Greystone INSIDER ©

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What's Inside:

__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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Would You *Please* Take My Money?

If someone had asked me a year ago whether merger and acquisition (M&A) activity in the U.S. construction materials industry would return to the level of the 1980s, particularly as it relates to transaction value, I would have answered without hesitation - "absolutely not." Would I ever have been wrong! As most of you know, our firm specializes in M&A within the construction materials industry. As a result, we are actively involved in numerous transactions involving both privately held and publicly traded construction materials companies. During the past 12 months, we have seen such a heightened demand for strategically located construction materials assets, that even smaller, less strategically placed targets are receiving premium values. In this issue of *The Insider* we will take a closer look at today's M&A activity to better comprehend the reasons behind the heated activity - what it means to buyers, what it means to sellers, and, perhaps, more importantly, what it means to "would-be" sellers.

First of all, in order to understand the heightened activity, it is important to analyze where we are in the economic cycle. As of August 1998, the U.S. economy commenced its eighth consecutive year of expansion, making it the second longest of all U.S. expansions since 1854, only 17 months shy of the 106 month expansion that took place between February 1961 and December 1969. Despite the long haul, the current expansion keeps drumming with signs of continued moderate growth, though at easing rates. Construction employment is a good indicator of U.S. construction activity, particularly as it relates to the cyclical consumption of materials. As illustrated in the graph below, U.S. construction employment is anticipated to increase by 3.6 percent in 1998 and 1.0 percent in 1999, followed by a slight decrease in 2000.

During 1997, the U.S. construction materials industry saw earnings increase by approximately 20 percent on average while sales increased slightly more than 10 percent.[1] For example, Martin Marietta Materials (NYSE: MLM) recorded EBITDA (earnings before interest, depreciation and amortization) of nearly $250.0

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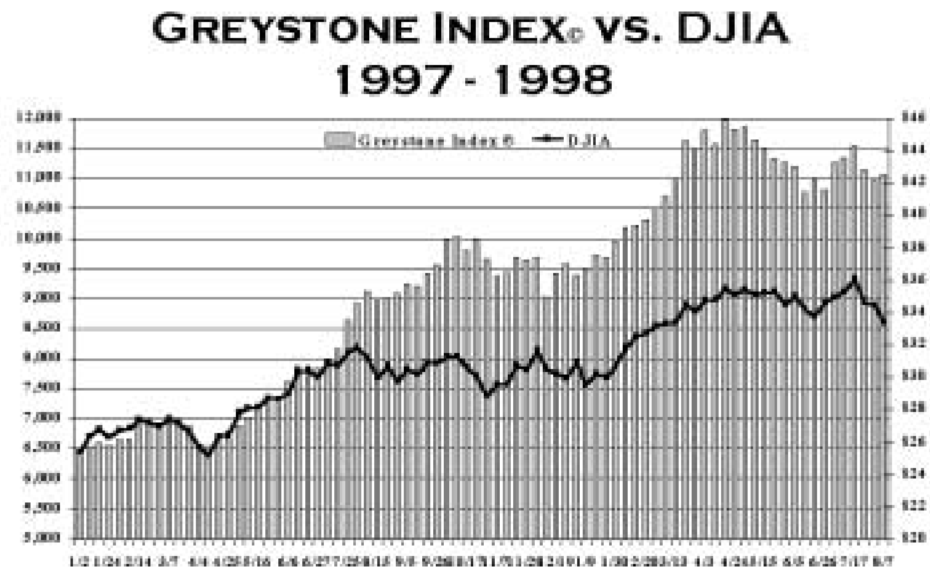
[1] Based on the composite of companies covered in The Greystone Corporate Watch.

million, representing an improvement of almost $75.0 million over 1996. Martin Marietta's pre-tax earnings increased by over $40.0 million during the same period to approximately $151.2 million. As a result, Martin Marietta is forced to either reinvest these earnings in strategic acquisitions or, conversely, pay exorbitant dividends to its shareholders. This scenario is further exacerbated by companies like Vulcan Materials Co. (NYSE: VMC) which recorded pre-tax earnings last year in excess of $300.0 million.

The buying frenzy also is impacted when foreign companies with major U.S. investments, such as Lafarge, Hanson, Pioneer and Cemex, are eager to increase their participation in this comparably stable market. In addition to tremendous earnings caused by a heightened demand for construction materials products, certain foreign companies have found themselves in a situation where they either reinvest their U.S. earnings in U.S. acquisitions or pay as much as 40 percent tax to repatriate the earnings to their foreign parent companies for ultimate dividend to their foreign shareholders. When looking through their eyes, it is becoming easy to see why buyers are willing to be more aggressive when bidding on acquisition targets. While it is impossible to calculate the exact amount of capital chasing U.S. construction materials opportunities today, we estimate that the top five suitors for U.S. construction materials companies are collectively planning to invest over $4.0 billion in U.S. acquisitions.

"For private construction materials companies with strategically located assets, this is probably the greatest time to be alive."



The construction materials industry, gauged by the Greystone Index © which measures the weighted average stock price of select publicly traded construction materials companies, advanced 65.8 percent between January 1997 and August 1998, comparing favorably with the 33.3 percent growth of the Dow Jones Industrial Average during the same period.

With all these surplus dollars in mind, imagine how many transactions must be completed to simply feed the appetite for the top five suitors. If the average industry transaction is less than $20.0 million, it would take 200 transactions just to solve the growth objectives of the top five, not to mention the acquisition interests of companies such as CalMat Co. (NYSE: CZM), Florida Rock (NYSE: FRK), MDU Resources Group (NYSE: MDU), RMC Industries, Oldcastle, Kiewit and CBR-HCI. Obviously, our simple arithmetic overlooks the "Big Berthas" like the recently concluded Southdown - Medusa merger and the inevitable realignment of larger systems of assets. However, there's so much cash out there chasing acquisition opportunities that buyers are actually courting owners of smaller, non-strategic companies. Clearly, it's a historically great time to sell your business.

We expect the heightened demand for construction materials assets to continue for the next several months. So, if you've been thinking of starting the 21st century with lots of money in your pockets, now is the time to make your interests known in the marketplace. Large companies would prefer to give you top dollar now than to pay those dollars in taxes or dividends later. Everybody stands to win.

As an M&A firm specializing in the construction materials industry, we keep our fingers on the pulse of the market - tracking companies that are expanding as well as the consumptive markets that appear to be opportunistic for buyers. Therefore, we offer you the benefit of our experience and knowledge.

If you're a seller: *Don't be greedy - it won't last forever*
If you're a buyer: *Be patient - it won't last forever.*
If you're a "would-be seller": *Why miss a great opportunity?*

U.S. Crushed Stone Production
Northeast Region

(000MT)	Actual				Greystone Forecast				
	1994	1995	1996	1997	1998	1999	2000	2001	2002
New England:									
Connecticut	5,710	6,070	5,310	5,160	5,717	6,260	7,025	6,943	6,597
% Change	24.1%	6.3%	-12.5%	-2.8%	10.8%	9.5%	12.2%	-1.2%	-5.0%
Maine	2,740	3,110	3,160	3,330	3,583	3,899	4,341	4,757	4,846
% Change	49.7%	13.5%	1.6%	5.4%	7.6%	8.8%	11.3%	9.6%	1.9%
Massachusetts	10,500	11,100	9,020	11,700	12,893	11,301	10,198	7,732	9,569
% Change	11.0%	5.7%	-18.7%	29.7%	10.2%	-12.4%	-9.8%	-24.2%	23.8%
N. Hampshire	1,390	2,150	1,990	1,980	1,998	1,501	1,367	1,082	1,242
% Change	0.0%	54.7%	-7.4%	-0.5%	0.9%	-24.9%	-8.9%	-20.8%	14.7%
Rhode Island	1,610	1,250	1,100	1,400	1,653	1,995	1,715	2,178	2,818
% Change	24.8%	-22.4%	-12.0%	27.3%	18.1%	20.7%	-14.1%	27.0%	29.4%
Vermont	4,170	4,420	4,560	5,120	6,513	7,277	8,973	9,036	9,135
% Change	65.5%	6.0%	3.2%	12.3%	27.2%	11.7%	23.3%	0.7%	1.1%
Subtotal - New England	**26,120**	**28,100**	**25,140**	**28,690**	**32,358**	**32,233**	**33,618**	**31,728**	**34,207**
% Change	**23.9%**	**7.6%**	**-10.5%**	**14.1%**	**12.8%**	**-0.4%**	**4.3%**	**-5.6%**	**7.8%**
Mid Atlantic:									
New Jersey	19,800	21,000	21,200	22,800	26,363	28,145	29,721	30,532	30,275
% Change	18.6%	6.1%	1.0%	7.5%	15.6%	6.8%	5.6%	2.7%	-0.8%
New York	28,000	39,500	43,600	44,000	47,568	55,156	61,179	62,756	58,232
% Change	-19.8%	41.1%	10.4%	0.9%	8.1%	16.0%	10.9%	2.6%	-7.2%
Pennsylvania	76,700	80,900	87,400	96,300	98,957	101,461	110,298	110,729	104,827
% Change	9.4%	5.5%	8.0%	10.2%	2.8%	2.5%	8.7%	0.4%	-5.3%
Subtotal - Mid Atlantic	**124,500**	**141,400**	**152,200**	**163,100**	**172,887**	**184,762**	**201,199**	**204,017**	**193,333**
% Change	**2.3%**	**13.6%**	**7.6%**	**7.2%**	**6.0%**	**6.9%**	**8.9%**	**1.4%**	**-5.2%**
Total Northeast Region	**150,620**	**169,500**	**177,340**	**191,790**	**205,244**	**216,995**	**234,817**	**235,744**	**227,539**
% Change	**5.5%**	**12.5%**	**4.6%**	**8.1%**	**7.0%**	**5.7%**	**8.2%**	**0.4%**	**-3.5%**

U.S. Crushed Stone 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	191,790	128,721	162,636	235,744	171,094	210,080	2.3%	3.3%	2.9%
Midwest Region	424,820	284,822	339,589	540,793	410,358	476,996	2.7%	4.4%	4.0%
South Region	638,600	440,007	536,618	778,395	569,778	648,611	2.2%	2.9%	2.1%
West Region	137,720	104,214	119,648	175,618	148,402	160,284	2.8%	4.2%	3.4%
Total U.S.	**1,392,930**	**982,012**	**1,158,491**	**1,645,172**	**1,399,441**	**1,495,971**	**1.8%**	**4.3%**	**2.9%**

U.S. Crushed Stone Production
Midwest Region

(000MT)	Actual				Greystone Forecast				
	1994	1995	1996	1997	1998	1999	2000	2001	2002
<u>East N. Central</u>:									
Illinois	62,600	61,400	66,500	71,800	79,778	77,075	75,171	79,169	91,520
% Change	1.8%	-1.9%	8.3%	8.0%	11.1%	-3.4%	-2.5%	5.3%	15.6%
Indiana	45,900	49,200	54,600	54,900	51,881	46,350	52,135	57,837	63,325
% Change	24.4%	7.2%	11.0%	0.5%	-5.5%	-10.7%	12.5%	10.9%	9.5%
Michigan	35,000	37,500	38,900	41,500	45,946	46,006	41,162	38,861	42,043
% Change	12.9%	7.1%	3.7%	6.7%	10.7%	0.1%	-10.5%	-5.6%	8.2%
Ohio	56,400	60,900	63,600	67,100	69,784	74,139	71,440	79,037	82,222
% Change	8.0%	8.0%	4.4%	5.5%	4.0%	6.2%	-3.6%	10.6%	4.0%
Wisconsin	28,500	26,000	25,800	29,100	30,178	28,099	26,601	25,909	28,840
% Change	8.8%	-8.8%	-0.8%	12.8%	3.7%	-6.9%	-5.3%	-2.6%	11.3%
Subtotal - East N. Central	**228,400**	**235,000**	**249,400**	**264,400**	**277,566**	**271,668**	**266,508**	**280,813**	**307,950**
% Change	**9.9%**	**2.9%**	**6.1%**	**6.0%**	**5.0%**	**-2.1%**	**-1.9%**	**5.4%**	**9.7%**
<u>West N. Central</u>:									
Iowa	36,600	35,300	35,400	38,800	38,296	34,562	34,382	29,738	28,581
% Change	20.0%	-3.6%	0.3%	9.6%	-1.3%	-9.8%	-0.5%	-13.5%	-3.9%
Kansas	21,500	20,400	23,400	22,600	23,114	22,483	20,612	21,647	20,057
% Change	14.4%	-5.1%	14.7%	-3.4%	2.3%	-2.7%	-8.3%	5.0%	-7.3%
Minnesota	10,900	11,300	12,100	12,600	12,751	12,930	13,708	15,875	18,616
% Change	15.7%	3.7%	7.1%	4.1%	1.2%	1.4%	6.0%	15.8%	17.3%
Missouri	68,900	65,700	67,000	72,300	74,252	67,302	63,890	68,222	86,620
% Change	29.0%	-4.6%	2.0%	7.9%	2.7%	-9.4%	-5.1%	6.8%	27.0%
Nebraska	6,890	6,590	6,680	6,810	6,953	6,456	6,850	6,407	6,264
% Change	1.9%	-4.4%	1.4%	1.9%	2.1%	-7.2%	6.1%	-6.5%	-2.2%
N. Dakota	NA	NA	NA	NA	NA	NA	NA	NA	NA
% Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
S. Dakota	5,470	5,420	5,630	7,310	6,901	5,779	4,408	5,176	6,102
% Change	29.3%	-0.9%	3.9%	29.8%	-5.6%	-16.3%	-23.7%	17.4%	17.9%
Subtotal - West N. Central	**150,260**	**144,710**	**150,210**	**160,420**	**162,266**	**149,512**	**143,850**	**147,064**	**166,240**
% Change	**22.1%**	**-3.7%**	**3.8%**	**6.8%**	**1.2%**	**-7.9%**	**-3.8%**	**2.2%**	**13.0%**
Total Midwest Region	**378,660**	**379,710**	**399,610**	**424,820**	**439,833**	**421,180**	**410,358**	**427,877**	**474,190**
% Change	**14.4%**	**0.3%**	**5.2%**	**6.3%**	**3.5%**	**-4.2%**	**-2.6%**	**4.3%**	**10.8%**

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. Crushed Stone Production
South Region

(000MT)	Actual				Greystone Forecast				
	1994	1995	1996	1997	1998	1999	2000	2001	2002
South Atlantic:									
Delaware	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%
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	67,000	68,000	71,300	71,500	74,861	73,790	70,816	63,451	68,318
% Change	3.2%	1.5%	4.9%	0.3%	4.7%	-1.4%	-4.0%	-10.4%	7.7%
Georgia	54,600	60,600	64,300	66,000	66,792	62,103	62,830	54,907	58,547
% Change	10.5%	11.0%	6.1%	2.6%	1.2%	-7.0%	1.2%	-12.6%	6.6%
Maryland	24,100	24,200	26,400	24,600	23,444	23,078	20,348	19,086	19,210
% Change	14.8%	0.4%	9.1%	-6.8%	-4.7%	-1.6%	-11.8%	-6.2%	0.7%
North Carolina	53,900	57,300	58,600	64,200	63,301	58,528	52,289	57,080	62,672
% Change	12.8%	6.3%	2.3%	9.6%	-1.4%	-7.5%	-10.7%	9.2%	9.8%
South Carolina	20,000	22,000	23,800	24,700	22,724	21,070	18,413	18,699	20,047
% Change	1.0%	10.0%	8.2%	3.8%	-8.0%	-7.3%	-12.6%	1.6%	7.2%
Virginia	56,700	55,400	59,700	62,600	61,035	53,418	49,529	50,274	55,564
% Change	11.2%	-2.3%	7.8%	4.9%	-2.5%	-12.5%	-7.3%	1.5%	10.5%
West Virginia	12,300	11,800	14,000	12,400	11,383	10,910	11,576	11,983	13,042
% Change	19.4%	-4.1%	18.6%	-11.4%	-8.2%	-4.2%	6.1%	3.5%	8.8%
Subtotal - South Atlantic	**288,600**	**299,300**	**318,100**	**326,000**	**323,540**	**302,897**	**285,801**	**275,480**	**297,400**
% Change	**9.2%**	**3.7%**	**6.3%**	**2.5%**	**-0.8%**	**-6.4%**	**-5.6%**	**-3.6%**	**8.0%**
East S. Central:									
Alabama	32,500	33,600	38,900	38,500	38,770	37,264	31,176	28,715	33,045
% Change	12.5%	3.4%	15.8%	-1.0%	0.7%	-3.9%	-16.3%	-7.9%	15.1%
Kentucky	56,300	54,700	59,200	68,600	71,207	76,090	72,254	69,284	61,676
% Change	14.9%	-2.8%	8.2%	15.9%	3.8%	6.9%	-5.0%	-4.1%	-11.0%
Mississippi	1,900	1,990	2,300	1,890	1,733	1,933	1,880	1,565	1,695
% Change	-9.5%	4.7%	15.6%	-17.8%	-8.3%	11.5%	-2.7%	-16.8%	8.3%
Tennessee	49,200	52,600	55,100	59,900	60,200	59,026	55,726	51,017	54,201
% Change	13.1%	6.9%	4.8%	8.7%	0.5%	-2.0%	-5.6%	-8.5%	6.2%
Subtotal - East S. Central	**139,900**	**142,890**	**155,500**	**168,890**	**171,909**	**174,313**	**161,036**	**150,581**	**150,617**
% Change	**13.3%**	**2.1%**	**8.8%**	**8.6%**	**1.8%**	**1.4%**	**-7.6%**	**-6.5%**	**0.0%**
West S. Central:									
Arkansas	20,800	25,500	26,400	28,600	29,429	30,921	29,595	28,864	28,339
% Change	-6.3%	22.6%	3.5%	8.3%	2.9%	5.1%	-4.3%	-2.5%	-1.8%
Louisiana	707	2,540	2,650	1,610	1,747	1,804	1,799	1,726	1,684
% Change	-52.5%	259.3%	4.3%	-39.2%	8.5%	3.3%	-0.3%	-4.0%	-2.5%
Oklahoma	29,900	31,100	29,500	31,300	32,458	31,825	31,707	29,482	29,635
% Change	10.3%	4.0%	-5.1%	6.1%	3.7%	-2.0%	-0.4%	-7.0%	0.5%
Texas	76,100	81,100	86,400	82,200	86,392	90,435	86,556	83,645	74,837
% Change	7.5%	6.6%	6.5%	-4.9%	5.1%	4.7%	-4.3%	-3.4%	-10.5%
Subtotal - West S. Central	**127,507**	**140,240**	**144,950**	**143,710**	**150,027**	**154,986**	**149,657**	**143,717**	**134,494**
% Change	**4.9%**	**10.0%**	**3.4%**	**-0.9%**	**4.4%**	**3.3%**	**-3.4%**	**-4.0%**	**-6.4%**
Total South Region	**556,007**	**582,430**	**618,550**	**638,600**	**645,475**	**632,195**	**596,495**	**569,778**	**582,512**
% Change	**9.2%**	**4.8%**	**6.2%**	**3.2%**	**1.1%**	**-2.1%**	**-5.6%**	**-4.5%**	**2.2%**

U.S. Crushed Stone Production
West Region

(000MT)	Actual				Greystone Forecast				
	1994	1995	1996	1997	1998	1999	2000	2001	2002
<u>Mountain</u>:									
Arizona	4,970	5,520	5,250	6,170	6,281	6,128	5,674	4,826	5,181
% Change	-22.7%	11.1%	-4.9%	17.5%	1.8%	-2.4%	-7.4%	-15.0%	7.4%
Colorado	8,600	9,000	9,950	9,850	11,505	12,238	12,556	11,674	11,128
% Change	-16.5%	4.7%	10.6%	-1.0%	16.8%	6.4%	2.6%	-7.0%	-4.7%
Idaho	4,160	3,210	2,120	7,180	9,573	8,790	10,595	10,180	12,899
% Change	-9.6%	-22.8%	-34.0%	238.7%	33.3%	-8.2%	20.5%	-3.9%	26.7%
Montana	2,320	2,370	2,290	1,940	1,893	1,909	2,144	2,090	2,294
% Change	-17.7%	2.2%	-3.4%	-15.3%	-2.4%	0.8%	12.3%	-2.5%	9.8%
Nevada	2,310	2,410	2,370	2,950	3,115	3,216	3,109	2,332	2,032
% Change	115.9%	4.3%	-1.7%	24.5%	5.6%	3.3%	-3.3%	-25.0%	-12.9%
New Mexico	3,550	3,660	3,350	2,960	3,031	2,913	2,780	2,712	3,184
% Change	-0.8%	3.1%	-8.5%	-11.6%	2.4%	-3.9%	-4.6%	-2.5%	17.4%
Utah	4,540	4,140	4,000	6,240	7,627	8,727	9,249	9,417	8,401
% Change	-0.4%	-8.8%	-3.4%	56.0%	22.2%	14.4%	6.0%	1.8%	-10.8%
Wyoming	5,080	4,670	5,050	4,830	5,806	4,599	5,486	5,254	4,848
% Change	46.8%	-8.1%	8.1%	-4.4%	20.2%	-20.8%	19.3%	-4.2%	-7.7%
Subtotal - Mountain	**35,530**	**34,980**	**34,380**	**42,120**	**48,831**	**48,520**	**51,593**	**48,486**	**49,967**
% Change	**-3.5%**	**-1.5%**	**-1.7%**	**22.5%**	**15.9%**	**-0.6%**	**6.3%**	**-6.0%**	**3.1%**
<u>Pacific</u>:									
Alaska	3,870	3,320	3,500	2,800	3,105	3,278	3,131	3,353	2,983
% Change	9.6%	-14.2%	5.4%	-20.0%	10.9%	5.6%	-4.5%	7.1%	-11.0%
California	41,100	43,700	46,700	51,800	58,980	67,899	70,866	77,429	82,223
% Change	7.6%	6.3%	6.9%	10.9%	13.9%	15.1%	4.4%	9.3%	6.2%
Hawaii	8,170	7,450	7,700	5,500	5,825	6,915	8,098	9,082	11,337
% Change	-3.4%	-8.8%	3.4%	-28.6%	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	0.0%	9.5%	5.8%	-7.3%	-14.6%	-7.5%	-1.2%	-1.8%	1.0%
Washington	15,500	15,800	17,200	15,200	14,331	12,785	12,453	12,145	13,400
% Change	17.4%	1.9%	8.9%	-11.6%	-5.7%	-10.8%	-2.6%	-2.5%	10.3%
Subtotal - Pacific	**87,540**	**90,970**	**97,000**	**95,600**	**99,571**	**106,900**	**110,383**	**117,556**	**125,652**
% Change	**6.4%**	**3.9%**	**6.6%**	**-1.4%**	**4.2%**	**7.4%**	**3.3%**	**6.5%**	**6.9%**
Total West Region	**123,070**	**125,950**	**131,380**	**137,720**	**148,402**	**155,420**	**161,976**	**166,042**	**175,618**
% Change	**3.3%**	**2.3%**	**4.3%**	**4.8%**	**7.8%**	**4.7%**	**4.2%**	**2.5%**	**5.8%**
TOTAL U.S.	**1,208,357**	**1,257,590**	**1,326,880**	**1,392,930**	**1,438,954**	**1,425,789**	**1,403,645**	**1,399,441**	**1,459,859**
% Change	**9.6%**	**4.1%**	**5.5%**	**5.0%**	**3.3%**	**-0.9%**	**-1.6%**	**-0.3%**	**4.3%**

Industry News

In May, **CalMat Co.** (NYSE: CZM) announced the election of **George H. Gilmore, Jr**. as the company's new president and chief operating officer. CalMat announced the sale of its Tucson operations during June to a subsidiary of **CEMEX, S.A.** (CMXBY: OTC) Also during June, **CalMat Co. of Arizona**, a subsidiary of CalMat acquired certain assets from **P.W. Gillibrand Co.**, including an aggregate production facility near Soledad Canyon, California and three asphalt plants located in Los Angeles and Ventura County.

On July 14, **CalMat** announced that it had entered into a letter of intent to exchange certain of its assets located in Pleasanton, California to **Hanson PLC** (NYSE: HAN) for certain assets owned by Hanson's **Cornerstone C&M, Inc.** entity and cash. The assets to be conveyed to Hanson include an aggregate processing plant, a ready mix concrete facility, recycle business and related assets. The assets conveyed to CalMat include cash; Hanson's **Acme** assets located in Spokane, Washington, Richland, Washington and Coeur d'Alene, Idaho; Hanson's aggregate, ready mix and asphalt facilities located in California's Central Coast; three asphalt plants located in Pleasanton, Walnut Creek and Santa Rosa, California; various recycling plants in the L.A. Basin; a ready mix concrete facility and recycling facility located in El Rio, California; and **Inland Rock** which includes an aggregate site and ready mix concrete plant. The transaction is subject to the successful negotiation and execution of a definitive agreement among other things. If an agreement is reached, the transaction would not likely close until late 1998. On July 23, CalMat announced that its wholly-owned subsidiary, **Triangle Rock Products, Inc.** purchased the assets of **Los Banos Gravel Company, Inc.** located in Los Banos, California. Los Banos produced and sold approximately 500,000 tons of aggregate and 100,000 cubic yards of concrete in its most recent year. The assets include over 40 million tons of fully permitted aggregate reserves, an aggregate processing plant, four ready mix concrete plants and an asphalt plant.

CEMEX, S.A announced in July that the Indonesian government had selected the company as the preferred bidder for the privatization of **PT Semen Gresik** (SMGR: Indonesian Exchange). According to the announcement, CEMEX offered to purchase 35 percent of the government's interest in Semen Gresik at US$1.38 per share or total cash consideration of US$287 million. CEMEX also offered to purchase the remaining 30 percent owned by the Indonesian government during the next five years, but after August 1999, at the same price in US Dollars plus a premium of 8.2 percent per annum. Semen Gresik is the leading cement producer in Indonesia with a 39 percent market share and annual installed capacity of 12.7 million metric tons. Current investments in progress will increase the installed capacity to 17.2 million metric tons by December 1998.

Giant Cement Holding, Inc. (NASDAQ/NM: GCHI) announced in May that it had completed the acquisition of **Solite Corporation** and certain of its operations. Solite, a vertically integrated company based in Richmond, Virginia, is a leading lightweight aggregate producer, block producer and resource recovery company.

Granite Construction Incorporated (NYSE: GVA) announced in July that its board of directors approved a three-for-two stock split in the form of a 50 percent stock dividend. The stock dividend is payable August 7, 1998 for shareholders of record July 17, 1998.

Hanson PLC announced in June that **Alan Murray**, formerly Hanson Finance Director, became Chairman and Chief Executive Officer of **Cornerstone**, Hanson's U.S. building materials arm. He will remain on the Board of Hanson and relocate to the US. Murray's appointment follows the departure of **Craig C. Sergeant**, former Chairman and Chief Executive Officer of Cornerstone, to take a senior management post in a US company outside the building materials industry.

In June, **Lafarge Corporation** (NYSE: LAF) announced the completion of the previously announced acquisition of **Redland** assets in North America from Lafarge S.A., its majority shareholder. The purchase of the assets, comprising 125 construction materials operations, was $690 million and will be financed through long-term debt. South African construction group **Murray & Roberts** is selling its **Blue Circle** cement unit to **Lafarge S.A.** for US$244.6 million. According to inside sources, the value of the deal doesn't begin to reflect the broader impact of the sale, which has been involved in key infrastructure projects.

Martin Marietta Materials, Inc. (NYSE: MLM) announced in June, the purchase of two sand and gravel operations with an annual capacity of approximately 1.5 million tons. One operation is in Northern Kentucky near Petersburg, while the other is located between Dayton and Cincinnati, Ohio. In July, Martin Marietta announced that it had purchased a granite quarry near Lenoir, North Carolina, from **Caldwell Stone Company, Inc.** Annual shipments from the location are expected to be approximately 500,000 tons and mineral reserves are expected to exceed 20 million tons. In August, Martin Marietta announced the acquisition of a limestone quarry located near Barnhart, Missouri from **Greismer Underground, Inc.** The quarry has annual capacity of approximately 800,000 tons with mineral reserves in excess of 150 million tons. The quarry has access to the Missouri River with a majority of the shipments transported by barge to Mississippi and Louisiana.

During August, **MDU Resources Group, Inc.** (NYSE: MDU) announced that **Hap Taylor & Sons, Inc.**, a privately held contractor and construction materials company, had merged with **Knife River Corporation** - the construction materials and mining subsidiary of MDU Resources. Hap Taylor produces construction aggregates, ready mix concrete and asphalt for use in construction projects and serves the central Oregon corridor including Bend, Redmond, Prineville, Sisters, Klamath Falls and their surrounding areas.

Pioneer USA, Inc. (formerly Pioneer Concrete of America, Inc.) acquired the assets of **Gilliam-Lowery, Inc.** in June, consisting of several ready mix plants serving Texarkana and SW Arkansas. The transaction extends Pioneer's position in Arkansas following its purchase of **Gilliam Brothers, Inc.** during March, the largest ready mix producer in Little Rock. During July, Pioneer acquired the stock of **Texoma Sand & Gravel, Inc.** Texoma, located in southern Oklahoma, has long-term aggregate reserves and is well positioned to supply aggregate to the fast growing northeast section of the Dallas/Ft. Worth Metroplex. Earlier in the year, Pioneer formed a joint-venture with **Constar, Inc.**, a business unit of **CBR-HCI**, to operate the **Campbell Ready**

Mix assets in Houston together with **Constar's** aggregate, ready mix and stabilized base assets in Houston. Pioneer also entered the Amarillo, Texas aggregate market through its acquisition of **Western Aggregates** during the first quarter 1998.

P.W. Gillibrand Co., Inc., a newly formed California corporation, merged with **CZS Corporation** and acquired certain assets of **P.W. Gillibrand Co.** on June 30, 1998. The transaction closed simultaneous to the previously announced CalMat transaction and involved Gillibrand's sand, gravel and silica sand business in Simi Valley, California.

Del Tanner joined **RMC Industries Corp.** as Vice President and Director of its Western Region. Tanner will have operational responsibility for RMC's western U.S. assets and will be responsible for acquisitions within the region. RMC will establish its Western Region office in Phoenix, Arizona.

Scancem ANS announced in June that it will invest SEK 700 M (US$ 85.5) in its subsidiary **Castle Cement**, the UK's second largest cement producer. The capital project will include the expansion of its Padeswood plant in Wales from 250,000 to 750,000 tons; the expansion of its Robblesdale, Lancashire plant from 750,000 to 1,050,000 tons. The project also involves the retirement of the company's four wet kilns. Upon completion, Castle Cement's total productive capacity will be retained at 3.3 million tons, utilizing the dry process exclusively, which will result in major savings in energy costs.

Southdown, Inc. (NYSE: SDW) and **Medusa Corporation** (NYSE: MSA), announced the completion of the merger effective June 30, resulting in Medusa Corporation becoming a subsidiary of Southdown.

Vulcan Materials Company (NYSE: VMC) announced that it purchased two quarries in southern Illinois from **Columbia Quarry Co.** in May. Both quarries ship construction aggregates into several counties in southern Illinois. One quarry, located near Jonesboro, also supplies customers in Missouri, Arkansas, Kentucky and Tennessee with high calcium stone products. The transaction did not include the three quarries operated by Columbia Quarry Co. in Dupo, Columbia and Waterloo, Illinois. Also during May, Vulcan completed the purchase of two quarries from **C.W. Matthews Quarries, Inc.**, one in downtown Atlanta and the other northwest of Atlanta near Rockmart, Georgia.

Greystone Corporate Watch
1st Quarter 1998 Earnings Report (*)

($000)		Net Revenue	98/97 %Chg.	Gross Margin	98/97 %Chg.	EBITDA	98/97 %Chg.	Pre-Tax Earnings	98/97 %Chg.
Ameron (AMN)	*(i)*	$102,526	-5.3%	$28,426	-10.5%	$5,305	-35.2%	($1,566)	NM
CalMat Co. (CZM)		$93,368	5.2%	$17,503	-0.3%	$7,232	-22.8%	($3,512)	-238.3%
Centex Constr. (CXP)	*(ii)*	$297,322	24.2%	$106,216	31.6%	$104,213	33.3%	$88,333	37.2%
Dravo (DRV)		$42,374	12.6%	$12,828	24.5%	$8,326	58.6%	$3,639	214.2%
Florida Rock (FRK)	*(iii)*	$219,320	5.4%	$59,701	2.8%	$38,402	0.6%	$22,670	0.8%
Granite Constr. (GVA)		$183,322	24.9%	$28,367	12.4%	$13,324	18.9%	$2,229	479.0%
Giant Cement (GCHI)	*(iv)*	$23,475	-3.6%	$6,344	-1.8%	$4,360	-3.7%	$1,408	-26.0%
Lafarge (LAF)		$267,292	9.5%	$29,428	86.6%	($14,447)	36.2%	($45,821)	17.1%
Lone Star Ind. (LCE)		$57,794	-5.0%	$18,891	28.9%	$16,751	100.3%	$10,658	2577.9%
Martin Marietta Matls (MLM)	*(v)*	$186,535	17.9%	$52,123	12.1%	$31,994	-0.5%	$4,040	-70.3%
Medusa (MSA)	*(vi)*	$69,079	21.5%	$19,674	52.2%	$9,552	45.7%	$3,897	45.4%
Puerto Rican Cement (PRN)	*(vii)*	$36,484	-2.0%	$12,014	-12.0%	$8,087	-15.8%	$3,879	-26.7%
Southdown (SDW)	*(vi) (viii)*	$155,800	2.9%	$54,200	14.3%	$42,100	16.3%	$26,100	22.0%
TXI Corp. (TXI)	*(ix)*	$861,168	23.6%	$223,053	21.9%	$170,258	23.0%	$110,839	33.1%
Vulcan Materials (VMC)		$358,963	5.2%	$120,668	15.2%	$87,465	38.4%	$54,329	65.5%
Average	*(x)*	$134,044	9.4%	$33,822	18.1%	$19,522	31.1%	$5,531	160.7%

(i) Ameron International's earnings represent three months ended February 28, 1998.
(ii) Centex Construction Products' earnings represent twelve months ended March 31, 1998.
(iii) Florida Rock Industries' earnings represent six months ended March 31, 1998.
(iv) Earnings were negatively impacted by a decline in sales volume resulting from unusually wet weather combined with increased depreciation and fuel expenses.
(v) Earnings were unfavorably impacted by higher exposure to cold weather climates and higher interest expenses associated with the acquisition of American Aggregates and other companies.
(vi) Financial results reflecting the merger between Southdown and Medusa were not reported on a consolidated basis until June, 1998.
(vii) Earnings were negatively impacted by a 36-day production shut down combined with increased expenses associated with the development of the company's new real estate projects.
(viii) Southdown's EBITDA and Pretax earnings include minority interest income.
(ix) TXI's earnings represent nine months ended February 28, 1998.
(x) Quarterly 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 three months earnings through March 31, 1998. Source: Individual SEC filings.