US CONCRETE INC
Form 10-K
March 11, 2011

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2010

or

o **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 001-34530
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 1050, 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:

Common Stock, par value $.001	**The Nasdaq Capital Market**
(Title of class)	**(Name of each exchange on which registered)**

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No þ

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No þ

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 þ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-K (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

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 the 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. þ

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o Accelerated filer o Smaller reporting company þ

Non-accelerated filer o
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act.) Yes o Noþ

Indicate by check mark whether the registrant has filed all documents required to be filed by Sections 12, 13 or 15(d) of the Securities and Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by the court Yes þ No ¨

Aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant computed by reference to the last reported sale price of $0.23 of the registrant s common stock as of June 30, 2010, the last business day of the registrant s most recently completed second fiscal quarter: $8,027,885.

There were 11,943,869 shares of common stock, par value $.001 per share, of the registrant outstanding as of March 7, 2011.

DOCUMENTS INCORPORATED BY REFERENCE

None

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Cautionary Statement Concerning Forward-Looking Statements

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 our business strategies, revenues, income, cash flows and capital requirements. Forward-looking statements generally use words such as estimate, project, predict, believe, may, expect, anticipate, plan, forecast, budget, goal , the negative of such words 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.

This report contains various statements, including those that express a belief, expectation or intention or those that are not statements of historical fact, that are forward-looking statements under the Private Securities Litigation Reform Act of 1995. Those forward-looking statements appear in Item 1 Business, Item 2 Properties, Item 3 Legal Proceedings, Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operations, Item 7A Quantitative and Qualitative Disclosures About Market Risk, Item 9A Controls and Procedures and elsewhere in this report, including in the notes to our Consolidated Financial Statements in Item 8 of this report. Those forward-looking statements speak only as of the date of this report. We disclaim any obligation to update those statements, except as applicable law may require us to do so, and we caution you not to rely unduly on them. We have based those forward-looking statements on our current expectations and assumptions about future events, which may prove to be inaccurate. While our management considers those 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. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, those we discuss in this report under the section entitled Risk Factors in Item 1A and in other reports we file with the Securities and Exchange Commission (the SEC). The factors we discuss in this report are not necessarily all the important factors that could affect us. Unpredictable or unknown factors we have not discussed in this report also could 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 in this report could affect the accuracy of our forward-looking statements and (2) use caution when considering our forward-looking statements.

PART I

Item 1. *Business*

General

We are a major producer of ready-mixed concrete, precast concrete products and concrete-related products in select markets in the United States. We operate our business through our ready-mixed concrete and concrete-related products segment and our precast products concrete segment. We are a leading producer of ready-mixed concrete or precast concrete products in substantially all the markets in which we have operations. Ready-mixed and precast concrete products are important building materials that are used in a vast majority of commercial, residential and public works construction projects.

All of our operations are in (and all of our sales are made within) the United States. We operate principally in Texas, California and New Jersey/New York, with those markets representing approximately 36%, 25%, and 19%, respectively, of our consolidated revenues from continuing operations for the year ended December 31, 2010. According to publicly available industry information, those states represented an aggregate of 28% of the consumption of ready-mixed concrete in the United States in 2010 (Texas, 13.1%; California, 9.3%; and New Jersey/New York, 5.4%). Our consolidated revenues from continuing operations for the year ended December 31, 2010 were $455.7 million, of which we derived approximately 87.7% from our ready-mixed concrete and concrete-related products segment and 12.3% from our precast concrete products segment. For more information on our consolidated revenues and results of operations for the years ended December 31, 2010, 2009 and 2008 and our consolidated total assets as of December 31, 2010 and 2009, see our Consolidated Financial Statements included in this report.

As of March 7, 2011, we had 102 fixed and 11 portable ready-mixed concrete plants, seven precast concrete plants and seven aggregates facilities. During 2010, these plants and facilities produced approximately 3.8 million cubic yards of ready-mixed concrete and 3.1 million tons of aggregates. We lease two of the seven aggregates facilities to third parties and retain a royalty on production from those facilities.

Our ready-mixed concrete and concrete-related products segment engages principally in the formulation, preparation and delivery of ready-mixed concrete to the job sites of our customers. We also 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 mixtures for specific design uses, on-site and lab-based product quality control, and customized delivery programs to meet our customers needs.

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Our marketing efforts primarily target concrete sub-contractors, general contractors, governmental agencies, property owners and developers and home builders whose focus extends beyond the price of ready-mixed concrete to product quality, on-time delivery and reduction of in-place costs. We generally do not provide paving or other finishing services, which construction contractors or subcontractors typically perform. To a lesser extent, this segment is also engaged in the mining and sale of aggregates and the resale of building materials, primarily to our ready-mixed concrete customers. These businesses are generally complementary to our ready-mixed concrete operations and provide us opportunities to cross-sell various products in markets where we sell both ready-mixed concrete and concrete-related products. We provide our ready-mixed concrete and concrete-related products from our continuing operations in north and west Texas, northern California, New Jersey, New York, Washington, D.C. and Oklahoma.

Our precast concrete products segment produces precast concrete products at seven plants in three states, with five plants in California, one in Arizona and one in Pennsylvania. Our customers choose precast technology for a variety of architectural applications, including free-standing walls used for landscaping, soundproofing and security walls, panels used to clad a building façade and storm water drainage. Our operations also specialize in a variety of finished products, among which are utility vaults, manholes, catch basins, highway barriers, curb inlets, pre-stressed bridge girders, concrete piles and custom-designed architectural products.

In August 2010, we entered into a redemption agreement to redeem our 60% interest in our Michigan subsidiary, Superior Materials Holdings, LLC (Superior). This redemption was finalized and closed on September 30, 2010. The results of operations of Superior, net of the minority owner s 40% interest, have been included in discontinued operations in our consolidated statements of operations for all periods presented.

For financial information regarding our reporting segments, including revenue and operating income (loss) for the four month period ended December 31, 2010, the eight month period ended August 31, 2010, and the years ended December 31, 2009 and 2008, see Note 18 to our Consolidated Financial Statements included in this report.

U.S. Concrete, Inc. is a Delaware corporation which was incorporated in 1997. We began operations in 1999, which is the year we completed our initial public offering. In this report, we refer to U.S. Concrete, Inc. and its subsidiaries as we, us or U.S. Concrete unless we specifically state otherwise or the context indicates otherwise.

Market Trends and Restructuring

Since the middle of 2006, the United States building materials construction market has been challenging. Currently, the construction industry, particularly the ready-mixed concrete industry, is characterized by significant overcapacity and fierce competitive activity. However, the fourth quarter of 2010 showed what we believe are positive signs with a 3.3% increase in revenue from continuing operations and an 8.6% increase in ready-mix concrete sales volume compared to the fourth quarter of 2009. The year-over-year volume increase is the first since the third quarter of 2007. While our average sales prices declined approximately 1.5% in the fourth quarter of 2010 compared to the same period in 2009, the decline was relatively modest.

From 2007 through 2010, we implemented a variety of cost reduction initiatives, including workforce reductions, suspension of certain employee benefits, temporary plant idling, rolling stock dispositions and divestitures of underperforming business units to reduce our operating and fixed costs. Despite these initiatives, our business and financial performance was severely affected by the overall downturn in construction activity, particularly the steep decline in single-family home starts in the U.S. residential construction markets, the previous turmoil in the global credit markets and the U.S. economic downturn. These conditions have had a significant impact on demand for our products since the middle of 2006 and continuing through 2010. During 2007, 2008 and 2009, single family home starts declined significantly, and commercial construction activity, which has been negatively affected by the recent U.S. economic downturn, was weaker in our markets in 2010 when compared to 2009. Sales volumes in our precast operations have also been significantly affected due to the dramatic downturn in residential construction. We have also experienced pricing pressure and our ready-mixed concrete pricing declined in 2010 compared to 2009 in most of our markets, which negatively impacted our gross margins.

The continued weakening economic conditions, including ongoing softness in residential construction, further reduction in demand in the commercial sector and delays in anticipated public works projects in many of our markets, combined to cause a significant reduction in our liquidity during 2010. We retained legal and financial advisors to assist us in reviewing the strategic and financing alternatives available to us. We also engaged in discussions with the holders of our previously outstanding 8.375% Senior Subordinated Notes due 2014 (the Old Notes) regarding a permanent restructuring of our capital structure.

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Chapter 11 Bankruptcy and Emergence

We reached an agreement with a substantial majority of the holders of our Old Notes on the terms of a comprehensive debt restructuring plan in April, 2010. To implement the restructuring, on April 29, 2010 (the Petition Date) we and certain of our subsidiaries (collectively, the Debtors) filed voluntary petitions in the United States Bankruptcy Court for the District of Delaware (the Bankruptcy Court) seeking relief under the provisions of Chapter 11 of Title 11 of the United States Code (the Bankruptcy Code). The Bankruptcy Court ordered joint administration of the Chapter 11 Cases under the lead case*: In re U.S. Concrete, Inc.*, Case No. 10-11407 (the Chapter 11 Cases).

On July 29, 2010, the Bankruptcy Court entered an order confirming the Debtors Joint Plan of Reorganization, which was originally filed with the Bankruptcy Court on the Petition Date, supplemented on July 19, 2010 and July 22, 2010, and amended on July 27, 2010 (as so amended and supplemented, the Plan). On August 31, 2010 (the Effective Date), the Debtors consummated their reorganization under the Bankruptcy Code and the Plan became effective.

The consummation, on the Effective Date, of our reorganization under the Plan provided for the following:

- all outstanding obligations under our Old Notes were cancelled and the indenture governing the Old Notes was terminated;

- all amounts outstanding under the Revolving Credit, Term Loan and Guarantee Agreement (the DIP Credit Agreement) were paid and such agreement was terminated in accordance with its terms;

- all of our then existing equity securities, including our common stock (the Old Common Stock), all options to purchase the Old Common Stock and all rights to purchase the Company s Series A Junior Participating Preferred Stock pursuant to a Rights Agreement, dated as of November 5, 2009, were cancelled.

- the following equity incentive plans, and all awards granted under such plans, were terminated (i) 1999 Incentive Plan of U.S. Concrete, Inc.; (ii) U.S. Concrete, Inc. 2000 Employee Stock Purchase Plan; (iii) 2001 Employee Incentive Plan of U.S. Concrete, Inc.; and (iv) U.S. Concrete, Inc. 2008 Incentive Plan;

- issuance of (i) approximately 11.9 million shares of Common Stock to holders of the Old Notes, (ii) Class A Warrants (the Class A Warrants) to purchase aggregate of approximately 1.5 million shares of common stock to holders of Old Common Stock and (iii) Class B Warrants (the Class B Warrants) to purchase aggregate of approximately 1.5 million shares of common stock to holders of Old Common Stock, (see Note 16 to our consolidated financial statements for more information on the Class A and Class B Warrants);

- adoption of a management equity incentive plan (the Incentive Plan), under which 9.5% of the equity of the reorganized Company authorized pursuant to the Plan, on a fully-diluted basis, is reserved for issuance as equity-based awards to management and employees, and 0.5% of such equity, on a fully-diluted basis, is reserved for issuance to directors of the reorganized Company;

- entry into a new credit agreement, dated as of August 31, 2010 (the Credit Agreement), which provides for a $75.0 million asset-based revolving credit facility (the Revolving Facility), (see Liquidity and Capital Resources below for more information on the Credit Agreement); and

- issuance of $55.0 million aggregate principal amount of 9.5% Convertible Secured Notes due 2015 (the Convertible Notes) pursuant to a subscription offering, (see Liquidity and Capital Resources below for more information on the Convertible Notes).

Our Old Common Stock ceased trading on the NASDAQ Global Select Market on May 10, 2010 and was traded in the over-the-counter market until the Effective Date. Upon the Effective Date of the Plan, the Old Common Stock was cancelled and holders of the Old Common Stock received Class A Warrants and Class B Warrants. The common stock issued to holders of the Old Notes on the Effective Date began trading on the over-the-counter Bulletin Board (the OTC Bulletin Board or OTC BB) on October 15, 2010 under the symbol USCR and began trading on the NASDAQ Capital Market on February 1, 2011 under the symbol USCR .

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Industry Overview

General

Ready-mixed concrete is a highly versatile construction material that results from combining coarse and fine aggregates, such as gravel, crushed stone and sand, with water, various chemical admixtures and cement. We manufacture ready-mixed concrete in thousands of variations, which in each instance may reflect a specific design use. We generally maintain only a few days inventory of raw materials and coordinate our daily materials purchases with the time-sensitive delivery requirements of our customers.

The quality of ready-mixed concrete is time-sensitive as it becomes difficult to place within 90 minutes after mixing. Consequently, the market for a permanently installed ready-mixed concrete plant is usually limited to an area within a 25-mile radius of such plant s location. We produce ready-mixed concrete in batches at our plants and use mixer and other trucks to distribute and deliver the concrete to the job sites of our customers.

Ready-mixed concrete is poured-in-place in forms at a construction site and cured on site. In contrast, our precast concrete products are made with ready-mixed concrete (its primary raw material), but are cast in reusable molds or forms and cured in a controlled environment at our plant, then either placed in inventory or transported to the construction site. The advantages of using precast concrete products include the higher quality of the material, when formed in controlled conditions, and the reduced cost of reusable forms as compared to the cost of constructing large forms used with ready-mixed concrete placed at the construction site.

Concrete has many attributes that make it a highly versatile construction material. In recent years, industry participants have developed various uses for concrete products, including:

- high-strength engineered concrete to compete with steel-frame construction;
- concrete housing;
- precast modular paving stones;
- 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 concrete include:

- overlaying asphalt pavement with concrete, or white topping ;
- highway median barriers;
- highway sound barriers;
- paved shoulders to replace less permanent and increasingly costly asphalt shoulders;
- pervious concrete parking lots for water drainage management, as well as providing a long-lasting and aesthetically pleasing urban environment; and
- colored pavements to mark entrance and exit ramps and lanes of expressways.

We generally obtain contracts through local sales and marketing efforts directed at concrete sub-contractors, general contractors, property owners and developers, governmental agencies and home builders. In many cases, local relationships are very important.

Based on information from the National Ready-Mixed Concrete Association (NRMCA) and the National Precast Concrete Association (NPCA), we estimate that, in addition to vertically integrated manufacturers of cement and aggregates, over 2,200 independent ready-mixed concrete producers currently operate approximately 5,000 plants in the United States and 3,200 precast concrete products manufacturers operate in the United States and Canada. Larger markets generally have several producers competing for business on the basis of product quality, service, on-time delivery and price.

Annual usage of ready-mixed concrete in the United States dropped significantly in 2010, 2009 and 2008 from its near record 2006 level. According to information available from the NRMCA, total volume (measured in cubic yards) from the production and delivery of ready-mixed concrete in the United States over the past three years were as follows (in millions):

2010	258
2009	259
2008	352

Ready-mixed concrete and precast concrete products have historically benefited from relatively stable demand and pricing. However, pricing of our products is primarily driven by the cost of raw materials (cement, aggregates, etc.), cost of labor and competition in our local markets. From 2006 through most of 2007, raw materials cost and ready-mixed concrete products average selling prices increased. For 2008, 2009 and 2010, pricing of our raw materials, particularly cement, and our ready-mixed pricing has been put under competitive pressure due to product demand declines resulting from the slowdown in construction activity in all of our markets, especially in the residential construction sector.

According to recently published McGraw-Hill Construction 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 2010, 2009 and 2008:

	2010	2009	2008
Commercial and industrial construction	14%	21%	25%
Residential construction	13%	13%	16%
Street and highway construction and paving	28%	24%	21%
Other public works and infrastructure construction	45%	42%	38%

Barriers to the start-up of new ready-mixed concrete and precast concrete products manufacturing operations have been increasing. During the past decade, public concerns about dust, process water runoff, noise and heavy mixer and other truck traffic associated with the operation of these types of 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 capital investment that start-up operations entail, have raised the barriers to entry for those operations.

For a discussion of the general seasonality of the construction industry, see Item 1A Risk Factors Our operating results may vary significantly from one reporting period to another and may be adversely affected by the seasonal and cyclical nature of the markets we serve and Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operations of this report.

Products and Services

Ready-Mixed Concrete and Concrete-Related Products Segment

Ready-Mixed Concrete. Our ready-mixed concrete products consist of proportioned mixes we prepare and deliver in an unhardened plastic state for placement and shaping into designed forms at the job site. 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. Additionally, we believe our environmentally friendly concrete (*EF Technology®)* initiative, which utilizes alternative materials and mix designs that result in lower CO_2 emissions, helps differentiate us from our competitors. We also believe we distinguish ourselves with our value-added service approach that emphasizes reducing our customers overall construction costs by reducing the 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 build the forms for the ready-mixed concrete and 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, time and labor they will require in various applications.

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

- production of 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, other cementitious materials (described below), 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 low water content.

We frequently use various mineral admixtures as supplements to cement, which we refer to as cementitious materials, to alter the permeability, strength and other properties of concrete. These materials include fly ash, ground granulated blast-furnace slag, silica fume and other natural pozzolans. These materials also reduce the amount of cement content used which results in a reduction in CO_2 emissions.

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

Aggregates. We produce crushed stone aggregates, sand and gravel from seven aggregates facilities located in New Jersey and Texas. We sell these aggregates for use in commercial, industrial and public works projects in the markets they serve, as well as consume them internally in the production of ready-mixed concrete in those markets. We produced approximately 3.1 million tons of aggregates in 2010 from these facilities with Texas producing 37.8% and New Jersey 62.2% of that total production. We believe our aggregates reserves provide us with additional raw materials sourcing flexibility and supply availability, although they will provide us with supply for less than 5% of our annual consumption of aggregates. In April 2007, we entered into an agreement to lease our sand pit operations in Michigan and we receive a royalty based on the volume of product produced and sold from the Michigan quarry during the term of the lease.

Building Materials. Our building materials operations supply concrete masonry, various resale materials, products and tools contractors use in the concrete construction industry. These materials include rebar, concrete block, wire mesh, color additives, curing compounds, grouts, wooden forms and numerous other items. Our building materials operations are located near several of our ready-mixed concrete operations in northern California.

Precast Concrete Products Segment

We produce precast concrete products at seven plants in three states, with five in California, one in Arizona and one in Pennsylvania. Our precast concrete products consist of ready-mixed concrete we either produce on-site or purchase from third parties, which is then poured into reusable molds at our plant sites. After the concrete sets, we strip the molds from the finished products and either place the finished products in inventory or ship them to our customers. Our precast technology produces a wide variety of finished products, including a variety of architectural applications, such as free-standing walls used for landscaping, soundproofing and security walls, signage, utility vaults, manholes, panels to clad a building façade, highway barriers, pre-stressed bridge girders, concrete piles, catch basins and curb inlets.

Because precast concrete products are not perishable, we can place these products into inventory and stage them at plants or other distribution sites to serve a larger geographic market area. The cost of transportation and storage usually limits the market area for these types of products to within approximately 150 miles of our plant sites and, therefore, sales are generally driven by the level of construction activity within the market area served by our plants. Our precast concrete products are marketed by our local sales organizations and are sold to numerous customers.

Operations

Ready-Mixed Concrete

Our ready-mixed concrete plants consist of fixed 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 portable plant operations deploy our 11 portable 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. We use our portable plants to service high-volume projects or projects in remote locations. Several factors govern the choice of plant type, including:

- production consistency requirements;
- daily production capacity requirements;
- job site proximity to fixed plants; and
- capital and financing.

Generally, we will construct wet batch plants to serve markets that we expect will have consistently high demand, as opposed to dry batch plants that will serve those markets that we expect will have a less consistent demand. A wet batch plant generally has a higher initial cost and daily operating expenses, but yields greater consistency with less time required for quality control in the concrete produced and generally has greater daily production capacity than a dry batch plant. We believe that construction of 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. As of March 7, 2011, our batch plants included 16 wet batch plants and 97 dry batch plants.

Our batch operator at 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 an operator loads the already mixed concrete into a mixer truck, which leaves for the job site promptly after loading.

Any future decisions we make regarding the construction of additional plants will be impacted by market factors, including:

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

Mixer trucks slowly rotate their loads en route to job sites in order to maintain product consistency. Our mixer trucks typically have load capacities of 10 cubic yards, or approximately 20 tons, and an estimated useful life of 12 years. A new truck of this size currently costs between $160,000 and $190,000, depending on the geographic location and design specifications. 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 five years. As of December 31, 2010, we operated a fleet of approximately 800 owned and leased mixer trucks, which had an average

age of approximately nine years.

In our ready-mixed concrete operations, 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. A typical order contains specifications the contractor requires the concrete to meet. After receiving the specifications for a particular job, we use

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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 and has a projected duration beyond the supply arrangement in place at that time, 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 multisourced 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 products throughout the placement process. On any given day, one of our plants 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 premixed 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.

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

- loading concrete;
- en route to a particular job site;
- on the job site;
- discharging concrete;
- being rinsed down; or
- en route to a particular plant.

The system is updated continuously on the trucks status via signals received from sensors. 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.

Our plant managers oversee the operations of each of our plants. Our operational employees also include:

- maintenance personnel who perform routine maintenance work throughout our plants;
- mechanics who perform the maintenance and repair work on our rolling stock;

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.

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We generally operate each of our plants on an extended single shift, with some overtime operation during the year. On occasion, however, we may have projects that require deliveries around the clock.

Precast Concrete Products

Our precast concrete products operations consist of seven fixed plant sites where precast products are produced, staged and shipped to our customers, and distribution yards. We stage precast products at distribution facilities to serve markets beyond the normal reach of our existing manufacturing sites. Each of our precast manufacturing sites has as its primary components:

- either a concrete batch plant or local ready-mixed concrete provider for the concrete utilized in production;
- precast molds or "forms" for the array of products and product sizes we offer or a custom design center to create precast forms; and
- a crane-way or other method to facilitate moving forms, finished product or pouring ready-mixed concrete.

Some of the products we produce are designed by the customer for use in their own systems, while other products are designed by our in-house engineers to meet the needs of our customers through a more standardized product. Each of our precast manufacturing sites produces a range of precast products.

Generally, precast structures are manufactured by placing pre-engineered ready-mixed concrete into molds, which are then vibrated to facilitate consolidation of the concrete within the mold and remove any voids created by air that may be trapped during the pouring process. These molds generally utilize some form of reinforcing which can include products ranging from (1) welded steel wire or re-bar placed inside the mold in a pre-engineered design to support the integrity of the finished precast product, to (2) steel fibers or other similar additives which are blended into the ready-mixed concrete during mixing to serve a similar purpose, or a combination of both. Once the pouring is complete, any exposed surfaces are finished and the product is allowed to cure in a controlled environment for a minimum of two to four hours and as long as 24 hours, depending on the product and design specification. After the product has cured, the mold is stripped and prepared for re-use in the manufacturing process.

Precast concrete structures are not perishable products. This contributes to our ability to maintain some level of standardized products in inventory at all times, as well as service a larger market area from a plant location than a ready-mixed concrete plant site. Our precast concrete products can be shipped across the country, but due to the weight of the products, shipping is generally limited to within a 150-mile radius of a plant site. Depending on our overall costs, shipments occur either through our existing fleet of crane-equipped trucks or through contract haulers. In some markets, we also install our precast products and provide our customers with the added benefit of eliminating coordination with a third party.

Bidding and order fulfillment processes for our precast business are similar to our ready-mixed concrete operations, as previously described above. Cement and aggregates are the two primary raw materials used in precast concrete manufacturing, similar to our ready-mixed concrete operations, while labor costs are second only to our materials cost.

Promoting Operational Excellence

We strive to be an operationally excellent organization by:

- investing in safety training solutions and technologies which enhance the safety of our work environments;
- implementing and enhancing standard operating procedures;
- standardizing plants and equipment;
- investing in software and communications technology;
- implementing company-wide quality-control initiatives;
- providing technical expertise to optimize ready-mixed concrete mix designs; and

developing strategic alliances with key suppliers of goods and services for new product development.

Cement and Other Raw Materials

We obtain most of the materials necessary to manufacture ready-mixed concrete and precast concrete products on a daily basis. These materials include cement, other cementitious materials (fly ash, blast furnace slag) and aggregates (stone, gravel and sand), in addition to certain chemical admixtures. With the exception of chemical admixtures, each plant typically maintains an inventory level of these materials sufficient to satisfy its operating needs for a few days. Our inventory levels do not decline significantly or comparatively with declines in revenue during seasonally low periods. We generally maintain inventory at specified levels to maximize purchasing efficiencies and to be able to respond quickly to customer demand.

Typically, cement, other cementitious materials and aggregates represent the highest-cost materials used in manufacturing a cubic yard of ready-mixed concrete. Historically, we have purchased cement from several suppliers in each of our major markets. Due to certain industry consolidations and our decision to have a primary and secondary supplier, in certain of our markets, we are now purchasing cement from fewer suppliers than in past years. Chemical admixtures are generally purchased from suppliers under national purchasing agreements.

Cement and aggregates prices remained relatively flat to down in most of our markets during 2010, as compared to 2009. Generally, we negotiate with suppliers on a company-wide basis and at the local market level to obtain the most competitive pricing available for cement and aggregates. The demand for construction sector products was weak from 2007 through 2010, with sales volumes significantly below 2006 peak levels. The slowdown in our end-use markets has caused an oversupply of cement in most of our markets, with cement producers slowing down or shutting down domestic production and reducing imported cement to respond to the weak demand. We do not expect to experience cement shortages. Today, in most of our markets, we believe there is an adequate supply of aggregates.

We recognize the value in advocating green building and construction as part of our strategy. We initiated *EF Technology*®, our commitment to environmentally friendly concrete technologies that significantly reduce potential carbon dioxide (CO_2) emissions. Our *EF Technology*® ready-mixed concrete products replace a portion of traditional raw materials with reclaimed fly ash, slag and other materials. This results in an environmentally superior and sustainable alternative to traditional ready-mixed concrete. We believe *EF Technology*® reduces greenhouse gases and landfill space consumption and produces a highly durable product. Customers can also receive Leadership in Energy and Environmental Design (LEED) credits for the use of this technology. We are also a supporter of the NRMCA Green-Star program, a plant-specific certification that utilizes an environmental management system based on a model of continual improvement. In 2008, two plants in our Dallas/Ft. Worth market were part of the first group of plants to be awarded with Green-Star Certification.

Marketing and Sales

General contractors typically select their suppliers of ready-mixed concrete and precast 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 connection with large, complex 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 a competitive bidding process. We believe the purchasing decision for many jobs ultimately is relationship-based. Our marketing efforts target general contractors, developers, design engineers, architects and homebuilders whose focus extends beyond the price of our product to quality, consistency and reducing the in-place cost.

Our marketing and sales strategy emphasizes the sale of value-added products and solutions to customers more focused on reducing their in-place building material costs than on the price per cubic yard of ready-mixed concrete or unit price of the concrete-related product they purchase. Key elements of our customer-focused approach include:

- corporate-level marketing and sales expertise;
- technical service expertise to develop innovative new branded products; and
- training programs that emphasize successful marketing and sales techniques that focus on the sale of high-margin concrete mix designs and specialty-engineered precast concrete products.

We have also formed a strategic alliance to provide alternative solutions for designers and contractors by using value-added concrete products. Through this alliance, we offer color-conditioned, fiber-reinforced, steel-reinforced and high-performance concrete and utilize software technology that can be used to design buildings constructed of reinforced concrete.

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Customers

Of our 2010 revenue, commercial and industrial construction contractors represented approximately 55%, residential construction contractors represented approximately 19% and street and highway construction contractors and other public works represented approximately 26%. In 2010, no single customer or project accounted for more than 5% of our total revenue.

We rely heavily on repeat customers. Our management and sales personnel are responsible for developing and maintaining successful long-term relationships with key customers.

Competition

The ready-mixed concrete, precast concrete and concrete-related products industries are highly competitive. Our competitive position in a market depends largely on the location and operating costs of our plants and prevailing prices in that market. Price is the primary competitive factor among suppliers for small or less complex jobs, principally in residential construction. However, timeliness of delivery and consistency of quality and service, along with 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 manufacturers of cement and aggregates. Our vertically integrated competitors generally have greater manufacturing, financial and marketing resources than we have, providing them with a competitive advantage. Competitors having lower operating costs than we do or having the financial resources to enable them to accept lower margins than we do will have a competitive advantage over us for jobs that are particularly price-sensitive. Competitors having greater financial resources or less financial leverage than we do may be able to invest more in new mixer trucks, ready-mixed concrete plants and other production equipment or pay for acquisitions which could provide them a competitive advantage over us. See Item 1A Risk Factors We may lose business to competitors who underbid us, and we may be otherwise unable to compete favorably in our highly competitive industry.

Employees

As of March 7, 2011, we had approximately 457 salaried employees, including executive officers and management, sales, technical, administrative and clerical personnel, and approximately 1,526 hourly personnel. 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 7, 2011, approximately 686 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 between 2011 and 2013. Under these agreements, we pay specified wages to covered employees and in most cases make payments to multi-employer pension plans and employee benefit trusts rather than administering the funds on behalf of these employees.

We have not experienced any strikes or significant work stoppages in the past five years. We believe our relationships with our employees and union representatives are satisfactory.

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, in part, on providing a work environment that allows employees the opportunity to develop and maximize their capabilities. We require all field employees to attend periodic safety training meetings and all drivers to participate in training seminars. We employ a national safety director whose responsibilities include managing and executing a unified, company-wide safety program. Employee development and safety are criteria used in evaluating performance in our annual incentive plan for salaried employees.

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Governmental Regulation and Environmental Matters

A wide range of federal, state and local laws, ordinances and regulations apply to our operations, including the following matters:

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

In many instances, we are required to have various certificates, permits or licenses to conduct our business. Our failure to maintain these required authorizations or to comply with applicable laws or other governmental requirements 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 authorizations, or failures to obtain new authorizations, could impede acquisition efforts.

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 environmental site assessments, which are non-intrusive investigations conducted to evaluate the potential for significant on-site environmental impacts, on substantially all the real properties we own or lease and have engaged independent environmental consulting firms to complete those assessments. We have not identified any environmental concerns associated with those properties that we believe are likely to have a material adverse effect on our business, financial position, results of operations or cash flows, but we can provide no assurance material liabilities will not occur. In addition, we can provide no assurance that 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.

We believe 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 2010. We currently do not anticipate any material adverse effect on our business, financial condition, 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.

On July 21, 2010, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act. The legislation, among other matters, requires mining companies to provide specific detailed information on health and safety violations on a mine-by-mine basis. We have made the required health and safety violation disclosures in Exhibit 99.1.

Product Warranties

Our operations involve providing ready-mixed concrete, precast concrete products and other concrete formulations or products 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 products meeting these requirements and specifications, material claims may arise against us and our reputation could be damaged. In the past, we have had significant claims of this kind asserted against us that we have resolved. There currently are, and we expect that in the future there will be, additional claims of this kind asserted against us. If a significant product-related claim is resolved against us in the future, that resolution may have a material adverse effect on our business, financial condition, results of operations and cash flows.

Insurance

Our employees perform a significant portion of their work moving and storing large quantities of heavy raw materials, driving large mixer and other trucks in heavy traffic conditions and delivering 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 properties and equipment and environmental damage. We maintain insurance coverage in amounts and against the risks we believe are in 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. For additional discussion of our insurance programs, see Note 20 to our consolidated financial statements included in this report.

Available Information

Our web site address is *www.us-concrete.com*. We make available on this web site under the investors section, free of charge, our annual reports on Form 10-K, quarterly reports on Form 10-Q and 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 them to, the SEC. Alternatively, the public may read and copy any materials we file with the SEC at the SEC s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. The SEC also maintains a Web site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The SEC s web site address is *www.sec.gov*.

Item 1A. Risk Factors

The following risk factors represent our current view of some of the most important risks facing our businesses and are important to understanding our business. The important factors, among others, sometimes have affected, or in the future could affect, our actual results and could cause our actual consolidated results during 2011, and beyond, to differ materially from those expressed in any forward-looking statements made by us or on our behalf. In addition, these risks and uncertainties could adversely impact our business, financial condition, results of operations, cash flows and common stock price. This discussion includes a number of forward-looking statements. Please see Cautionary Statement Concerning Forward-Looking Statements preceding Item 1 of this report.

Business Risks

Further tightening of mortgage lending or mortgage financing requirements could adversely affect the residential construction market and prolong the downturn in, or further reduce, the demand for new home construction, which began in 2006 and has had a negative effect on our sales volumes and revenues.

Since 2006, the mortgage lending and mortgage finance industries experienced significant instability due to, among other things, defaults on subprime loans and adjustable rate mortgages. In light of these developments, lenders, investors, regulators and other third parties have questioned the adequacy of lending standards and other credit requirements for several loan programs made available to borrowers in recent years. This has led to reduced investor demand for mortgage loans and mortgage-backed securities, reduced market values for those securities, tightened credit requirements, reduced liquidity, increased credit risk premiums and increased regulatory actions. Deterioration in credit quality among subprime and other loans has caused many lenders to eliminate subprime mortgages and other loan products that do not conform to Fannie Mae, Freddie Mac, FHA or VA standards. Fewer loan products and tighter loan qualifications in turn make it more difficult for some categories of borrowers to finance the purchase of new homes. In general, these developments have been a significant factor in the downturn of, and have delayed any general improvement in, the housing market.

Approximately 19% of our 2010 revenue was from residential construction contractors. Further tightening of mortgage lending or mortgage financing requirements could adversely affect the availability to obtain credit for some borrowers and prolong the downturn in, or further reduce the demand for, new home construction, which could have a material adverse effect on our business and results of operations in 2011. A further downturn in new home construction could also adversely affect our customers focused in this industry segment, possibly resulting in slower payments, higher default rates in our accounts receivable, and an overall increase in working capital.

There are risks related to our internal growth and operating strategy.

Our ability to generate internal growth will be affected by, among other factors, our ability to:

- attract new customers; and
- differentiate ourselves in a competitive market by emphasizing new product development and value added sales and marketing, hiring and retaining employees and reducing operating and overhead expenses.

Our inability to achieve internal growth could materially and adversely affect our business, financial condition, results of operations and cash flows.

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One key component of our operating strategy is to operate our businesses on a decentralized basis, with local or regional management retaining responsibility for day-to-day operations, profitability and the internal growth of the individual business. If we do not implement and maintain proper overall business controls, this decentralized operating strategy could result in inconsistent operating and financial practices and our overall profitability could be adversely affected.

Our operating results may vary significantly from one reporting period to another and may be adversely affected by the seasonal and cyclical nature of the markets we serve.

The ready-mixed concrete and precast concrete businesses are seasonal. In particular, demand for our products and services during the winter months is typically lower than in other months because of inclement winter weather. In addition, sustained periods of inclement weather or permitting delays could postpone or delay projects over geographic regions of the United States, and consequently, could adversely affect our business, financial condition, results of operations and cash flows. The relative demand for our products is a function of the highly cyclical construction industry. As a result, our revenues may be adversely affected by declines in the construction industry generally and in our local markets. Our results also may be materially affected by:

- the level of residential and commercial construction in our regional markets, including reductions in the demand for new residential housing construction below current or historical levels;
- the availability of funds for public or infrastructure construction from local, state and federal sources;
- unexpected events that delay or adversely affect our ability to deliver concrete according to our customers requirements;
- changes in interest rates and lending standards;
- the changes in mix of our customers and business, which result in periodic variations in the margins of jobs performed during any particular quarter;
- the timing and cost of acquisitions and difficulties or costs encountered when integrating acquisitions;
- the budgetary spending patterns of customers;
- increases in construction and design costs;
- power outages and other unexpected delays;
- our ability to control costs and maintain quality;
- employment levels; and
- regional or general economic conditions.

As a result, our operating results in any particular quarter may not be indicative of the results that you can expect for any other quarter or for the entire year. Furthermore, negative trends in the ready-mixed concrete industry or in our geographic markets could have material adverse effects on our business, financial condition, results of operations and cash flows.

We may lose business to competitors who underbid us, and we may be otherwise unable to compete favorably in our highly competitive industry.

Our competitive position in a given market depends largely on the location and operating costs of our plants and prevailing prices in that market. Generally, our products are 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. Price is the primary competitive factor among suppliers for small or less complex jobs, principally in residential construction. However, 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. Concrete manufacturers like us generally obtain customer contracts through local sales and marketing efforts directed at general contractors, developers, governmental agencies and homebuilders. As a result, we depend on local relationships. We generally do not have long-term sales contracts with our customers.

Our competitors range from small, owner-operated private companies to subsidiaries or operating units of large, vertically integrated manufacturers of cement and aggregates. Our vertically integrated competitors generally have greater manufacturing, financial and marketing resources than we have, providing them with competitive advantages. Competitors having lower operating costs than we do or having the financial resources to enable them to accept lower margins than we do will have competitive advantages over us for jobs that are particularly price-sensitive. Competitors having greater financial resources or less financial leverage than we do to invest in new mixer trucks, build plants in new areas or pay for acquisitions also will have competitive advantages over us.

We depend on third parties for concrete equipment and supplies essential to operate our business.

We rely on third parties to sell or lease property, plant and equipment to us and to provide us with supplies, including cement and other raw materials, necessary for our operations. We cannot assure you that our favorable working relationships with our suppliers will continue in the future. Also, there have historically been periods of supply shortages in the concrete industry, particularly in a strong economy.

If we are unable to purchase or lease necessary properties or equipment, our operations could be severely impacted. If we lose our supply contracts and receive insufficient supplies from other third parties to meet our customers needs or if our suppliers experience price increases or disruptions to their business, such as labor disputes, supply shortages or distribution problems, our business, financial condition, results of operations and cash flows could be materially adversely affected.

In 2006, cement prices rose at rates similar to those experienced in 2005 and 2004, as a result of strong domestic consumption driven largely by historic levels of residential construction that did not abate until the second half of 2006. During 2007 through 2010, residential construction slowed significantly, which resulted in a decline in the demand for ready-mixed concrete. Cement prices remained relatively flat in 2010, while cement supplies were at levels that indicated a very low risk of cement shortages in our markets. Should demand increase substantially beyond our current expectations, we could experience shortages of cement in future periods, which could adversely affect our operating results, through both decreased sales and higher cost of raw materials.

The departure of key personnel could disrupt our business.

We depend on the efforts of our executive officers and, in many cases, on senior management of our businesses. Our success will depend on retaining our senior-level managers and officers. We need to insure that key personnel are compensated fairly and competitively to reduce the risk of departure of key personnel to our competitors or other industries. To the extent we are unable to attract and retain qualified management personnel, our business, financial condition, results of operations and cash flows could be materially and adversely affected. We do not carry key personnel life insurance on any of our employees.

We may be unable to attract and retain qualified employees.

Our ability to provide high-quality products and services on a timely basis depends on our success in employing an adequate number of skilled plant managers, technicians and drivers. Like many of our competitors, we experience shortages of qualified personnel from time to time. We may not be able to maintain an adequate skilled labor force necessary to operate efficiently and to support our growth strategy, and our labor expenses may increase as a result of a shortage in the supply of skilled personnel.

Collective bargaining agreements, work stoppages and other labor relations matters may result in increases in our operating costs, disruptions in our business and decreases in our earnings.

As of March 7, 2011, approximately 35%, or 686, of our employees were covered by collective bargaining agreements, which expire between 2011 and 2013. Our inability to negotiate acceptable new contracts or extensions of existing contracts with these unions could cause work stoppages by the affected employees. In addition, any new contracts or extensions could result in increased operating costs attributable to both union and nonunion employees. If any such work stoppages were to occur, or if other of our employees were to become represented by a union, we could experience a significant disruption of our operations and higher ongoing labor costs, which could materially adversely affect our business, financial condition, results of operations and cash flows. Also, labor relations matters affecting our suppliers of cement and aggregates could adversely impact our business from time to time.

We contribute to 18 multiemployer pension plans. During 2006, the Pension Protection Act of 2006 (the PPA) was signed into law. For multiemployer defined benefit plans, the PPA establishes new funding requirements or rehabilitation requirements, creates additional funding rules for plans that are in endangered or critical status, and introduces enhanced disclosure requirements to participants regarding a plan s funding status. The Worker, Retiree and Employer Recovery Act of 2008 (the WRERA) was enacted in late 2008 and provided some funding relief to defined benefit plan sponsors affected by recent market conditions. The WRERA allowed multiemployer plan sponsors to elect to freeze their current fund status at the same funding status as the preceding

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plan year (for example, a calendar year plan that was not in critical or endangered status for 2008 was able to elect to retain that status for 2009), and sponsors of multiemployer plans in endangered or critical status in plan years beginning in 2008 or 2009 were allowed a three-year extension of funding improvement or rehabilitation plans (extended the timeline for these plans to accomplish their goals from 10 years to 13 years, or from 15 years to 18 years for seriously endangered plans). Additionally, if we were to withdraw partially or completely from any plan that is underfunded, we would be liable for a proportionate share of that plan s unfunded vested benefits. Based on the information available from plan administrators, we believe that our portion of the contingent liability in the case of a full or partial withdrawal from or termination of several of these plans or the inability of plan sponsors to meet the funding or rehabilitation requirements would be material to our business financial condition, results of operations and cash flows.

Our overall profitability is sensitive to price changes and minor variations in sales volumes.

Generally, our products are price-sensitive. Prices for our products 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 price changes and minor variations in sales volumes.

The global financial crisis may impact our business and financial condition in ways that we currently cannot predict.

Adverse or worsening economic trends or the continuation of the current economic situation could have a negative impact on our suppliers and our customers and their financial condition and liquidity, which could cause them to fail to meet their obligations to us and could have a material adverse effect on our revenues, income from operations and cash flows. The uncertainty and volatility of the global financial crisis may have further impacts on our business and financial condition that we currently cannot predict or anticipate.

The turmoil in the global financial system may have an impact on our business and our financial condition. Accordingly, our ability to access the capital markets may be restricted or be available only on unfavorable terms. Limited access to the capital markets could adversely impact our ability to take advantage of business opportunities or react to changing economic and business conditions and could adversely impact our ability to execute our long-term growth strategy. Ultimately, we may be required to reduce our future capital expenditures substantially. Such a reduction could have a material adverse effect on our revenues, income from operations and cash flows.

If one or more of the lenders under our senior secured credit facility were to become unable or unwilling to perform their obligations under that facility, our borrowing capacity could be reduced. Our inability to borrow additional amounts under our senior secured credit facility could limit our ability to fund our future operations and growth.

Our substantial indebtedness could adversely affect our financial condition and prevent us from fulfilling our obligations under the Convertible Notes.

We have approximately $55.0 million of outstanding senior indebtedness represented by the Convertible Notes. The Revolving Facility provides for aggregate borrowings up to $75.0 million. As of December 31, 2010, we had approximately $8.0 million drawn under the Revolving Facility. As a result, we are a highly leveraged company. This level of indebtedness could have important consequences to you, including the following:

- it limits our ability to borrow money or sell stock to fund our working capital, capital expenditures, acquisitions and debt service requirements;

- our interest expense could increase if interest rates in general increase because a portion of our indebtedness bears interest at floating rates;

- it may limit our flexibility in planning for, or reacting to, changes in our business and future business opportunities;

- we are more highly leveraged than some of our competitors, which may place us at a competitive disadvantage;

it may make us more vulnerable to a downturn in our business or the economy;

the debt service requirements of our indebtedness could make it more difficult for us to make payments on the Convertible Notes;

a substantial portion of our cash flow from operations will be dedicated to the repayment of our indebtedness, including indebtedness we may incur in the future, and will not be available for other purposes; and there would be a material adverse effect on our business and financial condition if we were unable to service our indebtedness or obtain additional financing, as needed.

If we are unable to return to profitability and/or if current economic conditions do not improve in the foreseeable future, we may not be able to generate sufficient cash flow from operations in the future to allow us to service our debt, pay our other obligations as required and make necessary capital expenditures, in which case we may need to dispose of additional assets and/or minimize capital expenditures and/or try to raise additional financing. There is no assurance that any of these alternatives would be available to us, if at all, on satisfactory terms.

We may not be able to generate sufficient cash flows to meet our debt service obligations.

Our ability to make payments on and to refinance our indebtedness, including the Convertible Notes, and to fund planned capital expenditures will depend on our ability to generate cash from our operations in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

Our business may not generate sufficient cash flow from operations and future sources of capital under the Revolving Facility or otherwise may not be available to us in an amount sufficient to enable us to pay our indebtedness, including the Convertible Notes, or to fund our other liquidity needs. If we complete an acquisition, our debt service requirements could increase. We may need to refinance or restructure all or a portion of our indebtedness, including the Convertible Notes, on or before maturity. We may not be able to refinance any of our indebtedness, including the Revolving Facility and the Convertible Notes, on commercially reasonable terms, or at all. If we cannot service our indebtedness, we may have to take actions such as selling assets, seeking additional equity or reducing or delaying capital expenditures, strategic acquisitions, investments and alliances. We may not be able to effect such actions, if necessary, on commercially reasonable terms, or at all.

The Convertible Notes Indenture and the Revolving Facility will restrict our ability to operate our business and to pursue our business strategies.

The Revolving Facility and the Convertible Notes Indenture limit our ability, among other things, to:

incur additional indebtedness or issue disqualified stock or preferred stock;

pay dividends or make other distributions or repurchase or redeem the issuer s stock or subordinated indebtedness or make investments;

with respect to the Revolving Facility, make voluntary payments on any indebtedness;

sell assets and issue capital stock of our restricted subsidiaries;

incur liens;

enter into agreements restricting our restricted subsidiaries ability to pay dividends, make loans to other U.S. Concrete entities or restrict the ability to provide liens;

enter into transactions with affiliates;

consolidate, merge or sell all or substantially all of our assets; and

with respect to the Convertible Notes Indenture, designate our subsidiaries as unrestricted subsidiaries.

Our failure to comply with the covenants contained in the agreement governing the Revolving Facility or our other debt agreements, including as a result of events beyond our control, could result in an event of default which could materially and adversely affect our operating results and our financial condition.

The Revolving Facility contains certain financial covenants. In addition, the Revolving Facility requires us to comply with various operational and other covenants. If there were an event of default under any of our debt instruments that was not cured or waived, the holders of the defaulted debt could cause all amounts outstanding with respect to the debt to be due and payable

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immediately. Our assets and cash flow may not be sufficient to fully repay borrowings under our outstanding debt instruments, either upon maturity or if accelerated upon an event of default. If we were required to repurchase the Convertible Notes or any of our other debt securities upon a change of control, we may not be able to refinance or restructure the payments on those debt securities. If, as or when required, we are unable to repay, refinance or restructure our indebtedness under, or amend the covenants contained in, the Revolving Facility, the lenders thereunder could elect to terminate their commitments thereunder, cease making further loans and institute foreclosure proceedings against the collateral which secures our obligations under the Revolving Facility on a first-priority basis, which also secures the Convertible Notes on a second-priority basis. Any such actions could force us into bankruptcy or liquidation.

Governmental regulations, including environmental regulations, may result in increases in our operating costs and capital expenditures and decreases in our earnings.

A wide range of federal, state and local laws, ordinances and regulations apply to our operations, including the following matters:

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

In many instances, we must have various certificates, permits or licenses in order to conduct our business. Our failure to maintain required certificates, permits or licenses or to comply with applicable governmental requirements 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 failure to obtain new certificates, permits or licenses, could impede the implementation of any acquisitions.

Governmental requirements that impact our operations include those relating to air quality, solid waste management and water quality. These requirements are complex and subject to frequent change. They impose strict liability in some cases without regard to negligence or fault and may expose us to liability for the conduct of or conditions caused by others, or for our acts that complied with all applicable requirements when we performed them. Our compliance with amended, new or more stringent requirements, stricter interpretations of existing requirements, or the future discovery of environmental conditions may require us to make unanticipated material expenditures. In addition, we may fail to identify or obtain indemnification from environmental liabilities of acquired businesses. We generally do not maintain insurance to cover environmental liabilities.

Our operations are subject to various hazards that may cause personal injury or property damage and increase our operating costs.

Operating mixer trucks, particularly when loaded, exposes our drivers and others to traffic hazards. Our drivers are subject to the usual hazards associated with providing services on construction sites, while our plant personnel are subject to the hazards associated with moving and storing large quantities of heavy raw materials. Operating hazards can cause personal injury and loss of life, damage to or destruction of property, plant and equipment and environmental damage. Although we conduct training programs designed to reduce these risks, we cannot eliminate these risks. We maintain insurance coverage in amounts we believe are in accord with industry practice; however, this insurance may not be adequate to cover all losses or liabilities we may incur in our operations, and we may not be able to maintain insurance of the types or at levels we deem necessary or adequate or at rates we consider reasonable. A partially or completely uninsured claim, if successful and of sufficient magnitude, could have a material adverse effect on us.

The insurance policies we maintain are subject to varying levels of deductibles. Losses up to the deductible amounts are accrued based on our estimates of the ultimate liability for claims incurred and an estimate of claims incurred but not reported. If we were to experience insurance claims or costs above our estimates, our business, financial condition, results of operations and cash flows might be materially and adversely affected.

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

Our operations involve providing products 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 products meeting these requirements and specifications, material claims may arise against us and our reputation could be damaged. In the past, we have had significant claims of this kind asserted against us that we have resolved. There currently are claims, and we expect that in the future there will be additional claims, of this kind asserted against us. If a significant product-related claim or claims are resolved against us in the future, that resolution may have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our net revenue attributable to infrastructure projects could be negatively impacted by a decrease or delay in governmental spending.

Our business depends in part on the level of governmental spending on infrastructure projects in our markets. Reduced levels of governmental funding for public works projects or delays in that funding could adversely affect our business, financial condition, results of operations and cash flows.

Some of our plants are susceptible to damage from earthquakes, for which we have a limited amount of insurance.

We maintain only a limited amount of earthquake insurance, and, therefore, we are not fully insured against earthquake risk. Any significant earthquake damage to our plants could materially adversely affect our business, financial condition, results of operations and cash flows.

Increasing insurance claims and expenses could lower our profitability and increase our business risk.

The nature of our business subjects us to product liability, property damage and personal injury claims. Increased premiums charged by insurance carriers may further increase our insurance expense as coverage expires or otherwise cause us to raise our self-insured retention. If the number or severity of claims within our self-insured retention increases, we could suffer losses in excess of our reserves. An unusually large liability claim or a string of claims based on a failure repeated throughout our mass production process may exceed our insurance coverage or result in direct damages if we were unable or elected not to insure against certain hazards because of high premiums or other reasons. In addition, the availability of, and our ability to collect on, insurance coverage is often subject to factors beyond our control.

Applicable accounting rules relating to the conversion features of the Convertible Notes will result in increased non-cash interest expense and may cause volatility in our results of operations due to the requirement to adjust any derivative liability associated with the conversion features to fair value each quarter.

The conversion features contained within the Convertible Notes are deemed to be an embedded derivative under ASC Topic 815, Derivatives and Hedging (ASC 815). In accordance with ASC 815, an embedded derivative related to the conversion features requires bifurcation from the debt component of the Convertible Notes and a separate valuation. We recognize the embedded derivative as a liability on our balance sheet, measure it at its estimated fair value and recognize changes in its estimated fair value within our results of operations each quarter. We estimate the fair value of the embedded derivative using acceptable valuation methodologies. Valuation methodologies are complex and require significant judgments. Additionally, given the volatility of our stock price and the stock price of other comparable companies, which have a direct impact on our valuation, future changes in the estimated fair value of the conversion features of the Convertible Notes may have a material impact on our results of operations. As a result of the required bifurcation of the embedded derivative related to the conversion features of the Convertible Notes under ASC 815, the carrying value of the Convertible Notes at issuance was less than the $55.0 million face value of the Convertible Notes. The difference between the face value and the carrying value of the Convertible Notes as of the date of issuance will be reflected as an increase to our interest expense using the effective interest rate method over the term of the Convertible Notes. This discount accretion will result in a significantly higher rate of noncash interest expense within our results of operations over the stated interest rate of the Convertible Notes and a corresponding decrease to our net income.

Common Stock Investment Risks

We do not intend to pay dividends on our common stock.

We have not declared or paid any dividends on our common stock to date, and we do not anticipate paying any dividends on our common stock in the foreseeable future. We intend to reinvest all future earnings in the development and growth of our business. In addition, our Revolving Facility and the indenture governing our Convertible Notes prohibits us from paying dividends and future loan agreements may also prohibit the payment of dividends. Any future determination relating to our dividend policy will be at the discretion of our board of directors and will depend on our results of operations, financial condition, capital requirements, business opportunities, contractual restrictions and other factors deemed relevant. To the extent we do not pay dividends on our common stock, investors must look solely to stock appreciation for a return on their investment in our common stock. Investors seeking cash dividends should not purchase our common stock.

Our stock price may be volatile.

In recent years the stock market has experienced significant price and volume fluctuations that are often unrelated to the operating performance of specific companies. The market price of our common stock may fluctuate based on a number of factors, including:

- our operating performance and the performance of other similar companies;
- news announcements relating to us or our competitors, the job market in general and unemployment data;
- changes in earnings estimates or recommendations by research analysts;
- changes in general economic conditions;
- the arrival or departure of key personnel;
- acquisitions or other transactions involving us or our competitors; and
- other developments affecting us, our industry or our competitors.

Our amended and restated certificate of incorporation, third amended and restated bylaws and Delaware law contain provisions that could discourage acquisition bids or merger proposals, which may adversely affect the market price of our common stock.

Provisions in our amended and restated certificate of incorporation, our third amended and restated bylaws and applicable provisions of the General Corporation Law of the State of Delaware may make it more difficult or expensive for a third party to acquire control of us even if a change of control would be beneficial to the interests of our stockholders. These provisions could discourage potential takeover attempts and could adversely affect the market price of our common stock. In addition, Delaware law prohibits us from engaging in any business combination with any interested stockholder, meaning generally that a stockholder who beneficially owns more than 15% of our common stock cannot acquire us for a period of three years from the date this person became an interested stockholder, unless various conditions are met, such as approval of the transaction by our board of directors.

Item 1B. Unresolved Staff Comments

None.

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Item 2. ***Properties***

Facilities

The table below lists our concrete plants as of March 7, 2011. We believe these plants are sufficient for our current needs. The ready-mixed concrete volumes shown are the volumes from continuing operations each location produced in 2010.

	Ready-Mixed Concrete Plants						Ready-Mixed Concrete Volume
	Owned		Leased			Precast	(in thousands of cubic
Locations	**Fixed**	**Portable**	**Fixed**	**Portable**	**Total**	**Plants**	**yards)**
Ready-Mixed Concrete and Concrete-Related Products Segment:							
Northern California	14	2	2		18		907
Atlantic Region	19	5	1	1	26		891
Texas / Oklahoma	64	3	2		69		2,007
Precast Concrete Products Segment:							
Northern California						3	
Southern California/Arizona						3	
Pennsylvania						1	
Total Company	97	10	5	1	113	7	3,805

We produce crushed stone aggregates, sand and gravel, from seven aggregates facilities located in Texas and New Jersey. We sell these aggregates for use in commercial, industrial and public works projects in the markets they serve, as well as consume them internally in the production of ready-mixed concrete in those markets. We produced approximately 3.1 million tons of aggregates in 2010, with Texas producing 37.8% and New Jersey 62.2% of that total production. We believe our aggregates reserves provide us with additional raw materials sourcing flexibility and supply availability, although they will provide us with supply for less than 5% of our annual consumption of aggregates. In April 2007, we entered into an agreement to lease our sand pit operations in Michigan to a third party. We now receive a royalty based on the volume of product produced and sold from the quarry during the term of the lease.

Equipment

As of December 31, 2010, we had a fleet of approximately 800 owned and leased mixer trucks and 1,232 other vehicles. Our own mechanics service most of the fleet. We believe these vehicles generally are well maintained and are adequate for our operations. The average age of our mixer trucks is approximately nine years.

For additional information related to our properties, see Item 1 of this report.

Item 3. ***Legal Proceedings***

The information set forth under the heading Legal Proceedings in Note 20, Commitments and Contingencies, to our consolidated financial statements included in this report is incorporated by reference into this Item 3.

Item 4. (*Removed and Reserved)*

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PART II

Item 5. ***Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities***

Our Old Common Stock ceased trading on the NASDAQ Global Select Market on May 10, 2010 and was traded in the over-the-counter market under the symbol RMIX.PK until the Effective Date. Upon the Effective Date of the Plan, the Old Common Stock was cancelled and holders of the Old Common Stock received Class A Warrants and Class B Warrants. The holders of the Old Notes were issued 11.9 million shares of new common stock on the Effective Date which began trading on the over-the-counter Bulletin Board (the OTC Bulletin Board or OTC BB) on October 15, 2010 under the symbol USCR . The new common stock was listed and began trading on the NASDAQ Capital Market on February 1, 2011 under the symbol USCR . The share price of the Old Common Stock bears no relation to the share price of the new common stock.

As of March 7, 2011, shares of our common stock were held by approximately 1,089 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 closing price for our common stock on the NASDAQ on March 7, 2011 was $9.93 per share. The following table sets forth, for the periods indicated, the range of high and low sales prices for our common stock:

	2010 (Successor)		2010 (Predecessor)	
	High	**Low**	**High**	**Low**
First Quarter			$1.14	$0.32
Second Quarter			$1.02	$0.21
July 1 August 31			$0.24	$0.10
Sept 1 Sept 30				
Oct 15 Dec 31	$10.00	$6.76		

There were no trades of our common stock from the Effective Date through October 14, 2010.

	2009 (Predecessor)	
	High	**Low**
First Quarter	$3.53	$1.40
Second Quarter	$2.75	$1.76
Third Quarter	$2.01	$1.50
Fourth Quarter	$1.86	$0.64

We have not paid or declared any dividends since our formation and currently do not intend to pay dividends in 2011. Additional information concerning restrictions on our payment of cash dividends may be found 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 13 to our consolidated financial statements in this report.

Issuer Purchases of Equity Securities

None.

Item 6. Selected Financial Data

The registrant is a smaller reporting company and therefore not required to include this information.

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

Statements we make in the following discussion that express a belief, expectation or intention, as well as those that are not historical fact are forward-looking statements that are subject to various risks, uncertainties and assumptions. Our actual results, performance or achievements, or market conditions 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 to which we refer under the headings Cautionary Statement Concerning Forward-Looking Statements preceding Item 1 of this report and Risk Factors in Item 1A of this report.

Our Business

We operate our business in two business segments: ready-mixed concrete and concrete-related products and precast concrete products.

Ready-Mixed Concrete and Concrete-Related Products. Our ready-mixed concrete and concrete-related products segment is engaged primarily in the production, sale and delivery of ready-mixed concrete to our customers job sites. To a lesser extent, this segment is engaged in the mining and sale of aggregates; and the resale of building materials, primarily to our ready-mixed concrete customers. We provide these products and services from our operations in north and west Texas, northern California, New Jersey, New York, Washington, D.C. and Oklahoma.

Precast Concrete Products. Our precast concrete products segment engages principally in the production, distribution and sale of precast concrete products from our seven precast plants located in California, Arizona and Pennsylvania. From these facilities, we produce precast concrete structures such as utility vaults, manholes and other wastewater management products, specialty engineered structures, pre-stressed bridge girders, concrete piles, curb-inlets, catch basins, retaining and other wall systems, custom designed architectural products and other precast concrete products.

We derive substantially all our revenues from the sale of ready-mixed concrete, precast concrete and concrete-related products to the construction industry in the United States. We typically sell our products under purchase orders that require us to formulate, prepare and deliver the product to our customers job sites. The principal states in which we operate are Texas, California and New Jersey/New York. Revenue from continuing operations was 36% in 2010 and 38% in 2009 in Texas, 25% in 2010 and 26% in 2009 in California, and 19% in 2010 and 17% in 2009 in New Jersey/New York. We serve substantially all segments of the construction industry in our markets. Our customers include contractors for commercial and industrial, residential, street and highway and other public works construction. The approximate percentages of our concrete product revenue by construction type activity were as follows in 2010 and 2009:

	2010	**2009**
Commercial and industrial	55%	54%
Residential	19%	19%
Street, highway and other public works	26%	27%

The markets for our products are generally local, and our operating results are subject to fluctuations in the level and mix of construction activity that occur in our markets. The level of activity affects the demand for our products, while the product mix of activity among the various segments of the construction industry affects both our relative competitive strengths and our operating margins. Commercial and industrial projects generally provide more opportunities to sell value-added products that are designed to meet the high-performance requirements of these types of projects.

Our customers are generally involved in the construction industry, which is a cyclical business and is subject to general and more localized economic conditions, including the recessionary conditions impacting all our markets. In addition, our business is impacted by seasonal variations in weather conditions, which vary by regional market. Accordingly, demand for our products and services during the winter months are typically lower than in other months of the year because of inclement weather. Also, sustained periods of inclement weather and other adverse weather conditions could cause the delay of construction projects during other times of the year.

Market Trends and Restructuring

Since the middle of 2006, the United States building materials construction market has been challenging. Currently, the construction industry, particularly the ready-mixed concrete industry, is characterized by significant overcapacity and fierce competitive activity. However, the fourth quarter of 2010 showed what we believe are positive signs with a 3.3% increase in revenue from continuing operations and an 8.6% increase in ready-mix concrete sales volume compared to the fourth quarter of 2009. The year-over-year volume increase is the first since the third quarter of 2007. While our average sales prices declined approximately 1.5% in the fourth quarter of 2010 compared to the same period in 2009, the decline was relatively modest.

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From 2007 through 2010, we implemented a variety of cost reduction initiatives to deal with the challenging conditions, including workforce reductions, suspension of employee benefits, temporary plant idling, rolling stock dispositions and divestitures of underperforming business units to reduce our operating and fixed costs. Despite these initiatives, our business and financial performance was severely affected by the overall downturn in construction activity, particularly the steep decline in single-family home starts in the U.S. residential construction markets, the previous turmoil in the global credit markets and the U.S. economic downturn. These conditions have had a significant impact on demand for our products since the middle of 2006 and continuing through 2010. During 2007, 2008 and 2009, single family home starts declined significantly, and commercial construction activity, which has been negatively affected by the recent U.S. economic downturn, was weaker in most of our markets in 2010 when compared to 2009. Sales volumes in our precast operations have also been significantly affected due to the dramatic downturn in residential construction and weaker commercial activity. We have also experienced pricing pressure due to lower demand and our ready-mixed concrete pricing declined in 2010 compared to 2009 in most of our markets, which negatively impacted our gross margins.

The continued weak economic conditions, including ongoing softness in residential construction, reduction in demand in the commercial sector and delays in anticipated public works projects in many of our markets, combined to cause a significant reduction in our liquidity during 2010. We retained legal and financial advisors to assist us in reviewing the strategic and financing alternatives available to us. We also engaged in discussions with the holders of our Old Notes regarding a permanent restructuring of our capital structure.

Chapter 11 Bankruptcy and Emergence

We reached an agreement with a substantial majority of the holders of our Old Notes on the terms of a comprehensive debt restructuring plan in April 2010. To implement the restructuring, on Petition Date, the Debtors filed voluntary petitions in the Bankruptcy Court seeking relief under the provisions of Chapter 11 of Title 11 of the Bankruptcy Code. The Bankruptcy Court ordered joint administration of the Chapter 11 Cases under the lead case*: In re U.S. Concrete, Inc.*, Case No. 10-11407.

On July 29, 2010, the Bankruptcy Court entered an order confirming the Debtors Plan pursuant to Chapter 11 of the Bankruptcy Code. On the Effective Date, the Debtors consummated their reorganization under the Bankruptcy Code and the Plan became effective.

The consummation, on the Effective Date, of our reorganization under the Plan provided for the following:

- all outstanding obligations under our Old Notes were cancelled and the indenture governing the Old Notes was terminated;

- all amounts outstanding under the Revolving Credit, Term Loan and Guarantee Agreement (the DIP Credit Agreement) were paid and such agreement was terminated in accordance with its terms;

- all of our then existing equity securities, including the Old Common Stock, all options to purchase the Old Common Stock and all rights to purchase the Company s Series A Junior Participating Preferred Stock pursuant to a Rights Agreement, dated as of November 5, 2009, were cancelled.

- the following equity incentive plans, and all awards granted under such plans were terminated (i) 1999 Incentive Plan of U.S. Concrete, Inc.; (ii) U.S. Concrete, Inc. 2000 Employee Stock Purchase Plan; (iii) 2001 Employee Incentive Plan of U.S. Concrete, Inc.; and (iv) U.S. Concrete, Inc. 2008 Incentive Plan;

- issuance of (i) approximately 11.9 million shares of Common Stock to holders of the Old Notes, (ii) the Class A Warrants to holders of Old Common Stock and (iii) the Class B Warrants to holders of Old Common Stock, (see Note16 to our consolidated financial statements for more information on the Class A and Class B Warrants);

adoption of the Incentive Plan, under which 9.5% of the equity of the reorganized Company authorized pursuant to the Plan, on a fully-diluted basis, is reserved for issuance as equity-based awards to management and employees, and 0.5% of such equity, on a fully-diluted basis, is reserved for issuance to directors of the reorganized Company;

entry into the Credit Agreement, which provides for a $75.0 million asset-based revolving credit facility, (see Liquidity and Capital Resources below for more information on the Credit Agreement); and

issuance of $55.0 million aggregate principal amount of the Convertible Notes pursuant to a subscription offering, (see Liquidity and Capital Resources below for more information on the Convertible Notes).

Our Old Common Stock ceased trading on the NASDAQ Global Select Market on May 10, 2010 and was traded in the over-the-counter market until the Effective Date. Upon the Effective Date of the Plan, the Old Common Stock was cancelled and holders of the Old Common Stock received Class A Warrants and Class B Warrants. The common stock issued to holders of the Old Notes on the Effective Date began trading on the over-the-counter Bulletin Board (the OTC Bulletin Board or OTC BB) on October 15, 2010 under the symbol USCR and began trading on the NASDAQ Capital Market on February 1, 2011 under the symbol USCR .

Basis of Presentation

In connection with our emergence from Chapter 11, we applied the accounting under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 852 (ASC 852), Reorganizations, as of August 31, 2010 (see Note 2 to our consolidated financial statements). The results for the four-month period ended December 31, 2010 (we refer to the Company during such period as the Successor) and the results for the eight-month period ended August 31, 2010 (we refer to the Company during such periods as the Predecessor) are presented separately. This presentation is required by generally accepted accounting principles in the United States (GAAP), as the Successor is considered to be a new entity for financial reporting purposes, and the results of the Successor reflect the application of fresh-start accounting. Accordingly, our financial statements after August 31, 2010 are not comparable to our financial statements for any period prior to our emergence from Chapter 11. In discussions regarding our operating results and cash flows, we have combined the successor and predecessor periods in instances where this will provide meaningful information.

In August 2010, we entered into a redemption agreement to redeem our 60% interest in our Michigan subsidiary, Superior Materials Holdings, LLC (Superior). This redemption was finalized and closed on September 30, 2010. The results of operations of Superior, net of the minority owner s 40% interest, have been included in discontinued operations in our consolidated statements of operations for all periods presented.

Liquidity and Capital Resources

As a result of our emergence from Chapter 11 on August 31, 2010, our total debt has declined from $296.5 at December 31, 2009 to $53.2 million, net of a $13.0 discount, at December 31, 2010, thereby reducing our debt service costs and providing more liquidity. The discount was related to an embedded derivative in our Convertible Notes that was bifurcated and separately valued at issuance on the Effective Date. Our primary liquidity needs over the next 12 months consist of financing seasonal working capital requirements, servicing indebtedness under the Credit Agreement and Convertible Notes (defined and described below) and purchasing property and equipment. Our working capital needs are typically at their lowest level in the first quarter, increase in the second and third quarters to fund the increases in accounts receivable and inventories during those periods, and then decrease in the fourth quarter. The availability under the Credit Agreement was approximately $30.6 million at December 31, 2010 and $23.9 million at January 31, 2011. The decline is due to normal seasonality of our business due to weather and to unusual inclement weather during January in most of our markets. Even if we are unable to generate cash from operations over the next 12 months, we believe that our Credit Agreement provides adequate liquidity.

The projection of our cash needs is based upon many factors, including our forecasted volume, pricing, cost of materials and capital expenditures. Based on our projected cash needs, we believe that the Credit Agreement will provide us with sufficient liquidity in the ordinary course. The Credit Agreement is scheduled to mature in August 2014. If, however, the Credit Agreement is not adequate to fund our operations in the event that our operating results and projected needs are proven to be incorrect, we would need to obtain an amendment to the Credit Agreement or seek other debt financing to provide additional liquidity. As a result of the challenging and prolonged economic and industry conditions, we currently anticipate being approximately cash neutral for all of 2011. We continue to focus on minimizing our capital investment expenditures in order to maintain liquidity.

The principal factors that could adversely affect the amount of our internally generated funds include:

- further deterioration of revenue, due to lower volume and/or pricing, because of weakness in the markets in which we operate;

- further declines in gross margins due to shifts in our project mix or increases in the cost of our raw materials; and any deterioration in our ability to collect our accounts receivable from customers as a result of further weakening in residential and other construction demand or as a result of payment difficulties experienced by our customers.

The following key financial measurements reflect our financial position and capital resources as of December 31, 2010, 2009 and 2008 (dollars in thousands):

	2010 (Successor)	2009 (Predecessor)	2008 (Predecessor)
Cash and cash equivalents	$ 5,290	$ 4,229	$ 5,323
Working capital	$38,231	$ 34,481	$ 63,484
Total debt	$53,181	$296,542	$305,988

Our cash and cash equivalents consist of highly liquid investments in deposits we hold at major financial institutions.

The following discussion provides a description of our arrangements relating to outstanding indebtedness.

Senior Secured Credit Facility due 2014

On the Effective Date of the Plan, we and certain of our subsidiaries entered into Credit Agreement, which provides for a $75.0 million asset-based Revolving Facility. The Credit Agreement matures in August 2014. As of December 31, 2010, we had outstanding borrowings of $8.0 million and $21.4 million of undrawn standby letters of credit under the Revolving Facility. The availability under the Revolving Facility was approximately $30.6 million at December 31, 2010.

Up to $30.0 million of the Revolving Facility is available for the issuance of letters of credit, and any such issuance of letters of credit will reduce the amount available for loans under the Revolving Facility. Advances under the Revolving Facility are limited by a borrowing base of (a) 85% of the face amount of eligible accounts receivable plus (b) the lesser of (i) 85% of the net orderly liquidation value (as determined by the most recent appraisal) of eligible inventory and (ii) the sum of (A) 50% of the eligible inventory (other than eligible aggregates inventory) and (B) 65% of the eligible aggregates inventory plus (c) the lesser of (i) $15.0 million and (ii) the sum of (A) 85% of the net orderly liquidation value (as determined by the most recent appraisal) of eligible trucks plus (B) 80% of the cost of newly acquired eligible trucks since the date of the latest appraisal of eligible trucks minus (C) the depreciation amount applicable to eligible trucks since the date of the latest appraisal of eligible trucks minus (d) such reserves as the Administrative Agent may establish from time to time in its permitted discretion. The Administrative Agent may, in its permitted discretion, reduce the advance rates set forth above, adjust reserves or reduce one or more of the other elements used in computing the borrowing base. In addition, prior to the delivery of our financial statements for the fiscal quarter ended September 30, 2011, there will be an availability block of $15.0 million and after such date, unless the fixed charge coverage ratio for any trailing twelve month period is greater than or equal to 1.00:1.00, there will be an availability block of $15.0 million, to be increased monthly by $1.0 million up to a maximum of $20.0 million. Beginning with the fiscal month in which the availability block is eliminated and with respect to each fiscal month thereafter, at any time that availability under the Revolving Facility is less than $15.0 million, the Company must maintain a fixed charge coverage ratio of at least 1.00:1.00 until availability is greater than or equal to $15.0 million for a period of 30 consecutive days.

Under the Credit Agreement, our capital expenditures may not exceed (i) $15.0 million in the aggregate from the Effective Date (August 31, 2010) through and including December 31, 2010 and (ii) 7.0% of our consolidated annual revenue for the trailing twelve month period ending on the last day of each fiscal quarter thereafter (commencing with the fiscal quarter ended March 31, 2011); provided that the amount of any capital expenditures permitted to be made in respect of the trailing twelve month period ending on March 31, 2011 shall be increased by a maximum of $7.5 million of the unused amount of capital expenditures that were permitted to be made during the fiscal year ended December 31, 2010. Our capital expenditures from the Effective Date through December 31, 2010 were approximately $1.8 million. The Revolving Facility requires us to comply with certain other customary affirmative and negative covenants, and contains customary events of default.

At our option, loans may be maintained from time to time at an interest rate equal to the Eurodollar-based rate (LIBOR) or the applicable domestic rate (CB Floating Rate). The CB Floating Rate shall be the greater of (x) the interest rate per annum publicly announced from time to time by JPMorgan Chase Bank, N.A. as its prime rate and (y) the interest rate per annum equal to the sum of 1.0% per annum plus the adjusted LIBOR rate for a one month interest period, in each case plus the applicable margin. The applicable margin on loans is 2.75% in the case of loans bearing interest at the CB Floating Rate and 3.75% in the case of loans bearing interest at the LIBOR rate. Issued and outstanding letters of credit are subject to a fee equal to the applicable margin then in effect for LIBOR loans, a fronting fee equal to 0.20% per annum on the stated amount of such letter of credit, and customary charges associated with the issuance and administration of letters of credit. We will also pay a commitment fee on undrawn amounts under the Revolving Facility in an amount equal to 0.75% per annum. Upon any event of default, at the direction of the required lenders under the Revolving Facility, all outstanding loans and the amount of all other obligations owing under the Revolving Facility will bear interest at a rate per annum equal to 2.0% plus the rate otherwise applicable to such loans or other obligations.

Outstanding borrowings under the Revolving Facility are prepayable, and the commitments under the Revolving Facility may be permanently reduced, without penalty. There are mandatory prepayments of principal in connection with (i) the incurrence of certain indebtedness, (ii) certain equity issuances and (iii) certain asset sales or other dispositions (including as a result of casualty or condemnation). Mandatory prepayments are applied to repay outstanding loans without a corresponding permanent reduction in commitments under the Revolving Facility and are subject to the terms of an Intercreditor Agreement.

In connection with the Credit Agreement, on the Effective Date we and certain of our subsidiaries entered into a Pledge and Security Agreement (the Security Agreement) with the Administrative Agent. Pursuant to the Security Agreement, all obligations under the Revolving Facility will be secured by (i) a first-priority perfected lien (subject to certain exceptions) in substantially all of our and certain of our subsidiaries present and after acquired inventory (including as-extracted collateral), accounts, certain specified mixer trucks, deposit accounts, securities accounts, commodities accounts, letter of credit rights, cash and cash equivalents, general intangibles (other than intellectual property and equity in subsidiaries), instruments, documents, supporting obligations and related books and records and all proceeds and products of the foregoing and (ii) a perfected second-priority lien (subject to certain exceptions) on substantially all other present and after acquired property (including, without limitation, material owned real estate).

Convertible Secured Notes due 2015

On the Effective Date of the Plan, we issued $55.0 million aggregate principal amount of the Convertible Notes pursuant to a subscription offering contemplated by the Plan. The Convertible Notes are governed by an indenture (the Indenture), dated as of August 31, 2010. Under the terms of the Indenture, the Convertible Notes bear interest at a rate of 9.5% per annum and will mature on August 31, 2015. Interest payments will be payable quarterly in cash in arrears. Additionally, we recorded a discount of approximately $13.6 million related to an embedded derivative that was bifurcated and separately valued (See Note 14 to the consolidated financial statements). This discount will be accreted over the term of the Convertible Notes and included in interest expense.

The Convertible Notes will be convertible, at the option of the holder, at any time on or prior to maturity, into shares of our new common stock (the Common Stock), at an initial conversion rate of 95.23809524 shares of Common Stock per $1,000 principal amount of Convertible Notes (the Conversion Rate). The Conversion Rate is subject to adjustment to prevent dilution resulting from stock splits, stock dividends, combinations or similar events. In connection with any such conversion, holders of the Convertible Notes to be converted shall also have the right to receive accrued and unpaid interest on such Convertible Notes to the date of conversion (the Accrued Interest). We may elect to pay the Accrued Interest in cash or in shares of Common Stock in accordance with the terms of the Indenture.

In addition, if a Fundamental Change of Control (as defined in the Indenture) occurs prior to the maturity date, in addition to any conversion rights the holders of Convertible Notes may have, each holder of Convertible Notes will have (i) a make-whole provision calculated as provided in the Indenture pursuant to which each holder may be entitled to additional shares of Common Stock upon conversion (the Make Whole Premium), and (ii) an amount equal to the interest on such Convertible Notes that would have been payable from the date of the occurrence of such Fundamental Change of Control (the Fundamental Change of Control Date) through the third anniversary of the Effective Date, plus any accrued and unpaid interest from the Effective Date to the Fundamental Change of Control Date (the amount in this clause (ii), the Make Whole Payment). We may elect to pay the Make Whole Payment in cash or in shares of Common Stock.

If the closing price of the Common Stock exceeds 150% of the Conversion Price (defined as $1,000 divided by the Conversion Rate) then in effect for at least 20 trading days during any consecutive 30-day trading period (the Conversion Event), we may provide, at our option, a written notice (the Conversion Event Notice) of the occurrence of the Conversion Event to each holder of Convertible Notes in accordance with the Indenture. Except as set forth in an Election Notice (as defined below), the right to convert Convertible Notes with respect to the occurrence of the Conversion Event shall terminate on the date that is 46 days following the date of the Conversion Event Notice (the Conversion Termination Date), such that the holder shall have a 45-day period in which to convert its Convertible Notes up to the amount of the Conversion Cap (as defined below). Any Convertible Notes not converted prior to the Conversion Termination Date, as a result of the Conversion Cap shall be, at the holder s election and upon written notice to the Company (the Election Notice), converted into shares of Common Stock on a date or dates prior to the date that is 180 days following the Conversion Termination Date, subject to the Conversion Cap. The Conversion Cap means the number of shares of Common Stock into which the Convertible Notes are convertible and that would cause the related holder to beneficially own (as such term is used in the Exchange Act) more than 9.9% of the Common Stock at any time outstanding.

Any Convertible Notes not otherwise converted prior to the Conversion Termination Date or specified for conversion in an Election Notice shall be redeemable, in whole or in part, at our election at any time prior to maturity at par plus accrued and unpaid interest thereon to the Conversion Termination Date.

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The Indenture contains certain covenants that restrict our ability to, among other things,

- incur additional indebtedness or issue disqualified stock or preferred stock;
- pay dividends or make other distributions or repurchase or redeem our stock or subordinated indebtedness or make investments;
- sell assets and issue capital stock of our restricted subsidiaries;
- incur liens;
- enter into transactions with affiliates; and
- consolidate, merge or sell all or substantially all of our assets.

The Convertible Notes are guaranteed by each of our existing and future direct or indirect domestic restricted subsidiaries. In connection with the Indenture, on August 31, 2010, we and certain of our subsidiaries entered into a Pledge and Security Agreement (the Pledge and Security Agreement) with the note holder collateral agent. Pursuant to the Pledge and Security Agreement, the Convertible Notes and related guarantees will be secured by first-priority liens on certain of the property and assets directly owned by the Company and each of the guarantors, including material owned real property, fixtures, intellectual property, capital stock of subsidiaries and certain equipment, subject to permitted liens (including a second-priority lien in favor of the Administrative Agent) with certain exceptions. Obligations under the Revolving Facility and those in respect of hedging and cash management obligations owed to the lenders (and their affiliates) that are a party to the Revolving Facility (collectively, the Revolving Facility Obligations) are secured by a second-priority lien on such collateral.

The Convertible Notes and related guarantees are also secured by a second-priority lien on the assets of the Company and the guarantors securing the Revolving Facility Obligations on a first-priority basis, including, inventory (including as extracted collateral), accounts, certain specified mixture trucks, general intangibles (other than collateral securing the Convertible Notes on a first-priority basis), instruments, documents, cash, deposit accounts, securities accounts, commodities accounts, letter of credit rights and all supporting obligations and related books and records and all proceeds and products of the foregoing, subject to permitted liens and certain exceptions.

Registration Rights Agreement

In connection with the issuance of the Convertible Notes, we entered into a registration rights agreement, dated August 31, 2010 (the Registration Rights Agreement), under which we agreed, pursuant to the terms and conditions set forth therein, to register the resale of Convertible Notes and the Common Stock into which the Convertible Notes convert. Under the Registration Rights Agreement, we are required to use commercially reasonable efforts to file a registration statement covering the resale by the Electing Holders (as defined in the Registration Rights Agreement) of Convertible Notes that are Registrable Securities (as defined in the Registration Rights Agreement) by the first business day following the date that is 366 days following the Effective Date, and were required to file a registration statement covering the resale of shares of Common Stock issued or issuable upon conversion of the Convertible Notes that constitute Registrable Securities by the Electing Holders, on a delayed or continuous basis, within 180 days of the Issue Date. We are required to pay special interest if we fail to file either registration statement by the applicable deadline or if any registration statement required by the Registration Rights Agreement ceases to be effective for more than 45 days, with respect to any Registrable Securities that are Convertible Notes and are Restricted Securities (as defined in the Indenture). As of the date of this filing, we had not filed a registration statement covering the resale of shares of Common Stock as described above within the 180 days of the Issue Date. We will use our commercially reasonable efforts to file this registration statement when practical. Special interest is accruing from March 1, 2011 at approximately $350 per day and the aggregate amount of special interest that will ultimately be incurred is expected to be immaterial.

DIP Credit Agreement and Prepetition Credit Facility

Effective as of May 3, 2010, we and certain of our subsidiaries entered into the DIP Credit Agreement which provided us with a debtor-in-possession term loan and revolving credit facility during Chapter 11. The DIP Credit Agreement was paid in full and cancelled on the Effective Date of the Plan. Our prepetition senior secured credit facility initially due 2011, was paid in full on May 3, 2010 with funds obtained under our DIP Credit Agreement and immediately terminated.

Old Notes

As discussed above, we reached an agreement with a substantial majority of the holders of the Old Notes on the terms of a comprehensive debt restructuring plan prior to April 30, 2010, the date an event of default would have occurred for non-payment of interest on the Old Notes. On the Effective Date, the Old Notes were cancelled and the holders received approximately 11.9 million shares of new common stock in our reorganized company.

Superior Credit Facility and Subordinated Debt

As discussed above, we redeemed our 60% interest in Superior in September 2010. As a result, the debt balance under Superior s credit facility at December 31, 2010 was zero. The outstanding borrowings under the Superior credit facility at December 31, 2009 were $5.6 million. As a condition precedent to the initial advance under the Superior credit agreement, U.S. Concrete Inc. and Levy were required to fund $3.6 million to Superior in the form of cash equity contributions, representing a prefunding of the respective obligations under certain support letters entered into in connection with the previous Superior Credit Agreement for the period from January 1, 2010 through September 30, 2010. Our portion of this cash obligation was $1.1 million. Additionally, we made capital contributions in the amount of $2.6 million during the first quarter of 2010 in lieu of cash payment of related party payables by Superior. In the first quarter of 2009, we provided subordinated debt capital in the amount of $2.4 million in lieu of receiving cash payment of related party payables from Superior. This subordinated debt was eliminated when Superior was consolidated with U.S. Concrete. Additionally, the minority partner, Levy, provided $1.6 million of subordinated debt capital to fund operations during the first quarter of 2009. During the third quarter of 2009, U.S. Concrete and Levy converted the subordinated debt capital into capital contributions to Superior.

Fair Value of Financial Instruments

Our financial instruments consist of cash and cash equivalents, trade receivables, trade payables, long-term debt and derivative liabilities. We consider the carrying values of cash and cash equivalents, trade receivables and trade payables to be representative of their respective fair values because of their short-term maturities or expected settlement dates. The carrying value of outstanding amounts under our Revolving Facility approximates fair value due to the floating interest rate, and the fair value of our Convertible Notes was approximately $63.0 million, including the embedded derivative, at December 31, 2010. The fair value of the embedded derivative in our Convertible Notes that was bifurcated and separately valued was $12.5 million at December 31, 2010 and the fair value of issued warrants was $3.2 million at the same date. See Note 14 to our consolidated financial statements for further information regarding our derivative liabilities.

Cash Flow

The net cash provided by or used in our operating, investing and financing activities is presented below (in thousands):

	Successor	Predecessor		
	Period from September 1 through December 31, 2010	**Period from January 1 through August 31, 2010**	**Year Ended December 31, 2009**	**Year Ended December 31, 2008**
Net cash provided by (used in):				
Operating activities	$ (5,680)	$ (26,046)	$ 8,011	$ 29,678
Investing activities	(3,075)	(4,223)	(9,018)	(39,516)
Financing activities	7,592	32,493	(87)	311
Net increase (decrease) in cash	$ (1,163)	$ 2,224	$ (1,094)	$ (9,527)

Our net cash provided by operating activities generally reflects the cash effects of transactions and other events used in the determination of net income or loss. Net cash used in operating activities was $31.7 million for the year ended December 31, 2010, compared to net cash provided by operating activities of $8.0 million in 2009. The change in 2010 was primarily the result of lower profitability, lower interest payments and cash payments for professional fees related to our reorganization. During 2010, we made cash payments related to our reorganization of approximately $16.1 million. Interest payments were lower by approximately $20.7 million in 2010 compared to 2009 primarily due to the cancellation of our Old Notes. Additionally, in 2009, our working capital needs were lower due to the rapid decline in our volume of business as compared to 2010.

Net cash provided by operating activities decreased to $8.0 million for the year ended December 31, 2009 from $29.7 million for the year ended December 31, 2008. The change in 2009 was principally a result of lower profitability partially offset by the receipt of a federal tax refund of $4.9 million and lower working capital requirements.

We used $7.3 million of cash in investing activities in 2010 and used $9.0 million in 2009. The change during 2010 was primarily attributable to lower net capital expenditures and lower payments related to acquisitions in 2010 compared to 2009. We made payments of $0.7 million during 2010 related to the acquisition of three ready-mix plants in west Texas and paid $0.6 million related to the redemption of Superior. During 2009, we received $6.0 million in proceeds from the sale of some of our ready-mixed concrete plants in the Sacramento, California market and we paid approximately $4.5 million for a concrete crushing and recycling operation in

New York. Additionally, in the first quarter of 2009, we made a $750,000 payment, reduced for certain uncollected pre-acquisition accounts receivable, to the sellers of a precast operation related to a contingent payment obligation.

Our net cash used in investing activities of $9.0 million for the year ended December 31, 2009 decreased $30.5 million from the net cash used in investing activities for the year ended December 31, 2008. The change during 2009 was primarily attributable to lower payments related to acquisitions, lower capital expenditures and higher proceeds from property, plant and equipment divestitures compared to 2008. During 2008, we received $7.6 million in proceeds from the sale of our Memphis operations and spent approximately $6.3 million for three ready-mixed concrete operations in New York, $13.5 million for certain ready-mixed concrete operations in west Texas and $2.5 for a precast operation in San Diego, California. We also paid $1.4 million of contingent purchase price consideration during 2008, related to real estate acquired in connection with the acquisition of a ready-mixed operation in 2003.

Our net cash provided by financing activities was $40.1 million in 2010 and used in financing activities was $0.1 million in 2009. The increase in 2010 was primarily the result of proceeds from our Convertible Notes obtained upon the Effective Date partially offset by financing costs. In addition, the Superior minority owner made a $2.5 million contribution to Superior in the first quarter of 2010 and we purchased $12.4 million principal amount of our Old Notes for $4.8 million during 2009. Our net cash used in financing activities of $0.1 million in 2009 decreased from the net cash provided by financing activities of $0.3 million in 2008. While this change was negligible year over year, we purchased $12.4 million principal amount of the Old Notes for $4.8 million during 2009 and purchased shares under our previous common stock repurchase program for $6.6 million in 2008.

Off-Balance Sheet Arrangements

We do not currently have any off-balance sheet arrangements that have or are reasonably likely to have a material current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources. From time to time, we may enter into noncancelable operating leases that would not be reflected on our balance sheet. For additional discussion on our operating leases, see Note 20 to our consolidated financial statements in this report.

Commitments

The following are our contractual commitments associated with our indebtedness and our lease obligations as of December 31, 2010 (in millions):

Contractual obligations	Total	Less Than 1 year	1-3 years	4-5 years	After 5 years
Principal on debt	$ 65.6	$ 1.0	$ 0.8	$ 63.8	$
Interest on debt (1)	24.4	5.2	10.5	8.7	
Capital leases	0.6	0.2	0.3	0.1	
Operating leases	59.7	9.4	17.0	14.6	18.7
Total	$ 150.3	$ 15.8	$ 28.6	$ 87.2	$ 18.7

(1) Interest payments due under the Convertible Notes.

The following are our commercial commitment expirations as of December 31, 2010 (in millions):

Other commercial commitments	Total	Less Than 1 year	1-3 years	4-5 years	After 5 years
Standby letters of credit	$ 21.4	$ 21.4	$	$	$
Performance bonds	42.7	42.5	0.2		

Total	$ 64.1	$ 63.9	$ 0.2	$	$

The standby letters of credit and performance bonds have not been drawn upon as of December 31, 2010. The following long-term liabilities included on the consolidated balance sheet are excluded from the table above: accrued employment costs, income tax contingencies, insurance accruals and other accruals. Due to the nature of these accruals, the estimated timing of such payments (or contributions in the case of certain accrued employment costs) for these items is not predictable. As of December 31, 2010, the total unrecognized tax benefit related to uncertain tax positions was $8.0 million. It is possible that a reduction of $0.7 million may occur within the next 12 months.

Acquisitions and Divestitures

Superior Redemption

Certain of our subsidiaries (the Joint Venture Partners) and Edw. C. Levy Co. (Levy) were members of Superior and each held Shares of Superior, as defined in the Superior Operating Agreement, dated April 1, 2007 (the Operating Agreement). In August 2010, we entered into the Redemption Agreement (the Redemption Agreement) with the Joint Venture Partners, Superior and Levy, regarding the redemption of the Joint Venture Partners Shares by Superior (the Redemption). In September 2010, we entered into a Joinder Agreement to the Redemption Agreement with the Joint Venture Partners, Superior, Levy, VCNA Prairie, Inc. (the New Joint Venture Partner) and Votorantim Cement North America, Inc. (VCNA), whereby the New Joint Venture Partner and VCNA became parties to the Redemption Agreement. On September 30, 2010, the Company completed the disposition of its interest in Superior pursuant to the Redemption Agreement.

Pursuant to the Redemption Agreement, as consideration for the Redemption, Superior, Levy, the New Joint Venture Partner and VCNA (the Indemnifying Parties) agreed to indemnify us and the Joint Venture Partners from, among other items: (i) facts or circumstances that occur on or after the closing of the Redemption (the Closing) and which relate to the post-closing ownership or operation of Superior; (ii) the Agreement Approving Asset Sale with Central States, Southeast Areas Pension Fund, dated March 30, 2007; (iii) the Company s obligation to provide retiree medical coverage to current and former Levy subsidiary employees of Superior and its affiliates pursuant to the collective bargaining agreement between Superior and the Teamster s Local Union No. 614; and (iv) Superior s issuance of 500 Shares to the New Joint Venture Partner.

At the closing of the Redemption on September 30, 2010, the Company and the Joint Venture Partners collectively paid $640,000 in cash and issued a $1.5 million promissory note (the Promissory Note) to Superior as partial consideration for the indemnification and other consideration provided by the Indemnifying Parties pursuant to the Redemption Agreement.

The Promissory Note does not bear interest and requires the Company and the Joint Venture Partners to pay Superior $750,000 on or before each of January 1, 2011 and January 1, 2012. The Promissory Note may be prepaid, in whole or in part, without premium, penalty or additional interest. We recognized a loss of approximately $11.8 million from redeeming our interest in Superior. We and the Joint Venture Partners have also agreed, for a period of five (5) years after the Closing not to compete with Superior in the State of Michigan, subject to certain exceptions.

Other

In October 2010, we acquired three ready-mix concrete plants in west Texas for approximately $3.0 million, plus a payment for certain inventory on hand at closing. In May 2009, we acquired substantially all the assets of a concrete crushing and recycling business in Queens, New York for approximately $4.5 million.

During the third quarter of 2009, we sold our ready-mixed concrete plants in the Sacramento California market for approximately $6.0 million, plus a payment for certain inventory on hand at closing. This sale resulted in a pre-tax loss of approximately $3.0 million after the allocation of approximately $3.0 million of goodwill related to these assets.

Critical Accounting Policies and Estimates

Preparation of our financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Note 4 to our consolidated financial statements included in this report describes the significant accounting policies we use in preparing those statements. We believe the most complex and sensitive judgments, because of their significance to our financial statements, result primarily from the need to make estimates about the effects of matters that are inherently uncertain. The most significant areas involving our management s judgments and estimates are described below. Actual results in these areas could differ from our estimates. Additionally, we implemented fresh start accounting as of August 31, 2010, the date of our emergence from Chapter 11. Refer to Note 1 and Note 2 to our consolidated financial statements included in this report for more information.

Allowance for Doubtful Accounts

We extend credit to customers and other parties in the normal course of business. We regularly review outstanding receivables and provide for estimated losses on 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, and accounts receivable that we write off our books decrease the allowance. We determine the amount of bad debt expense we record each period and assess 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

We record as goodwill the amount by which the total purchase price we pay in our acquisition transactions exceeds our estimated fair value of the identifiable net assets we acquire. We test goodwill for impairment on an annual basis, or more often if events or circumstances indicate that there may be impairment. We generally test for goodwill impairment in the fourth quarter of each year, because this period gives us the best visibility of the reporting units operating performances for the current year (seasonally, April through October are highest revenue and production months) and outlook for the upcoming year, since much of our customer base is finalizing operating and capital budgets. The impairment test we use consists of comparing our estimates of the current fair values of our reporting units with their carrying amounts. We currently have seven reporting units. Reporting units are organized based on our two product segments ((1) ready-mixed concrete and concrete related products and (2) precast concrete products) and geographic regions. We did not have a goodwill balance after the implementation of fresh start accounting on August 31, 2010. We acquired three ready-mix concrete plants during October 2010 which resulted in the recording of approximately $1.5 million of goodwill. We will test this goodwill for impairment during the fourth quarter of 2011 or sooner if events or circumstances indicate there may be an impairment.

There was no impairment of goodwill as a result of our fourth quarter 2009 test. During the third quarter of 2009, we sold some of our ready-mixed concrete plants in the Sacramento California market. These plants and operations were included in our northern California ready-mixed concrete reporting unit, and $3.0 million of goodwill was allocated to these assets and included in the calculation of loss on sale. Concurrently with this sale, we performed an impairment test on the remaining goodwill for this reporting unit and on all other reporting units with remaining goodwill as a result of current economic conditions. The U.S. economic downturn and resulting impact on the U.S. construction markets impacted our revenue and expected future growth. The cost of capital had increased while the availability of funds from capital markets had not improved significantly. Lack of available capital impacted our customers by creating project delays or cancellations, thereby impacting our revenue growth and assumptions. The downturn in residential construction had not improved, and we saw the economic downturn affect the commercial sector of our revenue base. In addition, the California budget crisis adversely affected public works spending in that market. All these factors led to a more negative outlook for expected future cash flows and during the third quarter 2009, resulting in an impairment charge of $45.8 million, of which $42.2 million related to our northern California reporting unit.

In 2008 we recorded an impairment charge of $135.3 million. The macro economic factors including the unprecedented and continuing credit crisis, the U.S. recession, the escalating unemployment rate and specifically the severe downturn in the U.S. construction markets, had a significant impact on the valuation metrics used in determining the long-term value of our reporting units. The slowdown in construction activity resulted in lower sales volumes and more competition for construction projects, thereby reducing expected future cash flows. These specific negative factors, combined with (i) lower enterprise values resulting from lower multiples of sales and EBITDA comparables, and (ii) the lack of recent third party transactions due to depressed macro economic conditions, resulted in the goodwill impairment expense for 2008.

Our fair value analysis is supported by a weighting of three generally accepted valuation approaches.

These valuation methods include the following:

- Income Approach discounted cash flows of future benefit streams;

- Market Approach public comparable company multiples of sales and earnings before interest, taxes, depreciation, depletion and amortization (EBITDA); and

- Market Approach multiples generated from recent transactions comparable in size, nature and industry.

These approaches include numerous assumptions with respect to future circumstances, such as industry and/or local market conditions that might directly impact each of the reporting units operations in the future, and are, therefore uncertain. These approaches are utilized to develop a range of fair values and a weighted average of these approaches is utilized to determine the best fair value estimate within that range.

Income Approach Discounted Cash Flows. This valuation approach derives a present value of the reporting unit s projected future annual cash flows over the next 15 years and the present residual value of the reporting unit. We use a variety of underlying assumptions to estimate these future cash flows, including assumptions relating to future economic market conditions, product pricing, sales volumes, costs and expenses and capital expenditures. These assumptions vary by each reporting unit depending on regional market conditions, including competitive position, degree of vertical integration, supply and demand for raw materials and other industry conditions. The discount rate used in the Income Approach, specifically, the weighted average cost of capital, used in our analysis for 2009 and 2008 was 15.0% and 14.0%, respectively. Our increased cost of capital assumption for 2009 and 2008 reflects the U.S. credit crisis which has negatively affected our ability to borrow cost effectively. The revenue compounded annual growth rates used in the Income Approach for 2009 and 2008 varied from -0.1% to 3.0%, depending on the reporting unit and the year. Our EBITDA margins derived from these underlying assumptions varied between approximately 3% to 22% for 2008, depending on the reporting unit. For 2009, our EBITDA margins varied between approximately -8% and 18%, depending on the reporting unit. The terminal growth rate used in each year was 3.0%.

Market Approach Multiples of Sales and EBITDA. This valuation approach utilizes publicly traded construction materials companies enterprise values, as compared to their recent sales and EBITDA information. For the fourth quarter 2009 impairment test, we used an average sales multiple of 0.62 times and an average EBITDA multiple of 8.14 times. For the third quarter 2009 impairment test, we used an average sales multiple of 0.60 times and an average EBITDA multiple of 6.79 times in determining this market approach metric. For 2008, we used an average sales multiple of 0.48 times and an average EBITDA multiple of 5.29 times. These multiples are used as a valuation metric to our most recent financial performance. We use sales as an indicator of demand for our products/services and EBITDA because it is a widely used key indicator of the cash generating capacity of construction material companies.

Market Approach Comparisons of Recent Transactions. This valuation approach uses publicly available information regarding recent third-party sales transactions in our industry to derive a valuation metric of the target s respective enterprise values over their EBITDA amounts. For 2009 and 2008, we did not weigh this market approach because current economic conditions did not yield significant recent transactions to derive an appropriate valuation metric. We utilize this valuation metric with each of our reporting units most recent financial performance to derive a what if sales transaction comparable, fair-value estimate.

We selected these valuation approaches because we believe the combination of these approaches and our best judgment regarding underlying assumptions and estimates provides us with the best estimate of fair value for each of our reporting units. We believe these valuation approaches are proven valuation techniques and methodologies for the construction materials industry and widely accepted by investors. The estimated fair value of each reporting unit would change if our weighting assumptions under the three valuation approaches were materially modified. For the years ended December 31, 2009 and 2008, we weighted the Income Approach-Discounted Cash Flows 45% and the Market Approach Multiples of Sales and EBITDA 55%. No weighting was used in 2009 and 2008 for the Market Approach comparison of Recent Transactions as described above.

Detailed below is a table of key underlying assumptions for all reporting units utilized in the fair value estimate calculation for the years ended December 31, 2009 and 2008.

	2009	2008
Income Approach Discounted Cash Flows		
Revenue Growth Rates	(0.1%) to 4.0%	(0.1)% to 3.0%
Weighted Average Cost of Capital	15.0%	14.0%
Terminal Value Rate	3.0%	3.0%
EBITDA Margin Rate	(9%) to 20%	3% to 22%
Market Approach Multiples of Sales & EBITDA		
Sales Multiples Used	0.60-0.62	0.48
EBITDA Multiples Used	6.79-8.14	5.29
Market Approach Comparison of Recent Transactions		
EBITDA Multiples Used	N/A	N/A

See Note 5 to our consolidated financial statements included in this report for additional information about our goodwill.

Insurance Programs

We maintain third-party insurance coverage in amounts and against the risks we believe are reasonable. We share the risk of loss with our insurance underwriters by maintaining high deductibles subject to aggregate annual loss limitations. We believe our workers compensation, automobile and general liability per occurrence retentions are consistent with industry practices, although there are variations among our business units. 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 and settlement patterns, judicial decisions, new legislation and economic conditions. Although we believe the estimated losses are reasonable, significant differences related to the items we have noted above could materially affect our insurance obligations and future expense. The amount accrued for self-insurance claims was $10.6 million as of December 31, 2010, compared to $12.8 million as of December 31, 2009, which is currently classified in accrued liabilities. The decrease in 2010 is primarily attributable to improved loss experience and to the redemption of Superior which occurred in September 2010.

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 bases 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. In cases where the expiration date of tax carryforwards or the projected operating results indicate that realization is not likely, we provide for a valuation allowance.

We have deferred tax assets, resulting from deductible temporary differences that may reduce taxable income in future periods. A valuation allowance is required when it is more likely than not that all or a portion of a deferred tax asset will not be realized. In assessing the need for a valuation allowance, we estimate future taxable income, considering the feasibility of ongoing tax-planning strategies and the realizability of tax loss carryforwards. Valuation allowances related to deferred tax assets can be impacted by changes in tax laws, changes in statutory tax rates and future taxable income levels. If we were to determine that we would not be able to realize all or a portion of our deferred tax assets in the future, we would reduce such amounts through a charge to income in the period in which that determination is made. Conversely, if we were to determine that we would be able to realize our deferred tax assets in the future in excess of the net carrying amounts, we would decrease the recorded valuation allowance through an increase to income in the period in which that determination is made. Based on the assessment, we recorded a valuation allowance of $36.5 million at December 31, 2010 and $18.1 million at December 31, 2009. In determining the valuation allowance in 2010 and 2009, we used such factors as (i) cumulative federal taxable losses, (ii) the amount of deferred tax liabilities that we generally expect to reverse in the same period and jurisdiction that are of the same character as the temporary differences giving rise to our deferred tax assets and (iii) certain tax contingencies under authoritative accounting guidance related to accounting for uncertainty in income taxes which, should they materialize, would be offset by our net operating loss generated in 2008 through 2010. We provided a valuation allowance in 2010 and 2009 related to certain federal and state income tax attributes we did not believe we could utilize within the tax carryforward periods.

In the ordinary course of business there is inherent uncertainty in quantifying our income tax positions. We assess our income tax positions and record tax benefits for all years subject to examination based upon management s evaluation of the facts, circumstances and information available at the reporting date. For those tax positions where it is more likely than not that a tax benefit will be sustained, we have recorded the highest amount of tax benefit with a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where it is not more likely than not that a tax benefit will be sustained, no tax benefit has been recognized in the financial statements. See Notes 4 and 17 to the consolidated financial statements for further discussion.

Inventory

Inventories are stated at the lower of cost or fair market value. We reduce the carrying value of our inventories for estimated excess and obsolete inventories equal to the difference between the cost of inventory and its estimated realizable value based upon assumptions about future product demand and market conditions. Once the new cost basis is established, the value is not increased with any changes in circumstances that would indicate an increase after the remeasurement. If actual product demand or market conditions are less favorable than those projected by management, additional inventory write-downs may be required that could result in a material change to our consolidated results of operations or financial position.

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 their estimated remaining useful lives. Our estimates of those lives may be affected by such factors as changing market conditions, technological advances in our industry or changes in applicable regulations.

We evaluate the recoverability of our property, plant and equipment when changes in circumstances indicate that the carrying amount of the asset may not be recoverable in accordance with authoritative accounting guidance related to the impairment or disposal of long-lived assets. We compare the carrying values of long-lived assets to our projection of future undiscounted cash flows attributable to those assets. If the carrying value of a long-lived asset exceeds the future undiscounted cash flows we project to be derived from that asset, 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 we estimate. These differences could have a material effect on our future operating results.

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Other

We record accruals for legal and other contingencies when estimated future expenditures associated with those contingencies become probable and the amounts can be reasonably estimated. However, new information may become available, or circumstances (such as applicable laws and regulations) may change, thereby resulting in an increase or decrease in the amount required to be accrued for such matters (and, therefore, a decrease or increase in reported net income in the period of such change).

Recent Accounting Pronouncements

For a discussion of recently adopted accounting standards, see Note 4 to our consolidated financial statements included in this report.

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Results of Operations

The following table sets forth selected historical statement of operations information and that information as a percentage of total revenue for the years indicated.

	(amounts in thousands, except selling prices)					
	Successor		Predecessor			
	Period from September 1 through December 31, 2010		Period from January 1 through August 31, 2010		Year Ended December 31, 2009	
Revenue:						
Ready-mixed concrete and concrete-related products	$ 141,132	92.3	$ 272,488	90.0	$ 442,663	91.2
Precast concrete products	16,561	10.8	39,457	13.0	56,959	11.7
Inter-segment revenue	(4,745)	(3.1)	(9,197)	(3.0)	(14,229)	(2.9)
Total revenue	$ 152,948	100.0%	$ 302,748	100.0%	$ 485,393	100.0%
Cost of goods sold before depreciation, depletion and amortization:						
Ready-mixed concrete and concrete-related products	$ 115,880	75.9	$ 228,294	75.4	$ 364,934	75.2
Precast concrete products	15,043	9.8	33,536	11.1	45,511	9.4
Goodwill and other asset impairments					47,595	9.8
Selling, general and administrative expenses	19,603	12.8	39,241	13.0	60,075	12.4
(Gain) loss on sale of assets	(11)	(0.0)	78	0.0	2,395	0.5
Depreciation, depletion and amortization	6,882	4.5	16,862	5.6	26,325	5.4
Income (loss) from continuing operations	(4,449)	(2.9)	(15,263)	(5.1)	(61,442)	(12.7)
Interest expense, net	3,385	2.2	17,369	5.7	25,941	5.3
Gain on purchases of senior subordinated notes					7,406	1.5
Derivative income	996	0.7				
Other income, net	136	0.1	534	0.2	1,308	0.3
Income (loss) from continuing operations before reorganization items and income taxes	(6,702)	(4.4)	(32,098)	(10.6)	(78,669)	(16.2)
Reorganization items			(59,191)	(19.6)		
Income (loss) from continuing operations before income taxes	(6,702)	(4.4)	27,093	9.0	(78,669)	(16.2)
Income tax provision (benefit)	(948)	(0.6)	1,576	0.6	(315)	0.0

Income (loss) from continuing operations		(5,754)	(3.8)		25,517	8.4		(78,354)	(16.2)
Loss from discontinued operations, net of taxes and loss attributable to non-controlling interest					(12,672)	(4.2)		(9,884)	(2.0)
Net income (loss) attributable to stockholders	$	(5,754)	(3.8)%	$	12,845	4.2%	$	(88,238)	(18.2)%
Ready-mixed Concrete Data:									
Average selling price per cubic yard	$	93.53		$	92.04		$	96.38	
Sales volume in cubic yards		1,280			2,525			3,948	

Year Ended December 31, 2010 Compared to Year Ended December 31, 2009

Revenue

Ready-mixed concrete and concrete-related products. Revenue from our ready-mixed concrete and concrete-related products segment decreased $29.1 million, or 6.6%, from $442.7 million in 2009 to $413.6 million in 2010. Our ready-mixed sales volume for

2010 was approximately 3.8 million cubic yards, down 3.6% from the 3.9 million cubic yards of concrete we sold in 2009. The decline reflected the continuing downturn in residential home construction activity that began in the second half of 2006 in all our major markets and the downturn in commercial construction and public works spending due to the ongoing economic downturn in the United States. In addition to the effects of lower sales volumes, was the approximate 4.0% decrease in the ready-mix average sales price per cubic yard of ready-mixed concrete during 2010, as compared to 2009.

Precast concrete products. Revenue from our precast concrete products segment was down $1.0 million, or 1.7%, from $57.0 million in 2009 to $56.0 million in 2010. This decrease reflected the continued downturn primarily in residential and commercial construction in our San Diego, California market and lower commercial construction activity in our mid-Atlantic market.

Cost of goods sold before depreciation, depletion and amortization

Ready-mixed concrete and concrete-related products. Cost of goods sold before depreciation, depletion and amortization for our ready-mixed concrete and concrete-related products segment decreased $20.7 million, or 5.7%, from $364.9 million in 2009 to $344.2 million in 2010. As a percentage of ready-mixed concrete and concrete-related product revenue, cost of goods sold before depreciation, depletion and amortization was 83.2% in 2010, as compared to 82.4% in 2009. The increase in cost of goods sold as a percentage of ready-mixed concrete and concrete-related products revenue was primarily attributable to fixed costs being spread over lower volumes and higher per unit delivery and plant costs due to repairs and maintenance, as compared to 2009.

Precast concrete products. The increase in cost of goods sold before depreciation, depletion and amortization for our precast concrete products segment of $3.1 million, or 6.7%, to $48.6 million in 2010 from $45.5 million in 2009, was primarily related to the mix of projects compared to 2009 in our Phoenix, Arizona and San Diego, California precast markets. As a percentage of precast concrete revenue, cost of goods sold before depreciation, depletion and amortization for precast concrete products rose from 79.9% in 2009 to 86.7% in 2010, reflecting decreased efficiency in our plant operations in San Diego, California, Phoenix, Arizona and in our mid-Atlantic markets, resulting from lower margin projects.

Goodwill and other asset impairments. The Company performed an impairment test on goodwill and recorded an impairment charge of $45.8 million in 2009 related to our northern California and Atlantic Region reporting units. Additionally, we had an asset impairment charge of $1.6 million on assets that were 100% owned in the Michigan market. There were no goodwill or asset impairment charges recorded during 2010.

Selling, general and administrative expenses. Selling, general and administrative expenses were $58.8 million in 2010, compared to $60.1 million in 2009. Excluding approximately $7.8 million in reorganization related costs incurred before our filing for Chapter 11 and after our emergence from Chapter 11, adjusted SG&A expenses were $51.0 million in 2010. The $9.1 million, or 15.2 percent, reduction in SG&A expense is the result of cost control measures implemented in 2009 and 2010, including reduced compensation as a result of workforce reductions, lower equity-based compensation expense and other administrative cost reductions.

Loss on sale of assets. Our loss on sale of assets decreased to $0.1 million in 2010, compared to a loss of $2.4 million in 2009. The loss in 2009 was primarily attributable to a $3.0 million loss, after the allocation of $3.0 million of related goodwill, on the sale of certain ready-mixed concrete plants in our California market for $6.0 million.

Depreciation, depletion and amortization. Depreciation, depletion and amortization expense for 2010 decreased $2.6 million to $23.7 million, as compared to $26.3 million for 2009, primarily due to lower asset valuations after the application of fresh-start accounting on August 31, 2010.

Interest expense, net. Net interest expense for 2010 was down approximately $5.1 million to $20.8 million, compared to $25.9 million for 2009. The decrease is due primarily to the cancellation of Old Notes in accordance with the consummation of the Plan of Reorganization on August 31, 2010 and the cessation of recording interest expense on these notes after filing for Chapter 11 on April 29, 2010. This decrease is partially offset by interest incurred from May 2010 through August 2010 under the debtor-in-possession credit facility which was paid in full and cancelled on August 31, 2010 upon consummation of the Plan. Additionally, the Company incurred interest from September 2010 through December 2010 on borrowings under the Revolving Facility and the Convertible Notes.

Gain on purchases of senior subordinated notes. During the first and second quarters of 2009, we purchased $12.4 million aggregate principal amount of the Old Notes in open-market transactions for approximately $4.8 million. This resulted in a gain of approximately $7.4 million after writing off a total of $0.2 million of previously deferred financing costs associated with the pro-rata amount of the Old Notes purchased. There was no gain recorded during 2010.

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Derivative income. During the four month period ended December 31, 2010, we recorded income of approximately $1.0 million related to fair value changes in our embedded Convertible Notes derivative and warrants. This fair value change was due primarily to changes in the price of our common stock and market changes in conventional debt interest rates.

Reorganization items. Reorganization items net gain of $59.2 million during 2010 consisted of a $151.9 million gain on the cancellation of our Old Notes, partially offset by a $79.0 million loss on asset valuations resulting from fresh start accounting and $13.7 million of professional fees and other reorganization costs.

Income tax provision (benefit). We recorded income tax expense allocated to continuing operations equal to approximately $1.6 million for the eight month period ended August 31, 2010. We recorded an income tax benefit of $0.9 million for the four month period ended December 31, 2010 and an income tax benefit of $0.3 million for the year ended December 31, 2009. Our effective tax rate differs substantially from the federal statutory rate primarily due to the application of a valuation allowance that reduced the recognized benefit of our deferred tax assets. In addition, certain state income taxes are calculated on bases different than pre-tax income (loss). This resulted in recording income tax expense in certain states that experience a pre-tax loss.

In accordance with GAAP, the recognized value of deferred tax assets must be reduced to the amount that is more likely than not to be realized in future periods. The ultimate realization of the benefit of deferred tax assets from deductible temporary differences or tax carryovers depends on the generation of sufficient taxable income during the periods in which those temporary differences become deductible. We considered the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on these considerations, we relied upon the reversal of certain deferred tax liabilities to realize a portion of our deferred tax assets and established a valuation allowance as of August 31, 2010, December 31, 2010 and December 31, 2009 for other deferred tax assets because of uncertainty regarding their ultimate realization. Our total net deferred tax liability as of August 31, 2010, December 31, 2010 and December 31, 2009 was $0.8 million, $0.7 million and $1.8 million, respectively.

We reorganized pursuant to Chapter 11 of the Bankruptcy Code under the terms of our Plan with an effective date of August 31, 2010 (See Note 1). Under our Plan, our Old Notes were cancelled, giving rise to cancellation of indebtedness income (CODI). The Internal Revenue Code (IRC) provides that CODI arising under a plan of bankruptcy reorganization is excludible from taxable income, but the debtor must reduce certain of its tax attributes by the amount of CODI realized under the Plan. Based on the estimate of CODI and required tax attribute reduction, we believe the effects of the Plan will not cause a significant change in our recorded deferred tax liability. Our required reduction in tax attributes, or deferred tax assets, will be accompanied by a corresponding release of valuation allowance that is currently reducing the carrying value of such tax attributes. The allocation of the tax attribute reduction is an estimate and will not be finalized until the 2010 tax return, which includes the effective date of the Plan, is filed. Any changes in the estimate could impact deferred taxes.

We underwent a change in ownership for purposes of Section 382 of the IRC as a result of our Plan and emergence from Chapter 11 on August 31, 2010. As a result, the amount of our pre-change net operating losses (NOLs) and other tax attributes that are available to offset future taxable income are subject to an annual limitation. The annual limitation is based on the value of the corporation as of the effective date of the Plan. The ownership change and the resulting annual limitation on use of NOLs are not expected to result in the expiration of our NOL carryforwards if we are able to generate sufficient future taxable income within the carryforward periods. However, the limitation on the amount of NOL available to offset taxable income in a specific year may result in the payment of income taxes before all NOLs have been utilized. Additionally, a subsequent ownership change may result in further limitation on the ability to utilize existing NOLs and other tax attributes.

Loss from discontinued operations. In August 2010, the Company entered into a redemption agreement to exit the Michigan market with the divestiture of its interest in Superior. This divestiture closed in September 2010. In connection with the divestiture of Superior, we paid $640,000 in cash and issued the Promissory Note which requires that we pay Superior $750,000 on or before each of January 1, 2011 and January 1, 2012 in return for a release of certain liabilities and obligations and indemnification related to contingent underfunded pension liabilities. The $11.8 million loss related to the Redemption and results of operations of Superior have been included as discontinued operations for all periods presented. The allocable share of net loss of Superior to the minority interest owner (non-controlling interest), has also been reflected in discontinued operations for all periods presented.

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	(Amounts in thousands, except selling prices) Year Ended December 31,			
	2009 Predecessor		2008 Predecessor	
Revenue:				
Ready-mixed concrete and concrete-related products	$ 442,663	91.2	$ 633,648	92.5
Precast concrete products	56,959	11.7	68,082	9.9
Inter-segment revenue	(14,229)	(2.9)	(16,309)	(2.4)
Total revenue	$ 485,393	100.0%	$ 685,421	100.0%
Cost of goods sold before depreciation, depletion and amortization:				
Ready-mixed concrete and concrete-related products	$ 364,934	75.2	$ 519,159	75.7
Precast concrete products	45,511	9.4	53,360	7.8
Goodwill and other asset impairments	47,595	9.8	135,613	19.8
Selling, general and administrative expenses	60,075	12.4	72,892	10.6
Loss on sale of assets	2,395	0.5	767	0.1
Depreciation, depletion and amortization	26,325	5.4	25,446	3.7
Income (loss) from operations	(61,442)	(12.7)	(121,816)	(17.7)
Interest expense, net	25,941	5.3	26,470	3.9
Gain on purchases of senior subordinated notes	7,406	1.5		
Other income, net	1,308	0.3	1,836	0.3
Loss from continuing operations before income taxes	(78,669)	(16.2)	(146,450)	(21.3)
Income tax provision (benefit)	(315)	(0.0)	(17,996)	2.6
Loss from continuing operations	(78,354)	(16.2)	(128,454)	(18.7)
Loss from discontinued operations, net of taxes and loss attributable to non-controlling interest	(9,884)	(2.0)	(3,992)	(0.6)
Net loss attributable to stockholders	$ (88,238)	(18.2)%	$ (132,446)	(19.3)%
Ready-mixed Concrete Data:				
Average selling price per cubic yard	$ 96.38		$ 96.19	
Sales volume in cubic yards	3,948		5,674	

Year Ended December 31, 2009 Compared to Year Ended December 31, 2008

Revenue.

Ready-mixed concrete and concrete-related products. Revenue from our ready-mixed concrete and concrete-related products segment decreased $191.0 million, or 30.1%, from $633.7 million in 2008 to $442.7 million in 2009. Our ready-mixed sales volume for 2009 was approximately 3.9 million cubic yards, down 30.4% from the 5.7 million cubic yards of concrete we sold in 2008. The decline reflected the continuing downturn in residential home construction activity that began in the second half of 2006 in all our major markets and the downturn in commercial construction and public works spending due to the ongoing economic downturn in the United States.

Precast concrete products. Revenue from our precast concrete products segment was down $11.1 million, or 16.3%, from $68.1 million in 2008 to $57.0 million in 2009. This decrease reflected the continued downturn primarily in residential construction in our northern California and Phoenix, Arizona markets and lower commercial construction activity in our mid-Atlantic market. The decrease in revenue was partially offset by higher revenue in 2009 from the acquisition of our assets of a San Diego, California precast operation in August 2008.

Cost of goods sold before depreciation, depletion and amortization.

Ready-mixed concrete and concrete-related products. Cost of goods sold before depreciation, depletion and amortization for our ready-mixed concrete and concrete-related products segment decreased $154.2 million, or 29.7%, from $519.1 million in 2008 to

$364.9 million in 2009. These decreases were primarily associated with lower sales volumes in 2009. As a percentage of ready-mixed concrete and concrete-related product revenue, cost of goods sold before depreciation, depletion and amortization was 82.4% in 2009, as compared to 81.9% in 2008. The increase in cost of goods sold as a percentage of ready-mixed concrete and concrete-related products revenue was primarily attributable to the effect of our fixed costs being spread over lower volumes and to higher per unit delivery costs, as compared to 2008.

Precast concrete products. The reduction in cost of goods sold before depreciation, depletion and amortization for our precast concrete products segment of $7.8 million, or 14.7%, from $53.4 million in 2008 to $45.5 million in 2009, was primarily related to the declining residential construction market that has been impacting our northern California and Phoenix, Arizona precast markets. As a percentage of precast concrete revenue, cost of goods sold before depreciation, depletion and amortization for precast concrete products rose from 78.4% in 2008 to 79.9% in 2009, reflecting decreased efficiency in our plant operations in California and Phoenix, Arizona, resulting from lower demand for our primarily residential product offerings in these markets.

Goodwill and other asset impairments. During the third quarter of 2009, we recorded a goodwill impairment charge of $45.8 million related to our northern California and Atlantic Region reporting units. During the fourth quarter of 2008, we recorded a goodwill impairment charge of $135.3 million related to five of our reporting units. See Critical Accounting Policies above for more information concerning these impairments.

Selling, general and administrative expenses. Selling, general and administrative expenses were $60.1 million in 2009, compared to $72.9 million in 2008. This decrease was primarily due to reduced compensation as a result of workforce reductions in 2008 and 2009, lower incentive compensation accruals, lower litigation accruals and other administrative cost reductions such as in travel and entertainment costs and office expenses. This was partially offset by an increase in our bad debt provision when compared to 2008.

Loss on sale of assets. Our loss on sale of assets increased to $2.4 million in 2009, compared to a loss of $0.8 million in 2008. We completed the sale of our ready-mixed concrete plants in the Sacramento, California market for $6.0 million, plus payment for inventory on hand at closing, during the third quarter of 2009. This sale resulted in a $3.0 million loss after the allocation of $3.0 million of related goodwill.

Depreciation, depletion and amortization. Depreciation, depletion and amortization expense increased $0.9 million, or 3.5%, from $25.4 million in 2008 to $26.3 million in 2009. The increase was attributable primarily to higher depreciation expense related to our new information system technology system, which was placed in service during 2008.

Interest expense, net. Net interest expense for 2009 was down approximately $0.5 million to $26.0 million, compared to $26.5 million for 2008. This change was primarily due to the interest savings from the repurchase of some of the Old Notes and lower interest rates on borrowings under the Predecessor revolving credit agreement when compared to 2008. This was mostly offset by increased interest associated with higher amounts outstanding under the Predecessor revolving credit agreement.

Gain on purchases of senior subordinated notes. During the first and second quarters of 2009, we purchased $12.4 million aggregate principal amount of the Old Notes in open-market transactions for approximately $4.8 million. This resulted in a gain of approximately $7.4 million after writing off a total of $0.2 million of previously deferred financing costs associated with the pro-rata amount of the Old Notes purchased.

Income tax provision (benefit). We recorded an income tax benefit from continuing operations of $0.3 million for the full year 2009, as compared to $18.0 million in 2008. Our effective tax benefit rate was 0.4% for 2009 and 12.3% in 2008. For 2009, we applied a valuation allowance against certain of our deferred tax assets, including net operating loss carryforwards, which reduced the effective benefit rate from the expected statutory rate. In accordance with authoritative accounting guidance, a valuation allowance is required unless it is more likely than not that future taxable income or the reversal of deferred tax liabilities will be sufficient to recover deferred tax assets. In addition, certain state taxes are calculated on bases different than pre-tax loss. This resulted in us recording income tax expense for these states, which also lowered the effective benefit rate in 2009 compared to the statutory rate.

Loss from discontinued operations. In August 2010, the Company entered into the Redemption Agreement to exit the Michigan market with the divestiture of its interest in Superior. This divestiture closed in September 2010. The results of operations of Superior have been included as discontinued operations for all periods presented. The allocable share of net loss of Superior to the minority interest owner (non-controlling interest), has also been reflected in discontinued operations for all periods presented. In 2009, we reported a loss of $9.9 million, net of income taxes, in discontinued operations. In 2008, the discontinued operations generated a loss of approximately $4.0 million, net of income taxes, which is primarily related to our disposition in Superior.

Inflation

We experienced minimal increases in operating costs during 2010 related to inflation. However, in non-recessionary conditions cement prices and certain other raw material prices, including aggregates and diesel fuel prices, have generally risen faster than regional inflationary rates. When these price increases have occurred, we have been able to partially mitigate our cost increases with price increases we obtained for our products.

Item 7A. *Quantitative and Qualitative Disclosures About Market Risk*

We are exposed to certain risks relating to our ongoing business operations. However, derivative instruments are not used to hedge these risks. As of December 31, 2009, we were not a party to any derivative financial instruments. As of December 31, 2010, we are required to account for derivative instruments as a result of the issuance of warrants and Convertible Notes associated with our emergence from Chapter 11 (see Note 14 to the consolidated financial statements). None of our derivatives manage business risk or are executed for speculative purposes.

All derivatives are required to be recorded on the balance sheet at their fair values. Each quarter, we determine the fair value of our derivative liabilities and changes result in income or loss. The key inputs in determining fair value of our derivative liabilities of $15.7 million at December 31, 2010 include our stock price, stock price volatility, risk free interest rates and interest rates for conventional debt of similarly situated companies. Changes in these inputs will impact the valuation of our derivatives and result in income or loss each quarterly period. A 5% increase in the stock price, volatility and risk free interest rates would increase the value of our warrant derivative liability by approximately $0.7 million, resulting in a loss in the same amount. A 5% increase in the stock price, volatility and conventional debt interest rates would increase the value of our embedded Convertible Notes derivative liability by approximately $2.1 million, resulting in a loss in the same amount. During the four month period ending December 31, 2010, we recorded income from fair value changes in our embedded Convertible Notes derivative of approximately $1.0 million due primarily to changes in the price of our common stock and market changes in conventional debt interest rates. Additionally, we recorded a loss from fair value changes in our warrants of approximately $0.1 million during the four month period ending December 31, 2010.

Borrowings under our Credit Agreement expose us to certain market risks. Interest on amounts drawn varies based on the floating rates under the agreement. Based on the $8.0 million outstanding under this facility as of December 31, 2010, a one percent change in the applicable rate would change our annual interest expense by $0.1 million.

Our operations are subject to factors affecting the overall strength of the U.S. economy and economic conditions impacting financial institutions, including the level of interest rates, availability of funds for construction, and the level of general construction activity. A significant decrease in the level of general construction activity in any of our market areas has and may continue to have a material adverse effect on our consolidated revenues and earnings.

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Item 8. ***Financial Statements and Supplementary Data***

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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Report of Independent Registered Public Accounting Firm

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

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of U.S. Concrete, Inc. and its subsidiaries (Predecessor Company) at December 31, 2009 and the results of their operations and their cash flows for the period from January 1, 2010 to August 31, 2010, and for the years ended December 31, 2009 and 2008 in conformity with accounting principles generally accepted in the United States of America. The Company s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit of the financial statements 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. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 4 to the consolidated financial statements, the Company changed the manner in which it accounts for non-controlling interests in 2009.

As discussed in Note 2 to the consolidated financial statements, the Company and substantially all of its subsidiaries filed a petition on April 29, 2010 with the United States Bankruptcy Court for the District of Delaware for reorganization under the provisions of Chapter 11 of the Bankruptcy Code. The Company s Joint Plan of Reorganization was consummated on August 31, 2010 and the Company emerged from bankruptcy. In connection with its emergence from bankruptcy, the Company adopted fresh start accounting.

/s/ PricewaterhouseCoopers LLP
Houston, Texas
March 11, 2011

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Report of Independent Registered Public Accounting Firm

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

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of U.S. Concrete, Inc. and its subsidiaries (Successor Company) at December 31, 2010 and the results of their operations and their cash flows for the period from September 1, 2010 to December 31, 2010 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 in accordance with the standards of the Public Company Accounting Oversight Board (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 of the financial statements 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. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2 to the consolidated financial statements, the United States Bankruptcy Court for the District of Delaware confirmed the Company s Joint Plan of Reorganization (the Plan) on July 29, 2010. Confirmation of the Plan resulted in the discharge of all outstanding obligations under the Company s 8.375% Senior Subordinated Notes and substantially alters the rights and interests of equity security holders as provided for in the Plan. The Plan was consummated on August 31, 2010 and the Company emerged from bankruptcy. In connection with its emergence from bankruptcy, the Company adopted fresh start accounting on August 31, 2010.

/s/ PricewaterhouseCoopers LLP
Houston, Texas
March 11, 2011

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U.S. CONCRETE, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, including share amounts)

	December 31,	
	(Successor) 2010	(Predecessor) 2009
ASSETS		
Current assets:		
Cash and cash equivalents	$ 5,290	$ 4,229
Trade accounts receivable, net	74,534	74,851
Inventories	29,396	30,960
Deferred income taxes	4,042	7,847
Prepaid expenses	3,803	3,729
Other current assets	6,366	6,973
Total current assets	123,431	128,589
Property, plant and equipment, net	140,274	239,917
Goodwill	1,481	14,063
Other assets	9,529	6,591
Assets held for sale	813	
Total assets	$ 275,528	$ 389,160
LIABILITIES AND EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 1,164	$ 7,873
Accounts payable	37,056	37,678
Accrued liabilities	31,253	48,557
Derivative liabilities	15,727	
Total current liabilities	85,200	94,108
Long-term debt, net of current maturities	52,017	288,669
Other long-term obligations and deferred credits	7,429	6,916
Deferred income taxes	4,749	9,658
Total liabilities	149,395	399,351
Commitments and contingencies (Note 20)		
Equity:		
Preferred stock, $0.001 par value per share (10,000 shares authorized; none issued)		
Common stock, $0.001 par value per share (100,000 shares authorized for successor and 60,000 for predecessor; 11,928 and 37,558 shares issued and	12	38

outstanding as of December 31, 2010 and 2009)		
Additional paid-in capital	131,875	268,306
Retained deficit	(5,754)	(280,802)
Cost of treasury stock, 552 common shares as of December 31, 2009		(3,284)
Total stockholders equity (deficit)	126,133	(15,742)
Non controlling interest (Note 4)		5,551
Total equity	126,133	(10,191)
Total liabilities and equity	$ 275,528	$ 389,160

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

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U.S. CONCRETE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	Successor	Predecessor		
	Period from September 1 through December 31, 2010	Period from January 1 through August 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
Revenue	$ 152,948	$ 302,748	$ 485,393	$ 685,421
Cost of goods sold before depreciation, depletion and amortization	130,923	261,830	410,445	572,519
Goodwill and other asset impairments			47,595	135,613
Selling, general and administrative expenses	19,603	39,241	60,075	72,892
(Gain) loss on sale of assets	(11)	78	2,395	767
Depreciation, depletion and amortization	6,882	16,862	26,325	25,446
Loss from continuing operations	(4,449)	(15,263)	(61,442)	(121,816)
Interest expense, net	3,385	17,369	25,941	26,470
Gain on purchases of senior subordinated notes			7,406	
Derivative income	996			
Other income, net	136	534	1,308	1,836
Loss from continuing operations before reorganization items and income taxes	(6,702)	(32,098)	(78,669)	(146,450)
Reorganization items (Note 3)		(59,191)		
Income (loss) from continuing operations before income taxes	(6,702)	27,093	(78,669)	(146,450)
Income tax provision (benefit)	(948)	1,576	(315)	(17,996)
Income (loss) from continuing operations	(5,754)	25,517	(78,354)	(128,454)
Loss from discontinued operations, net of taxes and loss attributable to non-controlling interest		(12,672)	(9,884)	(3,992)
Net income (loss) attributable to stockholders	$ (5,754)	$ 12,845	$ (88,238)	$ (132,446)
Income (loss) per share attributable to stockholders:				
Income (loss) from continuing operations	$ (0.48)	$ 0.70	$ (2.17)	$ (3.37)
Loss from discontinued operations, net of income tax		(0.35)	(0.27)	(0.11)

Net income (loss)	$	(0.48)	$	0.35	$	(2.44)	$	(3.48)
Weighted average shares outstanding:								
Basic and diluted		11,928		36,699		36,169		38,099

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

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U.S. CONCRETE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(in thousands)

	Common Stock # of Shares	Common Stock Par Value	Additional Paid-In Capital	Retained Earnings (Deficit)	Treasury Stock	Non-Controlling Interest	Total Equity (Deficit)
BALANCE, December 31, 2007 (Predecessor)	39,361	$ 39	$ 267,817	$ (60,118)	$ (2,633)	$ 14,192	$ 219,297
Employee purchase of ESPP shares	213		717				717
Stock-based compensation	572	1	3,511				3,512
Cancellation of shares	(61)						
Repurchase of shares	(3,148)	(3)	(6,592)				(6,595)
Purchase of treasury shares	(144)				(497)		(497)
Net loss				(132,446)		(3,625)	(136,071)
BALANCE, December 31, 2008 (Predecessor)	36,793	$ 37	$ 265,453	$ (192,564)	$ (3,130)	$ 10,567	$ 80,363
Employee purchase of ESPP shares	408		472				472
Stock-based compensation	497	1	2,381				2,382
Cancellation of shares	(47)						
Purchase of treasury shares	(93)				(154)		(154)
Capital contribution to Superior Materials Holdings, LLC						1,609	1,609
Net loss				(88,238)		(6,625)	(94,863)
BALANCE, December 31, 2009 (Predecessor)	37,558	$ 38	$ 268,306	$ (280,802)	$ (3,284)	$ 5,551	$ (10,191)
Stock-based compensation			1,073				1,073
Cancellation of shares	(70)						
Purchase of treasury shares	(123)				(70)		(70)
Capital contribution to Superior Materials Holdings, LLC						2,481	2,481
Net loss				(55,751)		(8,032)	(63,783)

BALANCE, August 31, 2010 (Predecessor)	37,365	$ 38	$ 269,379	$ (336,553)	$ (3,354)	$	$ (70,490)
Cancellation of predecessor common stock	(37,365)	(38)	(3,316)		3,354		
Plan of reorganization and fresh start valuation adjustments			1,895	68,595			70,490
Elimination of predecessor accumulated deficit			(267,958)	267,958			
BALANCE, August 31, 2010 (Predecessor)		$	$	$	$	$	$
Issuance of new common stock in connection with emergence from Chapter11	11,928	12	131,571				131,583
BALANCE, August 31, 2010 (Successor)	11,928	$ 12	$ 131,571	$	$	$	$ 131,583
Stock-based compensation			304				304
Net loss				(5,754)			(5,754)
BALANCE, December 31, 2010 (Successor)	11,928	$ 12	$ 131,875	$ (5,754)	$	$	$ 126,133

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

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U.S. CONCRETE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Successor	Predecessor		
	Period from September 1 through December 31, 2010	Period from January 1 through August 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss	$ (5,754)	$ 4,811	$ (94,863)	$ (136,071)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Goodwill and other asset impairments		18,200	54,745	135,631
Reorganization items		(57,686)		
Depreciation, depletion and amortization	6,882	18,403	29,621	29,902
Debt issuance cost amortization	1,104	7,756	1,805	1,674
Gain on purchases of senior subordinated notes			(7,406)	
Net (gain) loss on sale of assets	(11)	78	2,267	234
Net gain on derivative	(996)			
Deferred income taxes	(93)	(966)	851	(14,866)
Provision for doubtful accounts	567	1,200	3,282	1,923
Stock-based compensation	304	1,073	2,382	3,512
Changes in assets and liabilities, excluding effects of acquisitions:				
Accounts receivable	10,869	(26,119)	22,136	2,032
Inventories	(678)	(2,310)	1,697	287
Prepaid expenses and other current assets	2,459	(3,158)	6,618	(830)
Other assets and liabilities, net	(1,002)	249	(1,708)	265
Accounts payable and accrued liabilities	(19,331)	12,423	(13,416)	5,985
Net cash provided by (used in) operating activities	(5,680)	(26,046)	8,011	29,678
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of property, plant and equipment	(1,790)	(4,475)	(13,939)	(27,783)
Payments for acquisitions, net of cash received of $1,000 in 2008	(676)		(5,214)	(23,759)
Proceeds from disposals of property, plant and equipment	31	252	10,135	4,403
Disposals of business units				7,583
Other investing activities	(640)			40

Net cash used in investing activities	(3,075)	(4,223)	(9,018)	(39,516)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from Convertible Notes		55,000		
Proceeds from Credit Agreement	47,214	2,063		
Repayments on Credit Agreement	(39,214)	(2,063)		
Proceeds from prepetition borrowings		51,172	190,293	151,897
Repayments of prepetition borrowings		(67,872)	(185,888)	(145,051)
Proceeds from debtor-in-possession facility		161,182		
Repayments from debtor-in-possession facility		(161,182)		
Net proceeds from (repayments on) other borrowings	(408)	1,251		
Financing costs		(9,469)		(160)
Purchases of senior subordinated notes			(4,810)	
Proceeds from issuances of common stock			472	717
Shares purchased under common stock buyback program				(6,595)
Purchase of treasury shares		(70)	(154)	(497)
Non-controlling interest capital contributions		2,481		
Net cash provided by (used in) financing activities	7,592	32,493	(87)	311
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,163)	2,224	(1,094)	(9,527)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	6,453	4,229	5,323	14,850
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 5,290	$ 6,453	$ 4,229	$ 5,323
Supplemental Disclosure of Cash Flow Information:				
Cash paid for interest	$ 1,690	$ 2,687	$ 25,056	$ 25,587
Cash (refund) paid for income taxes	$ (849)	$ 252	$ (4,663)	$ (2,148)

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 EMERGENCE FROM CHAPTER 11

Nature of Operations

Our Company, a Delaware corporation, provides ready-mixed concrete, precast concrete products and concrete-related products and services to the construction industry in several major markets in the United States. U.S. Concrete, Inc. is a holding company and conducts its businesses through its consolidated subsidiaries. In these Notes to consolidated financial statements, we refer to U.S. Concrete, Inc. and its subsidiaries as we, us or U.S. Concrete unless we specifically state otherwise or the context indicates otherwise.

Developments Leading to Chapter 11

Since the middle of 2006, the United States building materials construction market has been challenging. Currently, the construction industry, particularly the ready-mixed concrete industry, is characterized by significant overcapacity and fierce competitive activity. From 2007 through 2010, we have implemented a variety of cost reduction initiatives, including workforce reductions, suspension of employee benefits, temporary plant idling, rolling stock dispositions and divestitures of nonperforming business units to reduce our operating and fixed costs.

Despite these initiatives, our business and financial performance were severely affected by the overall downturn in construction activity, particularly the steep decline in single-family home starts in the U.S. residential construction markets, the turmoil in the global credit markets and the U.S. economic downturn. These conditions have had a significant impact on demand for our products since the middle of 2006 and continuing through 2010. We have also experienced pricing pressure and our ready-mixed concrete pricing has declined in 2010 compared to 2009 in most of our markets, which has negatively impacted our gross margins.

The continued weakening economic conditions, including ongoing softness in residential construction, reduction in demand in the commercial sector and delays in anticipated public works projects in many of our markets, combined to cause a significant reduction in our liquidity during 2010. We retained legal and financial advisors to assist us in reviewing the strategic and financing alternatives available to us. We also engaged in discussions with the holders of our previously outstanding 8.375% Senior Subordinated Notes due 2014 (the Old Notes) regarding a permanent restructuring of our capital structure.

We reached an agreement with a substantial majority of the holders of our Old Notes on the terms of a comprehensive debt restructuring plan in April, 2010. To implement the restructuring, on April 29, 2010 (the Petition Date) we and certain of our subsidiaries (collectively, the Debtors) filed voluntary petitions in the United States Bankruptcy Court for the District of Delaware (the Bankruptcy Court) seeking relief under the provisions of Chapter 11 of Title 11 of the United States Code (the Bankruptcy Code). The Bankruptcy Court ordered joint administration of the Chapter 11 Cases under the lead case*: In re U.S. Concrete, Inc.*, Case No. 10-11407 (the Chapter 11 Cases). The restructuring did not involve Superior s operations.

Chapter 11 Bankruptcy and Emergence

On July 29, 2010, the Bankruptcy Court entered an order confirming the Debtors Joint Plan of Reorganization, which was originally filed with the Bankruptcy Court on the Petition Date, supplemented on July 19, 2010 and July 22, 2010, and amended on July 27, 2010 (as so amended and supplemented, the Plan). On August 31, 2010 (the Effective Date), the Debtors consummated their reorganization under the Bankruptcy Code and the Plan became effective.

The consummation, on the Effective Date, of our reorganization under the Plan provided for the following:

- all outstanding obligations under our Old Notes were cancelled and the indenture governing the Old Notes was terminated;
- all amounts outstanding under the Revolving Credit, Term Loan and Guarantee Agreement (the DIP Credit Agreement) were paid and such agreement was terminated in accordance with its terms;
- all of our then existing equity securities, including our common stock (the Old Common Stock), all options to purchase the Old Common Stock and all rights to purchase the Company s Series A Junior Participating Preferred Stock pursuant to a Rights Agreement, dated as of November 5, 2009, were cancelled.

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U.S. CONCRETE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- the following equity incentive plans, and all awards granted under such plans, were terminated (i) 1999 Incentive Plan of U.S. Concrete, Inc.; (ii) U.S. Concrete, Inc. 2000 Employee Stock Purchase Plan; (iii) 2001 Employee Incentive Plan of U.S. Concrete, Inc.; and (iv) U.S. Concrete, Inc. 2008 Incentive Plan;
- issuance of (i) approximately 11.9 million shares of Common Stock to holders of the Old Notes, (ii) Class A Warrants (the Class A Warrants) to purchase aggregate of approximately 1.5 million shares of common stock to holders of Old Common Stock and (iii) Class B Warrants (the Class B Warrants) to purchase aggregate of approximately 1.5 million shares of common stock to holders of Old Common Stock, (see Note 16 to our consolidated financial statements for more information on the Class A and Class B Warrants);
- adoption of a management equity incentive plan (the Incentive Plan), under which 9.5% of the equity of the reorganized Company authorized pursuant to the Plan, on a fully-diluted basis, is reserved for issuance as equity-based awards to management and employees, and 0.5% of such equity, on a fully-diluted basis, is reserved for issuance to directors of the reorganized Company;
- entry into a new credit agreement, dated as of August 31, 2010 (the Credit Agreement), which provides for a $75.0 million asset-based revolving credit facility (the Revolving Facility), (see Liquidity and Capital Resources below for more information on the Credit Agreement); and
- issuance of $55.0 million aggregate principal amount of 9.5% Convertible Secured Notes due 2015 (the Convertible Notes) pursuant to a subscription offering, (see Liquidity and Capital Resources below for more information on the Convertible Notes).

Our Old Common Stock ceased trading on the NASDAQ Global Select Market on May 10, 2010 and was traded in the over-the-counter market until the Effective Date. Upon the Effective Date of the Plan, the Old Common Stock was cancelled and holders of the Old Common Stock received Class A Warrants and Class B Warrants. The common stock issued to holders of the Old Notes on the Effective Date began trading on the over-the-counter Bulletin Board (the OTC Bulletin Board or OTC BB) on October 15, 2010 under the symbol USCR and began trading on the NASDAQ Capital Market on February 1, 2011 under the symbol USCR .

2. FRESH START ACCOUNTING AND EFFECTS OF THE PLAN

As required by U.S. GAAP, effective as of August 31, 2010, we adopted fresh start accounting following the guidance of FASB ASC 852. Fresh start accounting results in the Company becoming a new entity for financial reporting purposes. Accordingly, our consolidated financial statements for periods prior to August 31, 2010 are not comparable to consolidated financial statements presented on or after August 31, 2010. Fresh start accounting was required upon emergence from Chapter 11 because holders of voting shares immediately before confirmation of the Plan received less than 50% of the emerging entity and the reorganization value of our assets immediately before confirmation of our Plan was less than our post-petition liabilities and allowed claims. Fresh start accounting results in a new basis of accounting and reflects the allocation of our estimated fair value to underlying assets and liabilities. Our estimates of fair value are inherently subject to significant uncertainties and contingencies beyond our reasonable control. Accordingly, there can be no assurance that the estimates, assumptions, valuations, appraisals and financial projections will be realized, and actual results could vary materially. Moreover, the market value of our common stock may differ materially from the equity valuation for accounting purposes. In addition, the cancellation of debt income and the allocation of the attribute reduction for tax purposes is an estimate and will not be finalized until the 2010 tax return is filed. Any change resulting from this estimate could impact deferred taxes.

Under ASC 852, the Successor Company must determine a value to be assigned to the equity of the emerging company as of the date of adoption of fresh-start accounting, which for us is August 31, 2010, the date the Debtors emerged from Chapter 11. To facilitate this calculation, we first determined the enterprise value of the Successor Company. The valuation methods included (i) a discounted cash flow analysis, considering a range of the weighted average cost of capital between 14.5% and 15.5% and multiples of projected earnings of between 6.5 and 7.5 times for its terminal value, (ii) a market multiples analysis, considering multiple ranges of between 12.6 and 13.6 times based on a one year forward multiple and 10.5 and 11.5 times based on a two year forward multiple (iii) precedent transaction multiples of between 7 and 8 times. This analysis resulted in an estimated enterprise value of between $180.0 million and $208.0 million. We utilized an enterprise value for fresh start accounting near the mid-point of this range.

The estimated enterprise value and the equity value are highly dependent on the achievement of the future financial results contemplated in the projections that were set forth in the Plan. The estimates and assumptions made in the valuation are inherently

U.S. CONCRETE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

subject to significant uncertainties. The primary assumptions for which there is a reasonable possibility of the occurrence of a variation that would have significantly affected the reorganization value include the assumptions regarding revenue growth, operating expenses, the amount and timing of capital expenditures and the discount rate utilized.

Fresh-start accounting reflects the value of the Successor Company as determined in the confirmed Plan. Under fresh-start accounting, our asset values are remeasured and allocated based on their respective fair values in conformity with the purchase method of accounting for business combinations in FASB ASC Topic 805, Business Combinations (FASB ASC 805). Liabilities existing as of the Effective Date, other than deferred taxes and derivatives, were recorded at the present value of amounts expected to be paid using appropriate risk adjusted interest rates. Deferred taxes and derivatives were determined in conformity with applicable accounting standards. Predecessor accumulated depreciation, accumulated amortization and retained deficit were eliminated.

The following fresh start condensed consolidated balance sheet presents the implementation of the Plan and the adoption of fresh start accounting as of August 31, 2010, the Effective Date. Reorganization adjustments have been recorded within the condensed consolidated balance sheet to reflect the effects of the Plan, including discharge of liabilities subject to compromise and the adoption of fresh start accounting in accordance with FASB ASC 852.

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U.S. CONCRETE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(in thousands)

	August 31, 2010						
	Predecessor	Plan of Reorganization Adjustments		Fresh Start Accounting Adjustments		Successor	
ASSETS							
Current assets:							
Cash and cash equivalents	$ 8,516	$ (2,063)	o			$ 6,453	
Trade accounts receivable, net	85,970					85,970	
Inventories	29,853			(1,268)	l	28,585	
Deferred income taxes	23,419			(5,006)	p	18,413	
Prepaid expenses	4,535	75	a			4,610	
Other current assets	7,742					7,742	
Assets held for sale	18,871					18,871	
Total current assets	178,906	(1,988)		(6,274)		170,644	
Property, plant and equipment, net	207,012			(64,712)	l	142,300	
Goodwill	14,063			(14,063)	l		
Other assets	3,894	6,100	b	1,045	l	11,039	
Asset held for sale	3,272					3,272	
Total assets	$ 407,147	$ 4,112		$ (84,004)		$ 327,255	
LIABILITIES AND EQUITY (DEFICIT)							
Liabilities not subject to compromise:							
Current liabilities:							
Current maturities of long-term debt	$ 52,553	$ (51,875)	c			$ 678	
Accounts payable and accrued liabilities	85,095	3,186	d			88,281	
Derivative liabilities		16,723	m			16,723	
Liabilities held for sale	20,976					20,976	
Total current liabilities	158,624	(31,966)				126,658	
Long-term debt, net of current maturities	488	41,400	e			41,888	
Other long-term obligations and deferred credits	8,505	(592)	n			7,913	
Deferred income taxes	24,264			(5,051)	p	19,213	
Total long-term liabilities	33,257	40,808		(5,051)		69,014	
Liabilities subject to compromise	285,756	(285,756)	f				
Total liabilities	477,637	(276,914)		(5,051)		195,672	

Commitments and contingencies						
Deficit:						
Preferred stock						
Common stock	38	(26)	g			12
Additional paid-in capital	269,379	130,150	h	(267,958)	k	131,571
Retained earnings (deficit)	(336,553)	147,548	i	189,005	k	
Treasury stock, at cost	(3,354)	3,354	j			
Total stockholders equity (deficit)	(70,490)	281,026		(78,953)		131,583
Non-controlling interest						
Total equity (deficit)	(70,490)	281,026		(78,953)		131,583
Total liabilities and equity (deficit)	$ 407,147	$ 4,112		$ (84,004)		$ 327,255

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U.S. CONCRETE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Notes to Plan of Reorganization and Fresh Start Accounting Adjustments:

a. Reflects the capitalization of a prepaid annual banking fee related to the Convertible Notes and Credit Agreement.

b. Reflects the capitalization of deferred financing costs related to the Convertible Notes and Credit Agreement.

c. Reflects repayment of amounts outstanding under the DIP Credit Agreement pursuant to the Plan.

d. Reflects the accrual and payment of certain professional fees and accrued interest. Also includes the accelerated recognition of the current portion of deferred gains related to the cancellation of an interest rate swap transaction on the Old Notes.

e. Reflects the issuance of the Convertible Notes in the amount of $55.0 million pursuant to the Plan net of the derivative liability in the amount of $13.6 million which was bifurcated and separately recorded.

f. Reflects the extinguishment of liabilities subject to compromise (LSTC) at emergence. LSTC was comprised of $272.6 million of Old Notes and $13.2 million of related accrued interest. The holders of the Old Notes received common stock of the successor entity.

g. Reflects the issuance of 11.9 million shares in new common stock at $0.001 par value and the extinguishment of 38.3 million shares ($0.001 par) of Old Common Stock.

h. Reflects the net adjustment to additional paid-in capital (APIC) due to the retirement of Old Common Stock and treasury stock, the issuance of new common stock, and the impact of charges due to unrecognized equity-based compensation.

i. Reflects the net impact of Plan adjustments on retained earnings due to the gain on extinguishment of debt and other reorganization charges.

j. Reflects the cancellation of Predecessor treasury stock.

k. Reflects the net impact of the loss on revaluation of assets resulting from fresh-start reporting and the elimination of the Predecessor s historical accumulated deficit, resulting in Successor s equity value of $131.6 million.

l. Reflects fair value adjustments resulting from fresh-start reporting.

m. Reflects the issuance of warrants to purchase new Common Stock pursuant to the Plan and the derivative liability recorded in connection with the Convertible Notes.

n. Reflects recognition of deferred gain related to the cancellation of an interest rate swap transaction on the Old Notes.

o.

Reflects net cash impact from the issuance of new debt net of payment of existing debt facilities and other costs.

p. Reflects adjustments to deferred taxes resulting from fresh start accounting.

3. REORGANIZATION ITEMS

In accordance with authoritative accounting guidance issued by the FASB, separate disclosure is required for reorganization items, such as certain expenses, provisions for losses and other charges directly associated with or resulting from the reorganization and restructuring of the business, which have been realized or incurred during the Chapter 11 Cases.

U.S. CONCRETE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Reorganization items were comprised of the following (in thousands):

	Predecessor Period from Jan 1 through August 31, 2010
Gain from cancellation of debt	$ 151,872
Loss from fresh start valuation adjustments	(78,955)
Professional fees	(9,243)
Write-off of Old Notes deferred financing costs	(4,483)
Total reorganization items, net	$ 59,191

In addition to the amounts reflected in reorganization items in the above table, prior to the Petition Date, we incurred professional fees related to our reorganization of approximately $5.0 million that are included in selling, general and administrative expenses for the eight-month period ended August 31, 2010 in the Condensed Consolidated Statements of Operations. Additionally, we wrote off approximately $1.6 million of unamortized deferred financing costs during the second quarter of 2010 related to our prepetition credit agreement that has been included in interest expense in the eight-month period ended August 31, 2010 in the Condensed Consolidated Statements of Operations. The amounts due under the prepetition credit agreement were paid in full with a portion of the proceeds from our DIP Credit Agreement. For the four-month period from September 1, 2010 through December 31, 2010, we incurred approximately $1.9 million of professional fees related to our reorganization that is included in selling, general and administrative expenses.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements consist of the accounts of U.S. Concrete, Inc. and its wholly owned subsidiaries. All significant intercompany account balances and transactions have been eliminated. In August 2010, we entered into a redemption agreement to redeem our 60% interest in our Michigan subsidiary, Superior Materials Holdings, LLC (Superior). This redemption was finalized and closed on September 30, 2010 and is discussed in Note 8. The results of operations of Superior, net of the minority owner s 40% interest, have been included in discontinued operations in our condensed consolidated statements of operations for all periods presented. We reflect the minority owner s 40% interest in income, net assets and cash flows of Superior as a non-controlling interest in our condensed consolidated financial statements.

Cash and Cash Equivalents

We record as cash equivalents all highly liquid investments having maturities of three months or less at the date of purchase. Cash held as collateral or escrowed for contingent liabilities is included in other current and noncurrent assets based on the expected release date of the underlying obligation.

During the four month period from September 1, 2010 through December 31, 2010, we had non-cash investing activities of $2.6 million related to promissory notes issued as part of an acquisition of three ready-mixed plants in our West Texas market and non-cash investing activities of $1.5 million related to the redemption of Superior.

Inventories

Inventories consist primarily of cement and other raw materials, precast concrete products and building materials that we hold for sale or use in the ordinary course of business. Inventories are stated at the lower of cost or fair market value using the average cost and first-in, first-out methods. We reduce the carrying value of our inventories for estimated excess and obsolete inventories equal to the difference between the cost of inventory and its estimated realizable value based upon assumptions about future product demand and market conditions. Once the new cost basis is established, the value is not increased with any changes in circumstances that would indicate an increase after the remeasurement. If actual product demand or market conditions are less favorable than those projected by

U.S. CONCRETE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

management, additional inventory write-downs may be required that could result in a material change to our consolidated results of operations or financial position.

Prepaid Expenses

Prepaid expenses primarily include amounts we have paid for insurance, licenses, taxes, rent and maintenance contracts. We expense or amortize all prepaid amounts as used or over the period of benefit, as applicable.

Property, Plant and Equipment, Net

We state property, plant and equipment at cost and use the straight-line method to compute depreciation of these assets other than mineral deposits 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 six to 12 years; and other, from three to 10 years. We capitalize leasehold improvements on properties held under operating leases and amortize those costs over the lesser of their estimated useful lives or the applicable lease term. We compute depletion of mineral deposits as such deposits are extracted utilizing the units-of-production method. We expense maintenance and repair costs when incurred and capitalize and depreciate expenditures for major renewals and betterments that extend the useful lives of our existing assets. When we retire or dispose of property, plant or equipment, we remove the related cost and accumulated depreciation from our accounts and reflect any resulting gain or loss in our statements of operations.

We evaluate the recoverability of our long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets is measured by comparing the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. Such evaluations for impairment are significantly impacted by estimates of future prices for our products, capital needs, economic trends in the applicable construction sector and other factors. If we consider such assets to be impaired, the impairment we recognize is measured by the amount by which the carrying amount of the assets exceeds their fair value. Assets to be disposed of by sale are reflected at the lower of their carrying amounts, or fair values, less cost to sell. See Note 6 for further discussion of asset impairments during 2009.

Goodwill and Other Intangible Assets

Intangible assets acquired in business combinations consist primarily of goodwill and covenants not-to-compete. Goodwill represents the amount by which the total purchase price we have paid for acquisitions exceeds our estimated fair value of the net tangible assets acquired. We test goodwill for impairment on an annual basis, or more often if events or circumstances indicate that there may be impairment. We generally test for goodwill impairment in the fourth quarter of each year, because this period gives us the best visibility of the reporting units operating performances for the current year (seasonally, April through October are highest revenue and production months) and outlook for the upcoming year, since much of our customer base is finalizing operating and capital budgets. We test goodwill for impairment loss under a two-step approach, as defined by authoritative accounting guidance. The first step of the goodwill impairment test compares the fair value of the reporting unit with its carrying amount, including goodwill. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed to measure the amount of the impairment loss. This is determined by comparison of the implied fair value of the reporting units goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting units goodwill exceeds the implied fair value of that goodwill, we recognize an impairment loss as expense.

Intangible assets with definite lives consist principally of covenants not-to-compete established with former owners and other key management personnel in business combinations and are amortized over the period that we believe best reflects the period in which the economic benefits will be consumed. We evaluate intangible assets with definite lives for recoverability when events or circumstances indicate that these assets might be impaired. We test those assets for impairment by comparing their respective carrying values to estimates of the sum of the undiscounted future net cash flows expected to result from the assets. If the carrying amount of an asset exceeds the sum of the undiscounted net cash flows we expect from that asset, we recognize an impairment loss based on the amount by which the carrying value exceeds the fair value of the asset. See Note 5 for further discussion of goodwill and goodwill impairments in

2009. Our covenants not-to-compete are not material.

Debt Issue Costs

We amortize debt issue costs related to our Credit Agreement and Convertible Notes as interest expense over the scheduled maturity period of the debt. Unamortized debt issuance costs were $8.7 million as of December 31, 2010. During 2009, we amortized

U.S. CONCRETE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

debt issuance costs related to our prepetition revolving credit facility and the Old Notes and the unamortized balance was $4.9 million as of December 31, 2009. The prepetition revolving credit facility and the Old Notes were paid in full and canceled as part of our restructuring in 2010 (See Note 1) and the debt issue costs were written-off (See Note 3). We include unamortized debt issue costs in other assets.

Allowance for Doubtful Accounts

We provide an allowance for accounts receivable we believe may not be collected in full. A provision for bad debt expense recorded to selling, general and administrative expenses increases the allowance. Accounts receivable are written off when we determine the receivable will not be collected. 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 historical loss experience, a customer-by-customer analysis of our accounts receivable balances each period and subjective assessments of our bad debt exposure.

Revenue and Expenses

We derive substantially all of our revenue from the production and delivery of ready-mixed concrete, precast concrete products, onsite products and related building materials. We recognize revenue when products are delivered. Amounts billed to customers for delivery costs are classified as a component of total revenues and the related delivery costs (excluding depreciation) are classified as a component of total cost of goods sold. Cost of goods sold consists primarily of product costs and operating expenses (excluding depreciation, depletion and amortization). Operating expenses consist primarily of wages, benefits, insurance 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, provision for doubtful accounts and professional fees.

Insurance Programs

We maintain third-party insurance coverage against certain risks. Under our insurance programs, we share the risk of loss with our insurance underwriters by maintaining high deductibles subject to aggregate annual loss limitations. In connection with these automobile, general liability and workers compensation insurance programs, we have entered into standby letters of credit agreements totaling $16.5 million at December 31, 2010. We fund our deductibles and record an expense for losses we expect under the programs. We determine 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 claim reporting patterns, claim settlement patterns, judicial decisions, legislation and economic conditions. The amounts accrued for self-insured claims were $10.6 million as of December 31, 2010 and $12.8 million as of December 31, 2009. We include those accruals in accrued liabilities.

Asset Retirement Obligations

Existing authoritative accounting guidance requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The fair value of the liability is added to the carrying amount of the associated asset, and this additional carrying amount is amortized over the life of the asset. The liability is accreted at the end of each reporting period through charges to operating expenses. If the obligation is settled for other than the carrying amount of the liability, we will recognize a gain or loss on settlement. Asset retirement obligations accrued at December 31, 2010 and 2009 were not material.

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 bases 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. We record a valuation allowance to reduce the deferred tax assets to the amount that is more likely than not to be realized. We have a valuation allowance of $36.5 million and $18.1 million as of December 31, 2010 and 2009, respectively.

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U.S. CONCRETE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Fair Value of Financial Instruments

Our financial instruments consist of cash and cash equivalents, trade receivables, trade payables, long-term debt and derivative liabilities. We consider the carrying values of cash and cash equivalents, trade receivables and trade payables to be representative of their respective fair values because of their short-term maturities or expected settlement dates. The carrying value of outstanding amounts under our Revolving Facility approximates fair value due to the floating interest rate, and the fair value of our Convertible Notes approximates carrying value at December 31, 2010. The fair value of the embedded derivative in our Convertible Notes that was bifurcated and separately valued was $12.5 at December 31, 2010 and the fair value of issued warrants was $3.2 at the same date. See Note 14 to our consolidated financial statements for further information regarding our derivative liabilities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) 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 as of 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 we consider significant in the preparation of our financial statements include those related to our allowance for doubtful accounts, goodwill, accruals for self-insurance, income taxes, the valuation of inventory and the valuation and useful lives of property, plant and equipment.

Stripping Costs

We include post-production stripping costs in the cost of inventory produced during the period these costs are incurred. Post-production stripping costs represent stripping costs incurred after the first saleable minerals are extracted from the mine.

Loss Per Share

Basic earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding during the period after giving effect to all potentially dilutive securities outstanding during the period.

For the four month period ending December 31, 2010, our potentially dilutive shares include the shares underlying our Convertible Notes and stock options. The Convertible Notes may be converted into 5.2 million shares of our common stock and as of December 31, 2010, there were stock options that could result in the issuance of 0.2 million shares of common stock in the future. For the years ended December 31, 2009 and 2008 our potentially dilutive shares included stock options and stock awards. These potentially dilutive shares were excluded from the computation of diluted earnings per share for the four month period ended December 31, 2010 and the years ended December 31, 2009 and 2008 because their effect would have been anti-dilutive.

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, 2010, no differences existed between our consolidated net income and our consolidated comprehensive income.

Stock-based Compensation

Stock based employee compensation cost is measured at the grant date based on the calculated fair value of the award. We recognize expense over the employee s requisite service period, generally the vesting period of the award. The related excess tax benefit received upon exercise of stock options or vesting of restricted stock, if any, is reflected in the statement of cash flows as a financing activity rather than an operating activity.

For additional discussion related to stock-based compensation, see Note 9.

U.S. CONCRETE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Recent Accounting Pronouncements

In February 2010, the FASB issued an update that removes the requirement for an SEC filer to disclose a date through which subsequent events have been evaluated. This change removes potential conflicts with SEC requirements. The adoption did not have an impact on our consolidated financial statements.

In June 2009, the FASB issued authoritative guidance on consolidation of variable interest entities (VIE) that changes how a reporting entity determines a primary beneficiary that would consolidate the VIE from a quantitative risk and rewards approach to a qualitative approach based on which variable interest holder has the power to direct the economic performance related activities of the VIE as well as the obligation to absorb losses or right to receive benefits that could potentially be significant to the VIE. This guidance requires the primary beneficiary assessment to be performed on an ongoing basis and also requires enhanced disclosures that will provide more transparency about a company s involvement in a VIE. This guidance is effective for a reporting entity s first annual reporting period that begins after November 15, 2009. The adoption of this guidance did not have a material impact on our condensed consolidated financial statements.

5. GOODWILL

We record as goodwill the amount by which the total purchase price we pay in our acquisition transactions exceeds our estimated fair value of the identifiable net assets we acquire. We test goodwill for impairment on an annual basis, or more often if events or circumstances indicate that there may be impairment. We generally test for goodwill impairment in the fourth quarter of each year, because this period gives us the best visibility of the reporting units operating performances for the current year (seasonally, April through October are highest revenue and production months) and outlook for the upcoming year, since much of our customer base is finalizing operating and capital budgets. The impairment test we use consists of comparing our estimates of the current fair values of our reporting units with their carrying amounts. We currently have seven reporting units. Reporting units are organized based on our two product segments ((1) ready-mix concrete and concrete related products and (2) precast concrete products) and geographic regions. We did not have a goodwill balance after the implementation of fresh start accounting on August 31, 2010. We acquired three ready-mix concrete plants during October 2010 which resulted in the recording of approximately $1.5 million of goodwill. We will test this goodwill for impairment during the fourth quarter of 2011 or sooner if events or circumstances indicate there may be an impairment.

There was no impairment recorded as a result of the fourth quarter 2009 test. During the third quarter of 2009, we sold our ready-mixed concrete plants in Sacramento, California (see Note 8). These plants and operations were included in our northern California ready-mixed concrete reporting unit and $3.0 million of goodwill was allocated to these assets and included in the calculation of loss on sale. Concurrent with this sale, we performed an impairment test on the remaining goodwill for this reporting unit and on all other reporting units with remaining goodwill as a result of current economic conditions. The U.S. economic downturn and resulting impact on the U.S. construction markets impacted our revenue and expected future growth. The cost of capital had increased while the availability of funds from capital markets had not improved significantly. Lack of available capital impacted our customers by creating project delays or cancellations, thereby impacting our revenue growth and assumptions. The downturn in residential construction had not improved and we saw the economic downturn affect the commercial sector of our revenue base. In addition, the California budget crisis affected public works spending in this market. All these factors led to a more negative outlook for expected future cash flows and, during the third quarter of 2009, resulted in an impairment charge of $45.8 million, of which $42.2 million was related to our northern California reporting unit and the remaining amount related to our Atlantic Region reporting unit.

In 2008 we recorded an impairment charge of $135.3 million. The macro economic factors including the unprecedented and continuing credit crisis, the U.S. recession, the escalating unemployment rate and specifically the severe downturn in the U.S. construction markets, had a significant impact on the valuation metrics used in determining the long-term value of our reporting units. The slowdown in construction activity resulted in lower sales volumes and more competition for construction projects, thereby reducing expected future cash flows. These specific negative factors, combined with (i) lower enterprise values resulting from lower multiples of sales and EBITDA comparables, and (ii) the lack of recent third party transactions due to depressed macro economic conditions, resulted in the goodwill impairment expense for 2008.

As of December 31, 2010 and 2009, U.S. Concrete had no intangible assets with indefinite lives other than goodwill.

U.S. CONCRETE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The change in goodwill from January 1, 2009 to December 31, 2010 is as follows (in thousands):

	Ready-Mixed Concrete and Concrete-Related Products	Precast Concrete Products	Total
Balance at January 1, 2009 (Predecessor):			
Goodwill	$ 332,352	$ 45,095	$ 377,447
Accumulated impairment	(283,182)	(35,068)	(318,250)
	49,170	10,027	59,197
Acquisitions (see Note 8)	3,596		3,596
Impairments	(45,776)		(45,776)
Allocated to assets sold	(2,954)		(2,954)
Balance at December 31, 2009 (Predecessor)	$ 4,036	$ 10,027	$ 14,063
Balance at December 31, 2009 (Predecessor):			
Goodwill	$ 332,994	$ 45,095	$ 378,089
Accumulated impairment	(328,958)	(35,068)	(364,026)
	4,036	10,027	14,063
Fresh-start accounting adjustments	(4,036)	(10,027)	(14,063)
Balance at August 31, 2010 (Successor)			
Acquisitions (see Note 8)	1,481		1,481
Balance at December 31, 2010 (Successor)	$ 1,481	$	$ 1,481
Balance at December 31, 2010 (Successor):			
Goodwill	1,481		1,481
Accumulated impairment			
	$ 1,481	$	$ 1,481

6. ASSET IMPAIRMENTS

As described in Note 4, we redeemed our interest in Superior on September 30, 2010. However, we evaluated the recoverability of all our long-lived assets during the third quarter of 2009 given economic conditions. We measured recoverability by comparing the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the assets. The Michigan market was significantly impacted by the global economic downturn and by events specific to its region, including the difficult operating conditions of the U.S. automotive industry, high unemployment rates and lack of public works spending. The decline in construction activity in each of our end-use markets negatively affected our outlook of future sales growth and cash flow. We identified an impairment related to the property, plant and equipment in our Michigan market and recorded a charge of $8.8 million, which represents the amount that the carrying value of these assets exceeded estimated fair value. This impairment included approximately $1.6 million on assets which were 100% owned by us and not Superior. The impairment related to Superior is included in discontinued operations.

7. DISCONTINUED OPERATIONS

As disclosed in Note 8, we closed on the redemption of our 60% interest in Superior in September 2010. Accordingly, there were no assets and liabilities of Superior reflected on the consolidated balance sheet as of December 31, 2010. In August 2010, we entered into the Redemption Agreement and, in accordance with authoritative accounting guidance, wrote the net assets of this subsidiary down to the fair value less costs to sell. Additionally, we have presented the results of operations for all periods as discontinued operations.

In the fourth quarter of 2007, we entered into a definitive agreement to dispose of one of our ready-mixed concrete business units. The sale of this business unit, headquartered in Memphis, Tennessee, occurred on January 31, 2008. This business unit was part of our ready-mixed concrete and concrete-related products segment. We presented the results of operations, net of tax, as discontinued operations in the accompanying consolidated statements of operations. The results of discontinued operations included in the accompanying consolidated statements of operations were as follows (in thousands):

U.S. CONCRETE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Successor	Predecessor		
	Period from September 1 through December 31, 2010	Period from January 1 through August 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
Revenue	$ 5,931	$ 33,625	$ 49,092	$ 69,548
Operating expenses	(5,782)	(37,465)	(65,602)	(79,384)
Gain (loss) on redemption and disposal of assets	(120)	(18,200)	128	533
Loss from discontinued operations, before income taxes and non-controlling interest	29	(22,040)	(16,382)	(9,303)
Income tax benefit (expense)	(29)	1,358	(127)	1,686
Loss from discontinued operations before non controlling interest		(20,682)	(16,509)	(7,617)
Non-controlling interest		8,010	6,625	3,625
Loss from discontinued operations	$	$ (12,672)	$ (9,884)	$ (3,992)

8. ACQUISITIONS, DISPOSITIONS AND ASSETS HELD FOR SALE

Superior Redemption

Certain of our subsidiaries (the Joint Venture Partners) and Edw. C. Levy Co. (Levy) were members of Superior and each held Shares of Superior, as defined in the Superior Operating Agreement, dated April 1, 2007 (the Operating Agreement). In August 2010, we entered into the Redemption Agreement (the Redemption Agreement) with the Joint Venture Partners, Superior and Levy, regarding the redemption of the Joint Venture Partners Shares by Superior (the Redemption). In September 2010, we entered into a Joinder Agreement to the Redemption Agreement with the Joint Venture Partners, Superior, Levy, VCNA Prairie, Inc. (the New Joint Venture Partner) and Votorantim Cement North America, Inc. (VCNA), whereby the New Joint Venture Partner and VCNA became parties to the Redemption Agreement. On September 30, 2010, the Company completed the disposition of its interest in Superior pursuant to the Redemption Agreement.

Pursuant to the Redemption Agreement, as consideration for the Redemption, Superior, Levy, the New Joint Venture Partner, and VCNA (the Indemnifying Parties) agreed to indemnify us and the Joint Venture Partners from, among other items: (i) facts or circumstances that occur on or after the closing of the Redemption (the Closing) and which relate to the post-closing ownership or operation of Superior; (ii) the Agreement Approving Asset Sale with Central States, Southeast Areas Pension Fund, dated March 30, 2007; (iii) the Company s obligation to provide retiree medical coverage to current and former Levy subsidiary employees of Superior and its affiliates pursuant to the collective bargaining agreement between Superior and the Teamster s Local Union No. 614; and (iv) Superior s issuance of 500 Shares to the New Joint Venture Partner.

At the closing of the Redemption on September 30, 2010, the Company and the Joint Venture Partners collectively paid $640,000 in cash and issued a $1.5 million promissory note (the Promissory Note) to Superior as partial consideration for the indemnification and other consideration provided by the Indemnifying Parties pursuant to the Redemption Agreement.

The Promissory Note does not bear interest and requires the Company and the Joint Venture Partners to pay Superior $750,000 on or before each of January 1, 2011 and January 1, 2012. The Promissory Note may be prepaid, in whole or in part, without premium, penalty or additional interest. We recognized a loss of approximately $11.8 million from redeeming our interest in Superior. We and the Joint Venture Partners have also agreed, for a period of five (5) years after the Closing not to compete with Superior in the State of Michigan, subject to certain exceptions.

The results of Superior have been included in discontinued operations for the periods presented in the consolidated statements of operations. See Note 7 for more information.

Other

In October 2010, we acquired three ready-mixed concrete plants and related assets in the west Texas market for approximately $3.0 million, plus inventory on hand at closing. We made cash payments of $0.4 million and have issued promissory notes for the

U.S. CONCRETE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

remaining $2.6 million. During the second quarter of 2010, we made the decision to dispose of some of our transport equipment in northern California and as such have classified these assets as held for sale. These assets are recorded at the estimated fair value less costs to sell of approximately $0.8 million. There were no assets held for sale as of December 31, 2009.

In September 2009, we sold our ready-mixed concrete plants in Sacramento, California for approximately $6.0 million, plus a payment for inventory on hand at closing. This sale resulted in a pre-tax loss of approximately $3.0 million after the allocation of approximately $3.0 million of goodwill related to these assets.

In May 2009, we acquired substantially all the assets of a concrete recycling business in Queens, New York. We used borrowings under our revolving credit facility to fund the cash purchase price of approximately $4.5 million.

In November 2008, we acquired a ready-mixed concrete plant and related inventory in Brooklyn, New York. We used borrowings under our revolving credit facility to fund the cash purchase price of approximately $2.5 million.

In August 2008, we acquired a ready-mixed concrete operation in Mount Vernon, New York and a precast concrete product operation in San Diego, California. We used cash on hand to fund the purchase prices of $2.0 million and $2.5 million, respectively.

In June 2008, we acquired nine ready-mixed concrete plants, together with related real property, rolling stock and working capital, in our west Texas market from another ready-mixed concrete producer for approximately $13.5 million. We used cash on hand and borrowings under our existing credit facility to fund the purchase price.

In May 2008, we paid $1.4 million of contingent purchase consideration related to real estate acquired pursuant to the acquisition of Builders Redi-Mix, Inc. in January 2003.

In January 2008, we acquired a ready-mixed concrete operation in Staten Island, New York. We used cash on hand to fund the purchase price of approximately $1.8 million.

The pro forma impacts of our 2010, 2009 and 2008 acquisitions have not been included due to the fact that they were immaterial to our financial statements individually and in the aggregate.

9. STOCK-BASED COMPENSATION

Management Equity Incentive Plan

We adopted a management equity incentive plan (the Incentive Plan) via approval of the Bankruptcy Court, effective as of August 31, 2010, under which 9.5% of the equity of the reorganized Company authorized pursuant to the Plan, on a fully-diluted basis, is reserved for issuance as equity-based awards to management and employees, and 0.5% of such equity, on a fully-diluted basis, is reserved for issuance to directors of the reorganized Company. The Incentive Plan enables us to grant stock options, stock appreciation rights, stock awards, cash awards and performance awards.

We reserved 2.2 million shares of common stock for use in connection with the Incentive Plan and as of December 31, 2010, there were 1.5 million shares remaining for future issuance. By no later than the fifth anniversary of the Effective Date, all shares of common stock reserved for issuance under the Incentive Plan are required to be subject to an outstanding award or to have been delivered pursuant to the settlement of an award. Within thirty days following the Effective Date, thirty-five percent of the shares of common stock available for delivery pursuant to awards were required to be allocated to employee awards. No more than five percent of the shares of Common Stock available for delivery pursuant to awards were to be allocated to director awards. Each participant who receives an award in the form of restricted stock units will also concurrently receive an award for an equal amount of incentive restricted stock units (which represent the right to receive 0.35020 of a share of common stock upon satisfaction of certain criteria).

U.S. CONCRETE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Predecessor Incentive Plans

Our 2001 Employee Incentive Plan and 2008 Incentive Plan were cancelled as part of our Plan on August 31, 2010. These predecessor plans enabled us to grant nonqualified and incentive options, restricted stock, stock appreciation rights and other long-term incentive awards to our employees and nonemployee directors (except that none of our officers or directors were eligible to participate in our 2001 Plan), and in the case of the 2001 Employee Incentive Plan, also to nonemployee consultants and other independent contractors who provided services to us. Option grants under these plans generally vested either over a four-year period or, in the case of option grants to non-employee directors, six months from the grant.

Stock-Based Compensation

Under authoritative accounting guidance, share-based compensation cost is measured at the grant date based on the calculated fair value of the award. The expense is recognized over the employee s requisite service period, generally the vesting period of the award. We have elected to use the long-form method of determining our pool of windfall tax benefits as prescribed under authoritative accounting guidance.

For the four month period ended December 31, 2010, we recognized stock-based compensation expense related to restricted stock units and stock options of approximately $0.3 million. For the eight month period ended August 31, 2010 and year ended December 31, 2009, we recognized stock-based compensation expense related to restricted stock and stock options of approximately $1.1 million and $2.4 million, respectively. Stock-based compensation expense is reflected in selling, general and administrative expenses in our consolidated statements of operations.

As of December 31, 2010, there was approximately $3.3 million of unrecognized compensation cost related to unvested restricted stock awards and stock options which we expect to recognize over a weighted average period of approximately three years.

Successor Restricted Stock Units

Since August 31, 2010, we issue restricted stock awards under our incentive compensation plan that generally vest over three years on a quarterly basis. The restricted stock units are subject to restrictions on transfer and certain conditions to vesting. During the restriction period, the holders of restricted stock units are not entitled to vote and receive dividends on those restricted units as the restricted stock units do not represent outstanding shares of our common stock.

Restricted stock unit activity from the Effective Date though December 31, 2010 was as follows (shares in thousands):

	Number of Units	Weighted-Average Grant Date Fair Value
Unvested restricted stock units outstanding at August 31, 2010		$
Granted	412	8.00
Vested		
Canceled	(7)	8.00
Unvested restricted stock units outstanding at December 31, 2010	405	$ 8.00

There was an equivalent number of incentive restricted stock units issued during the four month period ended December 31, 2010 which represent the right to receive 0.35020 of a share of common stock upon satisfaction of certain criteria. Compensation expense associated with awards of restricted stock under our incentive compensation plans was $0.3 million for the four months ended December 31, 2010.

Predecessor Restricted Stock

We issued restricted stock awards under our predecessor incentive compensation plans prior to the Effective Date. These awards vested over specified periods of time, generally four years. The shares of restricted common stock were subject to restrictions on transfer and certain conditions to vesting. During the restriction period, the holders of restricted shares were entitled to vote and receive dividends, if any, on those shares.

U.S. CONCRETE, INC. AND SUBSIDIARIES
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Compensation expense associated with awards of restricted stock under our predecessor incentive compensation plans was $1.0 million for the eight month period ended August 31, 2010, $2.1 million in 2009 and $3.4 million in 2008.

Successor Stock Options

Proceeds from the exercise of stock options are credited to common stock at par value, and the excess is credited to additional paid-in capital. As of December 31, 2010, there were 1.5 million shares of our common stock remaining available for awards under the Incentive Plan.

We estimated the fair value of each of our stock option awards on the date of grant using a Black-Scholes option pricing model. We determined the expected volatility using the historical and implied volatilities of a peer group of companies given the limited trading history of our successor common stock. For each option awarded, the risk-free interest rate was based on the U.S. Treasury yield in effect at the time of grant for periods corresponding with the expected life of the option. The expected life of an option represents the weighted average period of time that an option grant is expected to be outstanding, giving consideration to its vesting schedule and historical exercise patterns. The significant weighted-average assumptions relating to the valuation of our stock options were as follows:

	Four Month Period Ended December 31, 2010
Dividend yield	0.0%
Volatility rate	40%
Risk-free interest rate	2.01%
Expected option life (years)	4-7

We granted approximately 245,000 stock options during the four month period ended December 31, 2010. Compensation expense related to stock options was approximately $30,000 during this period. Stock option activity information for the four month period ended December 31, 2010 was as follows (shares in thousands):

	Number of Shares Underlying Options	Weighted-Average Exercise Price
Options outstanding at August 31, 2010		$
Granted	245	17.23
Exercised		
Canceled	(5)	17.23
Options outstanding at December 31, 2010	240	$17.23
Options exercisable at December 31, 2010		$

The aggregate intrinsic value of outstanding options and exercisable options at December 31, 2010 was zero. The weighted average remaining contractual term for outstanding options at December 31, 2010 was approximately ten years. No shares had vested as of December 31, 2010.

Stock option information related to the nonvested options for the four month period ended December 31, 2010 was as follows (shares in thousands):

	Number	Weighted-

	of Shares Underlying Options	Average Grant Date Fair Value
Nonvested options outstanding at August 31, 2010		$
Granted	245	1.46
Vested		
Canceled	(5)	1.46
Nonvested options outstanding at December 31, 2010	240	$ 1.46

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U.S. CONCRETE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Predecessor Stock Options

We estimated the fair value of each of our stock option awards granted under predecessor plans on the date of grant using a Black-Scholes option pricing model. We determined the expected volatility using our common stock s historic volatility. For each option awarded, the risk-free interest rate was based on the U.S. Treasury yield in effect at the time of grant for periods corresponding with the expected life of the option. The expected life of an option represents the weighted average period of time that an option grant was expected to be outstanding, giving consideration to its vesting schedule and historical exercise patterns.

There were no grants of stock options for the eight month period ended August 31, 2010. We granted 464,000 stock options for the year ended December 31, 2009. Compensation expense related to stock options was approximately $0.1 million for the eight month period ended August 31, 2010 and approximately $0.2 million in 2009.

Share Price Performance Units

In August 2005, the compensation committee of our board of directors awarded approximately 163,000 share price performance units to certain salaried employees, other than executive officers and senior management. Those awards vested in four equal annual installments, beginning in May 2006 and ending in May 2009. Each share price performance unit is equal in value to one share of our common stock. Upon vesting, a holder of share price performance units received a cash payment from us equal to the number of vested share price performance units multiplied by the closing price of a share of our common stock on the vesting date. The value of these awards was accrued and charged to expense over the performance period of the units. We recognized compensation expense of $0.1 million in 2008 and recognized a reversal of compensation expense of $0.1 million in 2009. This is included in selling, general and administrative expenses on the Consolidated Statements of Operations. No share price performance units were granted in 2010, 2009 or 2008.

10. INVENTORIES

Inventory available for sale at December 31 consists of the following (in thousands):

	Successor December 31, 2010	Predecessor December 31, 2009
Raw materials	$ 20,159	$ 18,128
Precast products	6,518	7,342
Building materials for resale	1,897	2,555
Other	822	2,935
	$ 29,396	$ 30,960

11. PROPERTY, PLANT AND EQUIPMENT

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

	Successor December 31, 2010	Predecessor December 31, 2009
Land and mineral deposits	$ 43,516	$ 77,843
Buildings and improvements	13,295	34,101
Machinery and equipment	57,124	153,214
Mixers, trucks and other vehicles	29,467	95,641

Other, including construction in progress		3,756		6,455
		147,158		367,254
Less: accumulated depreciation and depletion		(6,884)		(127,337)
	$	140,274	$	239,917

As of December 31, the carrying amounts of mineral deposits were $13.6 million in 2010 and $25.0 million in 2009.

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12. DETAIL OF CERTAIN BALANCE SHEET ACCOUNTS

Activity in our allowance for doubtful accounts receivable consists of the following (in thousands):

	Successor December 31, 2010	Predecessor August 31, 2010	Predecessor December 31, 2009	Predecessor December 31, 2008
Balance, beginning of period	$	$ 5,264	$ 3,088	$ 3,102
Provision for doubtful accounts	567	1,200	3,282	1,923
Uncollectible receivables written off, net of recoveries		(821)	(1,106)	(1,937)
Joint Venture redemption		(1,088)		
Balance, end of period	$ 567	$ 4,555	$ 5,264	$ 3,088

The allowance for doubtful accounts receivable was $4.6 million prior to the adoption of fresh start accounting on August 31, 2010 as shown above. After the adoption of fresh start accounting, the allowance for doubtful accounts receivable was zero as our accounts receivable balances were recorded at fair value.

Accrued liabilities consist of the following (in thousands):

	Successor December 31, 2010	Predecessor December 31, 2009
Accrued compensation and benefits	$ 2,948	$ 3,479
Accrued interest	588	5,826
Accrued insurance	11,424	13,699
Other	16,293	25,553
	$ 31,253	$ 48,557

13. DEBT

A summary of our debt and capital leases is as follows (in thousands):

	Successor December 31, 2010	Predecessor December 31, 2009
Senior secured credit facility due 2014	$ 8,000	$
Convertible secured notes due 2015	41,954	
Prepetition senior secured credit facility		16,700
Old Notes		271,756
Notes payable and other financing	2,647	2,319
Superior Materials Holdings, LLC secured credit facility		5,604
Capital leases	580	163
	53,181	296,542

Less: current maturities	1,164	7,873
Total long-term debt	$ 52,017	$ 288,669

The carrying value of outstanding amounts under our Revolving Facility approximates fair value due to the floating interest rate, and the fair value of our Convertible Notes was approximately $63.0 million, including the embedded derivative of $12.5 million, at December 31, 2010. The estimated fair value of our debt at December 31, 2009 was $188.7 million.

The principal amounts due under our debt and capital leases as of December 31, 2010, for the next five years is as follows (in thousands):

Year ending December 31:	
2011	$ 1,164
2012	551
2013	580
2014	8,583
Later years	55,349
	$ 66,227

U.S. CONCRETE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Senior Secured Credit Facility due 2014

On the Effective Date of the Plan, we and certain of our subsidiaries entered into the Credit Agreement, which provides for a $75.0 million asset-based Revolving Facility. The Credit Agreement matures in August 2014. As of December 31, 2010, we had outstanding borrowings of $8.0 million and $21.4 million of undrawn standby letters of credit under the Revolving Facility. The availability under the Revolving Facility was approximately $30.6 million at December 31, 2010.

Up to $30.0 million of the Revolving Facility is available for the issuance of letters of credit, and any such issuance of letters of credit will reduce the amount available for loans under the Revolving Facility. Advances under the Revolving Facility are limited by a borrowing base of (a) 85% of the face amount of eligible accounts receivable plus (b) the lesser of (i) 85% of the net orderly liquidation value (as determined by the most recent appraisal) of eligible inventory and (ii) the sum of (A) 50% of the eligible inventory (other than eligible aggregates inventory) and (B) 65% of the eligible aggregates inventory plus (c) the lesser of (i) $15.0 million and (ii) the sum of (A) 85% of the net orderly liquidation value (as determined by the most recent appraisal) of eligible trucks plus (B) 80% of the cost of newly acquired eligible trucks since the date of the latest appraisal of eligible trucks minus (C) the depreciation amount applicable to eligible trucks since the date of the latest appraisal of eligible trucks minus (d) such reserves as the Administrative Agent may establish from time to time in its permitted discretion. The Administrative Agent may, in its permitted discretion, reduce the advance rates set forth above, adjust reserves or reduce one or more of the other elements used in computing the borrowing base. In addition, prior to the delivery of our financial statements for the fiscal quarter ended September 30, 2011, there will be an availability block of $15.0 million and after such date, unless the fixed charge coverage ratio for any trailing twelve month period is greater than or equal to 1.00:1.00, there will be an availability block of $15.0 million, to be increased monthly by $1.0 million up to a maximum of $20.0 million. Beginning with the fiscal month in which the availability block is eliminated and with respect to each fiscal month thereafter, at any time that availability under the Revolving Facility is less than $15.0 million, the Company must maintain a fixed charge coverage ratio of at least 1.00:1.00 until availability is greater than or equal to $15.0 million for a period of 30 consecutive days.

Under the Credit Agreement, our capital expenditures may not exceed (i) $15.0 million in the aggregate from the Effective Date (August 31, 2010) through and including December 31, 2010 and (ii) 7.0% of our consolidated annual revenue for the trailing twelve month period ending on the last day of each fiscal quarter thereafter (commencing with the fiscal quarter ended March 31, 2011); provided that the amount of any capital expenditures permitted to be made in respect of the trailing twelve month period ending on March 31, 2011 shall be increased by a maximum of $7.5 million of the unused amount of capital expenditures that were permitted to be made during the fiscal year ended December 31, 2010. Our capital expenditures from the Effective Date through December 31, 2010 were approximately $1.8 million. The Revolving Facility requires us to comply with certain other customary affirmative and negative covenants, and contains customary events of default.

At our option, loans may be maintained from time to time at an interest rate equal to the Eurodollar-based rate (LIBOR) or the applicable domestic rate (CB Floating Rate). The CB Floating Rate shall be the greater of (x) the interest rate per annum publicly announced from time to time by JPMorgan Chase Bank, N.A. as its prime rate and (y) the interest rate per annum equal to the sum of 1.0% per annum plus the adjusted LIBOR rate for a one month interest period, in each case plus the applicable margin. The applicable margin on loans is 2.75% in the case of loans bearing interest at the CB Floating Rate and 3.75% in the case of loans bearing interest at the LIBOR rate. Issued and outstanding letters of credit are subject to a fee equal to the applicable margin then in effect for LIBOR loans, a fronting fee equal to 0.20% per annum on the stated amount of such letter of credit, and customary charges associated with the issuance and administration of letters of credit. We will also pay a commitment fee on undrawn amounts under the Revolving Facility in an amount equal to 0.75% per annum. Upon any event of default, at the direction of the required lenders under the Revolving Facility, all outstanding loans and the amount of all other obligations owing under the Revolving Facility will bear interest at a rate per annum equal to 2.0% plus the rate otherwise applicable to such loans or other obligations.

Outstanding borrowings under the Revolving Facility are prepayable, and the commitments under the Revolving Facility may be permanently reduced, without penalty. There are mandatory prepayments of principal in connection with (i) the incurrence of certain indebtedness, (ii) certain equity issuances and (iii) certain asset sales or other dispositions (including as a result of casualty or condemnation). Mandatory prepayments are applied to repay outstanding loans without a corresponding permanent reduction in commitments under the Revolving Facility and are subject to the terms of an Intercreditor Agreement.

In connection with the Credit Agreement, on the Effective Date we and certain of our subsidiaries entered into a Pledge and Security Agreement (the Security Agreement) with the Administrative Agent. Pursuant to the Security Agreement, all obligations under the Revolving Facility will be secured by (i) a first-priority perfected lien (subject to certain exceptions) in substantially all of our and certain of our subsidiaries present and after acquired inventory (including as-extracted collateral), accounts, certain specified

U.S. CONCRETE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

mixer trucks, deposit accounts, securities accounts, commodities accounts, letter of credit rights, cash and cash equivalents, general intangibles (other than intellectual property and equity in subsidiaries), instruments, documents, supporting obligations and related books and records and all proceeds and products of the foregoing and (ii) a perfected second-priority lien (subject to certain exceptions) on substantially all other present and after acquired property (including, without limitation, material owned real estate).

Convertible Secured Notes due 2015

On the Effective Date of the Plan, we issued $55.0 million aggregate principal amount of the Convertible Notes pursuant to a subscription offering contemplated by the Plan. The Convertible Notes are governed by an indenture (the Indenture), dated as of August 31, 2010. Under the terms of the Indenture, the Convertible Notes bear interest at a rate of 9.5% per annum and will mature on August 31, 2015. Interest payments will be payable quarterly in cash in arrears. Additionally, we recorded a discount of approximately $13.6 million related to an embedded derivative that was bifurcated and separately valued (See Note 14 to the consolidated financial statements). This discount will be accreted over the term of the Convertible Notes and included in interest expense.

The Convertible Notes will be convertible, at the option of the holder, at any time on or prior to maturity, into shares of our new common stock (the Common Stock), at an initial conversion rate of 95.23809524 shares of Common Stock per $1,000 principal amount of Convertible Notes (the Conversion Rate). The Conversion Rate is subject to adjustment to prevent dilution resulting from stock splits, stock dividends, combinations or similar events. In connection with any such conversion, holders of the Convertible Notes to be converted shall also have the right to receive accrued and unpaid interest on such Convertible Notes to the date of conversion (the Accrued Interest). We may elect to pay the Accrued Interest in cash or in shares of Common Stock in accordance with the terms of the Indenture.

In addition, if a Fundamental Change of Control (as defined in the Indenture) occurs prior to the maturity date, in addition to any conversion rights the holders of Convertible Notes may have, each holder of Convertible Notes will have (i) a make-whole provision calculated as provided in the Indenture pursuant to which each holder may be entitled to additional shares of Common Stock upon conversion (the Make Whole Premium), and (ii) an amount equal to the interest on such Convertible Notes that would have been payable from the date of the occurrence of such Fundamental Change of Control (the Fundamental Change of Control Date) through the third anniversary of the Effective Date, plus any accrued and unpaid interest from the Effective Date to the Fundamental Change of Control Date (the amount in this clause (ii), the Make Whole Payment). We may elect to pay the Make Whole Payment in cash or in shares of Common Stock.

If the closing price of the Common Stock exceeds 150% of the Conversion Price (defined as $1,000 divided by the Conversion Rate) then in effect for at least 20 trading days during any consecutive 30-day trading period (the Conversion Event), we may provide, at our option, a written notice (the Conversion Event Notice) of the occurrence of the Conversion Event to each holder of Convertible Notes in accordance with the Indenture. Except as set forth in an Election Notice (as defined below), the right to convert Convertible Notes with respect to the occurrence of the Conversion Event shall terminate on the date that is 46 days following the date of the Conversion Event Notice (the Conversion Termination Date), such that the holder shall have a 45-day period in which to convert its Convertible Notes up to the amount of the Conversion Cap (as defined below). Any Convertible Notes not converted prior to the Conversion Termination Date as a result of the Conversion Cap shall be, at the holder s election and upon written notice to the Company (the Election Notice), converted into shares of Common Stock on a date or dates prior to the date that is 180 days following the Conversion Termination Date. The Conversion Cap means the number of shares of Common Stock into which the Convertible Notes are convertible and that would cause the related holder to beneficially own (as such term is used in the Exchange Act) more than 9.9% of the Common Stock at any time outstanding.

Any Convertible Notes not otherwise converted prior to the Conversion Termination Date or specified for conversion in an Election Notice shall be redeemable, in whole or in part, at our election at any time prior to maturity at par plus accrued and unpaid interest thereon to the Conversion Termination Date.

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U.S. CONCRETE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Indenture contains certain covenants that restrict our ability to, among other things,

- incur additional indebtedness or issue disqualified stock or preferred stock;
- pay dividends or make other distributions or repurchase or redeem our stock or subordinated indebtedness or make investments;
- sell assets and issue capital stock of our restricted subsidiaries;
- incur liens;
- enter into transactions with affiliates; and
- consolidate, merge or sell all or substantially all of our assets.

The Convertible Notes will be guaranteed by each of our existing and future direct or indirect domestic restricted subsidiaries. In connection with the Indenture, on August 31, 2010, we and certain of our subsidiaries entered into a Pledge and Security Agreement (the Pledge and Security Agreement) with the noteholder collateral agent. Pursuant to the Pledge and Security Agreement, the Convertible Notes and related guarantees will be secured by first-priority liens on certain of the property and assets directly owned by the Company and each of the guarantors, including material owned real property, fixtures, intellectual property, capital stock of subsidiaries and certain equipment, subject to permitted liens (including a second-priority lien in favor of the Administrative Agent) with certain exceptions. Obligations under the Revolving Facility and those in respect of hedging and cash management obligations owed to the lenders (and their affiliates) that are a party to the Revolving Facility (collectively, the Revolving Facility Obligations) will be secured by a second-priority lien on such collateral.

The Convertible Notes and related guarantees will also be secured by a second-priority lien on the assets of the Company and the guarantors securing the Revolving Facility Obligations on a first-priority basis, including, inventory (including as extracted collateral), accounts, certain specified mixture trucks, general intangibles (other than collateral securing the Convertible Notes on a first-priority basis), instruments, documents, cash, deposit accounts, securities accounts, commodities accounts, letter of credit rights and all supporting obligations and related books and records and all proceeds and products of the foregoing, subject to permitted liens and certain exceptions.

Registration Rights Agreement

In connection with the issuance of the Convertible Notes, we entered into a registration rights agreement, dated August 31, 2010 (the Registration Rights Agreement), under which we agreed, pursuant to the terms and conditions set forth therein, to register the Convertible Notes and the Common Stock into which the Convertible Notes convert. Under the Registration Rights Agreement, we are required to use commercially reasonable efforts to file a registration statement covering the resale by the Electing Holders (as defined in the Registration Rights Agreement) of Convertible Notes that are Registrable Securities (as defined in the Registration Rights Agreement) by the first business day following the date that is 366 days following the Effective Date, and to file a registration statement covering the resale of shares of Common Stock that constitute Registrable Securities by the Electing Holders, on a delayed or continuous basis, within 180 days of the Issue Date. We are required to pay special interest if we fail to file either registration statement by the applicable deadline or if any registration statement required by the Registration Rights Agreement ceases to be effective for more than 45 days, with respect to any Registrable Securities that are Convertible Notes and are Restricted Securities (as defined in the Indenture). As of the date of this report, we had not filed a registration statement covering the resale of shares of Common Stock as described above within the 180 days of the Issue Date. Special interest is accruing from March 1, 2011 at approximately $350 per day.

DIP Credit Agreement and Prepetition Credit Facility

Effective as of May 3, 2010, we and certain of our subsidiaries entered into the DIP Credit Agreement which provided us with a debtor-in-possession term loan and revolving credit facility during Chapter 11. The DIP Credit

Agreement was paid in full and cancelled on the Effective Date of the Plan. Our prepetition senior secured credit facility initially due 2011, was paid in full on May 3, 2010 with funds obtained under our DIP Credit Agreement and immediately terminated.

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U.S. CONCRETE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Old Notes

As discussed above, we reached an agreement with a substantial majority of the holders of the Old Notes on the terms of a comprehensive debt restructuring plan prior to April 30, 2010, the date an event of default would have occurred for non-payment of interest on the Old Notes. On the Effective Date, the Old Notes were cancelled and the holders received approximately 11.9 million shares of new common stock in our reorganized company.

Superior Credit Facility and Subordinated Debt

As discussed in Note 8, we redeemed our 60% interest in Superior in September 2010. As a result, the debt balance under Superior s credit facility at December 31, 2010 was zero. The outstanding borrowings under the Superior credit facility at December 31, 2009 were $5.6 million. As a condition precedent to the initial advance under the Superior credit agreement, U.S. Concrete Inc. and Levy were required to fund $3.6 million to Superior in the form of cash equity contributions, representing a prefunding of the respective obligations under certain support letters entered into in connection with the previous Superior Credit Agreement for the period from January 1, 2010 through September 30, 2010. Our portion of this cash obligation was $1.1 million. Additionally, we made capital contributions in the amount of $2.6 million during the first quarter of 2010 in lieu of cash payment of related party payables by Superior. In the first quarter of 2009, we provided subordinated debt capital in the amount of $2.4 million in lieu of receiving cash payment of related party payables from Superior. This subordinated debt was eliminated when Superior was consolidated with U.S. Concrete. Additionally, the minority partner, Levy, provided $1.6 million of subordinated debt capital to fund operations during the first quarter of 2009. During the third quarter of 2009, U.S. Concrete and Levy converted the subordinated debt capital into capital contributions to Superior.

14. DERIVATIVES

General

We are exposed to certain risks relating to our ongoing business operations. However, derivative instruments are not used to hedge these risks. We are required to account for derivative instruments as a result of the issuance of warrants and Convertible Notes associated with the emergence from Chapter 11 on August 31, 2010. None of our derivative contracts manage business risk or are executed for speculative purposes. As of December 31, 2009, we did not have any derivative instruments.

Our derivative instruments are summarized as follows:

Derivative Instruments not designated as hedging instruments under ASC 815	Balance Sheet Location	Fair Value
Warrants	Current derivative liabilities	$ 3,224
Convertible Note embedded derivative	Current derivative liabilities	12,503
		$ 15,727

The following table presents the effect of derivative instruments on the statement of operations for the four month period ending December 31, 2010 excluding income tax effects:

Derivative Instruments not designated as hedging instruments under ASC 815	Location of Gain/(Loss) Recognized	Amount
Warrants	Derivative income	$ (101)
Convertible Note embedded derivative	Derivative income	1097
		$ 996

U.S. CONCRETE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Warrant and Convertible Note volume positions are presented in the number of shares underlying the respective instruments. The table below presents our volume positions as of December 31, 2010:

Derivative Instruments not designated as hedging instruments under ASC 815	Number of Shares
Warrants	3,000,000
Convertible Note embedded derivative	5,238,095
	8,238,095

We do not have any derivative instrument with credit features requiring the posting of collateral in the event of a credit downgrade or similar credit event.

Fair Value Disclosures

Fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. Accounting guidance also establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs market participants would use in valuing the asset or liability and are developed based on market data obtained from sources independent of us. Unobservable inputs are inputs that reflect our assumptions about the factors market participants would use in valuing the asset or liability. The guidance establishes three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. We review the fair value hierarchy classification on a quarterly basis. Changes in the observability of valuation inputs may result in a reclassification of levels for certain securities within the fair value hierarchy.

The following table presents our fair value hierarchy for liabilities measured at fair value on a recurring basis as of December 31, 2010 (in thousands):

	Total	**Level 1**	**Level 2**	**Level 3**
Derivative Warrants(1)	$ 3,224	$	$	$ 3,224
Derivative Convertible Notes Embedded Derivative(2)	12,503			12,503
	$ 15,727	$	$	$ 15,727

(1) Represents warrants (See *Note 16*) issued in conjunction with our reorganization (see *Note 1*)

(2) Represents the compound embedded derivative included in our Convertible Notes (see