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, 2002

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 Number)

2925 Briarpark, Suite 500, Houston, Texas 77042
(Address of principal executive offices)(Zip code)

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

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

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, par value $.001
(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. [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2).
Yes [X] No [ ]

As of March 25, 2003, there were 28,042,573 shares of common stock, par value $.001 per share, of the registrant issued and outstanding, 21,422,593 of which, having an aggregate market value of $94,687,861, based on the closing market price of $4.42 per share of the common stock of the registrant reported on the Nasdaq National 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 2003 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 facts, 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 25, 2003, we have 89 fixed and seven portable ready-mixed concrete plants, eight pre-cast concrete plants, three concrete block plants and one aggregates quarry. During 2002, these facilities produced approximately 5.4 million cubic yards of ready-mixed concrete, 7.1 million eight-inch equivalent block units and 1.2 million tons of aggregates.

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 fixed concrete plants in three major markets in the United States. Since our IPO and through March 25, 2003, we have acquired an additional 23 ready-mixed concrete and related businesses, and are operating an additional 63 fixed concrete plants, in seven 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 operations. In markets where we have existing operations and seek to increase our market penetration, we pursue tuck-in acquisitions.

INDUSTRY OVERVIEW

General

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

Year	Sales
2000........................	$ 26,629
2001........................	$ 27,137
2002........................	$ 26,971

According to F.W. Dodge data, the four major segments of the construction industry accounted for the following approximate percentages of the total volume of ready-mixed concrete produced in the United States in 2002:

Residential construction	27%
Commercial and industrial construction	20%
Street and highway construction and paving	21%
Other public works and infrastructure construction	32%
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 homebuilders. 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, approximately 3,000 independent concrete producers currently operate a total of approximately 6,000 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 national strategy, 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 dust, process water runoff, 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.

For a discussion of the seasonality of the ready-mixed concrete industry generally, see "Management's Discussion and Analysis of Financial Condition and Results of Operations-Factors That May Affect Our Future Operating Results" in Item 7 of this report.

Significant Factors Impacting the Market for Ready-Mixed Concrete

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;
- flowable fill for backfill applications;
- continuous-slab rail-support systems for rapid transit and heavy-traffic rail lines; and
- concrete bridges, tunnels and other structures for rapid transit systems.

Other examples of successful innovations that have opened new markets for 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.

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 on a selective basis 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, Tennessee/Northern Mississippi, Northern New Jersey/Southern New York, Knoxville, Tennessee 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 companies that can serve as platform businesses into which we can consolidate other 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 25, 2003, we have entered into new geographic markets in: San Diego, California; North Texas/Southwest Oklahoma; Memphis, Tennessee/Northern Mississippi; Knoxville, Tennessee; Phoenix, Arizona; Delaware; 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;
  - providing technical services expertise to optimize mix designs and develop innovative new products;
  - 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, dispatch, truck tracking, delivery efficiency, reliability of equipment and customer service.

We have formed strategic alliances with several national specialty chemical product and engineering software companies to provide alternative concrete solutions for designers and contractors using value-added products. Through these alliances, we can offer color conditioned, fiber reinforced and high performance concretes, as well as advanced software technology that can be utilized to design buildings constructed of reinforced concrete. We believe the design software provides opportunities to expand uses of structural concrete in office and institutional buildings to better compete with structural steel. With each of these initiatives, we are seeking to enhance our product offering, capabilities and services, penetrate new market segments, increase market demand for our products and provide economical solutions to our customers. We train our sales professionals in the application of these technologies and intend to expand our promotion of these advanced technologies as we seek to advance concrete as the preferred building material of choice.

- Achieving Cost Efficiencies. We strive over time to reduce operating expenses of the businesses we acquire. We believe that, as we continue

to increase in size on both a local market and national level, we should experience cost savings in such areas as:

- materials through procurement and optimized mix design;
- purchases of mixer trucks and other equipment, spare parts and tools;
- vehicle and equipment maintenance; 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 placing and finishing crews.

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.

Pre-Cast Concrete. We produce pre-cast concrete products at five of our Northern California plants, at one of our Delaware plants, at our San Diego, California plant and at our Phoenix, Arizona 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, manholes, catch basins, highway barriers 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 in Northern California and Delaware are located near our ready-mixed concrete operations.

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 plants in Michigan, Delaware and New Jersey. Our building materials operations are generally located near our ready-mixed concrete operations.

Aggregates. We produce crushed stone aggregates from our granite quarry site located in Hamburg, New Jersey. We sell these aggregates for use in commercial, residential and public works projects primarily in Northern New Jersey and Orange County, New York. Production at this site during 2002 was approximately 1.2 million tons of aggregates, and we estimate the quarry has approximately 45 million tons of remaining mineral reserves. We acquired this quarry in January 2002 principally to expand our market presence in Northern New Jersey and to provide crushed stone aggregates to third party customers as well as our existing ready-mixed concrete operations in that market.

OPERATIONS

The businesses we have acquired have made substantial capital investments in equipment, systems and personnel 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 portable facilities that produce ready-mixed concrete in wet or dry batches. Our fixed-plant facilities produce ready-mixed concrete that we transport to job sites by mixer trucks. Our mobile-plant operations deploy our seven 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 25, 2003, we operated 14 wet batch plants and 75 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 10 cubic yards, or approximately 20 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 usually require refurbishment after three to nine years. A new truck of this size currently costs approximately $130,000. At March 25, 2003, we operated a fleet of approximately 944 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 the in-place cost of concrete.

CUSTOMERS

Of our 2002 sales, we made approximately 37% to commercial and industrial construction contractors, approximately 41% to residential construction contractors, approximately 13% to street and highway construction contractors and approximately 9% to other public works and infrastructure contractors. In 2002, no single customer or project accounted for more than 4% 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. 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

As of March 25, 2003, we had approximately 429 salaried employees, including executive officers and management, sales, technical, administrative and clerical personnel, and approximately 1,539 hourly personnel, including truck drivers, we generally employ on an as-needed basis. The number of employees fluctuates depending on the number and size of projects ongoing at any particular time, which may be impacted by variations in weather conditions throughout the year.

As of March 25, 2003, approximately 844 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

As of March 25, 2003, we operated a fleet of approximately 944 owned and leased mixer trucks and 596 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 6.1 years.

The table below summarizes the operations at our facilities at March 25, 2003. We believe that these facilities are sufficient for our immediate needs. The ready-mixed volumes in the table represent the 2002 volumes produced by each location.

	READY-MIXED CONCRETE PLANTS					READY-MIXED CONCRETE VOLUME (IN THOUSANDS OF CUBIC YARDS)
LOCATIONS:	FIXED	PORTABLE	TOTAL	PRE-CAST PLANTS	BLOCK PLANTS	
Northern California.....	20	2	22	5	--	1,931
Atlantic Region.........	26	2	28	1	2	1,412
North Texas/Southwest Oklahoma.............	15	3	18	--	--	813
Michigan................	13	--	13	--	1	854
Tennessee/Northern Mississippi...........	15	--	15	--	--	412
Southern California Arizona..............	--	--	--	2	--	--
	89	7	96	8	3	5,422

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. These laws are complex and subject to frequent change. They impose strict liability in some cases without regard to negligence or fault. Sanctions for noncompliance may include revocation of permits, corrective action orders, administrative or civil penalties and criminal prosecution. Some environmental laws provide for joint and several strict liability for remediation of spills and releases of hazardous substances. In addition, businesses may be subject to claims alleging personal injury or property damage as a result of alleged exposure to hazardous

substances, as well as damage to natural resources. These laws also may expose us to liability for the conduct of or conditions caused by others, or for acts that complied with all applicable laws when performed. We have conducted Phase I 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 position, results of operations or cash flows, 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 in 2002. We currently do not anticipate any material adverse effect on our business, financial position, results of operations or cash flows as a result of our future compliance with existing environmental laws controlling the discharge of materials into the environment.

PRODUCT WARRANTIES

Our operations involve providing ready-mixed and other 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.

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.

AVAILABLE INFORMATION

Our website address is www.us-concrete.com. We make available on this website under "Investor Relations-Financial Information-Publications," free of charge, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports as soon as reasonably practicable after we electronically file those materials with, or furnish those materials to, the SEC.

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 national operating strategy, 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 and in our business;
- 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;
- the cost of capital, including the interest expense associated with our outstanding borrowings, which is tied in part to market interest rates;
- 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;
- sustained adverse weather conditions that delay or adversely affect our ability to deliver concrete or the construction projects of our customers;
- 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 Concrete Supply Co., Inc., 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 80 years. Central and we each filed an answer and cross-complaint in August 2000, seeking (1) declaratory relief for a determination that Bay-Crete is not entitled to use the contract and (2) 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. We withdrew our cross-complaint in September 2002 for procedural reasons. Central's cross-compliant is still pending. Central and we believe we have meritorious defenses to Bay-Crete's claim and intend to vigorously defend this suit. The trial date is set for May 2003.

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, financial position, results of operations or cash flows; 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. We expect in the future we will from time to time be a party to litigation or administrative proceedings that arise in the normal course of our business.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matter was submitted to a vote of our security holders during the fourth quarter of 2002.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock is traded on the Nasdaq National Market under the symbol "RMIX." As of March 25, 2003, 28,042,573 shares of our common stock were outstanding, held by approximately 928 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 last reported bid price for our common stock on the Nasdaq National Market on March 25, 2003 was $4.42 per share. The following table sets forth, for the periods indicated, the range of high and low sales prices for our common stock:

	2002		2001	
	High	Low	High	Low

First Quarter...........	$ 7.29	$ 6.15	$ 9.13	$ 6.13
Second Quarter..........	7.08	5.49	9.25	7.17
Third Quarter...........	6.72	4.39	8.51	6.65
Fourth Quarter..........	5.80	4.20	7.45	5.73

We have not paid or declared any dividends since our formation and currently intend to retain earnings to fund our working capital. Information concerning restrictions on the payment of cash dividends is included in "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources" in Item 7 of this report and Note 9 to our Consolidated Financial Statements in Item 8 of this report.

The following table summarizes as of December 31, 2002, certain information regarding equity compensation to our employees, officers, directors and other persons under our equity compensation plans:

PLAN CATEGORY	NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING STOCK OPTIONS (A)	WEIGHTED AVERAGE EXERCISE PRICE OF OUTSTANDING STOCK OPTIONS (B)	NUMBER OF SECURITIES REMAINING AVAILABLE FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS (EXCLUDING SECURITIES REFLECTED IN COLUMN (A)) (C)
Equity compensation plans approved by security holders (1)............................	2,947,491	$ 7.44	1,106,151
Equity compensation plans not approved by security holders (2)(3)..........................	1,147,252	$ 6.65	203,962
Total...	4,094,743		1,310,113

(1) The number of shares of common stock available for issuance under our 1999 Incentive Plan at any time is 15% of the number of shares of common stock issued and outstanding on the last day of the immediately preceding quarter.

(2) The number of shares of common stock available for issuance under our 2001 Employee Incentive Plan at any time is 5% of the number of shares of common stock issued and outstanding on the last day of the immediately preceding quarter.

(3) Our board adopted the U.S. Concrete, Inc. 2001 Employee Incentive Plan in February 2001. The purpose of this plan is to attract, retain and motivate employees of and consultants to U.S. Concrete, to encourage a sense of propriety of those persons in our company and to stimulate an active interest of those persons in the development and financial success of our company. Awards may be made to any employee of U.S. Concrete and to any consultant to U.S. Concrete. The plan provides for grants of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock and other long-term incentive awards. No officers or directors of U.S. Concrete are eligible to participate in the plan.

ITEM 6. SELECTED FINANCIAL DATA

We acquired one business in 2002, seven businesses in 2001, six businesses in 2000 and 14 businesses in 1999 (including our initial six acquisitions), all of which we have accounted for under the purchase method of accounting (see Note 4 to our Consolidated Financial Statements in Item 8 of this report). Our financial statements present Central Concrete Supply Co., Inc., one of our initial six acquisitions, as the acquirer of the other 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 for the year ended December 31, 1998, derives from the audited financial statements of Central.

The consolidated financial statements for 1998 through 2001 were audited by

Arthur Andersen LLP ("Arthur Andersen"), which has ceased operations. A copy of the auditor's report previously issued by Arthur Andersen on our financial statements as of December 31, 2001 and 2000 and for each of the three years in the period ended December 31, 2001 is included elsewhere in this report. Arthur Andersen did not reissue its report.

	YEAR ENDED DECEMBER 31				
	2002	2001	2000	1999	1998
	(in thousands, except per share amounts)				
STATEMENT OF OPERATIONS INFORMATION:					
Sales	$ 503,314	$ 493,591	$ 394,636	$ 167,912	$ 66,499
Cost of goods sold	404,376	396,769	314,297	135,195	53,974
Gross profit	98,938	96,822	80,339	32,717	12,525
Selling, general and administrative expenses	47,254	44,933	27,741	9,491	4,712
Special compensation charges	--	2,124	--	2,880	--
Restructuring and impairments	28,440	--	--	--	--
Depreciation, depletion and amortization	10,734	13,828	11,212	3,453	930
Income from operations	12,510	35,937	41,386	16,893	6,883
Interest expense, net	17,127	19,386	14,095	1,708	165
Other income, net	1,187	652	1,319	663	36
Income (loss) before income tax provision	(3,430)	17,203	28,610	15,848	6,754
Income tax provision	608	7,658	11,750	7,658	100
Income (loss) before cumulative effect of accounting change	(4,038)	9,545	16,860	8,190	6,654
Cumulative effect of accounting change	(24,328)	--	--	--	--
Net income (loss)	$ (28,366)	$ 9,545	$ 16,860	$ 8,190	$ 6,654
EARNINGS PER SHARE:					
Basic and diluted income (loss) per share before cumulative effect of accounting change	$ (0.15)	$ 0.39	$ 0.78	$ 0.70	$ 2.13
Cumulative effect of accounting change	(0.91)	--	--	--	--
Basic and diluted income (loss) per share	$ (1.06)	$ 0.39	$ 0.78	$ 0.70	$ 2.13
BALANCE SHEET INFORMATION:					
Working capital	$ 47,058	$ 46,941	$ 43,185	$ 14,578	$ 7,431
Total assets	378,362	430,836	357,490	212,734	26,640
Long-term debt, including current maturities	161,808	163,775	157,134	57,375	3,530
Total stockholders' equity	161,845	188,315	150,555	110,793	15,154

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 facts, 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 most of 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 and administrative staff. These expenses also include office rent and utilities, communications expenses and professional fees.

We purchased one business in 2002, seven businesses in 2001, six businesses in 2000 and 14 businesses in 1999, all of which we have accounted for in accordance with the purchase method of accounting.

FACTORS THAT MAY AFFECT OUR FUTURE OPERATING RESULTS

Reflecting the levels of construction activity, the demand for ready-mixed concrete is highly seasonal. Results of any individual quarter are not necessarily indicative of results to be expected for the year due principally to the effects that seasonal changes and other weather-related conditions can have on construction activity, as a result, on our sales and earnings. Normally, we attain the highest sales and earnings in the second and third quarters and the lowest sales and earnings in the first quarter.

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;
- sustained adverse weather conditions;
- the availability of short- and long-term financing;

- inflation;
- consumer spending habits; and
- employment levels.

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 that 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.

As we acquire additional businesses in the future, we will include the operating results of those businesses in our consolidated operating results from their respective acquisition dates. Consequently, the magnitude and timing of our future acquisitions will affect our operating results.

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

We are subject to federal, state and local environmental laws and regulations concerning, among other matters, air emissions and wastewater discharge. Our management believes we are in substantial compliance with applicable environmental laws and regulations. From time to time, we receive claims from federal and state environmental regulatory agencies and entities asserting that we may be in violation of environmental laws and regulations. On the basis of our experience and the information currently available, our management believes these claims will not have a material impact on our consolidated financial position, results of operations or cash flows. Despite compliance and experience, it is possible that we could be held liable for future charges that might be material, but are not currently known or estimable. In addition, changes in federal or state laws, regulations or requirements or discovery of currently unknown conditions could require additional expenditures. We reserved $300,000 for remediation costs in connection with the aggregates business we acquired in 2002. We currently do not expect the costs of that remediation to exceed that amount.

RESULTS OF OPERATIONS

The following table sets forth selected historical statement of operations information and that information as a percentage of sales for the years indicated. Except as noted below, our acquisitions in 2002 and 2001 primarily account for the changes in 2002 from 2001, and our acquisitions in 2001 primarily account for the changes in 2001 from 2000.

	YEAR ENDED DECEMBER 31					
	2002		2001		2000	
	(dollars in thousands)					
Sales	$ 503,314	100.0%	$ 493,591	100.0%	$ 394,636	100.0%
Cost of goods sold	404,376	80.3	396,769	80.4	314,297	79.6
Gross profit	98,938	19.7	96,822	19.6	80,339	20.4
Selling, general and administrative expenses	47,254	9.4	44,933	9.1	27,741	7.0
Special compensation charge	--	--	2,124	0.4	--	--
Restructuring and impairments	28,440	5.7	--	--	--	--
Depreciation, depletion and amortization	10,734	2.1	13,828	2.8	11,212	2.9
Income from operations	12,510	2.5	35,937	7.3	41,386	10.5
Interest expense, net	17,127	3.4	19,386	3.9	14,095	3.6
Other income, net	1,187	0.2	652	0.1	1,319	0.4
Income (loss) before income tax provision	(3,430)	(0.7)	17,203	3.5	28,610	7.3
Income tax provision	608	0.1	7,658	1.6	11,750	3.0
Income (loss) before cumulative effect of accounting change	(4,038)	(0.8)	9,545	1.9	16,860	4.3
Cumulative effect of accounting change	(24,328)	(4.8)	--	--	--	--
Net income (loss)	$ (28,366)	(5.6)%	$ 9,545	1.9%	$ 16,860	4.3%

2002 COMPARED TO 2001

Sales. Sales increased $9.7 million, or 2.0%, from $493.6 million in 2001 to $503.3 million in 2002. The increase is attributable to a full year of revenues associated with businesses we acquired in 2001 and revenues of $9.5 million associated with the aggregates business we acquired in the first quarter of 2002 and a modest 0.4% average ready-mixed concrete price increase. Partially offsetting these increases was a 6.8% decrease in volumes of ready-mixed concrete we sold.

Gross profit. Gross profit increased $2.1 million, or 2.2%, from $96.8 million in 2001 to $98.9 million in 2002. Gross margins increased from 19.6% in 2001 to

19.7% in 2002. These increases are attributable to gross profit of $4.2 million associated with the aggregates business acquired in 2002. In 2002, the lower volumes of ready-mixed concrete depressed gross profit and margin.

Selling, general and administrative expenses. Selling, general and administrative expenses increased $2.3 million, or 5.2%, from $44.9 million in 2001 to $47.2 million in 2002. In 2001, charges totaling $2.8 million relating to the settlement of litigation with Del Webb California Corp. and its parent company, Del Webb Corporation, increased our selling, general and administrative expenses. If these litigation charges were removed from 2001 expenses, selling, general and administrative expenses for 2002 would have increased $5.1 million from 2001. The increase in selling, general and administrative expenses was attributable to the inclusion of a full year of costs associated with businesses we acquired in 2001 and selling expenses incurred by the aggregate business we acquired in the first quarter of 2002, increased communication costs in some of our markets, increased professional fees, higher sales compensation costs, higher advertising and travel costs and higher incentive compensation expense.

Special compensation charge. In 2001, we granted additional compensation to members of our management team and some of our key employees in recognition of the overall contribution made by those employees to our various 2001 capital-raising initiatives. This special award was in addition to our recurring annual incentive compensation program.

Restructuring and impairments. In 2002, we recorded an impairment charge of $25.6 million for goodwill impairments in accordance with Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible

Assets," related to two reporting units in our North Texas/Southwest Oklahoma and Memphis, Tennessee/Northern Mississippi markets. We also recorded charges totaling $2.8 million related to severance for one employee, lease terminations, other exit costs and asset impairments that were primarily associated with the realignment of our business in the North Texas market. For additional information, see Note 6 to our Consolidated Financial Statements in Item 8 of this report.

Depreciation, depletion and amortization. Depreciation, depletion and amortization expense decreased $3.1 million, or 22.4%, from $13.8 million in 2001 to $10.7 million in 2002. In 2002, goodwill was not amortized due to the adoption of SFAS No. 142. If goodwill amortization was removed from 2001 expenses, depreciation, depletion and amortization expense for 2002 would have increased by $2.3 million, as a result of fewer additions to property and equipment under operating leases and additional depreciation of property, plant and equipment associated with businesses we acquired in 2001 and 2002, as well as depletion of mineral deposits in the aggregates business we acquired in 2002.

Interest expense, net. Interest expense, net, decreased $2.3 million, or 11.7%, from $19.4 million in 2001 to $17.1 million in 2002. This decrease was attributable to a lower average interest rate, partially offset by a higher average balance, under our secured revolving credit facility during 2002. As of December 31, 2002, we had borrowings totaling $66.7 million outstanding under our credit facility at a weighted average interest cost of 4.3% per annum. As of December 31, 2002, we had borrowings totaling $161.8 million outstanding at a weighted average annual interest rate of 8.8%. As of December 31, 2001, we had borrowings totaling $163.8 million outstanding at a weighted average annual interest rate of 9.1%.

Other income, net. Other income, net, increased $0.5 million, or 82.1%, from $0.7 million in 2001 to $1.2 million in 2002. This increase was attributable to a gain we realized in 2002 on the sale of certain FCC licenses in our Northern California market.

Income tax provision. We provided for income taxes of $0.6 million in 2002, a decrease of $7.1 million from our provision in 2001. The decrease in income taxes is principally the result of lower taxable income generated by our operations during 2002. The effective tax rate was 17.7% for 2002 and 44.5% for 2001. The change in this rate was due to the operating loss, nondeductible items relating to goodwill impairments (see "Restructuring and impairments" above for discussion) and state income taxes. For additional information, see Note 11 to our Consolidated Financial Statements in Item 8 of this report.

Cumulative effect of accounting change. The 2002 net loss includes a cumulative effect of accounting change, net of tax, as a result of our adoption of SFAS No. 142. Under SFAS No. 142, we recorded a transitional goodwill impairment charge of $24.3 million, net of tax, effective January 1, 2002. This impairment charge was attributable to two reporting units, our divisions in North Texas/Southwest Oklahoma and Memphis, Tennessee/Northern Mississippi. Local market and economic conditions have affected the value of acquisitions made in North Texas (in 2000 and 2001) and Memphis, Tennessee/Northern Mississippi (in 1999). For additional information, see Note 3 to our Consolidated Financial Statements in Item 8 of this report.

2001 COMPARED TO 2000

Sales. Sales increased $99.0 million, or 25.1%, from $394.6 million in 2000 to $493.6 million in 2001. The increase was primarily attributable to revenues associated with companies we acquired since 2000 and a 4.9% average ready-mixed concrete price increase. Partially offsetting these increases was a 3.2% decrease in volumes of ready-mixed concrete.

Gross profit. Gross profit increased $16.5 million, or 20.5%, from $80.3 million in 2000 to $96.8 million in 2001. Gross margins decreased from 20.4% in 2000 to 19.6% in 2001, primarily because of decreases in sales volume in several of our primary markets resulting principally from a slowdown in construction activity attributable to general and local economic conditions and weather conditions in some of our markets.

Selling, general and administrative expenses. Selling, general and administrative expenses increased $17.2 million, or 62.0%, from $27.7 million in 2000 to $44.9 million in 2001. The increase in selling, general and administrative expenses as a percentage of sales is primarily attributable to management additions in some of our markets and a pretax charge of $2.2 million we recorded in the third quarter of 2001 to settle the Del Webb litigation and a $0.6 million pretax charge in the second quarter of 2001 to reserve a portion of our accounts receivable related to the Del Webb project. Final effectiveness and payment of the settlement occurred in December 2001.

Special charge. In 2001, we granted additional compensation to members of our management team and some of our key employees in recognition of the overall contribution made by those employees to our various 2001 capital-raising initiatives.

This special award was in addition to our recurring annual incentive compensation program. For additional information, see Note 5 to our Consolidated Financial Statements in Item 8 of this report.

Depreciation and amortization. Depreciation and amortization expense increased $2.6 million, or 23.3%, from $11.2 million in 2000 to $13.8 million in 2001. This increase includes amortization of the goodwill attributable to our acquisition activity. At December 31, 2001, the annualized amount of this noncash expense was $5.8 million.

Interest expense, net. Interest expense, net, increased $5.3 million, or 37.5%, from $14.1 million in 2000 to $19.4 million in 2001. This increase was attributable to borrowings we made to pay the cash portion of the purchase prices for our acquisitions and the issuance of $95 million of 12.00% senior subordinated notes in November 2000. At December 31, 2001, we had outstanding borrowings totaling $163.8 million, at a weighted average interest cost of 9.1% per annum. Based on this weighted average interest rate, the impact of the senior subordinated notes on interest expense is an increase of $6.6 million, or $0.15 per share, on an annualized after-tax basis.

Other income, net. Other income, net, decreased $0.7 million, or 50.6%, from $1.3 million in 2000 to $0.6 million in 2001. This decrease is attributable to gains realized in 2000 on the sale of a customer contract, a gain from the involuntary conversion of property and other items of income that were not replicated in 2001.

Income tax provision. We provided for income taxes of $7.7 million in 2001, a decrease of $4.1 million from our provision in 2000. The decrease in income taxes is principally the result of lower taxable income our operations generated during 2001. Additionally, the effective tax rate increased from 41.1% to 44.5%

due to the effect of the non-deductible portion of our goodwill amortization on our lower taxable income. For additional information, see Note 11 to our Consolidated Financial Statements in Item 8 of this report.

LIQUIDITY AND CAPITAL RESOURCES

The following key financial measurements reflect our financial position and capital resources at December 31, 2002, 2001 and 2000 (dollars in thousands):

	2002	2001	2000
Cash and cash equivalents	$ 4,685	$ 7,127	$ 711
Working capital	$ 47,058	$ 46,941	$ 43,185
Total debt	$ 161,808	$ 163,775	$ 157,134
Debt as a percent of capital employed	50.0%	46.5%	50.0%

In 2002, we decreased our debt by $19.0 million, after including the impact associated with $17.1 million cash consideration funded by our secured credit facility at the beginning of the year. That reduction in debt was a result of our strong cash flows from operating activities, which generated $34.9 million, a primary source of our liquidity during the past two years.

Cash Flow

Cash provided by operations was $34.9 million in 2002, as compared to $44.9 million in 2001, and $9.6 million in 2000. These cash flows were primarily derived from net income (loss) before deduction of certain noncash charges for depreciation, depletion, amortization and impairments of properties and goodwill. Depreciation, depletion, amortization and impairments for the years ended December 31, 2002, 2001 and 2000 were as follows (in thousands):

	2002	2001	2000
Depreciation, depletion and amortization	$ 10,734	$ 13,828	$ 11,212
Impairments	28,100	--	--
Impairments - cumulative effect of accounting change	24,328	--	--
Total	$ 63,162	$ 13,828	$ 11,212

Changes in working capital for 2002 included decreases in accounts receivable and accounts payable and increases in inventory levels from lower sales volume, particularly in the fourth quarter, as compared with the prior-year period. The 2001 working capital changes included increases in accounts payable and a reduction in receivables from cash management improvements, which were partially offset by increases in other current assets. Other assets and liabilities, net, include changes to both current and noncurrent balance sheet accounts.

Net cash used for investing activities was $36.4 million in 2002, a decrease of $22.0 million from $58.4 million in 2001. Of that amount, we used, net of cash acquired, $17.1 million for the purchase of one business, compared with $47.1 million in 2001 used for the purchase of seven businesses, and $95.0 million in 2000 used for the purchase of six businesses. Additions to property, plant and equipment, excluding effects of acquisitions, were $18.0 million in 2002, compared with $10.9 million and $8.2 million in 2001 and 2000, respectively. The increase for 2002 in those capital expenditures was attributable primarily to fewer additions to property and equipment under operating leases, a full year of expenditures associated with businesses we acquired in 2001 and expenditures in the aggregates business we acquired in the first quarter of 2002. We expect our 2003 expenditures for property, plant and equipment, exclusive of acquisitions and property and equipment acquired under operating leases, to be approximately $15 million and depreciation, depletion and amortization to be approximately $11.5 million.

We used approximately $0.9 million of cash for financing activities during 2002, compared with $19.9 million and $94.8 million of cash provided by financing activities in 2001 and 2000, respectively. We repaid net indebtedness of $2.0 million in 2002, compared with incurrences of net indebtedness of $6.5 million and $99.8 million in 2001 and 2000, respectively. We paid debt issue costs of $0.2 million, $1.6 million and $5.3 million in 2002, 2001 and 2000, respectively. In 2002, we issued stock to employees, providing $1.2 million in cash. Cash provided by issuance of common stock, net, was $15.0 million and $0.3 million in 2001 and 2000, respectively.

Capital Resources

On August 31, 2001, we amended and restated our secured revolving credit facility. The terms of the facility are substantially unchanged, except that we extended the maturity of the facility from May 2002 to May 2004 and reduced the size of the facility from $200 million to $188 million. On June 12, 2002, the size of the facility increased to $200 million with the addition of a new lender. We had approximately $66.7 million of outstanding borrowings under our credit facility at December 31, 2002. Our borrowing capacity under the facility varies from time to time depending on our satisfaction of several financial tests. We may use the facility for the following purposes:

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

Our subsidiaries have fully and unconditionally guaranteed the repayment of all amounts owing under the facility, and we collateralized the facility with the capital stock and assets of our subsidiaries on a joint and several basis. The facility:

- requires the consent of the lenders for 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.

Our failure to comply with these covenants and restrictions would constitute an event of default under the facility. At December 31, 2002, we were in compliance with these covenants. Based on our expected results for the first quarter of 2003 and the severe weather in that period, we may not remain in compliance in the first half of 2003. We are currently seeking to avoid any potential covenant violations through an amendment of our secured revolving credit facility as well as a similar amendment under the documents relating to our senior subordinated notes. We expect to finalize these amendments prior to the occurrence of any potential covenant violation.

Our availability under the facility is tied to various affirmative and negative financial covenants, including leverage ratios, an asset coverage ratio, a minimum net worth calculation, a limitation on additional indebtedness, lender consent for acquisitions and a prohibition of cash dividends on our common stock. At December 31, 2002, we had approximately $133.3 million of remaining capacity under this facility, of which we could borrow approximately $15.4 million based on our leverage ratio at that date. Our ability to borrow additional amounts would increase to the extent that we use the facility to fund the acquisition of additional businesses with positive cash flow.

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. These notes:

- are mandatorily repayable in equal annual installments of approximately $13.6 million on November 10 in each of the years 2004 through 2010;
- are subordinated in right of payment to the indebtedness outstanding under the credit facility;

- are guaranteed by our subsidiaries; and
- require us to comply with covenants generally consistent with those required under the credit facility.

We used the net proceeds from our sale of the notes to reduce amounts outstanding under our credit facility.

Our management believes, on the basis of current expectations, that our internally generated cash flow and access to existing credit facilities are sufficient to meet the liquidity requirements necessary to fund our operations, capital requirements and debt service payments for at least the next 12 months. However, our ability to maintain existing credit facilities can be impacted by economic conditions outside of our control.

The continuation of our growth strategy will require substantial capital. We currently intend to finance future acquisitions through issuances of our equity or debt securities, including convertible 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. If we are unable to obtain additional capital on acceptable terms, we may be unable to grow through significant acquisitions.

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

OTHER COMMITMENTS

As is common in our industry, we have entered into off-balance sheet arrangements in the ordinary course of business that result in risks our balance sheet does not directly reflect. Our significant off-balance sheet transactions are liabilities associated with noncancellable operating leases and letter of credit obligations.

We enter into noncancellable operating leases for many of our facility, vehicle and equipment needs. These leases allow us to conserve up-front cash requirements by paying a monthly lease rental fee for use of the facilities, vehicles and equipment rather than purchasing them. At the end of the lease, we have no further obligation to the lessor. We may decide to cancel or terminate a lease before the end of its term, in which event we typically would be liable to the lessor for the remaining lease payments under the term of the lease.

Our long-term commitments for debt and minimum lease commitments for all noncancellable operating leases as of December 31, 2002 are as follows (in thousands):

	DEBT OBLIGATIONS	OPERATING LEASE OBLIGATIONS	TOTAL
2003	$ 56	$ 9,747	$ 9,803
2004	80,324	7,638	87,962
2005	13,571	5,728	19,299
2006	13,571	4,762	18,333
2007	13,571	3,424	16,995
Thereafter	40,715	2,733	43,448
Total	$ 161,808	$ 34,032	$ 195,840

We did not have any letters of credit outstanding under our facility at December 31, 2001. In March 2002, we issued a $50,000 letter of credit to a municipality in New Jersey in connection with our obligation to perform reclamation services on the closure of an aggregates quarry operation that we purchased in January 2002. We have accrued the estimated cost of reclamation over the life of the mineral deposits based on the number of tons mined in relation to total estimated tons of reserves. We currently estimate this life to be approximately 45 years.

In the normal course of business, we are currently contingently liable for performance under $22.4 million in performance bonds that various states and municipalities have required. The bonds are principally related to construction contracts, reclamation obligations and mining permits. Three of these bonds totaling $11.7 million, or 52% of all outstanding performance bonds, relate to

specific performance for airport construction projects. We have indemnified the underwriting insurance company against any exposure under the performance bonds. In our past experience, no material claims have been made against these bonds.

In connection with one business we acquired in 2001, we entered into a contingent consideration arrangement with former owners of that business. At December 31, 2002, we estimated no contingent consideration would be payable. We currently estimate the contingent consideration will consist of common stock valued at $368,000 and $552,000 in cash. Any contingent consideration, when accrued, will increase the amount of goodwill related to that acquisition.

In January 2002, we entered into an underwriting agreement that allows us to issue up to 1.8 million shares of our common stock through an underwriter over a two-year period. If we do not use this arrangement to raise an aggregate of $2 million or more, we will be required to pay the underwriter up to $100,000 in stand-by fees. The stand-by fees will be equal to 5% of the difference between the $2 million and the amount raised under this arrangement. At our option, we may pay the stand-by fees in cash or in shares of our common stock.

RELATED-PARTY TRANSACTIONS

We enter into transactions in the normal course of business with related parties. These transactions consist principally of operating leases under which we lease facilities from former owners of our acquired businesses or their affiliates and include transactions with some of our officers and directors or their affiliates. See Note 12 to our Consolidated Financial Statements in Item 8 of this report for a description of those transactions.

CRITICAL ACCOUNTING POLICIES

We have identified our critical accounting policies based on the significance of the accounting policy to our overall financial statement presentation, as well as the complexity of the accounting policy and its use of estimates and subjective assessments. We have concluded that our critical accounting policies are the use of estimates in the recording of allowances for doubtful accounts, realization of goodwill, accruals for self-insurance, accruals for income tax provision and the valuation and useful lives of property, plant and equipment. See Note 2 to our Consolidated Financial Statements in Item 8 of this report for a summary of our accounting policies, including the policies we discuss below.

Allowance for Doubtful Accounts

We provide an allowance for accounts receivable we believe we may not collect in full. A provision for bad debt expense recorded to selling, general and administrative expenses increases the allowance. Accounts receivable that we write off our books decrease the allowance. We determine the amount of bad debt expense we record each period and the resulting adequacy of the allowance at the end of each period by using a combination of our historical loss experience, customer-by-customer analyses of our accounts receivable balances each period and subjective assessments of our bad debt exposure.

Goodwill

Effective January 1, 2002, we adopted SFAS No. 142. As result and from that date, we no longer amortize goodwill. Our goodwill amortization was $5.4 million in 2001. At December 31, 2002, our total assets included $157.4 million of goodwill. SFAS No. 142 requires us to compare the fair value of the reporting unit to its carrying amount on an annual basis to determine if there is a potential impairment. If that fair value is less than its carrying value, we would record an impairment loss to the extent of that difference. We base the fair values of our reporting units on a combination of valuation approaches, including discounted cash flows, multiples of sales and earnings before interest, taxes, depreciation, depletion and amortization and comparisons of recent transactions. The impairment tests we conducted in 2002 resulted in reductions of the carrying value of goodwill for the divisions in North Texas/Southwest Oklahoma and Memphis, Tennessee/Northern Mississippi. We reported the goodwill reductions as (1) a cumulative effect of a change in accounting principle effective January 1, 2002, which resulted in a transitional charge to earnings, net of tax, of $24.3 million and (2) an impairment charge to income from operations of $25.6 million in the fourth quarter of 2002, after we

conducted an annual valuation test and determined that our divisions in North Texas/Southwest Oklahoma and Memphis, Tennessee/Northern Mississippi had experienced a further decline in value.

Insurance Programs

We maintain third-party insurance coverage in amounts and against the risks we believe are reasonable. Under our insurance program, we share the risk of loss with our insurance underwriters by maintaining high deductibles subject to aggregate annual loss limitations. We fund these deductibles and record an expense for losses we expect under the programs. We determine the expected losses using a combination of our historical loss experience and subjective assessments of our future loss exposure. The estimated losses are subject to uncertainty from various sources, including

Insurance Programs

We maintain third-party insurance coverage in amounts and against the risks we believe are reasonable. Under our insurance program, we share the risk of loss with our insurance underwriters by maintaining high deductibles subject to aggregate annual loss limitations. We fund these deductibles and record an expense for losses we expect under the programs. We determine the expected losses using a combination of our historical loss experience and subjective assessments of our future loss exposure. The estimated losses are subject to uncertainty from various sources, including changes in claims reporting patterns, claims settlement patterns, judicial decisions, legislation and economic conditions. Although we believe that the estimated losses are reasonable, significant differences related to the items noted above could materially affect our insurance obligations and future expense.

Income Taxes

We use the liability method of accounting for income taxes. Under this method, we record deferred income taxes based on temporary differences between the financial reporting and tax basis of assets and liabilities and use enacted tax rates and laws that we expect will be in effect when we recover those assets or settle those liabilities, as the case may be, to measure those taxes.

Property, Plant and Equipment, Net

We state our property, plant and equipment at cost and use the straight-line method to compute depreciation of these assets over the following estimated useful lives: buildings and land improvements, from 10 to 40 years; machinery and equipment, from 10 to 30 years; mixers, trucks and other vehicles, from 6 to 12 years; and furniture and fixtures, from 3 to 10 years.

We evaluate the recoverability of our property, equipment and intangible assets in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." We compare the carrying value of long-lived assets to our projection of future undiscounted cash flows attributable to those assets. If the carrying value of the asset exceeds the future undiscounted cash flows, we record an impairment loss equal to the excess of the carrying value over the fair value. Actual useful lives and future cash flows could be different from those estimated by our management. These differences could have a material effect on our future operating results.

In 2002, we recorded impairment charges totaling $2.5 million for equipment that was removed from service or held for disposal. We have included this charge as a component of the restructuring and impairment charges in our consolidated statements of operations. See Note 6 of our Consolidated Financial Statements in Item 8 of this report.

In 2002, there were no material changes to or in the application of our critical accounting policies presented in the 2001 10-K, except for the provisions in SFAS No. 142 related to goodwill. For further discussion on our accounting policies, see Note 2 to our Consolidated Financial Statements in Item 8 of this report.

NEW ACCOUNTING PRONOUNCEMENTS

In June 2001, the Financial Accounting Standards Board (the "FASB") issued

SFAS No. 143, "Accounting for Asset Retirement Obligations." The standard requires that legal obligations associated with the retirement of long-lived assets be recorded at fair value when incurred. SFAS No. 143 will be effective for us on January 1, 2003. We do not expect the adoption of SFAS No. 143 will have a material impact on our consolidated financial position, results of operations or cash flows.

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections." This statement provides guidance on the classification of gains and losses from the extinguishment of debt and on the accounting for specified lease transactions. We do not expect the adoption of SFAS No. 145 will have a material impact on our consolidated financial position, results of operations or cash flows.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." This statement provides guidance on the recognition and measurement of liabilities associated with disposal activities and will be effective for us on January 1, 2003. We do not expect the adoption of SFAS No. 146 will have a material impact on our consolidated financial position, results of operations or cash flows.

In November 2002, the FASB issued Interpretation No. 45 ("FIN 45"), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of the Indebtedness of Others," which clarifies the requirements of SFAS No. 5, "Accounting for Contingencies," relating to a guarantor's accounting for and disclosures of certain guarantees issued. FIN 45 requires enhanced disclosures for certain guarantees. It also will require us to record certain guarantees that we issue or modify after December 31, 2002, including certain third-party guarantees, on the balance sheet initially at fair value. We will record liabilities for guarantees we issued on or before December 31, 2002 when and if payments become probable and estimable. We do not expect the adoption of FIN 45 will have a material impact on our consolidated financial position, results of operations or cash flows.

In November 2002, the Emerging Issues Task Force of the FASB (the "EITF") reached a consensus on Issue No. 00-21, "Revenue Arrangements with Multiple Deliverables," which provides guidance on the accounting for arrangements that involve the delivery or performance of multiple products, services and/or rights to use assets. We do not expect the adoption of EITF Issue No. 00-21 will have a material impact on our consolidated financial position, results of operations or cash flows.

In January 2003, the FASB issued Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities," which clarifies the application of Accounting Research Bulletin No. 51, "Consolidated Financial Statements," relating to consolidation of certain entities. FIN 46 will require identification of our participation in variable interests entities ("VIEs"), which are defined as entities with a level of invested equity that is not sufficient to fund future activities to permit them to operate on a stand-alone basis, or whose equity holders lack certain characteristics of a controlling financial interest. For entities identified as VIEs, FIN 46 sets forth a model to evaluate potential consolidation based on an assessment of which party to the VIE, if any, bears a majority of the exposure to its expected losses, or stands to gain from a majority of its expected returns. FIN 46 also sets forth certain disclosures regarding interests in VIE that are deemed significant, even if consolidation is not required. As we do not maintain any VIE, the adoption of FIN 46 will not have a material impact on our consolidated financial position, results of operations or cash flows.

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

We do not enter into derivatives or other financial instruments for trading or speculative purposes. Because of the short duration of our investments, changes in market interest rates would not have a significant impact on their

aggregate fair value.

Borrowings under our $200 million revolving credit facility expose us to certain market risks. Interest on amounts drawn under the revolving credit facility varies based on either the prime rate or one, two, three or six month Eurodollar rates. Based on the $66.7 million outstanding balance as of December 31, 2002, a one-percent change in the applicable rate would change the amount of interest paid by $0.7 million for 2003.

Our operations are subject to factors affecting the level of general construction activity, including the level of interest rates and availability of funds for construction. A significant decrease in the level of general construction activity in any of our market areas may have a material adverse effect on our sales and earnings.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

U.S. CONCRETE, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Our Consolidated Financial Statements as of December 31, 2002 and for the year then ended together with related notes and the report of PricewaterhouseCoopers LLP are set forth herein.

Our Consolidated Financial Statements as of December 31, 2001 and 2000 and for each of the three years in the period ended December 31, 2001 were audited by Arthur Andersen LLP ("Arthur Andersen"), which has ceased operations. A copy of Arthur Andersen's previously issued report on those financial statements is set forth herein. Arthur Andersen has not reissued that report.

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REPORT OF INDEPENDENT ACCOUNTANTS

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

In our opinion, the accompanying consolidated balance sheet as of December 31, 2002 and the related consolidated statements of operations, of changes in stockholders' equity and of cash flows present fairly, in all material respects, the financial position of U.S. Concrete, Inc. and its subsidiaries (the "Company") at December 31, 2002, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America, which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. The Company's consolidated financial statements as of December 31, 2001, and for each of the two years in the period ended December 31, 2001, prior to the revision described in Note 3 of the consolidated financial statements, were audited by other independent accountants who have ceased operations. Those independent accountants expressed an unqualified opinion on those financial statements in their report dated February 26, 2002.

As discussed in Note 3 to the consolidated financial statements, the Company changed its method of accounting for goodwill effective January 1, 2002.

As discussed above, the Company's consolidated financial statements as of December 31, 2001, and for each of the two years in the period ended December 31, 2001, were audited by other independent accountants who have ceased operations. As described in Note 3, those financial statements have been revised to include the transitional disclosures required by Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," which was adopted by the Company as of January 1, 2002. We audited the transitional disclosures for 2001 and 2000 included in Note 3. In our opinion, the transitional disclosures for 2001 and 2000 in Note 3 are appropriate. However, we were not engaged to audit, review, or apply any procedures to the 2001 or 2000 financial statements of the Company other than with respect to such disclosures and, accordingly, we do not express an opinion or any other form of assurance on the 2001 or 2000 financial statements taken as a whole.

PRICEWATERHOUSECOOPERS LLP

Houston, Texas
February 21, 2003

THE FOLLOWING REPORT IS A COPY OF A REPORT PREVIOUSLY ISSUED BY ARTHUR ANDERSEN LLP (ARTHUR ANDERSEN). THIS REPORT HAS NOT BEEN REISSUED BY ARTHUR ANDERSEN AND ARTHUR ANDERSEN DID NOT CONSENT TO THE INCORPORATION BY REFERENCE OF THIS REPORT (AS INCLUDED IN THIS FORM 10-K) INTO ANY OF U.S. CONCRETE, INC.'S REGISTRATION STATEMENTS.

AS DISCUSSED IN NOTE 3, U.S. CONCRETE, INC. HAS REVISED ITS FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000 TO INCLUDE THE TRANSITIONAL DISCLOSURES REQUIRED BY STATEMENT OF FINANCIAL ACCOUNTING STANDARDS NO. 142, "GOODWILL AND INTANGIBLE ASSETS." THE ARTHUR ANDERSEN REPORT DOES NOT EXTEND TO THOSE CHANGES. THE REVISIONS TO THE 2001 AND 2000 FINANCIAL STATEMENTS RELATED TO THESE TRANSITIONAL DISCLOSURES WERE REPORTED ON BY PRICEWATERHOUSECOOPERS LLP, AS STATED IN THEIR REPORT APPEARING HEREIN.

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, 2001 and 2000*, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2001*. 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, 2001 and 2000*, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2001*, in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

Houston, Texas
February 26, 2002

* U.S. Concrete's consolidated balance sheet as of December 31, 2000 and the consolidated statements of operations, stockholders' equity and cash flows for the year ended December 31, 1999 are not required to be presented and are not included in this Form 10-K.

U.S. CONCRETE, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(in thousands, except share amounts)

	DECEMBER 31	
	2002	2001
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4,685	$ 7,127
Trade accounts receivable, net	59,224	72,326
Inventories	21,044	16,499
Deferred income taxes	4,188	1,851
Prepaid expenses and other current assets	9,715	7,444
Total current assets	98,856	105,247
Property, plant and equipment, net	117,199	100,309
Goodwill, net	157,364	219,868
Other assets	4,943	5,412
Total assets	$ 378,362	$ 430,836
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 56	$ 77
Accounts payable and accrued liabilities	51,742	58,229
Total current liabilities	51,798	58,306
Long-term debt, net of current maturities	161,752	163,698
Other long-term obligations	466	--
Deferred income taxes	2,501	20,517
Total liabilities	216,517	242,521
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Preferred stock, $0.001 value; 10,000,000 shares authorized; none issued and outstanding	--	--
Common stock, $0.001 value; 60,000,000 shares authorized; 27,024,286 and 26,711,094 shares issued and outstanding in 2002 and 2001, respectively	27	27
Additional paid in capital	157,276	155,380
Retained earnings	4,542	32,908
Total stockholders' equity	161,845	188,315
Total liabilities and stockholders' equity	$ 378,362	$ 430,836

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		
	2002	2001	2000
Sales	$ 503,314	$ 493,591	$ 394,636
Cost of goods sold	404,376	396,769	314,297
Gross profit	98,938	96,822	80,339
Selling, general and administrative expenses	47,254	44,933	27,741
Special compensation charge	--	2,124	--
Restructuring and impairments	28,440	--	--
Depreciation, depletion and amortization	10,734	13,828	11,212
Income from operations	12,510	35,937	41,386
Interest expense, net	17,127	19,386	14,095
Other income, net	1,187	652	1,319
Income (loss) before income tax provision	(3,430)	17,203	28,610
Income tax provision	608	7,658	11,750
Income (loss) before cumulative effect of accounting change	(4,038)	9,545	16,860
Cumulative effect of accounting change	(24,328)	--	--
Net income (loss)	$ (28,366)	$ 9,545	$ 16,860
Earnings per share:			
Basic and diluted income (loss) per share before cumulative effect of accounting change	$ (0.15)	$ 0.39	$ 0.78
Cumulative effect of accounting change, net of tax	(0.91)	--	--
Basic and diluted income (loss) per share	$ (1.06)	$ 0.39	$ 0.78
Number of shares used in calculating earnings per share:			
Basic	26,825	24,551	21,573
Diluted	26,825	24,621	21,592

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)

	COMMON STOCK				
	SHARES	AMOUNT	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	STOCKHOLDERS' EQUITY
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 under 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
Public offering, net of offering costs	1,820	2	13,600	--	13,602
Acquisitions of purchased companies	2,076	3	12,372	--	12,375
Stock issued under employee stock purchase plan	226	--	1,242	--	1,242
Stock option exercises	17	--	125	--	125
Stock issued to board member	12	--	95	--	95
Stock issued in connection with special compensation charge	108	--	776	--	776
Net income	--	--	--	9,545	9,545
BALANCE, December 31, 2001	26,711	27	155,380	32,908	188,315
Acquisitions of purchased companies	18	--	349	--	349
Stock issued under employee stock purchase plan	247	--	1,247	--	1,247
Stock issued in connection with compensation plan	48	--	300	--	300
Net loss	--	--	--	(28,366)	(28,366)
BALANCE, December 31, 2002	27,024	$ 27	$ 157,276	$ 4,542	$ 161,845

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		
	2002	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ (28,366)	$ 9,545	$ 16,860
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Cumulative effect of accounting change	24,328	--	--
Restructuring and impairments	28,115	--	--
Depreciation, depletion and amortization	10,734	13,828	11,212
Debt issuance cost amortization	1,361	1,719	1,099
Net loss (gain) on sale of property, plant and equipment	(485)	77	(435)
Deferred income tax provision (benefit)	(4,232)	4,881	3,011
Provision for doubtful accounts	2,126	2,507	220
Stock compensation	--	871	--
Changes in assets and liabilities, excluding effects of acquisitions:			
Receivables	10,976	3,953	(4,194)
Other assets and liabilities, net	(3,945)	(1,801)	(2,623)
Accounts payable and accrued liabilities	(5,679)	9,294	(15,567)
Net cash provided by operating activities	34,933	44,874	9,583
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(18,045)	(10,859)	(8,205)
Payments for acquisitions, net of cash received of $0, $2,174 and $3,961	(17,064)	(47,129)	(94,957)
Payment of direct costs in connection with acquisitions	(242)	(2,613)	(3,261)
Proceeds from disposals of property, plant and equipment	1,068	2,214	2,156
Other investing activities	(2,206)	--	--
Net cash used in investing activities	(36,489)	(58,387)	(104,267)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings	--	6,620	192,900
Repayments of borrowings	(1,967)	(113)	(93,141)
Proceeds from issuances of common stock	1,247	15,200	545
Cash paid related to common stock issuance costs	--	(180)	(242)
Debt issuance costs	(166)	(1,598)	(5,294)
Net cash provided by (used in) financing activities	(886)	19,929	94,768
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,442)	6,416	84
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	7,127	711	627
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 4,685	$ 7,127	$ 711
Supplemental Disclosure of Cash Flow Information:			
Cash paid for interest	$ 15,306	$ 17,865	$ 12,377
Cash paid for income taxes	$ 6,445	$ 336	$ 12,340
Supplemental disclosure of non-cash investing and financing activities:			
Additions to property, plant and equipment from exchanges	$ 88	$ --	$ --
Receivable from sale of assets	$ 450	$ --	$ --
Common stock and stock options issued in connection with acquisitions	$ 349	$ 12,375	$ 22,357

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, provides ready-mixed concrete and related products and services to the construction industry in several major

markets in the United States. U.S. Concrete is a holding company and conducts its businesses through its consolidated subsidiaries.

U.S. Concrete commenced operations in May 1999 when it acquired six operating businesses in three major markets in the United States. Since then, and through December 31, 2002, U.S. Concrete has acquired an additional 22 operating businesses, in these and seven additional markets in the United States.

U.S. Concrete's future success depends on a number of factors, which include integrating operations successfully, identifying and acquiring 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.

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 and uses the straight-line method to compute depreciation of these assets over the following estimated useful lives: buildings and land improvements, from 10 to 40 years; machinery and equipment, from 10 to 30 years; mixers, trucks and other vehicles, from 6 to 12 years; and furniture and fixtures, from 3 to 10 years. It capitalizes leasehold improvements on properties held under operating leases and amortizes them over the lesser of their estimated useful lives or the applicable lease term.

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.

In January 2002, U.S. Concrete acquired mineral rights in its acquisition of an aggregates business. Depletion of the related mineral deposits is computed on the basis of the estimated quantity of recoverable raw materials.

Effective January 1, 2002, U.S. Concrete evaluates the recoverability of its property, equipment, and intangible assets in accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." U.S. Concrete compares the carrying value of long-lived assets to its projection of future undiscounted cash flows

attributable to such assets and in the event that the carrying value exceeds the future undiscounted cash flows, U.S. Concrete records an impairment charge against income equal to the excess of the carrying value over the asset's fair value. Prior to January 1, 2002, U.S. Concrete evaluated its property, equipment, and intangible assets in accordance with SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." In the fourth quarter of 2002, U.S. Concrete recorded impairment charges totaling $2.5 million for certain equipment that was removed from service or held for disposal. This charge was classified as a component of the restructuring and impairments in the consolidated statements of operations for the year ended December 31, 2002 (see Note 6 for further discussion).

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. As a result of adopting SFAS No. 142, U.S. Concrete's goodwill is no longer amortized. Under SFAS No. 142, U.S. Concrete's goodwill is periodically tested for impairment. SFAS No. 142 provided a six-month transitional period to complete the initial impairment review. U.S. Concrete completed its initial impairment review during the quarter ended June 30, 2002. That review indicated impairments attributable to two reporting units. As a result, U.S. Concrete recorded a transitional goodwill impairment charge of $24.3 million, net of tax, which it has presented as a cumulative effect of accounting change in the consolidated statement of operations for the year ended December 31, 2002. In the fourth quarter of 2002, U.S. Concrete recorded a goodwill impairment charge of $25.6 million, representing the remaining goodwill associated with those two reporting units.

Debt Issue Costs

Other long-term assets include debt issue costs related to U.S. Concrete's credit facility and subordinated notes (see Note 9 for discussion). U.S. Concrete amortizes these costs as interest expense over the scheduled maturity period of the debt. As of December 31, 2002 and 2001, accumulated amortization of debt issue costs was $4.3 million and $2.9 million, respectively.

Allowance for Doubtful Accounts

U.S. Concrete provides an allowance for accounts receivable it believes it may not collect in full. A provision for bad debt expense recorded to selling, general and administrative expenses increases the allowance. Accounts receivable that U.S. Concrete writes off its books decrease the allowance. U.S. Concrete determines the amount of bad debt expense it records each period and the resulting adequacy of the allowance at the end of each period by using a combination of U.S. Concrete's historical loss experience, a customer-by-customer analysis of U.S. Concrete's accounts receivable balances each period and subjective assessments of U.S. Concrete's bad debt exposure.

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. Amounts billed to customers for delivery costs are classified as a component of total revenues and the related delivery costs are classified as a component of total costs of goods sold. 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.

Insurance Programs

U.S. Concrete maintains third-party insurance coverage in amounts and against the risks it believes are reasonable. Under 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 those deductibles and records an expense for losses it expects under the programs. U.S. Concrete determines expected losses using a combination of its historical loss experience and subjective assessments of its future loss exposure. The estimated losses are subject to uncertainty from various sources, including changes in claim reporting patterns, claim settlement patterns, judicial decisions, legislation and economic conditions. Although U.S. Concrete believes that the estimated losses are reasonable, significant differences related to the items noted above could materially affect U.S. Concrete's insurance obligations and future expense.

Reclamation

The estimated cost of reclamation is accrued over the life of the mineral deposits based on tons mined in relation to total estimated tons of reserves. Expenditures to reclaim land are charged to the reserves as paid.

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 U.S. Concrete expects 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. U.S. Concrete's 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 accounting principles generally accepted in the United States of America requires the use of estimates and assumptions by management in determining the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities 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. Estimates and assumptions that U.S. Concrete considers significant in the preparation of its financial statements include those related to its allowance for doubtful accounts, realization of goodwill, accruals for self-insurance, accruals for income tax provision and the valuation and useful lives of property, plant and equipment.

Earnings per Share

The following table reconciles the numerator and denominator of the basic and diluted earnings per share during the years ended December 31, 2002, 2001 and 2000 (in thousands, except per share amounts). Basic earnings represent earnings per weighted average outstanding share. Diluted earnings represent those earnings as diluted by potentially dilutive securities, such as outstanding options.

	2002	2001	2000
Numerator:			
Net income (loss)................................	$(28,366)	$ 9,545	$ 16,860
Denominator:			
Weighted average common shares outstanding-basic...	26,825	24,551	21,573
Effect of dilutive stock options..................	--	70	19

Weighted average common shares outstanding-diluted.	$ 26,825	$ 24,621	$ 21,592
Earnings (loss) per share:			
Basic	$ (1.06)	$ 0.39	$ 0.78
Diluted	$ (1.06)	$ 0.39	$ 0.78

For the years ended December 31, 2002, 2001 and 2000, options to purchase 4.1 million, 1.9 million and 2.1 million shares of common stock, 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

Comprehensive income represents all changes in equity of an entity during the reporting period, except those resulting from investments by and distributions to stockholders. For each of the three years in the period ended December 31, 2002, no differences existed between the historical consolidated net income and consolidated 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 by which 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 combines as one segment its ready-mixed concrete and other concrete related products. All of its operations, sales and long-lived assets are in the United States.

Stock Options

Under the requirements of SFAS No. 123, as amended by SFAS No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure, an amendment of FASB Statement No. 123," U.S. Concrete accounts for stock option awards in accordance with APB Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB No. 25 ") and its related interpretations. Under APB No. 25, no compensation expense is recognized when the exercise price is greater than or equal to the market price of the underlying common stock on the date of grant. The exercise price per share of each employee stock option U.S. Concrete awarded during 2002, 2001 and 2000 was greater than or equal to the fair market value of a share of U.S. Concrete's common stock on the date of grant.

The following table reflects pro forma net income (loss) and earnings (loss) per share implications if the fair value method of SFAS No. 123 had been applied to all awards that vested during the years ended December 31, 2002, 2001 and 2000 (in thousands, except per share amounts):

	2002	2001	2000
Net income (loss)	$ (28,366)	$ 9,545	$ 16,860
Deduct: Total stock option employee compensation expense determined under fair value method for all awards vested during the year, net of any tax effects	1,713	1,428	784
Pro forma net income (loss)	$ (30,079)	$ 8,117	$ 16,076
Earnings (loss) per share:			
Reported basic and diluted	$ (1.06)	$ 0.39	$ 0.78
Pro forma basic and diluted	$ (1.12)	$ 0.33	$ 0.74

The weighted average fair values of options at their grant date for 2002, 2001 and 2000, where the exercise price equaled the market price on the grant

date, were $2.01, $4.85 and $4.44, respectively. The estimated fair values for options granted in 2002, 2001 and 2000 were calculated using a Black-Scholes option pricing model, with the following weighted-average assumptions for 2002, 2001 and 2000, respectively: risk-free interest rate of 2.78%, 5.00% and 5.00%; dividend yield of 0.0%, 0.0% and 0.0%; volatility factor of 0.313, 0.542 and 0.482; and an expected option life of 5, 10 and 10 years.

For additional discussion related to stock options, see Note 10.

New Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board (the "FASB ") issued SFAS No. 143, "Accounting for Asset Retirement Obligations." The standard requires that legal obligations associated with the retirement of long-lived assets be recorded at fair value when incurred. SFAS No. 143 will be effective for U.S. Concrete on January 1, 2003. U.S. Concrete does not expect the adoption of SFAS No. 143 will have a material impact on its consolidated financial position, results of operations or cash flows.

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections." This statement provides guidance on the classification of gains and losses from the extinguishment of debt and on the accounting for specified lease transactions. U.S. Concrete does not expect the adoption of SFAS No. 145 will have a material impact on its consolidated financial position, results of operations or cash flows.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." This statement provides guidance on the recognition and measurement of liabilities associated with disposal activities and will be effective for U.S. Concrete on January 1, 2003. U.S. Concrete does not expect the adoption of SFAS No. 146 will have a material impact on its consolidated financial position, results of operations or cash flows.

In November 2002, the FASB issued Interpretation No. 45 ("FIN 45"), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of the Indebtedness of Others," which clarifies the requirements of SFAS No. 5, "Accounting for Contingencies," relating to a guarantor's accounting for and disclosures of certain guarantees issued. FIN 45 requires enhanced disclosures for certain guarantees. It also will require U.S. Concrete to record certain guarantees that it issues or modifies after December 31, 2002, including certain third-party guarantees, on the balance sheet initially at fair value. For guarantees issued on or before December 31, 2002, liabilities are recorded when and if payments become probable and estimable. U.S. Concrete does not expect FIN 45 to have a material impact on its consolidated financial position, results of operations or cash flows.

In November 2002, the Emerging Issues Task force of the FASB (the "EITF") reached a consensus on Issue No. 00-21, "Revenue Arrangements with Multiple Deliverables," which provides guidance on the accounting for arrangements that involve the delivery or performance of multiple products, services and/or rights to use assets. The provisions of EITF Issue No. 00-21 will apply to revenue arrangements U.S. Concrete enters into in fiscal periods beginning after June 15, 2003. U.S. Concrete does not expect EITF Issue No. 00-21 to have a material impact on its consolidated financial position, results of operations or cash flows.

In January 2003, the FASB issued Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities," which clarifies the application of Accounting Research Bulletin No. 51, "Consolidated Financial Statements," relating to consolidation of certain entities. FIN 46 will require identification of U.S. Concrete's participation in variable interest entities ("VIEs"), which are defined as entities with a level of invested equity that is not sufficient to fund future activities to permit them to operate on a stand-alone basis, or whose equity holders lack certain characteristics of a controlling financial interest. For entities identified as VIEs, FIN 46 sets forth a model to evaluate potential consolidation based on an assessment of which party to the VIE, if any, bears a majority of the exposure to its expected losses, or stands to gain from a majority of its expected returns. FIN 46 also

sets forth certain disclosures regarding interests in VIE that are deemed significant, even if consolidation is not required. As U.S. Concrete does not maintain any VIE, the adoption of FIN 46 will not have a material impact on its consolidated financial position, results of operations or cash flows.

3. GOODWILL - ADOPTION OF SFAS NO. 142

U.S. Concrete adopted SFAS No. 142 effective January 1, 2002. Under SFAS No. 142, substantially all of U.S. Concrete's intangible assets are no longer amortized and U.S. Concrete must perform an annual impairment test for goodwill and intangible assets. U.S. Concrete allocates these assets to various reporting units, consisting of 11 operating divisions. SFAS No. 142 requires U.S. Concrete to compare the fair value of the reporting unit to its carrying amount on an annual basis to determine if there is a potential impairment. If the fair value of the reporting unit is less than its carrying value, U.S. Concrete would record an impairment loss to the extent of that difference. The impairment test for intangible assets consists of comparing the fair value of the intangible asset to its carrying amount. If the carrying amount of the intangible asset exceeds its fair value, U.S. Concrete would recognize an impairment. U.S. Concrete bases the fair values of its reporting units on a combination of valuation approaches, including discounted cash flows, multiples of sales and earnings before interest, taxes, depreciation, depletion and amortization and comparisons of recent transactions. Under SFAS No. 142, U.S. Concrete recorded a transitional goodwill impairment charge of $36.6 million ($24.3 million, net of tax), which it presented as a cumulative effect of accounting change in the first quarter of 2002. This impairment charge is attributable to two reporting units, its divisions in North Texas/Southwest Oklahoma and Memphis, Tennessee/Northern Mississippi. Local market and economic conditions have affected the value of acquisitions made in North Texas (in 2000 and 2001) and Memphis, Tennessee/Northern Mississippi (in 1999).

In the fourth quarter of 2002, U.S. Concrete conducted an annual valuation test and determined that two reporting units, its divisions in North Texas/Southwest Oklahoma and Memphis, Tennessee/Northern Mississippi, had experienced a further decline in value and determined that the fair value of goodwill in those reporting units was less than its carrying amount. U.S. Concrete recorded a goodwill impairment charge of $25.6 million, representing the remaining goodwill associated with those reporting units. This charge was included as a component of restructuring and impairment charges in the consolidated statement of operations in 2002 (see Note 6 for further discussion).

The following table reconciles net earnings, basic earnings per share and diluted earnings per share for prior years ended December 31, 2001 and 2000, adjusted for the effect of SFAS No. 142 (in thousands, except per share amounts):

	2001	2000
Net income:		
Reported net income	$ 9,545	$ 16,860
Add: goodwill amortization, net of tax	3,993	3,420
Adjusted net income	$ 13,538	$ 20,280
Earnings per share:		
Reported basic and diluted	$ 0.39	$ 0.78
Adjusted basic and diluted	$ 0.55	$ 0.94

The changes in the carrying amount of goodwill for the year ended December 31, 2002, were as follows (in thousands):

Balance at January 1, 2002 .	$ 219,868
Impairments	(62,223)
Adjustments	(281)
Balance at December 31, 2002	$ 157,364

The goodwill adjustments primarily represent post-acquisition adjustments to reflect the final fair values of assets acquired and liabilities assumed in the acquisition of five businesses in 2001.

4. BUSINESS COMBINATIONS

In January 2002, U.S. Concrete completed the acquisition of an aggregates business for a contractual purchase price of $17.1 million. In addition to the $17.1 million contractual purchase price, U.S. Concrete paid approximately $0.2 million in transaction expenses. As a result of this acquisition, U.S. Concrete entered the aggregates market in Northern New Jersey and acquired mineral rights. U.S. Concrete has accounted for this transaction under the purchase method of accounting, and the excess of the purchase price compared to the fair market value of assets acquired has been allocated to the acquired mineral rights. U.S. Concrete also effected seven acquisitions in 2001, six 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 following table summarizes the aggregate consideration U.S. Concrete paid for transactions during the years ended December 31, 2002, 2001 and 2000:

Consideration (in thousands):	2002	2001	2000
Cash	$ 17,064	$ 49,303	$ 98,918
Fair value of common stock issued	--	12,375	22,357
Total	$ 17,064	$ 61,678	$ 121,275

The following summarized unaudited pro forma consolidated financial information for years ended December 31, 2002 and 2001 adjusts the historical consolidated financial information to reflect the assumption that all acquisitions since 2000 occurred on January 1, 2001 and to reflect the effect of nonamortization of goodwill in accordance with SFAS No. 142 (in thousands, except per share data):

	2002	2001
	(unaudited)	
Revenues	$ 503,314	$ 525,871
Net income (loss) before cumulative effect of accounting change	$ (4,038)	$ 15,210
Net income (loss)	$ (28,366)	$ 15,210
Basic and diluted earnings (loss) per share	$ (1.06)	$ 0.57

The pro forma financial information for 2002 includes a cumulative effect of a change in accounting principle effective January 1, 2002, which resulted in a transitional charge to earnings, net of tax, of $24.3 million (see Note 3 for discussion) and restructuring and impairment charges to income from operations of $28.4 million (see Note 6 for discussion).

Pro forma adjustments in these amounts primarily relate to:

- contractual reductions in salaries, bonuses and benefits to employees and former owners of the acquired businesses;

- elimination of sellers' legal, accounting and other professional fees incurred in connection with the acquisitions;

- elimination of the amortization of goodwill during the 2001 period;

- adjustments to interest expense, net to reflect borrowings incurred 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 during the years ended December 31, 2002, 2001 and 2000 as follows (in thousands):

	2002	2001	2000
Cash consideration	$ 17,064	$ 49,303	$ 98,918
Less: cash received from acquired companies	--	(2,174)	(3,961)
Cash paid, net of cash acquired	17,064	47,129	94,957
Fair value of common stock issued	--	12,375	22,357
Direct acquisition costs incurred	242	2,613	3,261
Total purchase costs incurred, net of cash acquired	17,306	62,117	120,575
Fair value of assets acquired, net of cash acquired	17,606	40,056	48,546
Less: fair value of assumed liabilities	(300)	(14,257)	(15,700)
Fair value of net assets acquired, net of cash acquired	17,306	25,799	32,846
Costs incurred in excess of fair value of net assets acquired	$ --	$ 36,318	$ 87,729

5. SPECIAL COMPENSATION AND LITIGATION CHARGES

Special Compensation Charge

Effective April 10, 2001, U.S. Concrete granted incentive compensation to members of its management team and some of its key employees in recognition of the overall contribution those employees made to its various 2001 capital raising initiatives. This capital raising incentive compensation award was in addition to U.S. Concrete's recurring annual incentive compensation program.

The total incentive compensation for all recipients is summarized as follows (in thousands):

	STOCK AWARDS (SENIOR MANAGEMENT)	CASH AWARDS (FIELD PERSONNEL)	TOTAL
Shares of common stock granted	108	--	108
Value of common stock granted	$ 776	$ --	$ 776
Cash payments	631	717	1,348
Charge before income tax benefit	1,407	717	2,124
Income tax benefit	(633)	(323)	(956)
Charge after benefit from income taxes	$ 774	$ 394	$ 1,168
Cash charge after benefit from income taxes	$ (2)	$ 394	$ 392

Those shares of common stock issued to the stock award recipients are not subject to any vesting requirements or transfer restrictions, other than any applicable transfer restrictions under federal or state securities laws.

The fair market value of U.S. Concrete's common stock on the incentive compensation grant date was $7.19 per share. The capital raising incentive compensation charge was $2.1 million ($1.2 million, net of tax) and $0.4 million, net of tax, on a cash basis. U.S. Concrete recorded the $2.1 million special compensation charge as an operating expense in 2001.

Litigation Charges

In September 2001, U.S. Concrete and Central entered into a settlement

agreement with Del Webb California Corp. and its parent company, Del Webb Corporation (together, "Del Webb"), relating to litigation initiated against U.S. Concrete and others involving claims of defective concrete provided by Central for use in a large, single-family home tract-construction project in Northern California. Under the settlement agreement, U.S. Concrete agreed to accept a back charge in the amount of $0.6 million from Del Webb and pay an additional $2.2 million to Del Webb. U.S. Concrete recorded the $2.8 million charges as selling, general and administrative expenses in 2001.

6. RESTRUCTURING AND IMPAIRMENT CHARGES

In the fourth quarter of 2002, U.S. Concrete implemented operational initiatives focusing on the realignment of the business in its North Texas and Memphis, Tennessee/Northern Mississippi markets. The initiatives included termination of certain services in U.S. Concrete's North Texas market. In connection with those initiatives, U.S. Concrete completed a restructuring plan that included severance for one employee, lease terminations, the disposal of assets, the write-down of certain equipment and other actions. U.S. Concrete recorded restructuring and impairment charges of $28.4 million ($18.9 million, net of tax) for the year ended December 31, 2002, summarized as follows (in thousands):

	TOTAL RECORDED	CASH PAID IN 2002	NON-CASH ITEMS	LIABILITY AT DECEMBER 31, 2002
Severance costs	$ 90	$ --	$ --	$ 90
Lease termination and other exit costs	250	44	15	191
Asset impairments	2,503	--	2,503	--
Goodwill impairments	25,597	--	25,597	--
Total	$ 28,440	$ 44	$ 28,115	$ 281

The assets impairment charges were related primarily to rolling stock. The impaired assets to be sold, totaling approximately $0.9 million as of December 31, 2002, are included in prepaid and other current assets in the consolidated balance sheet. U.S. Concrete sold substantially all of those assets in the first quarter of 2003 for $1.3 million.

The goodwill impairments relate to two reporting units in U.S. Concrete's North Texas/Southwest Oklahoma and Memphis, Tennessee/Northern Mississippi markets (see Note 3 for discussion).

The restructuring liability, totaling $0.3 million as of December 31, 2002, is included in accrued liabilities in the consolidated balance sheet.

7. PROPERTY, PLANT AND EQUIPMENT

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

	DECEMBER 31	
	2002	2001
Land and mineral deposits	$ 29,180	$ 15,182
Buildings and improvements	12,393	11,773
Machinery and equipment	46,933	40,822
Mixers, trucks and other vehicles	56,680	53,785
Furniture and fixtures	1,258	1,397
Construction in progress	4,566	3,194
	151,010	126,153
Less: accumulated depreciation and depletion	(33,811)	(25,844)

	$ 117,199	$ 100,309

8. 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		
	2002	2001	2000
Balance, beginning of period	$ 3,667	$ 1,627	$ 730
Additions from acquisitions	--	1,031	1,085
Provision for doubtful accounts	2,126	2,507	220
Uncollectible receivables written off, net of recoveries	(1,296)	(1,498)	(408)
Balance, end of period	$ 4,497	$ 3,667	$ 1,627

Prepaid expenses and other current assets consist of the following (in thousands):

	DECEMBER 31	
	2002	2001
Prepaid expenses	$ 2,639	$ 2,649
Other receivables	5,969	4,482
Assets held for sale	850	--
Other current assets	257	313
	$ 9,715	$ 7,444

Inventory consists of the following (in thousands):

	DECEMBER 31	
	2002	2001
Raw materials	$ 8,151	$ 5,699
Pre-cast products	7,264	6,530
Building materials for resale	4,050	3,157
Repair parts	1,579	1,113
	$ 21,044	$ 16,499

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

	DECEMBER 31	
	2002	2001
Accounts payable	$ 23,803	$ 37,568
Accrued compensation and benefits	3,999	6,449
Accrued interest	2,319	1,729
Accrued income taxes	2,844	2,467
Other	18,777	10,016
	$ 51,742	$ 58,229

9. LONG-TERM DEBT

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

	DECEMBER 31	
	2002	2001
Secured revolving credit facility	$ 66,730	$ 68,620
12.00% senior subordinated notes	95,000	95,000
Other	78	155
	161,808	163,775
Less: current maturities	(56)	(77)
Long-term debt, net of current maturities	$ 161,752	$163,698

U.S. Concrete maintains a secured revolving credit facility totaling $200 million, with a scheduled maturity of May 2004. U.S. Concrete plans to renew or extend this credit facility prior to the scheduled expiration. U.S. Concrete may use this facility for the following purposes:

- financing acquisitions and internal expansion of its operations;
- working capital; and
- general corporate purposes.

U.S. Concrete's subsidiaries have fully and unconditionally guaranteed the repayment of all amounts owing under the facility and it collateralized the facility with the capital stock and assets of its subsidiaries on a joint and several basis. The facility:

- requires the consent of the lenders for acquisitions;

- prohibits the payment of cash dividends on U.S. Concrete's common stock;
- limits U.S. Concrete's ability to incur additional indebtedness; and
- requires U.S. Concrete to comply with financial covenants.

Availability under the facility is tied to various affirmative and negative financial covenants, including leverage ratios, an asset coverage ratio, a minimum net worth calculation, a limitation on additional indebtedness, lender consent for acquisitions and a prohibition of cash dividends on U.S. Concrete's common stock. Advances bear interest at the prime rate or certain Eurodollar rates, 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, 2002, U.S. Concrete had approximately $66.7 million of outstanding borrowings under this facility at a weighted average interest cost of 4.26%. At December 31, 2002, U.S. Concrete had approximately $133.3 million of remaining capacity under this facility, of which it could borrow approximately $15.4 million based on its leverage ratio at that date; however, its ability to borrow additional amounts would increase to the extent that it uses the facility to fund the acquisition of additional businesses with estimated positive cash flow.

In 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. These notes:

- are mandatorily repayable in equal annual installments of approximately $13.6 million on November 10 in each of the years 2004 through 2010;
- are subordinated in right of payment to the indebtedness outstanding under the credit facility; . are guaranteed by U.S. Concrete's subsidiaries; and
- require U.S. Concrete to comply with covenants generally consistent with

those required under the credit facility.

U.S. Concrete used the net proceeds from its sale of the notes to reduce amounts outstanding under its credit facility.

Aggregate maturities of long-term debt as of December 31, 2002 are as follows (in thousands):

2003	$ 56
2004	80,324
2005	13,571
2006	13,571
2007	13,571
Thereafter	40,715
	$ 161,808

10. STOCKHOLDERS' EQUITY

Public Offering

In 2001, U.S. Concrete issued in a public offering 1.8 million shares of common stock to the public at a price of $8.00 per share, resulting in net proceeds to U.S. Concrete of $13.6 million, after deducting offering costs.

Common Stock Issuances in Acquisition Transactions

During 2002, 2001, and 2000, U.S. Concrete issued 18,754, 2,075,887 and 3,710,371 shares of its common stock, respectively, in connection with the acquisition of 12 separate businesses, none of which were individually material transactions. These acquisitions generally consisted of the acquisition of certain assets or stock of the businesses being acquired in exchange for cash and/or our common stock paid to the selling businesses or their shareholders, along with the assumption of certain liabilities of the businesses. All of the shares U.S. Concrete issued in these acquisition transactions were issued under an exemption from the registration requirements of the Securities Act of 1933, as amended (the "1933 Act"), under Section 4(2) of the 1933 Act.

Employee Stock Purchase Plan

In January 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 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.

Stock Options

U.S. Concrete's 1999 and 2001 incentive plans enable U.S. Concrete to grant non-qualified options, restricted stock, deferred stock, incentive stock options, stock appreciation rights and other long-term incentive awards to employees and nonemployee directors of U.S. Concrete and nonemployee consultants and other independent contractors who provide services to U.S. Concrete. Options U.S. Concrete grants under these plans generally vest over a four-year period and expire if not exercised prior to the tenth anniversary following the grant date. The number of shares available for awards under these plans was 1.3 million as of December 31, 2002 and 1.8 million as of December 31, 2001. The board of directors of U.S. Concrete may, in its discretion, grant additional awards or establish other compensation plans.

The following tables set forth certain stock option information (shares in thousands):

	NUMBER	WEIGHTED-AVERAGE

	OF OPTIONS	EXERCISE PRICE
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
Granted ...	1,179	7.07
Exercised ...	(17)	6.81
Forfeited ...	(148)	7.52
Options outstanding at December 31, 2001 ...	3,414	7.53
Granted ...	1,138	6.25
Exercised ...	--	--
Forfeited ...	(458)	7.05
Options outstanding at December 31, 2002 ...	4,094	$ 7.22
Options exercisable at December 31, 2000 ...	389	$ 7.94
Options exercisable at December 31, 2001 ...	955	$ 7.84
Options exercisable at December 31, 2002 ...	1,698	$ 7.64

RANGE OF EXERCISE PRICES	NUMBER OF OUTSTANDING OPTIONS	WEIGHTED-AVERAGE REMAINING YEARS OF CONTRACTUAL LIFE	WEIGHTED-AVERAGE EXERCISE PRICE	NUMBER OF EXERCISABLE OPTIONS	WEIGHTED-AVERAGE EXERCISE PRICE
$4.85 - $6.25	49	5.38	$ 5.70	39	$ 5.90
$6.26 - $6.99	1,401	8.63	6.38	200	6.62
$7.00 - $7.99	977	7.83	7.09	339	7.12
$8.00 - $8.75	1,667	6.65	8.05	1,120	8.05
	4,094			1,698	

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 expired in May 2002. U.S. Concrete issued warrants to purchase an additional 100,000 shares of common stock to the same underwriters in May 2000 at an exercise price of $8.00 per share for advisory services they agreed to provide. These warrants are scheduled to expire in May 2003.

11. 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 provisions are as follows (in thousands):

	YEAR ENDED DECEMBER 31		
	2002	2001	2000
Current:			
Federal	$ 3,478	$ 2,346	$ 7,617
State	1,362	431	1,122

	4,840	2,777	8,739
Deferred:			
Federal	$(3,487)	$ 4,532	$ 2,646
State	(745)	349	365
	(4,232)	4,881	3,011
Total provision	$ 608	$ 7,658	$11,750

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		
	2002	2001	2000
Tax at statutory rate	$ (1,201)	$ 6,021	$ 10,013
Add (deduct):			
State income taxes	401	507	967
Nondeductible expenses ..	1,421	1,068	960
Other	(13)	62	(190)
Income tax provision	$ 608	$ 7,658	$ 11,750
Effective income tax rate	17.7%	44.5%	41.1%

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	
	2002	2001
Deferred income tax liabilities:		
Property, plant and equipment, net	$ 15,569	$ 14,149
Goodwill	--	4,206
Other	2,167	2,568
Total deferred income tax liabilities	17,736	20,923
Deferred income tax assets		
Goodwill	14,937	--
Allowance for doubtful accounts	674	752
Inventory	935	--
Accrued expenses	2,579	1,099
Other	298	406
Total deferred income tax assets	19,423	2,257
Net deferred income tax (assets) liabilities .	$ (1,687)	$ 18,666

12. RELATED-PARTY TRANSACTIONS

U.S. Concrete enters into 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.

On completion of its acquisition of Beall Industries, Inc. and four related companies in February 2000, U.S. Concrete entered into eight new facilities leases with their former stockholders or affiliates of those stockholders, of which it currently leases seven. The leases generally provide for initial lease terms of five years, with three five-year renewal options U.S. Concrete may

exercise. U.S. Concrete must pay an aggregate of $214,800 in current annual rent during the initial terms of these leases. During 2001 and a portion of 2002, Robert S. Beall, a former owner of these companies, beneficially owned more than 5% of the outstanding shares of U.S. Concrete's common stock.

On completion of its IPO, U.S. Concrete entered into new facilities leases, or extended existing leases, with former stockholders or affiliates of former stockholders of Central and Eastern Concrete Materials, Inc. (formerly known as Baer Concrete, Incorporated). Those leases generally provide for initial lease terms of 15 to 20 years, with one or more extension options U.S. Concrete may exercise. The following summarizes the current annual rentals U.S. Concrete must pay during the initial lease terms:

LOCATIONS:	NUMBER OF FACILITIES	AGGREGATE ANNUAL RENTALS
Central..................	2	$ 316,950
Eastern..................	2	$ 294,195

William T. Albanese, a former owner of Central and the President of U.S. Concrete's Bay Area Region, and Michael D. Mitschele, the former owner of Eastern Concrete Materials, Inc. and the President of U.S. Concrete's Atlantic Region, are members of U.S. Concrete's board of directors.

U.S. Concrete's related party leases are for periods generally ranging from three to 20 years. Aggregate lease payments under these leases were approximately $2.8 million in 2002, $2.8 million in 2001 and $2.0 million in 2000. The schedule of minimum lease payments in Note 14 includes U.S. Concrete's future commitments under these leases.

Central purchased building materials from a company owned by two trusts of which William T. Albanese is a co-trustee. Central's purchases from this company totaled $277,750 in 2002, $310,000 in 2001 and $122,000 in 2000. U.S. Concrete believes the amounts it paid for these building materials were fair and substantially equivalent to amounts it would have paid to an unaffiliated third party. Both trusts sold their interest in this building materials company in early 2002.

Central sold ready-mixed concrete to a company owned by a cousin of William T. Albanese. Central's sales to this company totaled $14.1 million in 2002, $15.8 million in 2001 and $15.4 million in 2000. U.S. Concrete believes the amounts it received for this ready-mixed concrete were fair and substantially equivalent to amounts it would have received from an unaffiliated third party.

Beall Concrete Enterprises, Ltd., one of U.S. Concrete's subsidiaries, purchases aggregates from time to time from a company that Robert S. Beall has controlled since June 2001. Beall Concrete Enterprise's purchases from this company totaled $180,269 in 2002 and $119,327 in 2001. U.S. Concrete believes the amount it paid for these purchases was fair and substantially equivalent to amounts it would have paid to an unaffiliated third party.

Robert S. Beall purchased ready-mixed concrete from Beall Concrete Enterprises in the amount of $88,097 and $118,792 in 2002 and 2001, respectively. These purchases were in connection with the development of a real estate project. U.S. Concrete believes the amounts it received for this ready-mixed concrete were fair and substantially equivalent to amounts it would have received from an unaffiliated third party.

In 2000, U.S. Concrete extended loans of $175,000 to Mr. Martineau, its chief executive officer and one of its directors, and $125,000 to Mr. Harlan, its chief financial officer and one of its directors. U.S. Concrete recorded an expense related to these loans in 2001. The aggregate amount outstanding under these loans at December 31, 2001 was $300,000. U.S. Concrete forgave the indebtedness outstanding under these loans in 2002. The loans, which were payable in full on March 1, 2005, did not bear interest. In 2002, we extended loans of $70,595 to Mr. Martineau and $50,000 to Mr. Harlan. The aggregate amount outstanding under these loans at December 31, 2001 was $120,595. These loans do not bear interest.

U.S. Concrete paid Main Street Mezzanine Fund, LLC (or its predecessor), of which Vincent D. Foster, U.S. Concrete's chairman, is a senior managing

director, $396,578, $213,000 and $403,000 in 2002, 2001 and 2000, respectively, for reimbursement of expenses primarily related to U.S. Concrete's acquisition program and other business development activities.

In March 2001, U.S. Concrete modified its non-compete arrangements with Neil J. Vannucci, one of its directors during 2001 and a portion of 2002. U.S. Concrete originally established these arrangements in the acquisition agreement for Bay Cities Building Materials Co., Inc., of which he is a former stockholder. The modifications further limit Mr. Vannucci's right to compete against U.S. Concrete in exchange for three annual cash payments of $138,000 each to Mr. Vannucci or a designate of Mr. Vannucci, of which U.S. Concrete paid $92,000 in 2001 and 2002.

Effective April 2001, U.S. Concrete granted incentive compensation to Mr. Foster, the Chairman of its board, in the amount of 5,400 unrestricted shares of its common stock, valued at $7.19 per share, and $25,900 in cash in recognition of the overall contribution made by Mr. Foster to U.S. Concrete to various 2001 capital raising initiatives.

T. William Porter, a member of U.S. Concrete's board of directors, is the Chairman of Porter & Hedges, L.L.P., a Houston, Texas law firm. Porter & Hedges, L.L.P. performed some legal services for U.S. Concrete in 2002 and 2001, and the amount of fees paid to them was not material.

In September 2001, U.S. Concrete issued 12,000 restricted shares of its common stock, valued at $7.97 per share, to Mr. Porter for nominal consideration and paid to Mr. Porter $64,000 in connection with his election to its board.

13. RISK CONCENTRATION

U.S. Concrete grants credit, generally without collateral, to its customers, which include general contractors, municipalities and commercial companies located primarily in California, Texas, Michigan, New Jersey/New York, and Tennessee. Consequently, it is subject to potential credit risk related to changes in business and economic factors throughout those 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.

14. COMMITMENTS AND CONTINGENCIES

Litigation and Other Claims

Bay-Crete Transportation & Materials, LLC alleges in a lawsuit it filed on July 11, 2000 in California Superior Court in San Mateo County, against U.S. Concrete's subsidiary, Central, and U.S. Concrete 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 80 years. Central and U.S. Concrete each filed an answer and cross-complaint in August 2000, seeking (1) declaratory relief for a determination that Bay-Crete is not entitled to use the contract and (2) 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. U.S. Concrete withdrew its cross-complaint in September 2002 for procedural reasons. Central's cross-complaint is still pending. Central and U.S. Concrete believe they have meritorious defenses to Bay-Crete's claim and intend to vigorously defend this suit. The trial date is set for May 2003.

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 believes that the resolution of all litigation currently pending or threatened against it or any of its subsidiaries (including the dispute with Bay-Crete described above) will not have a material adverse effect on its financial position, results of operations or cash flows; however, because of the inherent uncertainty of litigation, U.S. Concrete cannot assure you 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. U.S. Concrete expects in the future it and its operating subsidiaries will from time to time be a party to litigation or administrative proceedings that arise in the normal course of its business.

Lease Payments

U.S. Concrete leases tracts of land, facilities and equipment it uses in its operations. Rental expense under operating leases was $12.4 million, $11.1 million and $5.5 million in 2002, 2001 and 2000, respectively. Minimum future annual lease payments under U.S. Concrete's noncancellable leases as of December 31, 2002 are as follows (in thousands):

2003	$ 9,747
2004	7,638
2005	5,728
2006	4,762
2007	3,424
Thereafter	2,733
	$ 34,032

Insurance Programs

U.S. Concrete maintains third-party insurance coverage in amounts and against the risks it believes are reasonable. 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 a combination of U.S. Concrete's historical loss experience and subjective assessments of U.S. Concrete's future loss exposure. The estimated losses are subject to uncertainty from various sources, including changes in claims reporting patterns, claims settlement patterns, judicial decisions, legislation and economic conditions. Although U.S. Concrete believes that the estimated losses are reasonable, significant differences related to the items noted above could materially affect U.S. Concrete's insurance obligations and future expense.

Letters of Credit

In March 2002, U.S. Concrete issued a $50,000 letter of credit to a municipality in connection with U.S. Concrete's obligation to perform reclamation services on the closure of an aggregates quarry site.

Performance Bonds

In the normal course of business, U.S. Concrete is currently contingently liable for performance under $22.4 million in performance bonds that various states and municipalities have required. The bonds are principally related to construction contracts, reclamation obligations and mining permits. Three of these bonds totaling $11.7 million, or 52% of all outstanding performance bonds, relate to specific performance for airport construction projects. U.S. Concrete has indemnified the underwriting insurance company against any exposure under the performance bonds. In U.S. Concrete's past experience, no material claims have been made against these bonds.

Contingent Purchase Obligations

In connection with one business U.S. Concrete acquired in 2001, U.S. Concrete entered into a contingent consideration arrangement with former owners of that business. These obligations require U.S. Concrete to pay up to $1.2 million in additional consideration if a specified earnings threshold, as defined in that agreement, and/or working capital targets are met. As of December 31, 2002, U.S. Concrete estimated no contingent consideration to be payable. Any additional consideration would be paid partially in stock.

Underwriting Arrangement

In January 2002, U.S. Concrete entered into an underwriting agreement that allows U.S. Concrete to issue up to 1.8 million shares of its common stock through an underwriter over a two-year period. If U.S. Concrete does not use this arrangement to raise an aggregate of $2 million or more, it will be required to pay the underwriter up to $100,000 in stand-by fees. The stand-by fees will be equal to 5% of the difference between the $2 million and the amount raised under this arrangement. U.S. Concrete may pay, at its option, the stand-by fees in cash or in shares of its common stock.

15. SIGNIFICANT CUSTOMERS AND SUPPLIERS

U.S. Concrete defines its significant customers as those customers who accounted for more than 10% of its revenues in a given period. U.S. Concrete did not have any significant customers during 2002, 2001 or 2000.

U.S. Concrete defines its significant suppliers as those suppliers who accounted for more than 10% of its cost of goods sold in a given period. U.S. Concrete did not have any significant suppliers during 2002. For prior years, one supplier accounted for 11.7% and 10.9% of total purchases (as a percentage of total cost of goods sold) during 2001 and 2000, respectively.

16. 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 IRS regulations permit. U.S. Concrete matches 100% of employee contributions up to a maximum of 5% of their compensation. U.S. Concrete paid matching contributions of $2.8 million during 2002 and $1.9 million during 2001.

U.S. Concrete maintained defined contribution profit-sharing and money purchase pension plans for the non-union employees of certain of its companies for the period from their acquisition by U.S. Concrete through the date that those companies adopted the U.S. Concrete 401(k) plan. Contributions made to these plans were $0, $143,000 and $0 in 2002, 2001 and 2000, respectively.

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. In 2001, Carrier Excavation and Foundation Company, a subsidiary of U.S. Concrete, withdrew from the multi-employer pension plan of the union that represented several of its employees. That union disclaimed interest in representing those employees. U.S. Concrete has no plans to withdraw from any other multi-employer 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, including with respect to Carrier's plan withdrawal, are not ascertainable at this time. U.S. Concrete made contributions to these plans of $11.3 million in 2002, $10.9 million in 2001 and $9.0 million in 2000.

For discussions of U.S. Concrete's incentive plans and employee stock purchase plan, see Note 9.

17. SUBSEQUENT EVENT

Acquisition

On January 31, 2003, U.S. Concrete acquired one ready-mixed concrete business. U.S. Concrete accounted for this transaction as a purchase, and the

aggregate consideration it paid in this transaction consisted of $6.9 million in cash and 920,726 shares of common stock. U.S. Concrete funded the cash component of the consideration with borrowings under its secured revolving credit facility.

18. SELECTED QUARTERLY FINANCIAL INFORMATION

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
	(unaudited; in thousands, except per share data)			
2002(1)(2)				
Sales	$ 104,900	$ 140,187	$ 144,061	$ 114,166
Income (loss) from operations	3,033	15,559	15,624	(21,706)
Net income (loss)	(689)	6,705	6,707	(16,761)
Basic and diluted earnings (loss) per share	(0.03)	0.25	0.25	(0.62)
2001(3)				
Sales	$ 89,878	$ 136,299	$ 138,587	$ 128,827
Income from operations	1,666	13,408	11,883	8,980
Net income (loss)	(1,827)	4,982	3,785	2,605
Basic and diluted earnings (loss) per share	(0.08)	0.21	0.15	0.10

(1) Net income (loss) does not reflect the transitional goodwill impairment charge for the adoption of SFAS No. 142 of $24.3 million ($0.91 per share), net of tax, presented as a cumulative effect of accounting change in the first quarter of 2002. See Note 3.

(2) Reflects restructuring and impairment charges of $28.4 million in the fourth quarter of 2002. The earning per share impact of the charges was $0.70 per share. See Note 6.

(3) Reflects special compensation charge of $2.1 million in the second quarter of 2001. The earning per share impact of the charge was $0.05 per share. See Note 5.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

As we previously disclosed in our current report on Form 8-K dated May 16, 2002, which we filed with the SEC on May 21, 2002, we dismissed Arthur Andersen LLP as our independent auditors and appointed PricewaterhouseCoopers LLP to serve as our independent auditors for 2002.

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 2003 Annual Meeting of Stockholders. We intend to file that definitive proxy statement with the SEC by April 30, 2003.

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 and Key Employees" in the definitive proxy statement for our 2003 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 2003 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 2003 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 2003 Annual Meeting of Stockholders for the information this Item 13 requires.

ITEM 14. CONTROLS AND PROCEDURES

Within the 90-day period immediately preceding the filing of this report, our chief executive officer and chief financial officer have evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934). On the basis of that evaluation, our chief executive officer and chief financial officer concluded that the design and operation of our disclosure controls and procedures were effective as of the date of that evaluation. There have been no significant changes in our internal controls or in other factors that could significantly affect those controls subsequent to the date of that evaluation.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a)(1) Financial Statements.

See Index to Consolidated Financial Statements on page 26.

(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
3.1*	--Restated Certificate of Incorporation of U.S. Concrete (Form S-1 (Reg. No. 333-74855), Exhibit 3.1).
3.2*	--Amended and Restated Bylaws of U.S. Concrete, as amended (Post Effective Amendment No. 1 to Form S-3 (Reg. No. 333-42860), Exhibit 4.2).
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 August 31, 2001, the parties to which include U.S. Concrete, the Guarantors named therein, the Lenders named therein and JP Morgan Chase Bank, as administrative agent (Form 10-Q for the quarter ended September 30, 2001 (File No. 000-26025), Exhibit 4.1).
4.2*	--Form of certificate representing common stock (Form S-1 (Reg. No. 333-74855), Exhibit 4.3).
4.3*	--Rights Agreement by and between U.S. Concrete and American Stock Transfer & Trust Company, including form of Rights Certificate attached as Exhibit B thereto (Form S-1 (Reg. No. 333-74855), Exhibit 4.4).
4.4*	--First Amendment to Exhibit 4.1 (Form 10-Q for the quarter ended June 30, 2002 (File No. 000-26025), Exhibit 4.2).
4.5*	--New Lender Acceptance, dated June 12, 2002 under Exhibit 4.1 (Form 10-Q for the quarter ended June 30, 2002 (File No. 000-26025), Exhibit 4.3).
4.6*	--Note Purchase Agreement, dated November 10, 2000, the parties to which include U.S. Concrete, Inc. and The Prudential Insurance Company of America, Metropolitan Life Insurance Company, Teachers Insurance & Annuity Association, Connecticut General Life Insurance Company,

Allstate Life Insurance Company, Allstate Life Insurance Company of New York and Southern Farm Bureau Life Insurance Company (Form 10-K for the year ended December 31, 2000 (File No. 000-26025), Exhibit 4.4).

4.7*--First Amendment to Exhibit 4.6 (Form 10-K for the year ended December 31, 2001 (File No. 000-26025), Exhibit 4.4).

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. Under 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).

EXHIBIT NUMBER	DESCRIPTION
10.8*+	--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).
10.9*+	-- Form of Employment Agreement between U.S. Concrete and Terry Green (Form S-1 (Reg. No. 333-74855), Exhibit 10.10).
10.10*+	--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).
10.11*+	--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).
10.12*+	--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).
10.13*	-- Promissory Note, dated March 2, 2000, issued by Michael W. Harlan to U.S. Concrete, Inc. (Form 10-K for the year ended December 31, 2001 (File No. 000-26025), Exhibit 10.14).
10.14*	-- Promissory Note, dated March 2, 2000, issued by Eugene P. Martineau to U.S. Concrete, Inc. (Form 10-K for the year ended December 31, 2001 (File No. 000-26025), Exhibit 10.15).
10.15*	-- Agreement, dated March 15, 2000, between U.S. Concrete, Inc. and Neil J. Vannucci (Form 10-K for the year ended December 31, 2001 (File No. 000-26025), Exhibit 10.16).
10.16*	-- Flexible Underwritten Equity FaciLity (FUEL(R)) Agreement dated as of January 7, 2002 between Ramius Securities, LLC and U.S. Concrete (Form S-3 (Reg. No. 333-42860), Exhibit 1.2).
10.17*	-- Amended and restated engagement letter agreement dated as of January 18, 2002 between Credit Lyonnais Securities (USA) Inc. and U.S. Concrete (Form S-3 (Reg. No. 333-42860), Exhibit 1.3).
10.18	-- Promissory Note, dated May 24, 2002, issued by Eugene P. Martineau to U.S. Concrete, Inc.
10.19	-- Promissory Note, dated May 24, 2002, issued by Michael Harlan to U.S. Concrete, Inc.
21	-- Subsidiaries
23	-- Consent of independent accountants.

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* Incorporated by reference to the filing indicated.

+ Management contract or compensatory plan or arrangement.

(b) Reports on Form 8-K.

We did not file any current reports on Form 8-K during the last quarter of the year covered by this report.

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 28, 2003

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 28, 2003.

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 and Accounting Officer)
/s/ Vincent D. Foster VINCENT D. FOSTER	Director
/s/ William T. Albanese WILLIAM T. ALBANESE	Director
/s/ John R. Colson JOHN R. COLSON	Director
/s/ Michael D. Mitschele MICHAEL D. MITSCHELE	Director
/s/ T. William Porter T. WILLIAM PORTER	Director
/s/ Mary P. Ricciardello MARY P. RICCIARDELLO	Director
/s/ Murray S. Simpson MURRAY S. SIMPSON	Director
/s/ Robert S. Walker ROBERT S. WALKER	Director

CERTIFICATIONS

I, Eugene P. Martineau, chief executive officer of U.S. Concrete, Inc., certify that:

1. I have reviewed this annual report on Form 10-K of U.S. Concrete, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

    a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

    b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

    c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

March 28, 2003

/s/ Eugene P. Martineau

Eugene P. Martineau
Chief Executive Officer

I, Michael W. Harlan, chief financial officer of U.S. Concrete, Inc., certify that:

1. I have reviewed this annual report on Form 10-K of U.S. Concrete, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

    a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

    b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

    c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

March 28, 2003

/s/ Michael W. Harlan

Michael W. Harlan
Chief Financial Officer

INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
3.1*	--Restated Certificate of Incorporation of U.S. Concrete (Form S-1 (Reg. No. 333-74855), Exhibit 3.1).
3.2*	--Amended and Restated Bylaws of U.S. Concrete, as amended (Post Effective Amendment No. 1 to Form S-3 (Reg. No. 333-42860), Exhibit 4.2).
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 August 31, 2001, the parties to which include U.S. Concrete, the Guarantors named therein, the Lenders named therein and JP Morgan Chase Bank, as administrative agent (Form 10-Q for the quarter ended September 30, 2001 (File No. 000-26025), Exhibit 4.1).
4.2*	--Form of certificate representing common stock (Form S-1 (Reg. No. 333-74855), Exhibit 4.3).
4.3*	--Rights Agreement by and between U.S. Concrete and American Stock Transfer & Trust Company, including form of Rights Certificate attached as Exhibit B thereto (Form S-1 (Reg. No. 333-74855), Exhibit 4.4).
4.4*	--First Amendment to Exhibit 4.1 (Form 10-Q for the quarter ended June 30, 2002 (File No. 000-26025), Exhibit 4.2).
4.5*	--New Lender Acceptance, dated June 12, 2002 under Exhibit 4.1 (Form 10-Q for the quarter ended June 30, 2002 (File No. 000-26025), Exhibit 4.3).
4.6*	--Note Purchase Agreement, dated November 10, 2000, the parties to which include U.S. Concrete, Inc. and The Prudential Insurance Company of America, Metropolitan Life Insurance Company, Teachers Insurance & Annuity Association, Connecticut General Life Insurance Company, Allstate Life Insurance Company, Allstate Life Insurance Company of New York and Southern Farm Bureau Life Insurance Company (Form 10-K for the year ended December 31, 2000 (File No. 000-26025), Exhibit 4.4).
4.7*	--First Amendment to Exhibit 4.6 (Form 10-K for the year ended December 31, 2001 (File No. 000-26025), Exhibit 4.4).
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10.15*	--Agreement, dated March 15, 2000, between U.S. Concrete, Inc. and Neil J. Vannucci (Form 10-K for the year ended December 31, 2001 (File No. 000-26025), Exhibit 10.16).
10.16*	--Flexible Underwritten Equity FaciLity (FUEL(R)) Agreement dated as of January 7, 2002 between Ramius Securities, LLC and U.S. Concrete (Form S-3 (Reg. No. 333-42860), Exhibit 1.2).

EXHIBIT NUMBER	DESCRIPTION
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10.18	--Promissory Note, dated May 24, 2002, issued by Eugene P. Martineau to U.S. Concrete, Inc.
10.19	--Promissory Note, dated May 24, 2002, issued by Michael Harlan to U.S. Concrete, Inc.
21	--Subsidiaries
23	--Consent of independent accountants.

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* Incorporated by reference to the filing indicated.

+ Management contract or compensatory plan or arrangement.

EXHIBIT 10.18

PROMISSORY NOTE

Date:	May 24, 2002
Maker:	Eugene P. Martineau
Maker's Mailing Address:	c/o U.S. Concrete, Inc. 2925 Briarpark, Suite 500 Houston, Texas 77042
Payee:	USC Management Co., L.P., a Texas limited partnership
Place for Payment:	2925 Briarpark, Suite 500 Houston, Texas 77042
Principal Amount:	$70,595.00
Terms of Payment:	This is a non-interest bearing promissory note. Principal shall be payable from time to time prior to the Maturity Date (as defined herein) 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 the earliest to occur of (a) Maker's resignation of employment with Payee and (b) May 23, 2007 (the date of the earliest to occur of which shall be referred to herein as the "Maturity Date").
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 May 24, 2002 and ending upon the earlier of payment in full of this note or the Maturity Date from (a) the sale by Maker of all shares of common stock, $.001 par value (ACommon Stock@), of U.S. Concrete, Inc., a Delaware corporation (AUSC@), acquired by Maker through (i) the exercise of any option to purchase Common Stock or (ii) any grant of Common Stock from USC 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 ANet 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.

MAKER

/s/ Eugene P. Martineau

Eugene P. Martineau

EXHIBIT 10.19

PROMISSORY NOTE

Date:	May 24, 2002
Maker:	Michael W. Harlan
Maker=s Mailing Address:	c/o U.S. Concrete, Inc. 2925 Briarpark, Suite 500 Houston, Texas 77042
Payee:	USC Management Co., L.P., a Texas limited partnership
Place for Payment:	2925 Briarpark, Suite 500 Houston, Texas 77042
Principal Amount:	$50,000.00
Terms of Payment:	This is a non-interest bearing promissory note. Principal shall be payable from time to time prior to the Maturity Date (as defined herein) 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 the earliest to occur of (a) Maker's resignation of employment with Payee and (b) May 23, 2007 (the date of the earliest to occur of which shall be referred to herein as the "Maturity Date").
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 May 24, 2002 and ending upon the earlier of payment in full of this note or the Maturity Date from (a) the sale by Maker of all shares of common stock, $.001 par value (ACommon Stock@), of U.S. Concrete, Inc., a Delaware corporation (AUSC@), acquired by Maker through (i) the exercise of any option to purchase Common Stock or (ii) any grant of Common Stock from USC 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 ANet 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.

MAKER

/s/ Michael W. Harlan

Michael W. Harlan

EXHIBIT 21

SUBSIDIARIES OF U.S. CONCRETE, INC.

Central Concrete Supply Co., Inc.
Superior Concrete Materials, Inc.
Titan Concrete Industries, Inc.
Ready Mix Concrete Company of Knoxville
San Diego Precast Concrete, Inc.
AFTM Corporation
Beall Industries, Inc.
Beall Management, Inc.
Beall Concrete Enterprises, Ltd.
Beall Investment Corporation, Inc.
Atlas-Tuck Concrete, Inc.
B.W.B., Inc. of Michigan
Superior Materials, Inc.
Central Precast Concrete, Inc.
Eastern Concrete Materials, Inc.
Sierra Precast, Inc.
American Concrete Products, Inc.
Smith Pre-Cast, Inc.
Central Concrete Corp.
Wyoming Concrete Industries, Inc.
Builders' Redi-Mix, LLC
USC Atlantic, Inc.
USC Management Co., L.P.
USC Michigan, Inc.
USC Midsouth, Inc.
USC GP, Inc.
USC LP, Inc.

EXHIBIT 23

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (No. 333-42860) of U.S. Concrete, Inc. of our report dated February 21, 2003 relating to the consolidated financial statements, which appear in this Form 10-K.

PricewaterhouseCoopers LLP

Houston, Texas
March 31, 2003