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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark one) [X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2000

OR

[_] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission File Number 000-26025

U. S. CONCRETE, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware	76-0586680
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
2925 Briarpark, Suite 500 Houston, Texas (Address of Principal Executive Offices)	77042 (Zip Code)

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

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
None	Not applicable

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, par value $.001 per share
(Title of class)

Rights to Purchase Series A Junior
Participating Preferred Stock
(Title of class)

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 [X] 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 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. [_]

As of March 15, 2001, there were 22,640,419 shares of common stock, par value $.001 per share, of the Registrant issued and outstanding, 16,361,670 of which, having an aggregate market value of $114.5 million, based on the closing price per share of the common stock of the Registrant reported on The Nasdaq Stock Market on that date, were held by non-affiliates of the Registrant. For purposes of the above statement only, all directors and executive officers of the Registrant are assumed to be affiliates.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement related to the Registrant's 2001 Annual Stockholders Meeting are incorporated by reference into Part III of this report.

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Statements we make in this Annual Report on Form 10-K which express a belief, expectation or intention, as well as those that are not historical fact, are forward-looking statements under the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to various risks, uncertainties and assumptions, including those to which we refer under the heading "Cautionary Statement Concerning Forward-Looking Statements" following Items 1 and 2 of Part I of this report.

PART I

Items 1 and 2. Business and Properties

General

U.S. Concrete provides ready-mixed concrete and related products and services to the construction industry in several major markets in the United States. As of March 15, 2001, we have 73 operating plants producing over 5.6 million cubic yards of ready-mixed concrete annually. Our operations consist principally of formulating, preparing, delivering and placing ready-mixed concrete at the job sites of our customers. We 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 new mixtures for specific design uses, on-site and lab-based product quality control and delivery programs we configure to meet our customers' needs.

We completed our initial public offering in May 1999. At the same time, we acquired six ready-mixed concrete and related businesses and began operating 26 concrete plants in three major markets in the United States. Since our IPO and through March 15, 2001, we have acquired an additional 16 ready-mixed concrete and related businesses, and are operating an additional 47 concrete plants, in five additional major markets in the United States.

To increase our geographic diversification and expand the scope of our operations, we seek to acquire businesses operating under quality management teams in growing markets. Our acquisition strategy has two primary objectives. In a new market, we target one or more companies that can serve as platform businesses into which we can integrate other concrete operations. In markets where we have existing operations and seek to increase our market penetration, we pursue tuck-in acquisitions.

Industry Overview

Annual usage of ready-mixed concrete in the United States remains at record levels. According to information available from the National Ready Mixed Concrete Association and F.W. Dodge, total sales from production and delivery of ready-mixed concrete in the United States grew over the past three years as follows:

Year	Sales
	($ in millions)
1998	$ 23,672
1999	$ 25,812
2000	$ 26,835

According to National Ready Mixed Concrete Association data, the four major segments of the construction industry accounted for the following approximate percentages of total sales of ready-mixed concrete in the United States in 2000:

Residential construction	27%
Commercial and industrial construction	23%
Street and highway construction and paving	31%
Other public works and infrastructure construction	19%
Total	100%

Ready-mixed concrete is a versatile, low-cost manufactured material the

construction industry uses in substantially all its projects. It is a stone-like compound that results from combining coarse and fine aggregates, such as gravel, crushed stone and sand, with water, various admixtures and cement. Ready-mixed concrete can be manufactured in thousands of variations which in each instance may reflect a specific design use. Manufacturers of ready-mixed concrete generally maintain less than one day's requirements of raw materials and must coordinate their daily material purchases with the time-sensitive delivery requirements of their customers.

Ready-mixed concrete begins a chemical reaction when mixed and begins to harden and generally becomes difficult to place within 90 minutes after mixing. This characteristic generally limits the market for a permanently installed plant to an area within a 25-mile radius of its location. Concrete manufacturers produce ready-mixed concrete in batches at their plants and use mixer and other trucks to distribute and place it at the job sites of their customers. These manufacturers generally do not provide paving or other finishing services construction contractors or subcontractors typically perform.

Concrete manufacturers generally obtain contracts through local sales and marketing efforts they direct at general contractors, developers and home builders. As a result, local relationships are very important.

On the basis of information the National Ready-Mixed Concrete Association has provided to us, we estimate that, in addition to vertically integrated manufacturers of cement and ready-mixed concrete, more than 3,500 independent concrete producers currently operate a total of approximately 5,300 plants in the United States. Larger markets generally have numerous producers competing for business on the basis of price, timing of delivery and reputation for quality and service. We believe, on the basis of available market information, that the typical ready-mixed concrete company is family-owned and has limited access to capital, limited financial and technical expertise and limited exit strategies for its owners. Given these operating constraints, we believe many ready-mixed concrete companies are finding it difficult to both grow their businesses and compete effectively against larger, more cost-efficient and technically capable competitors. We believe these characteristics in our highly fragmented industry present growth opportunities for a company with a focused acquisition program and access to capital.

Barriers to the start-up of a new ready-mixed concrete manufacturing operation historically have been low. In recent years, however, public concerns about the dust, noise and heavy mixer and other truck traffic associated with the operation of ready-mixed concrete 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 start-up operations entail, have raised the barriers to entry for those operations.

Significant Factors Impacting the Market for Ready-Mixed Concrete

On the basis of available industry information, we believe that between 1996 and 2000, ready-mixed concrete sales as a percentage of total construction expenditures in the United States increased 6.1%. In addition to favorable trends in the overall economy of the United States during much of this period, we believe three significant factors have contributed to expansion of the market for ready-mixed concrete in particular:

- the increased level of industry-wide promotional and marketing activities;
- the development of new and innovative uses for ready-mixed concrete; and
- the enactment of the federal legislation commonly called TEA-21.

Industry-wide Promotional and Marketing Activities. We believe industry participants have only in recent years focused on and benefited from promotional activities to increase the industry's share of street and highway and residential construction expenditures. Many of these promotional efforts resulted from an industry-wide initiative called RMC 2000, a program established in 1993 under the leadership of our chief executive officer, Eugene P. Martineau. The National Ready Mixed Concrete Association, the industry's largest trade organization, has adopted this program. Its principal goals have been to (1) promote ready-mixed concrete as a building and paving material and (2) improve the overall image of the ready-mixed concrete industry. We believe RMC 2000 has been a catalyst for increased investment in the promotion of concrete.

Development of New and Innovative Ready-mixed Concrete Products. Ready-mixed concrete has many attributes that make it a highly versatile construction material. In recent years, industry participants have developed various product innovations, including:

- concrete housing;
- pre-cast modular paving stones;
- pre-stressed concrete railroad ties to replace wood ties;
- continuous-slab rail-support systems for rapid transit and heavy-traffic intricate rail lines; and
- concrete bridges, tunnels and other structures for rapid transit systems.

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

- highway median barriers;
- highway sound barriers;
- paved shoulders to replace less permanent and increasingly costly asphalt shoulders;
- parking lots providing a long-lasting and aesthetically pleasing urban environment; and
- colored pavements to mark entrance and exit ramps and lanes of expressways.

Impact of TEA-21. The Federal Transportation Equity Act for the 21st Century, commonly called TEA-21, is the largest public works funding bill in the history of the United States. It became effective in June 1998 and provides a $218 billion budget for federal highway, transit and safety spending for the six-year period from 1998 through 2003. This represents a 43% increase over the funding levels similar federal funding programs authorized for the 1992-1997 period. Although road and highway construction and paving accounted for only 12% of our 2000 sales, we believe we should benefit from the impact we expect TEA-21 will have on the overall demand for ready-mixed concrete in the United States.

Our Business Strategy

Our objective is to continue expanding the geographic scope of our operations and become the leading value-added provider of ready-mixed concrete and related products and services in each of our markets. We plan to achieve this objective by (1) continuing to make acquisitions and (2) continuing to implement our national operating strategy aimed at increasing revenue growth and market share, achieving cost efficiencies and enhancing profitability.

Growth Through Acquisitions. The significant costs and regulatory requirements involved in building new plants make acquisitions an important element of our growth strategy. Our acquisition program targets opportunities for (1) expansion in our existing markets and (2) entering new geographic markets in the United States.

- Expanding in Existing Markets. We seek to continue acquiring other well-established companies operating in our existing markets in order to expand our market penetration. We have acquired operating companies in Northern California, Michigan, North Texas, Memphis/Northern Mississippi, Northern New Jersey/Southern New York and the Washington, D.C. area following our initial entry into these markets. By expanding in existing markets through acquisitions, we expect to continue realizing various operating synergies, including:
  - increased market coverage;
  - improved utilization and range of mixer trucks because of access to additional plants;

- customer cross-selling opportunities; and
- reduced operating and overhead costs.

- Entering New Geographic Markets. We seek to continue entering new geographic markets that have a balanced mix of residential, commercial, industrial and public sector concrete consumption and have demonstrated adequate sustainable demand and prospects for growth. In each new market we enter, we target for acquisition one or more leading local or regional ready-mixed concrete companies that can serve as platform businesses into which we can consolidate other ready-mixed concrete operations. Important criteria for these acquisition candidates include historically successful operating results, established customer relationships and superior operational management personnel, whom we generally will seek to retain. Since our formation in May 1999 and through March 15, 2001, we have entered into new geographic markets in San Diego, North Texas/Southwest Oklahoma, Memphis/Northern Mississippi, Knoxville and Michigan.

Implementation of National Operating Strategy. We designed our national operating strategy (1) to increase revenues and market share through improved marketing and sales initiatives and enhanced operations and (2) to achieve cost efficiencies.

- Improving Marketing and Sales Initiatives and Enhancing Operations. Our basic operating strategy emphasizes the sale of value-added product to customers who are more focused on reducing their installed, or in-place, concrete costs than on the price per cubic yard of the ready-mixed concrete they purchase. Key elements of our service-oriented strategy include:
  - providing corporate-level marketing and sales expertise;
  - establishing and implementing company-wide quality control improvements;
  - continuing to develop and implement training programs that emphasize successful marketing, sales and training techniques and the sale of high-margin concrete mix designs; and
  - investing in computer and communications technology at each of our locations to improve communications, purchasing, accounting, load dispatch, delivery efficiency, reliability, truck tracking and customer relations.
- Achieving Cost Efficiencies. We strive over time to reduce the total operating expenses of the businesses we acquire by eliminating or consolidating some of the functions each business performed separately prior to its acquisition. In addition, we believe that, as we continue to increase in size on both a local market and national level, we should experience reduced costs as a percentage of net sales compared to those of the individual businesses we acquire in such areas as:
  - materials procurement;
  - purchases of mixer trucks and other equipment, spare parts and tools;
  - vehicle and equipment maintenance;
  - employee benefit plans; and
  - insurance and other risk management programs.

Products and Services

Ready-Mixed Concrete. Our ready-mixed concrete products consist of proportioned mixes we prepare and deliver in unhardened plastic states for placement and shaping into their designed forms. 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. We also believe we distinguish ourselves with our value-added service approach that emphasizes reducing our customers' overall construction costs by lowering the installed, or 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 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 and labor they will require in various applications.

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

- production of new 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 finishing crew.

We produce ready-mixed concrete by combining the desired type of cement, 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 a low water content.

We frequently use various mineral admixtures as supplementary cementing materials to alter the permeability, strength and other properties of concrete. These materials include fly ash, ground granulated blast-furnace slag and silica fume.

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

Our ready-mixed concrete operations comprised 89.2% of our pro forma 2000 revenues.

Pre-Cast Concrete. We produce pre-cast concrete products at six of our Northern California plants and at our San Diego California plant. Our pre-cast concrete products consist of ready-mixed concrete we produce and then pour into

molds at our plant sites. These operations produce a wide variety of specialized finished products, including specialty engineered structures, custom signage and curb inlets. After the concrete sets, we strip the molds from the products and ship the finished product to our customers. Because these products are not perishable, pre-cast concrete plants can serve a much larger market than ready-mixed concrete plants.

Our pre-cast operations comprised 7.8% of our pro forma 2000 revenues.

Building Materials (Including Concrete Masonry). Our building materials operations supply various materials, products and tools contractors use in the concrete construction industry. These materials include rebar, wire mesh, color additives, curing compounds, grouts, wooden forms, hard hats, rubber boots, gloves, trowels, lime slurry used to stabilize foundations and numerous other items. We also produce concrete masonry at our Auburn Hills, Michigan plant. Our building materials operations are generally located near our ready-mixed concrete operations.

Our building materials operations comprised 3.0% of our pro forma 2000 revenues.

Operations

The businesses we have acquired have made substantial capital investments in equipment, systems and personnel at their respective plants to facilitate continuous multi-customer deliveries of highly perishable products. In any given market, we may maintain a number of plants whose production we centrally coordinate to meet customer production requirements. We must be able to adapt constantly to continually changing delivery schedules.

Our ready-mixed concrete plants consist of permanent and mobile facilities that produce ready-mixed concrete in wet or dry batches. Our 73 fixed-plant facilities produce ready-mixed concrete that we transport to job sites by mixer trucks. Our on-site mobile plant operations deploy our nine mobile-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. Several factors govern the choice of plant type, including:

- capital availability;
- production consistency requirements;
- daily production capacity requirements; and
- job-site location.

A wet batch plant generally costs more, but yields greater consistency in the concrete produced and has greater daily production capacity, than a dry batch plant. We believe that 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. At March 15, 2001, we operated 13 wet batch plants and 60 dry batch plants.

The market primarily will drive our future plant decisions. The relevant market factors include:

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

Generally, plants intended primarily to serve high-volume, commercial or public works projects will be wet batch plants, while plants intended primarily to serve low-volume, residential construction projects will be dry batch plants. From time to time, we also may use portable plants, which include both wet batch and dry batch facilities, to service large, long-term jobs and jobs in remote locations.

The batch operator in 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 he loads the already mixed concrete into the mixer truck, which leaves for the job site promptly after loading.

Mixer trucks slowly rotate their loads on route to job sites in order to maintain product consistency. A mixer truck typically has a load capacity of nine cubic yards, or approximately 18 tons, and a useful life of 12 years. Depending on the type of batch plant from which the mixer trucks generally are loaded, some components of the mixer trucks will require refurbishment after three to nine years. A new truck of this size currently costs approximately $125,000. At March 15, 2001, we operated a fleet of approximately 960 mixer trucks.

In our manufacture and delivery of ready-mixed concrete, 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 to a job site. A typical order contains various 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, 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 multi-sourced 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 product throughout the placement process. On any given day, a particular plant 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 already-mixed 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.

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

- loading concrete;
- in route to a particular job site;
- on the job site;

- discharging concrete;
- being washed; or
- in route to a particular plant.

The system is updated continuously via signals received from the individual truck operators as to their status. 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.

A plant manager oversees the operation of each plant. Our employees also include:

- maintenance personnel who perform routine maintenance work throughout our plants;
- a full-time staff of mechanics who perform substantially all the maintenance and repair work on our vehicles;
- 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 on a single shift with some overtime operation during the construction season. On occasion, however, we may have projects that require deliveries around the clock.

Cement and Raw Materials

We obtain most of the materials necessary to manufacture ready-mixed concrete at each of our facilities on a daily basis. These raw materials include cement, which is a manufactured product, stone, gravel and sand. Each plant typically maintains an inventory level of these materials sufficient to satisfy its operating needs for one day or less. Cement represents the highest cost material used in manufacturing a cubic yard of ready-mixed concrete, while the combined cost of the stone, gravel and sand used is slightly less than the cement cost. In each of our markets, we purchase each of these materials from several suppliers.

Sales and Marketing

General contractors typically select their suppliers of ready-mixed 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 in many cases ultimately is relationship-based. Our marketing efforts target general contractors, design engineers and architects whose focus extends beyond the price of ready-mixed concrete to product quality and consistency and reducing their in-place cost of concrete.

Customers

Of our 2000 sales, we made approximately 51% to commercial and industrial construction contractors, approximately 32% to residential construction contractors, approximately 12% to street and highway construction contractors and approximately 5% to other public works and infrastructure contractors. In 2000, no single customer or project accounted for more than 5% of our total sales.

We rely heavily on repeat customers. Our management and dedicated sales personnel are responsible for developing and maintaining successful long-term relationships with key customers. We believe that by expanding our operations into more geographic markets, we will be in a better position to market to and service large nationwide and regional contractors.

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 on the quality of our recruiting, training, compensation and benefits, the opportunities we afford for advancement and our safety record. Historically, we have supported and funded continuing education 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 followed by certification testing. The responsibilities of our national safety director include managing and executing a unified, company-wide safety program.

Competition

The ready-mixed concrete industry is highly competitive. Our competitive position in a market depends largely on the location and operating costs of our ready-mixed concrete plants and prevailing prices in that market. Price is the primary competitive factor among suppliers for small or simple jobs, principally in residential construction, while timeliness of delivery and consistency of quality and service as well as price are the principal competitive factors among suppliers for large or complex jobs. Our competitors range from small, owner-operated private companies to subsidiaries or operating units of large, vertically integrated cement manufacturing and concrete products companies. Competitors having lower operating costs than we do or having the financial resources to enable them to accept lower margins than we do have a competitive advantage over us for jobs that are particularly price-sensitive. Competitors having greater financial resources to build plants in new areas or pay for acquisitions also have competitive advantages over us.

Employees

At March 15, 2001, we had approximately 375 salaried employees, including executive officers, management personnel, sales personnel, technical personnel, administrative staff and clerical personnel, and approximately 1,522 hourly personnel generally employed on an as-needed basis, including 1,032 truck drivers. 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.

At March 15, 2001, approximately 996 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. Under these agreements, we 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.

None of the businesses we have acquired has experienced any strikes or significant work stoppages in the past five years. We believe our relationships with our employees and union representatives are satisfactory.

Facilities and Equipment

At March 15, 2001, we operated a fleet of approximately 960 owned and leased mixer trucks and 509 other vehicles. Our own mechanics service most of the fleet. We believe these vehicles generally are well maintained and adequate for our operations. The average age of the mixer trucks is approximately 5.3 years.

We operated 73 fixed-plant facilities and nine onsite mobile-plant facilities that produce ready-mixed concrete at March 15, 2001. We believe that these facilities are sufficient for our immediate needs. The table below summarizes operations at our fixed-plant facilities at March 15, 2001. The ready-mixed volumes in the table represent the pro forma 2000 volumes produced by each location.

Location	Ready-Mixed	Pre-Cast	Building Materials/ Concrete Masonry	Ready-Mixed Volume (in thousands of cubic yards)

Northern California	20	6	3	2,266
Northern New Jersey/Southern New York	15	--	--	880
North Texas/Southwest Oklahoma	14	--	2	753
Michigan	11	--	1	742
Washington, D.C. area	3	--	--	463
Memphis/Northern Mississippi	7	--	--	327
Knoxville	3	--	--	203
San Diego	--	1	--	--
	73	7	6	5,634

The information above includes the following locations we purchased between January 1 and March 15, 2001:

Location	Ready-Mixed	Pre-Cast	Building Materials/ Concrete Masonry	Ready-Mixed Volume (in thousands of cubic yards)
Northern New Jersey/Southern New York	12	--	--	678
Northern California	--	1	--	--
	12	1	--	678

Governmental Regulation and Environmental Matters

A wide range of federal, state and local laws apply to our operations, including such matters as:

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

In many instances, we must have certificates, permits or licenses to conduct our business. Failure to maintain required certificates, permits or licenses or to comply with applicable laws 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 failures to obtain new certificates, permits or licenses, could impede the implementation of our acquisition program.

Environmental laws that impact our operations include those relating to air quality, solid waste management and water quality. Environmental laws are complex and subject to frequent change. These laws 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 which complied with all applicable laws when performed. We have conducted Phase I investigations to assess environmental conditions on substantially all the real properties we own or lease and have engaged independent environmental consulting firms in that connection. We have not identified any environmental concerns we believe are likely to have a material adverse effect on our business, financial condition or results of operations, but you have no assurance material liabilities will not occur. You also have 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. OSHA regulations establish requirements our training programs must meet.

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 on a pro forma combined basis in 2000. We currently do not anticipate any material adverse effect on our business or financial position 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 formulations 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 product meeting these requirements and specifications, material claims may arise against us and our reputation could be damaged.

We are currently in discussions with a customer and developer regarding a product warranty claim. The claim relates to a large, single-family home tract-construction project in Northern California for which we produced and supplied a different batch mix for a short period of time that was used in 72 foundation slabs on grade. The developer asserts that it is entitled to be made whole for all expenses it incurred in demolishing the homes on those slabs, for all costs of rebuilding the homes to their state prior to demolition and for all related costs. While we believe we have valid defenses to this claim based on, among other things, failure to mitigate damages, we are unable to quantify a range of loss or predict with certainty the outcome of this matter at this time.

Insurance

Our employees perform a significant portion of their work moving and storing large quantities of heavy raw materials, driving large mixer trucks in heavy traffic conditions or placing 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 property and equipment and environmental damage. We maintain insurance coverage in amounts and against the risks we believe 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.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

We are including the following discussion to inform our existing and potential security holders generally of some of the risks and uncertainties that can affect our company and to take advantage of the "safe harbor" protection for forward-looking statements that applicable federal securities law affords.

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 the timing of pending acquisitions and the success of our acquisition program, revenues, income and capital spending. Forward-looking statements generally use words such as "estimate," "project," "predict," "believe," "expect," "anticipate," "plan," "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.

In addition, various statements this report contains, including those that express a belief, expectation or intention, as well as those that are not statements of historical fact, are forward-looking statements. Those forward-looking statements appear in Items 1 and 2--"Business and Properties" and Item 3--"Legal Proceedings" in Part I of this report and in Item 7--"Management's Discussion and Analysis of Financial Condition and Results of Operations" and in the notes to our consolidated financial statements in Item 8 of Part II of this report and elsewhere in this report. These forward-looking statements speak only as of the date of this report, we disclaim any obligation to update these statements and we caution you not to rely unduly on them. We have based these forward-looking statements on our current expectations and assumptions about future events. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks,

contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. These risks, contingencies and uncertainties relate to, among other matters, the following:

- our acquisition and national operating strategies;
- our ability to integrate the businesses we acquire;
- our ability to obtain the capital necessary to finance our growth strategies;
- the availability of qualified personnel;
- the trends we anticipate in the ready-mixed concrete industry;
- the level of activity in the construction industry generally and in our local markets for ready-mixed concrete;

- the highly competitive nature of our business;
- changes in, or our ability to comply with, governmental regulations, including those relating to the environment;
- our labor relations and those of our suppliers of cement and aggregates;
- the level of funding allocated by the United States Government for federal highway, transit and safety spending;
- power outages and other unexpected events that delay or adversely affect our ability to deliver concrete according to our customers' requirements;
- our ability to control costs and maintain quality; and
- our exposure to warranty claims from developers and other customers.

We believe the items we have outlined above are important factors that could cause our actual results to differ materially from those expressed in a forward-looking statement made in this report or elsewhere by us or on our behalf. We have discussed most of these factors in more detail elsewhere in this report. These factors are not necessarily all the important factors that could affect us. Unpredictable or unknown factors we have not discussed in this report could also 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 above could affect the accuracy of our forward-looking statements and (2) use caution and common sense when considering our forward-looking statements.

Item 3. Legal Proceedings

Bay-Crete Transportation & Materials, LLC alleges in a lawsuit it filed on July 11, 2000 in California Superior Court in San Mateo County, against our subsidiary, Central, and us that it possesses beneficiary rights under a 1983 contract to purchase annually up to 200,000 cubic yards of ready-mixed concrete from Central until March 30, 2082. Under that contract, the purchase price would consist of Central's direct materials costs and an overhead fee. Bay-Crete alleges that we breached that contract by refusing to acknowledge Bay-Crete's rights as a beneficiary of that contract. It is seeking damages of $500 million of lost profits spread over the next 82 years. Central and we each filed an answer and cross-complaint in August 2000 which seeks declaratory relief for a determination that Bay-Crete is not entitled to use the contract. In addition, the cross-complaints seek damages for improper conduct by Bay-Crete, the general manager of Bay-Crete and a member of Bay-Crete for making demands under the contract in violation of an order of the United States Bankruptcy Court for the Northern District of California, San Francisco Division. A predecessor to Central previously prevailed in the defense of a similar action brought by the general manager of Bay-Crete under a related agreement, and Central and we believe we have meritorious defenses to Bay-Crete's claim and intend to vigorously defend this suit.

From time to time, and currently, we are subject to various other 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.

We believe that the resolution of all litigation currently pending or threatened against us or any of our subsidiaries (including the dispute with Bay-Crete we describe above) will not have a material adverse effect on our business or financial condition; however, because of the inherent uncertainty of litigation, we cannot assure you that the resolution of any particular claim or proceeding to which we are a party will not have a material adverse effect on our results of operations for the fiscal period in which that resolution occurs.

Item 4. Submission of Matters to a Vote of Security Holders

No matter was submitted to a vote of the our security holders during the fourth quarter of 2000.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

Our common stock began trading on The Nasdaq Stock Market in May 1999 under the symbol "RMIX." As of March 15, 2001, 22.6 million shares of our common stock were outstanding, held by approximately 721 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 following table sets forth the range of high and low bid prices for our common stock on The Nasdaq Stock Market for the periods indicated:

	2000		1999	
	High	Low	High	Low
First Quarter	$ 7 7/8	$ 6	$ --	$ --
Second Quarter	8 1/8	6	10 1/32	7 7/8
Third Quarter	8 3/16	6	11 1/8	6 1/2
Fourth Quarter	7 5/16	5 11/16	8 5/32	5 7/8

The last reported bid price for our common stock on The Nasdaq Stock Market on March 15, 2001 was $6 15/16 per share.

We have not paid or declared any dividends since our formation and currently intend to retain earnings to fund our working capital. Any future dividends will be at the discretion of our board of directors after taking into account various factors it deems relevant, including our financial condition and performance, cash needs, income tax consequences and the restrictions Delaware and other applicable laws and our credit facilities then impose. Our credit facility prohibits the payment of cash dividends on our common stock. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources" in Item 7 of this Report and Note 6 of our Notes to Consolidated Financial Statements in Item 8 of this Report.

Recent Sales of Unregistered Securities

On November 10, 2000, we issued and sold for cash $95 million aggregate principal amount of our 12.00% senior subordinated notes due November 10, 2010. We used the net proceeds from this sale to reduce amounts outstanding under our secured revolving credit facility. We sold the notes to a small number of accredited institutional investors without registration under the Securities Act in reliance on the exemption Section 4(2) of the Securities Act provides for transactions not involving any public offering.

Item 6. Selected Financial Data

We acquired six businesses in 2000 and 14 in 1999 (including our initial six acquisitions), all of which we have accounted for under the purchase method of accounting (see Note 3 "Business Combinations" under Item 8). Our financial statements present Central Concrete Supply Co., Inc., one of our initial six acquisitions, as the acquirer of the other 19 businesses and U.S. Concrete. The following historical financial information is of Central prior to June 1, 1999 and of U.S. Concrete and its consolidated subsidiaries after that date. The historical financial information for Central as of December 31, 1998 and 1997, and for the years ended December 31, 1998, 1997 and 1996, derives from the audited financial statements of Central. See the historical financial statements and related notes this document contains.

	Year Ended December 31				
	2000	1999	1998	1997	1996
	(in thousands)				
Statement of Operations Information:					
Sales	$ 394,636	$ 167,912	$ 66,499	$ 53,631	$ 39,204
Cost of goods sold	314,297	135,195	53,974	43,794	33,402
Gross profit	80,339	32,717	12,525	9,837	5,802
Selling, general and administrative expenses	27,741	9,491	4,712	4,265	3,644
Stock compensation charge	--	2,880	--	--	--
Depreciation and amortization	11,212	3,453	930	1,330	1,203
Income from operations	41,386	16,893	6,883	4,242	955
Interest expense, net	14,095	1,708	165	226	188
Other income, net	1,319	663	36	26	--
Income before income tax provision	28,610	15,848	6,754	4,042	767
Income tax provision (benefit)	11,750	7,658	100	(457)	303
Net income	$ 16,860	$ 8,190	$ 6,654	$ 4,499	$ 464

	2000	1999	1998	1997	1996
	(in thousands)				
Balance Sheet Information:					
Working capital	$41,532	$14,578	$ 7,431	$4,899	$1,363
Total assets	355,837	212,734	26,640	19,837	13,603
Long-term debt, including current maturities	157,134	57,375	3,530	2,660	1,730
Total stockholders' equity	150,555	110,793	15,154	10,731	6,472

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

Statements we make in the following discussion which express a belief, expectation or intention, as well as those that are not historical fact, are forward-looking statements that are subject to risks, uncertainties and assumptions. Our actual results, performance or achievements, or industry results, could differ materially from those we express in the following discussion as a result of a variety of factors, including the risks and uncertainties we have referred to under the heading "Cautionary Statement Concerning Forward-Looking Statements" following Items 1 and 2 of Part I of this report and under the heading "Factors That May Affect Our Future Operating Results" below.

Overview

We derive substantially all our revenues from the sale of ready-mixed concrete, other concrete products and related construction materials to the construction industry in the United States. We serve substantially all segments of the construction industry, and our customers include contractors for commercial, industrial, residential and public works and infrastructure construction. We typically sell ready-mixed concrete under daily purchase orders

that require us to formulate, prepare and deliver ready-mixed concrete to the job sites of our customers. We recognize our sales from these orders when we deliver the ordered products.

Our cost of goods sold consists principally of the costs we incur in obtaining the cement, aggregates and admixtures we combine to produce ready-mixed concrete and other concrete products in various formulations. We obtain all these materials from third parties and generally have only one day's supply at each of our concrete plants. Our cost of goods sold also includes labor costs and the operating, maintenance and rental expenses we incur in operating our concrete plants and mixer trucks and other vehicles.

Our selling expenses include the salary and incentive compensation we pay our sales force, the salaries and incentive compensation of our sales managers and travel, entertainment and other promotional expenses. Our general and administrative expenses include the salaries and benefits we pay to our executive officers, the senior managers of our local and regional operations, plant managers and administrative staff. These expenses also include office rent and utilities, communications expenses and professional fees.

We purchased six operating businesses in 2000 and 14 operating businesses in 1999, all of which we have accounted for in accordance with the purchase method of accounting. Our financial statements present Central Concrete Supply Co., Inc., one of our initial six acquisitions, as the acquirer of the other 19 businesses and U.S. Concrete. These financial statements are those of Central prior to June 1, 1999 and of U.S. Concrete and its consolidated subsidiaries after that date.

Factors That May Affect Our Future Operating Results

Reflecting the levels of construction activity, the demand for ready-mixed concrete is highly seasonal. We believe that this demand may be as much as three times greater in a prime summer month than in a slow winter month and that the six-month period of May through October is the peak demand period. Consequently, we expect that our sales generally will be materially lower in the first and fourth calendar quarters. Because we incur fixed costs, such as wages, rent, depreciation and other selling, general and administrative expenses, throughout the year, we expect our gross profit margins will be disproportionately lower than our sales in these quarters. Even during traditional peak periods, sustained periods of inclement weather and other extreme weather conditions can slow or delay construction and thus slow or delay our sales.

You should not rely on (1) quarterly comparisons of our revenues and operating results as indicators of our future performance or (2) the results of any quarterly period during a year as an indicator of results you may expect for that entire year.

Demand for ready-mixed concrete and other concrete products depends on the level of activity in the construction industry. That industry is cyclical in nature, and the general condition of the economy and a variety of other factors beyond our control affect its level of activity. These factors include, among others:

- the availability of funds for public or infrastructure construction;
- commercial and residential vacancy levels;
- changes in interest rates;
- the availability of short- and long-term financing;
- inflation;
- consumer spending habits; and
- employment levels.

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

The construction industry can exhibit substantial variations in activity across the country as a result of these factors impacting regional and local

economies differently.

Markets for ready-mixed concrete generally are local. Our results of operations are susceptible to swings in the level of construction activity which may occur in our markets.

Ready-mixed concrete is highly 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.

Competitive conditions in our industry also may affect our future operating results.

When we acquire a business, we record an asset called "goodwill" equal to the excess amount we pay for the business, including liabilities we assume, over the fair value of the assets of the business we acquire. Under generally accepted accounting principles, we amortize goodwill over periods up to 40 years following the acquisition, which directly affects our earnings in those years. Should we be required to accelerate the amortization of goodwill or write it off completely because of impairments or changes in generally accepted accounting principles, our results of operations may be materially and adversely affected.

As we acquire additional businesses in the future for which we will account in accordance with the purchase method of accounting, we will include the operating results of those businesses in our consolidated operating results from their respective acquisition dates and begin writing off any purchased goodwill resulting from those acquisitions on those same dates. Consequently, the magnitude and timing of our future acquisitions will affect our operating results.

Results of Operations

The following table sets forth for us selected historical statement of operations information and that information as a percentage of sales for the years indicated. These financial statements are those of Central prior to June 1, 1999 and of U.S. Concrete and its consolidated subsidiaries after that date. Except as we note below, our acquisitions in 2000 primarily account for the changes in 2000 from 1999. Similarly, except as we note below, the consolidation of operating results beginning on June 1, 1999 and our subsequent acquisitions in 1999 principally account for the changes in 1999 from 1998.

	Year Ended December 31					
	2000		1999		1998	
	(dollars in thousands)					
Sales	$394,636	100.0%	$167,912	100.0%	$66,499	100.0%
Cost of goods sold	314,297	79.6	135,195	80.5	53,974	81.2
Gross profit	80,339	20.4	32,717	19.5	12,525	18.8
Selling, general and administrative expenses	27,741	7.0	9,491	5.7	4,712	7.1
Stock compensation charge	--	--	2,880	1.7	--	--
Depreciation and amortization	11,212	2.9	3,453	2.1	930	1.4
Income from operations	41,386	10.5	16,893	10.0	6,883	10.3
Interest expense, net	14,095	3.6	1,708	1.0	165	0.2
Other income, net	1,319	0.4	663	0.4	36	0.1
Income before income tax provision	28,610	7.3	15,848	9.4	6,754	10.2
Income tax provision	11,750	3.0	7,658	4.5	100	0.2
Net income	$ 16,860	4.3%	$ 8,190	4.9%	$6,654	10.0%

2000 Compared to 1999

Sales. Sales increased $226.7 million, or 135.0%, from $167.9 million in 1999 to $394.6 million in 2000.

Gross profit. Gross profit increased $47.6 million, or 145.6%, from $32.7

million in 1999 to $80.3 million in 2000. Gross margins increased from 19.5% in 1999 to 20.4% in 2000, primarily due to improved pricing terms we have negotiated with key materials suppliers in our major ready-mixed markets.

Selling, general and administrative expenses. Selling, general and administrative expenses increased $18.3 million, or 192.3%, from $9.5 million in 1999 to $27.7 million in 2000. The increase in selling, general and administrative expenses as a percentage of sales is attributable to additions to the corporate overhead infrastructure to accommodate our growth strategy, as well as management additions in certain of our markets.

Stock compensation charge. The 1999 stock compensation charge represents a noncash charge for the 400,000 shares of common stock we issued in December 1998 and March 1999 to management and nonemployee directors at a nominal cost. The amount of this charge reflected a fair value of $7.20 per share, which represented a 10% discount from the initial offering price to the public of $8.00 per share in our IPO.

Depreciation and amortization. Depreciation and amortization expense increased $7.8 million, or 224.7%, from $3.5 million in 1999 to $11.2 million in 2000. This increase includes amortization of the goodwill attributable to our acquisition activity. We are amortizing this goodwill over 40 years for each acquisition. At December 31, 2000, the annualized amount of this noncash expense was $4.9 million.

Interest expense, net. Interest expense, net, increased $12.4 million from $1.7 million in 1999 to $14.1 million in 2000. This increase was attributable principally to borrowings we made to pay the cash portion of the purchase prices for our acquisitions. At December 31, 2000, we had outstanding borrowings totaling $157.1 million, at a weighted average interest cost of 10.7% per annum.

Other income, net. Other income, net increased $656,000, or 98.9%, from $663,000 in 1999 to $1.3 million in 2000. This increase is attributable to the sale of a customer contract, a gain from the involuntary conversion of property and numerous other items of income and expense.

Income tax provision. We provided for income taxes of $11.8 million in 2000, an increase of $4.1 million from our provision in 1999. The increase is principally attributable to an overall increase in taxable earnings for 2000 resulting from our operating activities. Additionally, in the first five months of 1999, Central operated as an S corporation and thus made no provision for income taxes during that period. The increase in our overall income tax provision is partially offset by a decrease in our effective income tax rate from 48.3% in 1999 to 41.1% in 2000. The higher rate in 1999 primarily resulted from the income tax expense we recognized as a result of the conversion of Central from an S corporation to a C corporation and a nondeductible stock compensation charge which we recognized during that year.

1999 Compared to 1998

Sales. Sales increased $101.4 million, or 152.5%, from $66.5 million in 1998 to $167.9 million in 1999.

Gross profit. Gross profit increased $20.2 million, or 161.2%, from $12.5 million in 1998 to $32.7 million in 1999. Gross margins increased from 18.8% in 1998 to 19.5% in 1999, primarily because increases in our product prices more than offset increases in labor rates, additional technical personnel and increases in our costs of raw materials.

Selling, general and administrative expenses. Selling, general and administrative expenses increased $4.8 million, or 101.4%, from $4.7 million in 1998 to $9.5 million in 1999. The 1999 expenses include the salaries of our executive officers and expenses we incurred in building our corporate infrastructure.

Stock compensation charge. The 1999 stock compensation charge represents a noncash charge for the 400,000 shares of our common stock we issued in December 1998 and March 1999 to management and nonemployee directors at a nominal cost.

Depreciation and amortization. Depreciation and amortization expense increased $2.6 million, or 271.3%, from $0.9 million in 1998 to $3.5 million in 1999. This increase reflects our initial amortization of the goodwill attributable to our

1999 acquisition activity. We are amortizing this goodwill over 40 years for each acquisition. At December 31, 1999, the annualized amount of this noncash expense was $2.7 million.

Interest expense, net. Interest expense, net, increased $1.5 million from $0.2 million in 1998 to $1.7 million in 1999. This increase was attributable principally to borrowings we made to finance our post-IPO acquisitions in 1999 and to refinance indebtedness of our acquired businesses. At December 31, 1999, we had borrowings totaling $57.1 million outstanding under our credit facility at a weighted average interest cost of 7.9% per annum.

Income tax provision. We provided for income taxes of $7.7 million in 1999, an increase of $7.6 million from our provision in 1998. This increase is attributable to the fact that Central was an S corporation during 1998 and the first five months of 1999 and thus made no provision for federal income taxes during those periods.

Liquidity and Capital Resources

Our acquisitions since December 31, 1999 principally account for the changes in our working capital accounts and our property, plant and equipment account from December 31, 1999 to December 31, 2000.

During 2000, we purchased six businesses that we have accounted for in accordance with the purchase method of accounting. The aggregate consideration we paid in these transactions consisted of $98.9 million in cash and 3.7 million shares of common stock.

In February 2000, we increased the size of our secured revolving credit facility from $100 million to $200 million. We had $62.0 million of outstanding borrowings under the facility at December 31, 2000. The facility has a term expiring in May 2002 and a $5.0 million sublimit for letters of credit issued on our behalf. Our borrowing availability under the facility will vary from time to time depending on our satisfaction of several financial tests. We may use the facility for the following purposes:

- financing acquisitions;
- funding the internal expansion of our operations;
- working capital; and
- general corporate purposes.

Our subsidiaries have guaranteed the repayment of all amounts owing under the facility, and we secured the facility with the capital stock and assets of our subsidiaries. The facility:

- requires the consent of the lenders for certain acquisitions;
- prohibits the payment of cash dividends on our common stock;
- limits our ability to incur additional indebtedness; and
- requires us to comply with financial covenants.

The failure to comply with these covenants and restrictions would constitute an event of default under the facility.

On November 10, 2000, we issued and sold to institutional investors in a private placement $95 million aggregate principal amount of our 12.00% senior subordinated notes due November 10, 2010 for $95 million in cash. The terms of these notes will require us to repay them in equal annual installments of approximately $13.6 million on November 10 in each of the years 2004 through 2010. We used the net proceeds from our sale of the notes to repay borrowings under our secured revolving credit facility. We intend to keep that facility in place and may borrow under that facility to fund future growth opportunities and for general corporate purposes. Our borrowing availability under that facility will vary from time to time depending on our satisfaction of several financial tests.

We anticipate that our consolidated cash flow from our operations will exceed our normal working capital needs, debt service requirements and the amount of our planned capital expenditures, excluding acquisitions, for at least the next 12 months.

We may use funds during the next 12 months to resolve the product warranty claim we describe under the heading "Product Warranties" in Items 1 and 2 -

"Business and Properties." We anticipate the cash flows from our operations will provide sufficient funds for any such resolution.

The continuation of our growth strategy will require substantial capital. We currently intend to finance future acquisitions through issuances of our common stock or debt securities, including convertible debt securities, and borrowings under our credit facility. Using debt to complete acquisitions could substantially limit our operational and financial flexibility. The extent to which we will be able or willing to use our common stock to make acquisitions will depend on its market value from time to time and the willingness of potential sellers to accept it as full or partial payment. Using our common stock for this purpose may result in dilution to our then existing stockholders. To the extent we are unable to use our common stock to make future acquisitions, our ability to grow will be limited by the extent to which we are able to raise capital for this purpose, as well as to expand existing operations, through debt or additional equity financings. If we are unable to obtain additional capital on acceptable terms, we may be required to reduce the scope of our presently anticipated expansion, which could materially adversely affect our business and the value of our common stock.

We cannot accurately predict the timing, size and success of our acquisition efforts or our associated potential capital commitments.

Inflation

As a result of the relatively low levels of inflation during the past three years, inflation did not significantly affect our results of operations in any of those years.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Borrowings under our revolving credit facility expose us to certain market risks. Outstanding borrowings under our credit facility were $62.0 million at December 31, 2000. A change of one percent in the interest rate would cause a change in interest expense of approximately $620,000, or $0.02 per share, on an annual basis. We did not enter into our credit facility for trading purposes. The credit facility carries interest at a pre-agreed percentage point spread from either the prime interest rate, or a one, two, three or six month Eurodollar interest rate.

Item 8. Financial Statements and Supplementary Data

U.S. CONCRETE, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To U.S. Concrete, Inc.:

We have audited the accompanying consolidated balance sheets of U.S. Concrete, Inc., a Delaware corporation, and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2000. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of U.S. Concrete, Inc. and subsidiaries as of December 31, 2000 and 1999, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

/s/ Arthur Andersen LLP

ARTHUR ANDERSEN LLP

Houston, Texas
March 15, 2001

U.S. CONCRETE, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(in thousands, except share amounts)

ASSETS	December 31 2000	December 31 1999
Current assets:		
Cash and cash equivalents	$ 711	$ 627
Trade accounts receivable, net	62,641	44,085
Inventories	9,494	4,351
Prepaid expenses and other current assets	5,106	3,254
Total current assets	77,952	52,317
Property, plant and equipment, net	82,993	53,949
Goodwill, net	188,921	105,492
Other assets	5,971	976
Total assets	$ 355,837	$ 212,734
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 107	$ 140
Accounts payable and accrued liabilities	36,313	37,599
Total current liabilities	36,420	37,739
Long-term debt, net of current maturities	157,027	57,235
Deferred income taxes	11,835	6,967
Total liabilities	205,282	101,941
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.001 par value; 10,000,000 shares authorized; none issued and		

outstanding	--	--
Common stock, $0.001 par value; 60,000,000 shares authorized; 22,452,036 and 18,639,228 shares issued and outstanding in 2000 and 1999, respectively	22	19
Additional paid-in capital	127,170	104,271
Retained earnings	23,363	6,503
Total stockholders' equity	150,555	110,793
Total liabilities and stockholders' equity	$ 355,837	$ 212,734

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		
	2000	1999	1998
Sales	$ 394,636	$ 167,912	$ 66,499
Cost of goods sold	314,297	135,195	53,974
Gross profit	80,339	32,717	12,525
Selling, general and administrative expenses	27,741	9,491	4,712
Stock compensation charge	--	2,880	--
Depreciation and amortization	11,212	3,453	930
Income from operations	41,386	16,893	6,883
Interest expense, net	14,095	1,708	165
Other income, net	1,319	663	36
Income before income tax provision	28,610	15,848	6,754
Income tax provision	11,750	7,658	100
Net income	$ 16,860	$ 8,190	$ 6,654
Earnings per share:			
Basic	$ 0.78	$ 0.70	$ 2.13
Diluted	$ 0.78	$ 0.70	$ 2.13
Number of shares used in calculating earnings per share:			
Basic	21,573	11,770	3,120
Diluted	21,592	11,783	3,120

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

U.S. CONCRETE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(in thousands, except share amounts)

	Common Stock		Additional		
	Shares	Amount	Paid-In Capital	Retained Earnings	Stockholders' Equity
BALANCE, December 31, 1997	3,120	$ 3	$ 621	$ 10,107	$ 10,731
Distributions to stockholders	--	--	--	(2,231)	(2,231)
Net income	--	--	--	6,654	6,654
BALANCE, December 31, 1998	3,120	3	621	14,530	15,154
Initial public offering, net of offering costs	4,370	4	27,668	--	27,672
Acquisitions of founding companies	8,319	10	57,904	(6,064)	51,850
Acquisitions of purchased companies	2,430	2	15,198	--	15,200
Distributions to stockholders	--	--	--	(10,153)	(10,153)
Stock compensation charge	400	--	2,880	--	2,880
Net income	--	--	--	8,190	8,190

BALANCE, December 31, 1999	18,639	19	104,271	6,503	110,793
Acquisitions of purchased companies	3,710	2	22,355	--	22,357
Stock issued pursuant to employee stock purchase plan	103	1	544	--	545
Net income	--	--	--	16,860	16,860
BALANCE, December 31, 2000	22,452	$ 22	$ 127,170	$ 23,363	$ 150,555

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		
	2000	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 16,860	$ 8,190	$ 6,654
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	11,212	3,453	930
Debt issuance cost amortization	1,099	123	--
Net gain on sale of property, plant and equipment	(435)	(218)	(36)
Deferred income tax provision	3,011	762	11
Provision for doubtful accounts	220	118	17
Stock compensation charge	--	2,880	--
Changes in assets and liabilities, excluding effects of acquisitions:			
Receivables	(4,194)	(5,372)	(1,697)
Prepaid expenses and other current assets	(2,623)	69	(519)
Accounts payable and accrued liabilities	(15,567)	(959)	1,499
Net cash provided by operating activities	9,583	9,046	6,859
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(8,205)	(7,547)	(3,300)
Payments for acquisitions, net of cash received of $3,961, $10,070, and $0	(94,957)	(68,495)	--
Payment of direct costs in connection with acquisitions	(3,261)	(8,406)	--
Proceeds from disposals of property, plant and equipment	2,156	1,031	52
Increase in cash surrender value of life insurance	--	--	(189)
Net cash used in investing activities	(104,267)	(83,417)	(3,437)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings	192,900	57,266	2,006
Repayments of borrowings	(93,141)	(3,607)	(1,136)
Proceeds from issuances of common stock	545	32,512	--
Cash paid related to common stock issuance costs	(242)	(4,373)	--
Debt issuance costs	(5,294)	(860)	--
Distributions to stockholders	--	(10,153)	(2,024)
Net cash provided by (used in) financing activities	94,768	70,785	(1,154)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	84	(3,586)	2,268
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	627	4,213	1,945
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 711	$ 627	$ 4,213
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid for interest	$ 12,377	$ 1,412	$ 344
Cash paid for income taxes	$ 12,340	$ 4,973	$ 78
NONCASH FINANCING ACTIVITY:			
Distribution of cash surrender value of life insurance to stockholder	$ --	$ 1,155	$ --
Distribution of note receivable to stockholder	$ --	$ --	$ 207

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 BASIS OF PRESENTATION

U.S. Concrete, Inc., a Delaware corporation, was founded in July 1997 to create a leading provider of ready-mixed concrete and related products and services to the construction industry in major markets in the United States. It did not conduct any operations prior to May 1999. On May 28, 1999, it completed an initial public offering of its common stock and concurrently acquired six businesses. From the date of its IPO through December 31, 2000, U.S. Concrete acquired 14 additional businesses.

For financial statement presentation purposes, (1) Central Concrete Supply Co., Inc., one of the acquired businesses, is presented as the acquirer of the other acquired businesses and U.S. Concrete, (2) all acquisitions are accounted for in accordance with the purchase method of accounting and (3) the effective date of the initial acquisitions is May 31, 1999. These consolidated financial statements are those of Central prior to June 1, 1999 and of U.S. Concrete and its consolidated subsidiaries after that date. These consolidated financial statements reflect the operations of the businesses U.S. Concrete acquired after May 31, 1999 from their respective dates of acquisition.

U.S. Concrete's future success depends on a number of factors which include integrating operations successfully, identifying and integrating satisfactory acquisition candidates, obtaining acquisition financing, managing growth, attracting and retaining qualified management and employees, complying with government regulations and other regulatory requirements or contract specifications, and addressing risks associated with competition, seasonality and quarterly fluctuations.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements consist of the accounts of U.S. Concrete and its wholly-owned subsidiaries. All significant intercompany account balances and transactions have been eliminated.

Cash and Cash Equivalents

U.S. Concrete records as cash equivalents all highly liquid investments having maturities of three months or less at the date of purchase.

Inventories

Inventories consist primarily of raw materials, pre-cast products, building materials and repair parts that U.S. Concrete holds for use or sale in the ordinary course of business. It uses the first-in, first-out method to value inventories at the lower of cost or market. For each of the three years ended December 31, 2000, management believes U.S. Concrete incurred no material impairments in the carrying value of its inventories.

Prepaid Expenses

Prepaid expenses primarily include amounts U.S. Concrete has paid for insurance, licenses, property taxes, rent and maintenance contracts. It expenses or amortizes all prepaid amounts as used or over the period of benefit, as applicable.

Property, Plant and Equipment, Net

U.S. Concrete states property, plant and equipment at cost, unless impaired, and uses the straight-line method to compute depreciation of these assets over their estimated useful lives. It capitalizes leasehold improvements on properties it holds under operating leases and amortizes them over the lesser of their estimated useful lives or the applicable lease term. It states equipment it holds under capital leases at the net present value of the future minimum lease payments at the inception of the applicable leases and amortizes that equipment over the lesser of the life of the lease or the estimated useful life of the asset.

U.S. Concrete expenses maintenance and repair costs when incurred and capitalizes and depreciates expenditures for major renewals and betterments that extend the useful lives of its existing assets. When U.S. Concrete retires or

disposes of property, plant or equipment, it removes the related cost and accumulated depreciation from its accounts and reflects any resulting gain or loss in its statements of operations.

Goodwill

Goodwill represents the amount by which the total purchase price U.S. Concrete has paid to acquire businesses accounted for as purchases exceeds the estimated fair value of the net assets acquired. It amortizes goodwill on a straight-line basis over 40 years. Goodwill and other intangible assets are evaluated for impairment based on the estimated undiscounted future cash flows of the business unit to which these assets relate. As of December 31, 2000 and 1999, accumulated amortization was $5.4 and $1.1 million, respectively.

Debt Issue Costs

Other long-term assets include debt issue costs related to U.S. Concrete's credit facility and subordinated debentures (see Note 6 for discussion). U.S. Concrete amortizes these costs as interest expense over the scheduled maturity period of the debt. As of December 31, 2000 and 1999, accumulated amortization of debt issue costs was $1.2 million and $123,000, respectively.

Allowance for Doubtful Accounts

U.S. Concrete provides an allowance for accounts receivable it believes it may not collect in full.

Sales and Expenses

U.S. Concrete derives its sales primarily from the production and delivery of ready-mixed concrete and related products and materials. It recognizes sales when products are delivered. Cost of goods sold consists primarily of product costs and operating expenses. Operating expenses consist primarily of wages, benefits 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 and professional fees.

Income Taxes

U.S. Concrete uses the liability method of accounting for income taxes. Under this method, it records deferred income taxes based on temporary differences between the financial reporting and tax bases of assets and liabilities and uses enacted tax rates and laws that will be in effect when it recovers those assets or settles those liabilities, as the case may be, to measure those taxes.

U.S. Concrete files a consolidated federal income tax return, which includes the operations of all acquired businesses for periods subsequent to their respective acquisition dates. The acquired businesses file "short period" federal income tax returns for the period from their last fiscal year through their respective acquisition dates.

Fair Value of Financial Instruments

The financial instruments of U.S. Concrete consist primarily of cash and cash equivalents, trade receivables, trade payables and long-term debt. Management considers the book values of these items to be representative of their respective fair values.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 at 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.

Valuation of Long-Lived Assets

U.S. Concrete reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If the expected future undiscounted cash flows of an asset it intends to hold for use is less than the carrying amount of the asset, it will recognize a loss equal to the difference between the fair value (calculated by discounting the estimated future operating cash flows) and the carrying amount of the asset. If it intends to dispose of an asset that is impaired, it will recognize a loss equal to the difference between the estimated fair value of the asset, less estimated costs to sell, and its carrying amount.

Reclassifications

Certain reclassifications have been made to amounts in prior period financial statements to conform with current period presentation.

Earnings per Share

Since Central is presented as the acquirer of the other acquired businesses and U.S. Concrete, U.S. Concrete uses the shares of its common stock beneficially owned by the former owners of Central in the calculation of its earnings per share for all periods prior to the IPO.

The following table reconciles the numerators and denominators of the basic and diluted earnings per share for the periods shown (in thousands, except per share amounts). Basic earnings represent earnings per weighted average outstanding share, while diluted earnings represent those earnings as diluted by potentially dilutive securities such as outstanding options.

	Year Ended December 31		
	2000	1999	1998
Numerator:			
Net income	$ 16,860	$ 8,190	$ 6,654
Denominator:			
Weighted average common shares outstanding-basic	21,573	11,770	3,120
Effect of dilutive stock options	19	13	--
Weighted average common shares outstanding-diluted	21,592	11,783	3,120
Earnings per share:			
Basic	$ 0.78	$ 0.70	$ 2.13
Diluted	$ 0.78	$ 0.70	$ 2.13

For the years ended December 31, 2000 and 1999, 2.1 million and 1.3 million stock options, respectively, were excluded from the computation of diluted earnings per share because their exercise prices were greater than the average market price of the common stock.

Comprehensive Income

In the first quarter of 1999, U.S. Concrete adopted Statement of Financial Accounting Standards (SFAS) No. 130, "Reporting Comprehensive Income," which requires the display of comprehensive income and its components in the financial statements. 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 ended December 31, 2000, no material differences exist between the historical net income and comprehensive income of U.S. Concrete.

Segment Information

U.S. Concrete has adopted SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information," which establishes standards for the manner public enterprises are to report information about operating segments in annual financial statements and requires the reporting of selected information about operating segments in interim financial reports issued to stockholders. All segments that meet a threshold of 10% of revenues, reported profit or loss or combined assets are defined as significant segments. U.S. Concrete currently operates as one segment comprised of its ready-mixed concrete and related products. All of its operations, sales and long-lived assets are in the United States.

New Accounting Pronouncements

Beginning January 1, 2001, U.S. Concrete will apply SFAS No. 133, "Accounting for Derivative Securities and Hedging Activities." SFAS No. 133 will require it to recognize all derivative instruments (including some derivative instruments embedded in other contracts) as assets or liabilities on its balance sheet and measure them at fair value. The statement requires that changes in the fair value of derivatives be recognized currently in earnings unless specific hedge accounting criteria are met. U.S. Concrete is evaluating SFAS No. 133 and its impact on existing accounting policies and financial reporting disclosures. U.S. Concrete has not, to date, engaged in activities or entered into arrangements associated with derivative instruments.

3. BUSINESS COMBINATIONS

U.S. Concrete completed a total of six acquisitions in 2000 and 14 in 1999 including its initial six acquisitions at the time of its IPO, all of which were accounted for as purchases. The accompanying balance sheet at December 31, 2000 includes the preliminary allocations of the purchase prices of the 2000 acquisitions and is subject to final adjustment. The following table summarizes the aggregate consideration U.S. Concrete paid in these transactions:

Acquisitions completed:	2000	1999
Ready-mixed businesses	5	11
Pre-cast businesses	1	3
	-	-
Total	6	14
	=	==

Consideration:	2000	1999
Cash	$ 98,918	$ 78,565
Fair value of common stock issued	22,357	67,050
Total	$ 121,275	$ 145,615

The following summarized unaudited pro forma financial information adjusts the historical financial information by assuming that all 20 of the 1999 and 2000 acquisitions occurred on January 1, 1999:

	Year Ended December 31	
	2000	1999
	(unaudited)	
Revenues	$ 416,374	$ 413,193
Net income	$ 16,460	$ 18,178
Basic earnings per share	$ 0.74	$ 0.81
Diluted earnings per share	$ 0.74	$ 0.81

Pro forma adjustments these amounts include primarily relate to:

- contractual reductions in salaries, bonuses and benefits to former owners of the businesses;
- elimination of legal, accounting and other professional fees incurred in connection with the acquisitions;
- amortization of goodwill resulting from the acquisitions;
- reduction in interest expense, net of interest expense on borrowings to fund acquisitions; and
- adjustments to the federal and state income tax provision based on pro forma operating results.

The pro forma financial information does not purport to represent what the

combined financial results of operations of U.S. Concrete actually would have been if these transactions and events had in fact occurred when assumed and are not necessarily representative of its financial results of operations for any future period.

In connection with the acquisitions, U.S. Concrete has determined the resulting goodwill as follows (in thousands):

	2000	1999
Cash consideration	$ 98,918	$ 78,565
Less: Cash received from acquired companies	(3,961)	(10,070)
Cash paid, net of cash acquired	94,957	68,495
Fair value of common stock issued	22,357	67,050
Direct acquisition costs incurred	3,261	8,406
Total purchase costs incurred, net of cash acquired	120,575	143,951
Fair value of assets acquired, net of cash	48,546	75,067
Less: Fair value of assumed liabilities	(15,700)	(37,699)
Fair value of net assets acquired, net of cash	32,846	37,368
Costs incurred in excess of net assets acquired	$ 87,729	$ 106,583

The amounts relating to the 2000 acquisitions are preliminary and subject to final adjustment.

4. PROPERTY, PLANT AND EQUIPMENT

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

	Useful Lives in Years	December 31 2000	December 31 1999
Land	--	$ 12,657	$ 12,381
Buildings and improvements	10-40	5,395	7,225
Machinery and equipment	10-30	35,880	14,191
Mixers, trucks and other vehicles	6-12	45,496	29,211
Furniture and fixtures	3-10	1,075	527
Construction in progress	--	1,010	2,322
		101,513	65,857
Less: accumulated depreciation		(18,520)	(11,908)
		$ 82,993	$ 53,949

5. DETAIL OF CERTAIN BALANCE SHEET ACCOUNTS

Activity in U.S. Concrete's allowance for doubtful accounts receivable consists of the following (in thousands):

	December 31 2000	December 31 1999	December 31 1998
Balance, beginning of period	$ 730	$ 97	$ 80
Additions from acquisitions	1,085	686	--
Provision for uncollectible accounts	220	118	17
Uncollectible receivables written off, net of recoveries	(408)	(171)	--
Balance, end of period	$1,627	$ 730	$ 97

Inventory consists of the following (in thousands):

	December 31	
	2000	1999
Raw materials	$ 3,768	$ 1,905
Pre-cast products	3,210	993
Building materials for resale	1,500	844
Repair parts	1,016	609
	$ 9,494	$ 4,351

Accounts payable and accrued liabilities consist of the following (in thousands):

	December 31	
	2000	1999
Accounts payable	$ 25,283	$ 27,473
Accrued compensation and benefits	3,895	2,764
Accrued interest	1,890	172
Accrued income taxes	--	3,827
Other	5,245	3,363
	$ 36,313	$ 37,599

6. LONG-TERM DEBT

A summary of long-term debt is as follows (in thousands):

	December 31	
	2000	1999
Secured revolving credit facility	$ 62,000	$ 57,100
12.00% Senior Subordinated Notes	95,000	--
Other	134	275
	157,134	57,375
Less: current maturities	(107)	(140)
Long-term debt, net of current maturities	$ 157,027	$ 57,235

U.S. Concrete has a $200 million secured revolving credit facility that expires in May 2002. It may use this facility for working capital, to finance acquisitions and for other general corporate purposes. Availability under the facility is tied to various affirmative and negative financial covenants, including a leverage ratio, an asset coverage ratio, a minimum net worth calculation, a limitation on additional indebtedness and prohibition of dividends on its common stock. Subsidiary guarantees and pledges of substantially all U.S. Concrete's fixed assets and subsidiary capital stock secure the payment of all obligations owing under the facility. Advances bear interest at the prime rate or LIBOR, at U.S. Concrete's option, in each case plus a margin keyed to the ratio of consolidated indebtedness to cash flow. A commitment fee, based on the ratio of consolidated indebtedness to cash flow, is paid on any unused borrowing capacity. At December 31, 2000 and 1999, U.S. Concrete had borrowings totaling $62.0 million and $57.1 million, respectively, outstanding under this facility at weighted average interest costs of 8.6% and 7.9%. At December 31, 2000, U.S. Concrete had $138 million of remaining capacity under this facility, of which it could borrow $24.8 million based on its leverage ratio at that date. Its ability to borrow additional amounts would

increase to the extent that the facility was utilized to fund the acquisition of additional businesses with positive cash flow.

On November 10, 2000, U.S. Concrete issued and sold to institutional investors in a private placement $95 million aggregate principal amount of its 12.00% senior subordinated notes due November 10, 2010 for $95 million in cash. The terms of these notes requires repayment in equal annual installments of approximately $13.6 million on November 10 in each of the years 2004 through 2010. These notes are subordinated in right of payment to the credit facility and are guaranteed by the subsidiaries of U.S. Concrete. The notes require U.S. Concrete to comply with affirmative and financial covenants generally consistent with those required under the credit facility. U.S. Concrete used the net proceeds from the sale of these notes to repay borrowings under the secured revolving credit facility.

Aggregate maturities are as follows (in thousands):

Year Ending December 31	
2001	$ 107
2002	62,027
2003	--
2004	13,571
2005	13,571
Thereafter	67,858
Total	$157,134

7. STOCKHOLDERS' EQUITY

Initial Public Offering

In May 1999, U.S. Concrete completed its IPO, issuing 3.8 million shares of its common stock to the public at a price of $8.00 per share, resulting in net proceeds to U.S. Concrete of $23.5 million, after deducting offering costs. In June 1999, it sold an additional 570,000 shares of common stock on the exercise of the underwriters' over-allotment option. It realized net proceeds from this sale of $4.2 million.

Warrants

In connection with the IPO, U.S. Concrete issued warrants to the underwriters to purchase 200,000 shares of common stock at an exercise price of $8.00 per share. These warrants expire in May 2002. U.S. Concrete issued warrants to purchase an additional 100,000 shares of common stock to such parties in May 2000 at an exercise price of $8.00 per share for advisory services performed by them in connection with an acquisition. These warrants expire in May 2003. At December 31, 2000 and 1999, all these warrants remained outstanding.

Stock Options

U.S. Concrete's 1999 incentive plan enables U.S. Concrete to grant non-qualified options, restricted stock, deferred stock, incentive stock options, stock appreciation rights and other long-term incentive awards. Options granted under the plan generally vest over a four year period and expire if not exercised prior to the 10th anniversary following the grant date. The number of shares available for issuance under the plan is limited to the greater of 2.0 million shares of common stock or 15% of the number of shares of common stock outstanding on the last day of the preceding calendar quarter, although the board of directors of U.S. Concrete may, in its discretion, grant additional awards or establish other compensation plans. The number of shares available for awards under the plan was 1.0 million and 1.3 million as of December 31, 2000 and 1999, respectively.

The following table summarizes stock option activity (in thousands, except prices):

	Options	Weighted Average Exercise Price
Options outstanding at December 31, 1998	--	$ --
Granted	1,425	7.93
Exercised	--	--
Forfeited	(32)	8.13
Options outstanding at December 31, 1999	1,393	7.93
Granted	1,205	7.52
Exercised	--	--
Forfeited	(198)	7.68
Options outstanding at December 31, 2000	2,400	$ 7.74
Options exercisable at December 31, 2000	389	$ 7.94
Option exercise price range at December 31, 2000	$6.13-$8.75	

The weighted average remaining contractual life of the options at December 31, 2000 was 8.63 years.

As allowed by SFAS No. 123, "Accounting for Stock-Based Compensation," U.S. Concrete accounts for stock option awards in accordance with Accounting Principles Board (APB) Opinion No. 25. The exercise prices of all options U.S. Concrete awarded during 2000 and 1999 were at least equal to the fair market values of the common stock on the dates of grant. As a result, under APB No. 25, it did not recognize any compensation expense attributable to these options. Had it determined compensation expense under the SFAS No. 123 method, its net income and earnings per share during 2000 and 1999 would have been the following pro forma amounts (in thousands, except per share amounts):

	Year Ended December 31	
Net income	2000	1999
As reported	$ 16,860	$ 8,190
Pro forma	$ 16,076	$ 7,699
Diluted earnings per share		
As reported	$ 0.78	$ 0.70
Pro forma	$ 0.74	$ 0.65

The effects of applying SFAS No. 123 in the pro forma disclosure may not be indicative of future amounts because U.S. Concrete expects to make additional awards. For purposes of this disclosure, U.S. Concrete estimated the fair value of each option grant on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	Year Ended December 31	
	2000	1999
Expected dividend yield	0.0 %	0.0 %
Expected stock price volatility	48.2 %	54.7 %
Risk-free interest rate	5.0 %	6.0 %
Expected life of options	10 years	10 years

Employee Stock Purchase Plan

In May 2000, U.S. Concrete's Board of Directors adopted, and its stockholders approved, the U.S. Concrete 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 U.S. Concrete personnel that are customarily employed for at least 20 hours per week and five months per calendar year are eligible to participate in the ESPP. Under the ESPP, employees electing to participate are granted the right to purchase shares of U.S. Concrete common stock at a price generally equal to 85% of the lower of the fair market value of a share of U.S. Concrete common stock on the first or last day of the offering period.

8. INCOME TAXES

U.S. Concrete's consolidated federal and state tax returns include the results of operations of acquired businesses from their dates of acquisition.

The amounts of consolidated federal and state income tax provision are as follows (in thousands):

	Year Ended December 31		
	2000	1999	1998
Current:			
Federal	$ 7,617	$6,398	$ --
State	1,122	498	89
	8,739	6,896	89
Deferred:			
Federal	2,646	700	--
State	365	62	11
	3,011	762	11
	$11,750	$7,658	$100

A reconciliation of U.S. Concrete's effective income tax rate to the amounts calculated by applying the federal statutory corporate tax rate of 35% is as follows (in thousands):

	Year Ended December 31		
	2000	1999	1998
Tax at statutory rate	$ 10,013	$ 5,547	$ --
Add (deduct):			
State income taxes	967	364	100
Nondeductible expenses	960	405	--
Nondeductible compensation charge	--	1,008	--
Income taxed to Central shareholders	--	(590)	--
Deferred tax charge for S corporation taxes	--	924	
Other	(190)	--	--
Income tax provision	$ 11,750	$ 7,658	$ 100
Effective income tax rate	41.1%	48.3%	1.5%

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

	December 31	
	2000	1999
Deferred income tax liabilities:		
Property and equipment, net	$ 10,407	$7,838
Goodwill	1,689	--
Other	1,816	476
Total deferred income tax liabilities	13,912	8,314
Deferred income tax assets:		
Allowance for doubtful accounts	433	197
Accrued expenses	1,220	1,062
Other	424	88
Total deferred income tax assets	2,077	1,347
Net deferred income tax liabilities	$ 11,835	$6,967

Prior to their respective acquisitions, Central and other acquired businesses were S corporations and were not subject to federal income taxes. Effective with their acquisition they became subject to those taxes, and U.S. Concrete has recorded an estimated deferred tax liability to provide for its estimated future income tax liability as a result of the difference between the book and tax bases of the net assets of these corporations as of the dates of their acquisitions. These consolidated financial statements reflect the federal and state income taxes of these corporations since their dates of acquisition.

9. RELATED-PARTY TRANSACTIONS

U.S. Concrete has transactions in the normal course of business with related parties. These transactions consist principally of operating leases under which U.S. Concrete leases facilities from former owners of its acquired businesses or their affiliates. These leases are for periods generally ranging from three to five years and are on terms management believes are comparable to unrelated party leases. Lease payments under these leases were approximately $978,000 in 2000, $597,000 in 1999, and $144,000 in 1998. The schedule of minimum lease payments in Note 11 includes U.S. Concrete's future commitments under these leases.

U.S. Concrete provides advances to employees in the normal course of business that are repaid directly or through deductions from payroll. During 2000, U.S. Concrete made non-interest bearing loans totalling $300,000 to two of its officers. The loans to these officers are payable in full by March 1, 2005.

U.S. Concrete's venture capital partner, Main Street Equity Ventures II, L.P., of which Vincent D. Foster, U.S. Concrete's chairman, is a senior managing director, advanced funds to U.S. Concrete from August 1998 until May 1999 totaling $1.7 million to enable it to pay its expenses in connection with the completion of its IPO and concurrent acquisitions of six operating businesses. U.S. Concrete repaid these advances, including interest accrued at the rate of 6% per year, from the gross proceeds of its IPO. U.S. Concrete paid Main Street $403,000 in 2000 and $180,000 in 1999 for services related to U.S. Concrete's acquisition program.

In March 2000, U.S. Concrete modified the non-compete provisions pertaining to Neil J. Vannucci, one of its directors, that are contained in the acquisition agreement for the company he formerly owned. The modifications further limit Mr. Vannucci's right to compete in exchange for three annual cash payments of $138,000 each.

10. RISK CONCENTRATION

U.S. Concrete grants credit, generally without collateral, to its customers, which include general contractors, municipalities and commercial companies located solely in the United States. Consequently, it is subject to potential credit risk related to changes in business and economic factors throughout the United States. U.S. Concrete generally has lien rights in the work it performs, and concentrations of credit risk are limited because of the diversity of its customer base. Further, management believes that its contract acceptance, billing and collection policies are adequate to minimize any potential credit risk.

U.S. Concrete maintains cash balances at financial institutions, which may at times be in excess of federally insured levels. It has not incurred losses related to these balances during the three-year period ended December 31, 2000.

11. COMMITMENTS AND CONTINGENCIES

Litigation and Other Claims

Bay-Crete Transportation & Materials, LLC alleges in a lawsuit it filed on July 11, 2000 in a California state court, against U.S. Concrete and its subsidiary, Central, that it possesses beneficiary rights under a 1983 contract to purchase annually up to 200,000 cubic yards of ready-mixed concrete from Central until March 30, 2082. Under that contract, the purchase price would consist of Central's direct materials costs and an overhead fee. Bay-Crete alleges that U.S. Concrete breached that contract by refusing to acknowledge

Bay-Crete's rights as a beneficiary of that contract. It is seeking damages of $500 million of lost profits spread over the next 82 years. U.S. Concrete and Central each filed an answer and cross-complaint in August 2000 which seeks declaratory relief for a determination that Bay-Crete is not entitled to use the contract. In addition, the cross-complaints seek damages for improper conduct by Bay-Crete, the general manager of Bay-Crete and a member of Bay-Crete for making demands under the contract in violation of an order of a United States bankruptcy court. A predecessor to Central previously prevailed in the defense of a similar action brought by the general manager of Bay-Crete under a related agreement, and U.S. Concrete and Central believe they have meritorious defenses to Bay-Crete's claim and intend to vigorously defend this suit.

From time to time, and currently, U.S. Concrete is subject to various other 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 its operations.

U.S. Concrete is currently in discussions with a customer and developer regarding a product warranty claim. The claim relates to a large, single-family home tract-construction project in Northern California for which U.S. Concrete produced and supplied a different batch mix for a short period of time that was used in 72 foundation slabs on grade. The developer asserts that it is entitled to be made whole for all expenses it incurred in demolishing the homes on those slabs, for all costs of rebuilding the homes to their state prior to demolition and for all related costs. Although management believes U.S. Concrete has valid defenses to this claim based on, among other things, failure to mitigate damages, management is unable to quantify a range of loss or to predict with certainty the outcome of this matter at this time.

U.S. Concrete believes that the resolution of all claims or litigation currently pending or threatened against U.S. Concrete or any of its subsidiaries (including the dispute with Bay-Crete and the product warranty claim described above) will not have a material adverse effect on its business or financial condition; however, because of the inherent uncertainty of resolving claims and litigation, U.S. Concrete cannot assure that the resolution of any particular claim or proceeding to which it is a party will not have a material adverse effect on its results of operations for the fiscal period in which that resolution occurs.

Lease Payments

U.S. Concrete leases tracts of land, facilities and equipment it uses in its operations. Rental expense under operating leases was $4.4 million, $2.0 million, and $322,000 in 2000, 1999 and 1998, respectively. Minimum future annual lease payments under these leases are as follows (in thousands):

Year Ending December 31	
2001	$ 5,004
2002	4,345
2003	3,269
2004	2,752
2005	2,253
Thereafter	3,247
	$ 20,870

Insurance Programs

U.S. Concrete maintains third-party insurance coverage in amounts and against the risks it believes accord with industry practice. Under certain components of its insurance program, U.S. Concrete shares the risk of loss with its insurance underwriters by maintaining high deductibles subject to aggregate annual loss limitations. U.S. Concrete funds these deductibles and records an expense for expected losses under the programs. The expected losses are determined using actuarial assumptions followed by the insurance industry and U.S. Concrete's historical loss experience.

12. SIGNIFICANT CUSTOMERS

Significant customers represented sales (as a percentage of total sales) as follows:

	Year Ended December 31		
	2000	1999	1998
Customer A	5 %	8 %	16 %
Customer B (related party)	4	8	22

13. SIGNIFICANT SUPPLIERS

Significant suppliers represented purchases (as a percentage of total purchases) as follows:

	Year Ended December 31		
	2000	1999	1998
Supplier A	11 %	23 %	41 %
Supplier B	5	17	18

14. EMPLOYEE BENEFIT PLANS

In February 2000, U.S. Concrete established 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 permitted under IRS regulations. U.S. Concrete matches 100% of employee contributions up to a maximum of 5% of their compensation. U.S. Concrete paid matching contributions of $865,000 during 2000.

U.S. Concrete maintains defined contribution profit-sharing and money purchase pension plans for its non-union employees. Contributions were not made to these plans in 2000, but were approximately $816,000 in 1999, and $404,000 in 1998.

U.S. Concrete's subsidiaries are parties to various collective bargaining agreements with labor unions having multi-year terms that expire on a staggered basis. Under these agreements, U.S. Concrete pays specified wages to covered employees, observes designated workplace rules and makes payments to multi-employer pension plans and employee benefit trusts rather than administering the funds on behalf of these employees.

In connection with its collective bargaining agreements U.S. Concrete participates 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 termination of that plan. U.S. Concrete has no plans to withdraw from these plans. These plans do not maintain information on net assets and actuarial present value of the accumulated share of the plans' unfunded vested benefits allocable to U.S. Concrete, and amounts, if any, for which U.S. Concrete may be contingently liable are not ascertainable at this time. U.S. Concrete made contributions to these plans of $9.0 million in 2000, $4.2 million in 1999 and $2.3 million in 1998.

15. SELECTED QUARTERLY FINANCIAL INFORMATION (unaudited; in thousands, except per share data)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2000				
Sales	$ 67,990	$106,486	$116,590	$103,570
Income from operations	4,553	13,991	15,203	7,639
Net income	1,516	6,666	6,732	1,946

Basic earnings per share	0.08	0.31	0.31	0.09
Diluted earnings per share	0.08	0.31	0.31	0.09
1999				
Sales	$ 12,956	$ 27,648	$ 59,803	$ 67,505
Income (loss) from operations	716	(182)	8,296	8,063
Net income (loss)	926	(1,979)	4,913	4,330
Basic earnings (loss) per share	0.30	(0.23)	0.30	0.24
Diluted earnings (loss) per share	0.30	(0.23)	0.30	0.24

In the second quarter of 1999, in connection with the IPO, U.S. Concrete recorded a noncash compensation charge of $2.9 million for 400,000 shares of common stock issued to management at a nominal cost. The compensation charge was calculated using a fair value of $7.20 per share, which reflects a 10% discount from the IPO price of $8.00 per share because of restrictions on the sale and transferability of the shares issued.

Also in the second quarter of 1999, an additional tax provision of $924,000 was recorded with the conversion of Central from S-corporation status to C-corporation status. Central had made no provision for federal income taxes for the first five months of 1999.

16. SUBSEQUENT EVENTS

Acquisitions

From January 1 through March 15, 2001, U.S. Concrete acquired two businesses. The aggregate consideration it paid in these transactions, both of which it accounted for as purchases, consisted of $23.5 million in cash and 0.2 million shares of common stock. The cash component of consideration paid was funded by U.S. Concrete's senior revolving credit facility.

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

None.

PART III

In Items 10, 11, 12 and 13 below, we are incorporating by reference the information we refer to in those Items from the definitive proxy statement for our 2001 Annual Meeting of Stockholders. We intend to file that definitive proxy statement with the SEC by April 30, 2001.

Item 10. Directors and Executive Officers of the Registrant

Please see the information appearing under the headings "Proposal No. 1--Election of Directors" and "Executive Officers" in the definitive proxy statement for our 2001 Annual Meeting of Stockholders for the information this Item 10 requires.

Item 11. Executive Compensation

Please see the information appearing under the heading "Executive Compensation and Other Matters" in the definitive proxy statement for our 2001 Annual Meeting of Stockholders for the information this Item 11 requires.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Please see the information appearing under the heading "Security Ownership of Certain Beneficial Owners and Management" in the definitive proxy statement for our 2001 Annual Meeting of Stockholders for the information this Item 12 requires.

Item 13. Certain Relationships and Related Transactions

Please see the information appearing under the heading "Certain Transactions" in the definitive proxy statement for our 2001 Annual Meeting of Stockholders for the information this Item 13 requires.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a)(1) Financial Statements.

See Index to Consolidated Financial Statements on page19.

(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.

Exhibit Number	Description
2.1*	Agreement and Plan of Reorganization dated as of March 22, 1999 by and among U.S. Concrete, OCC Acquisition Inc., Opportunity Concrete Corporation and the stockholders named therein (Form S-1 (Reg. No. 333-74855), Exhibit 2.1).
2.2*	Agreement and Plan of Reorganization dated as of March 22, 1999 by and among U.S. Concrete, Walker's Acquisition Inc., Walker's Concrete, Inc. and the stockholders named therein (Form S-1 (Reg. No. 333-74855), Exhibit 2.2).

Exhibit Number	Description
2.3*	Agreement and Plan of Reorganization dated as of March 22, 1999 by and among U.S. Concrete, Central Concrete Acquisitions Inc., Central Concrete Supply Co., Inc. and the stockholders named therein (Form S-1 (Reg. No. 333-74855), Exhibit 2.3).
2.4*	Agreement and Plan of Reorganization dated as of March 22, 1999 by and among U.S. Concrete, Bay Cities Acquisition Inc., Bay Cities Building Materials Co., Inc. and the stockholders named therein (Form S-1 (Reg. No. 333-74855), Exhibit 2.4).
2.5*	Agreement and Plan of Reorganization dated as of March 22, 1999 by and among U.S. Concrete, Baer Acquisition Inc., Baer Concrete, Incorporated and the stockholders named therein (Form S-1 (Reg. No. 333-74855), Exhibit 2.5).
2.6*	Agreement and Plan of Reorganization dated as of March 22, 1999 by and among U.S. Concrete, Santa Rosa Acquisition, Inc., R.G. Evans/Associates d/b/a Santa Rosa Cast Products Co.) and the stockholders named therein (Form S-1 (Reg. No. 333-74855), Exhibit 2.6).
2.7*	Uniform Provisions for the Acquisitions (incorporated into the agreements filed as Exhibits 2.1 through 2.6 hereto) (Form S-1 (Reg. No. 333-74855), Exhibit 2.7).
2.8*	Acquisition Agreement and Plan of Reorganization dated as of September 14, 1999 by and among U.S. Concrete, Inc., Concrete XI Acquisition, Inc., Carrier Excavation and Foundation Company, John F. Carrier, William Henry Carrier, Michael K. Carrier, Mary G. Carrier, Trustee for Anne Carrier (TN UGMA), William Henry Carrier, Trustee for William Henry Carrier, Jr. (TN UGMA), and Mary G. Carrier (Form 10-K for the year ended December 31, 1999 (File No. 000-26025), Exhibit 2.8).
2.9*	Stock Purchase Agreement dated as of November 5, 1999 by and among U. S. Concrete, Inc., B. Thomas Stover, as Trustee under Trust Agreement dated February 20, 1986 for B. Thomas Stover, Sarah M. Stover, as Trustee under Trust Agreement dated February 27, 1990 for Sarah M. Stover, B. Andrew Stover, B. Thomas Stover, Custodian under Michigan Uniform Gifts to Minors Act for the benefit of Carolyn A. Stover, Jeffery D. Spahr, Jeffrey T. Stover, and Bradley C. Stover (Form 10-K for the year ended December 31, 1999 (File No. 000-26025), Exhibit

2.9).

2.10*--Stock Purchase Agreement dated as of January 20, 2000 by and among Robert S. Beall, Chase Bank of Texas, National Association, in its capacity as Trustee for Allison Beall 1999 Trust, Logan Beall 1999 Trust, Allison Beall Descendants' Trust and Logan Beall Descendants' Trust and U.S. Concrete, Inc. (Form 8-K dated February 23, 2000, (File No. 000-26025), Exhibit 2.1).

2.11*--Amendment No. 1 to Stock Purchase Agreement dated January 28, 2000 by and among Robert S. Beall, Chase Bank of Texas, National Association, in its capacity as Trustee for Allison Beall 1999 Trust, Logan Beall 1999 Trust, Allison Beall Descendants' Trust and Logan Beall Descendants' Trust and U.S. Concrete, Inc. (Form 8-K dated February 23, 2000, (File No. 000-26025), Exhibit 2.2).

2.12*--Stock Purchase Agreement dated as of January 24, 2000 by and among Fallis Arch Beall, Nola Sue Beall, Robert S. Beall, Leigh Ann Gathright, Doris W. Stokes and Fallis Arch Beall, in his capacity as Trustee for the R. E. Stokes Trust and U. S. Concrete, Inc. (Form 8-K dated February 23, 2000, (File No. 000-26025), Exhibit 2.3).

2.13*--Acquisition Agreement and Plan of Reorganization dated as of February 8, 2000 by and among U. S. Concrete, Inc., Concrete XIX Acquisition, Inc., Cornillie Fuel & Supply, Inc., Richard A. Deneweth and Joseph C. Cornillie, Trustee URTA of Joseph C. Cornillie (Form 10-K for the year ended December 31, 1999 (File No. 000-26025), Exhibit 2.13).

2.14*--Stock Purchase Agreement dated as of February 8, 2000 by and among U. S. Concrete, Inc., Cornillie Fuel & Supply, Inc., Dencor, Inc. Richard A. Deneweth and Joseph C. Cornillie, Trustee URTA of Joseph C. Cornillie (Form 10-K for the year ended December 31, 1999 (File No. 000-26025), Exhibit 2.14).

2.15*--Acquisition Agreement and Plan of Reorganization dated as of February 8, 2000 by and among U. S. Concrete, Inc., Concrete XVIII Acquisition, Inc., Cornillie Leasing, Inc., Richard A. Deneweth, and Joseph C. Cornillie, Trustee URTA of Joseph C. Cornillie(Form 10-K for the year ended December 31, 1999 (File No. 000-26025), Exhibit 2.15).

2.16*--Acquisition Agreement and Plan of Reorganization dated as of March 2, 2000 by and among U. S. Concrete, Inc., Concrete XXIV Acquisition, Inc., Stancon Inc. and Donald S. Butler and John Grace (Form 10-K for the year ended December 31, 1999 (File No. 000-26025), Exhibit 2.16).

3.1*--Restated Certificate of Incorporation of U.S. Concrete (Form S-1 (Reg. No. 333-74855), Exhibit 3.1).

3.2*--Bylaws of U.S. Concrete (Form 10-Q for the quarter ended September 30, 2000 (File No. 000-26025), Exhibit 3.2).

Exhibit Number	Description

3.3*--Certificate of Designation of Junior Participating Preferred Stock (Form 10-Q for the quarter ended June 30, 2000 (File No. 000-26025, Exhibit 3.3).

4.1*--Amended and Restated Credit Agreement dated as of February 9, 2000, among U.S. Concrete, the Guarantors named therein, the Lenders named therein, Bankers Trust Company, as syndication agent, First Union National Bank, as documentation agent, Bank One, Texas, NA, Branch Banking & Trust Company, Credit Lyonnais New York Branch and The Bank of Nova Scotia, as co-managing agents and Chase Bank of Texas, N.A., as the Administrative Agent, and Chase Securities, Inc., as sole book manager and lead arranger (Form 10-K for the year ended December 31, 1999 (File No. 000-26025), Exhibit 4.6).

4.2--First Amendment to Amended and Restated Credit Agreement, dated July

7, 2000, among U.S. Concrete, the Guarantors named therein, the Lenders named therein, Bankers Trust Company, as syndication agent, First Union National Bank, as documentation agent, Bank One, Texas, NA, Branch Banking & Trust Company, Credit Lyonnais New York Branch and The Bank of Nova Scotia, as co-managing agents and Chase Bank of Texas, N.A., as the Administrative Agent, and Chase Securities, Inc., as sole book manager and lead arranger.

4.3--Second Amendment to Amended and Restated Credit Agreement, dated September 30, 2000, among U.S. Concrete, the Guarantors named therein, the Lenders named therein, Bankers Trust Company, as syndication agent, First Union National Bank, as documentation agent, Bank One, Texas, NA, Branch Banking & Trust Company, Credit Lyonnais New York Branch and The Bank of Nova Scotia, as co-managing agents and Chase Bank of Texas, N.A., as the Administrative Agent, and Chase Securities, Inc., as sole book manager and lead arranger.

4.4--Note Purchase Agreement, dated November 10, 2000, among U.S. Concrete, Inc., The Prudential Insurance Company of America, Metropolitan Life Insurance Company, Teachers Insurance & Annuity Association, Connecticutt General Life Insurance Company, Allstate Life Insurance Company, Allstate Life Insurance Company of New York and Southern Farm Bureau Life Insurance Company.

U.S. Concrete and some of its subsidiaries are parties to debt instruments under which the total amount of securities authorized does not exceed 10% of the total assets of U.S. Concrete and its subsidiaries on a consolidated basis. Pursuant to paragraph 4(iii)(A) of Item 601(b) of Regulation S-K, U.S. Concrete agrees to furnish a copy of those instruments to the SEC on request.

10.1*+--1999 Incentive Plan of U.S. Concrete (Form S-1 (Reg. No. 333-74855), Exhibit 10.1).

10.2*+--Employment Agreement between U.S. Concrete and William T. Albanese (Form S-1 (Reg. No. 333-74855), Exhibit 10.2).

10.3*+--Form of Employment Agreement between U.S. Concrete and Michael W. Harlan (Form S-1 (Reg. No. 333-74855), Exhibit 10.3).

10.4*+--Form of Employment Agreement between U.S. Concrete and Eugene P. Martineau (Form S-1 (Reg. No. 333-74855), Exhibit 10.4).

10.5*+--Employment Agreement between U.S. Concrete and Michael D. Mitschele (Form S-1 (Reg. No. 333-74855), Exhibit 10.5).

10.6*+--Employment Agreement between U.S. Concrete and Charles W. Sommer (Form S-1 (Reg. No. 333-74855), Exhibit 10.6).

10.7*+--Employment Agreement between U.S. Concrete and Neil J. Vannucci (Form S-1 (Reg. No. 333-74855), Exhibit 10.7).

10.8*+--Employment Agreement between U.S. Concrete and Robert S. Walker (Form S-1 (Reg. No. 333-74855), Exhibit 10.8).

10.9*+--Form of Indemnification Agreement between U.S. Concrete and each of its directors and officers (Form S-1 (Reg. No. 333-74855), Exhibit 10.9).

10.10*+--Form of Employment Agreement between U.S. Concrete and Terry Green (Form S-1 (Reg. No. 333-74855), Exhibit 10.10).

10.11*+--Employment Agreement between U.S. Concrete and Donald C. Wayne (Form 10-K for the year ended December 31, 1999 (File No. 000-26025), Exhibit 10.11).

10.12*+--Amended and Restated Indemnification Agreements dated August 17, 2000 between U.S. Concrete and each of its directors and officers (Form 10-Q for the quarter ended September 30, 2000 (File No. 000-26025, Exhibit 10.1).

10.13*+--Indemnification Agreement dated August 17, 2000 between U.S. Concrete and Raymond C. Turpin (Form 10-Q for the quarter ended September 30, 2000 (File No. 000-26025, Exhibit 10.2).

Exhibit Number	Description
10.14	Promissory Note, dated March 2, 2000, issued by Michael W. Harlan to U.S. Concrete, Inc.
10.15	Promissory Note, dated March 2, 2000, issued by Eugene P. Martineau to U.S. Concrete, Inc.
10.16	Agreement, dated March 15, 2000, between U.S. Concrete, Inc. and Neil J. Vannucci.
21	Subsidiaries
23	Consent of independent public accountants.

_____
* Incorporated by reference to the filing indicated.
+ Management contract or compensatory plan or arrangement.

(b) Reports on Form 8-K.

None

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 15, 2001

By: /s/ Eugene P. Martineau

Eugene P. Martineau
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 15, 2001.

Signature	Title
/s/ Eugene P. Martineau Eugene P. Martineau	President and Chief Executive Officer and Director (Principal Executive Officer)
/s/ Michael W. Harlan Michael W. Harlan	Chief Financial Officer and Director (Principal Financial Officer)
/s/ Charles W. Sommer Charles W. Sommer	Vice President and Controller (Principal Accounting Officer)
/s/ Vincent D. Foster Vincent D. Foster	Director
/s/ John R. Colson John R. Colson	Director
/s/ Peter T. Dameris	Director

Peter T. Dameris

/s/ William T. Albanese — Director

William T. Albanese

/s/ Michael D. Mitschele — Director

Michael D. Mitschele

/s/ Murray S. Simpson — Director

Murray S. Simpson

/s/ Neil J. Vannucci — Director

Neil J. Vannucci

/s/ Robert S. Walker — Director

Robert S. Walker

EXHIBIT 4.2

First Amendment to
Amended and Restated Credit Agreement

This First Amendment to Amended and Restated Credit Agreement (the "First Amendment" or this "Amendment"), effective as of July 7, 2000 is entered into by and among U.S. Concrete, Inc., a Delaware corporation, (the "Company"), the Guarantors signatory hereto under the caption "Guarantors" (together with each other Person who becomes a Guarantor, collectively, the "Guarantors"), the Lenders signatory hereto under the caption "Lenders" (together with each other Person who becomes a Lender, collectively, the "Lenders") and Chase Bank of Texas, National Association, a national banking association, as administrative agent for the other Lenders (in such capacity, together with any other Person who becomes the administrative agent, the "Administrative Agent"), Bankers Trust Company, as syndication agent, First Union National Bank, as documentation agent, and Bank One, Texas, NA, Branch Banking & Trust Company, Credit Lyonnais New York Branch and The Bank of Nova Scotia, collectively as co-managing agents for the Lenders.

Preliminary Statement

Whereas, the Company, the Guarantors, the Lenders, the Administrative Agent, the syndication agent, the documentation agent and the co-managing agents have entered into that certain Amended and Restated Credit Agreement dated as of February 9, 2000 (said Credit Agreement, as amended and as may be further amended, extended, supplemented or restated from time to time, the "Credit Agreement") under the terms of which the Lenders agreed to make Revolving Credit Loans to the Company in an amount not exceeding $200,000,000.00; and

Whereas, the Company has requested the Lenders and the Administrative Agent to amend certain terms of the Credit Agreement; and

Whereas, the Lenders and the Administrative Agent have agreed to do so to the extent reflected in this Amendment, provided that each of the Company and the Guarantors ratifies and confirms all of its respective obligations under the Credit Agreement and the Loan Documents.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration and the mutual benefits, covenants and agreements herein expressed, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Defined Terms. (a) All capitalized terms used in this Amendment and not otherwise defined herein shall have the meanings ascribed to such terms in the Credit Agreement.

(b) Amendment to Section 1.01. Section 1.01 of the Credit Agreement is hereby amended by restating subsection (e) of the definition of Permitted Investments in its entirety to read as follows (the remainder of the definition of Permitted Investments is unchanged):

"(e) other advances and loans to officers and employees of the Borrower or any Subsidiary, so long as the aggregate principal amount of such advances and loans does not exceed $500,000 at any one time outstanding;".

(c) Amendment to Section 1.01. Section 1.01 of the Credit Agreement is further amended by adding a new definition, "Bankruptcy Code" to read in its entirety as follows:

"Bankruptcy Code" means Title 11 of the United States Code, as amended and in effect from time to time.".

2. Ratification. Each of the Company, as to itself and each Guarantor, and each Guarantor, as to itself, hereby ratifies all of its respective obligations under the Credit Agreement (including the Guaranty contained in Article X thereof) and each of the Loan Documents to which it is a party, and agrees and acknowledges that the Credit Agreement and each of the Loan Documents to which it is a party remains in full force and effect and shall continue in full force and effect as amended and modified by this Amendment. Nothing in this Amendment extinguishes, novates or releases any right, claim, lien, security interest or entitlement of any of the Lenders or the Administrative Agent created by or contained in any of such documents nor is the Company or any Guarantor released from any covenant, warranty or obligation created by or contained therein or herein.

2. Representations and Warranties. Each of the Company, as to itself and each Guarantor, and each Guarantor, as to itself, hereby represents and warrants to the Administrative Agent and the Lenders that (a) this Amendment has been duly executed and delivered on behalf of the Company and such Guarantor, subject to applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law, (b) this Amendment constitutes a valid and legally binding agreement enforceable against the Company or such Guarantor, as the case may be, in accordance with its terms, (c) the representations and warranties contained in the Credit Agreement and the Loan Documents are true and correct on and as of the date hereof in all material respects as though made as of the date hereof, except as heretofore otherwise disclosed in writing to the Administrative Agent, (d) no Default exists under the Credit Agreement or under any other Loan Document and (e) the execution, delivery and performance of this Amendment has been duly authorized by the Company and each Guarantor.

3. Conditions to Effectiveness. This Amendment shall be effective upon the execution and delivery hereof by all parties to the Administrative Agent and receipt by the Administrative Agent of this Amendment.

4. Counterparts. This Amendment may be signed in any number of counterparts, which may be delivered in original or facsimile form each of which shall be construed as an original, but all of which together shall constitute one and the same instrument.

5. Governing Law. This Agreement, all Notes, the other Loan Documents and all other documents executed in connection herewith shall be deemed to be contracts and agreements under the laws of the State of Texas and of the United States of America and for all purposes shall be construed in accordance with, and governed by, the laws of Texas and of the United States.

6. Final Agreement of the Parties. THIS AMENDMENT AND THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized as of the date first above written.

Company:

U.S. CONCRETE

By: /s/ Michael W. Harlan

Michael W. Harlan
Senior Vice President

Guarantors:

AFTM Corporation, a Michigan corporation
Atlas Concrete, Inc., an Oklahoma corporation
Atlas-Tuck Concrete, Inc., an Oklahoma corporation
B.W.B., Inc. of Michigan, a Delaware corporation
Baer Concrete, Inc., a New Jersey corporation
Beall Concrete Enterprises, Ltd., a Texas limited partnership
Beall Industries, Inc., a Texas corporation
Beall Management, Inc., a Texas corporation
Beall Trucking, Inc., an Oklahoma corporation
Carrier Excavation and Foundation Company, a Delaware corporation
Central Concrete Supply Co., Inc., a California corporation
Concrete XX Acquisition, Inc., a Delaware corporation
Corden, Inc., a Michigan corporation
Cornillie Fuel & Supply, Inc., a Michigan corporation
Cornillie Leasing, Inc., a Michigan corporation
Dencor, Inc., a Michigan corporation
DYNA, Inc., a Delaware corporation
E.B. Metzen, Inc., a Michigan corporation
Fendt Transit Mix, Inc., a Michigan corporation
Hunter Equipment Company, a Michigan corporation
Olive Branch Ready Mix, Inc., a Delaware corporation
Opportunity Concrete Corporation, a District of Columbia corporation
Premix Concrete Corp., a Delaware corporation
R.G. Evans/Associates d/b/a/ Santa Rosa Cast Products Co., a California corporation
Ready Mix Concrete Company of Knoxville, a Delaware corporation
San Diego Precast Concrete, Inc., a Delaware corporation
Stokes Transit Mix, Inc., an Oklahoma corporation
Superior Materials Company, Inc., a Delaware corporation
Superior Redi-Mix, Inc., a Michigan corporation
USC GP, Inc., a Delaware corporation
USC Management Co., LP, a Texas limited partnership
Western Concrete Products, Inc., a Delaware corporation

By: /s/ Michael W. Harlan

Michael W. Harlan
Vice President

Administrative Agent/Lender:

CHASE BANK OF TEXAS,
NATIONAL ASSOCIATION

By: /s/ James R. Dolphin

James R. Dolphin
Senior Vice President

Syndication Agent/Lender:

BANKERS TRUST COMPANY

By: /s/ Pam Divino
Name: Pam Divino
Title: Vice President

Documentation Agent/Lender:

FIRST UNION NATIONAL BANK

By: /s/ David C. Hauglid
Name: David C. Hauglid
Title: Vice President

Lender:

BANK OF AMERICA, N.A.,

By: /s/ William B. Borus
Name: William B. Borus
Title: Senior Vice President

Co-Managing Agent/Lender:

BANK ONE, TEXAS, N.A.

By: /s/ John J. Zollinger, IV
Name: John J. Zollinger, IV
Title: Vice President

Co-Managing Agent/Lender:

CREDIT LYONNAIS
NEW YORK BRANCH

By: /s/ Robert Ivosevich
Name: Robert Ivosevich
Title: Senior Vice President

Co-Managing Agent/Lender:

THE BANK OF NOVA SCOTIA

By: /s/ F. C. H. Ashby
Name: F. C. H. Ashby
Title: Senior Manager Loan Operations

Co-Managing Agent/Lender:

BRANCH BANKING & TRUST COMPANY

By: /s/ Cory Boyte

Name: Cory Boyte
Title: Vice President

Lender:

COMERICA BANK

By: /s/ Mark B. Grover

Name: Mark B. Grover
Title: First Vice President

EXHIBIT 4.3

Second Amendment to Amended and Restated Credit Agreement

This Second Amendment to Amended and Restated Credit Agreement (this "Second Amendment"), effective as of September 30, 2000, is entered into by and among U.S. Concrete, Inc., a Delaware corporation, (the "Company"), the Guarantors signatory hereto under the caption "Guarantors" (together with each other Person who becomes a Guarantor, collectively, the "Guarantors"), the Lenders signatory hereto under the caption "Lenders" (together with each other Person who becomes a Lender, collectively, the "Lenders") and The Chase Manhattan Bank, a New York banking corporation, successor-in-interest by merger to Chase Bank of Texas, National Association, as administrative agent for the other Lenders (in such capacity, together with any other Person who becomes the administrative agent, the "Administrative Agent"), Bankers Trust Company, as syndication agent, First Union National Bank, as documentation agent, and Bank One, Texas, NA, Branch Banking & Trust Company, Credit Lyonnais New York Branch and The Bank of Nova Scotia, collectively as co-managing agents for the Lenders.

Preliminary Statement

Whereas, the Company, the Guarantors, the Lenders, the Administrative Agent, the syndication agent, the documentation agent and the co-managing agents have entered into that certain Amended and Restated Credit Agreement dated as of February 9, 2000 (the "Original Credit Agreement") under the terms of which the Lenders agreed to make Revolving Credit Loans to the Company in an amount not exceeding $200,000,000.00; and

Whereas, the Company, the Guarantors, the Lenders, the Administrative Agent, the syndication agent, the documentation agent and the co-managing agents have amended the Original Credit Agreement pursuant to that certain First Amendment to Amended and Restated Credit Agreement dated as of July 7, 2000 (the "First Amendment")(the Original Credit Agreement, as amended by the First Amendment and as may be further amended, extended, supplemented or restated from time to time, the "Credit Agreement"); and

Whereas, the Company has requested the Lenders and the Administrative Agent to further amend certain terms of the Credit Agreement; and

Whereas, the Lenders and the Administrative Agent have agreed to do so to the extent reflected in this Second Amendment, provided that each of the Company and the Guarantors ratifies and confirms all of its respective obligations under the Credit Agreement and the Loan Documents.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration and the mutual benefits, covenants and agreements herein expressed, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Defined Terms. All capitalized terms used in this Second Amendment and not otherwise defined herein shall have the meanings ascribed to such terms in the Credit Agreement.

2. Amendment to Section 1.01. Section 1.01 of the Credit Agreement is hereby amended as follows:

(a) The definition of "Capital Markets Event" in Section 1.01 of the Credit Agreement is hereby deleted in its entirety and replaced by the following:

""Capital Markets Event" means the first issuance after the Effective Date by the Borrower or any Subsidiary of (i) Subordinated Debt, (ii) preferred stock on terms reasonably satisfactory to the Administrative Agent and the Lenders or (iii) common equity of the Borrower, from which the gross proceeds, when added to the aggregate gross proceeds of any other previous issuance after the Effective Date by the Borrower or any Subsidiary of (i) Subordinated Debt, (ii) preferred stock on terms reasonably satisfactory to the Administrative Agent and the Lenders and (iii) common equity of the Borrower, equals an aggregate principal amount of not less than $75,000,000.".

(b) The definition of "Applicable Margin" in Section 1.01 of the Credit Agreement is hereby deleted in its entirety and replaced by the following:

""Applicable Margin" means, for any day during any period between two successive Financial Statement Delivery Dates commencing on the first Financial Statement Delivery Date in such period and ending on the day before the following Financial Statement Delivery Date, with respect to any ABR Loan, Eurodollar Revolving Loan, or with respect to the commitment fees payable hereunder, as the case may be, the applicable margin per annum set forth in the appropriate column below under the caption "ABR Spread Before Capital Markets Event", "Eurodollar Spread Before Capital Markets Event" or "Commitment Fee Rate", as the case may be, for the ratio of Funded Debt to EBITDA for the fiscal period for which such financial statements were delivered as of the Financial Statement Delivery Date; provided that, upon the occurrence of any Capital Markets Event, the columns under the captions "ABR Spread After Capital Markets Event" and "Eurodollar Spread After Capital Markets Event" shall be used to determine the applicable margin with respect to any ABR Loan or Eurodollar Revolving Loan, as the case may be. The applicable margin for all of the rows of such table under the caption "Commitment Fee" shall remain unchanged:

Ratio of Funded Debt To EBITDA	ABR Spread Before Capital Markets Event	Eurodollar Spread Before Capital Markets Event	ABR Spread After Capital Markets Event	Eurodollar Spread After Capital Markets Event	Commitment Fee Rate
* 3.0 to 1.0	2.00%	3.00%	1.75%	2.75%	.50%
* 2.5 to 1.0 but ** 3.0 to 1.0	1.75%	2.75%	1.50%	2.50%	.50%
* 2.0 to 1.0 but ** 2.5 to 1.0	1.50%	2.50%	1.25%	2.25%	.50%
* 1.5 to 1.0 but ** 2.0 to 1.0	1.00%	2.00%	1.00%	2.00%	.50%
* 1.0 to 1.0 but ** 1.5 to 1.0	.75%	1.75%	.75%	1.75%	.375%
* .5 to 1.0 but ** 1.0 to 1.0	.50%	1.50%	.50%	1.50%	.375%
** .5 to 1.0	.25%	1.25%	.25%	1.25%	.250%

For purposes of the foregoing, (a) if sufficient information does not exist to calculate the Applicable Margin, or the Borrower has not delivered such information to the Administrative Agent in a timely manner, Eurodollar Loans shall not be available to the Borrower and the Applicable Margin for ABR Loans shall be 2.00% per annum and for the commitment fee shall be .50% per annum; and (b) if (i) the Ratio of Funded Debt to EBITDA shall change upon delivery of any financial statement required under Section 5.01 or (ii) a Capital Markets Event shall have occurred, such change in the Applicable Margin shall be effective as of the date on which any such financial statement is delivered or on the date of the Capital Markets Event shall have occurred, as the case may be, irrespective of whether it is in the middle of an Interest Period or when notice of such change shall have been furnished by the Borrower to the Administrative Agent and the Lenders pursuant to Section 5.01(c) hereof or otherwise. Each change in the Applicable Margin shall apply during the period commencing on

the effective date of such change and ending on the date immediately preceding the effective date of the next such change.".

(c) The definition of "Commitment" in Section 1.01 of the Credit Agreement is hereby deleted in its entirety and replaced by the following:

""Commitment" means (a) with respect to each Lender, the commitment of such Lender to make Revolving Loans and to acquire participations in Letters of Credit and Swingline Loans hereunder, expressed as an amount representing the maximum aggregate amount of such Lender's Revolving Credit Exposure hereunder, as such commitment may be (i) reduced from time to time pursuant to Section 2.08 and/or (ii) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04 and (b) with respect to the Swingline Lender, its commitment to make Swingline Loans. The initial amount of each Lender's Commitment is set forth on Schedule 2.01 under the caption "Initial Commitment", or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Commitment, as applicable. The aggregate amount of the Lenders' total Commitments is $200,000,000.00, unless reduced pursuant to Section 2.08.".

_____
* more than or equal to
** less than

(d) The definition of "Restricted Payment" in Section 1.01 of the Credit Agreement is hereby deleted in its entirety and replaced by the following:

""Restricted Payment" means any dividend or other distribution (whether in cash, securities or other property, except distributions payable in capital stock) with respect to any shares of any class of capital stock of the Borrower or any Subsidiary (other than distributions to the Borrower or any Subsidiary), any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such shares of capital stock of the Borrower, any option, warrant or other right to acquire any such shares of capital stock of the Borrower or any voluntary prepayment, purchase, redemption, retirement or acquisition of any debt of the Borrower subordinated to the Obligations which is made at the option of the Borrower.".

(e) The definition of "Subordinated Debt" in Section 1.01 of the Credit Agreement is hereby deleted in its entirety and replaced by the following:

""Subordinated Debt" means any Indebtedness of the Borrower or any Subsidiary permitted hereunder that is (i) subordinated to the Indebtedness incurred under this Agreement on terms substantially in form and substance to those contained in Exhibit 1.01C to the Credit Agreement, and (ii) incurred pursuant to the terms and conditions contained in the Summary of Principal Terms attached as Exhibit A to the Second Amendment to Amended and Restated Credit Agreement, or (iii) otherwise approved by the Required Lenders, including such Indebtedness incurred in connection with a Capital Markets Event, and, upon obtaining the consent of the Required Lenders, any renewals, or extensions thereof, amendments thereto, substitutions therefor or restatements and refinancing thereof.".

3. Amendment to Section 2.08(b). Section 2.08(b) of the Credit Agreement is hereby deleted in its entirety and is replaced by the following:

"(b) Intentionally Deleted.".

4. Amendment to Section 2.09(b). Section 2.09(b) of the Credit Agreement is hereby deleted in its entirety and is replaced by the following:

"(b) Intentionally Deleted.".

5. Amendment to Section 5.01. Section 5.01 of the Credit Agreement is hereby amended by adding a new subsection 5.01(j) to read in its entirety as follows:

"(j) on or before November 15, 2000 the Company shall provide to the Administrative Agent and the Lenders an officer's certificate executed by a Financial Officer of the

Company, which certificate shall contain, and shall certify as correct, recalculations made by the Company as of October 31, 2000 of the calculations set forth in the certificate most recently delivered pursuant to Section 5.01(c), evidencing the Company's compliance as of October 31, 2000 with the covenants contained in Section 6.08 through 6.10, inclusive. In the event a Capital Markets Event has not occurred on or before October 31, 2000, the certificate described in the immediately preceding sentence shall also include pro forma calculations showing the effect that a Capital Markets Event would have on the Company's compliance as of October 31, 2000 with the covenants contained in Section 6.08 through 6.10, inclusive.

6. Amendment to Section 6.08(b). Section 6.08(b) of the Credit Agreement is hereby deleted in its entirety and replaced by the following:

"(b) Asset Coverage Ratio. The Borrower will not at any time permit the ratio of: (a) (i) accounts receivable plus (ii) inventory plus (iii) the net book value of all property, plant and equipment in each case as reflected on the financial statements delivered pursuant to Section 5.01, to (b) Funded Debt minus Subordinated Debt, to be less than (i) 1.0 to 1.0 for the period from the Effective Date through November 15, 2000 and (ii) 1.25 to 1.0 for the period from November 16, 2000 and thereafter. For the purposes of calculating this Asset Coverage Ratio, the Borrower may use (i) the book value of such assets as recorded on the financials delivered under Section 5.01 hereof or (ii) the fair market value of such assets, as such fair market value is determined by a third party approved by the Administrative Agent in its sole discretion; provided, that in the event any fair market valuation has been determined which for any asset is less that its book value, such fair market valuation must be used in the calculation of this Asset Coverage Ratio.".

7. Amendment to Section 6.08(c). Section 6.08(c) of the Credit Agreement is hereby deleted in its entirety and replaced by the following:

"(c) Senior Debt Leverage Ratio. The Borrower will not at any time permit the ratio of (i) Funded Debt minus Subordinated Debt to (ii) EBITDA calculated on a rolling four (4) quarter basis, to be greater than (i) 2.75 to 1.0 for the period from the Effective Date through June 29, 2000, (ii) 2.50 to 1.0 for the period from June 30, 2000 through November 15, 2000 and (iii) 2.25 to 1.0 for the period from November 16, 2000 and thereafter; provided, that upon the occurrence of a Capital Markets Event, such ratio will not be greater than 2.25 to 1.0 for the period from the date of occurrence of the Capital Markets Event and thereafter.".

8. Amendment to Section 6.11(vi). Section 6.11(vi) of the Credit Agreement is hereby deleted in its entirety and replaced by the following:

"(vi) at any time prior to the occurrence of a Capital Markets Event, concurrently with the delivery of the Permitted Acquisition Notice, the

Borrower shall have provided to the Administrative Agent and the Lenders a calculation by the Borrower of the ratio of pro forma Funded Debt minus Subordinated Debt (after giving effect to the proposed

Acquisition) to pro forma EBITDA (after giving effect to the proposed Acquisition) showing that such ratio will not at any time be greater than (A) 2.50 to 1.0 for the period from the Effective Date through June 29, 2000, (B) 2.25 to 1.0 for the period from June 30, 2000 through November 15, 2000 and (C) 2.00 to 1.0 for the period from November 16, 2000 and thereafter."

9. Amendment to Exhibit 1.01C. Exhibit 1.01C to the Credit Agreement is hereby amended by deleting in its entirety the last sentence on the second page of such Exhibit which reads "If a payment or distribution is made to holders of the Notes that, due to the subordination provisions, should not have been made to them, such holders are required to hold it in trust for the holders of Senior Indebtedness and pay the payment or distribution over to holders of Senior Indebtedness as their interests may appear" and replacing such sentence by the following:

"If a payment or distribution is made to holders of the Notes that, due to the subordination provisions, should not have been made to them, such holders are required to hold it in trust for the holders of Senior Indebtedness and pay the payment or distribution over to holders of Senior Indebtedness as their interests may appear; provided, however, that distributions of securities of U.S. Concrete to the holders of the Notes, the payment of which securities is subordinate to the Senior Indebtedness, may be made to and retained by the holders of the Notes."

10. Amendment to Schedule 2.01. The column in Schedule 2.01 to the Credit Agreement captioned "Commitment Subsequent to Capital Markets Event" is hereby deleted in its entirety.

11. Ratification. Each of the Company, as to itself and each Guarantor, and each Guarantor, as to itself, hereby ratifies all of its respective obligations under the Credit Agreement (including the Guaranty contained in Article X thereof) and each of the Loan Documents to which it is a party, and agrees and acknowledges that the Credit Agreement and each of the Loan Documents to which it is a party remains in full force and effect and shall continue in full force and effect as amended and modified by this Second Amendment. Nothing in this Second Amendment extinguishes, novates or releases any right, claim, lien, security interest or entitlement of any of the Lenders or the Administrative Agent created by or contained in any of such documents nor is the Company or any Guarantor released from any covenant, warranty or obligation created by or contained therein or herein.

12. Representations and Warranties. Each of the Company, as to itself and each Guarantor, and each Guarantor, as to itself, hereby represents and warrants to the Administrative Agent and the Lenders that (a) this Second Amendment has been duly executed and delivered on behalf of the Company and such Guarantor, subject to applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law, (b) this Second Amendment constitutes a valid and legally binding agreement enforceable against the Company or such Guarantor, as the case may be, in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other laws

affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law, (c) the representations and warranties contained in the Credit Agreement and the Loan Documents shall be true and correct on and as of the date of each Borrowing and the date of issuance, amendment, renewal or extension of each Letter of Credit, as applicable, except to the extent such representations and warranties relate to a prior date or, after prior notice to the Administrative Agent, are untrue or incorrect as a result of transactions permitted by the Loan Documents, (d) no Default exists under the Credit Agreement or under any other Loan

Document and (e) the execution, delivery and performance of this Second Amendment has been duly authorized by the Company and each Guarantor.

13. Conditions to Effectiveness. This Second Amendment shall be effective upon (i) the execution and delivery hereof by all parties to the Administrative Agent and receipt by the Administrative Agent of this Second Amendment, and (ii) receipt by the Administrative Agent of an amendment fee due and payable by the Company to the Administrative Agent for the pro rata benefit of the Lenders of .075% of the total Commitments.

14. Counterparts. This Second Amendment may be signed in any number of counterparts, which may be delivered in original or facsimile form each of which shall be construed as an original, but all of which together shall constitute one and the same instrument.

15. Governing Law. This Second Amendment, the Credit Agreement, all Notes, the other Loan Documents and all other documents executed in connection herewith shall be deemed to be contracts and agreements under the laws of the State of Texas and of the United States of America and for all purposes shall be construed in accordance with, and governed by, the laws of Texas and of the United States.

16. Final Agreement of the Parties. THIS SECOND AMENDMENT AND THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

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IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment to be executed by their respective officers thereunto duly authorized as of the date first above written.

Company:

U.S. CONCRETE

By: /s/ Michael W. Harlan
Michael W. Harlan
Senior Vice President

Guarantors:

AFTM Corporation, a Michigan corporation
Atlas Concrete, Inc., an Oklahoma corporation
Atlas-Tuck Concrete, Inc., an Oklahoma corporation
B.W.B., Inc. of Michigan, a Delaware corporation
Baer Concrete, Inc., a New Jersey corporation
Beall Concrete Enterprises, Ltd., a Texas limited partnership
Beall Industries, Inc., a Texas corporation
Beall Management, Inc., a Texas corporation
Beall Trucking, Inc., an Oklahoma corporation
Carrier Excavation and Foundation Company, a Delaware corporation
Central Concrete Supply Co., Inc., a California corporation
Concrete XX Acquisition, Inc., a Delaware corporation
Corden, Inc., a Michigan corporation
Cornillie Fuel & Supply, Inc., a Michigan corporation
Cornillie Leasing, Inc., a Michigan corporation
Dencor, Inc., a Michigan corporation
DYNA, Inc., a Delaware corporation
E.B. Metzen, Inc., a Michigan corporation
Fendt Transit Mix, Inc., a Michigan corporation
Hunter Equipment Company, a Michigan corporation
Olive Branch Ready Mix, Inc., a Delaware corporation
Opportunity Concrete Corporation, a District of Columbia corporation

Premix Concrete Corp., a Delaware corporation
R.G. Evans/Associates d/b/a/ Santa Rosa Cast Products Co., a California corporation
Ready Mix Concrete Company of Knoxville, a Delaware corporation
San Diego Precast Concrete, Inc., a Delaware corporation
Stokes Transit Mix, Inc., an Oklahoma corporation
Superior Materials Company, Inc., a Delaware corporation
Superior Redi-Mix, Inc., a Michigan corporation
USC GP, Inc., a Delaware corporation
USC Management Co., LP, a Texas limited partnership
Western Concrete Products, Inc., a Delaware corporation

By: /s/ Michael W. Harlan

Michael W. Harlan
Vice President

Administrative Agent/Lender:

CHASE BANK OF TEXAS,
NATIONAL ASSOCIATION

By: /s/ James R. Dolphin

James R. Dolphin
Senior Vice President

Syndication Agent/Lender:

BANKERS TRUST COMPANY

By: /s/ Pam Divino

Name: Pam Divino
Title: Vice President

Documentation Agent/Lender:

FIRST UNION NATIONAL BANK

By: /s/ David C. Hauglid

Name: David C. Hauglid
Title: Vice President

Lender:

BANK OF AMERICA, N.A.,

By: /s/ William B. Borus

Name: William B. Borus
Title: Senior Vice President

Co-Managing Agent/Lender:

BANK ONE, TEXAS, N.A.

By: /s/ John J. Zollinger, IV
Name: John J. Zollinger, IV
Title: Vice President

Co-Managing Agent/Lender:

CREDIT LYONNAIS
NEW YORK BRANCH

By: /s/ Atilla Koc
Name: Atilla Koc
Title: Senior Vice President

Co-Managing Agent/Lender:

THE BANK OF NOVA SCOTIA

By: /s/ F. C. H. Ashby
Name: F. C. H. Ashby
Title: Senior Manager Loan Operations

Co-Managing Agent/Lender:

BRANCH BANKING & TRUST COMPANY

By: /s/ Cory Boyte
Name: Cory Boyte
Title: Vice President

Lender:

COMERICA BANK

By: /s/ Mark B. Grover
Name: Mark B. Grover
Title: First Vice President

EXHIBIT A

Summary of Principal Terms of Subordinated Debt

Issue	Senior Subordinated Notes (the "Notes").
Issuer	U.S. Concrete, Inc. (the "Company").
Guarantors	The Notes shall be unconditionally guaranteed, on a

	subordinated basis, as to the payment of principal, interest and premium, if any, by each Material Subsidiary.
Principal Amount	Approximately $75,000,000
Noteholders	Accredited institutional investors
Final Maturity	Ten years from the date of takedown.
Amortization	Seven equal annual principal repayments beginning on the fourth anniversary of the issuance of the Notes resulting in an average life of seven years.
Interest Rate	12%. Interest will be payable quarterly in arrears.
Price	100% of Principal Amount
Takedown	Immediately following completion of documentation.
Use of Proceeds	General corporate purposes of the Company including the repayment of debt.
Ranking	The Notes shall be subordinated to the Company's Senior Indebtedness.
Optional Redemption	The Issuer may redeem the Notes, in whole or pro rata in part, at any time. In the event of prepayment, the Issuer will pay an amount equal to par plus accrued interest plus a "Make Whole Premium", as defined herein.
Make Whole Premium	Make Whole Premium shall be defined as the difference (not to be less than zero) between (a) the present value of the expected future cash flows from the Notes (minus any accrued Interest) discounted at a rate equal to the then-current Treasury Note yield corresponding closest to

	the remaining weighted average life on the Notes calculated at the time of the prepayment plus 150 basis points, and (b) the Principal Amount outstanding.
Change of Control	In the event that one person or a group of related persons (other than the existing management group) acquires more than 50% of the voting shares of the Company, a Change of Control will be deemed to have occurred. In the event of a Change of Control, the Noteholders individually will have the right, but not the obligation, to put their Notes back to the Company at an amount equal to par plus accrued interest plus the Modified Make Whole Premium, if any.
Modified Make Whole Premium	Shall mean the Make Whole Premium computed as if the phrase "150 basis points" read "250 basis points."

Financial Covenants

Total Debt Leverage Ratio	The Company will maintain the ratio of Consolidated Total Debt to EBITDA at no greater than 3.25 to 1.0. This ratio will be calculated at the end of each fiscal quarter based on the previous four fiscal quarters.
Senior Debt Leverage Ratio	The Company will maintain the ratio of Consolidated Senior Debt to EBITDA at no greater than 2.25 to 1.0. This ratio will be calculated at the end of each fiscal quarter based on the previous four fiscal quarters. In the event that the covenants pertaining to Consolidated Senior Debt in the Company's principal bank lending agreement shall allow a greater amount of Consolidated Senior Debt than is otherwise permitted herein, then such greater amount shall be the maximum allowable amount of Consolidated Senior Debt; provided that, in any event, The Company will maintain the ratio of Consolidated Senior Debt to EBITDA at no greater than 2.50 to 1.0.
Fixed Charge Coverage Ratio	The Company will not permit the ratio of (i) EBITDA less cash taxes plus rent payments under operating leases to (ii) the sum of (a) cash interest plus (b) rent payments under operating leases plus (c) maintenance capital expenditures (defined as depreciation for the same period) to be less than 1.0 to 1.0. This ratio will be calculated at the end of each fiscal quarter based on the previous four fiscal quarters.
Mergers and Consolidations	The Company will not merge into or consolidate with (or sell or convey all or substantially all of its assets to) any other person unless (a) the Company is the surviving entity or the surviving entity expressly assumes the punctual payment and observance of all obligations under the Notes, (b) the surviving entity shall not immediately after such merger or sale of assets be in default on the Notes, and (c) the surviving entity shall be organized in the United States; except that any Subsidiary may merge with the Company (provided that the Company shall be the surviving entity) or with any one or more other Subsidiary.

Sale of Assets	The Company will not sell, lease or transfer or otherwise dispose of all or a substantial part of its assets (defined to be in excess of 15% of Consolidated Total Assets at the time of the sale), other than in the ordinary course of business in any given fiscal year and provided that such sale of substantial assets on a cumulative basis shall not exceed 35% of Consolidated Total Assets at the time of the sale, except that: (x) any Subsidiary, other than the Company, may sell, lease, transfer or otherwise dispose of its assets to the Company or any other Subsidiary; and (y) the Company may sell, lease, transfer or otherwise dispose of its assets in excess of the limitations set forth above if the proceeds of such sales are used within one year of such sale (i) to

purchase other property useful in the business of the Company or any Subsidiary and/or (ii) to repay Senior Indebtedness.

Restricted Payments	The Company's Restricted Payments and those of its Subsidiaries will be limited to the amount in the pool (the "Pool"). The following amounts will be included in the Pool: (1) 25% (or minus 100% in the case of a deficit) of Consolidated Net Earnings for each quarterly period subsequent to June 30, 2000, and (2) all proceeds from the issuance or sale of shares of any class of stock for the period. The Restricted Payments for each quarterly period will be subtracted from the Pool and the outstanding balance in the Pool will be carried over to the next period.
Other Covenants	The Issuer and Company will agree to observe certain covenants including covenants as to transactions with affiliates, payment of taxes, maintenance of business lines, compliance with laws, maintenance of properties, and delivery of financial statements.

Subordination

The Notes shall rank pari passu with the Company's other senior subordinated obligations but shall be subordinated and junior in right of payment to all Senior Indebtedness. Furthermore, the Company agrees not to create any class of obligations which is senior to the Notes but expressly subordinated to the Company's Senior Indebtedness.

If (i) the Company shall default in the payment of principal, interest, or premium, if any, on any Senior Indebtedness, or (ii) an event of default occurs which shall permit the holders of Senior Indebtedness to accelerate the maturity thereof, then:

(a) during any period in which the holders of Senior Indebtedness shall have accelerated the payment thereof and shall be pursuing the remedies available to them, or if the Company shall default in the payment of interest, principal or premium, if any, on any Senior Indebtedness, unless and until such default in payment or event of default shall have been cured or waived or shall cease to exist, no payment shall be made on account of the Notes; and

(b) during any period not described in clause (a) above, the holders of a majority of the unpaid principal balance of Senior Indebtedness

may block payments of principal and interest to the holders of the Notes for a period not to exceed 179 days. Unless and until the earliest to occur of (x) such default in payment or event of default being cured, waived, or ceasing to exist, or (y) the commencement of the 179/th/ consecutive day of payment blockage pursuant to the provisions of this clause (b), no payment shall be made on the Notes; provided, however, that (i) no more than one blockage period under this clause (b) may occur during any period of 360 consecutive days.

In the event of bankruptcy or insolvency of the Company, all Senior Indebtedness shall be paid in full before any payment shall be made on account of the Notes. In any such bankruptcy event, any payment or distribution which would otherwise be payable to the holders of the Notes shall be paid or delivered

directly to the holders of Senior Indebtedness until Senior Indebtedness has been paid in full.

Nothing contained in these provisions is intended to affect the relative rights of the holders of the Notes and other creditors of the Company (other than holders of Senior Indebtedness) nor shall any of these provisions prevent any holder of the Notes from exercising all remedies otherwise permitted by applicable law upon the occurrence of an event of default under this agreement.

Events of Default

Events of Default will include the following:

i) default in the payment of interest on the Notes for more than five business days;

ii) default in the payment of principal or Make-Whole Premium on the Notes when due;

iii) default in the observance of any financial covenant;

iv) default in the observance of any non-financial covenant which continues unremedied for 30 days;

v) any representations or warranties shall be false or misleading in any material respect;

vi) cross acceleration on other indebtedness of the Company or any Subsidiary in excess of $5,000,000; and

vii) certain events involving bankruptcy of the Company.

Noteholders' Rights upon Event of Default

Upon the occurrence of any Event of Default described in paragraph 1 or 2 above, any Noteholder may declare its Notes immediately due and payable in an amount equal to par plus accrued interest plus the Make-Whole Premium, if any. Upon the occurrence of any Event of Default described in paragraphs 3-6 above, the holder or holders of a majority of the aggregate unpaid principal amount may declare all of the Notes to be immediately due and payable in an amount equal to par plus accrued interest plus the Make-Whole Premium, if any. Upon the occurrence of

any Event of Default described in paragraph 7 above, all the Notes shall be immediately due and payable in an amount equal to the outstanding principal amount plus any interest accrued thereon, plus the Make Whole Premium, if any (to the full extent permitted by applicable law). The holders of a majority of the aggregate unpaid principal amount may rescind acceleration any time within 90 days of the date thereof in the event the Company shall have cured.

Governing Law

The Notes will be governed by, and construed in accordance with the laws of the State of New York.

Amendments

Any provisions of the Notes may be amended or waived with the written consent of the holders of a majority of the aggregate principal amount of Notes outstanding except that each Noteholder must

consent in writing to any amendment or waiver which adversely affects the interest rate, maturity, prepayment or redemption provisions, or the percentage required to amend the Notes.

Expenses — The Company will pay reasonable legal fees of Investor's Counsel, whether or not the transaction closes.

Definitions

Capital Lease — Shall mean any lease of property which in accordance with GAAP would be capitalized as a liability on the lessee's balance sheet or for which the amount of the asset and liability thereunder as if so capitalized should be disclosed in a note to such balance sheet.

Consolidated Net Earnings — Shall mean the net earnings of the Company and its Subsidiaries in accordance with GAAP, excluding (i) extraordinary items and (ii) any equity interest of the Company on the unremitted earnings of any corporation not a Subsidiary.

Consolidated Total Assets — Shall mean the total assets of the Company and its Subsidiaries, determined on a consolidated basis in accordance with GAAP.

Consolidated Senior Debt — Shall mean, at any time, the sum of all Senior Indebtedness of the Company and all of its Subsidiaries outstanding at such time determined on a consolidated basis.

Consolidated Total Debt — Shall mean, at any time, the sum of all Indebtedness of the Company and all of its Subsidiaries outstanding at such time determined on a consolidated basis.

EBITDA — Shall mean, for the most recently ended period of four full fiscal quarters of the Company, the sum of:

a) Consolidated Net Earnings plus the aggregate amount which was deducted for such period for federal, state and local income and franchise taxes, interest expense, depreciation expense, and amortization expense; and

b) Without duplication, Pro Forma Operating Income, if any, for such period. Pro Forma Operating Income shall mean, for any date of determination, Consolidated Net Earnings with respect to each company acquired by the Company during the four quarters preceding the date as of which EBITDA is calculated plus the aggregate amount which was deducted for such period for federal, state and local income and franchise taxes, interest expense, depreciation expense, and amortization expense, in each case limited to amounts reported by the Company on Form 8-K to the Securities and Exchange Commission.

GAAP — Shall mean generally accepted accounting principles as in effect from time to time

	in the United States of America.
Indebtedness	Shall mean all liabilities for borrowed money which, in accordance with GAAP, would be included in determining total liabilities, obligations in respect of any Capital Lease, and any guarantee of the foregoing, but shall exclude such liabilities, obligations and guarantees if owed or guaranteed by a Subsidiary to the Company or another Subsidiary or by the Company to a Subsidiary.
Material Subsidiary	Any Subsidiary comprising more than 5% of Consolidated Total Assets and any other Subsidiary that provides a guarantee to any Senior Indebtedness.
Restricted Payments	Shall mean any of the following: (1) payment or declaration of any dividend or any other distribution on account of any class of its stock (except dividends or stock splits payable solely in common stock of the Company), (2) redemptions, purchases, or other acquisitions (direct or indirect) of shares of the Company's stock, and (3) any optional prepayment of any Indebtedness of the Company or any Subsidiary ranking junior to the Notes.
Senior Indebtedness	Shall mean any Indebtedness which is not expressly subordinated to other Indebtedness of the Company provided such Indebtedness is incurred in compliance with the Senior Debt Leverage Ratio.
Senior Subordinated Indebtedness	Shall mean the Notes and any other Indebtedness which, by its terms, shall be subordinated to any Senior Indebtedness.

Subsidiary	Shall mean any corporation of which such first mentioned corporation at the time owns, directly or through any intervening medium, that number of shares of voting stock which has the power to elect a majority of the board of directors.

EXHIBIT 4.4

EXECUTION COPY

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U.S. CONCRETE, INC.

$95,000,000

12.00% SENIOR SUBORDINATED NOTES DUE NOVEMBER 10, 2010

_____

NOTE AGREEMENT

_____

Dated as of November 10, 2000

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TABLE OF CONTENTS

(Not Part of Agreement)

U.S. CONCRETE, INC.
1300 Post Oak Blvd.
Suite 1220
Houston, Texas 77056

As of November 10, 2000

To Each of the Purchasers Named in the
Purchaser Schedule Attached Hereto

Ladies and Gentlemen:

The undersigned, U.S. Concrete, Inc., a Delaware corporation (herein called the "Company"), hereby agrees with the purchasers named in the Purchaser Schedule attached hereto (herein called the "Purchasers") as set forth below. Reference is made to paragraph 11 hereof for definitions of capitalized terms used herein and not otherwise defined herein.

1. AUTHORIZATION OF ISSUE OF SUBORDINATED NOTES. The Company will authorize the issue of its senior subordinated promissory notes in the aggregate principal amount of $95,000,000, to be dated the date of issue thereof, to mature November 10, 2010, to bear interest on the unpaid balance thereof from the date thereof until the principal thereof shall have become due and payable at the rate of 12.00% per annum (provided that any payment of principal of, interest on or Yield-Maintenance Amount or Adjusted Yield-Maintenance Amount, if any, with respect to any Subordinated Note that is not paid when due shall bear interest from and after the date due until the date paid at the Default Rate), and to be substantially in the form of Exhibit A attached hereto. The term "Subordinated Notes" as used herein shall include each such senior subordinated promissory note delivered pursuant to any provision of this Agreement and each such senior subordinated promissory note delivered in substitution or exchange for any other Subordinated Note pursuant to any such provision.

2. PURCHASE AND SALE OF SUBORDINATED NOTES. The Company hereby agrees to sell to each Purchaser and, subject to the terms and conditions herein set forth, each Purchaser agrees to purchase from the Company the aggregate principal amount of Subordinated Notes set forth opposite such Purchaser's name in the Purchaser Schedule attached hereto at 100% of such aggregate principal amount. The Company will deliver to each Purchaser, at the offices of Schiff Hardin & Waite at 6600 Sears Tower, Chicago, Illinois 60606, one or more Subordinated Notes registered in such Purchaser's name or in the name of its nominee, if specified in the Purchaser Schedule, evidencing the aggregate principal amount of Subordinated Notes to be purchased by such Purchaser and in the denomination or denominations specified with respect to such Purchaser in the Purchaser Schedule against payment of the purchase price thereof by transfer of immediately available funds on the date of closing, which shall be November 10, 2000 or any other date on or before November 15, 2000 upon which the Company and the Purchasers may mutually agree (herein

called the "closing" or the "date of closing"), for credit to the account or accounts as shall be specified in a letter on the Company's letterhead, in substantially the form of Exhibit B attached hereto, from the Company to the Purchasers delivered prior to the date of closing.

3. CONDITIONS OF CLOSING. Each Purchaser's obligation to purchase and pay for the Subordinated Notes to be purchased by such Purchaser hereunder is subject to the satisfaction or waiver in writing by such Purchaser, on or before the date of closing, of the following conditions:

3A. Documents. Such Purchaser shall have received original counterparts or, if satisfactory to such Purchaser, certified or other copies of all of the following, each duly executed and delivered by the party or parties thereto, in form and substance satisfactory to such Purchaser, dated the date of closing unless otherwise indicated, and, on the date of closing, in full force and effect with no event having occurred and being then continuing that would constitute a default thereunder or constitute or provide the basis for the termination thereof:

(i) the Subordinated Note or Subordinated Notes to be purchased by such Purchaser in the form of Exhibit A attached hereto;

(ii) a Guaranty Agreement made by each Guarantor in favor of the holders of the Subordinated Notes in the form of Exhibit C hereto (together with any other guaranty pursuant to which the Subordinated Notes are guarantied and which is entered into as contemplated hereby, as the same may be amended, modified or supplemented from time to time in accordance with the provisions thereof, collectively called the "Guaranty Agreements" and individually called a "Guaranty Agreement");

(iii) a certificate signed by the Secretary or Assistant Secretary and one other officer of the Company and each Guarantor certifying, among other things (a) as to the names, titles and true signatures of the

officers or other authorized representatives of the Company and each Guarantor, respectively, authorized to sign this Agreement, the Subordinated Notes or the Guaranty Agreement, as the case may be, and the other documents to be delivered in connection with this Agreement, (b) that attached thereto is a true, accurate and complete copy of the Articles or Certificate of Incorporation or other organizational documents of the Company and each Guarantor, as the case may be, (and in the case of the Company, Central Concrete Supply Co. Inc. and Beall Concrete Enterprises Ltd., certified by the Secretary of State of the state of organization of the Company or such Guarantor, as the case may be, as of a recent date), (c) that attached thereto is a true, accurate and complete copy of the By-laws or other organizational documents of the Company and each Guarantor, as the case may be, which were duly adopted and are in effect as of the date of closing and have been in effect immediately prior to and at all times since the adoption of the resolutions (or other similar document) referred to in clause (d) below, (d) that attached thereto is a true, accurate and complete copy of the resolutions (or other similar document) of the Board of Directors or other managing body of Person(s) of the Company and each Guarantor, as the case may be, duly adopted at a meeting or by unanimous written consent of such Board of

Directors or other managing body of Person(s), authorizing the execution, delivery and performance of this Agreement, the Subordinated Notes or the Guaranty Agreement, as the case may be, and the other documents to be delivered in connection with this Agreement, and that such resolutions have not been amended, modified, revoked or rescinded, are in full force and effect and are the only resolutions of the shareholders or other owners of equity of the Company or such Guarantor, as the case may be, or of any such Board of Directors or any committee thereof relating to the subject matter thereof, and (e) that this Agreement, the Subordinated Notes or the Guaranty Agreement, as the case may be, and the other documents executed and delivered to such Purchaser by the Company or such Guarantor, as the case may be, are in the form approved by its Board of Directors in the resolutions referred to in clause (d), above;

(iv) a certificate of good standing for the Company, Central Concrete Supply Co. Inc. and Beall Concrete Enterprises Ltd. from the Secretary of State of the state of organization of the Company, Central Concrete Supply Co. Inc., and Beall Concrete Enterprises Ltd. and of each state in which the Company or any such Subsidiary is required to be qualified to transact business as a foreign corporation, in each case dated as of a recent date; and

(v) such other certificates, documents and agreements as such Purchaser may reasonably request.

3B. Opinion of Purchasers' Special Counsel. Such Purchaser shall have received from Schiff Hardin & Waite, who are acting as special counsel for the Purchasers in connection with this transaction, a favorable opinion satisfactory to such Purchaser substantially in the form of Exhibit D-1 attached hereto.

3C. Opinion of Company's and Guarantors' Counsel. Such Purchaser shall have received from Donald Wayne, General Counsel of the Company and the Guarantors, and BakerBotts L.L.P., special counsel for the Company and the Guarantors, a favorable opinion satisfactory to such Purchaser and substantially in the form of Exhibits D-2 and D-3 attached hereto, respectively, and the Company, by its execution hereof, hereby requests and authorizes such general counsel and such special counsel to render such opinions.

3D. Representations and Warranties; No Default; Satisfaction of Conditions. The representations and warranties contained in paragraph 8 and in the Guaranty Agreement shall be true on and as of the date of closing, both before and immediately after giving effect to the issuance of the Subordinated Notes on the date of closing; there shall exist on the date of closing no Event of Default or Default, both before and immediately after giving effect to the issuance of the Subordinated Notes on the date of closing; the Company and each Guarantor shall have performed all agreements and satisfied all conditions required under this Agreement or the Guaranty Agreement to be performed or satisfied on or before the date of closing; and the Company and each Guarantor

shall have delivered to such Purchaser an Officer's Certificate, dated the date of closing, to each such effect.

3E. Purchase Permitted By Applicable Laws; Credit Agreement Amendment and Other Approvals. The purchase of and payment for the Subordinated Notes to be purchased by such Purchaser on the date of closing on the terms and conditions herein provided (including the use of the proceeds of such Subordinated Notes by the Company) shall not violate any applicable law or governmental regulation (including, without limitation, section 5 of the Securities Act or Regulation T, U or X of the Board of Governors of the Federal Reserve System), without resort to provisions (such as Section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, and shall not subject such Purchaser to any tax, penalty, liability or other onerous condition under or pursuant to any applicable law or governmental regulation, and such Purchaser shall have received such certificates or other evidence as it may request to establish compliance with this condition. All necessary authorizations, consents, approvals, exceptions or other actions by or notices to or filings with any court or administrative or governmental body or other Person required in connection with the execution, delivery and performance of this Agreement, the Subordinated Notes and the Guaranty Agreement or the consummation of the transactions contemplated hereby or thereby, including an amendment to the Amended and Restated Credit Agreement, dated February 9, 2000, among the Company, the Guarantors, the lenders party thereto, Chase Bank of Texas, National Association, as Administrative Agent, and the syndication agent, documentation agent, co-managing agents, book manager and lead arranger named therein, so as to permit the Company to execute, deliver and perform this Agreement and to issue the Subordinated Notes notwithstanding the provisions of Sections 6.01(e), 6.04 (e) and 6.07 thereof, to approve the terms of the Subordinated Notes, including the subordination provisions contained in paragraph 10 hereof, and to amend the definition of "Restricted Payments" contained therein so as to include as Restricted Payments, with respect to the Subordinated Notes, only prepayments of the Subordinated Notes made at the option of the Company, shall have been issued or made, shall be final and in full force and effect and shall be in form and substance satisfactory to such Purchaser.

3F. Material Adverse Change; Updated Projections. Except as disclosed in the Company's press release dated October 9, 2000, no material adverse change in the business, condition (financial or otherwise), operations or prospects of the Company and its Subsidiaries, taken as a whole, since December 31, 1999 shall have occurred or be threatened, as determined by such Purchaser in its sole judgment. The Company shall have delivered to such Purchaser updated projections of the results of operations of the Company and its Subsidiaries for the fiscal years ending December 31, 2000 to 2003.

3G. Fees and Expenses. Without limiting the provisions of paragraph 12B hereof, the Company shall have paid the reasonable fees, charges and disbursements of special counsel to the Purchasers referred to in paragraph 3B hereof.

3H. Private Placement Number. A private placement number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the Securities Valuations Office of the National Association of Insurance Commissioners) shall have been obtained for the Subordinated Notes.

3I. Proceedings. All corporate and other proceedings taken or to be taken in connection with the transactions contemplated hereby and all documents incident thereto shall be satisfactory in substance and form to such Purchaser, and such Purchaser shall have received all such counterpart originals or certified or other copies of such documents as it may reasonably request.

3J. Sale of Subordinated Notes to Other Purchasers. The Company shall have sold to the other Purchasers the Subordinated Notes to be purchased by them at the closing and shall have received payment in full therefor.

4. PREPAYMENTS. The Subordinated Notes shall be subject to prepayment with respect only to the required prepayments specified in paragraphs 4A and 4E and the optional prepayments permitted by paragraph 4B.

4A. Required Prepayments. Until the Subordinated Notes shall be paid in

full, the Company shall apply to the prepayment of the Subordinated Notes, without premium, the sum of $13,571,429.00 on November 10 in each of the years 2004 to 2009, inclusive, and such principal amounts of the Subordinated Notes, together with interest thereon to the prepayment dates, shall become due on such prepayment dates. The remaining outstanding principal amount of the Subordinated Notes, together with any accrued and unpaid interest thereon, shall become due on November 10, 2010, the maturity date of the Subordinated Notes.

4B. Optional Prepayment With Yield-Maintenance Amount. The Subordinated Notes shall be subject to prepayment, in whole at any time or from time to time in part (in aggregate integral multiples of $1,000,000 and a minimum of $5,000,000 on any one occurrence), at the option of the Company, at 100% of the principal amount so prepaid plus interest thereon to the prepayment date and the Yield-Maintenance Amount, if any, with respect to each Subordinated Note. Any partial prepayment of the Subordinated Notes pursuant to this paragraph 4B shall be applied in satisfaction of required payments of principal thereof (including the required payment of principal due upon the maturity thereof) in inverse order of their scheduled due dates.

4C. Notice of Optional Prepayment. The Company shall give the holder of each Subordinated Note irrevocable written notice of any prepayment pursuant to paragraph 4B not less than 15 Business Days prior to the prepayment date, specifying such prepayment date and the aggregate principal amount of the Subordinated Notes, and of the Subordinated Notes held by such holder, to be prepaid on such date and stating that such prepayment is to be made pursuant to paragraph 4B. Each such notice of any prepayment shall be accompanied by a certificate of the chief financial officer of the Company as to the estimated Yield-Maintenance Amount which will be due in connection with such prepayment (calculated as if the date of such notice were the date of prepayment), setting forth the details of the computation thereof, but no such computation shall be

binding upon any holder of a Subordinated Note. On the Business Day prior to any such prepayment, the Company shall deliver to each holder of a Subordinated Note a certificate of such chief financial officer specifying the calculation of the Yield-Maintenance Amount as of the prepayment date, but no such calculation shall be binding on any holder of a Subordinated Note. Notice of prepayment having been given as aforesaid, the principal amount of the Subordinated Notes specified in such notice, together with interest thereon to the prepayment date and together with the Yield-Maintenance Amount, if any, with respect thereto, shall become due and payable on such prepayment date. The Company shall, on or before the day on which it gives written notice of any prepayment pursuant to paragraph 4B, give telephonic notice of the principal amount of the Subordinated Notes to be prepaid and the prepayment date to each Significant Holder which shall have designated a recipient of such notices in the Purchaser Schedule attached hereto or by notice in writing to the Company.

4D. Partial Payments Pro Rata. Upon any partial prepayment of the Subordinated Notes pursuant to paragraph 4A or 4B, the principal amount so prepaid shall be allocated to all Subordinated Notes at the time outstanding (including, for the purpose of this paragraph 4D only, all Subordinated Notes prepaid or otherwise retired or purchased or otherwise acquired by the Company or any of its Subsidiaries or Affiliates (including pursuant to paragraph 4E or 4F hereof) other than by prepayment pursuant to paragraph 4A or 4B) in proportion to the respective outstanding principal amounts thereof.

4E. Offer to Prepay Subordinated Notes in the Event of a Change of Control.

4E(1) Notice of Change of Control. The Company will, subject to any prohibition to making such a disclosure under any applicable law, within two Business Days after any Responsible Officer has knowledge of any Potential Change of Control, give written notice of such Potential Change of Control to each holder of the Subordinated Notes. The Company will promptly and in any event within two Business Days after any Responsible Officer has knowledge of a Change of Control, give written notice to each holder of the Subordinated Notes of such Change of Control ("Change of Control Notice"). The Company shall, on or before the date upon which it gives a Change of Control Notice pursuant to this paragraph 4E(1), give telephonic notice of such Change of Control to each Significant Holder which shall have designated a recipient of such notices in the Purchaser Schedule attached hereto or by notice in writing to the Company. Such Change of Control Notice shall contain and constitute an offer to prepay

the Subordinated Notes as described in paragraph 4E(3) and shall be accompanied by the certificate described in paragraph 4E(6).

4E(2) Notice of Acceptance or Rejection of Offer under Paragraph 4E(1). If the Company shall at any time receive a written acceptance to or rejection of an offer to prepay Subordinated Notes under paragraph 4E(1) from some, but not all of, the holders of the Subordinated Notes, then the Company will, within two Business Days after the receipt of such acceptance or rejection, give written notice of such acceptance or rejection to each other holder of the Subordinated Notes.

4E(3) Offer to Prepay Subordinated Notes. The offer to prepay Subordinated Notes contemplated by paragraph 4E(1) shall be an offer to prepay, in accordance with and subject to this paragraph 4E, all, but not less than all, of the Subordinated Notes held by each holder (in this case only, "holder" in respect of any Subordinated Note registered in the name of a nominee for a disclosed beneficial owner shall mean such beneficial owner) on a date specified in the Change of Control Notice (the "Proposed Prepayment Date"). Such Change of Control Notice shall make reference to this paragraph 4E(3) and that any failure to so reply shall be deemed an acceptance of such offer. The Proposed Prepayment Date shall be not less than 15 days and not more than 30 days after the date of such Change of Control (if the Proposed Prepayment Date shall not be specified in the Change of Control Notice, the Proposed Prepayment Date shall be the 30th day after the date of Change of Control).

4E(4) Rejection; Acceptance. A holder of Subordinated Notes may accept or reject the offer to prepay made pursuant to this paragraph 4E by causing a written notice of such acceptance or rejection to be delivered to the Company prior to the Proposed Prepayment Date.

4E(5) Prepayment. Prepayment of the Subordinated Notes to be prepaid pursuant to this paragraph 4E shall be at 100% of the principal amount of such Subordinated Notes, together with interest on such Subordinated Notes accrued to the date of prepayment and the Adjusted Yield-Maintenance Amount, if any, with respect thereto. The prepayment shall be made on the Proposed Prepayment Date. On the Business Day prior to the Proposed Prepayment Date, the Company shall deliver to each holder of a Subordinated Note a certificate of the chief financial officer of the Company specifying the calculation of the Adjusted Yield-Maintenance Amount as of the Proposed Prepayment Date, but no such calculation shall be binding on any holder of a Subordinated Note.

4E(6) Officer's Certificate. Each Change Of Control Notice pursuant to this paragraph 4E shall be accompanied by a certificate, executed by a Responsible Officer of the Company and dated the date of such offer, specifying (i) the Proposed Prepayment Date, (ii) that such offer is made pursuant to this paragraph 4E, (iii) the principal amount of each Subordinated Note offered to be prepaid, (iv) the interest that would be due on each Subordinated Note offered to be prepaid, accrued to the Proposed Prepayment Date, (v) the estimated Adjusted Yield-Maintenance Amount which will be due in connection with such prepayment (calculated as if the date of such notice were the date of prepayment), setting forth the details of the computation thereof, but no such computation shall be binding upon any holder of a Subordinated Note, (vi) that the conditions of this paragraph 4E have been fulfilled, and (vii) in reasonable detail, the nature and date of the Change of Control.

4F. Retirement of Subordinated Notes. The Company shall not, and shall not permit any of its Subsidiaries or Affiliates to, prepay or otherwise retire in whole or in part prior to their stated final maturity (other than by prepayment pursuant to paragraph 4A, 4B or 4E or upon

acceleration of such final maturity pursuant to paragraph 7A), or purchase or otherwise acquire, directly or indirectly, Subordinated Notes held by any holder unless the Company or such Subsidiary or Affiliate shall have offered to prepay or otherwise retire or purchase or otherwise acquire, as the case may be, the same proportion of the aggregate principal amount of Subordinated Notes held by each other holder of Subordinated Notes at the time outstanding upon the same

terms and conditions. Any Subordinated Notes so prepaid or otherwise retired or purchased or otherwise acquired by the Company or any of its Subsidiaries or Affiliates shall not be deemed to be outstanding for any purpose under this Agreement, except as provided in paragraph 4D.

5. AFFIRMATIVE COVENANTS.

5A. Financial Statements. The Company covenants that it will deliver to each Significant Holder in duplicate:

(i) as soon as practicable after the filing of its Quarterly Report on Form 10-Q for the quarterly period, and in any event within 45 days after the end of each quarterly period (other than the last quarterly period) in each fiscal year (or, if such 45th day is not a Business Day, the next succeeding Business Day), consolidated statements of income, stockholders' equity and cash flows of the Company and its Subsidiaries for such quarterly period and for the period from the beginning of the current fiscal year to the end of such quarterly period, and a consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarterly period, setting forth in each case in comparative form figures for the corresponding periods in the preceding fiscal year, all in reasonable detail and prepared in accordance with generally accepted accounting principles applicable to quarterly financial statements and certified by an authorized financial officer of the Company as fairly presenting in accordance with generally accepted accounting principles, in all material respects, the financial position of the Company and its Subsidiaries and their results of operations and cash flows, subject to changes resulting from year-end adjustments and the exclusion of detailed footnotes; provided, however, that delivery pursuant to clause (iii) below of copies of the Quarterly Report on Form 10-Q of the Company for such quarterly period (including all financial statement exhibits and all financial statements incorporated by reference therein) prepared in compliance with the requirements therefor and filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this clause (i);

(ii) as soon as practicable after the filing of its Annual Report on Form 10-K for the fiscal year, and in any event within 90 days after the end of each fiscal year (or, if such 90th day is not a Business Day, the next succeeding Business Day, consolidated statements of income and cash flows and a consolidated statement of stockholders' equity of the Company and its Subsidiaries for such year, and a consolidated balance sheet of the Company and its Subsidiaries as at the end of such year, setting forth in each case in comparative form corresponding consolidated figures from the preceding annual audit, all in reasonable detail and prepared in accordance with generally accepted accounting principles and accompanied by an opinion thereon of independent public accountants of

recognized national standing selected by the Company which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the Company and its Subsidiaries and the results of their operations and cash flows and have been prepared in accordance with generally accepted accounting principles, that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in such circumstances, and shall be without limitation as to the scope of the audit; provided, however, that delivery pursuant to clause (iii) below of copies of the Annual Report on Form 10-K of the Company for such fiscal year (including all financial statement exhibits and all financial statements incorporated by reference therein) prepared in compliance with the requirements therefor and filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this clause (ii);

(iii) promptly upon transmission thereof, copies of all such financial statements, proxy statements, notices and reports as it shall send to its public stockholders and copies of all registration statements (without exhibits, but excluding reports relating to registration statements for employee benefit plans (S-8), shelf registration statements (Rule 415) and annual reports for employee benefit plans (Form 11-K)) and all other reports which it files with the Securities and Exchange Commission (or any governmental body or agency succeeding to the functions of the Securities and Exchange Commission);

(iv) promptly upon receipt thereof, a copy of any management report or letter submitted to the Company or any Subsidiary by independent accountants in connection with any annual, interim or special audit made by them of the books of the Company or any Subsidiary;

(v) as soon as available and in any event within sixty (60) days after the end of each fiscal year of the Company, the annual financial projections and budgets of the Company and its Subsidiaries;

(vi) promptly after a Responsible Officer becomes aware thereof, notice of any development that results in, or would reasonably be expected to result in, a Material Adverse Effect;

(vii) concurrently with the sending thereof to any holder of Senior Indebtedness, a copy of any material notice or report sent to any holder of any Senior Indebtedness (or any agent or representative of such holder) given under any agreement under which such Senior Indebtedness was issued or is outstanding or any other agreement relating to such Senior Indebtedness (unless such notice or report was given to the holders of the Subordinated Notes pursuant to another provision of this Agreement and excluding routine periodic reports and notices sent pursuant to the requirements of any such agreement);

(viii) promptly upon, and in any event not later than the next Business Day after, receipt thereof, a copy of any notice received from any holder of Senior Indebtedness (or any agent or representative of such holder) that any default or event of default under any agreement under which such Senior Indebtedness is outstanding has occurred or any notice of any acceleration of any Senior Indebtedness; and

(ix) with reasonable promptness, such other information as such Significant Holder may reasonably request.

Together with each delivery of financial statements required by clauses (i) and (ii) above, the Company will deliver to each Significant Holder an Officer's Certificate demonstrating (with computations in reasonable detail) compliance by the Company and its Subsidiaries with the provisions of paragraphs 6A(1), 6A(2), 6A(3), 6D, 6E and 6F and stating that there exists no Event of Default or Default, or, if any Event of Default or Default exists, specifying the nature and period of existence thereof and what action the Company proposes to take with respect thereto. Together with each delivery of financial statements required by clause (ii) above, the Company will deliver to each Significant Holder a certificate of such accountants stating that, in making the audit necessary for their report on such financial statements, they have obtained no knowledge of any Event of Default or Default, or, if they have obtained knowledge of any Event of Default or Default, specifying the nature and period of existence thereof. Such accountants, however, shall not be liable to anyone by reason of their failure to obtain knowledge of any Event of Default or Default which would not be disclosed in the course of an audit conducted in accordance with generally accepted auditing standards. The Company also covenants that immediately after any Responsible Officer obtains knowledge of an Event of Default or Default, it will deliver to each Significant Holder an Officer's Certificate specifying the nature and period of existence thereof and what action the Company proposes to take with respect thereto.

5B. Information Required by Rule 144A. The Company covenants that it will, upon the request of the holder of any Subordinated Note, provide such holder, and any qualified institutional buyer designated by such holder, such financial and other information as such holder may reasonably determine to be necessary in order to permit compliance with the information requirements of Rule 144A under the Securities Act in connection with the resale of Subordinated Notes, except at such times as the Company is subject to the reporting requirements of section 13 or 15(d) of the Exchange Act. For the purpose of this paragraph 5B, the term "qualified institutional buyer" shall have the meaning specified in Rule 144A under the Securities Act.

5C. Inspection of Property. The Company covenants that it will permit any Person designated by any Significant Holder in writing, at such Significant Holder's expense if no Default or Event of Default exists and at the Company's expense if a Default or an Event of Default exists, to visit and inspect any of the properties of the Company and its Subsidiaries, to examine the corporate

books and financial records of the Company and its Subsidiaries and make copies thereof or extracts therefrom and to discuss the affairs, finances and accounts of any of such corporations with the principal officers of the Company and its independent public accountants, all at such

reasonable times and without materially disrupting the operations of the Company and its Subsidiaries and as often as such Significant Holder may reasonably request. Anything in this paragraph 5C to the contrary notwithstanding, the Company shall not be required to disclose, discuss or permit the inspection or examination of any information with respect to which the Company has, within five (5) Business Days after any Significant Holder's request hereunder, delivered an Officer's Certificate of a Responsible Officer to such Significant Holder to the effect that, after consulting with legal counsel, disclosure of such information to such Holder is prohibited by legal requirements applicable to the Company.

5D. Covenant to Secure Subordinated Note Equally. The Company covenants that if it or any Subsidiary shall create or assume any Lien upon any of its property or assets, whether now owned or hereafter acquired, other than Liens permitted by the provisions of paragraph 6B (unless prior written consent to the creation or assumption thereof shall have been obtained pursuant to paragraph 12C(1)), it will make or cause to be made effective provision whereby the Subordinated Notes will be secured by such Lien equally and ratably with any and all other Indebtedness thereby secured so long as any such other Indebtedness shall be so secured; provided that the creation and maintenance of such equal and ratable Lien shall not in any way limit or modify the right of the holders of the Subordinated Notes to enforce the provisions of paragraph 6B.

5E. Compliance with Law. The Company covenants that it will, and will cause each of its Subsidiaries to, comply with all laws, ordinances or governmental rules or regulations to which each of them is subject, including, without limitation, environmental laws, and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, except to the extent that the Company or such Subsidiary is actively contesting the applicability or validity thereon on a timely basis in good faith by appropriate proceedings, and the Company or such Subsidiary has established adequate reserves therefor in accordance with generally accepted accounting principles on the books of the Company or such Subsidiary.

5F. Insurance. The Company covenants that it will, and will cause each of its Subsidiaries to, maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts as is customary in the case of entities of established reputations engaged in the same or a similar business and similarly situated.

5G. Maintenance of Properties. The Company covenants that it will, and will cause each of its Subsidiaries to, maintain and keep, or cause to be maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times, provided that

(i) this paragraph shall not prevent the Company or any Subsidiary from discontinuing the operation and the maintenance of any of its properties if such discontinuance is desirable in the conduct of its business and such discontinuance would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect and (ii) the Company shall not be considered to be in violation of this paragraph 5G if it is delayed in repairing or replacing any property due to causes beyond the reasonable control of the Company and its Subsidiaries.

5H. Payment of Taxes. The Company covenants that it will, and will cause each of its Subsidiaries to, file all income tax or similar tax returns required

to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges or levies payable by any of them, and to pay and discharge all amounts payable for work, labor and materials, in each case to the extent such taxes, assessments, charges, levies and amounts payable have become due and payable and before they have become delinquent, provided that neither the Company nor any Subsidiary need pay any such tax, assessment, charge, levy or amount payable if (i) the amount, applicability or validity thereof is being actively contested by the Company or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and the Company or such Subsidiary has established adequate reserves therefor in accordance with generally accepted accounting principles on the books of the Company or such Subsidiary or (ii) the nonpayment of all such taxes, assessments, charges, levies and amounts payable in the aggregate would not reasonably be expected to have a Material Adverse Effect.

5I. Existence, etc. Subject to paragraph 6C, the Company will at all times preserve and keep in full force and effect its corporate existence and the legal existence of each of its Subsidiaries. The Company and its Subsidiaries will at all times preserve and keep in full force and effect all certificates of convenience and necessity, rights and franchises, licenses, permits, operating rights and other authorizations from federal, state, foreign, regional, municipal and other local regulatory bodies or administrative agencies or governmental bodies having jurisdiction over the Company and its Subsidiaries or any of their respective properties as are necessary for the ownership, operation and maintenance of their respective businesses and properties, unless the termination of or failure to preserve and keep in full force and effect such right, certificate or franchise, license, permit, operating right or other authorization would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

5J. Lines of Business. The Company covenants that it will not, and it will not permit any Subsidiary of the Company to, engage in any business if, as a result thereof, the general nature of the businesses of the Company and its Subsidiaries, taken as a whole, would be substantially changed from the Permitted Businesses.

5K. Subsequent Guarantors.

(i) The Company covenants that if at any time any Person, which is not a Material Subsidiary as of the date hereof, shall become a Material Subsidiary, the Company will cause such Person (1) if such Material Subsidiary owns assets constituting more than 10% of Consolidated Total

Assets at such time or has or would have, on a pro forma basis, contributed more than 10% of consolidated revenues of the Company and the Subsidiaries over the past twelve months, within 10 days after it becomes a Material Subsidiary (but in no event later than the date upon which such Material Subsidiary has Guaranteed other Indebtedness), or (2) for any other Material Subsidiary, within 30 days after the end of the fiscal quarter in which it becomes a Material Subsidiary (but in no event later than the date upon which such Material Subsidiary has Guaranteed any other Indebtedness), to execute and deliver to the holders of the Subordinated Notes a Guaranty Agreement substantially in the form of Exhibit C hereto, a certificate in the form specified in paragraph 3A(iii) with respect to such Person and such Guaranty Agreement, and an opinion of counsel for such Person with respect to such Person and such Guaranty Agreement in the form as specified in paragraph 3C; provided, however, in the case such Material Subsidiary is organized under the law of any jurisdiction other than any of the United States or its territories, such Material Subsidiary shall not be required to Guarantee the Subordinated Notes in excess of the extent to which such Guarantee would cause the Company to be deemed to have received a taxable dividend for United States income tax purposes.

(ii) Each holder of a Subordinated Note, by its acceptance of a Subordinated Note, agrees that in the case of (A) a sale, transfer or other disposition (whether in a single transaction or a series of related transactions and whether by merger, consolidation or otherwise) permitted by this Agreement of all of the issued and outstanding capital stock of any Subsidiary to any Person that is not, at the time of such sale, transfer or other disposition, the Company or a Subsidiary; or (B) the dissolution of any Subsidiary permitted by this Agreement; then automatically and without further action: (1) the Guaranty Agreement of such Subsidiary (each such Subsidiary a "Released Subsidiary") shall be deemed terminated and of no further force and effect; and (2) no holder

of any Subordinated Notes shall have any claim against such Released Subsidiary under such Guaranty Agreement.

(iii) Each holder of a Subordinated Note, by its acceptance of a Subordinated Note, agrees that the Company may, on behalf of any Released Subsidiary, request such holder of a Subordinated Note, at the expense of the Company, to execute and deliver to the Company, for the benefit of any Person, a written release, disclaimer, termination or quitclaim, and such other release documents as the Company may reasonably request, in form reasonably satisfactory to such holder, to evidence such termination under clause (iii) of this paragraph 5K.

6. NEGATIVE COVENANTS.

6A. Financial Covenants.

6A(1). Total Debt Leverage Ratio. The Company covenants that it will not at any time permit the ratio of (i) the outstanding amount of all Funded Debt (including all Subordinated Debt) to (ii) EBITDA for the four consecutive fiscal quarters then ended to be greater than 3.25 to 1.0.

6A(2). Senior Debt Leverage Ratio. The Company covenants that it will not permit at any time the ratio of (i) the outstanding amount of all Senior Funded Debt to (ii) EBITDA for the four consecutive fiscal quarters then ended to be greater than the Maximum Senior Debt Leverage Ratio.

6A(3). Fixed Charge Coverage Ratio. The Company covenants that it will not at any time permit the ratio of (i) (a) EBITDA for any period of four consecutive fiscal quarters (excluding any amount of EBITDA for such period included in the calculation of such EBITDA as a result of clause (ii) of the definition of EBITDA) minus (b) cash federal, state and local income and franchise taxes actually paid by the Company and its Subsidiaries during such period, plus (c) to the extent deducted in determining EBITDA for such period, cash Rentals actually paid by the Company and its Subsidiaries under Operating Leases during such period, to (ii) (a) cash interest expense actually paid by the Company and its Subsidiaries during such period (including the interest expense portion of any payments on Capitalized Lease Obligations), plus (b) Maintenance Capital Expenditures of the Company and its Subsidiaries for such period, plus (c) cash Rentals actually paid by the Company and its Subsidiaries under Operating Leases during such period, to be less than 1.00 to 1.0.

6B. Liens. The Company covenants that it will not, and will not permit any Subsidiary to, create, incur, assume or permit to exist any Lien on any property now owned or hereafter acquired by it, or assign or sell any income or revenues (including accounts receivable) or rights in respect of any thereof, except:

(i) Permitted Encumbrances;

(ii) Any Lien securing Senior Indebtedness;

(iii) Renewals and extensions of the above on similar terms and conditions; and

(iv) the sale or assignment of any income or revenues (including accounts receivable) or rights in respect of any thereof of any Subsidiary or division of the Company in connection with the sale of such Subsidiary or division as an entirety, provided that such sale is permitted under the other provisions of this Agreement

6C. Mergers and Consolidations. The Company covenants that it will not, and will not permit any Subsidiary to, directly or indirectly, merge or consolidate with or into any other Person, or Transfer all or substantially all of its property (in a single transaction or a series of related transactions) to any Person, except that:

(i) the Company may merge or consolidate with any other Person or Transfer all of its property to any other Person, provided that (a) the Person formed by such consolidation or the survivor of such merger or the Person acquiring such property (as the case may be, the "Successor Person") shall be a solvent Person, organized and existing under the laws of the

United States of America, any State thereof or the District of Columbia, (b) if the Successor Person is not the Company (1) the Successor Person assumes unconditionally in writing (which writing shall be satisfactory in form and substance to the Required Holder(s)) the due and punctual payment and performance of all obligations of the Company under this Agreement and the Subordinated Notes and any other agreement or instrument executed in connection therewith, (2) the holders of the Subordinated Notes shall have received an opinion from nationally recognized independent counsel, or other counsel reasonably satisfactory to the Required Holder(s), to the effect that such assumption agreement is enforceable and as to such other matters incident thereto as the Required Holder(s) may reasonably request, and (3) each Guarantor shall have delivered to the holders of the Subordinated Notes a written confirmation (which written confirmation shall be satisfactory in form and substance to the Required Holder(s)) that its obligations under the Guaranty Agreement to which it is a party continue in full force and effect notwithstanding such merger, consolidation or Transfer and such Guaranty Agreement is applicable to the obligations assumed by the Successor Person under such written assumption, and (c) both before and immediately after such merger, consolidation or Transfer no Default or Event of Default shall exist; and

(ii) any Subsidiary may merge with the Company (provided that the Company is the surviving entity) or another Subsidiary (provided that the surviving entity is a Wholly-Owned Subsidiary).

No such Transfer of all of the property of the Company shall have the effect of releasing the Company or any Successor Person that shall theretofore have become such in the manner prescribed in this paragraph 6C from its liability under this Agreement or the Subordinated Notes.

6D. Sale of Assets. The Company covenants that it will not, and will not permit any Subsidiary to, directly or indirectly, Transfer any property other than (i) Transfers of inventory, obsolete equipment and rolling stock no longer needed or worn out, and the granting of easements constituting Permitted Encumbrances, in each case in the ordinary course of business, (ii) other Transfers of property, provided that (a) in the good faith opinion of the Company, such Transfer is for fair market value, (b) immediately after giving effect to Transfer, no Default or Event of Default would exist, and (c) immediately after giving effect to such Transfer (1) the aggregate book value of all property Transferred pursuant to this clause (ii) during any fiscal year (including property of any Subsidiary Transferred as provided in paragraph 6E) would not exceed 15% of Consolidated Total Assets as of the date of such Transfer, and (2) the aggregate book value of all property Transferred pursuant to this clause (ii) on or after the date of this Agreement (including property of any Subsidiary Transferred as provided in paragraph 6E) would not exceed 35% of Consolidated Total Assets as at the date of such Transfer, except that (x) any Subsidiary may Transfer property to the Company or any other Wholly-Owned Subsidiary, or (y) the Company or any Subsidiary may Transfer property in excess of the foregoing limitations so long as the net proceeds resulting from such Transfer are either: (A) reinvested by the Company or any Subsidiary within one year after the date of such Transfer in property used in the businesses of the Company or such Subsidiary (and

pending such reinvestment, are invested in Permitted Investments) or (B) applied to pay Senior Indebtedness (other than Indebtedness owed to the Company or another Subsidiary) or to make an optional prepayment of the Subordinated Notes pursuant to paragraph 4B hereof, or (iii) Restricted Payments permitted under paragraph 6F.

6E. Sale of Stock or other Equity of Subsidiaries. The Company covenants (i) that it will not permit any Subsidiary to, directly or indirectly, issue, sell or otherwise dispose of any shares of any class of its capital stock or other ownership interests (other than preferred stock which is not participating preferred and is permitted to be issued pursuant to paragraph 6I hereof) except to the Company or another Wholly-Owned Subsidiary, and (ii) that it will not, and will not permit any Subsidiary to, directly or indirectly, Transfer, or part with control of, any shares of capital stock or other ownership interests of any Subsidiary; provided, however, that the Company or any Subsidiary may sell shares of the capital stock or other ownership interests of a Subsidiary

provided that, at the time of such sale (a) such Subsidiary shall not own, directly or indirectly, any shares of stock or other ownership interests or Indebtedness of any other Subsidiary or any Indebtedness of the Company, and (b) such sale would be permitted as the sale of the same proportion of all the property of such Subsidiary under paragraph 6D as the proportion that such shares of capital stock or other ownership interests being sold is of all of the outstanding capital stock or other ownership interests of such Subsidiary (and, for the purposes of paragraph 6D, any sale by the Company or any Subsidiary of shares of the capital stock or other ownership interests of a Subsidiary shall be considered to be the sale of such proportion of all of the property of such Subsidiary).

6F. Restricted Payments. The Company covenants that it will not, and will not permit any of its Subsidiaries to, at any time, declare or make, or incur any liability to declare or make, any Restricted Payment unless at the time of such action and immediately after giving effect to such action: (i) the aggregate amount of all Restricted Payments of the Company and its Subsidiaries declared or made during the period commencing on July 1, 2000 and ending on the date such Restricted Payment is declared or made, inclusive, would not exceed the sum of (a) 25% of Consolidated Net Earnings of the Company for each full fiscal quarter completed after June 30, 2000 and prior to the date such Restricted Payment is declared or made (or minus 100% of Consolidated Net Earnings of the Company for any such fiscal quarter if Consolidated Net Earnings of the Company for such fiscal quarter is a loss), plus (b) the aggregate amount of Net Proceeds of Capital Stock received by the Company in each such fiscal quarter, and (ii) no Default or Event of Default would exist. The foregoing provisions will not prevent (w) the payment of any dividend on capital stock or other ownership interest or of any class within 60 days after the date of its declaration if at the date of such declaration such payment would have been permitted by this Agreement, (x) any redemption of capital stock or other ownership interest or Subordinated Debt of the Company or any Subsidiary made by exchange for capital stock or other ownership interest (which is not Redeemable capital stock) of the Company or any Subsidiary, (y) any repurchase or redemption of Subordinated Debt of the Company which is pari passu with the
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Subordinated Notes made by exchange for or out of the net cash proceeds from the substantially concurrent issuance or sale of other Subordinated Debt of the Company or a Subsidiary which is pari passu with or subordinated to the
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Subordinated Notes and which is otherwise permitted under this Agreement or (z) any repurchase or redemption

of Subordinated Debt of the Company which is subordinated to the Subordinated Notes made by exchange for or out of the net cash proceeds from the substantially concurrent issuance or sale of other Subordinated Debt of the Company or a Subsidiary which is subordinated to the Subordinated Notes and is otherwise permitted under this Agreement. Restricted Payments permitted to be made as described in the preceding sentence will be excluded in calculating the amount of Restricted Payments thereafter.

6G. Transactions with Affiliates. The Company will not, and will not permit any of its Subsidiaries to, sell, lease or otherwise transfer any property to, or purchase, lease or otherwise acquire any property from, or otherwise engage in any other transactions with, any of its Affiliates, except (i) in the ordinary course of business at prices and on terms and conditions not less favorable to the Company or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties, (ii) transactions between or among the Company and its Wholly-Owned Subsidiaries not involving any other Affiliate, provided no transfer of property may be made to any Material Subsidiary that is not a party to a Guaranty Agreement, (iii) any Restricted Payment permitted by paragraph 6F, (iv) compensation and other benefits paid to officers, directors and employees, and (v) transactions in connection with the acquisition of any Qualified Company.

6H. Subsidiary Restrictions. The Company covenants that it will not, and will not permit any Subsidiary to, enter into, or be otherwise subject to, any contract or agreement (including its certificate of incorporation) which limits the amount of or otherwise imposes restrictions on (i) the payment of dividends or distributions by any Subsidiary to the Company or any other Wholly-Owned Subsidiary, (ii) the payment by any Subsidiary of any indebtedness owed to the Company or any other Wholly-Owned Subsidiary, (iii) the making of loans or advances by any Subsidiary to the Company or any other Wholly-Owned Subsidiary,

(iv) the transfer by any Subsidiary of its property to the Company or any other Wholly-Owned Subsidiary, (v) the merger or consolidation of any Subsidiary with or into the Company or any other Wholly-Owned Subsidiary, or (vi) the guaranty by any Subsidiary of the Company's indebtedness hereunder; provided that (a) the foregoing shall not apply to restrictions and conditions imposed by law or by this Agreement, (b) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, provided such restrictions and conditions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder, (c) clause (iv) of the foregoing shall not apply to customary provisions in leases and other contracts restricting the assignment thereof, (d) the foregoing shall not apply to existing restrictions and conditions existing on the date of closing in the Existing Credit Agreement, (e) the foregoing shall not apply to restrictions relating to any assets of any Subsidiary acquired after the date of closing existing at the date on which such Subsidiary was acquired, so long as such restriction relates only to the assets so acquired and was not created in connection with or in contemplation of such acquisition, (f) the foregoing shall not apply to restrictions relating to any Indebtedness of any Subsidiary acquired after the date of closing, existing at the date on which such Subsidiary was acquired by the Company or any Subsidiary, so long as such Indebtedness and restrictions were not created in connection with or in contemplation of such acquisition, (g) the foregoing shall not apply to restrictions on the sale or other disposition of any property securing Indebtedness or any other obligation as a result of a

Permitted Encumbrance on such property, and (h) the foregoing shall not apply to customary restrictions on cash, deposits and other assets imposed by customers under contracts entered into in the ordinary course of business and not relating to an incurrence of Indebtedness.

6I. Subsidiary Preferred Stock. The Company covenants that it will not permit any Subsidiary which is not a Guarantor to issue or permit to be outstanding any class of capital stock which has priority over any other class of capital stock of such Subsidiary as to dividends or in liquidation, except for shares of such capital stock held by the Company or any Wholly-Owned Subsidiary.

6J. Limitations on Issuance of Other Subordinated Indebtedness. The Company shall not, and the Company shall not permit any Subsidiary to, create, incur, assume, permit to exist, Guarantee, or in any other manner become liable with respect to any Indebtedness that is contractually subordinate in right of payment to any Senior Indebtedness unless such Indebtedness (i) is otherwise permitted by the terms hereof and is Indebtedness that is pari passu with, or
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subordinate pursuant to provisions approved, which approval will not be unreasonably withheld, by the Required Holder(s) in right of payment to, the Subordinated Notes, (ii) does not have any date for any scheduled payment of principal prior to the maturity date of the Subordinated Notes and (iii) does not have any date for any scheduled payment of interest prior to the maturity date of the Subordinated Notes which is not the same date as a date for a scheduled payment of interest on the Subordinated Notes. In addition, the Company shall not, and the Company shall not permit any Subsidiary to, create, incur, permit to exist, Guarantee, or in any manner become liable with respect to any Subordinated Debt issued (x) in connection with the Acquisition of any Person and (y) to such Person or any owner, or any Affiliate of any owner, of such Person or of any securities of or ownership interests in such Person, unless (a) such Subordinated Debt is subordinated in right of payment to the Subordinated Notes pursuant to provisions approved by the Required Holder(s), or (b)(x) such Subordinated Debt is pari passu with the Subordinated Notes as
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required above, (y) such Subordinated Debt does not have the benefit of any negative covenant of the nature of paragraphs 6A through 6F or related event of default that is more favorable to the holders thereof than such covenants or events of default, and (z) the aggregate principal amount of all such Subordinated Debt outstanding under this clause (b) shall not exceed the greater of (i) $25,000,000 or (ii) 5% of Consolidated Total Assets at the time of any incurrence thereof.

6K. Payment Limitations. The Company covenants that it will not enter into or become subject to any restriction on the payment of any Subordinated Obligations other than the provisions of paragraph 10 hereof.

6L. Hedging Agreement. The Company covenants that it will not, and will not permit any Subsidiary to, enter into any Hedging Agreement for speculative purposes.

6M. Sale and Leaseback. The Company covenants that it will not, and will not permit any Subsidiary to, directly or indirectly enter into any agreement or arrangement providing for the sale or transfer by it of any property (now owned or hereafter acquired) to a Person and the

subsequent lease or rental of such property or similar property from such Person unless such sale or transfer and subsequent lease or rental is not in violation of any other provision of this Agreement.

7. EVENTS OF DEFAULT.

7A. Acceleration. If any of the following events shall occur and be continuing for any reason whatsoever (and whether such occurrence shall be voluntary or involuntary or come about or be effected by operation of law or otherwise):

(i) the Company defaults in the payment of any principal of or Yield-Maintenance Amount payable with respect to any Subordinated Note when the same shall become due, either by the terms thereof or otherwise as herein provided; or

(ii) the Company defaults in the payment of any interest on any Subordinated Note for more than 5 Business Days after the date due; or

(iii) the Company or any Subsidiary defaults (whether as primary obligor or as guarantor or other surety) in any payment of principal of or interest on any Indebtedness beyond any period of grace provided with respect thereto, or the Company or any Subsidiary fails to perform or observe any other agreement, term or condition contained in any agreement under which any such Indebtedness is created (or if any other event thereunder or under any such agreement shall occur and be continuing), and the holder or holders of such Indebtedness (or a trustee on behalf of such holder or holders) have caused such Indebtedness to become due (or to be repurchased by the Company or any Subsidiary) prior to the stated maturity thereof, provided that the aggregate amount of all Indebtedness which has become due (or is required to be repurchased by the Company or any Subsidiary) exceeds $5,000,000; or

(iv) any representation or warranty made by the Company or any Guarantor herein or in any Guaranty Agreement or by the Company or any Guarantor or any of its officers in any writing furnished in connection with or pursuant to this Agreement or any Guaranty Agreement shall be false in any material respect on the date as of which made; or

(v) the Company fails to perform or observe any agreement contained in paragraph 4E or paragraph 6 (other than paragraphs 6B, 6G, 6H, or 6L, clause (ii)(y) of paragraph 6D, or paragraphs 6E or 6M, in each case to the extent paragraphs 6E or 6M relates to clause (ii)(y) of paragraph 6D, which paragraphs and clauses are subject to clause (vi) of this paragraph 7A); or

(vi) the Company fails to perform or observe any other agreement, term or condition contained herein and such failure shall not be remedied within 30 days after any Responsible Officer obtains actual knowledge thereof, or any Guarantor fails to perform or observe any agreement contained in any Guaranty Agreement and such failure shall not be

remedied within the grace period, if any, provided therefor in such Guaranty Agreement (or, if no grace period is provided therefor in such Guaranty Agreement, within 30 days after any Responsible Officer obtains actual knowledge thereof); or

(vii) the Company or any Significant Subsidiary makes an assignment for the benefit of creditors or is generally not paying its debts as such debts become due; or

(viii) any decree or order for relief in respect of the Company or any Significant Subsidiary is entered under any bankruptcy, reorganization, compromise, arrangement, insolvency, readjustment of debt, dissolution or liquidation or similar law, whether now or hereafter in effect (herein called the "Bankruptcy Law"), of any jurisdiction; or

(ix) the Company or any Significant Subsidiary petitions or applies to any tribunal for, or consents to, the appointment of, or taking possession by, a trustee, receiver, custodian, liquidator or similar official of the Company or any Significant Subsidiary, or of any substantial part of the assets of the Company or any Significant Subsidiary, or commences a voluntary case under the Bankruptcy Law of the United States or any proceedings (other than proceedings for the voluntary liquidation and dissolution of a Significant Subsidiary) relating to the Company or any Significant Subsidiary under the Bankruptcy Law of any other jurisdiction; or

(x) any such petition or application described in clause (ix) of this paragraph 7A is filed, or any such case or proceedings described in clause (ix) of this paragraph 7A are commenced, against the Company or any Significant Subsidiary and the Company or such Significant Subsidiary by any act indicates its approval thereof, consent thereto or acquiescence therein, or an order, judgment or decree is entered appointing any such trustee, receiver, custodian, liquidator or similar official, or approving the petition in any such proceedings, and such order, judgment or decree remains unstayed and in effect for more than 60 days; or

(xi) any order, judgment or decree is entered in any proceedings against the Company decreeing the dissolution of the Company and such order, judgment or decree remains unstayed and in effect for more than 60 days; or

(xii) any order, judgment or decree is entered in any proceedings against the Company or any Significant Subsidiary decreeing a split-up of the Company or such Significant Subsidiary which requires the divestiture of assets representing a substantial part, or the divestiture of the stock of a Significant Subsidiary whose assets represent a substantial part, of the consolidated assets of the Company and its Subsidiaries (determined in accordance with generally accepted accounting principles) or which requires the divestiture of assets, or stock of a Significant Subsidiary, which shall have contributed a substantial part of the consolidated net income of the Company and its Subsidiaries (determined in accordance with generally accepted accounting principles) for any of the three fiscal years

then most recently ended, and such order, judgment or decree remains unstayed and in effect for more than 60 days; or

(xiii) one or more final judgments in an aggregate amount (net of any insurance if the insurer has acknowledged its obligation to pay such insurance and is not in default of such obligation) in excess of $5,000,000 are rendered against the Company or any Significant Subsidiary and either (a) enforcement proceedings have been commenced by any creditor upon any such judgment or (b) within 60 days after entry thereof, any such judgment is not discharged or execution thereof stayed pending appeal, or within 60 days after the expiration of any such stay, such judgment is not discharged; or

(xiv) (a) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under section 412 of the Code and any such failure, waiver or failure to obtain such waiver would reasonably be expected to have a Material Adverse Effect, (b) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Company or any ERISA Affiliate that a Plan may become a subject of such proceedings and any such event would reasonably be expected to result in a liability to the Company or an ERISA Affiliate in excess of $5,000,000, (c) the aggregate "amount of unfunded benefit liabilities" (within the meaning of section 4001(a)(18) of ERISA) under all Plans, determined in accordance with Title IV of ERISA, shall exceed $5,000,000, (d) the Company or any

ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans that would reasonably be expected to have a Material Adverse Effect, (e) the Company or any ERISA Affiliate withdraws from any Multiemployer Plan resulting in the incurrence by such withdrawing employer of a withdrawal liability in an amount exceeding $5,000,000, or (f) the Company or any Subsidiary establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would increase the liability of the Company or any Subsidiary thereunder to the extent that would reasonably be expected to have a Material Adverse Effect; or

(xv) other than in accordance with its terms, any Guaranty Agreement of a Material Subsidiary shall cease to be in full force and effect, or any Guarantor that is a Material Subsidiary shall contest or deny the validity or enforceability of, or deny that it has any liability or obligations under, any Guaranty Agreement;

then (a) if such event is an Event of Default specified in clause (i) or (ii) of this paragraph 7A, the holder of any Subordinated Note (other than the Company or any of its Subsidiaries or Affiliates) may at its option, by notice in writing to the Company, declare such Subordinated Note to be, and such Subordinated Note shall thereupon be and become, immediately due and payable at par together

with interest accrued thereon and together with the Yield-Maintenance Amount, if any, with respect to such Subordinated Note, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company, (b) if such event is an Event of Default specified in clause (viii), (ix) or (x) of this paragraph 7A with respect to the Company, all of the Subordinated Notes at the time outstanding shall automatically become immediately due and payable together with interest accrued thereon and together with the Yield-Maintenance Amount, if any, with respect to each Subordinated Note, without presentment, demand, protest or notice of any kind, all of which are hereby waived by the Company, and (c) if such event is not an Event of Default specified in clause (viii), (ix) or (x) of this paragraph 7A with respect to the Company, the Required Holder(s) may at its or their option, by notice in writing to the Company, declare all of the Subordinated Notes to be, and all of the Subordinated Notes shall thereupon be and become, immediately due and payable together with interest accrued thereon and together with the Yield-Maintenance Amount, if any, with respect to each Subordinated Note, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company. The Company acknowledges, and the parties hereto agree, that each holder of a Subordinated Note has the right to maintain its investment in the Subordinated Notes free from repayment by the Company (except as herein specifically provided for) and that the provision for payment of Yield-Maintenance Amount by the Company in the event the Subordinated Notes are prepaid or are accelerated as a result of an Event of Default is intended to provide compensation for the deprivation of such right under such circumstances.

7B. Rescission of Acceleration. At any time within 90 days after any or all of the Subordinated Notes shall have been declared immediately due and payable pursuant to paragraph 7A, the Required Holder(s) may, by notice in writing to the Company, rescind and annul such declaration and its consequences if (i) the Company shall have paid all overdue interest on the Subordinated Notes, the principal of and Yield-Maintenance Amount, if any, payable with respect to any Subordinated Notes which have become due otherwise than by reason of such declaration, and interest on such overdue interest and overdue principal and Yield-Maintenance Amount at the rate specified in the Subordinated Notes, (ii) the Company shall not have paid any amounts which have become due solely by reason of such declaration, (iii) all Events of Default and Defaults, other than non-payment of amounts which have become due solely by reason of such declaration, shall have been cured or waived pursuant to paragraph 12C(1), and (iv) no judgment or decree shall have been entered for the payment of any amounts due pursuant to the Subordinated Notes or this Agreement. No such rescission or annulment shall extend to or affect any subsequent Event of Default or Default or impair any right arising therefrom.

7C. Notice of Acceleration or Rescission. Whenever any Subordinated Note shall be declared immediately due and payable pursuant to paragraph 7A or any such declaration shall be rescinded and annulled pursuant to paragraph 7B, the Company shall forthwith give written notice thereof to the holder of each

Subordinated Note at the time outstanding.

7D. Other Remedies. If any Event of Default or Default shall occur and be continuing, the holder of any Subordinated Note may proceed to protect and enforce its rights under this Agreement and such Subordinated Note by exercising such remedies as are available to such holder

in respect thereof under applicable law, either by suit in equity or by action at law, or both, whether for specific performance of any covenant or other agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement. No remedy conferred in this Agreement upon the holder of any Subordinated Note is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy conferred herein or now or hereafter existing at law or in equity or by statute or otherwise.

8. REPRESENTATIONS, COVENANTS AND WARRANTIES. The Company represents, covenants and warrants as follows:

8A(1). Organization. The Company is a corporation duly organized and existing in good standing under the laws of the State of Delaware and each Subsidiary is duly organized and existing in good standing under the laws of the jurisdiction in which it is organized. The Company and each of its Subsidiaries have duly qualified or been duly licensed, and are authorized to do business and are in good standing, in each jurisdiction in which the ownership of their respective properties or the nature of their respective businesses makes such qualification or licensing necessary and in which the failure to be so qualified or licensed would be reasonably likely to have a Material Adverse Effect. Schedule 8A(1) hereto sets forth, as of the date hereof, a correct list of each Subsidiary, its jurisdiction of organization, its ownership and whether or not such Subsidiary is a Material Subsidiary.

8A(2). Power and Authority. The Company and each Subsidiary has all requisite corporate, limited liability company, or partnership, as applicable, power to own or hold under lease and operate their respective properties which it purports to own or hold under lease and to conduct its business as currently conducted and as currently proposed to be conducted.

8A(3). Execution and Delivery of Transaction Documents. The Company and each Guarantor has all requisite corporate, limited liability company, or partnership, as applicable, power to execute, deliver and perform its obligations under this Agreement, the Subordinated Notes and the Guaranty Agreement, as the case may be. The execution, delivery and performance of this Agreement, the Subordinated Notes and the Guaranty Agreement has been duly authorized by all requisite corporate, limited liability company, or partnership, as applicable, action, and this Agreement, the Subordinated Notes and the Guaranty Agreement have been duly executed and delivered by authorized officers of the Company and each Guarantor, as the case may be, and are valid obligations of the Company and each Guarantor, as the case may be, legally binding upon and enforceable against the Company and each Guarantor, as the case may be, in accordance with its terms, except as such enforceability may be limited by (i) bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

8B. Financial Statements. The Company has furnished each Purchaser with the following financial statements, identified by a principal financial officer of the Company: (i) a consolidated balance sheet of the Company and its Subsidiaries as at December 31, 1999, and

consolidated statements of income, stockholders' equity and cash flows of the Company and its Subsidiaries for such year, all reported on by Arthur Andersen LLP, and (ii) a consolidated balance sheet of the Company and its Subsidiaries as at June 30 in each of the years 1999 and 2000 and consolidated statements of income, stockholders' equity and cash flows for the six-month period ended on each such date, prepared by the Company. Such financial statements (including any related schedules and/or notes) are true and correct in all material respects (subject, as to interim statements, to changes resulting from audits

and year-end adjustments), have been prepared in accordance with generally accepted accounting principles consistently followed throughout the periods involved and show all liabilities, direct and contingent, of the Company and its Subsidiaries required to be shown in accordance with such principles. The balance sheets fairly present the condition of the Company and its Subsidiaries as at the dates thereof, and the statements of income, stockholders' equity and cash flows fairly present the results of the operations of the Company and its Subsidiaries and their cash flows for the periods indicated in accordance with generally accepted accounting principles. Except as disclosed in the Company's press release dated October 9, 2000, there has been no material adverse change in the business, condition (financial or otherwise) or operations of the Company and its Subsidiaries, taken as a whole, since December 31, 1999.

8C. Actions Pending. There is no action, suit, investigation or proceeding pending or, to the knowledge of the Company, threatened against the Company or any of its Subsidiaries, or any properties or rights of the Company or any of its Subsidiaries, by or before any court, arbitrator or administrative or governmental body which, individually or in the aggregate, would reasonably be expected to result in any Material Adverse Effect.

8D. Outstanding Indebtedness. Neither the Company nor any of its Subsidiaries has outstanding any Indebtedness except as permitted by paragraphs 6A(1) and 6A(2). Schedule 8D hereto sets forth a complete and correct list of all outstanding Indebtedness of the Company and its Subsidiaries as of the date of closing outstanding in an amount in excess of $50,000. There exists no default under the provisions of any instrument evidencing such Indebtedness or of any agreement relating thereto.

8E. Title to Properties. The Company has and each of its Subsidiaries has good and sufficient title to its respective properties and assets (other than properties which it leases) that individually or in the aggregate are material to the Company and its Subsidiaries, including the properties and assets reflected in the balance sheet as at December 31, 1999 referred to in paragraph 8B (other than properties and assets disposed of in the ordinary course of business), subject to no Lien of any kind except Liens permitted by paragraph 6B. All leases necessary in any material respect for the conduct of the respective businesses of the Company and its Subsidiaries taken as a whole are valid and subsisting and are in full force and effect.

8F. Taxes. The Company has and each of its Subsidiaries has filed all federal, state and other income tax returns which, to the knowledge of the officers of the Company, are required to be filed, and each has paid all taxes as shown on such returns and on all assessments received by it to the extent that such taxes have become due, except such taxes as are being actively contested in good

faith by appropriate proceedings for which adequate reserves have been established in accordance with generally accepted accounting principles, the amount of which individually or in the aggregate is not material to the Company and its Subsidiaries, taken as a whole.

8G. Conflicting Agreements and Other Matters. Neither the Company nor any of its Subsidiaries is a party to any contract or agreement or subject to any charter or other corporate restriction which materially and adversely affects its business, property or assets, or financial condition. Neither the execution nor delivery of this Agreement, the Subordinated Notes or the Guaranty Agreement, nor the offering, issuance and sale of the Subordinated Notes, nor fulfillment of nor compliance with the terms and provisions hereof, of the Subordinated Notes, and of the Guaranty Agreement will conflict with, or result in a breach of the terms, conditions or provisions of, or constitute a default under, or result in any violation of, or result in the creation of any Lien upon any of the properties or assets of the Company or any of its Subsidiaries pursuant to, the organizational documents of the Company or any of its Subsidiaries, any award of any arbitrator or any agreement (including any agreement with stockholders), instrument, order, judgment, decree, statute, law, rule or regulation to which the Company or any of its Subsidiaries is subject. Neither the Company nor any of its Subsidiaries is a party to, or otherwise subject to any provision contained in, any instrument evidencing Indebtedness of the Company or such Subsidiary, any agreement relating thereto or any other contract or agreement (including its charter) which limits the amount of, or otherwise imposes restrictions on the incurring of, Indebtedness of the Company of the type to be evidenced by the Subordinated Notes or Indebtedness of any

Guarantor of the type to be evidenced by the Guaranty Agreement except as set forth in the agreements listed in Schedule 8G attached hereto.

8H. Offering of Subordinated Notes. Neither the Company nor any agent acting on its behalf has, directly or indirectly, offered the Subordinated Notes or any similar security of the Company for sale to, or solicited any offers to buy the Subordinated Notes or any similar security of the Company from, or otherwise approached or negotiated with respect thereto with, any Person other than institutional investors, and neither the Company nor any agent acting on its behalf has taken or will take any action which would subject the issuance or sale of the Subordinated Notes to the provisions of section 5 of the Securities Act or to the provisions of any securities or Blue Sky law of any applicable jurisdiction.

8I. Use of Proceeds. Neither the Company nor any Subsidiary owns or has any present intention of acquiring any "margin stock" as defined in Regulation U (12 CFR Part 221) of the Board of Governors of the Federal Reserve System (herein called "margin stock"). The proceeds of sale of the Subordinated Notes will be used for general corporate purposes of the Company including the repayment of Senior Indebtedness and Acquisitions. None of such proceeds will be used, directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of purchasing or carrying any margin stock or for the purpose of maintaining, reducing or retiring any Indebtedness which was originally incurred to purchase or carry any stock that is currently a margin stock or for any other purpose which might constitute this transaction a "purpose credit" within the meaning of such Regulation U. The Company is not engaged principally, or as one of its important activities, in the

business of extending credit for the purpose of purchasing or carrying margin stock. Neither the Company nor any agent acting on its behalf has taken or will take any action which might cause this Agreement or the Subordinated Notes to violate Regulation T, Regulation U or any other regulation of the Board of Governors of the Federal Reserve System or to violate the Exchange Act, in each case as in effect now or as the same may hereafter be in effect.

8J. ERISA. Other than deficiencies disclosed in the financial statements referred to in paragraph 8B hereof, which deficiencies would not be reasonably expected to have a Material Adverse Effect, no accumulated funding deficiency (as defined in section 302 of ERISA and section 412 of the Code), whether or not waived, exists with respect to any Plan (other than a Multiemployer Plan). No liability to the PBGC (other than for premiums not overdue) has been or is expected by the Company or any ERISA Affiliate to be incurred with respect to any Plan (other than a Multiemployer Plan) by the Company , any Subsidiary or any ERISA Affiliate which is or would be materially adverse to the business, condition (financial or otherwise) or operations of the Company and its Subsidiaries taken as a whole. Neither the Company , any Subsidiary nor any ERISA Affiliate has incurred or presently expects to incur any withdrawal liability under Title IV of ERISA with respect to any Multiemployer Plan which is or would be materially adverse to the business, condition (financial or otherwise) or operations of the Company and its Subsidiaries taken as a whole. The execution and delivery of this Agreement and the Guaranty Agreement and issuance and sale of the Subordinated Notes will be exempt from, or will not involve any transaction which is subject to, the prohibitions of section 406 of ERISA and will not involve any transaction in connection with which a penalty could be imposed under section 502(i) of ERISA or a tax would be imposed pursuant to section 4975 of the Code. The representation by the Company in the next preceding sentence is made in reliance upon and subject to the accuracy of each Purchaser's representation in paragraph 9B.

8K. Governmental Consent. Neither the nature of the Company or of any Subsidiary, nor any of their respective businesses or properties, nor any relationship between the Company or any Subsidiary and any other Person, nor any circumstance in connection with the offering, issuance, sale or delivery of the Subordinated Notes is such as to require any authorization, consent, approval, exemption or other action by or notice to or filing with any court or administrative or governmental body (other than routine filings after the date of closing with the Securities and Exchange Commission and/or state Blue Sky authorities) in connection with the execution and delivery of this Agreement and the Guaranty Agreement, the offering, issuance, sale or delivery of the Subordinated Notes or fulfillment of or compliance with the terms and provisions hereof, of the Subordinated Notes or of the Guaranty Agreement. The representation by the Company in this paragraph 8K is made in reliance upon and

subject to the accuracy of each Purchaser's representation in paragraph 9.

8L. Compliance with Environmental and Other Laws. The Company and its Subsidiaries and all of their respective properties and facilities have complied at all times and in all respects with all federal, state, local, foreign and regional statutes, laws, ordinances and judicial or administrative orders, judgments, rulings and regulations, including, without limitation, those relating to protection of the environment except, in any such case, where failure to comply,

individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

8M. Regulatory Status. Neither the Company nor any of its Subsidiaries is (i) an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or an "investment adviser" within the meaning of the Investment Advisers Act of 1940, as amended, (ii) a "holding company" of a "public utility company" or a "subsidiary company" or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended, or (iii) a "public utility" within the meaning of the Federal Power Act, as amended.

8N. Permits and Other Operating Rights. The Company and each Subsidiary has all such valid and sufficient certificates of convenience and necessity, franchises, licenses, permits, operating rights and other authorizations from federal, state, foreign, regional, municipal and other local regulatory bodies or administrative agencies or other governmental bodies having jurisdiction over the Company or any Subsidiary or any of its properties, as are necessary for the ownership, operation and maintenance of its businesses and properties, as presently conducted and, as far as the Company can reasonably foresee, as proposed to be conducted while the Subordinated Notes are outstanding, subject to exceptions and deficiencies which, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect, and such certificates of convenience and necessity, franchises, licenses, permits, operating rights and other authorizations from federal, state, foreign, regional, municipal and other local regulatory bodies or administrative agencies or other governmental bodies having jurisdiction over the Company, any Subsidiary or any of its properties are free from restrictions or conditions which, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect, and neither the Company nor any Subsidiary is in violation of any thereof in any respect that would be reasonably expected to have a Material Adverse Effect.

8O. Rule 144A. The Subordinated Notes are not of the same class as securities of the Company, if any, listed on a national securities exchange, registered under Section 6 of the Exchange Act or quoted in a U.S. automated inter-dealer quotation system.

8P. Disclosure. Neither this Agreement, the Guaranty Agreement nor any other document, certificate or statement furnished to any Purchaser by or on behalf of the Company or any Guarantor in connection herewith contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein not misleading in light of the circumstances under which they were provided. There is no fact or facts peculiar to the Company or any of its Subsidiaries which materially adversely affects or in the future may (so far as the Company can now reasonably foresee), individually or in the aggregate, reasonably be expected to materially adversely affect the business, property or assets, or financial condition of the Company or any of its Subsidiaries and which has not been set forth in this Agreement or in the other documents, certificates and statements furnished to each Purchaser by or on behalf of the Company

prior to the date hereof in connection with the transactions contemplated hereby. The financial projections contained in the Memorandum, as updated by the financial projections delivered pursuant to paragraph 3F hereof, are reasonable based on the assumptions stated therein and the best information available to the officers of the Company at the time and under the circumstances under which such projections and assumptions were provided. It is understood and

acknowledged by the holders of the Subordinated Notes that the assumptions and the projections involve inherent uncertainties about many matters, many of which are beyond the control of the Company and the Subsidiaries, and that actual results may not match the projections for any number of reasons.

9. REPRESENTATIONS OF EACH PURCHASER. Each Purchaser represents as follows:

9A. Nature of Purchase. Such Purchaser is not acquiring the Subordinated Notes to be purchased by it hereunder with a view to or for sale in connection with any distribution thereof within the meaning of the Securities Act, provided that the disposition of such Purchaser's property shall at all times be and remain within its control.

9B. Source of Funds. At least one of the following statements is an accurate representation as to each source of funds (a "Source") to be used by such Purchaser to pay the purchase price of the Subordinated Notes to be purchased by it hereunder: (i) the Source is the "insurance company general account" of such Purchaser (as such term is defined under Section V of the United States Department of Labor's Prohibited Transaction Class Exemption ("PTCE") 95-60), and as of the date of the purchase of the Subordinated Notes such Purchaser satisfies all of the applicable requirements for relief under Sections I and IV of PTCE 95-60; (ii) the Source is a separate account maintained by such Purchaser in which no employee benefit plan, other than employee benefit plans identified on a written list which has been furnished by such Purchaser to the Company, participates to the extent of 10% or more; (iii) the Source constitutes assets of an "investment fund" (within the meaning of Part V of the QPAM Exemption) managed by a "qualified professional asset manager" or "QPAM" (within the meaning of Part V of the QPAM Exemption), no employee benefit plan's assets that are included in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Section V(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, exceed 20% of the total client assets managed by such QPAM, the conditions of Part 1(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a person controlling or controlled by the QPAM (applying the definition of "control" in Section V(e) of the QPAM Exemption) owns a 5% or more interest in the Company and (a) the identity of such QPAM and (b) the names of all employee benefit plan whose assets are included in such investment fund have been disclosed to the Company in writing pursuant to this clause (iii); (iv) the Source is a governmental plan; (v) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this clause (v); or (vi) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA. For the purpose of this paragraph 9B, the terms "separate account",

"governmental plan", and "employee benefit plan" shall have the respective meanings specified in section 3 of ERISA.

10. SUBORDINATION OF SUBORDINATED NOTES. Anything in this Agreement or the Subordinated Notes to the contrary notwithstanding, each Purchaser and each Transferee of a Subordinated Note by its acceptance of a Subordinated Note covenants and agrees that the payment of the principal of, interest on, and Yield-Maintenance Amount or Adjusted Yield-Maintenance Amount, if any, with respect to, the Subordinated Notes and any guarantee of payment with respect to any of the foregoing (all of the foregoing, the "Subordinated Obligations") shall, to the extent set forth in this paragraph 10, be subordinate and junior and subject in right of payment to the prior payment in full of all Senior Indebtedness.

10A. Payment Default or Acceleration. Except under circumstances when the terms of paragraph 10C are applicable, if (i) a Payment Default or Senior Indebtedness Acceleration shall have occurred and be continuing, and (ii) the holders of the Subordinated Notes shall have received a Payment Default Notice, then no holder of the Subordinated Notes shall accept or receive any direct or indirect payment (in cash, other property, by setoff, or otherwise) on account of the Subordinated Obligations during the Payment Blockage Period; provided, however, that in the case of any payment on or in respect of any Subordinated

Obligation that would (in the absence of any such Payment Default Notice) have been due and payable on any date (a "Scheduled Payment Date") during such Payment Blockage Period pursuant to the terms of this Agreement as in effect on the date hereof or as amended consistent with the provisions of paragraph 10J hereof, the provisions of this paragraph 10A shall not prevent the making and acceptance of such payment (a "Scheduled Payment"), together with any additional default interest as is provided in this Agreement or the Subordinated Notes, on or after the date immediately following the termination of such Payment Blockage Period, provided, further, that if the holders of the Subordinated Notes shall
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have received any payment thereon and, within 5 days after the date such payment was made, shall receive a Payment Default Notice referencing a Payment Default or a Senior Indebtedness Acceleration, in either case which had occurred and was continuing on the date of such payment, then the payment so received shall be subject to the provisions of the next succeeding paragraph and shall be paid over immediately to the holders of the Senior Indebtedness.

In the event that, notwithstanding the foregoing, the Company shall make any payment to any holder of the Subordinated Notes prohibited by the foregoing provisions of this paragraph 10A, then and in such event such payment shall be segregated by such holder and held in trust for the benefit of and immediately shall be paid over to the holders of the Senior Indebtedness for application against the Senior Indebtedness remaining unpaid until such Senior Indebtedness is paid in full. Any Payment Default Notice shall be deemed received by the holders of the Subordinated Notes upon the date of actual receipt by the holders of the Subordinated Notes of such Payment Default Notice in writing.

10B. Non-Payment Default. Except under circumstances when the terms of paragraphs 10A or 10C are applicable, if (i) a Non-Payment Default shall have occurred and be continuing, (ii)

the holders of the Subordinated Notes shall have received a Non-Payment Default Notice, and (iii) no Non-Payment Default Notice shall have been given within the 360-day period immediately preceding the giving of such Non-Payment Default Notice, then no holder of the Subordinated Notes shall accept or receive any direct or indirect payment (in cash, other property, by setoff, or otherwise) on account of the Subordinated Obligations during the Non-Payment Blockage Period; provided, however, that in the case of any Scheduled Payment on or in respect
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of any Subordinated Obligation that would (in the absence of any such Non-Payment Default Notice) have been due and payable on any Scheduled Payment Date during such Non-Payment Blockage Period pursuant to the terms of this Agreement as in effect on the date hereof or as amended consistent with the requirements of paragraph 10J hereof, the provisions of this paragraph 10B shall not prevent the making and acceptance of such Scheduled Payment, together with any additional default interest as is provided in this Agreement or the Subordinated Notes, on or after the date immediately following the termination of such Non-Payment Blockage Period.

In the event that, notwithstanding the foregoing, the Company shall make any payment to any holder of the Subordinated Notes prohibited by the foregoing provisions of this paragraph 10B, then and in such event such payment shall be segregated by such holder and held in trust for the benefit of and immediately shall be paid over to the holders of the Senior Indebtedness for application against the Senior Indebtedness remaining unpaid until such Senior Indebtedness is paid in full. Any Non-Payment Default Notice shall be deemed received by the holders of the Subordinated Notes upon the date of actual receipt by the holders of the Subordinated Notes of such Non-Payment Default Notice in writing.

10C. Insolvency; Bankruptcy; etc. In the event of the institution of any Insolvency Proceeding relative to the Company, then any payment or distribution of any kind or character, whether in cash, property or securities, by setoff or otherwise, which may be payable or deliverable in such proceedings in respect of the Subordinated Obligations shall be paid or delivered by the Person making such payment or distribution, whether a trustee in bankruptcy, a receiver, a liquidating trustee, or otherwise, directly to the holders of the Senior Indebtedness to the extent necessary to make payment in full of all Senior Indebtedness remaining unpaid; provided, however, that no such delivery
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of any Reorganization Securities shall be made to holders of the Senior Indebtedness. In the event that, notwithstanding the foregoing provisions of this paragraph 10C, the holders of the Subordinated Notes shall have received

any such payment or distribution of any kind or character, whether in cash, property or securities, by setoff or otherwise, before all Senior Indebtedness is paid in full, which is to be paid to the holders of the Senior Indebtedness under the foregoing provisions of this paragraph 10C, then and in such event such payment or distribution shall be segregated and held in trust for the benefit of and immediately shall be paid over to the holders of the Senior Indebtedness for application to the payment of all Senior Indebtedness remaining unpaid until all such Senior Indebtedness shall have been paid in full.

10D. No Impairment. No right of any present or future holder of Senior Indebtedness to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any non-compliance by the Company with

the terms, provisions, and covenants of this Agreement or the Subordinated Notes, regardless of any knowledge thereof any such holder may have or be otherwise charged with.

10E. Defines Rights of Creditors; Subrogation. The provisions of this paragraph 10 are for the purpose of defining the relative rights of the holders of Senior Indebtedness on the one hand, and the holders of the Subordinated Notes on the other hand, and nothing herein shall impair, as between the Company and the holders of the Subordinated Notes, the obligation of the Company, which is unconditional and absolute, to pay to the holders thereof the principal thereof and Yield-Maintenance Amount or Adjusted Yield-Maintenance Amount, if any, and interest thereon in accordance with their terms and the provisions hereof, nor shall anything herein prevent the holders of the Subordinated Notes from exercising all remedies otherwise permitted by applicable law or hereunder upon default hereunder or under the Subordinated Notes (including the right to demand payment and sue for performance hereof and of the Subordinated Notes and to accelerate the maturity thereof as provided in paragraph 7 hereof), subject to the rights of holders of Senior Indebtedness under this paragraph 10, provided, no holder of a Subordinated Note and no agent or representative
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thereof shall exercise any remedies against, or attempt to foreclose upon, garnish, sequester or execute upon, any property known to it as constituting collateral for the Senior Indebtedness (other than to file or record any judgment liens it may have obtained against such collateral) during any period in which the holders of the Senior Indebtedness have commenced and are pursuing with reasonable diligence a judicial proceeding to obtain a judgment against the Company in respect of the Senior Indebtedness or to effect a sale of the collateral for the Senior Indebtedness or non-judicial remedies to effect a sale of the collateral for the Senior Indebtedness. Upon payment in full of the Senior Indebtedness, the holders of the Subordinated Notes shall, to the extent of any payments or distributions paid or delivered to the holders of the Senior Indebtedness or otherwise applied to the Senior Indebtedness pursuant to the provisions of this paragraph 10, be subrogated to the rights of the holders of the Senior Indebtedness to receive payments or distributions of assets of the Company made on Senior Indebtedness (and any security therefor) until the Subordinated Obligations shall be paid in full (and, for this purpose, no such payments or distributions paid or delivered to the holders of the Senior Indebtedness or otherwise applied to the Senior Indebtedness shall be deemed to have discharged the Subordinated Obligations), and, for the purposes of such subrogation, no payments to the holders of Senior Indebtedness of any cash, assets, stock, or obligations to which the holders of the Subordinated Notes would be entitled except for the provisions of this paragraph 10 shall, as between the Company, its creditors (other than the holders of the Senior Indebtedness), and the holders of the Subordinated Notes, be deemed to be a payment by the Company to or on account of Senior Indebtedness. The fact that failure to make any payment on account of the Subordinated Obligations is caused by reason of the operation of any provision of this paragraph 10 shall not be construed as preventing the occurrence of an Event of Default.

10F. Payments on Senior Indebtedness. In the event that any holder of a Subordinated Note determines in good faith that evidence is required with respect to the right of any holder of Senior Indebtedness to participate in any payment or distribution pursuant to this paragraph 10 or the amount of such participation, such holder of a Subordinated Note may request such Person to furnish evidence to the reasonable satisfaction of such holder of a Subordinated Note as to the

amount of Senior Indebtedness held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such Person under this paragraph 10, and if such evidence is not furnished such holder of a Subordinated Note may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment; provided that, upon the written request of such Person to such holder, such payment shall be made to the court having jurisdiction over such judicial determination or to another Person mutually satisfactory to such Person and such holder, as escrowee, to be held and invested pending such judicial determination in accordance with such instructions as shall be mutually satisfactory to such Person and such holder and upon such judicial determination becoming final and nonappealable to be distributed in accordance therewith to the Person entitled thereto.

10G. Notice Upon Acceleration. If payment of the Subordinated Notes is accelerated because of an Event of Default, the Company will promptly notify the Senior Indebtedness Representative of such acceleration. The Company may not pay the Subordinated Notes until ten Business Days after the Senior Indebtedness Representative receives notice of such acceleration from the Company or any holder of any Subordinated Notes and, after that ten business day period, may pay the Subordinated Notes only if the provisions of this paragraph 10 do not prohibit such payment at that time.

10H. Reinstatement. To the extent any payment of or distribution in respect of the Senior Indebtedness (whether by or on behalf of the Company, as proceeds of security or enforcement of any right of set off or otherwise) is declared to be fraudulent or preferential, set aside or required to be paid to any receiver, trustee in bankruptcy, liquidating trustee, agent or other similar person under any bankruptcy, insolvency, receivership, fraudulent conveyance or similar law, then if such payment or distribution is recovered by, or paid over to, such receiver, trustee in bankruptcy, liquidating trustee, agent or other similar person, the Senior Indebtedness or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment has not occurred and the provisions of this paragraph 10 shall continue to be applicable in respect of said reinstated Senior Indebtedness.

10I. No Waiver. Any renewal or extension of the time of payment of any Senior Indebtedness or the exercise by the holders of Senior Indebtedness of any of their rights under any instrument creating or evidencing Senior Indebtedness, including, without limitation, the waiver of default thereunder, may be made or done all without notice to or assent from the holders of the Subordinated Notes and shall not affect the provisions or efficacy of this paragraph 10. No compromise, alteration, amendment, modification, extension, renewal or other change of, or waiver, consent or other action in respect of, any liability or obligation under or in respect of, or of any of the terms, covenants or conditions of any agreement, indenture or other instrument under which any Senior Indebtedness is outstanding or of such Senior Indebtedness, shall in any way alter or affect any of the provisions of this paragraph 10 or of the Subordinated Notes relating to the subordination thereof. The foregoing provisions are not intended to permit a change to the definition of "Senior Indebtedness" contained in this Agreement.

10J. Amendments. No amendment of this paragraph 10, or the definitions used in this paragraph 10, or any amendment of paragraph 4A of this Agreement which would have the effect of accelerating the date for, or increasing the amount of, any scheduled prepayment of principal of the Subordinated Notes, or of any section that would have the effect of modifying this paragraph 10, or the definitions used in this paragraph 10, or so amending paragraph 4A, shall be made without the prior written consent of the Senior Indebtedness Representative.

11. DEFINITIONS; ACCOUNTING MATTERS. For the purpose of this Agreement, the terms defined in paragraphs 11A and 11B (or within the text of any other paragraph) shall have the respective meanings specified therein and all accounting matters shall be subject to determination as provided in paragraph 11C.

11A. Yield-Maintenance Terms.

"Adjusted Discounted Value" shall mean with respect to the Called Principal of any Subordinated Note, the amount obtained by discounting all

Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (as converted to reflect the same periodic basis on which interest on the Subordinated Notes is payable, if interest on the Subordinated Notes is payable other than on a semi-annual basis) equal to the Reinvestment Yield with respect to such Called Principal plus 1.00%.

"Adjusted Yield-Maintenance Amount" shall mean, with respect to any Subordinated Note, an amount equal to the excess, if any, of the Adjusted Discounted Value of the Called Principal of such Subordinated Note over the sum of (i) such Called Principal plus (ii) interest accrued thereon as of (including interest due on) the Settlement Date with respect to such Called Principal. The Adjusted Yield-Maintenance Amount shall in no event be less than zero.

"Called Principal" shall mean, with respect to any Subordinated Note, the principal of such Subordinated Note that is to be prepaid pursuant to paragraph 4B or paragraph 4E or is declared to be or becomes immediately due and payable pursuant to paragraph 7A, as the context requires.

"Discounted Value" shall mean, with respect to the Called Principal of any Subordinated Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (as converted to reflect the same periodic basis on which interest on the Subordinated Notes is payable, if interest on the Subordinated Notes is payable other than on a semi-annual basis) equal to the Reinvestment Yield with respect to such Called Principal.

"Reinvestment Yield" shall mean, with respect to the Called Principal of any Subordinated Note, 1.50% over the yield to maturity implied by (i) the yields reported, as of 10:00

a.m. (New York City time) on the Business Day next preceding the Settlement Date with respect to such Called Principal, on the display designated as "Page 678" on the Bridge Telerate Services (Telerate) (or such other display as may replace Page 678 on the Bridge Telerate Services (Telerate)) for actively traded U.S. Treasury securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or if such yields shall not be reported as of such time or the yields reported as of such time shall not be ascertainable, (ii) the Treasury Constant Maturity Series yields reported, for the latest day for which such yields shall have been so reported as of the Business Day next preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. Such implied yield shall be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between yields reported for various maturities. The Reinvestment Yield will be rounded to that number of decimal places as appears in the coupon for the Subordinated Notes.

"Remaining Average Life" shall mean, with respect to the Called Principal of any Subordinated Note, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) each Remaining Scheduled Payment of such Called Principal (but not of interest thereon) by (b) the number of years (calculated to the nearest one-twelfth year) which will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"Remaining Scheduled Payments" shall mean, with respect to the Called Principal of any Subordinated Note, all payments of such Called Principal and interest thereon that would be due on or after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date.

"Settlement Date" shall mean, with respect to the Called Principal of any Subordinated Note, the date on which such Called Principal is to be prepaid pursuant to paragraph 4B or paragraph 4E or is declared to be or becomes

immediately due and payable pursuant to paragraph 7A, as the context requires.

"Yield-Maintenance Amount" shall mean, with respect to any Subordinated Note, an amount equal to the excess, if any, of the Discounted Value of the Called Principal of such Subordinated Note over the sum of (i) such Called Principal plus (ii) interest accrued thereon as of (including interest due on) the Settlement Date with respect to such Called Principal. The Yield-Maintenance Amount shall in no event be less than zero.

11B. Other Terms.

"Acquisition" means any transaction, or any series of related transactions, by which the Company or any of its Subsidiaries (i) acquires all or substantially all of the assets of any Person, or division thereof, whether through purchase of assets, merger or otherwise or (ii) directly or indirectly acquires all of the securities of or outstanding ownership interests or control of any Person.

"Add-Back Adjustments" shall mean the pro forma adjustments of the types referred to in 17 CFR 210.11-02(b)(6).

"Affiliate" of any Person shall mean (i) any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such first Person, and (ii) with respect to any Purchaser, any investment fund or vehicle for which such Purchaser or any Affiliate of such Purchaser acts as investment advisor or portfolio manager. A Person shall be deemed to control a corporation or other entity if (a) such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such corporation or entity, whether through the ownership of voting securities, by contract or otherwise, or (b) if such Person owns, directly or indirectly, 10% or more of the total combined voting power of all voting securities of such corporation or entity.

"Bankruptcy Code" shall mean the Bankruptcy Reform Act of 1978, as codified under Title 11 of the United States Code, and the Bankruptcy Rules promulgated thereunder, as the same may be in effect from time to time.

"Bankruptcy Law" shall have the meaning specified in clause (viii) of paragraph 7A.

"Business Day" shall mean any day other than a Saturday, a Sunday or a day on which commercial banks in Houston, Texas or New York City are required or authorized to be closed.

"Capitalized Lease" shall mean any lease the obligations of the lessee under which constitute Capitalized Lease Obligations.

"Capitalized Lease Obligation" shall mean any rental obligation which, under generally accepted accounting principles, would be required to be capitalized on the books of the Company or any Subsidiary, taken at the amount thereof accounted for as indebtedness (net of interest expense) in accordance with such principles.

"Change of Control" shall mean (a) occupation of a majority of the seats (other than vacant seats) on the board of directors of the Company by Persons who were neither (i) nominated by the board of directors of the Company nor (ii) appointed by directors so nominated; or (b) the acquisition of direct or indirect Control of the Company by any Person or any group other than a

group containing only one or more of the shareholders of the Company listed on Schedule 11B(1) hereto.

"closing" or "date of closing" shall have the meaning given in paragraph 2 hereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Consolidated Net Earnings" of any Person for any period shall mean the net income (or loss) of such Person and its Subsidiaries for such period,

excluding (i) any extraordinary items, and (ii) any equity interest of such Person in the unremitted earnings of any Person which is not a Subsidiary of such Person, as determined on a consolidated basis in accordance with generally accepted accounting principles.

"Consolidated Total Assets" shall mean as of any date the total assets of the Company and its Subsidiaries on such date as determined on a consolidated basis in accordance with generally accepted accounting principles.

"Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" shall have meanings correlative thereto.

"Default" shall mean any of the events specified in paragraph 7A, whether or not any requirement in connection with such event for the giving of notice, or the lapse of time, or the happening of any further condition, event or act for such event to become an Event of Default has been satisfied.

"Default Rate" shall mean a rate per annum from time to time equal to the lesser of (i) the greater of (a) 14.00%, or (b) 2.00% over the rate of interest publicly announced by The Bank of New York from time to time in New York City as its Prime Rate or (ii) the maximum rate permitted by applicable law.

"EBITDA" shall mean, for any period, the sum of:

(i) the Consolidated Net Earnings of the Company for such period, plus (to the extent deducted in determining Consolidated Net Earnings of the Company for such period) the aggregate amount of federal, state and local income and franchise taxes, interest expense, depreciation expense and amortization expense for such period; and

(ii) to the extent not included in determining the amount in clause (i), above, for such period, Pro Forma Operating Income.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" shall mean any corporation which is a member of the same controlled group of corporations as the Company within the meaning of section 414(b) of the Code, or any trade or business which is under common control with the Company within the meaning of section 414(c) of the Code.

"Event of Default" shall mean any of the events specified in paragraph 7A, provided that there has been satisfied any requirement in connection with such event for the giving of notice, or the lapse of time, or the happening of any further condition, event or act.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Existing Credit Agreement" shall mean that certain Amended and Restated Credit Agreement, dated February 9, 2000, among the Company as borrower, the Subsidiaries of the Company named therein as guarantors, The Chase Manhattan Bank f/k/a Chase Bank of Texas, National Association, as Administrative Agent, Bankers Trust Company as Syndication Agent, First Union National Bank as Documentation Agent, and the co-agents and lenders named therein, as said document may be amended, restated, renewed, modified or extended from time to time.

"Funded Debt" shall mean, without duplication of amounts, all Indebtedness of the Company and its Subsidiaries for borrowed money, all Capitalized Lease Obligations of the Company or its Subsidiaries, the aggregate LC Exposure and all Indebtedness of the Company or its Subsidiaries evidenced by any Guarantee of Indebtedness, other than the Guarantee of the Indebtedness of the Company and its Subsidiaries which Indebtedness is otherwise permitted hereunder, determined on a consolidated basis.

"Guarantee" of or by any Person (the "guarantor") shall mean any obligation, contingent or otherwise, of the guarantor guaranteeing or having the

economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided, that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Guarantee shall be equal to the outstanding principal amount of the obligation guaranteed or such lesser amount to which the maximum exposure of the guarantor shall have been specifically limited.

"Guarantor" shall mean each Material Subsidiary of the Company in existence as of the date of closing and each other Person which may from time to time execute a Guaranty Agreement.

"Guaranty Agreement" and "Guaranty Agreements" shall have the meaning given in paragraph 3A(ii) hereof.

"Hedging Agreement" means any foreign currency exchange agreement, commodity price protection agreement or other currency exchange rate or commodity price hedging arrangement, or any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement or similar interest rate hedging agreement.

"including" shall mean, unless the context clearly requires otherwise, "including without limitation", whether or not so stated.

"Indebtedness" of any Person shall mean, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (iii) all obligations of such Person upon which interest charges are customarily paid, (iv) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person (excluding accounts payable and accrued liabilities incurred in the ordinary course of business), (v) all obligations of such Person in respect of the deferred purchase price of property or services (excluding accounts payable and accrued liabilities incurred in the ordinary course of business, including retainages and post-closing adjustments), (vi) all Indebtedness of others secured by any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (vii) all Guarantees by such Person of Indebtedness of others, (viii) all Capitalized Lease Obligations of such Person, (ix) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit, letters of guaranty supporting Indebtedness and the net amount under any Interest Rate Risk Indebtedness, and (x) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor.

"Insolvency Proceeding" shall mean (i) any case, action, or proceeding before any court or other governmental authority having jurisdiction over the applicable Person or its assets relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up, or relief of debtors, or (ii) any general assignment for the benefit of creditors, composition, marshaling of assets for creditors, or other similar arrangement in respect of its creditors generally or any substantial portion of its creditors; in each case whether undertaken under U.S. Federal (including the Bankruptcy Code), State, or foreign law.

"Interest Rate Risk Agreement" shall mean the program, and all documents related thereto, for the hedging of interest rate risk provided for in any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement or similar arrangement entered into by the Company or any of its Subsidiaries for the purpose of reducing its exposure to interest rate fluctuations in connection with Funded Debt of the Company or any of its Subsidiaries and not for speculative purposes.

"Interest Rate Risk Indebtedness" shall mean all obligations and Indebtedness of the Company or any of its Subsidiaries with respect to any program for the hedging of interest rate risk provided for in any Interest Rate Risk Agreement.

"LC Disbursement" shall mean a payment made by the issuer of a letter of credit issued for the account of the Company or any Subsidiary pursuant to such letter of credit.

"LC Exposure" shall mean, at any time, the sum of (i) the aggregate undrawn amount of all outstanding letters of credit issued for the account of the Company or any Subsidiary at such time plus (ii) the aggregate amount of all LC Disbursements that have not yet been reimbursed by or on behalf of the Company or its Subsidiaries at such time.

"Lien" shall mean, with respect to any asset, (i) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (ii) the interest of a vendor or lessor under any conditional sale agreement, Capitalized Lease or title retention agreement relating to such asset and (iii) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"Maintenance Capital Expenditure" of any Person for any period shall mean the actual depreciation expense required to be classified and accounted for as depreciation expense on a consolidated income statement of such Person for such period under generally accepted accounting principles.

"Material Adverse Effect" shall mean a material adverse effect on (i) the business, assets, operations, prospects, or condition, financial or otherwise, of the Company and its Subsidiaries taken as a whole, (ii) the ability of the Company and its Subsidiaries taken as a whole, to perform any of its obligations under this Agreement, the Subordinated Notes or any Guaranty Agreement or (iii) the material rights of or benefits available to the holders of the Subordinated Notes under this Agreement, the Subordinated Notes or any Guaranty Agreement to enforce collection of the obligations due under this Agreement, the Subordinated Notes or any Guaranty Agreement.

"Material Subsidiary" shall mean (i) any Significant Subsidiary, or (ii) any Subsidiary which is liable under a Guarantee with respect to any Senior Funded Debt.

"Maximum Senior Debt Leverage Ratio" shall mean 2.25 to 1.00; provided, however, if as of any date upon which compliance with the provisions of paragraph 6A(2) hereof is to be determined the Company is a party to a Principal Bank Lending Agreement which requires the Company to maintain a maximum ratio of the outstanding amount of all Senior Funded Debt to EBITDA for the four consecutive fiscal quarters ending on such date of greater than 2.25 to 1.00 as of such date, then the "Maximum Senior Debt Leverage Ratio" shall mean the maximum ratio of the outstanding amount of all Senior Funded Debt to EBITDA for the four consecutive fiscal quarters ending on such date which the Company is required to maintain under the Principal Bank Lending Agreement as of such date, but in no event shall the Maximum Senior Debt Leverage Ratio as of any date be greater than 2.50 to 1.00.

"Memorandum" shall mean the Company's "Private Placement Memorandum," dated September 2000, relating to the Subordinated Notes, provided by or on behalf of the Company to the Purchasers.

"Multiemployer Plan" shall mean any Plan which is a "multiemployer plan" (as such term is defined in section 4001(a)(3) of ERISA).

"Net Proceeds of Capital Stock" shall mean, with respect to any period, cash proceeds (net of all costs and out-of-pocket expenses in connection therewith, including, without limitation, placement, underwriting and brokerage

fees and expenses), received by the Company from the sale of its capital stock (other than Redeemable capital stock).

"Non-Payment Blockage Period" shall mean, with respect to any Non-Payment Default, the period from and including the date of receipt by the holders of the Subordinated Notes of a Non-Payment Default Notice relating thereto until the first to occur of (a) the date upon which the Senior Indebtedness has been paid in full, (b) the 179th day after receipt of such Non-Payment Default Notice, (c) the date on which the Non-Payment Default which is the subject of such Non-Payment Default Notice has been waived in writing by the applicable holder or holders of the Senior Indebtedness or an agent or representative on their behalf, cured, or ceased to exist, or (d) the date upon which the Person(s) giving such Non-Payment Default Notice notify the holders of the Subordinated Notes of the termination of such Non-Payment Blockage Period.

"Non-Payment Default' shall mean the occurrence of any event under any agreement under which any Senior Indebtedness in an aggregate amount of at least $1,000,000 is outstanding, not constituting a Payment Default, which gives the holder of such Senior Indebtedness, or an agent or representative acting on behalf of such holder, the right to cause the maturity of such Senior Indebtedness to be accelerated immediately without any further notice (except such notice as may be required to effect such acceleration) or the expiration of any applicable grace period.

"Non-Payment Default Notice" shall mean a written notice from or on behalf of the Senior Indebtedness Representative that a Non-Payment Default with respect to at least a majority of the outstanding principal amount of all Senior Indebtedness then outstanding has occurred and

is continuing which identifies such Non-Payment Default and specifically designates such notice as a "Non-Payment Default Notice".

"Officer's Certificate" shall mean a certificate signed in the name of the Company by its President, one of its Vice Presidents or its Treasurer.

"Operating Lease" shall mean any lease of real or personal property which is not a Capitalized Lease.

"Payment Blockage Period" shall mean, with respect to any Payment Default or Senior Indebtedness Acceleration, the period from and including the date of receipt by the holders of the Subordinated Notes of a Payment Default Notice relating thereto until the first to occur of (a) the date upon which the Senior Indebtedness has been paid in full, (b) if such Payment Default Notice relates to a Payment Default, the date on which the Payment Default which is the subject of such Payment Default Notice has been waived in writing by the applicable holder or holders of the Senior Indebtedness or an agent or representative on their behalf, cured or ceased to exist, or if such Payment Default Notice relates to a Senior Indebtedness Acceleration, the date on which such acceleration is rescinded, annulled or ceased to exist, or (c) the day upon which the Person(s) giving such Payment Default Notice notify the holders of the Subordinated Notes of the termination of such Payment Blockage Period.

"Payment Default" shall mean a default by the Company in any payment on the portion of Senior Indebtedness consisting of principal, interest or premium in an aggregate amount of at least $1,000,000 when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or acceleration or otherwise.

"Payment Default Notice" shall mean a written notice from or on behalf of any holder of any Senior Indebtedness that either (i) a Payment Default with respect to such Senior Indebtedness has occurred and is continuing, or (ii) a Senior Indebtedness Acceleration with respect to such Senior Indebtedness has occurred and is continuing.

"PBGC" shall mean the Pension Benefit Guaranty Corporation, or any successor or replacement entity thereto under ERISA.

"Permitted Businesses" shall mean any business that involves the production, distribution or sale of ready-mixed concrete (including truck-mixed concrete) and other cement mixtures; precast concrete products; slag products; retail sales of concrete products, equipment, tools and accessories; aggregate production, storage and sales and any logical extension of or business activity

reasonably related to or in furtherance of any of the foregoing.

"Permitted Encumbrances" shall mean:

(i) Liens for taxes (including ad valorem and property taxes) and assessments or governmental charges or levies not yet due or which are being actively contested in good faith by appropriate proceedings in compliance with, or otherwise permitted to be incurred pursuant to, paragraph 5H;

(ii) Liens existing as of the date hereof specified on Schedule 6B;

(iii) other Liens incidental to the conduct of the business of the Company and its Subsidiaries or the maintenance, operation, construction or ownership of its property and assets (including pledges or deposits in connection with workers' compensation and social security taxes, assessments and charges, and landlord's, mechanic's and materialmen's Liens and survey exceptions or encumbrances, easements or reservations, rights-of-way, or zoning restrictions) provided that (A) such Liens were not incurred in connection with the incurrence of Indebtedness , and (B) the existence of such Liens does not materially detract from the value of such property or assets to the Company or any Subsidiary or unreasonably interfere with the ordinary conduct of business;

(iv) Liens on property or assets of a Subsidiary to secure obligations of such Subsidiary to the Company or another Subsidiary;

(v) Liens incurred or deposits made in the ordinary course of business to secure (or to obtain letters of credit that secure) the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, performance bonds, purchase, construction or sales contracts and other similar obligations, in each case not incurred or made in connection with the incurrence of Indebtedness;

(vi) any Lien renewing, extending or refunding any Lien permitted by clause (ii) so long as the principal amount of Indebtedness secured by such Lien immediately prior thereto is not increased or the maturity thereof reduced, such Indebtedness is permitted to be outstanding hereunder and such Lien is not extended to other property;

(vii) (A) any right of setoff or banker's lien (whether by common law, statute, contract or otherwise) or (B) any other setoff right in favor of any other Person arising under common law or statute, in either case not relating to Indebtedness; and

(viii) Liens created by, resulting from or arising in connection with any litigation or legal proceeding involving the Company or any Subsidiary, excluding any judgment Liens or Liens in the form of attachments in aid of execution on a judgment to the extent the aggregate amount of all such judgments would cause a Default or an Event of Default to occur in respect to paragraph 7A(xiii).

"Permitted Investments" shall mean:

(i) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America), in each case maturing within one year from the date of acquisition thereof;

(ii) investments in commercial paper maturing within 270 days from the date of acquisition thereof and having, at such date of acquisition, the highest credit rating obtainable from Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc., or from Moody's Investors Service, Inc.; and

(iii) investments in certificates of deposit, banker's acceptances and time deposits maturing within 180 days from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit

accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the United States of America or any State thereof which has a combined capital and surplus and undivided profits of not less than $500,000,000.

"Person" shall mean and include an individual, a partnership, a joint venture, a corporation, a trust, a limited liability company, an unincorporated organization and a government or any department or agency thereof.

"Plan" shall mean any "employee pension benefit plan" (as such term is defined in section 3 of ERISA) which is or has been established or maintained, or to which contributions are or have been made, by the Company or any ERISA Affiliate.

"Potential Change of Control" shall mean (i) the execution by the Company or any of its Subsidiaries or Affiliates of any agreement or letter of intent with respect to any proposed transaction, or event or series of transactions or events which, individually or in the aggregate, would, if consummated as therein contemplated, result in a Change in Control, (ii) the execution by the Company or any of its Subsidiaries of any written agreement which, when fully performed by the parties thereto, would result in a Change in Control, or (iii) the making of any written offer by any person (as such term is used in Section 13(d) and Section 14(d)(2) of the Exchange Act as in effect on the date of the Closing) or related persons constituting a group (as such term is used in Rule 13d-5 under the Exchange Act as in effect on the date of the Closing) to the holders of the common stock of the Company, which offer, if accepted by the requisite number of holders, would result in a Change in Control.

"Principal Bank Lending Agreement" shall mean at any time the agreement then in effect under which the Company may borrow or has outstanding Senior Funded Debt used to meet the working capital needs of the Company and its Subsidiaries. If at any time there is more than one such agreement in effect, then the "Principal Bank Lending Agreement" shall mean the one of such

agreements under which the commitment to loan Senior Funded Debt to the Company or its Subsidiaries is the greatest.

"Pro Forma Operating Income" shall mean for each Qualified Company whose Acquisition by the Company occurs during the four consecutive fiscal quarter period preceding the date as of which EBITDA is being calculated and with respect to the period beginning four fiscal quarters prior to the calculation of EBITDA through the date of such Acquisition, the sum of Consolidated Net Earnings of such Qualified Company for such period, plus (to the extent deducted in determining Consolidated Net Earnings of such Qualified Company for such period) the aggregate amount of federal, state and local income and franchise taxes, interest expense, depreciation expense and amortization expense for such period, plus or minus, as applicable, Add-Back Adjustments with respect to such Qualified Company, in the case of each such item equal to the amount of such item as set forth in the pro forma presentation of the results of such Acquisition contained in the applicable form filed or to be filed by the Company with the Securities and Exchange Commission reporting such Acquisition.

"property" or "properties" shall mean any real or personal property of any kind, tangible or intangible, choate or inchoate.

"Proposed Prepayment Date" shall have the meaning given in paragraph 4E(3) hereof.

"Purchasers" shall have the meaning given in the introductory paragraph hereof.

"QPAM Exemption" shall mean Prohibited Transaction Class Exemption 84-14 issued by the United States Department of Labor.

"Qualified Company" means any provider of ready-mixed concrete, concrete products or related products and services to the construction industry.

"Redeemable" shall mean, with respect to the capital stock of any Person, each share of such Person's capital stock that, at any time before two years after the maturity date of the Subordinated Notes, is (i) redeemable, payable or required to be purchased or otherwise returned or extinguished, or

convertible into or exchanged for any Indebtedness of such Person or any of its Subsidiaries, (a) at a fixed or determinable date, whether by operation of a sinking fund or otherwise, (b) at the option of any Person other than such Person, or (c) upon the occurrence of a condition not solely within the control of such Person, or (ii) convertible into or exchangeable for any other Redeemable capital stock of such Person or any of its Subsidiaries.

"Rentals" shall mean all rental and other obligations paid by the Company or any Subsidiary as lessee under any Operating Lease.

"Reorganization Securities" shall mean (i) debt securities that are issued pursuant to an Insolvency Proceeding the payment of which is subordinate and junior at least to the extent provided in paragraph 10 of this Agreement to the payment of all Senior Indebtedness outstanding at the time of the issuance thereof and to the payment of all debt securities issued in exchange for such Senior Indebtedness in such Insolvency Proceeding (whether such subordination is effected by the terms of such securities, an order or decree issued in such Insolvency Proceeding, by agreement of the holders of the Subordinated Notes or otherwise), or (ii) equity securities that are issued pursuant to an Insolvency Proceeding; provided, in either case, that such securities are authorized by an order or decree made by a court of competent jurisdiction in such Insolvency Proceeding.

"Required Holder(s)" shall mean the holder or holders of more than 50% of the aggregate principal amount of the Subordinated Notes from time to time outstanding (exclusive of any Subordinated Note then owned by the Company or any of its Subsidiaries or Affiliates).

"Responsible Officer" shall mean the chief executive officer, chief operating officer, chief financial officer or chief accounting officer of the Company or any other officer of the Company involved principally in its financial administration or its controllership function.

"Restricted Payment" shall mean (i) any dividend or other distribution (whether in cash, securities or other property, except distributions payable in capital stock which is not Redeemable capital stock) with respect to any shares of any class of capital stock of or other ownership interests in the Company or any Subsidiary (other than distributions paid to the Company or any Wholly-Owned Subsidiary), or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such shares of capital stock of the Company or any Subsidiary, any option, warrant or other right to acquire any such shares of capital stock of or other ownership interests in the Company or any Subsidiary or any debt of the Company or any Subsidiary which is subordinated to the Subordinated Obligations, in each case other than paid to the Company or any Wholly-Owned Subsidiary, and (ii) any voluntary prepayments of principal of, or any voluntary purchase, redemption, retirement, acquisition, cancellation or termination prior to the date when due of, any principal of any Subordinated Debt which is pari passu with the
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Subordinated Obligations; provided Restricted Payment shall not include any scheduled interest payment made on Subordinated Debt which is otherwise permitted pursuant to the terms hereof.

"Scheduled Payment" shall have the meaning given in paragraph 10A.

"Scheduled Payment Date" shall have the meaning given in paragraph 10A.

"Securities Act" shall mean the Securities Act of 1933, as amended.

"Senior Indebtedness" shall mean the principal amount of all Funded Debt which is not Subordinated Debt, provided that such Funded Debt is permitted to be outstanding under the provisions of paragraph 6A(2) hereof, together with any accrued and unpaid interest thereon or

premium with respect thereto. For the purpose of determining whether any Funded Debt was permitted to be outstanding under the provisions of paragraph 6A(2) hereof in order to determine whether such Funded Debt constitutes "Senior

Indebtedness" hereunder, but for no other purpose, any Funded Debt with respect to which the lender thereof relied, at the time such Funded Debt was incurred, upon a certificate of a Responsible Officer which may be contained in, or be a part of a Borrowing Request (as said term is defined in the Existing Credit Agreement) showing that the ratio of (i) the outstanding amount of all Senior Funded Debt on such date of incurrence, after giving effect to the incurrence of such Funded Debt, to (ii) EBITDA for the four consecutive fiscal quarters most recently ended prior to such date of incurrence for which financial statements were available, was less than or equal to the Maximum Senior Debt Leverage Ratio, shall be conclusively deemed to be "Senior Indebtedness".

"Senior Indebtedness Acceleration" shall mean with respect to any Senior Indebtedness that the holder or holders of such Senior Indebtedness, or an agent or representative on behalf of such holder or holders, have caused the maturity of such Senior Indebtedness in an aggregate amount of at least $1,000,000 to be accelerated.

"Senior Indebtedness Representative" shall mean (i) initially, The Chase Manhattan Bank, or (ii) such other Person selected by the holders of a majority of the Senior Indebtedness to replace the then Senior Indebtedness Representative, notice of the name of, and address for notices hereunder for which, has been given to the holders of the Subordinated Notes by the then Senior Indebtedness Representative being replaced. The address for notices hereunder to The Chase Manhattan Bank shall be 712 Main Street, Houston, Texas 77002, Attn: James R. Dolphin, Fax (713) 216-6004 or such other address as the Senior Indebtedness Representative may specify by notice to holders of the Subordinated Notes.

"Senior Funded Debt" shall mean all Funded Debt which is not Subordinated Debt.

"Significant Subsidiary" shall mean any Subsidiary the net book value of whose assets are equal to or greater than 5% of the Consolidated Total Assets or whose gross revenues are equal to or greater than 5% of the consolidated revenues of the Company and its Subsidiaries, in each case measured by the most recent financial statements delivered under paragraph 5A(i) or 5A(ii) at the time of determination (or, if no financial statements have yet been delivered under paragraph 5A(i) or 5A(ii) at the time of determination, the most recent financial statements referred to in paragraph 8B hereof).

"Significant Holder" shall mean (i) each Purchaser, so long as such Purchaser shall hold (or be committed under this Agreement to purchase) any Subordinated Note, or (ii) any other holder of at least 5% of the aggregate principal amount of the Subordinated Notes from time to time outstanding.

"Subordinated Debt" shall mean the Subordinated Notes and any other Funded Debt of the Company or its Subsidiaries which, by its terms, is subordinated to the Senior Indebtedness

at least to the extent that the Subordinated Obligations are subordinated to the Senior Indebtedness under the provisions of paragraph 10 hereof.

"Subordinated Notes" shall have the meaning given in paragraph 1 hereof.

"Subordinated Obligations" shall have the meaning given in paragraph 10 hereof.

"Subsidiary" of any Person shall mean, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with generally accepted accounting principles as of such date, as well as any other corporation, limited liability company, partnership, association or other entity of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held by the parent. Unless the context otherwise clearly requires, any reference to a "Subsidiary" is a reference to a Subsidiary of the Company.

"Transfer" shall mean any sale, lease, transfer or other disposition of any property or asset or interest in any property.

"Transferee" shall mean any direct or indirect transferee of all or any part of any Subordinated Note purchased by any Purchaser under this Agreement.

"Voting Stock" shall mean, with respect to any corporation, any shares of stock of such corporation whose holders are entitled under ordinary circumstances to vote for the election of directors of such corporation (irrespective of whether at the time stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

"Wholly-Owned Subsidiary" shall mean any Subsidiary of the Company all of the outstanding capital stock of every class of which is owned by the Company or another Wholly-Owned Subsidiary of the Company.

11C. Accounting and Legal Principles, Terms and Determinations. All references in this Agreement to "generally accepted accounting principles" shall be deemed to refer to generally accepted accounting principles in effect in the United States at the time of application thereof. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all determinations with respect to accounting matters hereunder shall be made, and all unaudited financial statements and certificates and reports as to financial matters required to be furnished hereunder shall be prepared, in accordance with generally accepted accounting principles, applied on a basis consistent with the most recent audited consolidated financial statements of the Company and its Subsidiaries delivered pursuant to clause (ii) of paragraph 5A or, if no such statements have been so delivered, the most recent audited financial statements referred to in clause (i) of paragraph 8B. Any reference

herein to any specific citation, section or form of law, statute, rule or regulation shall refer to such new, replacement or analogous citation, section or form should such citation, section or form be modified, amended or replaced.

12. MISCELLANEOUS.

12A. Subordinated Note Payments. The Company agrees that, so long as any Purchaser shall hold any Subordinated Note, it will make payments of principal of, interest on and any Yield-Maintenance Amount or Adjusted Yield-Maintenance Amount payable with respect to such Subordinated Note, which comply with the terms of this Agreement, by wire transfer of immediately available funds for credit (not later than 12:00 noon, New York City time, on the date due) to such Purchaser's account or accounts as specified in the Purchaser Schedule attached hereto, or such other account or accounts in the United States as such Purchaser may designate in writing, notwithstanding any contrary provision herein or in any Subordinated Note with respect to the place of payment. Each Purchaser agrees that, before disposing of any Subordinated Note, such Purchaser will make a notation thereon (or on a schedule attached thereto) of all principal payments previously made thereon and of the date to which interest thereon has been paid. The Company agrees to afford the benefits of this paragraph 12A to any Transferee which shall have made the same agreement as each Purchaser has made in this paragraph 12A.

12B. Expenses. Whether or not the transactions contemplated hereby shall be consummated, the Company shall pay, and save each Purchaser and any Transferee harmless against liability for the payment of, all out-of-pocket expenses arising in connection with such transactions, including:

(i) (a) all stamp and documentary taxes and similar charges, (b) costs of obtaining a private placement number from Standard and Poor's Ratings Group for the Subordinated Notes and (c) fees and expenses of brokers, agents, dealers, investment banks or other intermediaries or placement agents, in each case as a result of the execution and delivery of this Agreement or the Guaranty Agreement or the issuance of the Subordinated Notes;

(ii) document production and duplication charges and the reasonable fees and expenses of any special counsel engaged by such Purchaser or such Transferee in connection with (a) this Agreement, the Guaranty Agreement and the transactions contemplated hereby or thereby and (b) any subsequent proposed waiver, amendment or modification of, or proposed consent

requested by the Company under, this Agreement or the Guaranty Agreement, whether or not such proposed action shall be effected or granted;

(iii) the costs and expenses, including attorneys' and financial advisory fees, incurred by such Purchaser or such Transferee in enforcing (or determining whether or how to enforce) any rights under this Agreement, the Subordinated Notes or the Guaranty Agreement or in responding to any subpoena or other legal process or informal investigative

demand issued in connection with this Agreement or the Guaranty Agreement or the transactions contemplated hereby or by reason of your or such Transferee's having acquired any Subordinated Note, including without limitation costs and expenses incurred in any workout, restructuring or renegotiation proceeding or bankruptcy case; and

(iv) any judgment, liability, claim, order, decree, cost, fee, expense, action or obligation resulting from the consummation of the transactions contemplated hereby, including the use of the proceeds of the Subordinated Notes by the Company.

The obligations of the Company under this paragraph 12B shall survive the transfer of any Subordinated Note or portion thereof or interest therein by any Purchaser or Transferee and the payment of any Subordinated Note.

12C(1). Consent to Amendments. This Agreement may be amended, and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, if the Company shall obtain the written consent to such amendment, action or omission to act, of the Required Holder(s) except that, without the written consent of the holder or holders of all Subordinated Notes at the time outstanding, no amendment to this Agreement shall change the maturity of any Subordinated Note, or change the principal of, or the rate or time of payment of interest on or any Yield-Maintenance Amount or Adjusted Yield-Maintenance Amount payable with respect to any Subordinated Note, or affect the time, amount or allocation of any prepayments, or change the proportion of the principal amount of the Subordinated Notes required with respect to any consent, amendment, waiver or declaration. Each holder of any Subordinated Note at the time or thereafter outstanding shall be bound by any consent authorized by this paragraph 12C(1), whether or not such Subordinated Note shall have been marked to indicate such consent, but any Subordinated Notes issued thereafter may bear a notation referring to any such consent. No course of dealing between the Company and the holder of any Subordinated Note nor any delay in exercising any rights hereunder or under any Subordinated Note shall operate as a waiver of any rights of any holder of such Subordinated Note. As used herein and in the Subordinated Notes, the term "this Agreement" and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

12C(2). Solicitation. The Company will provide each holder of the Subordinated Notes (irrespective of the amount of Subordinated Notes then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the Subordinated Notes. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of paragraph 12C(1) to each holder of outstanding Subordinated Notes promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of the Subordinated Notes.

12C(3). Payment. The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security, to any holder of Subordinated Notes as consideration for or as an inducement to the entering into by any holder of Subordinated Notes of any waiver or amendment of any of the terms and provisions hereof unless such remuneration is concurrently paid, or security is concurrently granted, on the same terms, ratably to each holder of the Subordinated Notes then outstanding even if such holder did not consent to such waiver or amendment.

12D. Form, Registration, Transfer and Exchange of Subordinated Notes; Lost Subordinated Notes. The Subordinated Notes are issuable as registered notes without coupons in denominations of at least $100,000, except as may be necessary to (i) reflect any principal amount not evenly divisible by $100,000 or (ii) enable the registration of transfer by a holder of its entire holding of Subordinated Notes; provided, however, that no such minimum denomination shall apply to Subordinated Notes issued upon transfer by any holder of the Subordinated Notes to any Purchaser or any of such Purchaser's Affiliates or to any other entity or group of Affiliates with respect to which the Subordinated Notes so issued or transferred shall be managed by a single entity. The Company shall keep at its principal office a register in which the Company shall provide for the registration of Subordinated Notes and of transfers of Subordinated Notes. Upon surrender for registration of transfer of any Subordinated Note at the principal office of the Company, the Company shall, at its expense, execute and deliver one or more new Subordinated Notes of like tenor and of a like aggregate principal amount, registered in the name of such transferee or transferees. Each Transferee of any Subordinated Note shall be deemed at the time of the transfer of such Subordinated Note to such Transferee to have made the representations set forth in paragraph 9. At the option of the holder of any Subordinated Note, such Subordinated Note may be exchanged for other Subordinated Notes of like tenor and of any authorized denominations, of a like aggregate principal amount, upon surrender of the Subordinated Note to be exchanged at the principal office of the Company. Whenever any Subordinated Notes are so surrendered for exchange, the Company shall, at its expense, execute and deliver the Subordinated Notes which the holder making the exchange is entitled to receive. Every Subordinated Note surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer duly executed, by the holder of such Subordinated Note or such holder's attorney duly authorized in writing. Any Subordinated Note or Subordinated Notes issued in exchange for any Subordinated Note or upon transfer thereof shall carry the rights to unpaid interest and interest to accrue which were carried by the Subordinated Note so exchanged or transferred, so that neither gain nor loss of interest shall result from any such transfer or exchange. Upon receipt of written notice from the holder of any Subordinated Note of the loss, theft, destruction or mutilation of such Subordinated Note and, in the case of any such loss, theft or destruction, upon receipt of such holder's reasonable indemnity agreement (provided that if such holder of such Subordinated Note is, or is a nominee for or an Affiliate of, an original Purchaser, or is another holder of a Subordinated Note which is a qualified institutional buyer (as defined in Securities and Exchange Commission Rule144A), then such holder's unsecured indemnity agreement shall be satisfactory), or in the case of any such mutilation upon surrender and cancellation of such Subordinated Note, the Company will make and

deliver a new Subordinated Note, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Subordinated Note.

12E. Persons Deemed Owners; Participations. Prior to due presentment for registration of transfer, the Company may treat the Person in whose name any Subordinated Note is registered as the owner and holder of such Subordinated Note for the purpose of receiving payment of principal of, interest on and any Yield-Maintenance Amount or Adjusted Yield-Maintenance Amount payable with respect to such Subordinated Note and for all other purposes whatsoever, whether or not such Subordinated Note shall be overdue, and the Company shall not be affected by notice to the contrary. Subject to the preceding sentence, the holder of any Subordinated Note may from time to time grant participations in such Subordinated Note to any Person on such terms and conditions as may be determined by such holder in its sole and absolute discretion, provided that any such participation shall be in a principal amount of at least $100,000.

12F. Survival of Representations and Warranties; Entire Agreement. All representations and warranties contained herein or made in writing by or on behalf of the Company or any Guarantor in connection herewith shall survive the execution and delivery of this Agreement, the Subordinated Notes and the Guaranty Agreement, the transfer by any Purchaser of any Subordinated Note or portion thereof or interest therein and the payment of any Subordinated Note, and may be relied upon by any Transferee, regardless of any investigation made at any time by or on behalf of any Purchaser or any Transferee. Subject to the preceding sentence, this Agreement and, the Subordinated Notes and the Guaranty Agreement embody the entire agreement and understanding between the Purchasers and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

12G. Successors and Assigns. All covenants and other agreements in this Agreement contained by or on behalf of any of the parties hereto shall bind and inure to the benefit of the respective successors and assigns of the parties hereto (including, without limitation, any Transferee) whether so expressed or not.

12H. Independence of Covenants. All covenants hereunder shall be given independent effect so that if a particular action or condition is prohibited by any one of such covenants, the fact that it would be permitted by an exception to, or otherwise be in compliance within the limitations of, another covenant shall not (i) avoid the occurrence of a Default or Event of Default if such action is taken or such condition exists or (ii) in any way prejudice an attempt by the holder of any Subordinated Note to prohibit through equitable action or otherwise the taking of any action by the Company or any Subsidiary which would result in a Default or Event of Default.

12I. Notices. All written communications provided for hereunder shall be sent by first class mail or nationwide overnight delivery service (with charges prepaid) and (i) if to any Purchaser, addressed to such Purchaser at the address specified for such communications in the Purchaser Schedule attached hereto, or at such other address as such Purchaser shall have specified to the Company in writing, (ii) if to any other holder of any Subordinated Note, addressed to such other

holder at such address as such other holder shall have specified to the Company in writing or, if any such other holder shall not have so specified an address to the Company, then addressed to such other holder in care of the last holder of such Subordinated Note which shall have so specified an address to the Company, and (iii) if to the Company, addressed to it at 1300 Post Oak Blvd., Suite 1220, Houston, Texas 77056, Attention: Chief Financial Officer, or at such other address as the Company shall have specified to the holder of each Subordinated Note in writing; provided, however, that any such communication to the Company may also, at the option of the holder of any Subordinated Note, be delivered by any other means either to the Company at its address specified above or to any officer of the Company. Notices under this paragraph 12I will be deemed given only when actually received.

12J. Payments Due on Non-Business Days. Anything in this Agreement or the Subordinated Notes to the contrary notwithstanding, any payment of principal of, Yield-Maintenance Amount or Adjusted Yield-Maintenance Amount with respect to, or interest on any Subordinated Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day.

12K. Satisfaction Requirement. If any agreement, certificate or other writing, or any action taken or to be taken, is by the terms of this Agreement required to be satisfactory to any Purchaser or to the Required Holder(s), the determination of such satisfaction shall, except as otherwise expressly provided herein, be made by such Purchaser or the Required Holder(s), as the case may be, in the sole and exclusive judgment (exercised in good faith) of the Person or Persons making such determination.

12L. GOVERNING LAW. THIS AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAW OF THE STATE OF NEW YORK (EXCLUDING ANY CONFLICTS OF LAW RULES WHICH WOULD OTHERWISE CAUSE THIS AGREEMENT TO BE CONSTRUED OR ENFORCED IN ACCORDANCE WITH, OR THE RIGHTS OF THE PARTIES TO BE GOVERNED BY, THE LAWS OF ANY OTHER JURISDICTION).

12M. SUBMISSION TO JURISDICTION. ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR THE SUBORDINATED NOTES MAY BE BROUGHT IN ANY NEW YORK STATE COURT SITTING IN NEW YORK CITY OR THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, THE COMPANY HEREBY IRREVOCABLY ACCEPTS, UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS WITH RESPECT TO ANY SUCH ACTION OR PROCEEDING. THE COMPANY FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE

MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO IT AT ITS ADDRESS PROVIDED IN PARAGRAPH 12I, SUCH SERVICE TO BECOME EFFECTIVE UPON RECEIPT. NOTHING HEREIN SHALL AFFECT THE RIGHT OF ANY HOLDER OF A SUBORDINATED NOTE TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST THE COMPANY IN ANY OTHER JURISDICTION. THE COMPANY HEREBY IRREVOCABLY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY OF THE AFORESAID ACTIONS OR PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT BROUGHT IN ANY OF THE AFORESAID COURTS AND HEREBY FURTHER IRREVOCABLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

12N. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

12O. Descriptive Headings; Advice of Counsel; Interpretation. The descriptive headings of the several paragraphs of this Agreement are inserted for convenience only and do not constitute a part of this Agreement. Each party to this Agreement represents to the other parties to this Agreement that such party has been represented by counsel in connection with this Agreement, the Subordinated Notes and the Guaranty Agreement, that such party has discussed this Agreement, the Subordinated Notes and the Guaranty Agreement with its counsel and that any and all issues with respect to this Agreement, the Subordinated Notes and the Guaranty Agreement have been resolved as set forth herein. No provision of this Agreement, the Subordinated Notes or the Guaranty Agreement shall be construed against or interpreted to the disadvantage of any party hereto by any court or other governmental or judicial authority by reason of such party having or being deemed to have structured, drafted or dictated such provision.

12P. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument.

12Q. Severalty of Obligations. The sales of Subordinated Notes to the Purchasers are to be several sales, and the obligations of the Purchasers under this Agreement are several obligations. Except as provided in paragraph 3J, no failure by any Purchaser to perform its obligations under this Agreement shall relieve any other Purchaser or the Company of any of its obligations hereunder, and no Purchaser shall be responsible for the obligations of, or any action taken or omitted by, any other Purchaser hereunder.

12R. Maximum Interest Payable. The Company, you and any other holders of the Subordinated Notes specifically intend and agree to limit contractually the amount of interest payable under this Agreement, the Subordinated Notes, any Guaranty Agreement and all other instruments and agreements related hereto and thereto to the maximum amount of interest lawfully permitted to be charged under applicable law. Therefore, none of the terms of this Agreement, the Subordinated Notes, any Guaranty Agreement or any instrument pertaining to or relating to this Agreement or the Subordinated Notes shall ever be construed to create a contract to pay interest at a rate in excess of the maximum rate permitted to be charged under applicable law, and neither the Company, any Guarantor nor any other party liable or to become liable hereunder, under the Subordinated Notes, any Guaranty Agreement or under any other instruments and agreements related hereto and thereto shall ever be liable for interest in excess of the amount determined at such maximum rate, and the provisions of this paragraph 12R shall control over all other provisions of this Agreement, any Subordinated Notes, any Guaranty Agreement or any other instrument pertaining to or relating to the transactions herein contemplated. If any amount of interest taken or received by any holder of a Subordinated Note shall constitute unearned interest or shall be in excess of said maximum amount of interest which, under applicable law, could lawfully have been collected by such holder incident to such transactions, then such excess shall be deemed to have been the result of a mathematical error by all parties hereto and shall be refunded promptly by the Person receiving such amount to the party paying such amount, or, at the option of the recipient, credited ratably against the unpaid principal amount of the Subordinated Note held by such holder. All amounts paid or agreed to be paid in connection with

such transactions which would under applicable law be deemed "interest" shall, to the extent permitted by such applicable law, be amortized, prorated, allocated and spread throughout the stated term of this Agreement and the Subordinated Notes. "Applicable law" as used in this paragraph means that law in effect from time to time which permits the charging and collection of the highest permissible lawful, nonusurious rate of interest on the transactions herein contemplated including laws of the State of New York and of the United Sates of America, and "maximum rate" as used in this paragraph means, with respect to each of the Subordinated Notes, the maximum lawful, nonusurious rates of interest (if any) which under applicable law may be charged to the Company from time to time with respect to such Subordinated Notes.

12S. Disclosure to Other Persons; Confidentiality. For purposes of this paragraph 12S, "Confidential Information" means information delivered to the holders of the Subordinated Notes by or on behalf of the Company or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is proprietary in nature and that was clearly marked or labeled or otherwise adequately identified when received by such holders of the Subordinated Notes as being confidential information of the Company or such Subsidiary, provided that such term does not include information
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that (a) was publicly known or otherwise known to such holders of the Subordinated Notes prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by such holders of the Subordinated Notes or any person acting on behalf of such holders of the Subordinated Notes, (c) otherwise becomes known to such holders of the Subordinated Notes other than through disclosure by or on behalf of the Company or any Subsidiary or (d) constitutes financial statements delivered to such holders of the Subordinated Notes under paragraph 5A that are otherwise publicly made available. Such holders of the Subordinated Notes

will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by such holders of the Subordinated Notes in good faith to protect confidential information of third parties delivered to such holders of the Subordinated Notes, provided that such holders of the Subordinated Notes,
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may deliver or disclose Confidential Information to

(i) such holder's directors, officers, employees, agents, attorneys and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by the holder's Subordinated Notes);

(ii) such holder's financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this paragraph 12S;

(iii) any other holder of any Subordinated Note;

(iv) any institutional investor to which such holders of the Subordinated Notes sell or offer to sell such Subordinated Note or any part thereof or any participation therein (if such Person has agreed in writing prior to receipt of such Confidential Information to be bound by the provisions of this paragraph 12S);

(v) any Person from which such holder offers to purchase any security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this paragraph 12S);

(vi) any federal or state regulatory authority having jurisdiction over such holders of the Subordinated Notes;

(vii) the National Association of Insurance Commissioners or any similar organization, or any nationally recognized rating agency that requires access to information about such holder's investment portfolio; or

(viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to such holder, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which such holder is a party, or (z) if an Event of Default has occurred

and is continuing, to the extent any holder may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under such holder's Subordinated Notes and this Agreement.

On reasonable request by the Company in connection with the delivery to any holder of a Subordinated Note of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee), such

holder will enter into an agreement with the Company embodying the provisions of this paragraph 12S.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.
SIGNATURES ON THE FOLLOWING PAGE.]

If you are in agreement with the foregoing, please sign the form of acceptance on the enclosed counterparts of this letter and return the same to the Company, whereupon this letter shall become a binding agreement among the Company and the Purchasers.

Very truly yours,

U.S. CONCRETE, INC.

By: /s/ Michael W. Harlan

Title: Senior Vice President

The foregoing Agreement is
hereby accepted as of the
date first above written.

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: /s/ Chris Bruce

Vice President

METROPOLITAN LIFE INSURANCE COMPANY

By: /s/ Claudia Cromie

Title: Director

TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA

By: /s/ Diane Hom

Title: Director-Private Placements

CONNECTICUT GENERAL LIFE INSURANCE COMPANY

By: CIGNA Investments, Inc. (authorized agent)

By: /s/ Debra J. Height
Title: Managing Director

ALLSTATE LIFE INSURANCE COMPANY

By: /s/ Jerry D. Zinkula
Name: Jerry D. Zinkula

By: /s/ Patricia W. Wilson
Name: Patricia W. Wilson

Authorized Signatories

ALLSTATE LIFE INSURANCE COMPANY OF NEW YORK

By: /s/ Jerry D. Zinkula
Name: Jerry D. Zinkula

By: /s/ Patricia W. Wilson
Name: Patricia W. Wilson

Authorized Signatories

SOUTHERN FARM BUREAU LIFE INSURANCE COMPANY

By: /s/ Carol Robertson, CFA
Title: Portfolia Manager - Fixed Income

PURCHASER SCHEDULE

	Aggregate Principal Amount of Subordinated Notes to be Purchased	Subordinated Note Denom-ination(s)
THE PRUDENTIAL INSURANCE COMPANY OF AMERICA	$25,000,000	$25,000,000

(1) All payments on account of Subordinated Notes held by such Purchaser shall be made by wire transfer of immediately available funds for credit to:

Account No. 890-0304-391

The Bank of New York
New York, New York
(ABA No.: 021-000-018)

Each such wire transfer shall set forth the name of the Company, a reference to "12.00% Senior Subordinated Notes due November 10, 2010, Security No. !INV7261!" PPN 90333L A*3, and the due date and application (as among principal, interest and Yield-Maintenance Amount or Adjusted Yield-Maintenance Amount) of the payment being made.

(2) Address for all notices relating to payments:

The Prudential Insurance Company
of America
c/o Investment Operations Group
Gateway Center Four, 10th Floor
100 Mulberry Street
Newark, New Jersey 07102-4077

Attention: Manager

(3) Address for all other communications and notices:

The Prudential Insurance Company
of America
c/o Prudential Capital Group
2200 Ross Avenue, Suite 4200E
Dallas, Texas 75201

Attention: Managing Director
Telephone: (214) 720-6200
Telecopier: (214) 720-6299

(4) Recipient of telephonic prepayment notices and telephonic notices of a Change of Control:

Manager, Trade Management Group
Telephone: (973) 367-3141
Telecopier: (973) 802-4925

(5) Tax Identification No.: 22-1211670

	Aggregate Principal Amount of Subordinated Notes to be Purchased	Subordinated Note Denom-ination(s)
METROPOLITAN LIFE INSURANCE COMPANY	$20,000,000	$20,000,000

(1) All payments on account of Subordinated Notes held by such Purchaser shall be made by wire transfer of immediately available funds for credit to:

The Chase Manhattan Bank
ABA No. 021000021
Account Name: Metropolitan Life Insurance Company
Acct. No. 002-2-410591

With sufficient information to identify the source and application of such funds, including a reference to "U.S. Concrete, Inc., 12% Senior Subordinated Notes due November 10, 2010, PPN 90333L A*3"

(2) Address for all communications and notices:

Metropolitan Life Insurance Company
334 Madison Avenue
P.O. Box 633
Convent Station, NJ 07961

Attention: Private Placement Unit

Telecopy No.: (973) 254-3032

(3) Recipient of telephonic prepayment notices and telephonic notices of a Change of Control:

(973) 254-3373, Director, Private Placement Unit

(4) Tax Identification No.: 13-5581829

	Aggregate Principal Amount of Subordinated Notes to be Purchased	Subordinated Note Denomination(s)
TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA	$20,000,000	$20,000,000

(1) All payments on account of Subordinated Notes held by such Purchaser shall be made by wire transfer of immediately available funds for credit to:

Account No. Chase Manhattan Bank
ABA No. 021-000-021
Account of: Teachers Insurance and Annuity Association of America
Account No. 900-9-000200
For further Credit to the TIAA Account Number: G07040

Each such wire transfer shall set forth the name of the Company, a reference to "12.00% Senior Subordinated Notes due November 10, 2010," PPN 90333L A*3, and the due date and application (as among principal, interest and Yield-Maintenance Amount or Adjusted Yield-Maintenance Amount) of the payment being made.

(2) Contemporaneous with the above electronic funds transfer, advice setting forth (1) the full name, private placement number and interest rate of the Subordinated Note, (2) allocation of payment between principal, interest, Yield-Maintenance Amount, Adjusted Yield-Maintenance Amount and any special payment; and (3) name and address of Bank (or Trustee) from which wire transfer was sent, shall be delivered, mailed or faxed to:

Teachers Insurance and Annuity Association of America
730 Third Avenue
New York, New York 10017-3206
Attention: Securities Accounting Division
Telephone: (212) 916-6004
Fax: (212) 916-6955

(3) Address for all other communications and notices:

Teachers Insurance and Annuity Association of America
730 Third Avenue
New York, New York 10017-3206
Attention: Securities Division
Telephone: (212) 916-6748 (Diane Hom)
(212) 490-90000 (General Number)
Fax: (212) 916-6582 (Team Fax Number)

(4) Recipient of telephonic prepayment notices and telephonic notices of a Change of Control:

Teachers Insurance and Annuity Association of America
730 Third Avenue
New York, New York 10017-3206
Attention: Securities Division
Telephone: (212) 916-6748 (Diane Hom)
(212) 490-90000 (General Number)
Fax: (212) 916-6582 (Team Fax Number)

(5) Tax Identification No.: 13-1624203

	Principal Amount of Subordinated Notes to be Purchased	Subordinated Note Denom-ination(s)
CONNECTICUT GENERAL LIFE INSURANCE COMPANY	$15,000,000	$15,000,000

(1) Subordinated Notes to be registered in the nominee name:

CIG & Co.

(2) All payments on account of Subordinated Notes held by such Purchaser shall be made by federal funds wire transfer of immediately available funds for credit to:

Chase NYC/CTR/
BNF=CIGNA Private Placements/AC=9009001802
ABA# 021000021

Each such wire transfer shall be accompanied by the following information:

OBI=U.S. Concrete, Inc.; 12.00% Senior Subordinated Notes due November 10, 2010; PPN 90333L A*3; due date and application (as among principal, Yield-Maintenance Amount, Adjusted Yield-Maintenance Amount and interest of the payment being made); contact name and phone.

(3) Address for all notices relating to payments:

CIG & Co.
c/o CIGNA Investments, Inc.
Attention: Securities Processing S-309
900 Cottage Grove Road
Hartford, CT 06152-2309

CIG & Co.
c/o CIGNA Investments, Inc.
Attention: Private Securities - S307
Operations Group
900 Cottage Grove Road
Hartford, CT 06152-2307
Fax: 860-726-7203

with a copy to:

Chase Manhattan Bank
Private Placement Servicing
P.O. Box 1508
Bowling Green Station
New York, New York 10081
Attention: CIGNA Private Placements
Fax: 212-552-3107/1005

(4) Address for all other communications and notices:

CIG & Co.
c/o CIGNA Investments, Inc.
Attention: Private Securities Division - S-307
900 Cottage Grove Road
Hartford, CT 06152-2307
Fax: 860-726-7203

(5) Tax Identification No.: 13-3574027

	Aggregate Principal Amount of Subordinated Notes to be Purchased	Subordinated Note Denom-inations

ALLSTATE LIFE INSURANCE COMPANY

	$7,000,000	$2,000,000
		$3,000,000
		$2,000,000

(1) All payments by Fedwire transfer of immediately available funds, identifying the name of the Issuer, the Private Placement Number preceded by "DPP" and the payment as principal, interest, Yield-Maintenance Amount or Adjusted Yield-Maintenance Amount in the format as follows:

BBK = Harris Trust and Savings Bank
ABA #071000288
BNF = Allstate Life Insurance Company
Collection Account #168-117-0
ORG = U.S. Concrete, Inc.
OBI = DPP - 90333L A*3
Payment Due Date (MM/DD/YY)
P_____ (Enter "P" and amount of principal being remitted, for example, P5000000.00)
I______(Enter "I" and amount of interest being remitted, for example, I225000.00)

(2) All notices of scheduled payments and written confirmations of such wire transfer to be sent to:

Allstate Insurance Company
Investment Operations - Private Placements
3075 Sanders Road, STE G4A
Northbrook, Illinois 60062-7127
Telephone: (847) 402-2769
Telecopier: (847) 326-5040

(3) All financial reports, compliance certificates and all other written communications, including notice of prepayments, to be sent to:

Allstate Life Insurance Company
Private Placements Department
3075 Sanders Road, STE G3A
Northbrook, Illinois 60062-7127
Telephone: (847) 402-8922
Telecopier: (847) 402-3092

(4) Tax Identification No.: 36-2554642

	Aggregate Principal Amount of Subordinated Notes to be Purchased	Subordinated Note Denom-ination(s)
ALLSTATE LIFE INSURANCE COMPANY OF NEW YORK	$3,000,000	$3,000,000

(1) All payments by Fedwire transfer of immediately available funds, identifying the name of the Issuer, the Private Placement Number preceded by "DPP" and the payment as principal, interest, Yield-Maintenance Amount or Adjusted Yield-Maintenance Amount in the format as

follows:

BBK = Harris Trust and Savings Bank
ABA #071000288
BNF = Allstate Life Insurance Company
Collection Account #168-120-4
ORG = U.S. Concrete, Inc.
OBI = DPP - 90333L A*3
Payment Due Date (MM/DD/YY)
P_____ (Enter "P" and amount of principal being remitted, for example, P5000000.00)
I_____(Enter "I" and amount of interest being remitted, for example, I225000.00)

(2) All notices of scheduled payments and written confirmations of such wire transfer to be sent to:

Allstate Insurance Company
Investment Operations - Private Placements
3075 Sanders Road, STE G4A
Northbrook, Illinois 60062-7127
Telephone: (847) 402-2769
Telecopier: (847) 326-5040

(3) All financial reports, compliance certificates and all other written communications, including notice of prepayments, to be sent to:

Allstate Insurance Company
Private Placements Department
3075 Sanders Road, STE G3A
Northbrook, Illinois 60062-7127
Telephone: (847) 402-8922
Telecopier: (847) 402-3092

(4) Tax Identification No.: 36-2608394

	Aggregate Principal Amount of Subordinated Notes to be Purchased	Subordinated Note Denom-ination(s)
SOUTHERN FARM BUREAU LIFE INSURANCE COMPANY	$5,000,000	$5,000,000

(1) All payments on account of Subordinated Notes held by such Purchaser shall be made by wire transfer of immediately available funds for credit to:

State Street Bank and Trust Company
Boston, MA 02101
ABA #0110000028

For further credit to:

Southern Farm Bureau Life Insurance Company
DDA #59848127
Account #EQ83

Each such wire transfer shall set forth the name of the Company, a reference to "12.00% Senior Subordinated Notes due November 10, 2010, PPN 90333L A*3, and the due date and application (as among principal, interest and Yield-Maintenance

Amount or Adjusted Yield-Maintenance
Amount) of the payment being made.

(2) Address for all communications and notices:

Southern Farm Bureau Life Insurance Company
P.O. Box 78
Jackson, MS 39205
Attn: Investment Department

or by overnight delivery to:

1401 Livingston Lane
Jackson, MS 39213

Contact Person:

Carol Robertson, CFA
Telephone: (601) 981-7422 ext. 1506
Telecopier: (601) 981-3605

(3) Tax Identification No.: 64-0283583

EXHIBIT A

[FORM OF SUBORDINATED NOTE]

U.S. CONCRETE, INC.

12.00% SENIOR SUBORDINATED NOTE DUE NOVEMBER 10, 2010

No. _____ [Date]
$_____ PPN 90333L A*3

FOR VALUE RECEIVED, the undersigned, U.S. Concrete, Inc., a corporation organized and existing under the laws of the State of Delaware (herein called the "Company"), hereby promises to pay to _____ _____, or registered assigns, on November 10, 2010, _____ DOLLARS ($_____), with interest (computed on the basis of a 360-day year--30-day month) payable (a) quarterly on the 10th day of February, May, August and November in each year, commencing with the February 10, May 10, August 10 or November 10 next succeeding the date hereof, until the principal hereof shall have become due and payable on the unpaid balance hereof at the rate per annum of 12.00% and (b) on any overdue payment or prepayment of principal, interest, Yield-Maintenance Amount or Adjusted Yield-Maintenance Amount payable quarterly as aforesaid (or, at the option of the registered holder hereof, on demand) at the Default Rate.

Payments of principal of, interest on and any Yield-Maintenance Amount or Adjusted Yield-Maintenance Amount payable with respect to this Subordinated Note are to be made at the main office of The Bank of New York in New York City or at such other place as the holder hereof shall designate to the Company in writing, in lawful money of the United States of America.

This Subordinated Note is one of a series of Senior Subordinated Notes (herein called the "Subordinated Notes") issued pursuant to a Note Agreement, dated as of November 10, 2000 (herein called the "Agreement"), among the Company and the original purchasers of the Subordinated Notes named in the Purchaser Schedule attached thereto and is entitled to the benefits thereof.

This Subordinated Note is a registered Subordinated Note and, as provided in the Agreement, upon surrender of this Subordinated Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Subordinated Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Subordinated Note is registered as

the owner hereof for the purpose of receiving payment and for all other purposes, and the Company shall not be affected by any notice to the contrary.

The Company agrees to make required prepayments of principal on the dates and in the amounts specified in the Agreement. This Subordinated Note is also subject to optional prepayment, in whole or from time to time in part, on the terms specified in the Agreement.

This Subordinated Note is guaranteed pursuant to one or more Guaranty Agreements executed by certain guarantors. Reference is made to such Guaranty Agreements for a statement concerning the terms and conditions governing such guarantee of the obligations of the Company hereunder.

The Company and any and all endorsers, guarantors and sureties severally waive grace, demand, presentment for payment, notice of dishonor or default, notice of intent to accelerate, notice of acceleration (to the extent set forth in the Agreement), protest and diligence in collecting.

Should any indebtedness represented by this Subordinated Note be collected at law or in equity, or in bankruptcy or other proceedings, or should this Subordinated Note be placed in the hands of attorneys for collection , the Company agrees to pay, in addition to the principal, interest and Yield-Maintenance Amount, if any, and Adjusted Yield-Maintenance Amount, if any, due and payable hereon, all costs of collecting or attempting to collect this Subordinated Note, including attorney's fees and expenses (including those incurred in connection with any appeal).

The Company, the purchaser and the registered holder of this Subordinated Note specifically intend and agree to limit contractually the amount of interest payable under this Subordinated Note to the maximum amount of interest lawfully permitted to be charged under applicable law. Therefore, none of the terms of this Subordinated Note shall ever be construed to create a contract to pay interest at a rate in excess of the maximum rate permitted to be charged under applicable law, and neither the Company nor any other party liable or to become liable hereunder shall ever be liable for interest in excess of the amount determined at such maximum rate, and the provisions of paragraph 12R of the Agreement shall control over any contrary provision of this Subordinated Note.

In case an Event of Default shall occur and be continuing, the principal of this Subordinated Note may be declared or otherwise become due and payable in the manner and with the effect provided in the Agreement.

Capitalized terms used and not otherwise defined in this Subordinated Note which are defined in the Agreement shall have the meanings as provided in the Agreement.

THIS SUBORDINATED NOTE IS INTENDED TO BE PERFORMED IN THE STATE OF NEW YORK AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAW OF SUCH STATE (EXCLUDING ANY CONFLICTS OF LAW RULES WHICH WOULD OTHERWISE CAUSE THIS SUBORDINATED NOTE TO

BE CONSTRUED OR ENFORCED IN ACCORDANCE WITH THE LAWS OF ANY OTHER JURISDICTION).

U.S. CONCRETE, INC.

By: _____
Title:_____

EXHIBIT B

[FORM OF DISBURSEMENT DIRECTION LETTER]

[On Company Letterhead - place on one page]

[Date]

To: The Purchasers Listed on Exhibit A
Attached Hereto

Re: 12.00% Senior Subordinated Notes due November 10, 2010
(the "Subordinated Notes")

Ladies and Gentlemen:

Reference is made to that certain Note Agreement (the "Note Agreement"), dated November 10, 2000, between U.S. Concrete, Inc., a Delaware corporation (the "Company"), and you. Capitalized terms used herein shall have the meanings assigned to such terms in the Note Agreement.

You are hereby irrevocably authorized and directed to disburse the $95,000,000 purchase price of the Subordinated Notes by wire transfer of immediately available funds to [bank name and address], ABA #_____, for credit to the account of the Company, account no. _____.

Disbursement when so made shall constitute payment in full of the purchase price of the Subordinated Notes and shall be without liability of any kind whatsoever to you.

Very truly yours,

U.S. Concrete, Inc.

By: _____
Title:_____

Exhibit A

The Prudential Insurance Company of America
Metropolitan Life Insurance Company
Teachers Insurance and Annuity Association of America
Connecticut General Life Insurance Company
Allstate Life Insurance Company
Allstate Life Insurance Company of New York
Southern Farm Bureau Life Insurance Company

EXHIBIT C

[FORM OF GUARANTY AGREEMENT]

GUARANTY AGREEMENT

This Guaranty Agreement (this "Guaranty"), dated as of November 10, 2000, is made by [Name of Guarantor #1], a[n] _____ corporation ("[Name of Guarantor #1]"), and [Name of Guarantor #2], a[n] _____ corporation ("[Name of Guarantor #2]"; [Name of Guarantor #1] and [Name of Guarantor #2] are referred to herein, individually, as a "Guarantor" and, collectively, as the "Guarantors"), and in favor of each Holder.

RECITALS:

WHEREAS, U.S. Concrete, Inc., a Delaware corporation (the "Company"), is the direct or indirect owner of all or a majority of the outstanding capital stock of each Guarantor; and

WHEREAS, the Company and the Purchasers named in the Purchaser Schedule attached thereto (the "Purchasers") have or are about to enter into a Note Agreement (as such agreement is amended, modified, supplemented or restated from time to time, the "Note Agreement"), dated as of November 10, 2000, under which, subject to the terms and conditions thereof, the Purchasers will purchase $95,000,000 in aggregate principal amount of the Company's 12.00% Senior Subordinated Notes due November 10, 2010 (as such notes may be amended, modified, supplemented or restated from time to time, the "Subordinated Notes"); and

WHEREAS, under the terms of the Note Agreement the Company has agreed to cause each of its Material Subsidiaries to guaranty the Company's obligations under the Note Agreement and the Subordinated Notes; and

WHEREAS, all parties acknowledge that the indebtedness and obligations contemplated by the Note Agreement are being incurred for and will inure, in part, to the benefit of the Guarantors; and

WHEREAS, it is desirable and in the interests of each Guarantor to execute and deliver this Guaranty.

NOW THEREFORE, for value received, to satisfy one of the conditions precedent to the purchase of the Subordinated Notes, to induce the Purchasers to purchase the Subordinated Notes, to induce any other Holder to accept the transfer of all or any part of any Subordinated Note and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Guarantors agree as follows:

1. DEFINITIONS.

1A. Terms Defined in this Guaranty. As used in this Guaranty, the following terms shall have the following meanings:

"Guarantied Obligations" shall mean all of the indebtedness, obligations and liabilities existing on the date hereof or arising from time to time hereafter, whether direct or indirect, joint or several, actual, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising by contract, operation of law or otherwise, of the Company to the Holders under or in respect of the Note Agreement or the Subordinated Notes, including, without limitation, the principal of and interest (including, without limitation, interest accruing before, during or after any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, liquidation or dissolution proceeding, and, if interest ceases to accrue by operation of law by reason of any such proceeding, interest which otherwise would have accrued in the absence of such proceeding) and Yield Maintenance Amount, if any, and Adjusted Yield Maintenance Amount, if any, on the Subordinated Notes.

"Holders" and "Holder" shall mean the Purchasers and any other holder of a Subordinated Note, including, without limitation, any Transferee.

1B. Other Definitions. Terms that are used in this Guaranty and defined in the Note Agreement and are not otherwise defined in this Guaranty shall have the meaning ascribed to them in the Note Agreement.

2. THE GUARANTY.

2A. Guaranty of Payment and Performance of Obligations. Each Guarantor, jointly and severally, absolutely, unconditionally and irrevocably guaranties the full and punctual payment in United States currency when due (whether at maturity, at a stated prepayment date or earlier by reason of acceleration or otherwise) and at all times thereafter, and the due and punctual performance, of all Guarantied Obligations; provided, however, that the liability of any Guarantor with respect to its guaranty of the Guarantied Obligations shall not exceed the maximum amount which such Guarantor can guaranty without violating, or causing this Guaranty or such Guarantor's obligations under this Guaranty to be void, voidable or otherwise rendered unenforceable under, any fraudulent conveyance or fraudulent transfer law, including Section 548(a)(2) of the Bankruptcy Code. Each Guarantor hereby agrees to pay and to indemnify and save each Holder harmless from and against any damage, loss, cost or expense (including attorneys' fees) which such Holder may incur or be subject to as a consequence, direct or indirect, of endeavoring to enforce this Guaranty or to collect all or any part of the Guarantied Obligations from, or in pursuing any action against, the Company or any Guarantor or enforcing any rights of any

Holder in any security for the Guarantied Obligations or the liabilities of any Guarantor hereunder, and any taxes, fees or penalties which may be paid or payable in connection therewith. This is a continuing guaranty of payment and

performance and not of collection. Notwithstanding any provision of this Guaranty, all covenants, obligations, waivers and agreements of the Guarantors under this Guaranty shall be joint and several.

Upon the occurrence and during the continuation of an Event of Default, any Holder may, at its sole election and without notice, proceed directly and at once against any Guarantor to seek and enforce performance of, and to collect and recover, the Guarantied Obligations, or any portion thereof, without first proceeding against the Company, any other Guarantor, any other guarantor of the Guarantied Obligations or any other Person, or any security for the Guarantied Obligations or for the liability of any such other Person or any Guarantor hereunder. The Holders shall have the exclusive right to determine the application of payments and credits, if any, from any Guarantor, the Company or from any other Person on account of the Guarantied Obligations or otherwise. This Guaranty and all covenants and agreements of each Guarantor contained herein shall continue in full force and effect and shall not be discharged until such a time as all of the Guarantied Obligations shall be indefeasibly paid in full in cash and no Holder shall have any commitment under the Note Agreement.

2B. Obligations Unconditional. The obligations of each Guarantor under this Guaranty shall be continuing, absolute and unconditional, irrespective of (i) the invalidity or unenforceability of the Note Agreement, any Subordinated Note or any provision thereof; (ii) the absence of any attempt by any Holder to collect the Guarantied Obligations or any portion thereof from the Company, any other Guarantor, any other guarantor of all or any portion of the Guarantied Obligations or any other Person or other action to enforce the same; (iii) any action taken by any Holder that is authorized by this Guaranty; (iv) any failure by any Holder to acquire, perfect or maintain any security interest or lien in, or take any steps to preserve its rights to, any security for the Guarantied Obligations or any portion thereof or for the liability of any Guarantor hereunder or the liability of any other guarantor of any or all of the Guarantied Obligations; (v) any defense arising by reason of any disability or other defense (other than a defense of payment, unless the payment on which such defense is based was or is subsequently invalidated, declared to be fraudulent or preferential, otherwise avoided and/or required to be repaid to the Company or any Guarantor, as the case may be, or the estate of any such party, a trustee, receiver or any other Person under any bankruptcy law, state or federal law, common law or equitable cause, in which case there shall be no defense of payment with respect to such payment) of the Company or any other Person liable on the Guarantied Obligations or any portion thereof; (vi) a Holder's election, in any proceeding instituted under Chapter 11 of Title 11 of the Federal Bankruptcy Code (11 U.S.C. (S)101 et seq.) (the "Bankruptcy Code"), of the
-- ---
application of Section 1111(b)(2) of the Bankruptcy Code; (vii) any borrowing or grant of a security interest to any Holder by the Company as debtor-in-possession, or extension of credit, under Section 364 of the Bankruptcy Code; (viii) the disallowance or avoidance of all or any portion of any Holder's claim(s) for repayment of the Guarantied Obligations under the Bankruptcy Code or any similar state law or the avoidance, invalidity or unenforceability of any Lien securing the Guarantied Obligations or the liability of any Guarantor hereunder or of any other guarantor of all or any part of the Guarantied Obligations; (ix) any amendment to, waiver or modification of, or consent, extension, indulgence or other action or inaction under or in respect of the Subordinated Notes or the Note Agreement; (x) any change in any provision of any applicable

law or regulation; (xi) any order, judgment, writ, award or decree of any court, arbitrator or governmental authority, domestic or foreign, binding on or affecting any Guarantor or the Company or any of their assets; (xii) the charter or certificate of limited partnership (as the case may be), by-laws or partnership agreement (as the case may be) of any Guarantor or the Company; (xiii) any mortgage, indenture, lease, contract, or other agreement (including without limitation any agreement with stockholders), instrument or undertaking to which any Guarantor or the Company is a party or which purports to be binding on or affect any such Person or any of its assets; (xiv) any bankruptcy,

insolvency, readjustment, composition, liquidation or similar proceeding with respect to the Company, any Guarantor or any other guarantor of all or any portion of any Guarantied Obligations or any such Persons's property and any failure by any Holder to file or enforce a claim against the Company or any such other Person in any such proceeding; (xv) any failure on the part of the Company for any reason to comply with or perform any of the terms of any other agreement with any Guarantor; or (xvi) any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor.

2C. Obligations Unimpaired. Each Holder is authorized, without demand or notice, which demand and notice are hereby waived, and without discharging or otherwise affecting the obligations of any Guarantor hereunder (which shall remain absolute and unconditional notwithstanding any such action or omission to act), from time to time to (i) renew, extend, accelerate or otherwise change the time for payment of, or other terms relating to, the Guarantied Obligations or any portion thereof, or otherwise modify, amend or change the terms of the Note Agreement or any of the Subordinated Notes; (ii) accept partial payments on the Guarantied Obligations; (iii) take and hold security for the Guarantied Obligations or any portion thereof or any other liabilities of the Company, the obligations of any Guarantor under this Guaranty and the obligations under any other guaranties and sureties of all or any of the Guarantied Obligations, and exchange, enforce, waive, release, sell, transfer, assign, abandon, fail to perfect, subordinate or otherwise deal with any such security; (iv) apply such security and direct the order or manner of sale thereof as such Holder may determine in its sole discretion; (v) settle, release, compromise, collect or otherwise liquidate the Guarantied Obligations or any portion thereof and any security therefor or guaranty thereof in any manner; (vi) extend additional loans, credit and financial accommodations to the Company and otherwise create additional Guarantied Obligations; (vii) waive strict compliance with the terms of the Note Agreement or the Subordinated Notes and otherwise forbear from asserting such Holder's rights and remedies thereunder; (viii) take and hold additional guaranties or sureties and enforce or forbear from enforcing any guaranty or surety of any other guarantor or surety of the Guarantied Obligations or any portion thereof or release or otherwise take any action with respect to any such guarantor or surety; (ix) assign this Guaranty in part or in whole in connection with any assignment of the Guarantied Obligations or any portion thereof; (x) exercise or refrain from exercising any rights against the Company or any Guarantor; and (xi) apply any sums, by whomsoever paid or however realized, to the payment of the Guarantied Obligations as such Holder in its sole discretion may determine.

2D. Waivers of Guarantor. Each Guarantor waives for the benefit of each Holder:

(i) any right to require any Holder, as a condition of payment or performance by such Guarantor or otherwise to (a) proceed against the Company, any other Guarantor or any other guarantor of the Guarantied Obligations or any other Person, (b) proceed against or exhaust any security given to or held by any Holder in connection with the Guarantied Obligations or any other guaranty, or (c) pursue any other remedy available to any Holder whatsoever;

(ii) any defense arising by reason of (a) the incapacity, lack of authority or any disability or other defense of the Company, including, without limitation, any defense based on or arising out of the lack of validity or the unenforceability of the Guarantied Obligations or any agreement or instrument relating thereto, (b) the cessation of the liability of the Company from any cause other than indefeasible payment in full of the Guarantied Obligations in cash or (c) any act or omission of any Holder or any other Person which directly or indirectly, by operation of law or otherwise, results in or aids the discharge or release of the Company or any security given to or held by any Holder in connection with the Guarantied Obligations or any other guaranty;

(iii) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal;

(iv) any defense based upon any Holder's errors or omissions in the administration of the Guarantied Obligations;

(v) (a) any principles or provisions of law, statutory or otherwise, which are or might be in conflict with the terms of this Guaranty and any legal or equitable discharge of such Guarantor's or any other Guarantor's obligations

hereunder, (b) the benefit of any statute of limitations affecting the Guarantied Obligations or such Guarantor's or any other Guarantor's liability hereunder or the enforcement hereof, (c) any rights to set-offs, recoupments and counterclaims, and (d) promptness, diligence and any requirement that any Holder protect, maintain, secure, perfect or insure any Lien or any property subject thereto;

(vi) notices (a) of nonperformance or dishonor, (b) of acceptance of this Guaranty by any Holder or by such Guarantor or any other Guarantor; (c) of default in respect of the Guarantied Obligations or any other guaranty, (d) of the existence, creation or incurrence of new or additional indebtedness, arising either from additional loans extended to the Company or otherwise, (e) that the principal amount, or any portion thereof, and/or any interest or Yield Maintenance Amount or Adjusted Yield Maintenance Amount on any document or instrument evidencing all or any part of the Guarantied Obligations is due, (f) of any and all proceedings to collect from the Company, any Guarantor or any guarantor of all or any part of the Guarantied Obligations, or from anyone else, (g) of exchange, sale, surrender or other handling of any security or collateral given to any Holder to secure payment of the Guarantied Obligations or any guaranty therefor, (h) of renewal, extension or modification of any of the Guarantied Obligations, (i) of assignment, sale or other transfer of any Subordinated Note to a Transferee, (j) of any of the matters referred to in paragraph 2B and any right to consent to any thereof;

(vii) acceptance of this Guaranty by any Holder, presentment, demand for payment or performance and protest and notice of protest with respect to the Guarantied Obligations or any guaranty with respect thereto; and

(viii) any defenses or benefits that may be derived from or afforded by law which limit the liability of or exonerate guarantors or sureties, or which may conflict with the terms of this Guaranty.

Each Guarantor agrees that no Holder shall be under any obligation to marshall any assets in favor of any Guarantor or against or in payment of any or all of the Guarantied Obligations.

No Guarantor will exercise any rights which it may have acquired by way of subrogation under this Guaranty, by any payment made hereunder or otherwise, or accept any payment on account of such subrogation rights, or any rights of reimbursement or indemnity or any rights or recourse to any security for the Guarantied Obligations or this Guaranty unless at the time of such Guarantor's exercise of any such right there shall have been performed and indefeasibly paid in full in cash all of the Guarantied Obligations and no Holder shall have any commitment under the Note Agreement.

2E. Revival. Each Guarantor agrees that, if any payment made by the Company or any other Person is applied to the Guarantied Obligations and is at any time annulled, set aside, rescinded, invalidated, declared to be fraudulent or preferential or otherwise required to be refunded or repaid, or the proceeds of any security are required to be returned by any Holder to the Company, its estate, trustee, receiver or any other Person, including, without limitation, any Guarantor, under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of such payment or repayment, such Guarantor's liability hereunder (and any lien, security interest or other collateral securing such liability) shall be and remain in full force and effect, as fully as if such payment had never been made, or, if prior thereto this Guaranty shall have been canceled or surrendered (and if any lien, security interest or other collateral securing such Guarantor's liability hereunder shall have been released or terminated by virtue of such cancellation or surrender), this Guaranty (and such lien, security interest or other collateral) shall be reinstated and returned in full force and effect, and such prior cancellation or surrender shall not diminish, release, discharge, impair or otherwise affect the obligations of any Guarantor in respect of the amount of such payment (or any lien, security interest or other collateral securing such obligation).

2F. Obligation to Keep Informed. Each Guarantor shall be responsible for keeping itself informed of the financial condition of the Company and any other Persons primarily or secondarily liable on the Guarantied Obligations or any portion thereof, and of all other circumstances bearing upon the risk of nonpayment of the Guarantied Obligations or any portion thereof, and each Guarantor agrees that no Holder shall have a duty to advise such Guarantor of information known to such Holder regarding such condition or any such

circumstance. If any Holder, in its discretion, undertakes at any time or from time to time to provide any such information to any Guarantor, such Holder shall not be under any obligation (i) to undertake any investigation, whether or not a part of its regular business routine, (ii) to disclose any information which such

Holder wishes to maintain confidential, or (iii) to make any other or future disclosures of such information or any other information to such or any other Guarantor.

2G. Bankruptcy. If any Event of Default specified in clauses (viii), (ix) or (x) of paragraph 7A of the Note Agreement shall occur and be continuing, then, subject to the proviso contained in the first sentence of paragraph 2A of this Guaranty, each Guarantor agrees to immediately pay to the Holders the full outstanding amount of the Guarantied Obligations without notice.

2H. Subordination. Notwithstanding any provision in this Guaranty, the obligations of each Guarantor under this Guaranty shall constitute "Subordinated Obligations" under the Note Agreement and shall be subject to the provisions of paragraph 10 of the Note Agreement.

3. REPRESENTATIONS AND WARRANTIES. Each Guarantor represents, covenants and warrants as follows:

3A. Organization, Power and Authority.

3A(1). Organization. Each Guarantor is a corporation duly organized and existing in good standing under the laws of the state of its organization.

3A(2). Power and Authority. Each Guarantor has all requisite power to execute, deliver and perform its obligations under this Guaranty. The execution, delivery and performance of this Guaranty have been duly authorized by all requisite action and this Guaranty has been duly executed and delivered by authorized officers of such Guarantor and is a valid obligation of such Guarantor, legally binding upon and enforceable against such Guarantor in accordance with its terms, except as such enforceability may be limited by (i) bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

3B. Conflicting Agreements and Other Matters. Neither the execution nor delivery of this Guaranty, nor the offering, issuance and sale of the Subordinated Notes, nor fulfillment of nor compliance with the terms and provisions hereof, will conflict with, or result in a breach of the terms, conditions or provisions of, or constitute a default under, or result in any violation of, or result in the creation of any Lien upon any of the properties or assets of such Guarantor or any of its Subsidiaries pursuant to, the charter or certificate of limited partnership (as the case may be), by-laws or partnership agreement (as the case may be) of such Guarantor or any of its Subsidiaries, any award of any arbitrator or any agreement (including any agreement with stockholders or holders of partnership interests (as the case may be) of such Guarantor or Persons with direct or indirect ownership interests in stockholders or holders of partnership interests (as the case may be) of such Guarantor), instrument, order, judgment, decree, statute, law, rule or regulation to which such Guarantor or any of its Subsidiaries is subject. Neither such Guarantor nor any of its Subsidiaries is a party to, or otherwise subject to any provision contained in, any instrument evidencing any

Indebtedness of such Guarantor or such Subsidiary, any agreement relating thereto or any other contract or agreement (including its charter) which limits the amount of, or otherwise imposes restrictions on the incurring of, obligations of such Guarantor of the type to be evidenced by this Guaranty except as set forth in the agreements listed on Schedule 3B hereto.

3C. ERISA. The execution and delivery of this Guaranty will be exempt from, or will not involve any transaction which is subject to, the prohibitions of section 406 of ERISA and will not involve any transaction in connection with which a penalty could be imposed under section 502(i) of ERISA or a tax could be

imposed pursuant to section 4975 of the Code. The representation of each Guarantor in this paragraph 3C is made in reliance upon and subject to the accuracy of each Purchaser's representation in paragraph 9B of the Note Agreement.

3D. Governmental Consent. Neither the nature of such Guarantor or of any Subsidiary of such Guarantor nor any of their respective businesses or properties, nor any relationship between such Guarantor or any Subsidiary of such Guarantor and any other Person, nor any circumstance in connection with the execution, delivery and performance of this Guaranty or the offering, issuance, sale or delivery of the Subordinated Notes, is such as to require any authorization, consent, approval, exemption or other action by or notice to or filing with any court or administrative or governmental body (including, without limitation, notifications required by the Hart-Scott-Rodino Antitrust Improvements Act of 1976, but excluding routine filings after the date of closing with the Securities and Exchange Commission and/or state Blue Sky authorities). The representation by each Guarantor in this paragraph 3D is made in reliance upon and subject to the accuracy of each Purchaser's representation in paragraph 9 of the Note Agreement.

3E. Regulatory Status. No Guarantor nor any Subsidiary of any Guarantor is (i) an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended, (ii) a "holding company" or a "subsidiary company" or an "affiliate" of a "holding company" or a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended, or (iii) a "public utility" within the meaning of the Federal Power Act, as amended.

4. MISCELLANEOUS

4A. Successors, Assigns and Participants. This Guaranty shall be binding upon each Guarantor and its successors and assigns and shall inure to the benefit of each Holder and its successors, transferees and assigns; all references herein to a Guarantor shall be deemed to include its successors and assigns, and all references herein to a Holder shall be deemed to include its successors and assigns. This Guaranty shall be enforceable by the Holders and any of a Holder's successors, assigns and participants, and any such successors and assigns shall have the same rights and benefits with respect to each Guarantor under this Guaranty as the Holder hereunder.

4B. Consent to Amendments. This Guaranty may be amended, and any Guarantor may take any action herein prohibited, or omit to perform any act herein required to be performed by it,

if such Guarantor shall obtain the written consent to such amendment, action or omission to act, of the Required Holder(s) except that, without the written consent of the holder or holders of all Subordinated Notes at the time outstanding, (i) no amendment to or waiver of the provisions of this Guaranty shall change or affect the provisions of this paragraph 4B insofar as such provisions relate to proportions of the principal amount of the Subordinated Notes, or the rights of any individual Holder, required with respect to any consent, (ii) no Guarantor will be released from this Guaranty, and (iii) no amendment, consent or waiver with respect to paragraph 2A or the definition of "Guarantied Obligations" (except to add additional obligations of the Company) shall be effective. Each Holder of any Subordinated Note at the time or thereafter outstanding shall be bound by any consent authorized by this paragraph 4B, whether or not the Subordinated Note held by such Holder shall have been marked to indicate such consent, but any Subordinated Notes issued thereafter may bear a notation referring to any such consent. No course of dealing between any Guarantor and any Holder nor any delay in exercising any rights hereunder or under any Subordinated Note shall operate as a waiver of any rights of any Holder. As used herein, the term "this Guaranty" and references thereto shall mean this Guaranty as it may from time to time be amended or supplemented.

4C. Survival of Representations and Warranties; Entire Agreement. All representations and warranties contained herein or made in writing by or on behalf of each Guarantor in connection herewith shall survive the execution and delivery of this Guaranty, the transfer by any Holder of any Subordinated Note or portion thereof or interest therein and the payment of any Subordinated Note, and may be relied upon by any Transferee, regardless of any investigation made at any time by or on behalf of any Holder or any Transferee. Subject to the two

preceding sentences, this Guaranty embodies the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings relating to the subject matter hereof.

4D. Notices. All written communications provided for hereunder shall be sent by first class mail or telegraphic notice or nationwide overnight delivery service (with charges prepaid) or by hand delivery or telecopy and (i) if to a Holder, addressed as specified for such communications to such Holder under the Note Agreement, and (ii) if to any Guarantor, addressed to it at the address set forth for such Guarantor under its signature hereto, or at such other address as such Guarantor shall have specified to the holder of each Subordinated Note in writing. Notices under this paragraph 4D will be deemed given only when actually received.

4E. Opinion of Guarantors' Counsel. Each Guarantor, by its execution hereof, hereby requests and authorizes its counsel identified in paragraph 3C of the Note Agreement to render the opinion referred to in such paragraph 3C.

4F. Descriptive Headings. The descriptive headings of the several paragraphs of this Guaranty are inserted for convenience only and do not constitute a part of this Guaranty. Each Guarantor represents to the Holders that such Guarantor has been represented by counsel in connection with this Guaranty, that such Guarantor has discussed this Guaranty with its counsel and

that any and all issues with respect to this Guaranty have been resolved as set forth herein. No provision of this Guaranty shall be construed against or interpreted to the disadvantage of any Holder by any court or other governmental or judicial authority by reason of such Holder having or being deemed to have structured, drafted or dictated such provision.

4G. Satisfaction Requirement. If any agreement, certificate or other writing, or any action taken or to be taken, is by the terms of this Guaranty required to be satisfactory to any Holder or the Required Holder(s), the determination of such satisfaction shall, except as otherwise expressly provided herein, be made by such Holder or the Required Holder(s), as the case may be, in the sole and exclusive judgment (exercised in good faith) of the Person or Persons making such determination.

4H. Governing Law. THIS GUARANTY SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAW OF THE STATE OF NEW YORK (EXCLUDING ANY CONFLICTS OF LAW RULES WHICH WOULD OTHERWISE CAUSE THIS AGREEMENT TO BE CONSTRUED OR ENFORCED IN ACCORDANCE WITH, OR THE RIGHTS OF THE PARTIES TO BE GOVERNED BY, THE LAWS OF ANY OTHER JURISDICTION).

4I. Counterparts. This Guaranty may be executed simultaneously in two or more counterparts, each of which shall be an original and constitute one and the same agreement. It shall not be necessary in making proof of this Guaranty to produce or account for more than one such counterpart.

4J. Independence of Covenants. All covenants hereunder shall be given independent effect so that if a particular action or condition is prohibited by any one of such covenants, the fact that it would be permitted by an exception to, or otherwise be in compliance within the limitations of, another covenant shall not avoid the occurrence of a Default or an Event of Default if such action is taken or such condition exists.

4K. Binding Guaranty; Release of Guarantor. When this Guaranty is executed and delivered by a Guarantor, it shall become a binding agreement by such Guarantor in favor of the Holders. Notwithstanding anything to the contrary in this Guaranty, the obligations of each Guarantor under this Guaranty are subject to release of such Guarantor as provided in paragraph 5K(ii) of the Note Agreement.

4L. Severability. Any provision of this Guaranty which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

4M. SUBMISSION TO JURISDICTION. ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS GUARANTY MAY BE BROUGHT IN ANY NEW YORK STATE COURT SITTING IN NEW YORK CITY OR THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND, BY EXECUTION AND DELIVERY OF THIS GUARANTY, EACH GUARANTOR HEREBY IRREVOCABLY ACCEPTS, UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS WITH RESPECT TO ANY SUCH ACTION OR PROCEEDING. EACH GUARANTOR FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO IT AT ITS ADDRESS PROVIDED IN PARAGRAPH 4D, SUCH SERVICE TO BECOME EFFECTIVE UPON RECEIPT. NOTHING HEREIN SHALL AFFECT THE RIGHT OF ANY HOLDER TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST ANY GUARANTOR IN ANY OTHER JURISDICTION. EACH GUARANTOR HEREBY IRREVOCABLY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY OF THE AFORESAID ACTIONS OR PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS GUARANTY OR THE OTHER TRANSACTION DOCUMENTS BROUGHT IN ANY OF THE AFORESAID COURTS AND HEREBY FURTHER IRREVOCABLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

[signature pages to follow]

IN WITNESS WHEREOF, each Guarantor has caused this Guaranty to be duly executed as of the date first above written.

[NAME OF GUARANTOR #1]

By: _____
Title: _____

Address for notices:

_____
_____
_____

[NAME OF GUARANTOR #2]

By: _____
Title: _____

Address for notices:

_____
_____
_____

EXHIBITS D-1&2

FORM OF OPINION OF COMPANY'S AND GUARANTORS' COUNSEL

See attached.

EXHIBIT D-3

FORM OF OPINION OF PURCHASERS' SPECIAL COUNSEL

See attached.

EXHIBIT 10.14

PROMISSORY NOTE

Date:	March 2, 2000
Maker:	Michael W. Harlan
Maker's Mailing Address:	c/o U.S. Concrete, Inc. 1300 Post Oak Blvd., Suite 1220 Houston, Texas 77056
Payee:	USC Management Co., L.P., a Texas limited partnership
Place for Payment:	1300 Post Oak Blvd., Suite 1220 Houston, Texas 77056
Principal Amount:	$125,000.00, or such lesser amount as has been advanced by Payee to Maker and is outstanding from time to time.
Terms of Payment:	This is a non-interest bearing promissory note. Principal shall be payable from time to time prior to March 1, 2005 within 10 business days of receipt by Maker of any Net Cash Proceeds (as defined herein), until the principal amount is paid in full. The outstanding principal amount shall be due and payable in full on or before March 1, 2005.
Security for Payment:	This note is secured by any and all cash proceeds received by Maker (net of any broker's fee or other reasonable and customary transaction expenses and of amounts reasonably estimated to be necessary to pay income or capital gains taxes resulting from receipt of such proceeds) during the period beginning March 2, 2000 and ending upon the earlier of payment in full of this note or March 1, 2005 from (a) the sale by Maker of all shares of common stock, $.001 par value ("Common Stock"), of U.S. Concrete, Inc., a Delaware corporation ("USC"), acquired by Maker through the exercise of any option to purchase Common Stock and (b) the payment to Maker by USC or Payee of such portion of any bonuses as may be mutually agreed upon by Maker and Payee (any such net cash proceeds described in subparts (a) and (b) shall be referred to herein as "Net Cash Proceeds").

FOR VALUE RECEIVED, Maker promises to pay to the order of Payee at the place for payment and according to the terms of payment (in funds available for immediate use) the principal amount. All unpaid amounts shall be due by the final scheduled payment date.

If Maker defaults in the payment of this note or in the performance of any obligation securing or collateral to it, and the default continues after Payee gives Maker notice of the default and the time within which it must be cured, as may be required by Payee, then Payee may declare the unpaid balance on this note immediately due. Maker and each surety, endorser and guarantor waive all demands for payment, presentations for payment, notices of intention to accelerate maturity, notices of acceleration of maturity, protests and notices of protest, to the extent permitted by law.

If this note is given to an attorney for collection, or if suit is brought for collection, or if it is collected through probate, bankruptcy, or other judicial proceeding, then Maker shall pay Payee all costs of collection, including reasonable attorney's fees and court costs, in addition to other amounts due.

Neither a delay on the part of Payee in the exercise of any power or right under this note, nor a single or partial exercise of any such power or right, shall operate as a waiver thereof. Enforcement by Payee of any of its rights

hereunder shall not constitute an election by it of remedies so as to preclude the exercise of any other remedy available to it.

Unless this note is paid at its maturity, or when otherwise due, as herein provided, any money, securities or property on deposit with, in possession or under the control of, or held by USC or Payee, for any purpose whatsoever, including, without limitation, for payment of salary or bonuses to Maker, or in transit to or from Payee by mail or carrier to the credit or for the account of Maker, or any of them, may, at the option of Payee, be applied to the payment of this note or any other debt, liability or obligation, direct or contingent, due or to become due, by Maker to Payee or USC.

This note may be prepaid in whole or in part at any time, without penalty.

THIS NOTE IS DELIVERED AND IS INTENDED TO BE PAID AND PERFORMED IN THE STATE OF TEXAS, AND THE LAWS OF SUCH STATE SHALL GOVERN THE CONSTRUCTION, VALIDITY, ENFORCEMENT, AND INTERPRETATION HEREOF.

All of the covenants, stipulations, promises, and agreements contained in this note made by or on behalf of Maker shall bind its successors and assigns, whether so expressed or not; provided, however, that Maker may not, without prior written consent of the holder hereof, assign any rights, duties, or obligations under this note.

Each Maker is responsible for all obligations represented by this note.

When the context requires, the terms Maker and Payee, and other singular nouns and pronouns include the plural.

MAKER

/s/ Michael W. Harlan

Michael W. Harlan

EXHIBIT 10.15

PROMISSORY NOTE

Date:	March 2, 2000
Maker:	Eugene P. Martineau
Maker's Mailing Address:	c/o U.S. Concrete, Inc. 1300 Post Oak Blvd., Suite 1220 Houston, Texas 77056
Payee:	USC Management Co., L.P., a Texas limited partnership
Place for Payment:	1300 Post Oak Blvd., Suite 1220 Houston, Texas 77056
Principal Amount:	$175,000.00, or such lesser amount as has been advanced by Payee to Maker and is outstanding from time to time.
Terms of Payment:	This is a non-interest bearing promissory note. Principal shall be payable from time to time prior to March 1, 2005 within 10 business days of receipt by Maker of any Net Cash Proceeds (as defined herein), until the principal amount is paid in full. The outstanding principal amount shall be due and payable in full on or before March 1, 2005.
Security for Payment:	This note is secured by any and all cash proceeds received by Maker (net of any broker's fee or other reasonable and customary transaction expenses and of amounts reasonably estimated to be necessary to pay income or capital gains taxes resulting from receipt of such proceeds) during the period beginning March 2, 2000 and ending upon the earlier of payment in full of this note or March 1, 2005 from (a) the sale by Maker of all shares of common stock, $.001 par value ("Common Stock"), of U.S. Concrete, Inc., a Delaware corporation ("USC"), acquired by Maker through the exercise of any option to purchase Common Stock and (b) the payment to Maker by USC or Payee of such portion of any bonuses as may be mutually agreed upon by Maker and Payee (any such net cash proceeds described in subparts (a) and (b) shall be referred to herein as "Net Cash Proceeds").

FOR VALUE RECEIVED, Maker promises to pay to the order of Payee at the place for payment and according to the terms of payment (in funds available for immediate use) the principal amount. All unpaid amounts shall be due by the final scheduled payment date.

If Maker defaults in the payment of this note or in the performance of any obligation securing or collateral to it, and the default continues after Payee gives Maker notice of the default and the time within which it must be cured, as may be required by Payee, then Payee may declare the unpaid balance on this note immediately due. Maker and each surety, endorser and guarantor waive all demands for payment, presentations for payment, notices of intention to accelerate maturity, notices of acceleration of maturity, protests and notices of protest, to the extent permitted by law.

If this note is given to an attorney for collection, or if suit is brought for collection, or if it is collected through probate, bankruptcy, or other judicial proceeding, then Maker shall pay Payee all costs of collection, including reasonable attorney's fees and court costs, in addition to other amounts due.

Neither a delay on the part of Payee in the exercise of any power or right under this note, nor a single or partial exercise of any such power or right, shall operate as a waiver thereof. Enforcement by Payee of any of its rights hereunder shall not constitute an election by it of remedies so as to preclude the exercise of any other remedy available to it.

Unless this note is paid at its maturity, or when otherwise due, as herein provided, any money, securities or property on deposit with, in possession or under the control of, or held by USC or Payee, for any purpose whatsoever, including, without limitation, for payment of salary or bonuses to Maker, or in transit to or from Payee by mail or carrier to the credit or for the account of Maker, or any of them, may, at the option of Payee, be applied to the payment of this note or any other debt, liability or obligation, direct or contingent, due or to become due, by Maker to Payee or USC.

This note may be prepaid in whole or in part at any time, without penalty.

THIS NOTE IS DELIVERED AND IS INTENDED TO BE PAID AND PERFORMED IN THE STATE OF TEXAS, AND THE LAWS OF SUCH STATE SHALL GOVERN THE CONSTRUCTION, VALIDITY, ENFORCEMENT, AND INTERPRETATION HEREOF.

All of the covenants, stipulations, promises, and agreements contained in this note made by or on behalf of Maker shall bind its successors and assigns, whether so expressed or not; provided, however, that Maker may not, without prior written consent of the holder hereof, assign any rights, duties, or obligations under this note.

Each Maker is responsible for all obligations represented by this note.

When the context requires, the terms Maker and Payee, and other singular nouns and pronouns include the plural.

MAKER

/s/ Eugene P. Martineau

Eugene P. Martineau

EXHIBIT 10.16

AGREEMENT

THIS AGREEMENT (this "Agreement") is entered into effective as of March 13, 2001, by and between U.S. Concrete, Inc., a Delaware corporation ("USC"), and Neil J. Vannucci ("Vannucci").

RECITALS

WHEREAS, USC, Bay Cities Acquisition Inc., a Delaware corporation and wholly owned subsidiary of USC, Bay Cities Building Materials Co., Inc., a California corporation ("Bay Cities"), Vannucci and other former stockholders of Bay Cities entered into that certain Agreement and Plan of Reorganization Agreement, dated as of March 22, 1999 and as amended by the Amendment to Agreement and Plan of Reorganization among the same parties dated as of May 25, 1999, (as amended, the "Acquisition Agreement"); and

WHEREAS, pursuant to the terms of the Acquisition Agreement, Vannucci agreed to be bound by the noncompetition provisions contained in Article VIII thereof; provided, however, that Paragraph 4(C) of the Acquisition Agreement specified certain activities that the provisions of Article VIII thereof would not prohibit Vanucci from engaging in (the provisions of Paragraph 4(C) of the Acquisition Agreement being hereinafter referred to as the "Exception Provisions"); and

WHEREAS, USC desires that Vannucci agree not conduct any activities that would be permitted under the Exception Provisions and Vanucci is willing to (i) refrain from engaging in any of those activities and (ii) agree to the other restrictions on his activities and commit to take the actions specified herein, all on the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual provisions contained herein, and for other good and valuable consideration, the parties hereto agree with each other as follows:

1. Payment Option and Restricted Activities.

(a) USC shall have the option to make payments to Vannucci in the aggregate amount of $138,000.00 during each of the 12-month periods beginning April 1, 2001, 2002 and 2003 and ending March 31, 2002, 2003 and 2004, respectively (each, an "Option Period" and each aggregate payment of $138,000.00 made by USC during an Option Period, an "Option Period Payment"). In consideration of the foregoing, during the Restricted Term (as defined herein) the Exception Provisions shall not be applicable and, without limiting the generality of the foregoing and notwithstanding anything to the contrary contained in the Acquisition Agreement, Vannucci shall not, during the Restricted Term, directly or indirectly, for himself or on behalf of or in conjunction with

any other person, company, partnership, corporation or business or other entity of whatever nature, engage, as an officer, director, shareholder, owner, investor, partner, joint venturer, or in any managerial or advisory capacity, whether as an employee, independent contractor, consultant or advisor, or as a sales representative, dealer or distributor, in any Restricted Activities (as defined herein) within any State of the United States where USC or any of its subsidiaries then conducts business.

(b) For purposes of this Agreement "Restricted Activities" means the import, storage or sale of cement and/or aggregates, including, without limitation, the development, ownership and/or operation of any import terminal or other facility used or intended to be used, in whole or in part, for the import, storage or sale of cement and/or aggregates.

(c) For purposes of this Agreement "Restricted Term" means the period beginning on the date hereof and continuing through: (i) March 31, 2002, if USC fails to make the first Option Period Payment in full by that date; (ii) March 31, 2003, if USC makes the first Option Period Payment in full by March 31, 2002 but does not make the second Option Period Payment in full by March 31, 2003; (iii) March 31, 2004, if USC satisfies the condition of subpart (ii) of this

Section 1(c) and makes the second Option Period Payment in full by March 31, 2003 but does not make the third Option Period Payment in full by March 31, 2004; and (iv) March 31, 2005, if USC satisfies the conditions of subparts (ii) and (iii) of this Section 1(c) and makes the third Option Period Payment in full by March 31, 2004.

(d) The Option Period Payment USC may make during any Option Period shall be in three cash installments of $46,000.00 each, payable on such dates during such Option Period as USC may determine, in each case to such account or accounts as Vannucci shall specify to USC in writing.

(e) Without limiting the generality of the restrictive covenants set forth in Section 1 herein, Vannucci specifically agrees not to pursue or lend assistance to any person or entity in obtaining any permits or authorizations he may have applied for or otherwise sought (whether in his name individually or on behalf of any entity in which he is or was a stockholder, member or partner) in connection with the development or operation of a cement and/or aggregates import terminal in or near the San Francisco Bay Area and shall use reasonable efforts to withdraw such permits or, if any such permits were applied for jointly with another person or entity, have his name and/or the name of any such entity in which he is or was a stockholder, member or partner removed from such permits or authorizations.

(f) In the event of any breach or threatened breach by Vannucci of any provision of this Agreement, USC will be entitled, in addition to any other remedies that it may have at law or in equity, to injunctive relief or an order of specific performance. No failure or delay by USC in exercising any right, power or privilege hereunder will operate as a waiver thereof, nor will any single or partial exercise thereof preclude any

other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

2. No Prior Agreements. Vannucci represents and warrants to USC that neither the execution and delivery of this Agreement by Vannucci nor his compliance with the restrictions and other provisions contained herein will violate, breach or conflict with any agreement, arrangement or understanding with any other person or entity. Further, Vannucci agrees to indemnify USC from and against any claim, liability, loss, cost or expense, including but not limited to attorneys' fees and expenses of investigation, arising out of or resulting from any claim by any third party to the effect that this Agreement violates, breaches or conflicts in any way with any other agreement to which Vanucci or any of his affiliates is a party or is bound.

3. Reaffirmation of Limitations on Competition. Vannucci hereby ratifies and affirms his obligations under Article VIII of the Acquisition Agreement (Limitations on Competition) and all other provisions of the Acquisition Agreement that continue to survive in accordance with their terms.

4. General. This Agreement may be amended only by the written agreement of each party hereto. Each party hereto agrees to perform any further acts and to execute and deliver any further documents which may be reasonably necessary to carry out the provisions of this Agreement. This Agreement shall be binding on and inure to the benefit of each party hereto, and such party's successors, personal representatives and assigns. This Agreement sets forth the entire understanding between the parties hereto concerning the subject matter of this Agreement. In the event that any court of competent jurisdiction shall determine that the scope, time or territorial restrictions set forth in Section 1 of this Agreement are unreasonable, then it is the intention of the parties that such restrictions be enforced to the fullest extent which the court deems reasonable, and this Agreement shall be reformed in accordance therewith. This Agreement shall be governed by the laws of the State of Texas. This Agreement may be executed in one or more counterparts, any of which shall be deemed to be an original, all of which taken together shall constitute one and the same instrument. Facsimile transmission of any signed original document and/or retransmission of any signed facsimile transmission will be deemed the same as delivery of an original. At the request of any party, the parties will confirm facsimile transmission by signing a duplicate original document.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

U.S. CONCRETE, INC.

By: /s/ Eugene P. Martineau

Eugene P. Martineau, President

/s/ Neil J. Vannucci

Neil J. Vannucci

EXHIBIT 21

Subsidiaries of U.S. Concrete, Inc.

AFTM Corporation
American Concrete Products, Inc.
Atlas-Tuck Concrete, Inc.
B.W.B., Inc. of Michigan
Baer Concrete, Incorporated
Beall Concrete Enterprises, Ltd.
Beall Industries, Inc.
Beall Investment Corporation, Inc.
Beall Management Inc.
Carrier Excavation and Foundation Company
Central Concrete Supply Co., Inc.
Central Precast Concrete, Inc.
Concrete XX Acquisition, Inc.
Corden, Inc.
Cornillie Fuel & Supply, Inc.
Cornillie Leasing, Inc.
Dencor, Inc.
DYNA, Inc.
Eastern Concrete Materials, Inc.
E.B. Metzen, Inc.
Fendt Transit Mix, Inc.
Hunter Equipment Company
Olive Branch Ready Mix, Inc.
Opportunity Concrete Corporation
Premix Concrete Corp.
R.G. Evans/Associates d/b/a Santa Rosa Cast Products Co.
Ready Mix Concrete Company of Knoxville
San Diego Precast Concrete, Inc.
Sierra Precast, Inc.
Superior Materials Company, Inc.
Superior Redi-Mix, Inc.
USC GP, Inc.
USC LP, Inc.
USC Management Co., L.P.
USC Midsouth, Inc.

EXHIBIT 23

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports included in this Form 10-K, into the Company's previously filed Registration Statement on Form S-8 on July 20, 1999 File No. 333-83273, the Company's previously filed Registration Statement on Form S-3 on August 21, 2000 File No. 333-42850, and the Company's previously filed Registration Statement on Form S-8 on December 29, 2000 File No. 333-52980.

Arthur Andersen LLP

Houston, Texas
March 15, 2001