

Greystone INSIDER[®]

Volume 3, Number 3

Crushed Stone Edition, Fall 1999

What's Inside:

- ☞ **Dyckerhoff AG acquires Lonestar for \$1.2 billion.**
- ☞ **Southdown no longer supports antidumping duties.**
- ☞ **Hanson acquires Boral's European brick unit.**
- ☞ **MDU expands into Montana and Wyoming.**
- ☞ **Martin Marietta moves into Tennessee.**
- ☞ **U.S. crushed stone production up 6.0% in 1999.**
- ☞ **U.S. construction materials earnings up 40.5% in 2Q.**

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 (858) 587-3900 if you are interested in being added to our mailing list.

The Greystone Group, located in San Diego, 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.

The Greystone Group LLC Investment Banking

9255 Towne Centre Drive, Suite 950
San Diego, California 92121
Telephone: (858) 587-3900
Facsimile: (858) 587-3999

www.thegreystonegroup.com

5,092 Aggregate Producers in the U.S. Where Are They?

During 1998, U.S. merger and acquisition transactions set an all-time high for the fifth consecutive year, recording 7,308 announced deals valued at \$1.3 trillion. With continued stamina during the first half of 1999, the total value of announced mergers and acquisitions exceeded \$891 billion in the U.S. as companies continued to look to acquisitions as the preferred route to growth. Apparently, last year's records could be easily surpassed as the outlook for continued M&A activity remains strong:

- ◆ The U.S. economy is strong and many foreign markets are on the rebound.
- ◆ Fears of a U.S. bubble ready to burst have dissipated and CEO confidence is back.
- ◆ Expansion through mergers and acquisitions is typically faster than organic growth.
- ◆ Largeness is "in" as executives find renewed belief in economies of scale.
- ◆ Mergers and acquisitions often capture synergistic values unattainable elsewhere.
- ◆ Relative high market caps provide acquirers with easy access to capital.

The hectic deal-making pace during the last few years is recorded across all industry sectors, including the construction materials industry, and is putting pressure on acquisitive companies to react quickly and competitively. With record construction spending and construction materials consumption expected in 1999, ambitious industry participants with appetite for acquisitions are maximizing their efforts before the construction cycle eventually tops out.

This is evidenced by announced transactions by the industry's largest companies such as Vulcan Materials Company, Martin Marietta Materials, Inc. and Hanson Building Materials America. (Pick up a few back issues of the Insider if you need to refresh your memory.) Additionally, many other major industry players, including Oldcastle, Pioneer USA, MDU Resources Group, Aggregate Industries, Lafarge, Centex Construction Products and RMC Industries, have been and continue to be active on the M&A bandwagon, contributing to consolidation in many construction materials markets.

Consequently, many large metropolitan markets are seeing a tightening in the availability of acquisition candidates. Furthermore, some industry analysts seem to feel that strategically positioned construction materials assets in desirable markets will soon be unavailable, or at least scarce. This hypothesized scenario would suggest that the industry is fairly consolidated and that M&A activity will diminish in the future.

It is true that the largest construction materials companies have become much larger
continued on page 2

SELECT AGGREGATE TRANSACTIONS

| Target | Buyer | Geographic Location | Purchase Price |
|-------------------------|------------------|---------------------|----------------|
| ColMat Co. | Vulcan Materials | Southwest | \$90.0M |
| Redland PLC | Lafarge Corp. | North America | \$90.0M |
| Redland Stone | Martin Marietta | San Antonio, TX | \$272.0M |
| Becker Minerals | Hanson | N. & S. Carolina | \$122.5M |
| Morse Bros., Inc. | MDU Resources | Oregon | \$93.0M |
| Harper Bros. | Florida Rock | Florida | \$87.0M |
| H.G. Penton | Hanson | San Diego, CA | \$83.0M |
| Tidewater Sand & Gravel | Hanson | San Francisco, CA | \$44.0M |
| Nelson & Sloan | Hanson | San Diego, CA | \$37.3M |
| Eagle Ready Mix | Pioneer | Las Vegas, NV | \$25.0M |
| Jobe Concrete | RMC Industries | W. Texas & NM | NA |
| Meridian Aggregates Co. | Martin Marietta | Western U.S. | NA |
| Phoenix Red-Mix, Inc. | Pioneer | Phoenix, AZ | NA |
| JTL Group, Inc. | MDU Resources | MT & WY | NA |
| Commercial Stone | U.S. Silica | W. Pennsylvania | NA |

U.S. Crushed Stone Production Northeast Region

| (000MT) | Actual(*) | | | | Greystone Forecast | | | | |
|--------------------------------|----------------|----------------|----------------|----------------|--------------------|----------------|----------------|----------------|----------------|
| | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
| <u>New England:</u> | | | | | | | | | |
| Connecticut | 6,070 | 6,720 | 5,760 | 7,300 | 7,803 | 8,964 | 8,889 | 8,475 | 7,213 |
| % Change | 6.3% | 10.7% | -14.3% | 26.7% | 6.9% | 14.9% | -0.8% | -4.7% | -14.9% |
| Maine | 3,110 | 2,760 | 2,540 | 2,800 | 3,055 | 3,415 | 3,667 | 3,747 | 3,137 |
| % Change | 13.5% | -11.3% | -8.0% | 10.2% | 9.1% | 11.8% | 7.4% | 2.2% | -16.3% |
| Massachusetts | 11,100 | 11,800 | 12,200 | 13,100 | 13,100 | 12,837 | 13,517 | 14,984 | 16,123 |
| % Change | 5.7% | 6.3% | 3.4% | 7.4% | 0.0% | -2.0% | 5.3% | 10.9% | 7.6% |
| N. Hampshire | 2,150 | 1,430 | 1,970 | 2,200 | 2,200 | 2,187 | 2,030 | 2,203 | 2,298 |
| % Change | 54.7% | -33.5% | 37.8% | 11.7% | 0.0% | -0.6% | -7.2% | 8.5% | 4.3% |
| Rhode Island | 1,250 | 1,440 | 1,830 | 1,800 | 2,000 | 1,952 | 2,078 | 2,349 | 2,512 |
| % Change | -22.4% | 15.2% | 27.1% | -1.6% | 11.1% | -2.4% | 6.5% | 13.1% | 7.0% |
| Vermont | 4,420 | 4,560 | 7,840 | 8,400 | 10,200 | 11,041 | 12,139 | 12,312 | 12,847 |
| % Change | 6.0% | 3.2% | 71.9% | 7.1% | 21.4% | 8.2% | 10.0% | 1.4% | 4.3% |
| Subtotal - New England | 28,100 | 28,710 | 32,140 | 35,600 | 38,358 | 40,395 | 42,319 | 44,069 | 44,129 |
| % Change | 7.6% | 2.2% | 11.9% | 10.8% | 7.7% | 5.3% | 4.8% | 4.1% | 0.1% |
| <u>Mid Atlantic:</u> | | | | | | | | | |
| New Jersey | 21,000 | 21,400 | 22,800 | 24,800 | 26,764 | 27,857 | 28,709 | 28,560 | 29,088 |
| % Change | 6.1% | 1.9% | 6.5% | 8.8% | 7.9% | 4.1% | 3.1% | -0.5% | 1.8% |
| New York | 39,500 | 43,600 | 44,400 | 46,000 | 37,123 | 39,651 | 40,804 | 37,995 | 35,552 |
| % Change | 41.1% | 10.4% | 1.8% | 3.6% | -19.3% | 6.8% | 2.9% | -6.9% | -6.4% |
| Pennsylvania | 80,900 | 87,400 | 89,200 | 90,900 | 96,702 | 99,425 | 100,177 | 95,158 | 91,334 |
| % Change | 5.5% | 8.0% | 2.1% | 1.9% | 6.4% | 2.8% | 0.8% | -5.0% | -4.0% |
| Subtotal - Mid Atlantic | 141,400 | 152,400 | 156,400 | 161,700 | 160,589 | 166,933 | 169,690 | 161,713 | 155,973 |
| % Change | 13.6% | 7.8% | 2.6% | 3.4% | -0.7% | 4.0% | 1.7% | -4.7% | -3.5% |
| Total Northeast Region | 169,500 | 181,110 | 188,540 | 197,300 | 198,947 | 207,328 | 212,009 | 205,782 | 200,103 |
| % Change | 12.5% | 6.8% | 4.1% | 4.6% | 0.8% | 4.2% | 2.3% | -2.9% | -2.8% |

U.S. Crushed Stone Production Regional Comparison

| (000MT) | 1989 to 1998 | | | 1999 to 2008 | | | Ave. Annual Percent Change | | |
|-------------------|------------------|----------------|------------------|------------------|------------------|------------------|----------------------------|-------------|-------------|
| | HIGH | LOW | AVG | HIGH | LOW | AVG | HIGH | LOW | AVG |
| Northeast Region | 197,300 | 128,721 | 163,573 | 234,860 | 196,731 | 207,672 | 1.9% | 5.3% | 2.7% |
| Midwest Region | 445,300 | 301,437 | 359,656 | 537,538 | 447,225 | 495,149 | 2.1% | 4.8% | 3.8% |
| South Region | 694,200 | 440,007 | 555,400 | 932,904 | 710,475 | 813,341 | 3.4% | 6.1% | 4.6% |
| West Region | 152,600 | 104,214 | 124,182 | 204,768 | 160,838 | 180,604 | 3.4% | 5.4% | 4.5% |
| Total U.S. | 1,489,400 | 982,012 | 1,202,811 | 1,878,125 | 1,549,617 | 1,696,765 | 2.6% | 5.8% | 4.1% |

U.S. Crushed Stone Production Midwest Region

| (000MT) | Actual(*) | | | | Greystone Forecast | | | | |
|-----------------------------------|----------------|----------------|----------------|----------------|--------------------|----------------|----------------|----------------|----------------|
| | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
| <u>East N. Central:</u> | | | | | | | | | |
| Illinois | 61,400 | 66,500 | 65,700 | 68,300 | 79,112 | 79,255 | 83,733 | 88,249 | 96,147 |
| % Change | -1.9% | 8.3% | -1.2% | 4.0% | 15.8% | 0.2% | 5.6% | 5.4% | 8.9% |
| Indiana | 49,200 | 53,700 | 59,000 | 60,800 | 61,283 | 61,075 | 58,101 | 60,781 | 62,555 |
| % Change | 7.2% | 9.1% | 9.9% | 3.1% | 0.8% | -0.3% | -4.9% | 4.6% | 2.9% |
| Michigan | 37,500 | 38,600 | 42,000 | 42,000 | 38,945 | 35,877 | 33,990 | 36,884 | 39,590 |
| % Change | 7.1% | 2.9% | 8.8% | 0.0% | -7.3% | -7.9% | -5.3% | 8.5% | 7.3% |
| Ohio | 60,900 | 63,600 | 74,100 | 80,900 | 76,355 | 75,600 | 83,889 | 87,541 | 93,510 |
| % Change | 8.0% | 4.4% | 16.5% | 9.2% | -5.6% | -1.0% | 11.0% | 4.4% | 6.8% |
| Wisconsin | 26,000 | 26,000 | 28,700 | 27,600 | 31,699 | 30,850 | 30,150 | 31,737 | 33,653 |
| % Change | -8.8% | 0.0% | 10.4% | -3.8% | 14.9% | -2.7% | -2.3% | 5.3% | 6.0% |
| Subtotal - East N. Central | 235,000 | 248,400 | 269,500 | 279,600 | 287,394 | 282,655 | 289,861 | 305,193 | 325,456 |
| % Change | 2.9% | 5.7% | 8.5% | 3.7% | 2.8% | -1.6% | 2.5% | 5.3% | 6.6% |
| <u>West N. Central:</u> | | | | | | | | | |
| Iowa | 35,300 | 34,400 | 37,300 | 40,400 | 39,927 | 40,778 | 38,156 | 36,796 | 39,831 |
| % Change | -3.6% | -2.5% | 8.4% | 8.3% | -1.2% | 2.1% | -6.4% | -3.6% | 8.2% |
| Kansas | 20,400 | 22,100 | 23,000 | 22,600 | 21,028 | 19,836 | 18,483 | 19,023 | 19,851 |
| % Change | -5.1% | 8.3% | 4.1% | -1.7% | -7.0% | -5.7% | -6.8% | 2.9% | 4.3% |
| Minnesota | 11,300 | 12,100 | 14,600 | 15,400 | 14,544 | 15,805 | 14,398 | 14,183 | 15,207 |
| % Change | 3.7% | 7.1% | 20.7% | 5.5% | -5.6% | 8.7% | -8.9% | -1.5% | 7.2% |
| Missouri | 65,700 | 67,000 | 68,500 | 74,300 | 77,149 | 75,289 | 80,648 | 90,030 | 91,230 |
| % Change | -4.6% | 2.0% | 2.2% | 8.5% | 3.8% | -2.4% | 7.1% | 11.6% | 1.3% |
| Nebraska | 6,590 | 6,370 | 6,900 | 7,000 | 6,382 | 6,941 | 6,515 | 6,391 | 5,744 |
| % Change | -4.4% | -3.3% | 8.3% | 1.4% | -8.8% | 8.8% | -6.1% | -1.9% | -10.1% |
| 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 | 5,420 | 5,640 | 5,900 | 6,000 | 6,000 | 5,921 | 6,436 | 7,059 | 7,211 |
| % Change | -0.9% | 4.1% | 4.6% | 1.7% | 0.0% | -1.3% | 8.7% | 9.7% | 2.2% |
| Subtotal - West N. Central | 144,710 | 147,610 | 156,200 | 165,700 | 165,031 | 164,569 | 164,637 | 173,482 | 179,074 |
| % Change | -3.7% | 2.0% | 5.8% | 6.1% | -0.4% | -0.3% | 0.0% | 5.4% | 3.2% |
| Total Midwest Region | 379,710 | 396,010 | 425,700 | 445,300 | 452,425 | 447,225 | 454,498 | 478,675 | 504,530 |
| % Change | 0.3% | 4.3% | 7.5% | 4.6% | 1.6% | -1.1% | 1.6% | 5.3% | 5.4% |

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 | | | | |
|-----------------------------------|----------------|----------------|----------------|----------------|--------------------|----------------|----------------|----------------|----------------|
| | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
| <u>South Atlantic:</u> | | | | | | | | | |
| 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 | 68,000 | 73,600 | 73,800 | 81,700 | 86,541 | 85,348 | 76,754 | 78,000 | 85,245 |
| % Change | 1.5% | 8.2% | 0.3% | 10.7% | 5.9% | -1.4% | -10.1% | 1.6% | 9.3% |
| Georgia | 60,600 | 63,400 | 65,300 | 71,000 | 82,351 | 85,497 | 74,999 | 80,214 | 87,352 |
| % Change | 11.0% | 4.6% | 3.0% | 8.7% | 16.0% | 3.8% | -12.3% | 7.0% | 8.9% |
| Maryland | 24,200 | 22,400 | 24,500 | 21,000 | 21,000 | 19,072 | 17,952 | 18,127 | 19,765 |
| % Change | 0.4% | -7.4% | 9.4% | -14.3% | 0.0% | -9.2% | -5.9% | 1.0% | 9.0% |
| North Carolina | 57,300 | 57,200 | 63,700 | 65,000 | 69,897 | 64,299 | 70,403 | 77,528 | 81,806 |
| % Change | 6.3% | -0.2% | 11.4% | 2.0% | 7.5% | -8.0% | 9.5% | 10.1% | 5.5% |
| South Carolina | 22,000 | 23,800 | 25,900 | 27,400 | 32,323 | 29,111 | 29,667 | 31,900 | 32,340 |
| % Change | 10.0% | 8.2% | 8.8% | 5.8% | 18.0% | -9.9% | 1.9% | 7.5% | 1.4% |
| Virginia | 55,400 | 59,700 | 72,800 | 73,600 | 80,052 | 76,349 | 75,214 | 80,542 | 83,940 |
| % Change | -2.3% | 7.8% | 21.9% | 1.1% | 8.8% | -4.6% | -1.5% | 7.1% | 4.2% |
| West Virginia | 11,800 | 12,700 | 12,900 | 13,000 | 14,393 | 15,654 | 16,255 | 17,745 | 18,493 |
| % Change | -4.1% | 7.6% | 1.6% | 0.8% | 10.7% | 8.8% | 3.8% | 9.2% | 4.2% |
| Subtotal - South Atlantic | 299,300 | 312,800 | 338,900 | 352,700 | 386,558 | 375,330 | 361,244 | 384,058 | 408,942 |
| % Change | 3.7% | 4.5% | 8.3% | 4.1% | 9.6% | -2.9% | -3.8% | 6.3% | 6.5% |
| <u>East S. Central:</u> | | | | | | | | | |
| Alabama | 33,600 | 38,900 | 42,000 | 45,600 | 51,274 | 44,263 | 40,921 | 47,224 | 51,919 |
| % Change | 3.4% | 15.8% | 8.0% | 8.6% | 12.4% | -13.7% | -7.6% | 15.4% | 9.9% |
| Kentucky | 54,700 | 58,500 | 62,700 | 61,300 | 68,471 | 66,834 | 64,307 | 57,455 | 61,447 |
| % Change | -2.8% | 6.9% | 7.2% | -2.2% | 11.7% | -2.4% | -3.8% | -10.7% | 6.9% |
| Mississippi | 1,990 | 2,180 | 5,180 | 4,900 | 4,492 | 4,488 | 4,229 | 4,594 | 4,961 |
| % Change | 4.7% | 9.5% | 137.6% | -5.4% | -8.3% | -0.1% | -5.8% | 8.6% | 8.0% |
| Tennessee | 52,600 | 55,100 | 59,900 | 64,000 | 65,862 | 63,926 | 58,735 | 62,591 | 69,869 |
| % Change | 6.9% | 4.8% | 8.7% | 6.8% | 2.9% | -2.9% | -8.1% | 6.6% | 11.6% |
| Subtotal - East S. Central | 142,890 | 154,680 | 169,780 | 175,800 | 190,098 | 179,511 | 168,192 | 171,864 | 188,195 |
| % Change | 2.1% | 8.3% | 9.8% | 3.5% | 8.1% | -5.6% | -6.3% | 2.2% | 9.5% |
| <u>West S. Central:</u> | | | | | | | | | |
| Arkansas | 25,500 | 26,400 | 28,100 | 38,600 | 35,959 | 35,379 | 34,632 | 34,113 | 32,060 |
| % Change | 22.6% | 3.5% | 6.4% | 37.4% | -6.8% | -1.6% | -2.1% | -1.5% | -6.0% |
| Louisiana | 2,540 | 2,290 | 4,870 | 1,600 | 1,500 | 1,536 | 1,479 | 1,447 | 1,495 |
| % Change | 259.3% | -9.8% | 112.7% | -67.1% | -6.3% | 2.4% | -3.7% | -2.1% | 3.3% |
| Oklahoma | 31,100 | 28,300 | 31,900 | 32,500 | 35,153 | 35,957 | 33,554 | 33,837 | 35,528 |
| % Change | 4.0% | -9.0% | 12.7% | 1.9% | 8.2% | 2.3% | -6.7% | 0.8% | 5.0% |
| Texas | 81,100 | 86,500 | 81,200 | 93,000 | 116,762 | 114,852 | 111,374 | 100,007 | 97,596 |
| % Change | 6.6% | 6.7% | -6.1% | 14.5% | 25.6% | -1.6% | -3.0% | -10.2% | -2.4% |
| Subtotal - West S. Central | 140,240 | 143,490 | 146,070 | 165,700 | 189,374 | 187,724 | 181,038 | 169,403 | 166,678 |
| % Change | 10.0% | 2.3% | 1.8% | 13.4% | 14.3% | -0.9% | -3.6% | -6.4% | -1.6% |
| Total South Region | 582,430 | 610,970 | 654,750 | 694,200 | 766,030 | 742,566 | 710,475 | 725,324 | 763,816 |
| % Change | 4.8% | 4.9% | 7.2% | 6.0% | 10.3% | -3.1% | -4.3% | 2.1% | 5.3% |

U.S. Crushed Stone Production West Region

| (000MT) | Actual(*) | | | | Greystone Forecast | | | | |
|----------------------------|------------------|------------------|------------------|------------------|--------------------|------------------|------------------|------------------|------------------|
| | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
| <u>Mountain:</u> | | | | | | | | | |
| Arizona | 5,520 | 6,800 | 7,490 | 7,400 | 9,009 | 9,025 | 8,386 | 7,160 | 7,713 |
| % Change | 11.1% | 23.2% | 10.1% | -1.2% | 21.7% | 0.2% | -7.1% | -14.6% | 7.7% |
| Colorado | 9,000 | 9,940 | 9,720 | 12,000 | 12,000 | 12,631 | 11,787 | 11,273 | 11,793 |
| % Change | 4.7% | 10.4% | -2.2% | 23.5% | 0.0% | 5.3% | -6.7% | -4.4% | 4.6% |
| Idaho | 3,210 | 3,960 | 3,910 | 3,000 | 4,125 | 4,326 | 4,172 | 4,505 | 4,730 |
| % Change | -22.8% | 23.4% | -1.3% | -23.3% | 37.5% | 4.9% | -3.6% | 8.0% | 5.0% |
| Montana | 2,370 | 2,000 | 2,600 | 2,700 | 2,967 | 3,411 | 3,338 | 3,674 | 3,753 |
| % Change | 2.2% | -15.6% | 30.0% | 3.8% | 9.9% | 15.0% | -2.2% | 10.1% | 2.1% |
| Nevada | 2,410 | 3,080 | 5,150 | 5,600 | 5,021 | 4,986 | 3,756 | 3,285 | 3,095 |
| % Change | 4.3% | 27.8% | 67.2% | 8.7% | -10.3% | -0.7% | -24.7% | -12.5% | -5.8% |
| New Mexico | 3,660 | 3,480 | 2,920 | 4,700 | 3,189 | 3,129 | 3,062 | 3,354 | 3,622 |
| % Change | 3.1% | -4.9% | -16.1% | 61.0% | -32.1% | -1.9% | -2.1% | 9.6% | 8.0% |
| Utah | 4,140 | 4,380 | 11,100 | 11,800 | 10,800 | 11,732 | 11,984 | 10,730 | 9,146 |
| % Change | -8.8% | 5.8% | 153.4% | 6.3% | -8.5% | 8.6% | 2.2% | -10.5% | -14.8% |
| Wyoming | 4,670 | 5,180 | 5,010 | 5,900 | 7,262 | 7,606 | 7,311 | 6,769 | 7,526 |
| % Change | -8.1% | 10.9% | -3.3% | 17.8% | 23.1% | 4.7% | -3.9% | -7.4% | 11.2% |
| Subtotal - Mountain | 34,980 | 38,820 | 47,900 | 53,100 | 54,373 | 56,846 | 53,796 | 50,751 | 51,378 |
| % Change | -1.5% | 11.0% | 23.4% | 10.9% | 2.4% | 4.5% | -5.4% | -5.7% | 1.2% |
| <u>Pacific:</u> | | | | | | | | | |
| Alaska | 3,320 | 2,600 | 3,340 | 3,200 | 3,167 | 3,337 | 3,505 | 3,366 | 3,529 |
| % Change | -14.2% | -21.7% | 28.5% | -4.2% | -1.0% | 5.4% | 5.0% | -4.0% | 4.9% |
| California | 43,700 | 46,700 | 49,600 | 57,200 | 59,488 | 63,667 | 69,777 | 74,324 | 73,788 |
| % Change | 6.3% | 6.9% | 6.2% | 15.3% | 4.0% | 7.0% | 9.6% | 6.5% | -0.7% |
| Hawaii | 7,450 | 6,560 | 5,560 | 5,000 | 5,540 | 6,635 | 7,463 | 9,340 | 10,374 |
| % Change | -8.8% | -11.9% | -15.2% | -10.1% | 10.8% | 19.8% | 12.5% | 25.2% | 11.1% |
| Oregon | 20,700 | 22,000 | 21,200 | 19,700 | 19,036 | 19,326 | 20,001 | 21,001 | 22,408 |
| % Change | 9.5% | 6.3% | -3.6% | -7.1% | -3.4% | 1.5% | 3.5% | 5.0% | 6.7% |
| Washington | 15,800 | 15,400 | 14,700 | 14,400 | 19,234 | 19,019 | 18,093 | 18,692 | 19,845 |
| % Change | 1.9% | -2.5% | -4.5% | -2.0% | 33.6% | -1.1% | -4.9% | 3.3% | 6.2% |
| Subtotal - Pacific | 90,970 | 93,260 | 94,400 | 99,500 | 106,465 | 111,985 | 118,839 | 126,723 | 129,945 |
| % Change | 3.9% | 2.5% | 1.2% | 5.4% | 7.0% | 5.2% | 6.1% | 6.6% | 2.5% |
| Total West Region | 125,950 | 132,080 | 142,300 | 152,600 | 160,838 | 168,831 | 172,635 | 177,473 | 181,323 |
| % Change | 2.3% | 4.9% | 7.7% | 7.2% | 5.4% | 5.0% | 2.3% | 2.8% | 2.2% |
| TOTAL U.S. | 1,257,590 | 1,320,170 | 1,411,290 | 1,489,400 | 1,578,241 | 1,565,949 | 1,549,617 | 1,587,254 | 1,649,771 |
| % Change | 4.1% | 5.0% | 6.9% | 5.5% | 6.0% | -0.8% | -1.0% | 2.4% | 3.9% |

(*) SOURCE: Historical crushed stone data was provided by the U.S. Geological Survey. The USGS compiled data working in concert with comparable organizations on the state level. Changes in composition and representation of sample companies in each state may have caused artificial aberrations in historical data.

Industry News

CEMEX, S.A. de C.V.'s new American Depositary Shares (ADS), representing five new CPOs (certificados de participacion ordinaria), began trading on the New York Stock Exchange (NYSE) under the ticker symbol "CX" on September 15, 1999. The listing on the NYSE followed the successful completion by CEMEX of an exchange offer of its common stock shares for new CPOs, together with a simultaneous three-for-one stock split. The new CPO will represent an interest in two new A shares and one new B share. Also in September, CEMEX successfully completed a tender offer to acquire the outstanding shares of **Cementos del Pacifico, S.A.**, a cement company in Costa Rica with a capacity of 850,000 tons per year. CEMEX paid a reported USD122 per ton of capacity for Cementos del Pacifico or approximately USD104 million.

Centex Construction Products, Inc. (NYSE: CXP) announced that Richard D. Jones, Jr. had been elected as President and Chief Executive Officer. Mr. Jones succeeds O.G. (Greg) Dagnan, who retired as Chairman and Chief Executive Officer. Laurence E. Hirsch has been named Chairman of the Board.

CSR America, Inc. announced in August that it had finalized three acquisitions in the United States, including **Eastern Shore Concrete Pipe** in Bear and Middletown, Delaware; the prestress concrete operation in Oklahoma City, Oklahoma from **Dolese Bros.**; and **Moor-Tex Concrete Products, Inc.** in Sealy, Texas.

Deschutes Ready Mix, Sand & Gravel Co.

Bend, Oregon

\$9,000,000

Revolving Credit &
Term Loan Facilities

The undersigned arranged the financing and acted as financial advisor to the Estate of R. L. Coats.

The Greystone Group LLC
Investment Banking

Dyckerhoff AG (Frankfurt and Luxembourg Exchanges: DYK) announced the completion of its acquisition of **Lone Star Industries, Inc.** (NYSE: LCE) by the merger of **Level Acquisition Corp.**, an indirect wholly owned subsidiary of Dyckerhoff, into Lone Star. As a result of the merger, which was effective October 8, each share of common stock of Lone Star not owned by Dyckerhoff or its subsidiaries was converted into the right to receive \$50.00 per share in cash, subject to dissenter's rights. The transaction followed a September 2 announcement by the two parties that they had entered into a definitive merger agreement valued at approximately \$1.2 billion. Dyckerhoff is one of the leading cement and building materials companies in Europe with sales in excess of \$2.2 billion. In the U.S., Dyckerhoff has a 50 percent ownership in **Glens Falls Lehigh Cement Company** servicing the northeastern part of the U.S.

During September, **Giant Cement Holding, Inc.** (NASDAQ: GCHI) announced that it had acquired a deepwater import terminal in Portsmouth, Virginia for \$12.7 million. The facility has a storage capacity of 50,000 tons and a permitted throughput capacity in excess of 450,000 tons.

Hanson PLC (NYSE: HAN) announced in August that it had agreed to acquire the continental European brick operations of **Boral Limited** for \$94.1 million in cash, subject to closing adjustments. The transaction is subject to regulatory consents and is expected to close in the fourth quarter of 1999. In September, **Hanson Building Materials America, Inc.** announced that it had acquired **United Spancrete Products Corporation** (USP) from **United Building Materials Corporation** for \$12.4 million in cash. USP produced approximately 160,000 tons of pre-stressed and precast concrete products during 1998 from its two Southern California plants in Irwindale and Chula Vista. Also in September,

Hanson acquired two aggregate quarries in Gainesville, Georgia and Mexia, Texas for a total consideration of \$10.3 million. The Gainesville quarry was purchased from **Gainesville Limestone Products, Inc.** and contains approximately 18 million tons of reserves, providing Hanson with 20 years of future production. The quarry in Mexia, Texas was purchased from **Connors Construction Co., Inc.** and contains an estimated 7.7 million tons of reserves and 25 years of future production.

Lafarge Corporation (NYSE: LAF) opened its new \$13 million cement distribution terminal in South Chicago during August, providing 36,000 tons of new storage capacity. In July, Lafarge broke ground on its new \$90 million gypsum wallboard plant in Silver Grove, Kentucky, which is scheduled to open in spring 2000. With an estimated annual capacity of 900 million square feet of wallboard, Lafarge's new plant will be the largest single-line production facility in the United States. In October, Lafarge announced that it was building an identical gypsum plant in Palatka, Florida at a cost of approximately \$85 million. Together, Lafarge would have the two largest gypsum wallboard production lines in the United States.

On September 1, 1999, **MDU Resources Group, Inc.** (NYSE: MDU) announced that it had acquired through subsidiary merger **JTL Group, Inc.** With 1998 sales of approximately \$60 million, JTL is involved in aggregate, asphalt and ready-mix concrete production and sales, road construction and paving and general contracting serving Montana and Casper, Wyoming.

In July, **Martin Marietta Materials, Inc.** (NYSE: MLM) purchased a limestone quarry located near Lewisburg, West Virginia, from **Acme Limestone Co., Inc.** The transaction, which includes three rail distribution yards, has a reported annual capacity of 1.2 million tons and mineral reserves in excess of 70 mil-

Industry News - Continued

lion tons. Martin Marietta announced in September that it had acquired the stock of **Marock, Inc.** for approximately \$41 million. Marock is an aggregate producer serving the Dallas/Fort Worth area with annual aggregate production capacity reported at approximately 4.5 million tons and mineral reserves in excess of 150 million tons. Martin Marietta entered the Tennessee market in September through its acquisition of **Menefee Crushed Stone Company, Inc.** Menefee operates a limestone quarry near Nashville with production capacity of approximately 900,000 tons annually and mineral reserves in excess of 30 million tons.

Southdown, Inc. (NYSE: SDW) acquired **Sunshine Materials, Inc.** (SMI) in July, an independent produc-

er of ready mix concrete and construction aggregates in west central Florida. SMI operates eight ready mix plants, an aggregate quarry and four concrete block plants and services the region between Tampa, Orlando and Ocala, Florida. On October 11, citing the robust financial health of the U.S. cement industry, Southdown said it no longer supports efforts to impose antidumping duties on cement producers in Mexico, Japan and Venezuela. Southdown simultaneously announced that it acquired an import terminal in Brunswick, Georgia and exclusive marketing rights to an import terminal in Mobile, Alabama.

According to an article published in the Uniontown Herald Standard on October 6, 1999, **U.S. Silica Company** acquired **Commercial**

Stone Co. and affiliated entities, a major aggregate and asphalt producer in the Pittsburgh relevant market. According to the article, Commercial Stone produces approximately 4.8 million tons of crushed stone and 1.25 million tons of asphalt. U.S. Silica is affiliated with **D. George Harris & Associates, Inc.**, a New York-based leveraged buy-out firm. Earlier in the year, U.S. Silica acquired five New Jersey-based sand operations from **Unimin Corporation** and **George F. Pettinos, Inc.** headquartered in Wayne, Pennsylvania, expanding its capabilities in the construction materials industry. At the end of 1998, U.S. Silica acquired **Better Materials Corporation**, a producer of crushed stone and asphalt paving materials in Penns Park, Pennsylvania. ■

Greystone Corporate Watch 2nd Quarter 1999 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) | \$272,367 | 13.7% | \$80,231 | 15.7% | \$27,145 | 33.7% | \$10,329 | 89.1% |
| Centex Constr. (CXP) | (ii) | \$97,180 | 21.7% | \$40,423 | 30.4% | \$39,365 | 30.7% | \$35,669 | 32.3% |
| Florida Rock (FRK) | (iii) | \$429,459 | 22.3% | \$125,446 | 26.3% | \$79,769 | 19.2% | \$51,915 | 23.0% |
| Granite Constr. (GVA) | | \$544,096 | 14.3% | \$90,279 | 12.3% | \$53,355 | 9.5% | \$28,668 | 11.6% |
| Giant Cement (GCHI) | | \$81,608 | 28.8% | \$27,373 | 39.9% | \$19,396 | 24.8% | \$10,541 | 20.3% |
| Lafarge (LAF) | | \$1,089,995 | 8.0% | \$315,902 | 12.3% | \$208,385 | 22.5% | \$96,339 | 30.4% |
| Martin Marietta Matls (MLM) | | \$569,926 | 22.8% | \$167,089 | 5.1% | \$132,027 | 13.0% | \$75,948 | 28.1% |
| Puerto Rican Cement (PRN) | | \$92,692 | 22.3% | \$34,730 | 26.4% | \$21,713 | 21.7% | \$11,717 | 31.9% |
| Southdown (SDW) | | \$578,300 | 6.6% | \$215,100 | 10.8% | \$178,500 | 175.5% | \$136,400 | 614.1% |
| TXI Corp. (TXI) | (iv) | \$1,126,800 | -5.8% | \$311,345 | -2.7% | \$222,383 | -6.5% | \$137,026 | -11.7% |
| U.S. Aggregates (AGA) | | \$126,939 | 22.6% | \$34,973 | 30.2% | \$19,596 | 46.1% | \$7,835 | 4326.6% |
| U.S. Concrete (RMIX) | | \$88,505 | 7.0% | \$16,704 | 16.1% | \$7,616 | -25.5% | \$4,999 | -34.3% |
| Vulcan Materials (VMC) | | \$1,093,752 | 32.6% | \$356,706 | 17.2% | \$259,326 | 13.5% | \$133,973 | -14.7% |
| Average | (v) | \$473,979 | 17.1% | \$139,873 | 13.7% | \$99,990 | 31.2% | \$56,269 | 40.5% |

(i) Ameron International's earnings represent six months ended May 31, 1999.

(ii) Centex Construction Products' earnings represent three months ended June 30, 1999.

(iii) Florida Rock Industries' earnings represent nine months ended June 30, 1999.

(iv) TXI's earnings represent twelve months ended May 31, 1999.

(v) 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 second quarter 1999 earnings through June 30, 1999. Source: Individual SEC filings.