

Greystone INSIDER[®]

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Sand & Gravel Edition, May 1998

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- ☞ Cornerstone acquires Fenton.
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- ☞ CAMAS makes several acquisitions in Denver.
- ☞ Pioneer appoints Michael Kane as U.S. President.
- ☞ U.S. Sand & Gravel production down 1.0% during 1997.

The Insider is published quarterly for the clients of The Greystone Group. Quarterly publications include forecasts for cement consumption, sand, gravel and crushed stone production and ready mix concrete consumption. Please contact us at (619) 587-3900 if you are interested in being added to our mailing list.

The Greystone Group, located in La Jolla, California, is an investment banking firm specializing in the cement and construction materials industry. Primary services include mergers and acquisitions, strategic planning, asset divestitures and debt placement activities. To learn more about Greystone please contact us at the address set forth below.

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Enjoy it While you Can

February marked the seventh anniversary of the U.S. economy's current expansion. Although the first two years were a little weak, the growth during the past five years has continually surprised many economists who were banking on a coming slowdown. While many sophisticated analysts are anticipating a slowdown in 1998 – don't bet on it. The long-cycle expansions of the 1960s and 1980s had an average duration of 99 months. The present cycle – currently in its 86th month – will not hit that milestone until June 1999. But, can we count on another 99-month expansion cycle to take us through the 1990s, or is time running out?

Business cycles don't die a natural death ...

We believe in the old adage, "Business cycles don't die a natural death – in the end the Fed always pulls the trigger." We anticipate that the U.S. economy will reach full employment in 1998, providing even more household income to be used to purchase goods and services. And, while Mr. Greenspan has been successfully tuning the economy during the past seven years, we expect he'll find it difficult to restrain during the waning stages of this current expansion. Most economists feel it is impossible to fine-tune the growth trajectory of an \$8.0 trillion U.S. economy by simply tweaking the federal funds rate by a few basis points. While the Fed typically errs on the side of accommodation in the depths of a recession, it usually takes a strong position when hiking interest rates at the peak of the cycle. That's what we expect to see in the next year – resulting in increases in the federal funds rate of at least 75 basis points and slowing the economy toward a 1.5% growth rate in the second half of 1999.

Our theory is based on the fact that real GDP growth, which is pegged at 3.1% for 1998, will slow to 2.2% in 1999, representing the first time in four years that the pace of the economy could slip below the key 2.5% threshold. Moreover, the second half of 1999 is slated for 1.4% growth, dangerously close to the economy's "stall speed."

Full employment vs. corporate profits.

History suggests that once the economy hits full employment and most efficient workers are on the job, productivity growth usually slows. Productivity growth, which is projected to fall below 1.0% in 1998-99, is hardly enough to offset increasing wage rates resulting from employment demand. Employment demand is expected to increase labor rates by 4.2% in 1999, more than double the 2.0% rise of 1997 and one full percentage point faster than the 3.2% increase in the GDP deflator forecast for 1999. With cost increases outpacing expected inflation, corporate profits will likely decline.

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But what about business confidence?

Relax. One of the most compelling factors supporting an extended economic expansion is business confidence. According to FORTUNE Magazine's most recently published *Business Confidence Index*, America's faith in the powerfully resilient U.S. economy can withstand an economic meltdown in Asia, impending war in Iraq, a lurid sex scandal in the White House, and torrential rains in California. Not a single respondent of the survey (which has been conducted by FORTUNE in one form or another for 23 years) predicted that interest rates would be significantly higher by the end of 1998. In fact, 35% of the respondents predicted rates would be significantly lower!

While this survey might not be the most reliable economic indicator, confidence in the U.S. economy by America's most powerful executives will ultimately extend the life of our latest economic boom. The question remains, however, for how long?

**Big Bertha
Southdown Merges with Medusa**

On March 18, 1998, Southdown, Inc. (NYSE: SDW) and Medusa Corporation (NYSE: MSA) announced the execution of a definitive agreement under which Southdown and Medusa will merge in a stock-for-stock transaction that will make Southdown the second largest producer of cement in the United States with 10.8 million tons of capacity.



According to the merger agreement, which has been approved by the boards of directors of both companies, Medusa shareholders will receive .88 shares of Southdown stock for each Medusa share. The completion of the transaction is subject to required approvals by shareholders of both companies, registration of the shares of Southdown's stock issuable in the transaction under the securities laws, and other customary closing conditions. The Federal Trade Commission granted a request for early termination of the waiting period of the premerger notification rules on April 20, 1998. The transaction is expected to close by the end of June 1998.

The construction materials industry - what's different this time?

Construction activity usually leads the economy "into" and "out-of" econom-

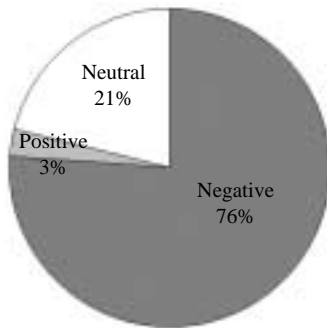
ic recessions. This time, however, it may be a little different, because economic powers like California suffered longer and recovered later than the

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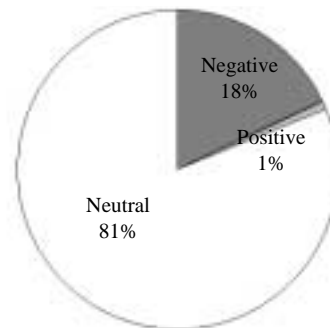
Are you confident or worried about sustaining U.S. economic growth over the next two years?



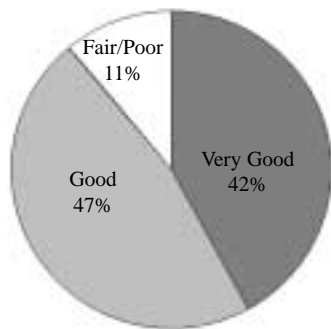
What effect will the Asia crisis have on the U.S. economy?



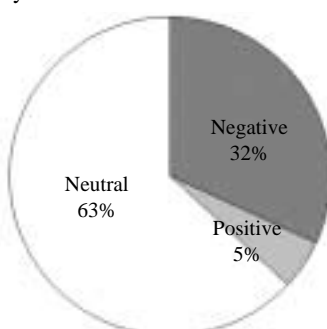
What effect will the recent controversies involving the President have on the U.S. economy?



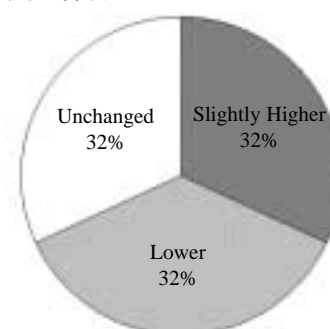
How is your business now?



What effect will the Asia crisis have on your company?



Where do you expect interest rates to be at the end of 1997?



Source: FORTUNE Magazine's survey of financial executives at FORTUNE 1,000 companies.

U.S. Sand & Gravel Production Northeast Region

(000MT)	Actual				Greystone Forecast				
	1994	1995	1996	1997	1998	1999	2000	2001	2002
<u>New England:</u>									
Connecticut	5,420	5,300	7,380	6,790	7,523	8,237	9,243	9,135	8,680
% Change	-15.3%	-2.2%	39.2%	-8.0%	10.8%	9.5%	12.2%	-1.2%	-5.0%
Maine	5,890	5,000	6,790	7,560	7,088	7,714	8,587	9,410	9,586
% Change	33.9%	-15.1%	35.8%	11.3%	-6.2%	8.8%	11.3%	9.6%	1.9%
Massachusetts	12,300	10,500	15,000	15,800	15,903	13,939	12,579	9,537	11,803
% Change	13.9%	-14.6%	42.9%	5.3%	0.7%	-12.4%	-9.8%	-24.2%	23.8%
N. Hampshire	7,120	5,600	6,130	14,800	14,325	10,760	9,799	7,761	8,905
% Change	48.3%	-21.3%	9.5%	141.4%	-3.2%	-24.9%	-8.9%	-20.8%	14.7%
Rhode Island	2,310	2,900	3,000	1,970	2,327	2,808	2,414	3,065	3,966
% Change	-7.6%	25.5%	3.4%	-34.3%	18.1%	20.7%	-14.1%	27.0%	29.4%
Vermont	3,890	2,900	5,770	3,640	4,629	5,172	6,378	6,423	6,494
% Change	29.7%	-25.4%	99.0%	-36.9%	27.2%	11.7%	23.3%	0.7%	1.1%
Subtotal - New England	36,930	32,200	44,070	50,560	51,796	48,630	48,999	45,331	49,434
% Change	15.8%	-12.8%	36.9%	14.7%	2.4%	-6.1%	0.8%	-7.5%	9.1%
<u>Mid Atlantic:</u>									
New Jersey	16,100	15,000	12,700	17,600	19,490	20,807	21,973	25,281	25,068
% Change	9.5%	-6.8%	-15.3%	38.6%	10.7%	6.8%	5.6%	15.1%	-0.8%
New York	28,000	26,800	29,700	28,200	31,428	36,442	42,648	43,747	40,593
% Change	-19.8%	-4.3%	10.8%	-5.1%	11.4%	16.0%	17.0%	2.6%	-7.2%
Pennsylvania	15,900	15,100	15,300	14,600	15,606	16,001	18,279	20,482	21,586
% Change	-1.2%	-5.0%	1.3%	-4.6%	6.9%	2.5%	14.2%	12.1%	5.4%
Subtotal - Mid Atlantic	60,000	56,900	57,700	60,400	66,524	73,250	82,900	89,511	87,247
% Change	-8.7%	-5.2%	1.4%	4.7%	10.1%	10.1%	13.2%	8.0%	-2.5%
Total Northeast Region	96,930	89,100	101,770	110,960	118,319	121,880	131,899	134,842	136,680
% Change	-0.7%	-8.1%	14.2%	9.0%	6.6%	3.0%	8.2%	2.2%	1.4%

U.S. Sand & Gravel Production Regional Comparison

(000MT)	1988 to 1997			1998 to 2007			Ave. Annual Percent Change		
	HIGH	LOW	AVG	HIGH	LOW	AVG	HIGH	LOW	AVG
Northeast Region	117,586	73,195	96,838	136,680	103,304	124,002	1.6%	4.1%	2.8%
Midwest Region	305,420	221,127	262,695	380,033	292,325	334,633	2.4%	3.2%	2.7%
South Region	215,670	155,097	184,757	237,573	186,237	206,216	1.0%	2.0%	1.2%
West Region	347,360	258,314	301,246	413,958	366,773	386,153	1.9%	4.2%	2.8%
Total U.S.	968,330	707,732	845,537	1,099,138	1,001,623	1,051,004	1.4%	4.2%	2.4%

U.S. Sand & Gravel Production Midwest Region

(000MT)	Actual				Greystone Forecast				
	1994	1995	1996	1997	1998	1999	2000	2001	2002
<u>East N. Central:</u>									
Illinois	37,900	35,000	36,000	36,200	37,000	35,746	34,863	36,718	42,446
% Change	9.9%	-7.7%	2.9%	0.6%	2.2%	-3.4%	-2.5%	5.3%	15.6%
Indiana	28,100	27,900	26,400	20,500	21,353	19,077	21,457	23,804	26,063
% Change	4.1%	-0.7%	-5.4%	-22.3%	4.2%	-10.7%	12.5%	10.9%	9.5%
Michigan	48,800	53,000	54,700	57,600	59,397	59,474	53,212	50,237	54,352
% Change	8.4%	8.6%	3.2%	5.3%	3.1%	0.1%	-10.5%	-5.6%	8.2%
Ohio	47,700	49,500	47,100	47,000	45,106	47,921	46,176	51,087	53,145
% Change	2.8%	3.8%	-4.8%	-0.2%	-4.0%	6.2%	-3.6%	10.6%	4.0%
Wisconsin	29,200	31,000	33,500	33,300	32,391	30,159	28,552	27,809	30,955
% Change	5.8%	6.2%	8.1%	-0.6%	-2.7%	-6.9%	-5.3%	-2.6%	11.3%
Subtotal - East N. Central	191,700	196,400	197,700	194,600	195,247	192,377	184,260	189,655	206,961
% Change	6.2%	2.5%	0.7%	-1.6%	0.3%	-1.5%	-4.2%	2.9%	9.1%
<u>West N. Central:</u>									
Iowa	15,300	14,000	14,900	13,400	13,226	11,936	11,874	10,270	9,871
% Change	-7.8%	-8.5%	6.4%	-10.1%	-1.3%	-9.8%	-0.5%	-13.5%	-3.9%
Kansas	11,200	10,400	15,000	11,200	11,404	11,093	10,170	10,680	9,896
% Change	-5.9%	-7.1%	44.2%	-25.3%	1.8%	-2.7%	-8.3%	5.0%	-7.3%
Minnesota	29,500	34,000	33,000	44,600	44,078	44,697	47,385	54,875	64,350
% Change	-3.3%	15.3%	-2.9%	35.2%	-1.2%	1.4%	6.0%	15.8%	17.3%
Missouri	9,760	8,400	10,600	10,000	10,169	9,217	8,750	9,343	11,863
% Change	52.5%	-13.9%	26.2%	-5.7%	1.7%	-9.4%	-5.1%	6.8%	27.0%
Nebraska	15,000	16,000	14,300	14,100	14,402	13,373	14,190	13,272	12,975
% Change	16.3%	6.7%	-10.6%	-1.4%	2.1%	-7.2%	6.1%	-6.5%	-2.2%
N. Dakota	8,000	6,857	8,500	8,320	8,309	8,838	10,148	10,623	10,172
% Change	3.9%	-14.3%	24.0%	-2.1%	-0.1%	6.4%	14.8%	4.7%	-4.2%
S. Dakota	7,700	6,600	9,530	9,200	8,686	7,274	5,549	6,515	7,681
% Change	-7.2%	-14.3%	44.4%	-3.5%	-5.6%	-16.3%	-23.7%	17.4%	17.9%
Subtotal - West N. Central	96,460	96,257	105,830	110,820	110,274	106,428	108,065	115,579	126,808
% Change	2.3%	-0.2%	9.9%	4.7%	-0.5%	-3.5%	1.5%	7.0%	9.7%
Total Midwest Region	288,160	292,657	303,530	305,420	305,521	298,805	292,325	305,234	333,769
% Change	4.9%	1.6%	3.7%	0.6%	0.0%	-2.2%	-2.2%	4.4%	9.3%

The Greystone Methodology

The success of any transaction depends on the participant's ability to accurately forecast future financial performance. As part of this process, The Greystone Group constantly scrutinizes the numerous economic indicators that ultimately influence the consumption of cement and construction materials. Additionally, we maintain a database of historical population, housing starts, construction employment, cement consumption, sand, gravel and crushed stone production and ready mix concrete consumption on a state-by-state basis. In many regions, we maintain this information by county or major metropolitan area.

After analyzing economic projections generated by a myriad of independent economists from each relevant market, we apply Greystone's proprietary correlation in order to produce our construction materials forecast.

U.S. Sand & Gravel Production South Region

(000MT)	Actual				Greystone Forecast				
	1994	1995	1996	1997	1998	1999	2000	2001	2002
<u>South Atlantic:</u>									
Delaware	2,580	2,600	3,660	1,840	1,840	1,809	1,737	1,583	2,102
% Change	3.2%	0.8%	40.8%	-49.7%	0.0%	-1.7%	-4.0%	-8.9%	32.8%
District of Columbia	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
% Change	0%	0%	0%	0%	0%	0%	0%	0%	0%
Florida	16,600	15,800	20,200	19,200	20,099	19,811	19,013	17,035	18,342
% Change	-27.2%	-4.8%	27.8%	-5.0%	4.7%	-1.4%	-4.0%	-10.4%	7.7%
Georgia	5,520	5,700	6,630	6,220	6,293	5,851	5,919	5,173	5,516
% Change	20.0%	3.3%	16.3%	-6.2%	1.2%	-7.0%	1.2%	-12.6%	6.6%
Maryland	8,920	8,400	10,200	10,700	10,519	10,355	9,130	8,564	8,619
% Change	-20.4%	-5.8%	21.4%	4.9%	-1.7%	-1.6%	-11.8%	-6.2%	0.7%
North Carolina	11,100	10,700	10,300	12,300	12,124	11,210	10,015	10,933	12,004
% Change	0.0%	-3.6%	-3.7%	19.4%	-1.4%	-7.5%	-10.7%	9.2%	9.8%
South Carolina	8,600	9,700	9,950	9,000	8,930	8,280	7,236	7,348	7,878
% Change	26.5%	12.8%	2.6%	-9.5%	-0.8%	-7.3%	-12.6%	1.6%	7.2%
Virginia	8,060	8,200	10,200	10,800	10,533	9,219	8,224	8,348	9,226
% Change	-10.4%	1.7%	24.4%	5.9%	-2.5%	-12.5%	-10.8%	1.5%	10.5%
West Virginia	1,380	1,300	1,600	1,800	1,961	1,665	1,597	1,851	1,688
% Change	-1.4%	-5.8%	23.1%	12.5%	8.9%	-15.1%	-4.1%	15.9%	-8.8%
Subtotal - South Atlantic	62,760	62,400	72,740	71,860	72,298	68,199	62,872	60,835	65,375
% Change	-9.6%	-0.6%	16.6%	-1.2%	0.6%	-5.7%	-7.8%	-3.2%	7.5%
<u>East S. Central:</u>									
Alabama	12,500	12,100	14,400	14,100	14,192	13,641	11,412	10,511	12,838
% Change	21.4%	-3.2%	19.0%	-2.1%	0.7%	-3.9%	-16.3%	-7.9%	22.1%
Kentucky	9,140	8,500	7,010	7,880	8,177	8,738	8,298	7,957	7,083
% Change	18.7%	-7.0%	-17.5%	12.4%	3.8%	6.9%	-5.0%	-4.1%	-11.0%
Mississippi	12,400	10,800	13,000	12,700	11,651	12,992	12,638	10,519	11,393
% Change	-14.5%	-12.9%	20.4%	-2.3%	-8.3%	11.5%	-2.7%	-16.8%	8.3%
Tennessee	8,710	7,600	8,680	9,670	9,720	9,531	8,998	8,238	8,752
% Change	21.0%	-12.7%	14.2%	11.4%	0.5%	-2.0%	-5.6%	-8.5%	6.2%
Subtotal - East S. Central	42,750	39,000	43,090	44,350	43,740	44,902	41,346	37,224	40,065
% Change	7.7%	-8.8%	10.5%	2.9%	-1.4%	2.7%	-7.9%	-10.0%	7.6%
<u>West S. Central:</u>									
Arkansas	10,600	10,800	10,700	12,100	12,446	13,077	12,516	12,207	11,985
% Change	5.0%	1.9%	-0.9%	13.1%	2.9%	5.1%	-4.3%	-2.5%	-1.8%
Louisiana	12,300	13,200	11,700	11,700	11,943	12,190	11,984	11,579	11,293
% Change	3.4%	7.3%	-11.4%	0.0%	2.1%	2.1%	-1.7%	-3.4%	-2.5%
Oklahoma	8,480	8,600	8,140	9,070	9,406	9,222	9,188	8,543	8,588
% Change	-12.6%	1.4%	-5.3%	11.4%	3.7%	-2.0%	-0.4%	-7.0%	0.5%
Texas	56,700	55,600	69,300	54,900	57,683	60,383	57,793	55,849	49,968
% Change	20.4%	-1.9%	24.6%	-20.8%	5.1%	4.7%	-4.3%	-3.4%	-10.5%
Subtotal - West S. Central	88,080	88,200	99,840	87,770	91,479	94,873	91,481	88,178	81,834
% Change	11.8%	0.1%	13.2%	-12.1%	4.2%	3.7%	-3.6%	-3.6%	-7.2%
Total South Region	193,590	189,600	215,670	203,980	207,517	207,974	195,699	186,237	187,274
% Change	3.0%	-2.1%	13.8%	-5.4%	1.7%	0.2%	-5.9%	-4.8%	0.6%

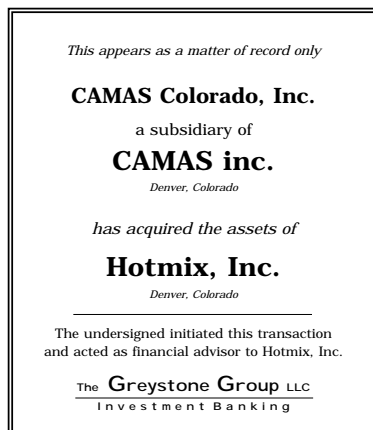
U.S. Sand & Gravel Production West Region

(000MT)	Actual				Greystone Forecast				
	1994	1995	1996	1997	1998	1999	2000	2001	2002
<u>Mountain:</u>									
Arizona	34,800	37,000	41,100	41,000	41,746	40,732	37,714	32,072	34,436
% Change	-0.6%	6.3%	11.1%	-0.2%	1.8%	-2.4%	-7.4%	-15.0%	7.4%
Colorado	29,000	27,500	36,100	33,000	35,231	37,475	38,449	35,750	34,077
% Change	0.0%	-5.2%	31.3%	-8.6%	6.8%	6.4%	2.6%	-7.0%	-4.7%
Idaho	14,500	14,700	14,600	14,400	14,793	13,583	16,372	15,731	19,932
% Change	6.6%	1.4%	-0.7%	-1.4%	2.7%	-8.2%	20.5%	-3.9%	26.7%
Montana	7,360	8,500	8,210	9,220	8,998	9,070	10,187	9,934	10,903
% Change	-26.4%	15.5%	-3.4%	12.3%	-2.4%	0.8%	12.3%	-2.5%	9.8%
Nevada	22,700	20,000	21,100	18,800	19,851	20,496	19,812	14,860	12,947
% Change	-8.8%	-11.9%	5.5%	-10.9%	5.6%	3.3%	-3.3%	-25.0%	-12.9%
New Mexico	10,400	12,300	11,000	8,720	8,514	8,182	7,810	7,617	8,944
% Change	-6.3%	18.3%	-10.6%	-20.7%	-2.4%	-3.9%	-4.6%	-2.5%	17.4%
Utah	21,100	18,000	30,200	30,400	31,941	36,550	38,736	39,441	35,185
% Change	31.9%	-14.7%	67.8%	0.7%	5.1%	14.4%	6.0%	1.8%	-10.8%
Wyoming	3,210	4,500	2,450	2,980	2,378	1,884	2,247	2,152	1,986
% Change	-5.6%	40.2%	-45.6%	21.6%	-20.2%	-20.8%	19.3%	-4.2%	-7.7%
Subtotal - Mountain	143,070	142,500	164,760	158,520	163,453	167,972	171,327	157,558	158,409
% Change	0.0%	-0.4%	15.6%	-3.8%	3.1%	2.8%	2.0%	-8.0%	0.5%
<u>Pacific:</u>									
Alaska	15,700	15,500	13,900	8,500	9,428	9,952	9,505	10,181	9,058
% Change	19.8%	-1.3%	-10.3%	-38.8%	10.9%	5.6%	-4.5%	7.1%	-11.0%
California	96,300	93,000	108,000	112,000	135,487	155,975	162,791	177,868	188,881
% Change	0.0%	-3.4%	16.1%	3.7%	21.0%	15.1%	4.4%	9.3%	6.2%
Hawaii	521	600	400	298	315	374	439	492	614
% Change	31.4%	15.2%	-33.3%	-25.5%	5.9%	18.7%	17.1%	12.1%	24.8%
Oregon	18,400	17,500	19,000	19,500	20,387	18,850	18,630	18,290	18,481
% Change	16.5%	-4.9%	8.6%	2.6%	4.6%	-7.5%	-1.2%	-1.8%	1.0%
Washington	39,600	38,000	41,300	39,600	41,195	36,750	35,794	34,910	38,516
% Change	-1.5%	-4.0%	8.7%	-4.1%	4.0%	-10.8%	-2.6%	-2.5%	10.3%
Subtotal - Pacific	170,521	164,600	182,600	179,898	206,813	221,902	227,159	241,741	255,549
% Change	2.8%	-3.5%	10.9%	-1.5%	15.0%	7.3%	2.4%	6.4%	5.7%
Total West Region	313,591	307,100	347,360	338,418	370,266	389,874	398,486	399,298	413,958
% Change	1.6%	-2.1%	13.1%	-2.6%	9.4%	5.3%	2.2%	0.2%	3.7%
TOTAL U.S.	892,271	878,457	968,330	958,778	1,001,623	1,018,533	1,018,409	1,025,612	1,071,681
% Change	2.7%	-1.5%	10.2%	-1.0%	4.5%	1.7%	-0.0%	0.7%	4.5%

Industry News

Ameron International Corporation (NYSE: AMN) announced on April 20, the acquisition of **Hope Composites 2000, Inc.**, a privately owned manufacturer of fiberglass pipe and fittings in Atlanta, Georgia.

CAMAS Colorado, Inc., a subsidiary of **CAMAS inc.**, had a busy quarter. In March, CAMAS acquired **Roaring Fork Redi-Mix, Inc.**, a large ready mix concrete producer in the Denver metropolitan area. In April, CAMAS acquired two Denver asphalt producers, **Hotmix, Inc.** and **Select-a-Mix, Inc.**, together with **Bestway Paving, Inc.**, a large Denver paving contractor.



During March, **Cornerstone Construction & Materials, Inc.**, a subsidiary of **Hanson PLC** (NYSE: HAN) acquired the assets of **H.G. Fenton Material Company** for \$83 million in cash, subject to closing adjustments. Fenton, a privately owned company, is the leading aggregates supplier and the second largest ready mix supplier in San Diego, California. During 1997, Fenton produced approximately 3.0 million tons of aggregate from 4 locations and 800,000 cubic yards of concrete from 7 locations.

Florida Rock Industries, Inc. (NYSE: FRK) reported that its application to list its Common Shares with the New York Stock Exchange has been approved and began trading on the NYSE effective March 3, 1998.

Lafarge Corporation (NYSE: LAF; Toronto, Montreal) announced that it will purchase a number of construction materials businesses in North America from **Lafarge S.A.**, its majority shareholder.

The acquired businesses will include Denver-based **Western Mobile Inc.**; **Redland Genstar Inc.** of Towson, Maryland; and **Redland Quarries Inc.** of Hamilton, Ontario. Lafarge S.A. took control of these operations late last year when it acquired the British construction materials firm **Redland PLC**. The purchase price to be paid by Lafarge Corp. for the acquired businesses is \$690 million. In other news, Lafarge announced in February that it had bought the majority of the capital of **Industrial Cementera Hondurena**, the largest cement producer in Honduras.

During March, **MDU Resources Group, Inc.** (NYSE: MDU) announced the acquisition of **Morse Bros., Inc.** for \$93 million in cash and stock. The transaction included the assumption of certain liabilities and an adjustment based on working capital. With sales of approximately \$100 million during 1997, Morse Bros. will be operated as a subsidiary of **Knife River Corp.**, MDU's construction materials and mining unit. In April, MDU announced the acquisition of **Angell Bros., Inc.**, a construction materials company in Portland, Oregon. Angell Bros., which sells crushed rock to customers in the greater Portland metropolitan area, maintains approximately 80 million tons of permitted reserves.

In April, **Martin Marietta Materials, Inc.** (NYSE: MLM) purchased **Mid-State Construction & Materials, Inc.**, which is headquartered in Hot Springs, Arkansas. The transaction involved an exchange of 253,415 shares of Martin Marietta common stock plus cash consideration. Mid-States operates two granite quarries: one in the Hot Springs area and another near Little Rock. Annual production capacity is approximately 2.6 million tons. With reserves exceeding 220 million tons, Mid-State controls three additional quarry sites in the area and is integrated with four ready mix concrete plants, three asphalt plants and a small construction company. Mid-State ships aggregate products by rail into Louisiana and Texas, as well as supplying the local Arkansas market.

During March, Martin Marietta acquired a granite quarry located in Bessemer City, North Carolina from **FMC Corporation** (NYSE: FMC). FMC previously mined

and processed lithium-bearing ore at the location. Martin Marietta has been processing construction aggregates from the location for sometime, which contains over 80 years of long-term stone reserves at current usage rates.

Pioneer Concrete of America, Inc. recently appointed **Michael P. Kane** as its President. Mr. Kane succeeds Mike Ogier who retired from the company after 35 years serving with the Pioneer Group. Mr. Kane will be based in Houston, Texas, with responsibility for all of Pioneer's U.S. operations and for its active expansion and growth plans.

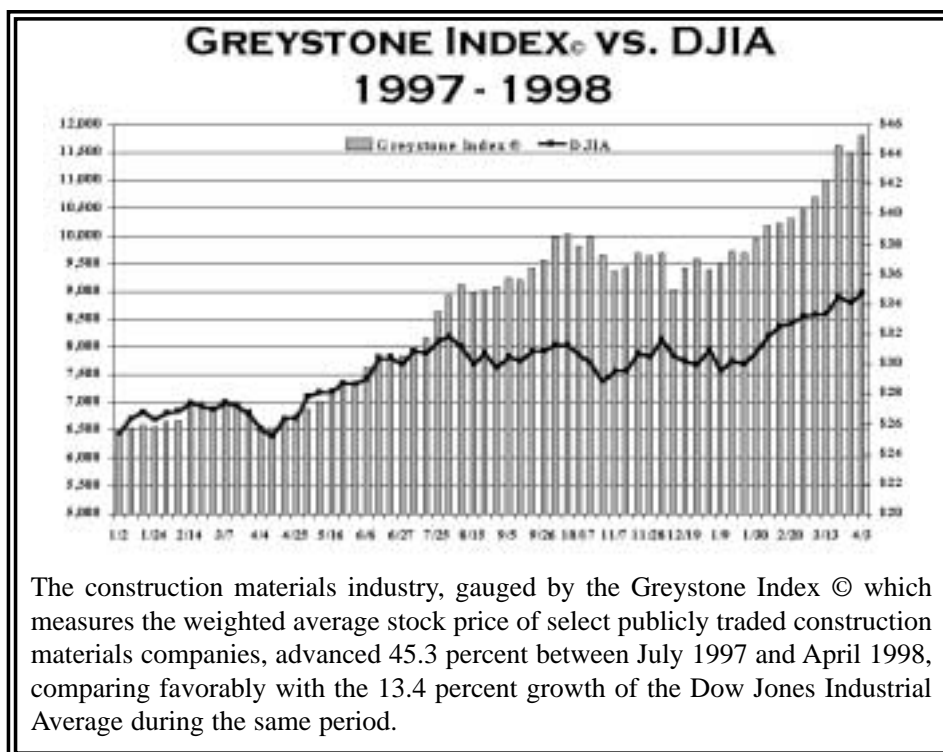
The Scancem Group subsidiary **Optiroc Group** announced in April that it had reached an agreement to acquire all shares in the Spanish lightweight aggregates producer **Aridos Ligeros S.A. (Arlita)**. With sales of approximately SEK 80 M (USD10.0 M), Arlita has an annual production capacity of approximately 400,000 cubic meters. Arlita has one production unit located outside Madrid and products are primarily used for insulation, lightweight concrete and geotechnical applications.

Southdown, Inc. (NYSE: SDW) and **Medusa Corporation** (NYSE: MSA) announced the execution of a definitive agreement under which Southdown and Medusa will merge in a stock-for-stock transaction that will make Southdown the second-largest producer of cement in the United States with 10.8 million tons of capacity. (See insert on page 2).

TXI Corp. (NYSE: TXI) announced on March 4 that it is filing an application for a permit with the Texas Natural Resource Conservation Commission to construct a new kiln system at its Midlothian, Texas cement facility to supplement existing operations. The new kiln will enable TXI to supply its customers with an additional 1.5 million tons of cement per year. On April 20, TXI filed with the Securities and Exchange Commission a Form S-3 Registration Statement to register \$225 million of its common stock. The net proceeds from the offering will be used by TXI for general corporate purposes, including the repayment of outstanding indebtedness under its revolving credit facility.

overall U.S. economy. As a result, we will see a more regionalized fluctuation in construction materials consumption, with demand being strong in some regions and moderate overall. And, given the construction materials industry's most recent round of consolidation, including geographic diversification among the industry leaders, corporate profits among these industry leaders should be more modulated during the coming years.

So, "enjoy it while you can." There's no recession on the near-term horizon in our view, but the simple laws of the U.S. business cycle have not been repealed. The upside surprise of 1998 could easily set the stage for the downside surprise of 1999. □



Greystone Corporate Watch 1997 Year End Earnings Report (*)

(\$000)		Net Revenue	97/96 %Chg.	Gross Margin	97/96 %Chg.	EBITDA	97/96 %Chg.	Pre-Tax Earnings	97/96 %Chg.
Ameron (AMN)	(i)	\$533,506	7.4%	135,683	5.0%	43,101	25.1%	31,246	31.8%
CalMat Co. (CZM)		\$472,812	15.9%	113,206	22.3%	66,515	25.7%	23,644	55.8%
Centex Constr. (CXP)	(ii)	\$231,876	24.9%	85,393	33.2%	82,641	34.0%	71,810	36.7%
Dravo (DRV)		\$162,476	2.7%	51,341	2.5%	28,574	-6.9%	11,043	-21.8%
Florida Rock (FRK)	(iii)	\$111,624	4.9%	29,257	-1.0%	19,025	-5.6%	11,367	-8.6%
Granite Constr. (GVA)		\$1,028,205	10.7%	149,949	1.0%	89,912	5.1%	44,178	1.8%
Giant Cement (GCHI)		\$116,888	6.1%	45,832	10.7%	36,078	6.5%	24,412	3.0%
Lafarge (LAF)		\$1,806,351	9.5%	577,449	16.0%	420,487	21.2%	294,234	32.3%
Lone Star Ind. (LCE)		\$374,059	-1.1%	154,769	9.8%	125,912	12.0%	98,736	20.7%
Martin Marietta Mats (MLM)		\$900,863	24.8%	314,989	29.2%	247,831	30.2%	151,212	27.1%
Medusa (MSA)		\$375,958	16.3%	138,238	13.0%	103,471	7.5%	83,836	5.8%
Monroc (MROC)		\$156,774	5.0%	59,147	11.4%	40,955	10.3%	22,805	5.7%
Southdown (SDW)		\$719,200	8.2%	258,600	16.5%	205,600	21.0%	145,700	35.3%
TXI Corp. (TXI)	(iv)	\$579,747	20.7%	153,388	17.4%	111,106	17.4%	74,210	27.5%
Vulcan Materials (VMC)		\$1,678,581	7.0%	599,752	5.9%	428,039	5.2%	300,501	5.2%
Average	(v)	\$708,379	10.4%	223,934	13.1%	163,034	14.8%	109,118	18.4%

(i) Ameron International's earnings represent 12 months ended November 30, 1997.

(ii) Centex Construction Products' earnings represent nine months ended December 31, 1997.

(iii) Florida Rock Industries' earnings represent three months ended December 31, 1997.

(iv) TXI's earnings represent six months ended November 30, 1997. EBITDA and Pretax earnings reflect minority interest in Chaparral.

(v) Year End Earnings Averages exclude Ameron, Centex, Florida Rock and TXI as they are on a fiscal year end other than 12/31.

(*) Except where noted, reflects 12 months earnings through December 31, 1997. Source: Individual SEC filings.