

SPREAD SHEET

September 2000
Issue Twenty

Pres Sez

No, I didn't watch "Survivor". It's hard to imagine any real trauma could come to folks with a television crew and a national viewing audience present. The only "reality" to the entire show was that it was filmed on a remote island in the South China Sea. Could anyone in this industry imagine the process required constructing that program on a beach front in California? If the permitting process didn't kill it, imagine the wetlands requirements, storm water runoff requirements, air monitoring of open fires, verification that the rat was not on the endangered species list, mitigation plans, building permits for structures, confined space issues and not to mention the ergonomics requirements and health and safety issues. If a "reality" program were filmed of our industry, would sixty million viewers watch? My guess is that most would be so frustrated trying to understand the concept, after the first telecast the show would be canceled. Anyone want to try for a million dollars?

Gerry Graham, Jr.
President & CEO

Crude Oil Prices Hit a New 10-year High

London, Sept. 5 - Oil prices rushed to fresh 10-year highs on Tuesday (Sept. 5) amid fears that an expected OPEC supply hike may prove impotent against an overhead market.

International Benchmark Brent crude futures for October passed a fresh decade-peak of \$33.00 a barrel before later slipping to close at \$32.98 for a 14 cents gain on the day.

Brent, which has now spent most of the last month above the \$30 danger point cited as unacceptably high by the United States, hit an earlier 10-year peak of \$32.85 on Monday.

U.S. light crude futures rang another alarm bell by vaulting above \$34 for the first time since March when prices were at their highest since early 1991. They later slipped to \$33.80 for a gain of 42 cents.

Traders are increasingly fearful that OPEC's expected 500,000 barrel per day (bpd) output hike at a September 10 Vienna meeting could have no impact on the market.

Traders say the Organization of the petroleum Exporting Countries will have to pump more than that amount to contain prices, which have largely ignored two previous supply increases.

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WE TARP OUR TRUCKS
FOR YOUR SAFETY!

Are You Ready For Erosion & Sediment Control Season?

Don't Get Caught Unprepared!

The word from the Water Quality Control Board is "the learning curve is over". Your environmental responsibility include:

1. Understand current regulations
2. Plan ahead to have BMP's in place by October 15th
3. Keep erosion and sediment control materials on hand for the unexpected. (Remember construction is a dynamic process.)

By now almost everyone is aware of NPDES Phase I requirements and the civil liabilities associated with failure to comply. Federal fines of up to \$27,500/day can be imposed for UNINTENTIONAL violations, up to \$55,000/day for KNOWING violations, and criminal liability and responsibility for clean-up costs. Don't forget the state...just add on an additional penalty of up to \$10,000/day plus \$10/gallon of sediment-laden or polluted water discharge for each violation.

What are you looking out for? A violation is any uncontrolled release of pollution into a "Water of the State", and storm water pollution can include almost anything: sediment, paints or solvents, pesticides, herbicides, fertilizers, asphalt compounds, petroleum products and the list goes on.

The stakes are high and now is the time to start preparing for the rainy season. Defined by most municipalities in Northern California, the start of the rainy season is on October 15th. The NPDES State General Permit requires that BMP's (Best Management Practices) be in place prior to this date. SWPPP's (Storm Water Pollution

Prevention Plans) need to be re-evaluated, disturbed areas stabilized, and inlets protected using an effective combination of erosion and sediment control measures.

Reed & Graham's *Geosynthetic Division* is available to assist you in complying with your specific erosion and sediment control challenges. We maintain the largest distribution of erosion and sediment control products in the Western United States and have been a part of the State Water Quality Control Board's educational workshops since the original pilot program was established in 1996. Our qualified staff includes 2 CPESC's (Certified Professional in Erosion and Sediment Control) and a sales staff that covers all of California and parts of Nevada. Our in-house training workshops can be arranged for your group or we can provide you with a schedule of upcoming RWQCB (Regional Water Quality Control Board) training workshops. Call us for assistance (916) 381-9900.

Lynn Friesner, CPESC
Senior Technical Manager

Community Involvement

We have had the opportunity to give back to the community by supporting many local organizations.

Archbishop Mitty HS
Grand View League
San Jose Shelter Foundation
EUCA Scholarship Program
Bellarmino College Prep
Leukemia Society of America

List continued next issue.

General Manager's Commentary

Yikes! Rain the first of September. As I write I can see the rain pouring down out the window. This is not generally good for the hot mix business. I suspect this is why the Graham's chose to diversify the business over the last decade or so.

Our HP Inspections division is arguably the area's leading construction inspection service and provides engineering services as well. The only complaint I hear from Dave and Scott Pinkham, HP's managers, is that they can't keep up with the heavy demand. Reed & Graham's HP Inspections is relatively new in our family of businesses (around 5 years) and we anticipate solid growth in the years ahead.

"Geo", Reed & Graham's geosynthetic sales group is the largest and most recognized supplier of geotextiles, pipe, erosion products and other construction products in the Western United States, with offices in Redding, Sacramento, Vacaville, San Jose, and San Luis Obispo. More remote Geo product dealers range from San Diego to Washington State to Hawaii.

Reed & Graham Lab Services has one of the finest full service asphalt product testing facilities in the business and provides an array of testing services for contractors, manufacturers and highway departments around the country as well as locally.

As you can see, we have plenty going on in addition to asphalt products, that helps us offer a broad spectrum of premium construction products and services for our ever expanding family of customers. We are excited about continuing this trend in order to stay abreast of your expanding needs as they evolve with the changing times ahead.

Dave Smiley
General Manager

Technology

Email Etiquette

Email is fast becoming a common form of business communication, and in some cases is preferred over using the conventional telephone. This new electronic media is exciting and fun, but has great potential for serious repercussions in a business environment if used inappropriately by company employees.

In composing email for business communications, you must be particularly sensitive to the content, function and appropriateness of messages sent to others. It is important to remember that any email you send has the potential to be read by anyone, even those not intended as a recipient.

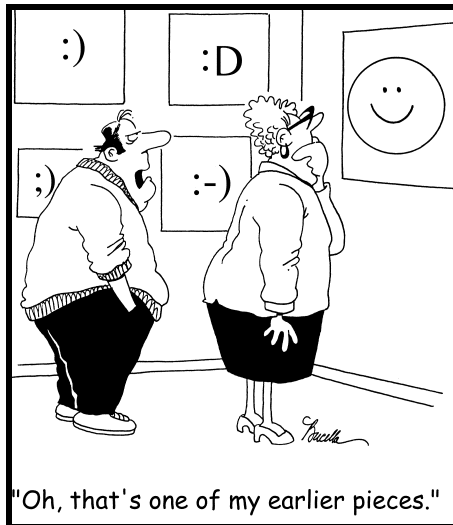
There are laws in place today which make it illegal for you to send offensive or derogatory messages, attachments or links, that may be deemed inappropriate by the recipient. When using email for business communications, on behalf of your company, the messages you send must be appropriate to your work and the company.

While we may think of our email as being private, it actually belongs to the company if you're using their networks and computer systems. The use of email creates a media that can be saved and retrieved when needed. Emails are documents of the company, and it is important to be thoughtful about the messages you send as to whether it's appro-

priate business content.

Most companies have created policies that are used to enforce these general guidelines, and it is important that you keep this in mind to protect the company and its employees. It's not uncommon for someone to be reprimanded, or even fired, for sending, sharing or forwarding email that is inappropriate for the workplace. Email is a privilege that requires that you think about its content, before you hit the send button.

Patrick Eggers
Chief Information Manager



Managing Internet Sales Leads More Effectively

Web sites get quite a few hits, but these leads must fit into a plan that effectively leads to sales.

Qualifying the lead comes first. Before contacting prospects, the salesperson should know who they are, what they do, and what would influence their buying decisions. Advisors writing in Selling Power remind us that salespeople can't afford to chase cold call leads.

Armed with this information, a prospective salesperson should be able to determine which hit is a good prospect.

Here are a few helpful statistics:

1. About 45 percent of Internet leads will result in a sale within the next 12 months. From 22 to 45 percent will be converted within six months, either by you or by a competitor.
2. Follow up on every lead until the prospect buys. Even if the lead is a couple of months old, there's an 80 percent chance that a decision hasn't been made. After six months, there is a 50 percent chance. While three-quarters of those who inquire intend to buy, experts say 88 percent of leads are not followed up thoroughly.
3. Older leads mean fewer competitors are still contacting the prospect. Let your competitors give up first.

Pages Editorial Services

Employment

Diesel Truck Mechanic
(experienced)

Lab Technicians
(will train)

QA/QC Senior Field Tech's
(experienced)

Licensed Special Inspectors

Spreader Driver
(experienced)

Accountant
(experienced)

Fax or email your resume to:

Reed & Graham, Inc.

George Garrison

PO Box 5940

San Jose, CA 95150

Fax: (408) 294-3696

E-mail: george@rginc.com



The End Of An Era:
*Time to say good-bye to a
 dear friend and co-worker.*

Friend, co-worker, confidant, mentor...all of these words can be used to describe one of our most dedicated employees, Carol Hartley. Last January Carol announced that it was time for early retirement and in September she would be moving to Arizona. Sadly, September is here and it is time to say good-bye.

Carol came to Reed & Graham in July 1970 to take a position in our accounting department. Only Carol knew that she would still be here 30 years later. In the 1970's people still considered a job a job and not a career. They looked for companies that they would be able to stay at for years and be happy. Carol found that company in Reed & Graham. Over the years she has certainly gained an incomparable respect from customers and coworkers. In fact, we are still trying to figure out how the day to day business is going to be affected without her.

Carol is excited about moving on to this new phase of her life. She will be very missed by us at Reed & Graham. Good Luck Carol.

Raina Pickett
 Marketing Manager

Remember These Retirement Costs

For people in their middle years, retirement may seem to be half a lifetime away. But those years go by quickly.

A survey by the Employee Benefit Research Institute (EBRI) shows that only half of workers have bothered to analyze their retirement needs. People are saving, but they are saving blindly, according to EBRI. Even those who do work out a retirement budget tend to be overly optimistic.

Don Bladin, president of the American Savings Education Council, says 88 percent of those who have worked out a realistic retirement budget are setting money aside. Only 61 percent of those who haven't done the math are saving enough.

People in their 50's have to replace rough estimates with



detailed figures.

The figures should account for inflation, taxes, and other savings drains. Those could include the cost of health insurance to cover early retiree's before Medicare and age 65. Even after that, will you have expensive drugs which are not covered by Medicare? If you become disabled, what costs would not be covered by a long-term care policy (if you even have one)? Will your savings last to age 85+?

If you have projected retirement expenses at 70 to 80 percent of current income, that figure might not be enough. Advisors writing in Fortune say you should plan to spend the same amount you spend now, especially in the first ten years of retirement. That is when you will want to travel.

Pages Editorial Services



Construction Is Unpredictable Maybe We Can Help!

After a morning of laying slurry, unexpected rain put California Pavement Maintenance (CPM) in need of help to control the threat of potential contaminated stormwater runoff. CPM's Andy Sederberg was quick to find a solution. He called our Safety and Environmental Manager, Amy Carpenter, for assistance. Amy understood his dilemma and offered to provide oil absorbent booms. She even delivered the booms during rush-hour traffic because the foreman was unable to leave the job site to retrieve them. Due to Andy's quick thinking and our willingness to come to his assistance, the threat of stormwater contamination was eliminated.

Oil absorbent booms are not a product that we normally distribute, however our Environmental Department maintains them on site for in-house spill response. Reed & Graham, Inc. cares about the environment and about its customers. If we are able, we will not hesitate to provide a helping hand!

Raina Pickett
 Marketing Manager

Emulsions: An Ever Changing Industry

Since I came on board in the sales department in December 1999, I have observed a number of changes, some calculated and some not, in the emulsion division in San Jose. The addition of the spreader trucks, the promotion of Rene Lopez and the volatile market are only a few changes the emulsion division had to undergo. Although these changes do not affect the stock market, they are very important to Reed & Graham's success in the emulsion industry of today.

If you are familiar with today's growing Golf industry you would know that each golf course has a signature hole that grabs the attention of the golfer and attracts them to play their course. Reed & Graham also has signature qualities that has attracted and maintains customers. One, of course, is our specially designed,



top of the line, computerized spreader trucks brought to you this season. Our spreader trucks are in high demand by the industries best contractors because they are bigger, better and faster. The difference is being noticed not only by our customers, but by our own employees. We have made their jobs more accurate, more efficient and simpler. Hats off to Mr. Diehl and his staff for custom designing and building these trucks and for putting in all the extra hours to get them on the road this season.

Rene Lopez has a position

that is crucial to the emulsion division. Recently promoted to Production Supervisor, Rene, with Jack Dougherty's (Emulsion Division Manager) help, is exceeding all expectations. His skill, dedication and enthusiasm earned him a promotion to lead of this division. With all the support from the guys in the yard, this will be an easy transition and it will become just another day in paradise.

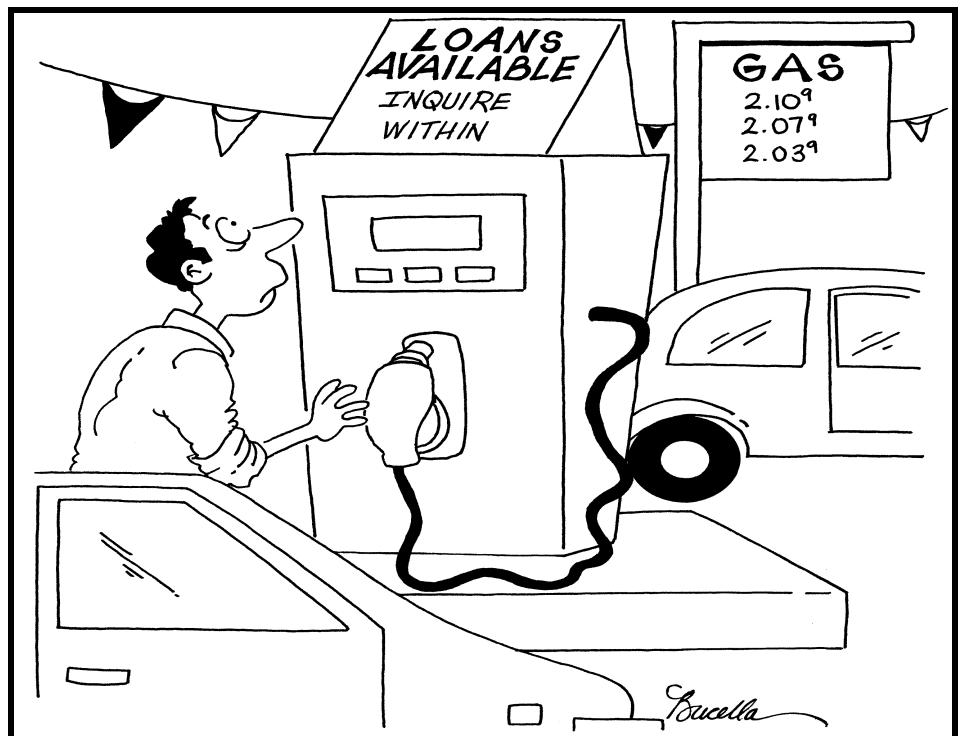
You know how people say, "That's a freak accident," and you know exactly what they are talking about? Well, this year has been a "Freak Year" for asphalt prices. They have been all over the board, increasing almost monthly. It's been very difficult to keep up with the changes but most of all, explaining the increase to our customers has been like a thorn in the foot. The response from our customers is they understand the increase but are still angry about it. Who can blame them? Hopefully, the market will stabilize soon and we can get back to what

what is important...moving quality products to our customers.

Finally, going back to our mission statement in our last issue of spreadsheet, quality of products and service to our customer is our number one priority. Within the last 6 months at my new position, I have seen 3 new spreader trucks added to our fleet, the emulsion division coming together and forming a strong alliance and the increased communication between our sales staff and our customers. Reed & Graham is making changes. We can see the results and we hope you can as well.



Eric Richard
Technical Sales Coordinator
Asphalt Products



Reed & Graham, Inc.

75 Years in the Road Construction Industry

If you would like more information regarding the services we offer or the products we manufacture or distribute fax this form to **Angie @ (408) 294-3696**.

Company: _____

Your Name: _____ Title: _____

Address: _____

City, St, Zip: _____

Phone: _____ Fax: _____

Type of Company: _____

WebSite: _____ Email: _____

Please check off the appropriate boxes:

- | | | |
|--|--|---|
| <input type="checkbox"/> Hot Mix | <input type="checkbox"/> Asphalt Pavement Coating | <input type="checkbox"/> Containment Liners |
| <input type="checkbox"/> Cold Mix | <input type="checkbox"/> Crack Filler - Cold | <input type="checkbox"/> Soil Testing & Inspections |
| <input type="checkbox"/> Base Rock | <input type="checkbox"/> Crack Filler - Hot | <input type="checkbox"/> Special Inspection Services |
| <input type="checkbox"/> Asphalt Recycling | <input type="checkbox"/> Oil Spot Sealer | <input type="checkbox"/> Construction Inspection Services |
| <input type="checkbox"/> SS-1h | <input type="checkbox"/> Loop Filler | <input type="checkbox"/> Construction Materials Testing Services |
| <input type="checkbox"/> SS-1h 50% | <input type="checkbox"/> Bumper Adhesive | <input type="checkbox"/> SuperPave Mix Designs - Performance & Binder Testing |
| <input type="checkbox"/> RS-CRS | <input type="checkbox"/> Bagged Cold Mix | <input type="checkbox"/> Traditional Mix Designs - Performance & Binder Testing |
| <input type="checkbox"/> PMCRS-2h | <input type="checkbox"/> Geotextiles | <input type="checkbox"/> Slurry Seal & Micro-Surfacing Mix Designs & Testing |
| <input type="checkbox"/> LMCRS-2h | <input type="checkbox"/> Pavement Interlayers | <input type="checkbox"/> Regional QC/QA services for Hot/Cold Mix & Emulsions |
| <input type="checkbox"/> CQS-1h | <input type="checkbox"/> Erosion Control | <input type="checkbox"/> Aggregate Testing |
| <input type="checkbox"/> LMCQS-1h | <input type="checkbox"/> Drainage Composites | <input type="checkbox"/> Research, Development & Technology Transfer |
| <input type="checkbox"/> AR-4000 | <input type="checkbox"/> Sediment Control | <input type="checkbox"/> Services |
| <input type="checkbox"/> AR-8000 | <input type="checkbox"/> Damp & Water Proofing | SWPPP Compliance Assistance |
| <input type="checkbox"/> SC-70 | <input type="checkbox"/> Root & Vegetation Control | In-House Education Seminars |
| <input type="checkbox"/> Dust Control Oil | <input type="checkbox"/> Pipe | Same & Next Day Deliveries (most products) |
| | | Transportation & Application Equipment Rentals |



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