Incentive Plan and 2008 Incentive Plan enable us to grant nonqualified and incentive options, restricted stock, stock appreciation rights and other long-term incentive awards to our employees and nonemployee directors (except that none of our officers or directors are eligible to participate in our 2001 Plan), and in the case of the 1999 Incentive Plan and 2001 Employee Incentive Plans, also to nonemployee consultants and other independent contractors who provide services to us. Option grants under these plans generally vest either over a four-year period or, in the case of option grants to non-employee directors, six months from the grant date and expire if not exercised prior to the tenth anniversary of the applicable grant date, or in the case of non-employee directors, the fifth anniversary of the applicable grant date. Proceeds from the exercise of stock options are credited to common stock at par value, and the excess is credited to additional paid-in capital. Our 1999 Incentive Plan terminated on December 31, 2008. As of December 31, 2009, there were 227,727 shares of our common stock remaining available for awards under the 2001 Plan. No awards were made under the 2001 Plan in 2009. The aggregate number of shares available for awards under the 2008 Incentive Plan was approximately 2.1 million as of December 31, 2009.

We estimated the fair value of each of our stock option awards on the date of grant using a Black-Scholes option pricing model. We determined the expected volatility using our common stock's historic volatility. For each option awarded, the risk-free interest rate was based on the U.S. Treasury yield in effect at the time of grant for periods corresponding with the expected life of the option. The expected life of an option represents the weighted average period of time that an option grant is expected to be outstanding, giving consideration to its vesting schedule and historical exercise patterns. The significant weighted-average assumptions relating to the valuation of our stock options were as follows:

	2009	2008
Dividend yield .....	0.0%	0.0%
Volatility rate .....	52.5% - 61.0%	39.8% - 48.9%
Risk-free interest rate .....	1.7% - 2.7%	1.6% - 3.3%
Expected option life (years) .....	5.0	5.0

# U.S. CONCRETE, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

We granted 464,000 and 145,000 stock options in 2009 and 2008, respectively. Compensation expense related to stock options was approximately \$0.2 million in 2009 (before and after tax) and approximately \$0.1 million (before and after tax) in 2008. Stock option activity information for 2009 was as follows (shares in thousands):

	Number of Shares Underlying Options	Weighted- Average Exercise Price
Options outstanding at December 31, 2008.....	2,008	\$ 7.05
Granted .....	464	1.56
Exercised .....	-	-
Canceled .....	(560)	7.65
Options outstanding at December 31, 2009.....	1,912	\$ 5.54
Options exercisable at December 31, 2009 .....	1,435	\$ 6.77

The aggregate intrinsic value of outstanding options and exercisable options at December 31, 2009 was zero. The weighted average remaining contractual term for outstanding options and exercisable options at December 31, 2009 was 3.5 years. The total fair value of shares vested was \$0.1 million in both 2009 and 2008.

Stock option information related to the nonvested options for the year ended December 31, 2009 was as follows (shares in thousands):

	Number of Shares Underlying Options	Weighted- Average Grant Date Fair Value
Nonvested options outstanding at December 31, 2008 ..	95	\$ 1.56
Granted .....	464	0.73
Vested .....	(74)	1.31
Canceled .....	(8)	0.68
Nonvested options outstanding at December 31, 2009 ..	477	\$ 0.81

### Share Price Performance Units

In August 2005, the compensation committee of our board of directors awarded approximately 163,000 share price performance units to certain salaried employees, other than executive officers and senior management. Those awards vested in four equal annual installments, beginning in May 2006 and ending in May 2009. Each share price performance unit is equal in value to one share of our common stock. Upon vesting, a holder of share price performance units will receive a cash payment from us equal to the number of vested share price performance units multiplied by the closing price of a share of our common stock on the vesting date. The value of these awards was accrued and charged to expense over the performance period of the units. We recognized compensation expense of \$0.1 million in 2008. We recognized a reversal of compensation expense of \$0.1 million in both 2009 and 2007. This is included in selling, general and administrative expenses on the Consolidated Statements of Operations. No share price performance units were granted in 2009, 2008 or 2007.

## 8. INVENTORIES

Inventory available for sale at December 31 consists of the following (in thousands):

	December 31,	
	2009	2008
Raw materials .....	\$ 18,128	\$ 18,100
Precast products .....	7,342	8,353
Building materials for resale.....	2,555	2,922
Repair parts.....	2,935	3,393
	<u>\$ 30,960</u>	<u>\$ 32,768</u>

# U.S. CONCRETE, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

### 9. PROPERTY, PLANT AND EQUIPMENT

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

	December 31,	
	2009	2008
Land and mineral deposits .....	\$ 77,843	\$ 84,432
Buildings and improvements.....	34,101	34,461
Machinery and equipment.....	153,214	133,923
Mixers, trucks and other vehicles.....	95,641	102,403
Other, including construction in progress .....	6,455	23,546
	367,254	378,765
Less: accumulated depreciation and depletion.....	(127,337)	(105,996)
	<u>\$ 239,917</u>	<u>\$ 272,769</u>

As of December 31, the carrying amounts of mineral deposits were \$25.0 million in 2009 and \$27.1 million in 2008.

### 10. DETAIL OF CERTAIN BALANCE SHEET ACCOUNTS

Activity in our allowance for doubtful accounts receivable consists of the following (in thousands):

	December 31		
	2009	2008	2007
Balance, beginning of period.....	\$ 3,088	\$ 3,102	\$ 2,551
Provision for doubtful accounts .....	3,282	1,923	2,057
Uncollectible receivables written off, net of recoveries.....	(1,106)	(1,937)	(1,506)
Balance, end of period.....	<u>\$ 5,264</u>	<u>\$ 3,088</u>	<u>\$ 3,102</u>

Accrued liabilities consist of the following (in thousands):

	December 31	
	2009	2008
Accrued compensation and benefits ...	\$ 3,479	\$ 8,693
Accrued interest.....	5,826	6,049
Accrued insurance .....	13,699	13,611
Other .....	25,553	26,128
	<u>\$ 48,557</u>	<u>\$ 54,481</u>

### 11. DEBT

A summary of our debt and capital leases is as follows (in thousands):

	December 31,	
	2009	2008
Senior secured credit facility due 2011 .....	\$ 16,700	\$ 11,000
8 <sup>3</sup> / <sub>8</sub> % senior subordinated notes due 2014 .....	271,756	283,998
Capital leases .....	163	430
Superior secured credit facility due 2010.....	5,604	5,149
Notes payable.....	2,319	5,411
	296,542	305,988
Less: current maturities .....	7,873	3,371
	<u>288,669</u>	<u>\$ 302,617</u>

The estimated fair value of our debt at December 31, 2009 and 2008 was \$188.7 million and \$168.1 million, respectively.

The principal amounts due under our debt and capital leases as of December 31, 2009, for the next five years is as follows (in thousands):

## U.S. CONCRETE, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

**Year ending December 31:**

2010 .....	\$ 7,873
2011 .....	16,913
2012 .....	–
2013 .....	–
Later years .....	271,756
	\$ 296,542

#### *Senior Secured Credit Facility*

In February 2010, we entered into an amendment to our Credit Agreement to reduce temporarily the minimum availability trigger at which we must maintain a minimum fixed charge coverage ratio of 1.0 to 1.0 from \$25 million to \$20 million from March 11, 2009 through April 30, 2009, as described in more detail under Note 1 to our consolidated financial statements. While we believe the amendment of our Credit Agreement provides us with some additional access to liquidity, ongoing inclement weather and the decline in demand for our products has a direct effect on the amounts we bill our customers and our accounts receivable balances, which in turn affects the amount available for borrowing under our Credit Agreement. If our liquidity falls below the availability thresholds noted above, we will not be in compliance with the minimum fixed charge coverage ratio of 1.0 to 1.0. If this occurs and we are unable to continue to obtain amendments from the lenders that waive compliance with these financial covenants or refinance the debt on acceptable terms, the lenders could declare us to be in default under the terms of the Credit Agreement, at which point the entire outstanding principal balance of the revolving credit facility, together with all accrued and unpaid interest and other amounts then owing to our lenders, would become immediately due and payable. Because substantially all of our assets are pledged as collateral under the Credit Agreement, if our lenders were to declare an event of default, they would be entitled to foreclose on and take possession of those assets. If our assets are not sufficient to satisfy the outstanding balances when due, we may seek protection pursuant to a voluntary bankruptcy filing under Chapter 11 of the U.S. Bankruptcy Code.

At December 31, 2009, we had borrowings of \$16.7 million under this facility and outstanding letters of credit of approximately \$11.6 million. The outstanding letters of credit increased to \$17.7 million in February 2010. The Credit Agreement provides that the administrative agent may, on the bases specified, reduce the amount of the available credit from time to time. Additionally, any “material adverse change” of the Company could restrict our ability to borrow under the senior secured credit facility. A material adverse change is defined as a material adverse change in any of (a) the condition (financial or otherwise), business, performance, prospects, operations or properties of us and our subsidiaries, taken as a whole, (b) our ability and the ability of the guarantors, taken as a whole, to perform the obligations under the Credit Agreement and the other loan documents or (c) the rights and remedies of the administrative agent, the lenders or the issuers to enforce the Credit Agreement and the other loan documents.

Our subsidiaries, excluding Superior and minor subsidiaries, without operations or material assets, have guaranteed the repayment of all amounts owing under the Credit Agreement. In addition, we collateralized our obligations under the Credit Agreement with the capital stock of our subsidiaries, excluding Superior and minor subsidiaries without operations or material assets, and substantially all the assets of those subsidiaries, excluding Superior, most of the assets of the aggregates quarry in northern New Jersey and other real estate owned by us or our subsidiaries. The Credit Agreement contains covenants restricting, among other things, prepayment or redemption of the 8 <sup>3</sup>/<sub>8</sub>% 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 business, changes to charter documents and affiliate transactions. It also limits capital expenditures (excluding permitted acquisitions) to the greater of \$45 million, or 5%, of consolidated revenues in the prior 12 months. The Credit Agreement provides that specified change of control events would constitute events of default. As of December 31, 2009, the maintenance of a minimum fixed charge coverage ratio was not applicable, as the available credit under the facility did not fall below \$25.0 million.

#### *Senior Subordinated Notes*

On March 31, 2004, we issued \$200 million of 8 <sup>3</sup>/<sub>8</sub>% Notes. In July 2006, we issued \$85 million of additional 8 <sup>3</sup>/<sub>8</sub>% Notes. Interest on these notes is payable semi-annually on April 1 and October 1 of each year.

During the first quarter of 2009, we purchased \$7.4 million aggregate principal amount of the 8 <sup>3</sup>/<sub>8</sub>% Notes in open market transactions for approximately \$2.8 million plus accrued interest of approximately \$0.3 million through the dates of purchase. We recorded a gain of approximately \$4.5 million as a result of these open market transactions after writing off \$0.1 million of previously deferred financing costs associated with the pro-rata amount of the 8 <sup>3</sup>/<sub>8</sub>% Notes purchased. During the quarter ended June 30, 2009, we purchased an additional \$5.0 million principal amount of the 8 <sup>3</sup>/<sub>8</sub>% Notes for approximately \$2.0 million. This resulted in a gain of approximately \$2.9 million in April 2009, after writing off \$0.1 million of previously deferred financing costs associated with the pro-rata amount of the 8 <sup>3</sup>/<sub>8</sub>% Notes purchased. We used cash on hand and borrowings under our Credit Agreement to fund these

## U.S. CONCRETE, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

transactions. These purchases reduced the amount outstanding under the 8 3/8% Notes by \$12.4 million, reduced our interest expense by approximately \$0.7 million in 2009 and will reduce our interest expense by approximately \$0.9 million on an annual basis thereafter.

All of our subsidiaries, excluding Superior and minor subsidiaries, have jointly and severally and fully and unconditionally guaranteed the repayment of the 8 3/8% Notes.

The indenture governing the 8 3/8% Notes limits our ability and the ability of our subsidiaries to pay dividends or repurchase common stock, make certain investments, incur additional debt, sell preferred stock, create liens, merge or transfer assets. We may redeem all or a part of the 8 3/8% Notes at a redemption price of 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 8 3/8% Notes equal to the proceeds of certain asset sales that are not reinvested in the business or used to pay senior debt, and (2) all the 8 3/8% Notes following the occurrence of a change of control. The Credit Agreement would prohibit these repurchases.

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

We made interest payments of approximately \$25.1 million in 2009 and \$25.5 million in 2008, primarily associated with the 8 3/8% Notes.

On April 1, 2010, we are obligated to make semi-annual interest payments on the 8 3/8% Notes aggregating approximately \$11.4 million. Under the indenture relating to the 8 3/8% Notes, an event of default will occur if we fail to make any payment of interest on the 8 3/8% Notes when due and that failure continues for a period of 30 days. If such an event of default occurs and is continuing, the trustee or the holders of 25% or more in aggregate principal amount of the 8 3/8% Notes then outstanding may accelerate our obligation to repay the 8 3/8% Notes, together with accrued and unpaid interest. Under the terms of our Credit Agreement, an event of default under the indenture would also constitute an event of default under the Credit Agreement, and would give rise to the right of our lenders under the Credit Agreement to immediately accelerate the maturity of the debt outstanding under the related credit facility. Those circumstances would trigger provisions in the indenture relating to the 8 3/8% Notes that would permit the lenders under the Credit Agreement to prohibit payments with respect to the 8 3/8% Notes for up to 180 days, even though our payment obligations with respect to the 8 3/8% Notes may have been accelerated.

Given the current negative conditions in the economy and the credit markets generally and in our industry in particular, there is substantial uncertainty that we will be able to extend or refinance our indebtedness on or before April 1, 2010, the next interest payment date for the 8 3/8% Notes.

#### *Superior Credit Facility and Subordinated Debt*

Superior has a separate credit agreement that provides for a revolving credit facility. The credit agreement, as amended, allows for borrowings of up to \$17.5 million. Borrowings under this credit facility are collateralized by substantially all the assets of Superior and are scheduled to mature on April 1, 2010. Based on this maturity date, the amounts outstanding under the credit agreement are classified as current at December 31, 2009. Given the current negative conditions in the economy and the credit markets generally and in our industry in particular, there is substantial uncertainty that Superior will be able to extend or refinance the indebtedness outstanding under the Superior Credit Agreement on or before the April 1, 2010 maturity date. In addition, an event of default under our Credit Agreement beyond a 30-day grace period also will constitute an event of default under the Superior Credit Agreement and cause an acceleration of Superior's obligation to repay the outstanding balance.

Availability of borrowings under the Superior Credit Agreement is subject to a borrowing base that is determined based on the values of net receivables, certain inventories, certain rolling stock and letters of credit. The credit agreement provides that the lender may, on the bases specified, reduce the amount of the available credit from time to time. As of December 31, 2009, there was \$5.6 million in outstanding borrowings under the revolving credit facility, and the remaining amount of the available credit was approximately \$3.0 million. Letters of credit outstanding at December 31, 2009 were \$2.8 million, which reduced the amount available under the credit facility.

Currently, borrowings have an annual interest rate at Superior's option of either, LIBOR, plus 4.25%, or prime rate (3.25% at December 31, 2009) plus 2.00%. Commitment fees at an annual rate of 0.25% are payable on the unused portion of the facility.

## U.S. CONCRETE, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The credit agreement contains covenants restricting, among other things, Superior's 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 business, changes to charter documents and affiliate transactions. It also generally limits Superior's capital expenditures and requires the subsidiary to maintain compliance with specified financial covenants, including an affirmative covenant which requires earnings before income taxes, interest and depreciation ("EBITDA") to meet certain minimum thresholds quarterly. During the trailing twelve months ended December 31, 2009, Superior did not meet this minimum threshold. As a result, Superior has obtained a waiver from the lender for this noncompliance with the covenant.

U.S. Concrete and its 100%-owned subsidiaries are not obligors under the terms of the Superior credit agreement. However, as mentioned above, the Superior Credit Agreement provides that an event of default beyond a 30-day grace period under either U.S. Concrete's or Edw. C. Levy Co.'s credit agreement would constitute an event of default. Furthermore, U.S. Concrete has agreed to provide or obtain additional equity or subordinated debt capital not to exceed \$6.75 million through the term of the revolving credit facility to fund any future cash flow deficits, as defined in the credit agreement, of Superior. In the first quarter of 2009, U.S. Concrete provided subordinated debt capital in the amount of \$2.4 million under this agreement in lieu of payment of related party payables. Additionally, the minority partner, Edw. C. Levy Co., provided \$1.6 million of subordinated debt capital to fund operations during the first quarter of 2009. The subordinated debt with U.S. Concrete was eliminated in consolidation. There was no interest due on each note, and each note was scheduled to mature on May 1, 2011. During the third quarter of 2009, U.S. Concrete and the minority partner, Edw. C. Levy Co., converted the subordinated debt capital into capital contributions to Superior.

Pursuant to Superior's credit agreement, U.S. Concrete made an additional capital contribution of \$2.6 million in lieu of payment of related party payables and Edw. C. Levy Co. made an additional capital contribution of \$1.8 million in the first quarter of 2010. Superior is in the process of renegotiating its credit facility. If the renegotiation process is unsuccessful, the amounts outstanding under the credit agreement will be due and payable on April 1, 2010. Additionally, U.S. Concrete and Edw. C. Levy Co. may have to make additional cash equity contributions to Superior to finance its working capital requirements and fund its cash operating losses.

## 12. STOCKHOLDERS' EQUITY

### *Common Stock and Preferred Stock*

The following table presents information regarding our common stock (in thousands):

	December 31,	
	2009	2008
Shares authorized .....	60,000	60,000
Shares outstanding at end of period.....	37,558	36,793
Shares held in treasury.....	552	459

Under our restated certificate of incorporation, we are authorized to issue 10,000,000 shares of preferred stock, \$0.001 par value, of which none were issued or outstanding as of December 31, 2009 and 2008.

### *Restricted Stock*

Shares of restricted common stock issued under our 1999 Incentive Plan, 2001 Employee Incentive Plan and 2008 Incentive Plan are subject to restrictions on transfer and certain other conditions (See Note 7 regarding stock-based compensation). On issuance of the stock, an unamortized compensation expense equivalent to the market value of the shares on the date of grant is charged to stockholders' equity and is amortized over the restriction period. During the restriction period, the holders of restricted shares are entitled to vote and receive dividends, if any, on those shares.

### *Treasury Stock*

Employees may elect to satisfy their tax obligations on the vesting of their restricted stock by having us make the required tax payments and withhold a number of vested shares having an aggregate value on the date of vesting equal to the tax obligation. As a result of such employee elections, during the years ended December 31, we withheld approximately 93,000 shares at a total value of \$0.2 million in 2009, approximately 144,000 shares at a total value of \$0.5 million in 2008 and approximately 84,000 shares at a total value of \$0.8 million in 2007. We accounted for the withholding of these shares as treasury stock.

# U.S. CONCRETE, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

### Employee Stock Purchase Plan

In January 2000, our board of directors adopted and our stockholders approved the 2000 Employee Stock Purchase Plan (the “ESPP”). The ESPP is intended to qualify as an “employee stock purchase plan” under Section 423 of the Internal Revenue Code of 1986. All personnel employed by us for at least 20 hours per week and five months per calendar year are eligible to participate in the ESPP. For any offering period ending on or prior to December 31, 2006, eligible employees electing to participate were granted the right to purchase shares of our common stock at a price generally equal to 85% of the lower of the fair market value of a share of our common stock on the first or last day of the offering period. For any offering period beginning on or after January 1, 2007, eligible employees electing to participate will be granted the right to purchase shares of our common stock at a price equal to 85% of the fair market value of a share of our common stock on the last day of the offering period. We issued approximately 408,000 shares in 2009, 213,000 shares in 2008 and 221,000 shares in 2007. We recognized stock-based compensation expense of \$0.1 million in both 2009 and 2008 and \$0.2 million in 2007 pursuant to the plan.

### Share Repurchase Plan

On January 7, 2008, our Board of Directors approved a plan to repurchase up to an aggregate of three million shares of our common stock. The Board modified the repurchase plan in October 2008 to slightly increase the aggregate number of shares authorized for repurchase. The plan permitted the stock repurchases to be made on the open market or in privately negotiated transactions in compliance with applicable securities and other laws. As of December 31, 2008, we had repurchased and subsequently cancelled 3,148,405 shares with an aggregate value of \$6.6 million and completed the repurchase program.

## 13. INCOME TAXES

Our consolidated federal and state tax returns include the results of operations of acquired businesses from their dates of acquisition.

A reconciliation of our effective income tax rate to the amounts calculated by applying the federal statutory corporate tax rate of 35% during the years ended December 31, 2009, 2008 and 2007 is as follows (in thousands):

	2009	2008	2007
Tax benefit at statutory rate .....	\$ (33,268)	\$ (54,433)	\$ (22,300)
Add (deduct):			
State income taxes .....	(597)	(1,467)	867
Manufacturing deduction .....	—	563	(270)
Settlement income.....	—	(83)	(291)
Tax audit settlement.....	—	—	(1,611)
Goodwill impairment.....	14,649	33,913	23,751
Valuation Allowance .....	17,918	227	0
Other .....	1,109	1,679	(98)
Income tax provision (benefit) .....	\$ (188)	\$ (19,601)	\$ 48
Effective income tax rate.....	0.2%	12.6%	(0.1)%

The amounts of our consolidated federal and state income tax provision (benefit) from continuing operations during the years ended December 31, 2009, 2008 and 2007 are as follows (in thousands):

	2009	2008	2007
Current:			
Federal .....	\$ (1,324)	\$ (5,254)	\$ 4,446
State .....	285	439	1,042
	(1,039)	(4,815)	5,488
Deferred:			
Federal .....	\$ (1,671)	\$ (13,277)	\$ (4,799)
State .....	2,522	(1,509)	(641)
	851	(14,786)	(5,440)
Income tax provision (benefit) from continuing operations ..	\$ (188)	\$ (19,601)	\$ 48



# U.S. CONCRETE, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

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

	December 31,	
	2009	2008
Deferred income tax liabilities:		
Property, plant and equipment, net.....	\$ 45,860	\$ 46,940
Other.....	318	318
Total deferred tax liabilities.....	\$ 46,178	\$ 47,258
Deferred income tax assets:		
Goodwill and other intangibles.....	\$ 26,445	\$ 24,880
Receivables.....	1,785	1,120
Inventory .....	1,724	1,599
Accrued insurance .....	4,269	4,269
Other accrued expenses .....	6,261	6,872
Net operating loss carryforwards.....	20,937	6,710
Other.....	1,091	1,075
Total deferred tax assets.....	\$ 62,512	\$ 46,525
Less: Valuation allowance.....	(18,145)	(227)
Net deferred tax assets.....	44,367	46,298
Net deferred tax liabilities.....	1,811	960
Current deferred tax assets.....	7,847	11,576
Long-term deferred tax liabilities.....	\$ 9,658	\$ 12,536

In assessing the value of deferred tax assets at December 31, 2009 and 2008, we considered whether it was more likely than not that some or all of the deferred tax assets would not be realized. The ultimate realization of deferred tax assets depends on the generation of future taxable income during the periods in which those temporary differences become deductible. We consider the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on these considerations, we established valuation allowances as of December 31, 2009 and 2008 in the amount of \$18.1 million and \$0.2 million, respectively, for deferred tax assets relating to certain federal and state net operating loss and tax credit carryforwards because of uncertainty regarding their ultimate realization.

As of December 31, 2009, we had deferred tax assets related to federal NOL and tax credit carryforwards of \$56.1 million. We have federal NOLs of approximately \$55.3 million that are available to offset federal taxable income and will expire in the years 2026 through 2029. In addition, we have federal alternative minimum tax credit carryforwards of approximately \$0.8 million that are available to reduce future regular federal income taxes over an indefinite period.

As disclosed in Note 2, we adopted the provisions of authoritative accounting guidance related to uncertain tax positions as of January 1, 2007. At December 31, 2009, we had unrecognized tax benefits of \$5.3 million of which \$2.3 million, if recognized, would impact the effective tax rate. It is reasonably possible that a reduction of \$2.4 million of unrecognized tax benefits may occur within 12 months. The unrecognized tax benefits are included as a component of other long-term obligations. During the years ended December 31, 2009 and 2008, we recorded interest and penalties related to unrecognized tax benefits of approximately (\$0.1) million and \$0.4 million. Total accrued penalties and interest at December 31, 2009 and 2008 was approximately \$0.8 million and \$0.9 million, respectively. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in thousands):

	2009	2008
Balance as of January 1.....	\$ 6,836	\$ 6,421
Additions for tax positions related to the current year .....	106	138
Additions for tax positions related to prior years .....	—	284
Reductions for tax positions of prior years .....	(1,602)	(7)
Balance as of December 31.....	\$ 5,340	\$ 6,836

We recognize interest and penalties related to uncertain tax positions in income tax expense.

We conduct business domestically and, as a result, U.S. Concrete, Inc. or one or more of our subsidiaries file income tax returns in the U.S. federal jurisdiction and various state and local jurisdictions. In the normal course of business, we are subject to

# U.S. CONCRETE, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

examination in U.S. federal jurisdiction, and generally in state jurisdictions. With few exceptions, we are no longer subject to U.S. federal, state and local tax examinations for years before 2004.

### 14. BUSINESS SEGMENTS

We have two segments that serve our principal markets in the United States. Our ready-mixed concrete and concrete-related products segment produces and sells ready-mixed concrete, aggregates (crushed stone, sand and gravel), concrete masonry and building materials. This segment serves the following principal markets: north and west Texas, northern California, New Jersey, New York, Washington, D.C., Michigan and Oklahoma. Our precast concrete products segment produces and sells precast concrete products in select markets in the western United States and the mid-Atlantic region.

We account for inter-segment sales at market prices. Segment operating loss consists of net revenue less operating expense, including certain operating overhead directly related to the operation of the specific segment. Corporate includes executive, administrative, financial, legal, human resources, business development and risk management activities which are not allocated to operations and are excluded from segment operating loss.

The following table sets forth certain financial information relating to our continuing operations by reportable segment (in thousands):

	2009	2008	2007
<b>Revenue:</b>			
Ready-mixed concrete and concrete-related products .....	\$ 491,755	\$ 702,525	\$ 745,384
Precast concrete products .....	56,959	68,082	73,300
Inter-segment revenue .....	(14,229)	(16,309)	(14,881)
Total revenue .....	<u>\$ 534,485</u>	<u>\$ 754,298</u>	<u>\$ 803,803</u>
<b>Segment Operating Loss:</b>			
Ready-mixed concrete and concrete-related products .....	\$ (62,366)	\$ (85,334)	\$ (32,129)
Precast concrete products .....	298	(22,629)	(1,454)
Gain on purchases of senior subordinated notes .....	7,406	—	—
Unallocated overhead and other income .....	4,108	2,820	12,503
<b>Corporate:</b>			
Selling, general and administrative expense .....	(18,044)	(23,541)	(15,955)
Loss on sale of assets .....	(3)	217	—
Interest income .....	22	114	114
Interest expense .....	(26,472)	(27,170)	(28,092)
Loss from continuing operations before income taxes and non-controlling interest .....	<u>\$ (95,051)</u>	<u>\$ (155,523)</u>	<u>\$ (65,013)</u>
<b>Depreciation, Depletion and Amortization:</b>			
Ready-mixed concrete and concrete-related products .....	\$ 24,539	\$ 26,138	\$ 26,539
Precast concrete products .....	2,870	2,683	1,940
Corporate .....	2,212	1,081	403
Total depreciation, depletion and amortization .....	<u>\$ 29,621</u>	<u>\$ 29,902</u>	<u>\$ 28,882</u>
<b>Capital Expenditures:</b>			
Ready-mixed concrete and concrete-related products .....	\$ 13,562	\$ 26,178	\$ 21,060
Precast concrete products .....	377	2,247	7,786
Total capital expenditures .....	<u>\$ 13,939</u>	<u>\$ 28,425</u>	<u>\$ 28,846</u>
<b>Revenue by Product:</b>			
Ready-mixed concrete .....	\$ 430,521	\$ 614,070	\$ 658,128
Precast concrete products .....	57,495	69,162	75,153
Building materials .....	10,002	16,623	19,427
Aggregates .....	21,857	26,029	26,490
Other .....	14,610	28,414	24,605
Total revenue .....	<u>\$ 534,485</u>	<u>\$ 754,298</u>	<u>\$ 803,803</u>

## U.S. CONCRETE, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

	2009	2008
<b>Identifiable Assets (as of December 31):</b>		
Ready-mixed concrete and concrete-related products.....	\$ 203,681	\$ 234,588
Precast concrete products.....	23,496	26,060
Corporate.....	12,740	12,121
Total identifiable assets.....	<u>\$ 239,917</u>	<u>\$ 272,769</u>

#### 15. RISK CONCENTRATION

We grant credit, generally without collateral, to our customers, which include general contractors, municipalities and commercial companies located primarily in Texas, California, New Jersey, New York, Michigan and Oklahoma. Consequently, we are subject to potential credit risk related to changes in business and economic factors in those states. We generally have lien rights in the work we perform, and concentrations of credit risk are limited because of the diversity of our customer base. Further, our management believes that our contract acceptance, billing and collection policies are adequate to limit any potential credit risk.

Our cash deposits are distributed among various banks in areas where we have operations in various regions of the United States as of December 31, 2009. As a result, we believe that credit risk in such instruments is minimal.

#### 16. COMMITMENTS AND CONTINGENCIES

##### *Legal Proceedings*

From time to time, and currently, we are subject to various claims and litigation brought by employees, customers and other third parties for, among other matters, personal injuries, property damages, product defects and delay damages that have, or allegedly have, resulted from the conduct of our operations. As a result of these types of claims and litigation, we must periodically evaluate the probability of damages being assessed against us and the range of possible outcomes. In each reporting period, if we determine that the likelihood of damages being assessed against us is probable, and, if we believe we can estimate a range of possible outcomes, then we record a liability reflecting either the low end of our range or a specific estimate, if we believe a specific estimate to be likely based on current information. At December 31, 2009, we have accrued \$2.6 million for potential damages associated with three separate class actions pending against us in Alameda Superior Court (California). Four class actions were filed between April 6, 2007 and September 27, 2007 on behalf of various Central Concrete Supply Co., Inc. ("Central") ready-mixed concrete and transport drivers, alleging primarily that Central, which is one of our subsidiaries, failed to provide meal and rest breaks as required under California law. We have settled with the class consisting of the transport drivers and have entered into settlements with more than half of the individual ready-mix drivers for approximately \$2.5 million. The remaining three classes have been consolidated and a single class was certified on July 24, 2009. Our accrual is based on prior settlement values. While there can be no assurance that we will be able to fully resolve the remaining class actions without exceeding this existing accrual, based on information available to us as of December 31, 2009, we believe our existing accrual for these matters is reasonable.

In May 2008, we received a letter from a multi-employer pension plan to which one of our subsidiaries is a contributing employer, providing notice that the Internal Revenue Service had denied applications by the plan for waivers of the minimum funding deficiency from prior years, and requesting payment of approximately \$1.3 million as our allocable share of the minimum funding deficiency. We continue to evaluate several options to minimize our exposure. We may receive future funding deficiency demands from this particular multi-employer pension plan, or other multi-employer plans to which we contribute. We are unable to estimate the amount of any potential future funding deficiency demands, because the actions of each of the other contributing employers in the plans has an effect on each of the other contributing employers, the development of a rehabilitation plan by the trustees and subsequent submittal to and approval by the Internal Revenue Service is not predictable, and the allocation of fund assets and return assumptions by trustees are variable, as are actual investment returns relative to the plan assumptions.

Currently, there are no material product defects claims pending against us. Accordingly, our existing accruals for claims against us do not reflect any material amounts relating to products defects claims. While our management is not aware of any facts that would reasonably be expected to lead to material product defects claims against us that would have a material adverse effect on our business, financial condition or results of operations, it is possible that claims could be asserted against us in the future. We do not maintain insurance that would cover all damages resulting from product defects claims. In particular, we generally do not maintain insurance coverage for the cost of removing and rebuilding structures, or so-called "rip and tear" coverage. In addition, our indemnification arrangements with contractors or others, when obtained, generally provide only limited protection against product defects claims. Due to inherent uncertainties associated with estimating unasserted claims in our business, we cannot estimate the amount of any future

# U.S. CONCRETE, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

loss that may be attributable to unasserted product defects claims related to ready-mixed concrete we have delivered prior to December 31, 2009.

We believe that the resolution of all litigation currently pending or threatened against us or any of our subsidiaries will not materially exceed our existing accruals for those matters. However, because of the inherent uncertainty of litigation, there is a risk that we may have to increase our accruals for one or more claims or proceedings to which we or any of our subsidiaries is a party as more information becomes available or proceedings progress, and any such increase in accruals could have a material adverse effect on our consolidated financial condition or results of operations. We expect in the future that we and our operating subsidiaries will from time to time be a party to litigation or administrative proceedings that arise in the normal course of our business.

We are subject to federal, state and local environmental laws and regulations concerning, among other matters, air emissions and wastewater discharge. Our management believes we are in substantial compliance with applicable environmental laws and regulations. From time to time, we receive claims from federal and state environmental regulatory agencies and entities asserting that we may be in violation of environmental laws and regulations. Based on experience and the information currently available, our management believes the possibility that these claims could materially exceed our related accrual is remote. Despite compliance and experience, it is possible that we could be held liable for future charges, which might be material, but are not currently known to us or cannot be estimated by us. In addition, changes in federal or state laws, regulations or requirements, or discovery of currently unknown conditions, could require additional expenditures.

As permitted under Delaware law, we have agreements that provide indemnification of officers and directors for certain events or occurrences while the officer or director is or was serving at our request in such capacity. The maximum potential amount of future payments that we could be required to make under these indemnification agreements is not limited; however, we have a director and officer insurance policy that potentially limits our exposure and enables us to recover a portion of future amounts that may be paid. As a result of the insurance policy coverage, we believe the estimated fair value of these indemnification agreements is minimal. Accordingly, we have not recorded any liabilities for these agreements as of December 31, 2009.

We and our subsidiaries are parties to agreements that require us to provide indemnification in certain instances when we acquire businesses and real estate and in the ordinary course of business with our customers, suppliers, lessors and service providers.

### Lease Payments

We lease certain mobile and other equipment, land, facilities, office space and other items which, in the normal course of business, are renewed or replaced by subsequent leases. Total expense for such operating leases amounted to \$16.4 million in 2009, \$14.7 million in 2008, and \$17.8 million in 2007.

Future minimum rental payments with respect to our lease obligations as of December 31, 2009, are as follows:

	<b>Capital Leases</b>	<b>Operating Leases</b>
	(in millions)	
Year ending December 31:		
2010 .....	\$ 0.2	\$ 12.1
2011 .....	—	9.3
2012 .....	—	6.7
2013 .....	—	6.4
Later years.....	—	29.1
	<u>\$ 0.2</u>	<u>\$ 63.6</u>
Total future minimum rental payments .....	\$ 0.3	
Less amounts representing imputed interest .....	0.1	
Present value of future minimum rental payments under capital leases .....	0.2	
Less current portion .....	0.2	
Long-term capital lease obligations .....	<u>\$ —</u>	

## U.S. CONCRETE, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

#### *Insurance Programs*

We maintain third-party insurance coverage against certain risks. Under certain components of our insurance program, we share the risk of loss with our insurance underwriters by maintaining high deductibles subject to aggregate annual loss limitations. Generally, our deductible retentions per occurrence for auto, workers' compensation and general liability insurance programs are \$1.0 million, although certain of our operations are self-insured for workers' compensation. We fund these deductibles and record an expense for expected losses under the programs. The expected losses are determined 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 patterns, claims settlement patterns, judicial decisions, legislation and economic conditions. Although we believe that the estimated losses we have recorded are reasonable, significant differences related to the items noted above could materially affect our insurance obligations and future expense.

In March 2007, we settled a lawsuit with a third-party claims administrator responsible for handling workers' compensation claims related to 2002 and 2003. The settlement relieves us of any future responsibility relating to certain workers' compensation claims and required the payment of \$225,000 in cash to us by the third-party administrator. As a result, we recorded additional income of approximately \$1.4 million resulting from the reversal of accrued liabilities relating to workers' compensation claims associated with 2002 and 2003 and the cash settlement amount. The additional income is reported in our financial statements primarily as an offset to cost of sales in 2007.

#### *Performance Bonds*

In the normal course of business, we and our subsidiaries are contingently liable for performance under \$42.9 million in performance bonds that various contractors, states and municipalities have required. The bonds principally relate to construction contracts, reclamation obligations and mining permits. We and our subsidiaries have indemnified the underwriting insurance company against any exposure under the performance bonds. No material claims have been made against these bonds.

### **17. SIGNIFICANT CUSTOMERS AND SUPPLIERS**

We did not have any customers that accounted for more than 10% of our revenues or any suppliers that accounted for more than 10% of our cost of goods sold in 2009, 2008 or 2007.

### **18. EMPLOYEE BENEFIT PLANS**

We maintain a defined contribution 401(k) profit sharing plan for employees meeting various employment requirements. Eligible employees may contribute amounts up to the lesser of 15% of their annual compensation or the maximum amount IRS regulations permit. Through December 31, 2009, we matched 100% of employee contributions up to a maximum of 5% of their compensation. Effective January 1, 2010, we have suspended matching contributions. We paid matching contributions of \$2.5 million in 2009, \$3.1 million in 2008, and \$3.5 million in 2007.

Several of our subsidiaries are parties to various collective bargaining agreements with labor unions having multi-year terms that expire on a staggered basis. Under these agreements, our applicable subsidiaries pay specified wages to covered employees, observe designated workplace rules and make payments to multi-employer pension plans and employee benefit trusts rather than administering the funds on behalf of these employees. During 2006, the "Pension Protection Act of 2006" (the "PPA") was signed into law. For multiemployer defined benefit plans, the PPA establishes new funding requirements or rehabilitation requirements, creates additional funding rules for plans that are in endangered or critical status, and introduces enhanced disclosure requirements to participants regarding a plan's funding status. The Worker, Retiree and Employer Recovery Act of 2008 (the "WRERA") was enacted on December 23, 2008 and provides some funding relief to defined benefit plan sponsors affected by recent market conditions. The WRERA allows multiemployer plan sponsors to elect to freeze their current fund status at the same funding status as the preceding plan year (for example, a calendar year plan that is not in critical or endangered status for 2008 may elect to retain that status for 2009), and sponsors of multiemployer plans in endangered or critical status in plan years beginning in 2008 or 2009 are allowed a three-year extension of funding improvement or rehabilitation plans (extends timeline for these plans to accomplish their goals from 10 years to 13 years, or from 15 years to 18 years for seriously endangered plans).

In connection with our collective bargaining agreements, we participate with other companies in the unions' multi-employer pension plans. These plans cover substantially all of U.S. Concrete's employees who are members of such unions. The Employee Retirement Income Security Act of 1974, as amended by the Multi-Employer Pension Plan Amendments Act of 1980, imposes liabilities on employers who are contributors to a multi-employer plan in the event of the employer's withdrawal from, or on

## U.S. CONCRETE, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

termination of, that plan. In 2001, a subsidiary of one of our subsidiaries withdrew from the multi-employer pension plan of the union that represented several of its employees. That union disclaimed interest in representing those employees. There are no plans to withdraw from any other multi-employer plans. Our contributions to these plans were \$5.6 million in 2009, \$6.9 million in 2008, and \$6.4 million in 2007.

See Note 12 for discussions of U.S. Concrete's incentive plans and employee stock purchase plan.

#### 19. STOCKHOLDER RIGHTS PLAN

In November 2009, our Board of Directors adopted a Stockholder Rights Plan designed to protect stockholder value by preserving the value of certain of our deferred tax assets primarily associated with net operating loss carryforwards under Section 382 of the Internal Revenue Code. Our ability to use net operating losses carryforwards and other tax benefits could be substantially reduced if an "ownership change" under Section 382 were to occur. The Stockholder Rights Plan was adopted to reduce the likelihood of an unintended "ownership change" occurring as a result of ordinary buying and selling of shares of our common stock. The Stockholder Rights Plan entails a dividend of one right for each outstanding share of our common stock. Each right will entitle the holder to buy one one-hundredth of a share of a new Series A Junior Participating Preferred Stock, for an exercise price of \$10.00. Each one one-hundredth of a share of such preferred stock would be essentially the economic equivalent of one share of our common stock.

The rights will trade with our common stock until exercisable. The rights will not be exercisable until ten days following a public announcement that a person or group has acquired 4.9% of our common stock or until ten business days after a person or group begins a tender offer that would result in ownership of 4.9% of our common stock, subject to certain extensions by the Board of Directors. In the event that an acquiror becomes a 4.9% beneficial owner of our common stock, the rights "flip in" and become rights to buy our common stock at a 50% discount, and rights owned by that acquiror become void.

In the event that our company is merged and our common stock is exchanged or converted, or if 50% or more of our assets or earning power is sold or transferred, the rights "flip over" and entitle the holders to buy shares of the acquiror's common stock at a 50% discount. A tender or exchange offer for all outstanding shares of our common stock at a price and on terms determined to be fair and otherwise in the best interests of our company and our stockholders by a majority of our independent directors will not trigger either the flip-in or flip-over provisions.

We may redeem the rights for \$0.001 per right at any time until ten days following the first public announcement that an acquiror has acquired the level of ownership that "triggers" the Stockholder Rights Plan. The rights extend for ten years and will expire on October 31, 2019. The distribution of the rights will be made to stockholders of record on November 16, 2009.

# U.S. CONCRETE, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

### 20. FINANCIAL STATEMENTS OF SUBSIDIARY GUARANTORS

All of our subsidiaries, excluding Superior (see Note 6) and minor subsidiaries, have jointly and severally and fully and unconditionally guaranteed the repayment of our long-term debt. We directly or indirectly own 100% of each subsidiary guarantor. The following supplemental financial information sets forth, on a condensed consolidating basis, the financial statements for U.S. Concrete, Inc., the parent company and its subsidiary guarantors (including minor subsidiaries), Superior and our consolidated company as of and for the years ended December 31, 2009 and 2008.

#### Condensed Consolidating Balance Sheet

As of December 31, 2009:	U.S. Concrete Parent	Subsidiary Guarantors <sup>1</sup>	Superior (in thousands)	Eliminations	Consolidated
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents .....	\$ —	\$ 3,970	\$ 259	\$ —	\$ 4,229
Trade accounts receivable, net. ....	—	67,021	7,830	—	74,851
Inventories .....	—	27,459	3,501	—	30,960
Deferred income taxes .....	—	7,847	—	—	7,847
Prepaid expenses .....	—	3,361	368	—	3,729
Other current assets .....	—	5,876	1,097	—	6,973
Total current assets .....	—	115,534	13,055	—	128,589
Property, plant and equipment, net .....	—	220,082	19,835	—	239,917
Goodwill .....	—	14,063	—	—	14,063
Investment in Subsidiaries .....	281,664	13,824	—	(295,488)	—
Other assets .....	4,867	1,672	52	—	6,591
Total assets .....	<u>\$ 286,531</u>	<u>\$ 365,175</u>	<u>\$ 32,942</u>	<u>\$ (295,488)</u>	<u>\$ 389,160</u>
<b>LIABILITIES AND EQUITY</b>					
Current liabilities:					
Current maturities of long-term debt .....	\$ 860	\$ 1,245	\$ 5,768	\$ —	\$ 7,873
Accounts payable .....	—	30,768	6,910	—	37,678
Accrued liabilities .....	6,584	35,533	6,440	—	48,557
Total current liabilities .....	7,444	67,546	19,118	—	94,108
Long-term debt, net of current maturities .....	288,529	140	—	—	288,669
Other long-term obligations and deferred credits .....	6,300	616	—	—	6,916
Deferred income taxes .....	—	9,658	—	—	9,658
Total liabilities .....	302,273	77,960	19,118	—	399,351
Equity:					
Common stock .....	38	—	—	—	38
Additional paid-in capital .....	268,306	530,284	42,757	(573,041)	268,306
Retained deficit .....	(280,802)	(248,620)	(28,933)	277,553	(280,802)
Treasury stock, at cost .....	(3,284)	—	—	—	(3,284)
Total stockholders' equity .....	(15,742)	281,664	13,824	(295,488)	(15,742)
Non-controlling interest .....	—	5,551	—	—	5,551
Total equity .....	(15,742)	287,215	13,824	(295,488)	(10,191)
Total liabilities and equity .....	<u>\$ 286,531</u>	<u>\$ 365,175</u>	<u>\$ 32,942</u>	<u>\$ (295,488)</u>	<u>\$ 389,160</u>

<sup>1</sup> Including minor subsidiaries without operations or material assets.

# U.S. CONCRETE, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

### Condensed Consolidating Statement of Operations

Year ended December 31, 2009:	U.S. Concrete Parent	Subsidiary Guarantors <sup>1</sup>	Superior (in thousands)	Eliminations	Consolidated
Revenue.....	\$ —	\$ 485,393	\$ 49,092	\$ —	\$ 534,485
Cost of goods sold before depreciation, depletion and amortization.....	—	410,444	48,770	—	459,214
Selling, general and administrative expenses.....	—	60,075	5,993	—	66,068
Goodwill and other asset impairments .....	—	47,595	7,150	—	54,745
Depreciation, depletion and amortization .....	—	26,325	3,296	—	29,621
(Gain) loss on sale of assets .....	—	2,396	(129)	—	2,267
Loss from operations .....	—	(61,442)	(15,988)	—	(77,430)
Interest expense, net.....	25,804	137	509	—	26,450
Gain on purchases of senior subordinated notes .....	7,406	—	—	—	7,406
Other income, net .....	—	1,309	114	—	1,423
Income (loss) before income tax provision.....	(18,398)	(60,270)	(16,383)	—	(95,051)
Income tax expense (benefit) .....	(6,439)	6,103	148	—	(188)
Equity losses in subsidiary .....	(76,279)	(16,531)	—	92,810	—
Income (loss) from continuing operations .....	(88,238)	(82,904)	(16,531)	92,810	(94,863)
Loss from discontinued operations, net of tax .....	—	—	—	—	—
Net loss.....	(88,238)	(82,904)	(16,531)	92,810	(94,863)
Net loss attributable to non-controlling interest .....	—	6,625	—	—	6,625
Net loss attributable to stockholders.....	\$ (88,238)	\$ (76,279)	\$ (16,531)	\$ 92,810	\$ (88,238)

### Condensed Consolidating Statement of Cash Flows

Year ended December 31, 2009:	U.S. Concrete Parent	Subsidiary Guarantors <sup>1</sup>	Superior (in thousands)	Eliminations	Consolidated
Net cash provided by (used in) operating activities .....	\$ 7,043	\$ 5,804	\$ (4,836)	\$ —	\$ 8,011
Net cash provided by (used in) investing activities.....	—	(9,264)	246	—	(9,018)
Net cash provided by (used in) financing activities .....	(7,043)	2,745	4,211	—	(87)
Net decrease in cash and cash equivalents .....	—	(715)	(379)	—	(1,094)
Cash and cash equivalents at the beginning of the period...	—	4,685	638	—	5,323
Cash and cash equivalents at the end of the period.....	\$ —	\$ 3,970	\$ 259	\$ —	\$ 4,229

<sup>1</sup> Including minor subsidiaries without operations or material assets.



# U.S. CONCRETE, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

### Condensed Consolidating Balance Sheet

As of December 31, 2008:	U.S. Concrete Parent	Subsidiary Guarantors <sup>1</sup>	Superior (in thousands)	Eliminations	Consolidated
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents .....	\$ —	\$ 4,685	\$ 638	\$ —	\$ 5,323
Trade accounts receivable, net. ....	—	89,483	10,786	—	100,269
Inventories .....	—	28,438	4,330	—	32,768
Deferred income taxes .....	—	11,576	—	—	11,576
Prepaid expenses .....	—	3,178	341	—	3,519
Other current assets .....	4,886	7,977	938	—	13,801
Total current assets .....	4,886	145,337	17,033	—	167,256
Property, plant and equipment, net .....	—	242,371	30,398	—	272,769
Goodwill .....	—	59,197	—	—	59,197
Investment in Subsidiaries .....	369,853	26,334	—	(396,187)	—
Other assets .....	6,751	1,747	90	—	8,588
Total assets .....	<u>\$ 381,490</u>	<u>\$ 474,986</u>	<u>\$ 47,521</u>	<u>\$ (396,187)</u>	<u>\$ 507,810</u>
<b>LIABILITIES AND EQUITY</b>					
Current liabilities:					
Current maturities of long-term debt .....	\$ 819	\$ 2,291	\$ 261	\$ —	\$ 3,371
Accounts payable .....	—	32,870	13,050	—	45,920
Accrued liabilities .....	7,000	44,922	2,559	—	54,481
Total current liabilities .....	7,819	80,083	15,870	—	103,772
Long-term debt, net of current maturities .....	295,931	1,369	5,317	—	302,617
Other long-term obligations and deferred credits .....	7,944	578	—	—	8,522
Deferred income taxes .....	—	12,536	—	—	12,536
Total liabilities .....	311,694	94,566	21,187	—	427,447
Equity:					
Common stock .....	37	—	—	—	37
Additional paid-in capital .....	265,453	542,194	38,736	(580,930)	265,453
Retained deficit .....	(192,564)	(172,341)	(12,402)	184,743	(192,564)
Treasury stock, at cost .....	(3,130)	—	—	—	(3,130)
Total stockholders' equity .....	69,796	369,853	26,334	(396,187)	69,796
Non-controlling interest .....	—	10,567	—	—	10,567
Total equity .....	69,796	380,420	26,334	(396,187)	80,363
Total liabilities and stockholders' equity .....	<u>\$ 381,490</u>	<u>\$ 474,986</u>	<u>\$ 47,521</u>	<u>\$ (396,187)</u>	<u>\$ 507,810</u>

<sup>1</sup> Including minor subsidiaries without operations or material assets.

# U.S. CONCRETE, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

### Condensed Consolidating Statement of Operations

Year ended December 31, 2008:	U.S. Concrete Parent	Subsidiary Guarantors <sup>1</sup>	Superior (in thousands)	Eliminations	Consolidated
Revenue.....	\$ —	\$ 685,421	\$ 68,877	\$ —	\$ 754,298
Cost of goods sold before depreciation, depletion and amortization.....	—	572,518	66,930	—	639,448
Selling, general and administrative expenses.....	—	72,892	6,148	—	79,040
Goodwill and other asset impairments .....	—	135,612	19	—	135,631
Depreciation, depletion and amortization .....	—	25,447	4,455	—	29,902
(Gain) loss on sale of assets .....	—	767	(39)	—	728
Loss from operations .....	—	(121,815)	(8,636)	—	(130,451)
Interest expense, net.....	26,109	361	586	—	27,056
Other income, net .....	—	1,836	148	—	1,984
Income (loss) before income tax provision.....	(26,109)	(120,340)	(9,074)	—	(155,523)
Income tax expense (benefit) .....	(9,138)	(10,539)	76	—	(19,601)
Equity losses in subsidiary .....	(115,475)	(9,150)	—	124,625	—
Income (loss) from continuing operations.....	(132,446)	(118,951)	(9,150)	124,625	(135,922)
Loss from discontinued operations, net of tax .....	—	(149)	—	—	(149)
Net loss.....	(132,446)	(119,100)	(9,150)	124,625	(136,071)
Net loss attributable to non-controlling interest .....	—	3,625	—	—	3,625
Net loss attributable to stockholders .....	\$ (132,446)	\$ (115,475)	\$ (9,150)	\$ 124,625	\$(132,446)

### Condensed Consolidating Statement of Cash Flows

Year ended December 31, 2008:	U.S. Concrete Parent	Subsidiary Guarantors <sup>1</sup>	Superior (in thousands)	Eliminations	Consolidated
Net cash provided by (used in) operating activities .....	\$ (10,080)	\$ 37,794	\$ 1,964	\$ —	\$ 29,678
Net cash provided by (used in) investing activities.....	—	(39,708)	192	—	(39,516)
Net cash provided by (used in) financing activities .....	10,080	(6,769)	(3,000)	—	311
Net decrease in cash and cash equivalents .....	—	(8,683)	(844)	—	(9,527)
Cash and cash equivalents at the beginning of the period...	—	13,368	1,482	—	14,850
Cash and cash equivalents at the end of the period.....	\$ —	\$ 4,685	\$ 638	\$ —	\$ 5,323

<sup>1</sup> Including minor subsidiaries without operations or material assets.

**U.S. CONCRETE, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

**21. QUARTERLY SUMMARY (unaudited)**

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(in thousands, except per share data)			
2009				
Revenue .....	\$ 117,300	\$ 143,726	\$ 153,608	\$ 119,851
Loss from continuing operations <sup>(1)</sup> .....	(11,045)	(4,797)	(61,298)	(17,723)
Net loss .....	(11,045)	(4,797)	(61,298)	(17,723)
Net loss attributable to stockholders .....	(9,454)	(3,994)	(58,060)	(16,730)
Basic and diluted loss per share attributable to stockholders <sup>(3)</sup> :				
From continuing operations .....	\$ (0.26)	\$ (0.11)	\$ (1.60)	\$ (0.46)
From discontinued operations .....	—	—	—	—
Net loss .....	<u>\$ (0.26)</u>	<u>\$ (0.11)</u>	<u>\$ (1.60)</u>	<u>\$ (0.46)</u>
2008				
Revenue .....	\$ 162,107	\$ 206,047	\$ 212,819	\$ 173,325
Income (loss) from continuing operations <sup>(1)</sup> ....	(7,173)	2,518	1,906	(133,173)
Loss from discontinued operations <sup>(2)</sup> .....	(149)	—	—	—
Net income (loss) .....	(7,322)	2,518	1,906	(133,173)
Net income (loss) attributable to stockholders ..	(5,278)	3,303	1,722	(132,193)
Basic earnings (loss) per share attributable to stockholders <sup>(3)</sup> :				
From continuing operations .....	\$ (0.13)	\$ 0.09	\$ 0.04	\$ (3.63)
From discontinued operations .....	(0.01)	—	—	—
Net income (loss) .....	<u>\$ (0.14)</u>	<u>\$ 0.09</u>	<u>\$ 0.04</u>	<u>\$ (3.63)</u>
Diluted earnings (loss) per share attributable to stockholders <sup>(3)</sup> :				
From continuing operations .....	\$ (0.13)	\$ 0.08	\$ 0.04	\$ (3.63)
From discontinued operations .....	(0.01)	—	—	—
Net income (loss) .....	<u>\$ (0.14)</u>	<u>\$ 0.08</u>	<u>\$ 0.04</u>	<u>\$ (3.63)</u>
2007				
Revenue .....	\$ 157,494	\$ 209,507	\$ 238,086	\$ 198,716
Income (loss) from continuing operations <sup>(1)</sup> ....	(5,224)	7,403	9,841	(77,081)
Loss from discontinued operations <sup>(2)</sup> .....	(505)	(220)	(83)	(4,433)
Net income (loss) .....	(5,729)	7,183	9,758	(81,514)
Net income (loss) attributable to stockholders ..	(5,729)	6,824	10,044	(80,140)
Basic and diluted earnings (loss) per share attributable to stockholders <sup>(3)</sup> :				
From continuing operations .....	\$ (0.14)	\$ 0.18	\$ 0.26	\$ (1.97)
From discontinued operations .....	(0.01)	—	—	(0.12)
Net income (loss) .....	<u>\$ (0.15)</u>	<u>\$ 0.18</u>	<u>\$ 0.26</u>	<u>\$ (2.09)</u>

<sup>(1)</sup> The third quarter 2009 results include a goodwill impairment charge of \$45.8 million and an asset impairment charge of \$8.8 million. The fourth quarter results include an impairment charge of \$119.8 million, net of income taxes in 2008 and \$76.4 million, net of income taxes, in 2007, pursuant to our annual review of goodwill in accordance with authoritative accounting literature.

<sup>(2)</sup> In the fourth quarter of 2007, we discontinued the operations of three business units in certain markets. The financial data for prior quarters of 2007 have been restated to segregate the effects of the operations of those discontinued units.

<sup>(3)</sup> We computed earnings (loss) per share ("EPS") for each quarter using the weighted-average number of shares outstanding during the quarter, while EPS for the fiscal year is computed using the weighted-average number of shares outstanding during the year. Thus, the sum of the EPS for each of the four quarters may not equal the EPS for the fiscal year.

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

Not applicable.

**Item 9A. Controls and Procedures****Disclosure Controls and Procedures**

In accordance with Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), we carried out an evaluation, under the supervision and with the participation of management, including our chief executive officer and chief financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2009. Based on that evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective as of December 31, 2009 to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. During the three months ended December 31, 2009, there were no changes in our internal control over financial reporting or in other factors that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Management’s Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as that term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Our internal control over financial reporting is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements or acts of fraud. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Under the supervision and with the participation of our management, including our principal executive, financial and accounting officers, we have conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in “Internal Control – Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included a review of the documentation surrounding our internal control over financial reporting, an evaluation of the design effectiveness of those controls and testing of the operating effectiveness of those controls. Based on that evaluation, our management has concluded that our internal control over financial reporting was effective at a reasonable assurance level as of December 31, 2009.

The effectiveness of our control over financial reporting as of December 31, 2009 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is included herein.

**Item 9B. Other Information**

Not applicable.

## PART III

In Items 10, 11, 12, 13 and 14 below, we are incorporating by reference the information we refer to in those Items from the definitive proxy statement for our 2010 Annual Meeting of Stockholders (the “2010 Annual Proxy Statement”). We intend to file that definitive proxy statement with the SEC by April 30, 2010.

### **Item 10. *Directors, Executive Officers and Corporate Governance***

For the information this Item requires, please see the information under the headings “Proposal No. 1—Election of Directors,” “Executive Officers,” “Information Concerning the Board of Directors and Committees” and “Section 16(a) Beneficial Ownership Reporting Compliance” in the 2010 Annual Proxy Statement, which is incorporated in this Item by this reference.

We have a code of ethics applicable to all our employees and directors. In addition, our principal executive, financial and accounting officers are subject to the provisions of the Code of Ethics of U.S. Concrete, Inc. for chief executive officer and senior financial officers, a copy of which is available on our Web site at [www.us-concrete.com](http://www.us-concrete.com). In the event that we amend or waive any of the provisions of these codes of ethics applicable to our principal executive, financial and accounting officers, we intend to disclose that action on our website.

### **Item 11. *Executive Compensation***

For the information this Item requires, please see the information under the headings “Compensation Discussion and Analysis,” “Director Compensation,” “Executive Compensation,” “Compensation Program and Risk Management,” “Compensation Committee Interlocks and Insider Participation” and “Report of the Compensation Committee” in the 2010 Annual Proxy Statement, which is incorporated in this Item by this reference.

### **Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

For the information this Item requires, please see the information (1) under the heading “Equity Compensation Plan Information” in Item 5 of this report and (2) under the heading “Security Ownership of Certain Beneficial Owners and Management” in the 2010 Annual Proxy Statement, which is incorporated in this Item by this reference.

All shares of common stock issuable under our compensation plans are subject to adjustment to reflect any increase or decrease in the number of shares outstanding as a result of stock splits, combination of shares, recapitalizations, mergers or consolidations.

### **Item 13. *Certain Relationships and Related Transactions, and Director Independence***

For the information this Item requires, please see the information under the heading “Certain Relationships and Related Transactions” in the 2010 Annual Proxy Statement, which is incorporated in this Item by this reference.

### **Item 14. *Principal Accountant Fees and Services***

For the information this Item requires, please see the information appearing under the heading “Fees Incurred by U.S. Concrete to Independent Registered Public Accounting Firm” in the 2010 Annual Proxy Statement, which is incorporated in this Item by this reference.

## PART IV

### **Item 15. *Exhibits and Financial Statement Schedules***

(a)(1) Financial Statements.

For the information this item requires, please see Index to Consolidated Financial Statements on page 48 of this report.

(2) Financial Statement Schedules.

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

(3) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
3.1 *	—Restated Certificate of Incorporation of U.S. Concrete dated May 9, 2006 (Form 8-K dated May 9, 2006 (File No. 000-26025), Exhibit 3.1).
3.2 *	—Amended and Restated Bylaws of U.S. Concrete, as amended (Post Effective Amendment No. 1 to Form S-3 (Reg. No. 333-42860), Exhibit 4.2).
4.1 *	—Form of certificate representing common stock (Form S-1 (Reg. No. 333-74855), Exhibit 4.3).
4.2 *	—Certificate of Designation of Series A Junior Participating Preferred Stock of U.S. Concrete, Inc. (Form 8-K filed on November 6, 2009 (File No. 000-26025), Exhibit 3.1).
4.3 *	—Rights Agreement dated as of November 5, 2009 between U.S. Concrete, Inc. and American Stock Transfer & Trust Company, LLC (Form 8-K filed on November 6, 2009 (File No. 000-26025), Exhibit 4.1).
4.4 *	—Indenture among U.S. Concrete, the Subsidiary Guarantors party thereto and Wells Fargo Bank, National Association, as Trustee, dated as of March 31, 2004, for the 8 ¾% Senior Subordinated Notes due 2014 (Form 10-Q for the quarter ended March 31, 2004 (File No. 000-26025), Exhibit 4.5).
4.5 *	—Form of Note (Form 10-Q for the quarter ended March 31, 2004 (File No. 000-26025), included as Exhibit A to Exhibit 4.7).
4.6 *	—Notation of Guarantee by the Subsidiary Guarantors dated March 31, 2004 (Form 10-Q for the quarter ended March 31, 2004 (File No. 000-26025), Exhibit 4.7).
4.7 *	—First Supplemental Indenture among U.S. Concrete, the Existing Guarantors party thereto, the Additional Guarantors party thereto and Wells Fargo Bank, National Association, as Trustee, dated as of July 5, 2006, for the 8 ¾% Senior Subordinated Notes due 2014 (Form 8-K dated June 29, 2006 (File No. 000-26025), Exhibit 4.1).
4.8 *	—Amended and Restated Credit Agreement dated as of June 30, 2006 among U.S. Concrete, the Lenders and Issuers named therein and Citicorp North America, Inc. as administrative agent (Form 8-K dated June 29, 2006 (File No. 000-26025), Exhibit 4.3).
4.9 *	—Amendment No. 1 to Amended and Restated Credit Agreement, effective as of March 2, 2007, among U.S. Concrete, Inc., Citicorp North America, Inc., Bank of America, N.A., JP Morgan Chase Bank and the Lenders and Issuers named therein (Form 10-Q for the quarter ended March 31, 2007 (file No. 000-20025), Exhibit 4.1).
4.10 *	—Amendment No. 2 to Amended and Restated Credit Agreement, effective as of November 9, 2007, among U.S. Concrete, Inc., Citicorp North America Inc., Bank of America, N.A., JP Morgan Chase Bank and the Lenders and Issuers named therein (Form 8-K dated November 9, 2007 (File No. 000-26025), Exhibit 4.1).
4.11 *	—Amendment No. 3 to Amended and Restated Credit Agreement, dated as of July 11, 2008, among U.S. Concrete, Inc., Citicorp North America Inc., Bank of America, N.A., JP Morgan Chase Bank and the Lenders and Issuers named therein (Form 8-K dated July 11, 2008 (File No. 000-26025), Exhibit 4.1).
4.12 *	—Amendment No. 4 and Waiver to Amended and Restated Credit Agreement, dated as of February 19, 2010, among U.S. Concrete, Inc., Citicorp North America Inc., Bank of America, N.A., JPMorgan Chase Bank, N.A. and the Lenders and Issuers named therein (Form 8-K dated February 19, 2010 (File No. 000-26025), Exhibit 10.1).
4.13 *	—Credit Agreement, dated as of April 6, 2007, by and between Superior Materials, LLC, BWB, LLC and Comerica Bank (Form 10-Q for the quarter ended March 31, 2007 (File No. 000-26025), Exhibit 4.2).
4.14 *	—First Amendment to Credit Agreement, dated as of February 29, 2008, by and between Superior Materials, LLC, BWB, LLC and Comerica Bank.
4.15 *	—Second Amendment to Credit Agreement, dated as of March 3, 2008, by and among Superior Materials, LLC, BWB, LLC and Comerica Bank (Form 10-Q for the quarter ended March 31, 2008 (File No. 000-26025), Exhibit 4.1).
4.16 *	—Third Amendment to Credit Agreement, dated as of March 31, 2008, by and among Superior Materials, LLC, BWB, LLC and Comerica Bank (Form 10-Q for the quarter ended March 31, 2008 (File No. 000-26025), Exhibit 4.2).
4.17 *	—Fourth Amendment to Credit Agreement, dated as of May 31, 2008, by and among Superior Materials, LLC, BWB, LLC and Comerica Bank (Form 10-Q for the quarter ended June 30, 2008 (File No. 000-26025), Exhibit 4.2).
4.18 *	—Fifth Amendment to Credit Agreement, dated as of August 6, 2008, by and among Superior Materials, LLC, BWB, LLC and Comerica Bank, and Comfort Letter in support of Superior Materials, LLC and BWB, LLC (Form 10-Q for

<u>Exhibit Number</u>	<u>Description</u>
	the quarter ended June 30, 2008 (File No. 000-26025), Exhibit 4.3).
10.1*†	—1999 Incentive Plan of U.S. Concrete (Form S-1 (Reg. No. 333-74855), Exhibit 10.1).
10.2*†	—Amendment No. 1 to 1999 Incentive Plan of U.S. Concrete, Inc. dated January 9, 2003 (Form S-8 dated December 20, 2004 (Reg. No. 333-121458), Exhibit 10.2).
10.3*†	—Amendment No. 2 to 1999 Incentive Plan of U.S. Concrete, Inc. dated December 17, 2004 (Form S-8 dated December 20, 2004 (Reg. No. 333-121458), Exhibit 10.3).
10.4*†	—Amendment No. 3 to 1999 Incentive Plan of U.S. Concrete, Inc. effective May 17, 2005 (Proxy Statement relating to 2005 annual meeting of stockholders, Appendix B).
10.5*†	—Amendment No. 4 to 1999 Incentive Plan of U.S. Concrete, Inc. dated February 13, 2006 (Form 10-K dated March 16, 2006 (File No. 000-26025), Exhibit 10.5).
10.6*†	—Amendment No. 5 to 1999 Incentive Plan of U.S. Concrete, Inc. dated March 7, 2007; effective January 1, 1999 (Form 10-K dated March 13, 2007 (File No. 000-26025), Exhibit 10.8)).
10.7*†	—Amendment No. 6 to 1999 Incentive Plan of U.S. Concrete, Inc. dated as of April 11, 2008 (Form 8-K dated April 11, 2008 (File No. 000-26025), Exhibit 10.1).
10.8*	—U.S. Concrete 2000 Employee Stock Purchase Plan effective May 16, 2000 (Proxy Statement relating to 2000 annual meeting of stockholders, Appendix A).
10.9*	—Amendment No. 1 to 2000 Employee Stock Purchase Plan of U.S. Concrete, Inc. effective December 16, 2005 (Form 8-K dated December 16, 2005 (File No. 000-26025), Exhibit 10.1).
10.10	—Amendment No. 2 to 2000 Employee Stock Purchase Plan of U.S. Concrete, Inc. effective January 1, 2010.
10.11*	—2001 Employee Incentive Plan of U.S. Concrete, Inc. (Form S-8 dated May 11, 2001 (Reg. No. 333-60710), Exhibit 4.6).
10.12*	—Amendment No. 1 to 2001 Employee Incentive Plan of U.S. Concrete, Inc. dated December 17, 2004 (Form S-8 dated December 20, 2004 (Reg. No. 333-121458), Exhibit 10.6).
10.13*†	—Consulting Agreement dated February 23, 2007 by and between U.S. Concrete and Eugene P. Martineau (Form 8-K dated February 23, 2007 (File No. 000-26025), Exhibit 10.1).
10.14*	—Contribution Agreement, dated as of March 26, 2007, by and among, BWB, Inc. of Michigan Builders', Redi-Mix, LLC, Kurtz Gravel Company, Superior Materials, Inc. USC Michigan, Inc., Edw. C. Levy Co. and Superior Joint Venture LLC (Form 8-K dated March 26, 2007 (File No. 000-26025), Exhibit 10.1).
10.15*	—Operating Agreement of Superior Materials, LLC dated effective as of April 1, 2007, by and between Kurtz Gravel Company, Superior Materials, Inc. and Edw. C. Levy Co., together with related Joinder Agreement dated effective April 2, 2007 by BWB, Inc. of Michigan Builders', Redi-Mix, LLC, USC Michigan, Inc. and Superior Material Holdings LLC (Form 8-K dated April 1, 2007 (File No. 000-26025), Exhibit 10.1).
10.16*	—Guaranty dated as of April 1, 2007 by U.S. Concrete, Inc. in favor of Edw. C. Levy Co. and Superior Materials Holdings, LLC (Form 8-K dated April 1, 2007 (File No. 000-26025), Exhibit 10.2).
10.17*†	—Form of Indemnification Agreement between U.S. Concrete and each of its directors and officers (Form 10-K dated March 16, 2006 (File No. 000-26025) Exhibit 10.22).
10.18*†	—Form of U.S. Concrete, Inc. Restricted Stock Award Agreement for employees (Form 10-K for the year ended December 31, 2004 (File No. 000-26025), Exhibit 10.21).
10.19*†	—Form of U.S. Concrete, Inc. Non-Qualified Stock Option Award Agreement for nonemployee directors (Form 10-K for the year ended December 31, 2004 (File No. 000-26025), Exhibit 10.22).
10.20*†	—Form of U.S. Concrete, Inc. Non-Qualified Stock Option Award Agreement for employees (Form 10-K for the year ended December 31, 2004 (File No. 000-26025), Exhibit 10.23).
10.21*†	—U.S. Concrete, Inc. and Subsidiaries 2005 Annual Salaried Team Member Incentive Plan, effective April 8, 2005 (Form 8-K dated April 8, 2005 (File No. 000-26025), Exhibit 10.1).
10.22*†	—U.S. Concrete, Inc. and Subsidiaries 2009 Annual Team Member Incentive Plan, (Form 10-K dated March 13, 2009 (File No. 000-26025), Exhibit 10.22).

<u>Exhibit Number</u>	<u>Description</u>
10.23*†	—Severance Agreement, dated as of July 31, 2007, by and between U.S. Concrete, Inc. and Michael W. Harlan (Form 8-K dated July 31, 2007 (File No. 000-26025), Exhibit 10.1).
10.24†	—First Amendment to Severance Agreement, effective as of December 31, 2008, by and between U.S. Concrete, Inc. and Michael W. Harlan.
10.25*†	—Severance Agreement, dated as of July 31, 2007, by and between U.S. Concrete, Inc. and Robert D. Hardy (Form 8-K dated July 31, 2007 (File No. 000-26025), Exhibit 10.2).
10.26†	—First Amendment to Severance Agreement, effective as of December 31, 2008, by and between U.S. Concrete, Inc. and Robert D. Hardy.
10.27*†	—Severance Agreement, dated as of July 31, 2007, by and between U.S. Concrete, Inc. and Thomas J. Albanese (Form 8-K dated July 31, 2007 (File No. 000-26025), Exhibit 10.3).
10.28†	—First Amendment to Severance Agreement, effective as of December 31, 2008, by and between U.S. Concrete, Inc. and Thomas J. Albanese.
10.29*†	—Severance Agreement, dated as of January 18, 2008, by and between U.S. Concrete, Inc. and William T. Albanese (Form 8-K dated January 18, 2008 (File No. 000-26025), Exhibit 10.1).
10.30†	—First Amendment to Severance Agreement, effective as of December 31, 2008, by and between U.S. Concrete, Inc. and William T. Albanese.
10.31†	—Severance Agreement, dated as of July 31, 2007, by and between U.S. Concrete, Inc. and Terry Green.
10.32†	—First Amendment to Severance Agreement, effective as of December 31, 2008, by and between U.S. Concrete, Inc. and Terry Green.
10.33*	—Second Amendment to Severance Agreement dated as of August 31, 2009, by and between U.S. Concrete, Inc. and Terry Green (Form 8-K filed on September 1, 2009 (File No. 000-26025), Exhibit 10.1).
10.34*	—Severance Agreement, dated as of July 31, 2007, by and between U.S. Concrete, Inc. and Curt M. Lindeman (Form 10-Q for the quarter ended March 31, 2009 (File No. 000-26025), Exhibit 10.1).
10.35*	—First Amendment to Severance Agreement, effective as of December 31, 2008, by and between U.S. Concrete, Inc. and Curt M. Lindeman (Form 10-Q for the quarter ended March 31, 2009 (File No. 000-26025), Exhibit 10.2).
10.36*	—Severance Agreement, dated as of July 31, 2007, by and between U.S. Concrete, Inc. and Gary J. Konnie (Form 10-Q for the quarter ended March 31, 2009 (File No. 000-26025), Exhibit 10.3).
10.37*	—First Amendment to Severance Agreement, effective as of December 31, 2008, by and between U.S. Concrete, Inc. and Gary J. Konnie (Form 10-Q for the quarter ended March 31, 2009 (File No. 000-26025), Exhibit 10.4).
10.38*	—Severance Agreement, dated as of July 31, 2007, by and between U.S. Concrete, Inc. and Michael L. Gentoso (Form 10-Q for the quarter ended March 31, 2009 (File No. 000-26025), Exhibit 10.5).
10.39*	—First Amendment to Severance Agreement, effective as of December 31, 2008, by and between U.S. Concrete, Inc. and Michael L. Gentoso (Form 10-Q for the quarter ended March 31, 2009 (File No. 000-26025), Exhibit 10.6).
10.40*†	—U.S. Concrete, Inc. 2008 Stock Incentive Plan (Form S-8 dated May 22, 2008 (Reg. No. 333-151338), Exhibit 4.6).
10.41*†	—Form of Non-qualified Stock Option Award Agreement for Employees (Form S-8 (Reg. No. 333-151338), Exhibit 4.7).
10.42*†	—Form of Non-Qualified Stock Option Award Agreement for Directors (Form S-8 (Reg. No. 333-151338), Exhibit 4.8).
10.43*†	—Form of Restricted Stock Award Agreement for Officers and Key Employees (Form S-8 (Reg. No. 333- 151338), Exhibit 4.9).
10.44*†	—Form of Restricted Stock Award Agreement for Employess (Form S-8 (Reg. 333-151338), Exhibit 4.10).
12*	—Statement regarding computation of ratios (Form 10-K dated March 13, 2007 (File No. 000-26025), Exhibit 10.8).
14*	—U.S. Concrete, Inc. Code of Ethics for Chief Executive and Senior Financial Officers (Form 10-K for the year ended December 31, 2003 (File No. 000-26025), Exhibit 14).



<u>Exhibit Number</u>	<u>Description</u>
21	—Subsidiaries.
23	—Consent of independent registered public accounting firm.
31.1	—Rule 13a-14(a)/15d-14(a) Certification of Michael W. Harlan.
31.2	—Rule 13a-14(a)/15d-14(a) Certification of Robert D. Hardy.
32.1	—Section 1350 Certification of Michael W. Harlan.
32.2	—Section 1350 Certification of Robert D. Hardy.

---

\* Incorporated by reference to the filing indicated.

† Management contract or compensatory plan or arrangement.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

U.S. CONCRETE, INC.

Date: March 16, 2010

By: /s/ Michael W. Harlan

**Michael W. Harlan**  
**President and Chief Executive Officer**

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on March 16, 2010.

<u>Signature</u>	<u>Title</u>
<u>/s/ Michael W. Harlan</u> <b>Michael W. Harlan</b>	President and Chief Executive Officer and Director (Principal Executive Officer)
<u>/s/ Robert D. Hardy</u> <b>Robert D. Hardy</b>	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)
<u>/s/ William T. Albanese</u> <b>William T. Albanese</b>	Regional Vice President – Northern California Region and Director
<u>/s/ John M. Piecuch</u> <b>John M. Piecuch</b>	Director
<u>/s/ Vincent D. Foster</u> <b>Vincent D. Foster</b>	Director
<u>/s/ T. William Porter</u> <b>T. William Porter</b>	Director
<u>/s/ Mary P. Ricciardello</u> <b>Mary P. Ricciardello</b>	Director
<u>/s/ Ray C. Dillon</u> <b>Ray C. Dillon</b>	Director

## INDEX TO EXHIBITS

<u>Exhibit Number</u>	<u>Description</u>
3.1 *	—Restated Certificate of Incorporation of U.S. Concrete dated May 9, 2006 (Form 8-K dated May 9, 2006 (File No. 000-26025), Exhibit 3.1).
3.2 *	—Amended and Restated Bylaws of U.S. Concrete, as amended (Post Effective Amendment No. 1 to Form S-3 (Reg. No. 333-42860), Exhibit 4.2).
4.1 *	—Form of certificate representing common stock (Form S-1 (Reg. No. 333-74855), Exhibit 4.3).
4.2 *	—Certificate of Designation of Series A Junior Participating Preferred Stock of U.S. Concrete, Inc. (Form 8-K filed on November 6, 2009 (File No. 000-26025), Exhibit 3.1).
4.3 *	—Rights Agreement dated as of November 5, 2009 between U.S. Concrete, Inc. and American Stock Transfer & Trust Company, LLC (Form 8-K filed on November 6, 2009 (File No. 000-26025), Exhibit 4.1).
4.4 *	—Indenture among U.S. Concrete, the Subsidiary Guarantors party thereto and Wells Fargo Bank, National Association, as Trustee, dated as of March 31, 2004, for the 8 <sup>3</sup> / <sub>8</sub> % Senior Subordinated Notes due 2014 (Form 10-Q for the quarter ended March 31, 2004 (File No. 000-26025), Exhibit 4.5).
4.5 *	—Form of Note (Form 10-Q for the quarter ended March 31, 2004 (File No. 000-26025), included as Exhibit A to Exhibit 4.7).
4.6 *	—Notation of Guarantee by the Subsidiary Guarantors dated March 31, 2004 (Form 10-Q for the quarter ended March 31, 2004 (File No. 000-26025), Exhibit 4.7).
4.7 *	—First Supplemental Indenture among U.S. Concrete, the Existing Guarantors party thereto, the Additional Guarantors party thereto and Wells Fargo Bank, National Association, as Trustee, dated as of July 5, 2006, for the 8 <sup>3</sup> / <sub>8</sub> % Senior Subordinated Notes due 2014 (Form 8-K dated June 29, 2006 (File No. 000-26025), Exhibit 4.1).
4.8 *	—Amended and Restated Credit Agreement dated as of June 30, 2006 among U.S. Concrete, the Lenders and Issuers named therein and Citicorp North America, Inc. as administrative agent (Form 8-K dated June 29, 2006 (File No. 000-26025), Exhibit 4.3).
4.9 *	—Amendment No. 1 to Amended and Restated Credit Agreement, effective as of March 2, 2007, among U.S. Concrete, Inc., Citicorp North America, Inc., Bank of America, N.A., JP Morgan Chase Bank and the Lenders and Issuers named therein (Form 10-Q for the quarter ended March 31, 2007 (file No. 000-20025), Exhibit 4.1).
4.10 *	—Amendment No. 2 to Amended and Restated Credit Agreement, effective as of November 9, 2007, among U.S. Concrete, Inc., Citicorp North America Inc., Bank of America, N.A., JP Morgan Chase Bank and the Lenders and Issuers named therein (Form 8-K dated November 9, 2007 (File No. 000-26025), Exhibit 4.1).
4.11 *	—Amendment No. 3 to Amended and Restated Credit Agreement, dated as of July 11, 2008, among U.S. Concrete, Inc., Citicorp North America Inc., Bank of America, N.A., JP Morgan Chase Bank and the Lenders and Issuers named therein (Form 8-K dated July 11, 2008 (File No. 000-26025), Exhibit 4.1).
4.12 *	—Amendment No. 4 and Waiver to Amended and Restated Credit Agreement, dated as of February 19, 2010, among U.S. Concrete, Inc., Citicorp North America Inc., Bank of America, N.A., JPMorgan Chase Bank, N.A. and the Lenders and Issuers named therein (Form 8-K dated February 19, 2010 (File No. 000-26025), Exhibit 10.1).
4.13 *	—Credit Agreement, dated as of April 6, 2007, by and between Superior Materials, LLC, BWB, LLC and Comerica Bank (Form 10-Q for the quarter ended March 31, 2007 (File No. 000-26025), Exhibit 4.2).
4.14 *	—First Amendment to Credit Agreement, dated as of February 29, 2008, by and between Superior Materials, LLC, BWB, LLC and Comerica Bank.
4.15 *	—Second Amendment to Credit Agreement, dated as of March 3, 2008, by and among Superior Materials, LLC, BWB, LLC and Comerica Bank (Form 10-Q for the quarter ended March 31, 2008 (File No. 000-26025), Exhibit 4.1).
4.16 *	—Third Amendment to Credit Agreement, dated as of March 31, 2008, by and among Superior Materials, LLC, BWB, LLC and Comerica Bank (Form 10-Q for the quarter ended March 31, 2008 (File No. 000-26025), Exhibit 4.2).
4.17 *	—Fourth Amendment to Credit Agreement, dated as of May 31, 2008, by and among Superior Materials, LLC, BWB, LLC and Comerica Bank (Form 10-Q for the quarter ended June 30, 2008 (File No. 000-26025), Exhibit 4.2).
4.18 *	—Fifth Amendment to Credit Agreement, dated as of August 6, 2008, by and among Superior Materials, LLC, BWB, LLC and Comerica Bank, and Comfort Letter in support of Superior Materials, LLC and BWB, LLC (Form 10-Q for

<u>Exhibit Number</u>	<u>Description</u>
	the quarter ended June 30, 2008 (File No. 000-26025), Exhibit 4.3).
10.1*†	—1999 Incentive Plan of U.S. Concrete (Form S-1 (Reg. No. 333-74855), Exhibit 10.1).
10.2*†	—Amendment No. 1 to 1999 Incentive Plan of U.S. Concrete, Inc. dated January 9, 2003 (Form S-8 dated December 20, 2004 (Reg. No. 333-121458), Exhibit 10.2).
10.3*†	—Amendment No. 2 to 1999 Incentive Plan of U.S. Concrete, Inc. dated December 17, 2004 (Form S-8 dated December 20, 2004 (Reg. No. 333-121458), Exhibit 10.3).
10.4*†	—Amendment No. 3 to 1999 Incentive Plan of U.S. Concrete, Inc. effective May 17, 2005 (Proxy Statement relating to 2005 annual meeting of stockholders, Appendix B).
10.5*†	—Amendment No. 4 to 1999 Incentive Plan of U.S. Concrete, Inc. dated February 13, 2006 (Form 10-K dated March 16, 2006 (File No. 000-26025), Exhibit 10.5).
10.6*†	—Amendment No. 5 to 1999 Incentive Plan of U.S. Concrete, Inc. dated March 7, 2007; effective January 1, 1999 (Form 10-K dated March 13, 2007 (File No. 000-26025), Exhibit 10.8)).
10.7*†	—Amendment No. 6 to 1999 Incentive Plan of U.S. Concrete, Inc. dated as of April 11, 2008 (Form 8-K dated April 11, 2008 (File No. 000-26025), Exhibit 10.1).
10.8*	—U.S. Concrete 2000 Employee Stock Purchase Plan effective May 16, 2000 (Proxy Statement relating to 2000 annual meeting of stockholders, Appendix A).
10.9*	—Amendment No. 1 to 2000 Employee Stock Purchase Plan of U.S. Concrete, Inc. effective December 16, 2005 (Form 8-K dated December 16, 2005 (File No. 000-26025), Exhibit 10.1).
10.10	—Amendment No. 2 to 2000 Employee Stock Purchase Plan of U.S. Concrete, Inc. effective January 1, 2010.
10.11*	—2001 Employee Incentive Plan of U.S. Concrete, Inc. (Form S-8 dated May 11, 2001 (Reg. No. 333-60710), Exhibit 4.6).
10.12*	—Amendment No. 1 to 2001 Employee Incentive Plan of U.S. Concrete, Inc. dated December 17, 2004 (Form S-8 dated December 20, 2004 (Reg. No. 333-121458), Exhibit 10.6).
10.13*†	—Consulting Agreement dated February 23, 2007 by and between U.S. Concrete and Eugene P. Martineau (Form 8-K dated February 23, 2007 (File No. 000-26025), Exhibit 10.1).
10.14*	—Contribution Agreement, dated as of March 26, 2007, by and among, BWB, Inc. of Michigan Builders', Redi-Mix, LLC, Kurtz Gravel Company, Superior Materials, Inc. USC Michigan, Inc., Edw. C. Levy Co. and Superior Joint Venture LLC (Form 8-K dated March 26, 2007 (File No. 000-26025), Exhibit 10.1).
10.15*	—Operating Agreement of Superior Materials, LLC dated effective as of April 1, 2007, by and between Kurtz Gravel Company, Superior Materials, Inc. and Edw. C. Levy Co., together with related Joinder Agreement dated effective April 2, 2007 by BWB, Inc. of Michigan Builders', Redi-Mix, LLC, USC Michigan, Inc. and Superior Material Holdings LLC (Form 8-K dated April 1, 2007 (File No. 000-26025), Exhibit 10.1).
10.16*	—Guaranty dated as of April 1, 2007 by U.S. Concrete, Inc. in favor of Edw. C. Levy Co. and Superior Materials Holdings, LLC (Form 8-K dated April 1, 2007 (File No. 000-26025), Exhibit 10.2).
10.17*†	—Form of Indemnification Agreement between U.S. Concrete and each of its directors and officers (Form 10-K dated March 16, 2006 (File No. 000-26025) Exhibit 10.22).
10.18*†	—Form of U.S. Concrete, Inc. Restricted Stock Award Agreement for employees (Form 10-K for the year ended December 31, 2004 (File No. 000-26025), Exhibit 10.21).
10.19*†	—Form of U.S. Concrete, Inc. Non-Qualified Stock Option Award Agreement for nonemployee directors (Form 10-K for the year ended December 31, 2004 (File No. 000-26025), Exhibit 10.22).
10.20*†	—Form of U.S. Concrete, Inc. Non-Qualified Stock Option Award Agreement for employees (Form 10-K for the year ended December 31, 2004 (File No. 000-26025), Exhibit 10.23).
10.21*†	—U.S. Concrete, Inc. and Subsidiaries 2005 Annual Salaried Team Member Incentive Plan, effective April 8, 2005 (Form 8-K dated April 8, 2005 (File No. 000-26025), Exhibit 10.1).
10.22*†	—U.S. Concrete, Inc. and Subsidiaries 2009 Annual Team Member Incentive Plan, (Form 10-K dated March 13, 2009 (File No. 000-26025), Exhibit 10.22).

<u>Exhibit Number</u>	<u>Description</u>
10.23*†	—Severance Agreement, dated as of July 31, 2007, by and between U.S. Concrete, Inc. and Michael W. Harlan (Form 8-K dated July 31, 2007 (File No. 000-26025), Exhibit 10.1).
10.24†	—First Amendment to Severance Agreement, effective as of December 31, 2008, by and between U.S. Concrete, Inc. and Michael W. Harlan.
10.25*†	—Severance Agreement, dated as of July 31, 2007, by and between U.S. Concrete, Inc. and Robert D. Hardy (Form 8-K dated July 31, 2007 (File No. 000-26025), Exhibit 10.2).
10.26†	—First Amendment to Severance Agreement, effective as of December 31, 2008, by and between U.S. Concrete, Inc. and Robert D. Hardy.
10.27*†	—Severance Agreement, dated as of July 31, 2007, by and between U.S. Concrete, Inc. and Thomas J. Albanese (Form 8-K dated July 31, 2007 (File No. 000-26025), Exhibit 10.3).
10.28†	—First Amendment to Severance Agreement, effective as of December 31, 2008, by and between U.S. Concrete, Inc. and Thomas J. Albanese.
10.29*†	—Severance Agreement, dated as of January 18, 2008, by and between U.S. Concrete, Inc. and William T. Albanese (Form 8-K dated January 18, 2008 (File No. 000-26025), Exhibit 10.1).
10.30†	—First Amendment to Severance Agreement, effective as of December 31, 2008, by and between U.S. Concrete, Inc. and William T. Albanese.
10.31†	—Severance Agreement, dated as of July 31, 2007, by and between U.S. Concrete, Inc. and Terry Green.
10.32†	—First Amendment to Severance Agreement, effective as of December 31, 2008, by and between U.S. Concrete, Inc. and Terry Green.
10.33*	—Second Amendment to Severance Agreement dated as of August 31, 2009, by and between U.S. Concrete, Inc. and Terry Green (Form 8-K filed on September 1, 2009 (File No. 000-26025), Exhibit 10.1).
10.34*	—Severance Agreement, dated as of July 31, 2007, by and between U.S. Concrete, Inc. and Curt M. Lindeman (Form 10-Q for the quarter ended March 31, 2009 (File No. 000-26025), Exhibit 10.1).
10.35*	—First Amendment to Severance Agreement, effective as of December 31, 2008, by and between U.S. Concrete, Inc. and Curt M. Lindeman (Form 10-Q for the quarter ended March 31, 2009 (File No. 000-26025), Exhibit 10.2).
10.36*	—Severance Agreement, dated as of July 31, 2007, by and between U.S. Concrete, Inc. and Gary J. Konnie (Form 10-Q for the quarter ended March 31, 2009 (File No. 000-26025), Exhibit 10.3).
10.37*	—First Amendment to Severance Agreement, effective as of December 31, 2008, by and between U.S. Concrete, Inc. and Gary J. Konnie (Form 10-Q for the quarter ended March 31, 2009 (File No. 000-26025), Exhibit 10.4).
10.38*	—Severance Agreement, dated as of July 31, 2007, by and between U.S. Concrete, Inc. and Michael L. Gentoso (Form 10-Q for the quarter ended March 31, 2009 (File No. 000-26025), Exhibit 10.5).
10.39*	—First Amendment to Severance Agreement, effective as of December 31, 2008, by and between U.S. Concrete, Inc. and Michael L. Gentoso (Form 10-Q for the quarter ended March 31, 2009 (File No. 000-26025), Exhibit 10.6).
10.40*†	—U.S. Concrete, Inc. 2008 Stock Incentive Plan (Form S-8 dated May 22, 2008 (Reg. No. 333-151338), Exhibit 4.6).
10.41*†	—Form of Non-qualified Stock Option Award Agreement for Employees (Form S-8 (Reg. No. 333-151338), Exhibit 4.7).
10.42*†	—Form of Non-Qualified Stock Option Award Agreement for Directors (Form S-8 (Reg. No. 333-151338), Exhibit 4.8).
10.43*†	—Form of Restricted Stock Award Agreement for Officers and Key Employees (Form S-8 (Reg. No. 333-151338), Exhibit 4.9).
10.44*†	—Form of Restricted Stock Award Agreement for Employess (Form S-8 (Reg. 333-151338), Exhibit 4.10).
12*	—Statement regarding computation of ratios (Form 10-K dated March 13, 2007 (File No. 000-26025), Exhibit 10.8).
14*	—U.S. Concrete, Inc. Code of Ethics for Chief Executive and Senior Financial Officers (Form 10-K for the year ended December 31, 2003 (File No. 000-26025), Exhibit 14).

<u>Exhibit Number</u>	<u>Description</u>
21	—Subsidiaries.
23	—Consent of independent registered public accounting firm.
31.1	—Rule 13a-14(a)/15d-14(a) Certification of Michael W. Harlan.
31.2	—Rule 13a-14(a)/15d-14(a) Certification of Robert D. Hardy.
32.1	—Section 1350 Certification of Michael W. Harlan.
32.2	—Section 1350 Certification of Robert D. Hardy.

---

\* Incorporated by reference to the filing indicated.

† Management contract or compensatory plan or arrangement.