

# SECURITIES AND EXCHANGE COMMISSION

## FORM SC 13E3

Schedule filed to report going private transactions(Issuer Self-Tender Offer)

Filing Date: **1994-01-12**  
SEC Accession No. **0000950117-94-000006**

([HTML Version](#) on [secdatabase.com](#))

### SUBJECT COMPANY

#### **HOLNAM INC**

CIK: **860602** | IRS No.: **382943735** | State of Incorpor.: **DE** | Fiscal Year End: **1231**  
Type: **SC 13E3** | Act: **34** | File No.: **005-40940** | Film No.: **94501161**  
SIC: **3241** Cement, hydraulic

Business Address  
6211 N ANN ARBOR RD  
P O BOX 122  
DUNDEE MI 48131  
3135294314

### FILED BY

#### **HOLDERNAM INC**

CIK: **917269** | IRS No.: **980063606** | State of Incorpor.: **DE** | Fiscal Year End: **1231**  
Type: **SC 13E3**

Mailing Address	Business Address
WHITMAN BREED ABBOTT & MORGAN 200 PARK AVE 27TH FLOOR NEW YORK NY 10161	6211 NORTH ANN ARBOR ROAD DUNDEE MI 48131 3135292411

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
Schedule 13E-3

Rule 13e-3 Transaction Statement  
(Pursuant to Section 13(e) of the  
Securities Exchange Act of 1934)  
(Amendment No. )

HOLNAM INC.

(NAME OF THE ISSUER)

'HOLDERBANK' FINANCIERE GLARIS, LTD.,  
HOLDERNAM INC. AND HOLCEM INC.

(NAME OF PERSON(S) FILING STATEMENT)

COMMON STOCK, PAR VALUE \$.01 PER SHARE  
(TITLE OF CLASS OF SECURITIES)

436429 10 4

(CUSIP NUMBER OF CLASS OF SECURITIES)

JOSEPH W. SCHMIDT, ESQ.

WHITMAN BREED ABBOTT & MORGAN

200 PARK AVENUE

NEW YORK, NEW YORK 10166

(212) 351-3210

(NAME, ADDRESS AND TELEPHONE NUMBER OF PERSON  
AUTHORIZED TO RECEIVE NOTICES AND COMMUNICATIONS

ON BEHALF OF PERSON(S) FILING STATEMENT)

THIS STATEMENT IS FILED IN CONNECTION WITH (CHECK THE APPROPRIATE BOX):

- A.  THE FILING OF SOLICITATION MATERIALS OR AN INFORMATION STATEMENT SUBJECT TO REGULATION 14A [17 CFR 240.14a-1 TO 240.14b-1], REGULATION 14C [17 CFR 240.14c-1 TO 240.14c 101] OR RULE 13E-3(c) [SECTIONS 240.13e-3 (c)] UNDER THE SECURITIES EXCHANGE ACT OF 1934.
- B.  THE FILING OF A REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933.
- C.  A TENDER OFFER.
- D.  NONE OF THE ABOVE.

CHECK THE FOLLOWING BOX IF THE SOLICITING MATERIALS OR INFORMATION STATEMENT REFERRED TO IN CHECKING BOX (A) ARE PRELIMINARY COPIES:

PAGE 1 OF PAGES  
EXHIBIT INDEX ON PAGE 9

CALCULATION OF FILING FEE

<TABLE>  
<CAPTION>

TRANSACTION VALUATION*	AMOUNT OF FILING FEE
------------------------	----------------------

<S>	<C>
\$57,284,363, based on 7,488,152 shares of Holnam Inc. Common Stock times \$7.65 per share	\$11,457.00

\*Set forth the amount on which the filing fee is calculated and state how it was determined.

Check box if any part of the fee is offset as provided in Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: \_\_\_\_\_

Form or Registration No: \_\_\_\_\_

Filing Party: \_\_\_\_\_

Date Filed: \_\_\_\_\_

This Rule 13e-3 Transaction Statement (the 'Transaction Statement') pursuant to Section 13(e) of the Securities Exchange Act of 1934, as amended, relates to the Certificate of Ownership and Merger (the 'Certificate of Ownership and Merger') of Holcem Inc., a Delaware corporation ('Holcem'), pursuant to which Holcem, as owner of at least 90% of the outstanding common stock (the 'Common Stock') and all of the outstanding 7% Series A Convertible Preferred Stock (the 'Series A Preferred Stock') of Holnam Inc., a Delaware corporation (the 'Company'), will in a short-form merger under Section 253 of the Delaware General Corporation Law (the 'DGCL') merge itself with and into the Company (the 'Merger'), and Holdernam Inc., a Delaware corporation ('Holdernam') which now owns all the outstanding stock of Holcem, will become the holder of all the outstanding equity securities of the Company and all the outstanding Common Stock held by stockholders other than Holcem (the 'Public Stockholders') (other than Common Stock held by Public Stockholders who perfect their dissenters' appraisal rights) will be converted into the right to receive \$7.65 per share in cash.

The terms and conditions of the Merger are set forth in the Disclosure Statement and Notice which is filed herewith as Exhibit 17(d). A copy of the Certificate of Ownership and Merger is attached to the Disclosure Statement and Notice as Annex A. The information in the Disclosure Statement and Notice, including all attachments and annexes thereto, is hereby expressly incorporated herein by reference and the responses to each item of this Transaction Statement are qualified in their entirety by the provisions of the Disclosure Statement and Notice.

#### ITEM 1. ISSUER AND CLASS OF SECURITY SUBJECT TO THE TRANSACTION

- (a) The name of the issuer is Holnam Inc., a Delaware corporation (the 'Company'), and the address of its principal executive offices is 6211 North Ann Arbor Road, Dundee, Michigan 48131. All cross references in this Transaction Statement refer to captions in the Disclosure Statement and Notice.
- (b) The relevant information in the second paragraph on the cover page of the Disclosure Statement and Notice and the first paragraph under the caption 'The Merger -- Price to be Paid' is incorporated herein by reference.
- (c) The information under the caption 'Market Information and Dividend Policy -- Market Information' is incorporated herein by reference.
- (d) To the extent known by the filers of this Transaction Statement after making reasonable inquiry, the information required by this Item 1(d) is set forth under the caption 'Market Information and Dividend Policy -- Dividends.' Such information is incorporated herein by reference.
- (e) Not applicable.
- (f) The relevant information in the last paragraph under the caption 'The Merger -- Background of the Merger -- Holderbank's Investments in the United States and Canada' and in the last paragraph under the caption 'The Merger -- Background of the Merger -- Activities Preceding the Merger' is incorporated herein by reference.

#### ITEM 2. IDENTITY AND BACKGROUND

This statement is being filed by 'Holderbank' Financiere Glaris Ltd., a Swiss corporation ('Holderbank'), Holdernam Inc., a Delaware corporation ('Holdernam'), and Holcem Inc., a Delaware corporation ('Holcem'). Holderbank's principal offices are located at Insel 14, CH-8750 Glaris, Switzerland. Holdernam is a wholly-owned subsidiary of Holderbank with its principal executive offices located at 6211 North Ann Arbor Road, Dundee, Michigan 48131. Holcem is a wholly-owned subsidiary of Holdernam, newly-formed for purposes of the Merger, with its principal executive offices located at 6211 North Ann Arbor Road, Dundee, Michigan 48131. Holcem will merge with and into the Company in the Merger and its corporate existence will cease when the Merger becomes effective.

Holderbank, through its subsidiaries and affiliates, ranks among the largest cement manufacturers and suppliers in the world with a presence in 30 countries. Holdernam and Holcem are holding companies.

Listed on the attached Annex A are all the directors and executive officers of Holderbank, Holdernam and Holcem together with their positions at Holderbank, Holdernam and Holcem, their positions during the last five years, their business addresses and their citizenship. Neither Holderbank, Holdernam, Holcem nor any officer or director of any of them has during the last five years been convicted in a criminal proceeding (excluding traffic violations and similar misdemeanors) or been a party to a civil proceeding before any court or administrative body of competent jurisdiction that resulted in a judgment, decree or final order finding any violation of U.S. or state securities laws or enjoining further violations of, or prohibiting activities subject to, any such law.

ITEM 3. PAST CONTACTS, TRANSACTIONS OR NEGOTIATIONS

(a) (1); (a) (2); (b) The relevant information under the caption 'The Merger -- Background of the Merger -- Holderbank's Investments in the United States and Canada' is incorporated herein by reference.

ITEM 4. TERMS OF THE TRANSACTION

(a) The relevant information set forth under the caption 'The Merger' is incorporated herein by reference.

(b) The relevant information in the third paragraph under the caption 'The Merger -- Price to be Paid' and under the caption 'The Merger -- The Company's Post-Merger Capital Stock' is incorporated herein by reference.

ITEM 5. PLANS OR PROPOSALS OF THE ISSUER OR AFFILIATE

(a); (b); (c); (d); (g) There are no plans or proposals of Holderbank, Holdernam or Holcem regarding activities or transactions which are to occur after the Merger which are described in subparagraphs (a), (b), (c), (d) or (g) of this Item 5.

(e) The relevant information under the captions 'The Merger -- Plans and Proposals' and 'The Merger -- The Company's Post-Merger Capital Stock' is incorporated herein by reference.

(f) The relevant information under the caption 'The Merger -- Reporting Requirements and Exchange Listing' is incorporated herein by reference.

ITEM 6. SOURCE AND AMOUNTS OF FUNDS OR OTHER CONSIDERATION

(a) The relevant information under the captions 'The Merger -- Price to be Paid' and 'The Merger -- Source of Funds; Expenses' is incorporated herein by reference.

(b) The following table sets forth the expenses payable by Holdernam in connection with the Merger. All amounts are estimates except the Securities and Exchange Commission's filing fee. The Company has not paid nor will it be responsible for paying any of such fees or expenses.

<TABLE>

<S>	<C>
Securities and Exchange Commission filing fee.....	\$ 11,457
Printing and mailing expenses.....	25,000
Legal fees and expenses.....	225,000
Accounting fees and expenses.....	15,000
Investment Banker's fees and expenses.....	825,000
Paying Agent's fees and expenses.....	62,000
Miscellaneous expenses.....	36,543
	-----
TOTAL.....	\$1,200,000
	-----

</TABLE>

(c) Holderbank has not yet determined which of its existing lines of credit it will borrow under to obtain the necessary funds for the transaction.

No plans or arrangements have been made to repay any such borrowing.

(d) Not applicable.

ITEM 7. PURPOSE(S), ALTERNATIVES, REASONS AND EFFECTS

(a);(b);(c) The relevant information under the caption 'The Merger -- Reasons for the Merger' is incorporated herein by reference.

(d) The relevant information under the following sub-captions under the caption 'The Merger' is incorporated herein by reference: ' -- Price to be Paid,' ' -- Reasons for the Merger,' ' -- Stock Options and Benefit Plans,' ' -- Plans and Proposals,' ' -- The Company's Post-Merger Capital Stock,' ' -- Reporting Requirements and Exchange Listing,' ' -- Certain Federal Income Tax Consequences' and ' -- Appraisal Rights.'

ITEM 8. FAIRNESS OF TRANSACTION

(a) The relevant information under the caption 'The Merger -- Position of the Boards of Directors' is incorporated herein by reference.

(b) The relevant information under the captions 'The Merger -- Position of the Boards of Directors' and 'The Merger -- Opinion of Financial Advisor' is incorporated herein by reference.

(c) The Merger has not been structured so that approval of at least a majority of the Company's unaffiliated stockholders is required, but instead has been structured as a short-form merger requiring only the consent of the board of directors of Holcem concurred in by Holcem's sole stockholder, Holdernam.

(d) Because the Merger is structured as a short-form merger requiring only the consent of the board of directors of Holcem concurred in by Holcem's sole stockholder, Holdernam, a majority of directors of the Company who are not employees of the Company has not retained

an unaffiliated representative to act solely on behalf of the Public Stockholders for the purposes of negotiating the terms of the Merger or preparing a report concerning the fairness of such transaction.

(e) Because the Merger is structured as a short-form merger requiring only the consent of the board of directors of Holcem concurred in by Holcem's sole stockholder, Holdernam, the transaction was not submitted to a vote of the directors of the Company and was not approved by a majority of the directors of the Company who are not officers or employees of the Company or otherwise affiliated with Holderbank.

(f) Not applicable.

ITEM 9. REPORTS, OPINIONS, APPROVALS AND CERTAIN NEGOTIATIONS

(a);(b) The relevant information under the captions 'The Merger -- Background of the Merger -- Activities Preceding the Merger' and 'The Merger -- Opinion of Financial Advisor' is incorporated herein by reference.

(c) The relevant information in the last paragraph under the caption 'The Merger -- Opinion of Financial Advisor' is incorporated herein by reference.

ITEM 10. INTEREST IN SECURITIES OF THE ISSUER

(a) The relevant information on the cover page of the Disclosure Statement and Notice and under the caption 'Principal and Management Stockholdings' is incorporated herein by reference.

(b) The information set forth in the last paragraph under the caption 'The Merger -- Background of the Merger -- Activities Preceding the Merger' is incorporated herein by reference.

ITEM 11. CONTRACTS, ARRANGEMENTS OR UNDERSTANDINGS WITH RESPECT TO ISSUER'S

SECURITIES

Not applicable.

ITEM 12. PRESENT INTENTION AND RECOMMENDATION OF CERTAIN PERSONS WITH REGARD TO THE TRANSACTION

- (a) Because the Merger is structured as a short-form merger requiring only the consent of the board of directors of Holcem concurred in by Holcem's sole stockholder, Holdernam, the Merger will occur without any executive officer, director or affiliate (other than those filing this Transaction Statement) of the Company or any person enumerated in Instruction C being asked to tender, sell or vote securities of the Company.
- (b) The relevant information in the penultimate paragraph under the caption 'The Merger -- Position of the Boards of Directors' is incorporated herein by reference.

ITEM 13. OTHER PROVISIONS OF THE TRANSACTION

- (a) Under Delaware law, holders of Common Stock are entitled to dissenters' appraisal rights in connection with the Merger. A summary of such appraisal rights is set forth under the caption 'The Merger -- Appraisal Rights' which section is incorporated herein by reference.
- (b) Not applicable.
- (c) Not applicable.

ITEM 14. FINANCIAL INFORMATION

- (a) Information required by this Item 14(a) is set forth under the captions 'Index to Consolidated Financial Statements,' 'Ratio of Earnings to Fixed Charges' and 'Book Value Per Share' which sections are incorporated herein by reference.
- (b) Not applicable.

ITEM 15. PERSONS AND ASSETS EMPLOYED OR UTILIZED

- (a) Certain officers of the Company have provided information and analyses for use in connection with this Transaction Statement and the Disclosure Statement and Notice.
- (b) Not applicable.

ITEM 16. ADDITIONAL INFORMATION

Additional information concerning the Merger is set forth in the Disclosure Statement and Notice which is incorporated herein by reference in its entirety.

ITEM 17. MATERIAL TO BE FILED AS EXHIBITS

The Exhibit Index set forth on page 9 of this Transaction Statement is incorporated herein by reference.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

<TABLE>  
<S>

Dated: January 10, 1994

<C>  
'HOLDERBANK' FINANCIERE GLARIS LTD.  
By /s/ Thomas Schmidheiny

\_\_\_\_\_  
Name: Thomas Schmidheiny  
Title: Chairman  
By /s/ Pierre Haesler  
\_\_\_\_\_

Name: Pierre Haesler  
 Title: Secretary  
 HOLDERNAM INC.  
 By /s/ Peter Byland

Dated: January 10, 1994

Name: Peter Byland  
 Title: President  
 HOLCEM INC.  
 By /s/ Peter Byland

Dated: January 10, 1994

Name: Peter Byland  
 Title: President

</TABLE>

EXHIBIT INDEX

EXHIBIT	DESCRIPTION	PAGE NO.
<S>	<C>	<C>
17(b) (1)	Opinion of Merrill Lynch, Pierce Fenner & Smith Incorporated, dated January 7, 1994, incorporated by reference from Annex B to the Disclosure Statement and Notice filed as Exhibit 17(d) hereto.....	
17(b) (2)	Presentation Material from Goldman Sachs dated October 11, 1993.....	*
17(b) (3)	Presentation Material from Merrill Lynch dated November 15, 1993.....	*
17(b) (4)	Presentation Material from Merrill Lynch dated January 7, 1994.....	*
17(d)	Preliminary Copy of Disclosure Statement and Notice.....	
17(e)	The description of appraisal rights set forth under the caption 'The Merger -- Appraisal Rights' and the copy of Section 262 of the Delaware General Corporation Law attached as Annex C to the Disclosure Statement and Notice are incorporated herein by reference.....	--

</TABLE>

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\* To be filed by amendment.

Annex A

DIRECTORS AND EXECUTIVE OFFICERS

NAME AND POSITION; CITIZENSHIP	PRINCIPAL OCCUPATION; BUSINESS ADDRESS	OTHER POSITIONS DURING LAST 5 YEARS
<S>	<C>	<C>
HOLDERBANK		
Thomas Schmidheiny Chairman, Managing Director and Chairman of the Executive Committee (since 1978) Swiss citizen	Holderbank Zffrcherstr. 170 CH-8645 Jona Switzerland	Director of St. Lawrence Cement Company
Dr. Anton E. Schrafl Deputy Chairman (Director since 1969) Swiss citizen	Holderbank Talstrasse 83 CH-8001 Zurich Switzerland	Director of Holnam since 1981. Director of St. Lawrence Cement Company (1945 Graham Boulevard, Mount Royal, Quebec), a public Canadian manufacturer of cement and subsidiary of Holnam, since 1971. Director of Ideal Basic Industries, Inc. ('Ideal') (950 Seventeenth Street, Denver, Colorado) from 1986 through March 1990, and Director of Dundee Cement Company ('Dundee') (6211 N. Ann Arbor Road, Dundee, Michigan) (cement manufacturers) from 1971 through March 1990.
Dr. Max D. Amstutz Managing Director (since 1969) and Vice Chairman of the Executive Committee Swiss citizen	Holderbank CH-1298 Celigny, Switzerland	Director of Holdernam and Holnam since 1989. Director of Ideal and Dundee from 1989 through March 1990.

Dr. Konrad Auer Director (since 1969) Swiss citizen	Director	
E. Fritz Hoffmann Director (since 1972) Swiss citizen	CH-8052 Zurich, Switzerland	
Dr. Erwin Machler Director (since 1972) Swiss citizen	Director	Director and Chairman of Holnam, Dundee, St. Lawrence Holdernam (respectively (1990) (1990) (present; 1985) (1989; 1989).
Giorgio Montandon Director (since 1970) Swiss citizen	Director Cementeia de Merone S.p.A. 20122 Milano, Italy	
Prof. Angelo Pozzi Director (since 1987) Swiss citizen	Director Motor-Columbus AG CH-5401 Baden Switzerland	
Dr. Jean-Claude Wenger Director (since 1962) Swiss citizen	Lawyer	
Peter G. Wodtke Director (since 1987) U.S. citizen	Banker	
Peter Byland Member of the Executive Committee and Executive Vice President (since 1981) Swiss citizen	Holderbank Zurcherstr. 170 Jona, Switzerland	CH-8645 Director of 'Holderbank' Management and Consulting Ltd., a subsidiary of 'Holderbank'. Chairman of the Board and President of Holdernam since 1989. Chairman of the Board and Director of Holnam since 1989 and 1987, respectively. President of Holnam from 1989 to January 1990. Chairman of the Board and Director of St. Lawrence since 1989 and 1987, respectively. Director of Ideal from 1986 through March 1990. Director of Dundee from 1987 through March 1990.
Urs Bieri Member of the Executive Committee (since 1985) Swiss citizen	Holderbank CH-8645 Jona, Switzerland	

</TABLE>

<TABLE>

<S>	<C>	<C>
Andreas Pestalozzi Member of the Executive Committee (since 1989) Swiss citizen	Holderbank CH-8645 Jona, Switzerland	
Markus Akermann Member of the Executive Committee (since 1993) Swiss citizen		
Benoit H. Koch Member of the Executive Committee (since 1992) Swiss citizen		
HOLDERNAM		
Mr. Byland Director, Chairman of the Board and President (since 1989)	Director	
Urs Bieri Director		
Dr. Amstutz Director		
Claude Rosset Vice President Swiss citizen	Holderbank CH-8645 Jona, Switzerland	
Kent D. Jensen Treasurer U.S. citizen	Holnam Inc. 6211 N. Ann Arbor Rd. Dundee, MI 48131	
Pierre F. Haesler Secretary Swiss citizen	Holderbank CH-8645 Jona Switzerland	
HOLCEM		
Mr. Byland Director and President		
Urs Bieri Director		
Dr. Amstutz Director		
Mr. Haesler Secretary		

</TABLE>



MERRILL LYNCH

Investment Banking Group  
World Financial Center  
North Tower  
New York, NY 10281-1330  
January 7, 1994

Board of Directors

Holcem Inc.

6211 North Ann Arbor Road

Dundee, Michigan 48131

Board of Directors

Holdernam Inc.

6211 North Ann Arbor Road

Dundee, Michigan 48131

Special Committee of the

Board of Directors

'Holderbank' Financiere Glaris, Ltd.

Hauptstrasse 44

CH-8570 Glaris

Switzerland

Holnam Inc.

Gentlemen:

We understand that the Board of Directors and the sole stockholder of Holcem Inc. ('Holcem'), which is the holder of more than 90% of the common stock, par value \$.01 per share (the 'Common Stock'), and all of the 7% Series A Convertible Preferred Stock, par value \$.10 per share (the 'Preferred Stock'), of Holnam, Inc. (the 'Company'), intend to take certain corporate action pursuant to Section 253 of the Delaware General Corporation Law as a result of which Holcem will be merged (the 'Merger') with and into the Company, the Company will become a wholly-owned subsidiary of Holdernam Inc. ('Holdernam') and an indirect wholly-owned subsidiary of 'Holderbank' Financiere Glaris, Ltd. ('Holderbank'), and each outstanding share of Common Stock held by shareholders other than the Company, Holcem or any of its affiliates (the 'Public Shareholders') will be converted into the right to receive \$7.65 in cash per share from Holdernam, subject to the rights of shareholders who perfect their dissenters' appraisal rights. We understand the Merger will be effected by the filing of a Certificate of Ownership and Merger (the 'Certificate') with the Secretary of State of the State of Delaware, which filing is expected to be made on or about February 10, 1994.

You have asked us for our opinion as to whether or not the proposed cash consideration to be received by the Public Shareholders pursuant to the Merger is fair to such shareholders from a financial point of view.

In arriving at the opinion set forth below, we have, among other things:

(1) reviewed the Company's annual reports to shareholders for the three fiscal years ended, and its annual report on Form 10-K for the two fiscal years ended, December 31, 1992 and the related audited financial information included therein, and the Company's unaudited financial information and related Forms 10-Q for the three-, six-, and nine-month periods ended March 31, June 30, and September 30, 1993, respectively;

(2) reviewed the annual reports to shareholders and related audited financial information of St. Lawrence Cement, Inc. ('St. Lawrence'), a corporation organized under the law of the Province of Quebec, Canada, whose securities are publicly traded on the Montreal and Toronto stock exchanges, and of which the Company owns shares representing approximately 59% of the equity interest and 77% of the voting rights for the three fiscal years ended December 31, 1992;

(3) reviewed certain information, including financial projections, relating to the businesses, earnings, cash flow, assets and prospects of the Company, based upon information furnished to us by the Company, and of St. Lawrence, furnished to us by St. Lawrence;

(4) conducted discussions with members of senior management of the Company and St. Lawrence concerning their respective businesses and prospects, and conducted discussions with members of senior management of Holderbank concerning such businesses and prospects;

(5) reviewed the Registration Statement on Form S-4 of the Company, including the combined Proxy Statement and Prospectus dated February 14, 1990 included therein, filed with the Securities and Exchange Commission ('SEC') in connection with the merger of the Company and Ideal Basic Industries, Inc.;

(6) reviewed the current and historical market prices and trading activity for the Common Stock and compared them with that of certain publicly traded companies which we deemed to be reasonably similar to the Company, in whole or in part;

(7) reviewed the current and historical market prices and trading activity for the Class A subordinate shares of St. Lawrence;

(8) compared the results of operations of the Company with those of certain companies which we deemed to be reasonably similar to the Company, in whole or in part;

(9) reviewed a draft dated January 6, 1994 of the Certificate;

(10) reviewed the Certificate of Designation relating to the Preferred Stock;

(11) reviewed a draft dated January 7, 1994 of the Rule 13e-3

Transaction Statement, including the Disclosure Statement included therein, proposed to be filed with the SEC in connection with the Merger; and

(12) compared the financial terms of the transactions contemplated by the Certificate with the financial terms of certain other business combinations and other transactions which we deemed to be relevant.

We have also reviewed such other financial studies and analyses, and performed such other investigation and taken into account such other matters as we deemed necessary.

In preparing our opinion we have relied without independent verification upon the accuracy, completeness and fair presentation of all financial and other information provided to us by Holderbank, the Company and St. Lawrence, including information concerning certain tax matters relevant to our analysis, or which was publicly available. In addition, we have not made an independent appraisal of any of the assets or liabilities of the Company or St. Lawrence or of the shares of St. Lawrence. With respect to the financial forecasts referred to above, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of the Company or St. Lawrence, as the case may be, as to the future financial performance of the Company or St. Lawrence, as the case may be, and that management of Holderbank concur in those estimates and judgments. In light of the fact that Holcem owns in excess of 90% of the Common Stock and has indicated that it will not sell such shares of Common Stock, we were not requested to, and did not, solicit indications of interest for the acquisition of all or part of the Common Stock.

We have provided investment banking services to Holderbank and its subsidiaries in the past, other than the Company, for which we have received compensation.

On the basis of, and subject to the foregoing, we are of the opinion that the cash consideration to be received by the Public Shareholders pursuant to the Merger is fair to such shareholders from a financial point of view.

Very truly yours,

MERRILL LYNCH, PIERCE, FENNER &  
SMITH INCORPORATED

By: \_\_\_\_\_

HOLCEM INC.  
6211 NORTH ANN ARBOR ROAD  
DUNDEE, MICHIGAN 48131  
(313) 529-2411

-----  
DISCLOSURE STATEMENT AND NOTICE  
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This Disclosure Statement is furnished by 'Holderbank' Financiere Glaris, Ltd., a publicly-held Swiss corporation ('Holderbank'), Holdernam Inc., a Delaware corporation ('Holdernam'), and Holcem Inc., a Delaware corporation ('Holcem'), in connection with the taking of certain corporate action described below by Holcem, as the holder of more than 90% of the common stock and all the preferred stock of Holnam Inc., a Delaware corporation (the 'Company'), pursuant to which the Company will become a wholly-owned subsidiary of Holdernam. This Disclosure Statement is first being sent to stockholders of the Company on or about January 21, 1994.

The board of directors of Holcem, together with Holdernam as the sole stockholder of Holcem, approved on January 7, 1994 the merger (the 'Merger') of Holcem with and into the Company pursuant to Section 253 of the General Corporation Law of the State of Delaware (the 'DGCL') with the result that the separate corporate existence of Holcem will cease, Holdernam will become the owner of 100% of the outstanding equity of the Company and each outstanding share of common stock, par value \$.01 per share (the 'Common Stock'), of the Company (other than any shares owned by Holcem or held by stockholders who perfect their dissenters' appraisal rights) will be converted into the right to receive \$7.65 in cash from Holdernam. Such price is slightly higher than the highest price at which the Common Stock has ever traded on the New York Stock Exchange since it was first listed thereon in March 1990. The Merger will become effective at the close of business on the date on which a certificate of ownership and merger (the 'Certificate of Ownership and Merger') is filed by Holcem with the Secretary of State of the State of Delaware. Such filing will not be earlier than February 10, 1994, which is 20 days after the mailing of this Disclosure Statement.

Holderbank, through its subsidiaries and affiliates, ranks among the largest cement manufacturers and suppliers in the world with a presence in 30 countries. Holdernam is a wholly-owned subsidiary of Holderbank. Holcem is a wholly-owned subsidiary of Holdernam recently formed for the purpose of effecting the Merger. Holdernam and Holcem are holding companies. Holcem is the owner of record of 128,491,701 shares of Common Stock, representing approximately 94.9% of the outstanding Common Stock as of January 6, 1994. Holcem is also the owner of record of 620,828 shares of 7% Cumulative Convertible Preferred Stock, par value \$.10 per share (the 'Series A Preferred Stock'), of the Company which are convertible at a conversion price of \$3.70 per share into 8,381,178 shares of Common Stock.

As permitted and provided by Section 253 of the DGCL, the Merger has been structured as a short-form merger requiring only the consent of the board of directors of Holcem as the holder of more than 90% of the Common Stock and all the Series A Preferred Stock of the Company concurred in by Holcem's sole stockholder, Holdernam, and by Holdernam's sole stockholder, Holderbank, as to the fairness of the Merger to the Company's stockholders other than Holcem (the 'Public Stockholders'). The approval of the Public Stockholders is not required and is not being requested. The Public Stockholders are not being asked for a proxy and are requested not to send a proxy. However, under Delaware law, the Public Stockholders will have dissenters' appraisal rights in connection with the Merger if they comply with applicable requirements. See 'The Merger -- Appraisal Rights.' This Disclosure Statement also constitutes notice by the Company to the Public Stockholders pursuant to Section 262(d)(2) of the DGCL that appraisal rights are available for any or all of the shares of Common Stock owned by them.

THIS TRANSACTION HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE FAIRNESS OR MERITS OF SUCH TRANSACTION NOR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

The date of this Disclosure Statement is January 21, 1994.

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THE MERGER

GENERAL

The Certificate of Ownership and Merger provides that Holcem will be merged with and into the Company. As a result of the Merger, the separate corporate existence of Holcem will cease, Holdernam will become the owner of 100% of the outstanding equity of the Company and the Public Stockholders will possess no further interest in, or rights as stockholders of, the Company, other than their right to receive \$7.65 per share of Common Stock held by them or to exercise dissenters' appraisal rights if they comply with applicable requirements. See 'The Merger -- Appraisal Rights.'

The description of the terms and conditions of the Merger included in this Disclosure Statement is qualified in its entirety by reference to the Certificate of Ownership and Merger, a copy of which is attached hereto as Annex A and incorporated herein by reference.

SPECIAL FACTORS

For a description of certain special factors concerning the Merger, see 'The Merger -- Background of the Merger,' 'The Merger -- Reasons for the Merger,' 'The Merger -- Position of the Boards of Directors' and 'The Merger -- Opinion of Financial Advisor.'

EFFECTIVE TIME OF THE MERGER

The Merger will become effective as of the close of business on the date on which the Certificate of Ownership and Merger is filed with the Secretary of State of the State of Delaware in accordance with applicable law. Such filing is expected to occur on or about February 10, 1994. The time of such effectiveness is referred to herein as the 'Effective Time of the Merger.' Holcem may decide not to proceed with the Merger at any time, and for any reason sufficient unto itself, before the filing of the Certificate of Ownership and Merger. See 'The Merger -- Amendment and Abandonment.'

PRICE TO BE PAID

At the Effective Time of the Merger, Holcem will be merged with and into the Company and each outstanding share of Common Stock (other than any shares owned by Holcem or held by Public Stockholders who perfect their dissenters' appraisal rights) will be converted into the right to receive \$7.65 in cash from

Holdernam. As of January 6, 1994, there were 135,356,186 shares of Common Stock outstanding and approximately 6,260 record holders of such shares. At the Effective Time of the Merger, Holdernam will be required to pay an aggregate of \$52,513,310.25 for the 6,864,485 shares of Common Stock outstanding and held by the Public Stockholders if no Public Stockholders perfect their dissenters' appraisal rights.

In addition, there are outstanding under the Company's Stock Option Plan employee stock options to purchase 623,667 shares of Common Stock, all of which are currently exercisable and will terminate at the Effective Time of the Merger. See 'The Merger -- Stock Options and Benefit Plans.' In order to spare the holders of these stock options the burden of exercising them, Holdernam has agreed to cause the Company to make a cash payment to such holders of unexercised options after the Merger in an amount equal to the excess of \$7.65 per share over the per share exercise price of their options. If all these stock options remain unexercised at the Effective Time of the Merger, Holdernam will be required to pay an aggregate of \$562,466.00 to such holders. If any such options are exercised, the shares issued upon such exercise will be converted in the Merger into the right to receive \$7.65 per share. See 'The Merger -- Stock Options and Benefit Plans.'

Holcem will cease to exist at the Effective Time of the Merger and will receive no cash for any of its shares of Common Stock or Series A Preferred Stock. Holdernam will be issued shares of common stock and preferred stock of the Company, as the surviving corporation in the Merger, which will constitute 100% of the outstanding common stock and preferred stock of the Company after the Merger. See 'The Merger -- The Company's Post-Merger Capital Stock.'

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#### REGULATORY MATTERS

There are no federal or state regulatory approvals or consents that must be obtained in connection with the Merger.

#### RECORD DATE

The record date for the Public Stockholders entitled to receive a copy of this Disclosure Statement is January 18, 1994.

#### BACKGROUND OF THE MERGER

Holderbank's Investments in the United States and Canada. Founded in 1912, Holderbank, through subsidiary companies, is engaged in the manufacture and sale of cement and related construction products such as aggregates and ready-mix concrete and operates or has investments in approximately 70 cement plants located in 30 countries worldwide. Holderbank also provides technical and consulting services to other cement manufacturers worldwide. Although published information on the worldwide rated capacity of other cement manufacturers is unavailable, based upon its knowledge of the industry, Holderbank believes that it is one of the largest cement companies in the world in terms of rated capacity with total worldwide rated capacity as of December 31, 1993 of approximately 62 million short tons per year. Holderbank's shares are publicly-held and traded on the Zurich, Basle and Geneva stock exchanges and in London on the SEAQ International. Holderbank first entered the North American cement industry in Canada in 1951 and is today, on a combined basis, one of the largest cement companies in the United States and Canada in terms of rated capacity. Holderbank's investments in the United States and Canada account for a significant portion of its worldwide revenue and earnings.

Holderbank entered the cement industry in North America by investing in St. Lawrence Cement Inc., a corporation incorporated on March 13, 1951 under Part I of the Companies Act (Quebec) ('St. Lawrence'). St. Lawrence is primarily involved in the manufacture and distribution of cement for use by the construction industry. St. Lawrence's cement operations are supplemented by its involvement in certain related industries such as ready-mix concrete, concrete products, aggregates (crushed stone, sand and gravel), road construction and certain other civil engineering work. Directly or indirectly through its subsidiaries, St. Lawrence does business in Eastern Canada and in portions of the Northeast and Middle Atlantic regions of the United States. Holderbank currently owns through the Company 10,498,748 Class A subordinate shares and 15,252,848 Class B shares representing an approximately 59% equity interest in, and approximately 77% of the voting rights of, St. Lawrence. The balance of the Class A subordinate shares are publicly-held and traded on the Montreal and Toronto stock exchanges.

Holderbank later invested in Dundee Cement Company, which was incorporated on May 15, 1957 under the laws of the State of Delaware ('Dundee'). Dundee was involved in the manufacture and distribution of a variety of Portland cements used in the construction industry. Dundee operated in portions of the Midwest and Southeast United States. The Company was incorporated on May 8, 1981 and used as a holding company. Dundee was merged with and into the Company on March

In order to expand and geographically diversify its holdings in North America, Holderbank invested in Ideal Basic Industries, Inc., a publicly-held manufacturer of Portland cement incorporated in 1924 under the laws of the State of Colorado ('Ideal'). In connection with a major debt and equity restructuring of Ideal that took place in December of 1986, Holdernam acquired, for the sum of \$110,000,000, from the bank and insurance company lenders to Ideal, approximately 118.7 million shares of common stock of Ideal (the 'Ideal Shares'), representing approximately 68.3% of the common shares of Ideal then outstanding. The balance of the common shares were publicly-held and traded on the New York Stock Exchange, Inc. (the 'NYSE'). At the time of Holdernam's acquisition of the Ideal Shares, Holderbank announced that, while respecting Ideal's autonomy, to enable Ideal to benefit from combining with a financially healthy and more geographically diversified group, it would consider the feasibility of a future business combination of Ideal with all or parts of Holderbank's other North American cement operations.

To these ends, on March 8, 1990, Ideal was merged with and into the Company (the 'Ideal Merger') following the approval of the terms of the merger transaction by a majority of Ideal's board of

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directors after its receipt of the report and recommendation of a special committee of Ideal directors and the favorable vote of the stockholders of the Company and Ideal. Pursuant to the merger agreement entered into in connection with the Ideal Merger, the Company agreed that for three years following the Ideal Merger it would not enter into any transaction which would result in the Common Stock being held of record by fewer than 300 holders without the approval of at least a majority of the Company's unaffiliated directors. As a result of the Ideal Merger, the separate corporate existence of Ideal ceased. Upon consummation of the Ideal Merger, Holderbank owned indirectly approximately 87.2% of the Common Stock then outstanding, while the former public stockholders of Ideal owned approximately 12.8% of the Common Stock then outstanding. In order to make Dundee part of the integrated North American cement business of Holderbank, Dundee was merged with and into the Company (the 'Dundee Merger') following the Ideal Merger and the separate corporate existence of Dundee ceased. Prior to the Ideal Merger, the Company had become the holder of Holderbank's stockholdings in St. Lawrence. Therefore, following the Ideal Merger and the Dundee Merger in 1990, all of Holderbank's cement operations in the United States and Canada were consolidated in the Company whose common shares were traded on the NYSE.

To provide additional equity needed by the Company, in October 1990, Holdernam purchased from the Company 22,222,223 originally-issued shares of Common Stock for an aggregate purchase price of \$100,000,000 (or \$4.50 per share). The terms of the transaction were established in August 1990 in negotiations between the management of the Company and Holderbank, reviewed by the audit committee of and approved by the Company's Board of Directors. The closing price of the Common Stock on the NYSE on the day of the agreement with Holderbank was \$4.25 per share and the average trading price for the 60 days prior to the agreement was \$4.38 per share. As a result of such purchase, Holderbank owned indirectly approximately 89.3% of the Common Stock then outstanding.

In connection with the settlement of certain litigation arising out of the Ideal Merger, on December 31, 1991, Holdernam purchased 8,181,019 shares of Common Stock from Philip E. Anschutz and The Anschutz Corporation for a total consideration of \$34,769,330.75 or \$4.25 per share. The closing price of the Common Stock on the NYSE on such date was \$4.625 per share. As a result of such purchase, Holderbank owned indirectly approximately 95.3% of the Common Stock then outstanding.

On March 30, 1992, the Company entered into a Subordinated Loan Agreement with Holdernam pursuant to which Holdernam lent \$50,000,000 (the 'Subordinated Loan') to the Company. Interest accrues on the outstanding principal amount of the Subordinated Loan at a rate per annum equal to the LIBO Rate (as defined) plus 3% in those calendar years in which the Consolidated Net Income (as defined) of the Company equals or exceeds \$5,000,000. Because Consolidated Net Income of the Company did not equal or exceed \$5,000,000 in 1992 and is not expected to do so in 1993, no interest has accrued or is expected to accrue on the outstanding principal amount of the Subordinated Loan for such years.

On January 1, 1993, the Company entered into a revolving credit note with Holderfin B.V., an affiliate of Holderbank ('Holderfin'), pursuant to which Holderfin lent \$30,000,000 (the 'Revolving Credit Loan') to the Company. The Revolving Credit Loan bears interest at LIBOR plus .75% and matures on December 31, 1996 or is payable on demand with 367 calendar days' prior notice. Accruals on the Revolving Credit Loan during 1993 were approximately \$1,123,000.

During 1993 and 1992, Holderbank provided financial support to the Company

in the form of comfort letters for certain bank debt and other obligations. Holderbank received fees from the Company for this financial support in the amount of approximately \$1,123,000 and \$2,345,000 in 1993 and 1992, respectively. In view of the Company's current financial circumstances, the Company's ongoing ability to borrow from its sources of financing is dependent on Holderbank's continuance of such support and the lenders' acceptance of these comfort letters.

On May 18, 1993, the Company issued 600,000 shares of Series A Preferred Stock to Holdernam for \$30,000,000 in connection with the acquisition on the same date by a Delaware limited partnership consisting of entities affiliated with the Company and Trammel Crow of a cement manufacturing plant, two cement distribution terminals, a related limestone quarry operation and working capital. Each share of the Series A Preferred Stock is convertible into 13.5 shares of Common Stock representing a conversion price of \$3.70 per share. The closing price of the Common Stock on the NYSE on the date

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of issuance of the Series A Preferred Stock was \$3.00 per share. The Series A Preferred Stock entitles the holder thereof to receive annual preferential cumulative dividends of \$3.50 per share, payable in quarterly installments on each February 15, May 15, August 15 and November 15, beginning August 15, 1993. The Company is permitted to pay these dividends by issuing additional shares of Series A Preferred Stock in an amount equivalent to the dividends otherwise payable in cash based on the liquidation value of \$50 per share. Pursuant to this right, the Company issued 10,150 shares and 10,678 shares of Series A Preferred Stock on August 15 and November 15, 1993, respectively; Holcem currently holds 620,828 shares of Series A Preferred Stock convertible into 8,381,178 shares of Common Stock. If such conversion should occur, Holcem would hold approximately 95% of the outstanding Common Stock. If the Merger should not occur, the Company is expected to issue on February 15, 1994 another 10,864 shares of Series A Preferred Stock convertible into an additional 146,664 shares of Common Stock.

Activities Preceding the Merger. The management of Holderbank from time to time has reviewed the advantages and disadvantages of alternative methods of structuring and financing its operations in North America. In this regard, there were discussions by representatives of Holderbank with the management of the Company in February and March 1992 concerning the advantages and disadvantages of taking the Company private at that time. No conclusion or action resulted from these discussions. In September 1993, following a recent successful public offering of stock by a competitor and at Holderbank's request for a report, the Company sought the views of Goldman Sachs & Co. ('Goldman Sachs'), an investment banking firm of international reputation retained from time to time by the Company, as to the feasibility of effecting a public offering by the Company of its Common Stock in the United States.

On October 11, 1993, Goldman Sachs presented its initial view, together with written materials dated that date (the 'Goldman Sachs Presentation Materials'), which preliminarily indicated that a public offering of Common Stock in the United States might be feasible at the current trading price of the Common Stock on the NYSE or at a slight reduction therefrom (i.e. \$5.00 per share or less), with final pricing to be determined at the time of any such offering and dependent on the size of the offering and other relevant factors. It should be noted that the Goldman Sachs presentation was preliminary and was rendered in the context of a possible transaction different from the Merger. Goldman Sachs provided further preliminary advice and information to the management of the Company in October and November 1993 to the effect that using the proceeds of a public offering of Common Stock by the Company to buy out the public minority stockholders of St. Lawrence would be advantageous to the Company under certain circumstances.

Neither Holderbank, Holdernam nor Holcem has currently or has had within the past two years or hereafter contemplates having any material relationship with Goldman Sachs or any of its affiliates. Goldman Sachs has, however, provided investment banking services to the Company from time to time within the past two years for which it has received customary fees. The Company has no agreement to compensate Goldman Sachs for its work in connection with the Goldman Sachs Presentation Materials or its subsequent advice. However, Holderbank's understanding is that it is the Company's belief that, were it to undertake a public offering of its Common Stock, the expectation of Goldman Sachs was that such investment banking firm would serve as a managing underwriter of the offering and would receive compensation in that capacity.

On November 15, 1993, Merrill Lynch, Pierce, Fenner & Smith Incorporated ('Merrill Lynch') made a presentation to the management of Holderbank together with written presentation materials (the 'Merrill Lynch Presentation Materials') which analyzed various alternatives for structuring and financing the operations of the Company and St. Lawrence in light of what were stated to be Holderbank's long-term objectives of maximizing the attractiveness of Holderbank's stock to investors, maximizing Holderbank's financial efficiency (i.e., minimizing the



cost of funds and optimizing access to cash flows) and optimizing flexibility regarding the operations of its subsidiaries. The alternatives analyzed for Holderbank concerning the Company were a public offering, a merger such as the Merger described herein which merges out the Public Stockholders for cash, and maintaining the status quo. The alternatives analyzed for Holderbank concerning St. Lawrence were a buyout of the public stockholders with stock or cash and maintaining the status quo. Weighing the advantages and

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disadvantages of various combinations of these alternatives, the Merrill Lynch presentation concluded that Holderbank's long-term objectives would be most enhanced by the elimination of the public holdings of both the Company and St. Lawrence by a short-form cash merger and a buy out for cash, respectively. Holderbank decided against such a transaction with respect to St. Lawrence but to pursue such a transaction with respect to the Company. Holderbank paid Merrill Lynch a fee of \$125,000 in cash for this advice.

By letter agreement dated December 10, 1993, Holdernam retained Merrill Lynch to act as its exclusive financial advisor in connection with the possible acquisition of all of the outstanding shares of Common Stock not owned by Holdernam or its affiliates. Subsequent to such date, officers of Holderbank, Holdernam, the Company and St. Lawrence engaged in due diligence meetings with representatives of Merrill Lynch. On January 7, 1994, the board of directors of each of Holcem and Holdernam, and the special committee of the board of directors of Holderbank met to consider the Merger. Pursuant to the engagement agreement, on January 7, 1994, Merrill Lynch delivered an opinion, subsequently confirmed in a written opinion dated January 7, 1994, to the board of directors of each of Holcem and Holdernam, and to the special committee of the board of directors of Holderbank, that on the basis and subject to the matters set forth therein, as of the date of such opinion, the proposed cash consideration to be received by the Public Stockholders in the Merger is fair to such stockholders from a financial point of view. See 'The Merger -- Opinion of Financial Advisor.' On January 7, 1994, the boards of directors of Holcem and Holdernam, as the sole stockholder of Holcem, approved the Merger and such boards of directors and the special committee of the board of directors of Holderbank concluded that the Merger is fair to the Public Stockholders.

In order to effect the Merger, Holdernam transferred the Common Stock and Series A Preferred Stock owned by it to its newly-formed wholly-owned subsidiary, Holcem, on January 7, 1994, in exchange for stock of Holcem. Neither Holderbank, Holdernam nor Holcem nor any of the directors or executive officers of any of them has engaged in any other transaction involving the Common Stock since November 7, 1993.

#### REASONS FOR THE MERGER

After considering various alternatives to structuring and financing its operations in North America as discussed above under 'The Merger -- Background of the Merger,' Holderbank decided that the most advisable course of action was to merge out the Public Stockholders for cash. Holderbank seeks to merge out the Public Stockholders primarily for the following reasons:

(i) The Merger will secure for Holderbank the freedom to manage the business of the Company without the inherent complexities of operating a U.S. public company.

(ii) The Merger will avoid the significant costs of maintaining a publicly-traded U.S. company, particularly with its potential for expensive and time-consuming litigation. The management of the Company and the management of Holdernam have estimated that such savings may exceed \$500,000 per year apart from any litigation.

(iii) The Merger will allow Holderbank to fully control the cash flow of the Company so that, if and when opportune, it might reinvest such funds in business opportunities elsewhere.

(iv) The Merger will confirm Holderbank's industrial operating-company status in the European and other financial markets.

The Merger was structured as a short-form merger because this approach is expressly permitted and provided by Delaware law and is the most efficient way to achieve the intended purposes. The board of directors of Holcem considered the possibility of making the Merger subject to approval by a special committee of independent directors of the Company and/or by the vote of at least a majority of the shares of Common Stock held by the Public Stockholders. The board of directors of Holcem decided against using such procedures for a number of reasons, principally because the DGCL specifically makes available the short-form merger described in this Disclosure Statement and because the board of directors felt confident that it could, with the advice of Merrill Lynch, arrive at a price per share that is fair to the Public Stockholders. The Merger was undertaken at this time because, among other reasons, contractual

March 1993, because equity offerings completed in 1993 by Holderbank have enhanced its ability to undertake the transaction in 1994 and because reviews by the management of the Company and the management of Holderbank in recent months of the advantages and disadvantages of various alternative courses of action with respect to the structure and financing of operations in the United States have led to decisions being made at this time.

#### POSITION OF THE BOARDS OF DIRECTORS

The boards of directors of Holderbank (acting through its special committee), Holdernam and Holcem (collectively, the 'Boards') believe that the Merger is fair to the Public Stockholders. The material factors on which this belief is based include the following:

(i) Historical results of operations of the Company over the last several years with particular note of significant operating losses generated by the Company since the Company became a public company in 1990.

(ii) The fact that the industry in which the Company operates is cyclical and there is some evidence that the industry is currently in a period of growth in demand, with scant new capacity recently added or in prospect, and that in certain markets prices for the Company's products may increase.

(iii) The assets, liabilities, financial condition, business and operations of the Company and the Boards' judgment concerning the future prospects for the Company's business in light of the Company's competition, forecasts of sales and costs, and projected levels of required capital investment, corporate overhead, litigation expenses and environmental expenses. A long-term concern with potential adverse effect on the Company's profitability is that while approximately 31% of United States cement manufacturing capacity employs the less efficient wet process, about 60% of the Company's capacity is wet process. In general, the Company's wet process plants currently compete in markets supplied by other manufacturers with similar cost structures. However, if these competitors upgrade their plants (e.g., by converting from wet to dry process), the Company could become competitively disadvantaged in some markets unless it makes significant additional investments to effect similar conversions. If cement price levels (after adjusting for inflation) are not adequate to support such investment, the Company could experience deterioration in profitability or losses. Over the almost thirty year period from 1960 to 1989, cement price levels after adjustment for inflation trended downward.

(iv) The opinion, dated January 7, 1994, of Merrill Lynch, as financial advisor to Holdernam that, on the basis and subject to the matters set forth therein, as of the date of such opinion, the proposed \$7.65 per share of Common Stock to be received by the Public Stockholders in the Merger is fair from a financial point of view to such stockholders; and the considerations and analyses reflected therein and presented to the Boards by Merrill Lynch.

(v) The relationship between the price to be paid in the Merger and the trading history of the Common Stock, including the level of trading activity in the Common Stock and the fact that the price to be paid in the Merger represents a premium of approximately 13.3% over the closing sales price of \$6.75 on the NYSE on January 6, 1994, the last trading day before the public announcement of the Merger.

In view of the variety of factors considered in connection with their evaluation of the Merger, the Boards did not find it practicable to, and did not, quantify or otherwise attempt to assign relative weights to the specific factors they considered. However, the Boards gave particular weight to the factors discussed in (iii) and (iv) above. The Boards also considered that the Public Stockholders may elect to have the value of their shares appraised by the Court of Chancery of the State of Delaware in accordance with Section 262 of the DGCL.

Because the Merger is structured as a short-form merger requiring only the consent of the board of directors of Holcem concurred in by Holcem's sole stockholder, Holdernam, the Merger was not submitted to a vote of the directors of the Company and the approval of a majority of the directors of the Company who are not employees of the Company was not sought.

To the knowledge of Holderbank, Holdernam and Holcem after making reasonable inquiry, no executive officer or director of the Company, other than

those who are directors of Holderbank, Holdernam or Holcem (all of whom voted for the Merger), has made a recommendation in support of or opposed to the Merger. Each outstanding share of Common Stock owned by executive officers and directors of the Company will also be converted into the right to receive \$7.65 in cash. As of January 6, 1994, all directors and executive officers of the Company as a group owned an aggregate of 321,967 shares of Common Stock, including 230,887 shares which could be acquired pursuant to currently exercisable stock options. See 'Principal and Management Stockholdings--Security Ownership of Management' and 'Principal and Management Stockholdings -- Security Ownership of Directors and Executive Officers of Holderbank, Holdernam and Holcem.'

In connection with the Merger, a special committee of the board of directors of Holderbank formed for the purpose of considering the Merger acted for such board of directors and each reference in this Disclosure Statement to the board of directors of Holderbank is a reference to such special committee. The board of directors of Holderbank has ratified the actions of the special committee.

#### OPINION OF FINANCIAL ADVISOR

Holdernam retained Merrill Lynch to act as its exclusive financial advisor in connection with the possible acquisition of all of the outstanding shares of Common Stock (the 'Holnam Shares') not owned by Holdernam or its affiliates. On January 7, 1994, Merrill Lynch delivered its oral opinion, subsequently confirmed in a written opinion, dated January 7, 1994, to the Boards, that on the basis of and subject to the matters set forth therein, as of the date of such opinion, the proposed cash consideration to be received by the Public Stockholders in the Merger is fair to such stockholders from a financial point of view (the 'Fairness Opinion'). No limitations were imposed by Holdernam with respect to the investigations made or procedures followed by Merrill Lynch in rendering the Fairness Opinion, except that Merrill Lynch was not authorized to, and did not, solicit indications of interest for the acquisition of all or any part of the Company.

A COPY OF THE FAIRNESS OPINION, WHICH SETS FORTH THE ASSUMPTIONS MADE, MATTERS CONSIDERED AND LIMITS ON THE REVIEW UNDERTAKEN, IS ATTACHED AS ANNEX B TO THIS DISCLOSURE STATEMENT AND IS INCORPORATED HEREIN BY REFERENCE. THE SUMMARY OF THE FAIRNESS OPINION OF MERRILL LYNCH SET FORTH IN THIS DISCLOSURE STATEMENT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FULL TEXT OF SUCH OPINION. THE PUBLIC STOCKHOLDERS ARE URGED TO READ SUCH OPINION IN ITS ENTIRETY.

Merrill Lynch's opinion is directed only to the fairness from a financial point of view of the consideration to be received by the Public Stockholders in the Merger. The consideration to be paid to the Public Stockholders in the Merger was determined by the board of directors of Holcem and concurred in by the board of directors of each of Holdernam and Holderbank.

In arriving at its opinion, Merrill Lynch, among other things, (1) reviewed the Company's annual reports to stockholders for the three fiscal years ended, and its Annual Report on Form 10-K for the two fiscal years ended, December 31, 1992 and the related audited financial information included therein, and the Company's unaudited financial information and related Quarterly Reports on Form 10-Q for the three-, six- and nine-month periods ended March 31, June 30 and September 30, 1993, respectively; (2) reviewed the annual reports to stockholders and related audited financial information of St. Lawrence for the three fiscal years ended December 31, 1992; (3) reviewed certain information, including financial projections, relating to the businesses, earnings, cash flow, assets and prospects of the Company, based upon information furnished to Merrill Lynch by the Company, and of St. Lawrence, furnished to Merrill Lynch by St. Lawrence; (4) conducted discussions with members of senior management of the Company and St. Lawrence concerning their respective businesses and prospects, and conducted discussions with members of senior management of Holderbank and Holdernam concerning such businesses and prospects; (5) reviewed the Registration Statement on Form S-4 of the Company, including the combined Proxy Statement and Prospectus dated February 14, 1990 included therein, filed with the Securities and Exchange Commission (the 'Commission') in connection with the Ideal Merger; (6) reviewed the current and historical market prices and trading activity for the Common Stock and compared them with that of certain publicly traded companies that Merrill Lynch deemed to be reasonably similar to the Company, in whole or in part; (7) reviewed the current and historical

market prices and trading activity for the Class A subordinate shares of St. Lawrence (the 'St. Lawrence Shares'); (8) compared the results of operations of the Company with those of certain companies that Merrill Lynch deemed to be reasonably similar to the Company, in whole or in part; (9) reviewed a draft dated January 6, 1994 of the Certificate of Ownership and Merger; (10) reviewed the Certificate of Designation relating to the Series A Preferred Stock; (11) reviewed a draft dated January 6, 1994 of the Rule 13e-3 Transaction Statement, including the Disclosure Statement included therein, proposed to be filed with

the Commission in connection with the Merger; (12) compared the financial terms of the transactions contemplated by the January 6, 1994 draft of the Certificate of Ownership and Merger with the financial terms of certain other business combinations and other transactions that Merrill Lynch deemed to be relevant; and (13) reviewed such other financial studies and analyses and performed such other investigations and took into account such other matters as it deemed necessary.

In preparing its opinion Merrill Lynch relied without independent verification upon the accuracy, completeness and fair presentation of all financial and other information provided to it by Holderbank, Holdernam, the Company and St. Lawrence, including information concerning certain tax matters relevant to its analysis, or which was publicly available. In addition, Merrill Lynch has not made an independent appraisal of any of the assets or liabilities of the Company or St. Lawrence or of the shares of St. Lawrence. With respect to the financial forecasts referred to above, Merrill Lynch assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of the Company or St. Lawrence, as the case may be, as to the future financial performance of the Company or St. Lawrence, as the case may be, and that the management of Holderbank and Holdernam concur in those estimates and judgments. Merrill Lynch's opinion is based upon general economic, market, monetary and other conditions as they existed and can be evaluated, and upon the information made available to Merrill Lynch, as of the date of its opinion.

The matters considered by Merrill Lynch in arriving at its opinion are based upon numerous macroeconomic, operating and financial assumptions and involve the application of complex methodologies and educated judgment. Any estimates incorporated in the analyses performed by Merrill Lynch are not necessarily indicative of actual past or future values or results, which may be significantly more or less favorable than such estimates. Estimated values do not purport to be appraisals and do not necessarily reflect the prices at which businesses or companies may be sold in the future or at which their shares of capital stock may trade in the future. Because such estimates are inherently subject to uncertainty, none of Holderbank, Holdernam, Holcem, the Company, Merrill Lynch or any other person assumes responsibility for their accuracy.

The following is a summary of certain financial and comparative analyses performed by Merrill Lynch in connection with the Fairness Opinion which it discussed with the Boards. The summary of the financial and comparative analyses set forth below does not purport to be a complete description of the analyses employed by Merrill Lynch in reaching its opinion. Merrill Lynch believes that its analyses must be considered as a whole and that selecting portions of its analyses and of the factors considered by it, without considering all such factors and analyses, could create a misleading view of the processes underlying its opinion. Arriving at a fairness opinion is a complex process not necessarily susceptible to partial or summary description.

**Stock Trading History.** Merrill Lynch reviewed and analyzed the historical market prices and trading activity and volume for the Holnam Shares and for the St. Lawrence Shares. In addition, Merrill Lynch reviewed and analyzed the relationship between movements of the prices of the Holnam Shares and movements in the Standard & Poor's Industrials average of approximately 500 stocks and of the prices of the St. Lawrence Shares on the Toronto Stock Exchange 300 Composite Price Index.

**Stock Market Analysis of the Company.** Merrill Lynch determined the 52 week high and low closing prices of the Holnam Shares on the NYSE. This analysis resulted in an equity reference range of \$2.88 to \$7.38 per Holnam Share.

**Analysis of Selected Comparable Publicly Traded Companies.** Merrill Lynch compared certain financial information for the Company to the corresponding publicly available financial information of certain other publicly traded companies that Merrill Lynch believed to be comparable to the Company. The companies that Merrill Lynch determined comparable are Lafarge Corp., Medusa Corp. and Southdown Inc. For such companies, Merrill Lynch calculated multiples of such companies' (i) current

stock price to projected 1994 fiscal year earnings per share ('EPS'), (ii) market capitalization (defined as the product of primary shares outstanding and market price, plus preferred equity and debt and less cash and marketable securities) to projected 1994 fiscal year earnings before interest and taxes ('EBIT'), and (iii) market capitalization to projected 1994 fiscal year earnings before interest, taxes, depreciation and amortization ('EBITDA').

An analysis of the multiples for the group of comparable companies, as adjusted to exclude certain results that Merrill Lynch considered anomalous, yielded the following ranges of multiples: (1) stock price to 1994 sales of 19.6x to 23.0x (with a mean of 21.0x); (2) market capitalization to 1994 EBIT of 9.5x to 15.7x (with a mean of 12.8x); and (3) market capitalization to 1994

Merrill Lynch then calculated aggregate per share imputed equity values for the Company by applying the Company's forecasted financial results to the multiples derived from Merrill Lynch's analysis described above. Based on the analysis, Merrill Lynch calculated an equity reference range for the Company of \$6.01 to \$6.75 per Holnam Share (based on the mean multiples of the comparable group). In making this calculation, and in calculating the amounts per Holnam Share described below, Merrill Lynch assumed the conversion of all outstanding shares of Series A Preferred Stock and the exercise of all options exercisable for Common Stock at a price below the closing market price as of January 4, 1994.

No company utilized by Merrill Lynch in the comparable company analysis is identical to the Company. Accordingly, an analysis of the results of such a comparison is not mathematical; rather, it involves complex considerations and judgments concerning differences in historical and forecasted financial and operating characteristics of the comparable companies and other factors that could affect the public trading value of such companies and the Company.

**Discounted Cash Flow Analysis.** Merrill Lynch performed a discounted cash flow analysis of the Company. In performing its analysis, Merrill Lynch first performed a discounted cash flow analysis of the Company excluding St. Lawrence ('Holnam Operations'). Second, Merrill Lynch calculated the present value of net operating losses of the Company. Merrill Lynch then calculated the value of the Company's interest in St. Lawrence (the 'St. Lawrence Interest') using three different methodologies: (i) a going concern value derived from the present value of a projected dividend stream from the St. Lawrence Interest; (ii) a liquidation value derived from a discounted cash flow analysis of St. Lawrence; and (iii) the aggregate stock market price of the St. Lawrence Interest. Finally, Merrill Lynch added the sum of the calculated value of Holnam Operations and the net operating losses to each of the three calculated values for the St. Lawrence Interest in order to calculate three different equity ranges for the Company.

In performing its discounted cash flow analysis of Holnam Operations, Merrill Lynch calculated an equity value range for Holnam Operations based upon the present value of a projected stream of unlevered free cash flow of Holnam Operations for fiscal years 1994 through 2002 (the 'Holnam Operations Projections'). The Holnam Operations Projections were jointly prepared by the management of the Company and Merrill Lynch and approved by the management of Holdernam. Although the Company does not customarily prepare such long term projections, Holdernam and Merrill Lynch agreed that it was appropriate to do so in analyzing the Company. Merrill Lynch used discount rates of 8.92% to 12.92% to calculate the present value of the forecasted stream of free cash flows based upon variations of up to plus or minus 2% of the weighted average cost of capital ('WACC') of Holnam Operations of 10.92%. Merrill Lynch used EBIT multiples of 12.0x to 19.6x to calculate the present value of the terminal value of such cash flow at year-end 2002. The EBIT multiples used by Merrill Lynch were based on a ten year average of EBIT multiples in the cement industry and were applied to the average projected EBIT of Holnam Operations from 1994 through 2002. After subtracting Holnam Operations' net debt, Merrill Lynch calculated the effect of an increase in average cement prices projected by the management of the Company by both \$1.00 and \$3.00 per ton (above, for example, a projected average 1994 price of \$57.82 per ton), in each case utilizing a discount rate equivalent to the Company's WACC. Based on this analysis, Merrill Lynch calculated an aggregate equity reference range for Holnam Operations of \$309,311,000 to \$564,509,000 (the 'Holnam Operations DCF Range').

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**NOL Analysis.** The management of the Company provided Merrill Lynch with net operating loss carry forward figures as of January 1, 1994 that were expected to be available to the Company during the period of the Holnam Operations Projections. Applying projected taxable income throughout those years, and assuming a 40% tax rate and an effective 2% alternative minimum tax rate, Merrill Lynch calculated the present value of the aggregate effective tax savings to the Company throughout the projected period of \$114,844,000 using a discount rate of 10.92%, based on the Company's WACC (the 'NOL Amount'). This calculated tax savings was then added to the Holnam Operations DCF Range.

**Going Concern Value of St. Lawrence Interest.** Merrill Lynch calculated an equity value for the St. Lawrence Interest based upon the present value of the projected dividends for the St. Lawrence Interest (the 'Projected Dividends') for the fiscal years 1994 through 2002. These projections were jointly prepared by the management of St. Lawrence and Merrill Lynch and approved by the management of Holdernam. Merrill Lynch used a discount rate of 16.4%, reflecting St. Lawrence's cost of equity to calculate the present value of the forecasted dividend stream. To calculate the present value of the terminal value of the dividend stream at year-end 2002, Merrill Lynch assumed, based upon the assessment of St. Lawrence management and Merrill

Lynch that long term dividend growth would be driven primarily by inflation, a perpetual growth rate of 4.0% of the average of the Projected Dividends from 1994 to 2002. Based on this analysis, Merrill Lynch calculated an equity value for the St. Lawrence Interest of \$54,180,000 (the 'St. Lawrence Going Concern Amount'). Merrill Lynch then combined this amount with the Holnam Operations DCF Range and the NOL Amount to arrive at an equity reference range of \$3.34 to \$4.52 per Holnam Share.

Discounted Cash Flow Analysis of St. Lawrence Interest. Merrill Lynch performed a discounted cash flow analysis with respect to St. Lawrence substantially similar to that performed on the Holnam Operations but based upon a stream of unlevered free cash flow of St. Lawrence projected for fiscal years 1994 through 2002 (the 'St. Lawrence Projections') and using a discount rate equal to St. Lawrence's WACC of 11.35% and a terminal value of 14.8x based on the ten year industry average EBIT. The St. Lawrence Projections were jointly prepared by the management of St. Lawrence and Merrill Lynch and approved by the management of Holdernam. After subtracting St. Lawrence's net debt, Merrill Lynch calculated the effect of an increase in average cement prices projected by the management of St. Lawrence of both Can. \$1.00 and Can. \$3.00 per metric ton (above, for example, a projected average 1994 price of Can. \$69.37 per metric ton), in each case utilizing a discount rate equivalent to St. Lawrence's WACC. Based on this analysis, Merrill Lynch calculated an equity reference range for the St. Lawrence Interest of \$162,991,000 to \$207,582,000 (the 'St. Lawrence DCF Range'). Merrill Lynch then combined this amount with the Holnam Operations DCF Range and the NOL Amount to arrive at an equity reference range of \$4.09 to \$5.59 per Holnam Share.

Stock Market Analysis of St. Lawrence. Merrill Lynch determined the January 5, 1994 closing price of the St. Lawrence Shares on the Toronto stock exchange. A percentage of this amount reflecting the St. Lawrence Interest (the 'St. Lawrence Market Amount') was then combined with the Holnam Operations DCF Range and the NOL Amount to arrive at an equity reference range of \$4.52 to \$5.70 per Holnam Share.

Comparable Acquisition Analysis. Merrill Lynch reviewed the financial terms of six recent acquisition transactions that it viewed as reasonably comparable to an acquisition of Holnam Operations. The acquisitions that Merrill Lynch deemed comparable are Holnam Inc./Midlothian, Medusa/Lafarge Plant, Ssangyong/Riverside, Beazer/Gifford-Hill, Lafarge/Missouri Davenport and Cement Mexicanos/Pacific Coast (Lone Star). Due to the scarcity of recent acquisitions involving large multiplant cement companies like Holnam Operations, many of these comparable acquisitions concern the purchase of specific production facilities.

Merrill Lynch divided the transaction value (derived by adding the purchase price and any assumption of debt) of each comparable acquisition by the capacity of cement production for each acquired entity, arriving at an acquisition price per ton of cement production capacity for each acquired entity. Merrill Lynch did not take into account cost of production in its analysis due to a lack of reliable public information on the acquisition targets.

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Merrill Lynch then multiplied Holnam Operations' cement production capacity (excluding minority interests) by the high, low and mean price per ton calculated for the comparable acquired entities, added the value of Holnam Operations' non-cement assets and subtracted net debt. Using this analysis, Merrill Lynch calculated an equity reference range for Holnam Operations of \$226,206,000 to \$754,298,000. After adding the NOL Amount, Merrill Lynch combined this range with the St. Lawrence Going Concern Amount, the St. Lawrence DCF Range, and the St. Lawrence Market Amount, to arrive at equity reference ranges of \$2.76 to \$6.43, \$3.52 to \$7.19 and \$3.94 to \$7.62, respectively.

Holdernam selected Merrill Lynch as its financial advisor because Merrill Lynch is an internationally recognized investment banking firm engaged in the valuation of businesses and their securities in connection with mergers and acquisitions and for other purposes and has substantial experience in transactions similar to the Merger. Pursuant to an engagement letter dated December 10, 1993 with Merrill Lynch, Holdernam paid Merrill Lynch an initial fee for its advisory services of \$225,000 and became obligated to pay Merrill Lynch an additional fee of \$500,000 upon consummation of the Merger. In addition, the engagement letter provides that the Company will reimburse Merrill Lynch for its reasonable out-of-pocket expenses (including reasonable fees and disbursements of its legal counsel) and will indemnify Merrill Lynch and certain related persons against certain liabilities arising out of its engagement.

Merrill Lynch has in the past provided financial advisory and financing services to Holderbank and received customary fees for rendering

such services. In the ordinary course of its business, Merrill Lynch may also actively trade in securities of both the Company and St. Lawrence for its own account and for the account of its customers and, accordingly, may at any time hold a long or short position in such securities.

Neither Holcem, the Company nor, except as described herein, Holdernam has currently or has had within the past two years or hereafter contemplates having any material relationship with Merrill Lynch or any of its affiliates. Merrill Lynch was the co-lead underwriter of an offering of Holderbank's Subordinated Convertible Bonds made in July 1993 and received customary compensation in connection therewith. Holderbank currently has no definite plans to retain Merrill Lynch in the future.

The Fairness Opinion, as well as the Merrill Lynch presentation material related thereto and the Goldman Sachs Presentation Material and the Merrill Lynch Presentation Material, are available for inspection and copying at the principal executive offices of Holcem during its regular business hours by any interested Public Stockholder or his representative who has been so designated in writing. A copy of any of the Fairness Opinion or the Merrill Lynch presentation material related thereto or the Goldman Sachs Presentation Material or the Merrill Lynch Presentation Material will be transmitted by Holcem to any interested Public Stockholder or his representative who has been so designated in writing upon written request and at the expense of the requesting stockholder.

#### STOCK OPTIONS AND BENEFIT PLANS

There are currently outstanding under the Holnam Inc. 1990 Stock Option Plan (the 'Stock Option Plan') employee stock options (including related stock appreciation rights) to purchase 623,667 shares of Common Stock. These are comprised of options to purchase 451,667 shares at an exercise price of \$7.25 per share that were granted on March 23, 1990, options to purchase 132,000 shares at an exercise price of \$5.75 per share that were granted on May 16, 1991 and options to purchase 40,000 shares at an exercise price of \$4.375 per share that were granted on August 15, 1991. All such options are currently exercisable.

Pursuant to the power granted to it under the Stock Option Plan, the Board of Directors of the Company has amended all such options to provide that they will terminate if not exercised by the Effective Time of the Merger. However, with respect to any option that is not exercised prior to the Effective Time of the Merger, Holdernam will cause the Company, upon surrender of the option agreement, to make a cash payment to the optionee in an amount equal to the number of shares of

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Common Stock covered by such option immediately prior to the Effective Time of the Merger multiplied by the difference between the price to be paid to the Public Stockholders in connection with the Merger and the exercise price of the option. If none of such options is exercised prior to the Effective Time of the Merger, the aggregate amount of such payments will be \$562,466.00. Funds for this purpose will be furnished by Holdernam to the Company, in trust, for the benefit of the holders of such options on the same terms as funds for payment to Public Stockholders are furnished to the Paying Agent. See 'The Merger -- Payment for Shares.'

In addition to the options granted under the Stock Option Plan, options held by certain former key employees of Ideal at the time of the Ideal Merger were repriced and adjusted in connection with the Ideal Merger. These options, which were issued at exercise prices of \$9.50 and \$11.00 (each being considerably higher than the price per share to be paid to the Public Stockholders in connection with the Merger), are essentially valueless and will be canceled at the Effective Time of the Merger by action of the Board of Directors of the Company.

Pursuant to the Holnam Inc. 1990 Employee Stock Purchase Plan (the 'Stock Purchase Plan'), certain eligible employees of the Company may subscribe for originally-issued shares of Common Stock at a purchase price of 90% of the market price (as defined) of the Common Stock on the last business day of each six-month purchase period. Payment of the purchase price for these shares is made by participating employees in installments through payroll deductions. Each of the shares of Common Stock purchased pursuant to the Stock Purchase Plan and held by participating employees at the Effective Time of the Merger will be converted into the right to receive \$7.65 in cash. The Stock Purchase Plan will be terminated in connection with the Merger by action of the Board of Directors of the Company.

#### PAYMENT FOR SHARES

Holdernam has selected American Stock Transfer & Trust Company as paying agent (the 'Paying Agent') to make payments for shares of Common Stock. A letter

of transmittal containing instructions with respect to the surrender of the stock certificates is enclosed herewith. After the Effective Time of the Merger, there will be no further transfers on the stock transfer books of the Company of shares of Common Stock which were outstanding immediately prior to the Effective Time of the Merger. When a certificate representing such shares is presented for transfer, it will be canceled and a check representing the value of the Common Stock will be issued in exchange therefor.

The conversion of the Common Stock into the right to receive cash will occur at the Effective Time of the Merger without regard to the date or dates on which certificates for shares of Common Stock are physically surrendered. Each certificate representing outstanding shares of Common Stock immediately prior to the Effective Time of the Merger (other than shares owned by Holcem) will, at the Effective Time of the Merger, be deemed for all corporate purposes to represent the right to receive cash in lieu of such shares of Common Stock.

Until a certificate which formerly represented shares of Common Stock is actually surrendered to and received by the Paying Agent, the holder thereof will not be entitled to receive the cash consideration to which he is entitled. Subject to applicable law, upon such surrender of the certificates, such payments will be remitted (without interest) to the record holder, net of any withholding taxes that may be applicable. All cash consideration payable to holders of record of Common Stock after the Effective Time of the Merger will be paid by Holdernam to the Paying Agent, in trust, for the benefit of such holders. All such amounts held by the Paying Agent which remain unclaimed at the end of one year after the Effective Time of the Merger will be paid to the Company after which time the Company will act as paying agent and any holder of a certificate which formerly represented Common Stock will, subject to applicable law, be entitled to look as a general creditor only to the Company for payment. However, neither the Company, Holdernam nor the Paying Agent will be liable to a holder of Common Stock for any cash delivered to a public official pursuant to applicable escheat laws.

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#### AMENDMENT AND ABANDONMENT

The board of directors of Holcem may at any time prior to the filing of the Certificate of Ownership and Merger with the Secretary of State of the State of Delaware amend or supplement the Certificate of Ownership and Merger. Any amendment or supplement to the Certificate of Ownership and Merger made prior to such filing that is material to the Public Stockholders will be the subject of additional disclosure material.

The board of directors of Holcem may also at any time prior to such filing terminate and abandon the Merger for any reason sufficient unto itself. The board of directors of Holcem does not currently intend to amend or supplement the Certificate of Ownership and Merger or terminate and abandon the Merger.

#### SOURCE OF FUNDS; EXPENSES

Holderbank will provide the necessary funds to pay the Public Stockholders for the shares of Common Stock held by them, to make payments with respect to employee stock options and to pay the costs and expenses of the Merger. The aggregate of such amounts is expected to be approximately \$54,275,776 if all stock options are exercised and no Public Stockholders perfect their dissenters' appraisal rights and \$53,713,310 if no stock options are exercised and no Public Stockholders perfect their dissenters' appraisal rights.

Holderbank will borrow such funds under existing lines of credit which are more than sufficient for this purpose. Holderbank will make these funds available to Holdernam as a contribution to the capital of Holdernam.

All costs and expenses incurred by Holcem, Holdernam, Holderbank or the Company in connection with the Merger, including Commission filing fees, legal fees and expenses, accounting fees and expenses, printing expenses, investment banker's fees and expenses and the Paying Agent's fees and expenses, will be paid by Holdernam from such funds provided by Holderbank. Such costs and expenses are estimated to be approximately \$1,200,000 in the aggregate.

#### PLANS AND PROPOSALS

Following the Merger, subject to obtaining any amendments, consents or waivers of the provisions in the Company's debt instruments that may be required as well as to the Company's ability to provide necessary funding on acceptable terms, the Company may amend its restated certificate of incorporation so as to permit the redemption of its preferred stock before it currently becomes redeemable, which is May 15, 1997.

#### THE COMPANY'S POST-MERGER CAPITAL STOCK

In the Merger, the Company's restated certificate of incorporation will be



amended to change the capital stock the Company is authorized to issue. The number of authorized shares of Common Stock will be reduced from 200,000,000 shares to 2,000 shares, of which 1,000 will be issued to Holdernam. The number of authorized shares of preferred stock will be reduced from 50,000,000 shares to 2,000 shares, of which 1,034.71333 shares, having rights and preferences equal to the rights and preferences (including liquidation and redemption value) of the 620,828 shares of Series A Preferred Stock currently held by Holcem, will be issued to Holdernam. These changes to the Company's capital stock are expected to reduce the annual franchise taxes payable by the Company to the State of Delaware by up to \$149,000 and permit the Company to pay less of similar taxes to other states in the United States where the Company is authorized to transact business.

#### REPORTING REQUIREMENTS AND EXCHANGE LISTING

As a result of the Merger, the Company will have only one stockholder and will be able and intends to terminate its reporting obligations under the Securities Exchange Act of 1934, as amended (the 'Exchange Act'), and to remove the Common Stock from listing on the NYSE.

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#### CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following summary describes the material Federal income tax consequences to the Public Stockholders who are citizens and residents of the United States. It does not discuss all the tax consequences that may be relevant to the Public Stockholders entitled to receive special treatment under the Internal Revenue Code of 1986, as amended (such as insurance companies, foreign persons and tax-exempt organizations), or to Public Stockholders who acquired their shares of Common Stock pursuant to the exercise of employee stock options or otherwise as compensation.

Under present law, the Merger of Holcem with and into the Company will be treated for Federal income tax purposes as a taxable purchase by Holdernam of the Company's stock from the Public Stockholders.

Gain or loss will be recognized by the Public Stockholders upon their receipt of cash in exchange for their Common Stock equal to the difference between the cash received and the Public Stockholders' basis in the stock exchanged. Such gain or loss will be characterized as capital gain or loss to a Public Stockholder if the Common Stock being exchanged was a capital asset in the hands of such Public Stockholder, and will be long-term capital gain or loss if such stock was held by such Public Stockholder for a period of more than one year.

The Merger will not give rise to any taxable gain or loss for Federal income tax purposes to the Company, Holdernam, Holderbank or Holcem.

A ruling has not been requested from the Internal Revenue Service (the 'IRS') with regard to any of the Federal income tax consequences of the Merger and the statements as to the Federal income tax consequences of the Merger set forth above will not be binding on the IRS.

THE FOREGOING IS ONLY A GENERAL DESCRIPTION OF THE MATERIAL FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER WITHOUT REGARD TO THE PARTICULAR FACTS AND CIRCUMSTANCES OF EACH PUBLIC STOCKHOLDER'S TAX SITUATION. PUBLIC STOCKHOLDERS OF THE COMPANY ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER TO THEM, AND ALSO AS TO ANY STATE, LOCAL, FOREIGN OR OTHER TAX CONSEQUENCES.

#### APPRAISAL RIGHTS

The following summary of the rights of the Public Stockholders seeking appraisal under Section 262 of the DGCL does not purport to be a complete statement thereof and is qualified in its entirety by reference to the applicable statutory provisions of the DGCL, which are attached to this Disclosure Statement as Annex C.

If the Merger is consummated, a holder of record of Common Stock at the Effective Time of the Merger who has followed the procedures set forth under Section 262 of the DGCL ('Section 262') will be entitled to have any or all of his shares of Common Stock appraised by the Delaware Court of Chancery under Section 262. Section 262 represents the exclusive statutory remedy available under Delaware law to holders of Common Stock who elect to seek appraisal of the fair value of their shares. Persons who are beneficial owners of Common Stock but whose shares are held of record by another person, such as a broker, bank or nominee, should timely instruct the record holder to follow the procedure outlined below if such persons wish to seek appraisal with respect to any or all of their shares. Failure to take any necessary step may result in a termination or waiver of appraisal rights under Section 262.

A holder of record of Common Stock electing to exercise appraisal rights under Section 262 must deliver a written demand for appraisal of his Common Stock to the Company prior to February 10, 1994, the proposed Effective Time of the Merger. The written demand must be mailed or delivered to the Company at 6211 North Ann Arbor Road, Dundee, Michigan 48131, Attention: Robert J. Moir, Esq. Such written demand must reasonably inform the Company of the identity of the stockholder of record and that such stockholder intends thereby to demand the appraisal of his shares of Common Stock.

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Only the holder of record of Common Stock is entitled to seek appraisal of the fair value for the shares registered in such holder's name. The demand for appraisal must be executed by or for the holder of record, fully and correctly, as such holder's name appears on the holder's stock certificates. If the stock is owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, the demand should be made in that capacity, and if the stock is owned of record by more than one person, as in a joint tenancy or tenancy in common, the demand should be made by or for all owners of record. An authorized agent, including one of two or more joint owners, may execute the demand for appraisal for a holder of record; however, such agent must identify the record owner or owners and expressly state, in such demand, that the agent is acting as agent for the record owner or owners of such shares.

A record holder, such as a broker, who holds Common Stock as a nominee for beneficial owners, some of whom desire to demand appraisal, must exercise appraisal rights on behalf of such beneficial owners with respect to the shares held for such beneficial owners. In such case, the written demand should set forth the number of shares of Common Stock covered thereby. Otherwise, such demand will be presumed to cover all shares held in the name of such record owner.

Within 120 days after the Effective Time of the Merger, the Company or any Public Stockholder who has complied with the applicable provisions of Section 262 and who is otherwise entitled to appraisal rights under Section 262, may file a petition in the Delaware Court of Chancery demanding a determination of the value of the Common Stock of all the Public Stockholders seeking appraisal. Public Stockholders seeking to exercise appraisal rights should not assume that the Company will file a petition with respect to the appraisal of the fair value of the shares of Common Stock of such stockholders or that the Company will initiate any negotiations with respect to the fair value of such shares. Accordingly, Public Stockholders should initiate all necessary action with respect to the perfection of their appraisal rights within the time periods and in the manner prescribed in Section 262.

Within 120 days after the Effective Time of the Merger, any Public Stockholder who has complied with the above-described provisions of Section 262 is entitled, upon written request, to receive from the Company a statement setting forth the aggregate number of shares of Common Stock with respect to which demands for appraisal have been received by the Company and the aggregate number of holders of such shares. Such written statement must be mailed to the stockholder within ten days after his written request therefor has been received by the Company or within ten days after the Effective Time of the Merger, whichever is later.

If such petition for a determination of the value of the shares of Common Stock of Public Stockholders entitled to appraisal rights is timely filed as discussed above, after a hearing on such petition, the Delaware Court of Chancery will determine the Public Stockholders entitled to appraisal rights and will appraise the shares of Common Stock owned by such stockholders, determining the fair value of such shares exclusive of any element of value arising from the accomplishment or expectation of the Merger, together with a fair rate of interest, if any, to be paid on the amount determined to be the fair value. In determining fair value, the Delaware Court of Chancery is to take into account all relevant factors. Upon application of a Public Stockholder, the Delaware Court of Chancery may order that all or a portion of the expenses incurred by any Public Stockholder in connection with the appraisal proceeding, including, without limitation, reasonable attorneys' fees and the fees and expenses of experts utilized in the appraisal proceeding, be charged pro rata against the value of all shares of Common Stock entitled to appraisal.

Any Public Stockholder who has duly demanded appraisal in compliance with Section 262 will not, after the Effective Time of the Merger, be entitled to vote the shares of Common Stock subject to such demand for any purpose or to receive payment of dividends or other distributions on such shares, except for dividends or other distributions payable to Public Stockholders of record as of a day prior to the Effective Time of the Merger.

A Public Stockholder will effectively lose his right to appraisal if no petition for appraisal is filed in the Delaware Court of Chancery within 120 days after the Effective Time of the Merger. A Public Stockholder may withdraw his demand for appraisal within 60 days after the Effective Time of the Merger

by delivering to the Company a written withdrawal of such stockholder's demand for an appraisal and an acceptance of the Merger, and may withdraw such demand for appraisal thereafter with the written approval of the Company.

In the event an appraisal proceeding is properly instituted, such proceeding may not be dismissed as to any Public Stockholder who has established his right of appraisal under the provisions of Section 262 without the approval of the Delaware Court of Chancery, and any such approval may be conditioned upon such terms as the Court of Chancery deems just.

FAILURE TO TAKE ANY REQUIRED STEP IN CONNECTION WITH THE EXERCISE OF APPRAISAL RIGHTS MAY RESULT IN THE TERMINATION OF SUCH RIGHTS. IN VIEW OF THE COMPLEXITY OF THESE PROVISIONS OF THE DGCL, PUBLIC STOCKHOLDERS WHO ARE CONSIDERING EXERCISING THEIR RIGHTS UNDER SECTION 262 SHOULD CONSULT THEIR LEGAL ADVISORS.

This Disclosure Statement also constitutes notice by the Company to the Public Stockholders pursuant to Section 262(d)(2) that appraisal rights are available for any or all of the shares of Common Stock owned by them.

MARKET INFORMATION AND DIVIDEND POLICY

MARKET INFORMATION

The Common Stock is listed on the NYSE under the symbol HLN. The trading of such stock began on March 9, 1990.

The following table sets forth for the period indicated the quarterly high and low sales prices of the Common Stock for 1993 and 1992 as reported on the NYSE composite transactions tape:

<TABLE>  
<CAPTION>

	1993 SALES PRICES		1992 SALES PRICES	
	HIGH	LOW	HIGH	LOW
<S>	<C>	<C>	<C>	<C>
First Quarter.....	\$ 3.875	\$ 2.875	\$ 5.00	\$ 3.75
Second Quarter.....	5.625	2.875	4.25	2.875
Third Quarter.....	5.50	4.125	3.375	2.875
Fourth Quarter.....	7.375	4.625	4.25	2.625

</TABLE>

The closing sales price for the Common Stock on the NYSE on January 6, 1994, the last trading day before the public announcement of the Merger, was \$6.75.

HOLDERS

The approximate number of record holders of the Common Stock as of January 6, 1994 was 6,260.

DIVIDENDS

The Company has paid no dividends on its Common Stock during the past two fiscal years. Certain of the Company's debt instruments presently limit the Company's ability to pay dividends on the Common Stock. The most restrictive such limit provides that the Company may declare and pay cash dividends on the Common Stock up to a maximum of \$15,000,000 in any fiscal year if the ratio of earnings before interest, taxes, depreciation and amortization (excluding St. Lawrence) to interest expense (excluding St. Lawrence) is 3.00 or greater. Under this limit, the Company was not permitted to pay cash dividends with respect to 1992 and is not expected to be permitted to pay cash dividends with respect to 1993. Payment of dividends is otherwise within the discretion of the Company's Board of Directors and will depend on the earnings, capital requirements and operating and financial condition of the Company, among other factors.

RATIO OF EARNINGS TO FIXED CHARGES

For the purpose of calculating the ratio of earnings to fixed charges, earnings consist of the amount of fixed charges plus earnings before income taxes and extraordinary items. Fixed charges consist of interest and the portion of rent deemed representative of the interest factor. For the years ended December 31, 1991 and 1992 and the nine months ended September 30, 1993, earnings as defined were less than fixed charges by approximately \$115,570,000, \$66,112,000 and \$3,073,000, respectively.

The Company's book value per share as of December 31, 1992 was \$3.23 and as of September 30, 1993 was \$2.69.

PRINCIPAL AND MANAGEMENT STOCKHOLDINGS

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table sets forth information concerning persons or groups who are known to be the beneficial owners of more than 5% of the Common Stock as of January 7, 1994.

<TABLE>  
<CAPTION>

NAMES AND ADDRESS OF BENEFICIAL OWNERS(1)	NUMBER OF SHARES OF COMMON STOCK BENEFICIALLY OWNED	PERCENT OF COMMON STOCK
<S>	<C>	<C>
Holcem Inc. 6211 North Ann Arbor Road Dundee, Michigan 48131.....	128,491,701 (2)	94.9%
Holdernam Inc. 6211 North Ann Arbor Road Dundee, Michigan 48131.....	128,491,701 (2)	94.9%
'Holderbank' Financiere Glaris Ltd. Insel 14 CH-8750 Glaris Switzerland.....	128,491,701 (2)	94.9%
Thomas Schmidheiny Zuercherstrasse 170 CH-8645 Jona Switzerland.....	128,491,701 (2)	94.9%

</TABLE>

(1) As used in this table, 'beneficial ownership' means the sole or shared power to vote, or to direct the voting of, a security, or the sole or shared investment power with respect to a security (i.e., the power to dispose of, or to direct the disposition of, a security). In addition, for purposes of this table, a person is deemed, as of any date, to have 'beneficial ownership' of any security that such person has the right to acquire within 60 days after such date.

(2) Holcem is a wholly-owned subsidiary of Holdernam. Holdernam is a wholly-owned subsidiary of Holderbank. Holderbank has presently issued and outstanding 14,100,000 shares of voting stock. Of these, 10,100,000 are registered shares and 4,000,000 nonregistered or bearer shares. Holders of bearer shares are not generally known by Holderbank. However, holders of registered shares can be identified. Based on the share register, Swiss entities controlled by Mr. Thomas Schmidheiny and Societe Suisse de Ciment Portland S.A., a publiclyheld Swiss corporation ('SSCP'), are the sole holders of registered shares corresponding to more than 5% of the voting stock of Holderbank. Through various Swiss entities, legally or beneficially, directly or indirectly, Mr. Thomas Schmidheiny holds approximately 48% of Holderbank's voting stock and SSCP holds approximately 9% of Holderbank's voting stock. Mr. Schmidheiny is also a director of SSCP. SSCP's address is 23, Faubourg de l'hospital, 2000 Neuchatel, Switzerland. Messrs. Amstutz, Byland and Schrafl, directors of the Company, are directors or officers of Holcem, Holdernam and/or Holderbank.

SECURITY OWNERSHIP OF MANAGEMENT

Shares of Common Stock beneficially owned as of January 7, 1994 by each director of the Company, by each named executive officer and by all current directors and executive officers of the Company as a group are set forth in the following table. This table is based on information furnished to the Company by such persons and statements filed with the Commission.

<TABLE>  
<CAPTION>

	NUMBER OF SHARES OF COMMON STOCK BENEFICIALLY OWNED*	PERCENT OF COMMON STOCK
<S>	<C>	<C>

Max D. Amstutz.....	0 (1) (2)	0
Robert A. Bicks.....	500	**
Robert F. Boyd.....	32,000	**
Peter Byland.....	250 (1) (2)	**
Thomas L. Cassidy	4,000	**
Frank J. DeWitt.....	0	0
Jack Edwards.....	250	**
Herbert C. Pinder.....	2,000	**
Anton E. Schrafl.....	250 (1) (2)	**
Samuel K. Scovil.....	3,000	**
George B. Weathersby.....	500	**
Paul A. Yhouse.....	21,761	**
David A. Smith.....	57,631	**
R. Michael Johnson.....	23,000	**
Robert J. Moir.....	55,148	**
All directors and executive officers as a group (24 persons).....	321,967 (3)	**

</TABLE>

- - - - -

\* Includes shares subject to options which are exercisable any time within 60 days of January 6, 1994.

\*\* Less than 1% of the Common Stock.

- (1) Does not include 128,491,701 shares of Common Stock owned by Holcem. Messrs. Amstutz, Byland and Schrafl are directors or officers of Holderbank, Holdernam and/or Holcem.
- (2) Does not include 10,498,748 Class A subordinate shares and 15,252,848 Class B shares of St. Lawrence stock. Messrs. Amstutz, Byland, DeWitt, Schrafl and Yhouse are directors or officers of Holderbank, Holdernam, Holcem and/or St. Lawrence.
- (3) Includes 197,000 shares of Common Stock which are subject to outstanding options under the Holnam Inc. 1990 Stock Option Plan and 33,887 shares of Common Stock which are subject to options previously issued under the Ideal Basic Industries, Inc. 1981 Stock Option Plan for Key Employees. See 'The Merger -- Stock Options and Benefit Plans.'

#### SECURITY OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS OF HOLDERBANK, HOLDERNAM AND HOLCEM

Except for Peter Byland and Anton E. Schrafl, who are directors of the Company and who own 250 shares of Common Stock each, none of the directors and executive officers of Holderbank, Holdernam and Holcem has any interest in the Common Stock or other securities of the Company or other involvement with the Company except through his positions with Holderbank, Holdernam and/or Holcem. See Note (2) under 'Principal and Management Stockholdings -- Security Ownership of Certain Beneficial Owners' and 'Principal and Management Stockholdings -- Security Ownership of Management.'

#### ADDITIONAL AVAILABLE INFORMATION

The Company is currently subject to the informational requirements of the Exchange Act, and in accordance therewith files reports, proxy statements and other information with the Commission (although the Company will be able and intends to terminate its reporting obligations under the Exchange Act promptly after the Effective Time of the Merger). Such reports, proxy statements and other information can be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, and at the Commission's Regional Offices at 7 World Trade Center, New York, New York 10048 and Citicorp Center, 500 West Madison, Suite 1400, Chicago, Illinois 606212511. Copies of such material can be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, copies of such reports, proxy statements and other information concerning the Company may also be inspected and copied at the library of the New York Stock Exchange at 20 Broad Street, New York, New York 10005.

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In addition, Holderbank, Holdernam and Holcem have filed with the Commission a Rule 13e-3 Transaction Statement (the 'Schedule 13E-3') furnishing certain additional information with respect to the transaction described herein. The Schedule 13E-3 and all amendments thereto, including exhibits, can be inspected and copied at the public reference facilities maintained by Commission set forth above.

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Holnam Inc.:

We have audited the accompanying consolidated balance sheets of HOLNAM INC. (a Delaware corporation) AND SUBSIDIARIES as of December 31, 1992 and 1991, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1992. These financial statements are the responsibility of Holnam's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of St. Lawrence Cement Inc., which statements reflect assets constituting 43% and 42% of the consolidated totals as of December 31, 1992 and 1991, respectively, and revenues constituting 42%, 47% and 52% of the consolidated totals for the years ended December 31, 1992, 1991 and 1990, respectively. Those statements, prior to reflecting certain adjustments to conform and translate such statements to U.S. generally accepted accounting principles using U.S. dollars, were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for that entity, is based solely upon the reports of the other auditors.

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

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Holnam Inc. and subsidiaries as of December 31, 1992 and 1991, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1992, in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the accompanying index are the responsibility of Holnam's management and are presented for purposes of complying with the Securities and Exchange Commission's rules and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in our audits of the basic consolidated financial statements and, in our

opinion, based on our audits and the reports of other auditors, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

ARTHUR ANDERSEN & CO.

Detroit, Michigan,  
February 19, 1993.

AUDITORS' REPORT

To the Shareholders of  
ST. LAWRENCE CEMENT INC.

We have audited the consolidated balance sheets of St. Lawrence Cement Inc. as at December 31, 1992 and 1991 and the consolidated statements of operations, retained earnings and changes in financial position for the years ended December 31, 1992, 1991 and 1990. 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 audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1992 and 1991 and the results of its operations and the changes in its financial position for the years ended December 31, 1992, 1991 and 1990 in accordance with Canadian generally accepted accounting principles.

PEAT MARWICK THORNE  
Chartered Accountants

Montreal, Canada  
February 3, 1993

HOLNAM INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 1992 AND 1991

<TABLE>  
<CAPTION>

<S>

Current Assets:

	1992	1991
	-----	-----
	(000'S OMITTED, EXCEPT SHARE AMOUNTS)	
	<C>	<C>
ASSETS		
Cash and cash equivalents.....	\$ 7,527	\$ 12,155
Receivables, less allowances of \$13,749 in 1992 and \$14,058 in 1991.....	178,540	182,828
Inventories and supplies (Note 5).....	177,875	199,524
Prepaid expenses and other.....	5,271	11,702
	-----	-----
Total current assets.....	369,213	406,209
	-----	-----
Property, Plant and Equipment, net (Notes 6 and 9).....	855,882	929,114
	-----	-----
Cost in excess of net assets acquired (Note 3).....	62,008	58,761
	-----	-----
Other assets (Notes 7, 8 and 11).....	66,029	62,505
	-----	-----
Total assets.....	\$1,353,132	\$1,456,589
	-----	-----

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:

Notes payable (Note 9).....	\$ 3,000	--
Current portion of long-term debt (Note 9).....	13,013	12,909
Accounts payable (Note 12).....	55,153	54,191
Accrued liabilities.....	34,486	37,862
Accrued compensation.....	17,541	18,780
Accrued interest.....	9,062	8,799
Accrued restructuring costs (Note 4).....	10,112	5,538
	-----	-----
Total current liabilities.....	142,367	138,079

Long-term debt (Notes 9 and 12)	584,452	606,605
Other liabilities (Notes 4, 11 and 13)	21,484	27,795
Deferred income taxes (Note 10)	58,253	74,210
Minority equity (Note 3)	111,100	128,692
Commitments and contingencies (Notes 13 and 14)		
Stockholders' equity:		
Preferred stock, \$.10 par value, 50,000,000 shares authorized, none issued	--	--
Common stock, \$.01 par value, 200,000,000 shares authorized, 134,971,136 and 134,850,035 shares issued and outstanding in 1992 and 1991, respectively	1,350	1,349
Additional paid-in capital	457,156	456,810
Retained earnings (deficit) (Note 9)	(23,390)	5,182
Cumulative translation adjustment	360	17,867
Total stockholders' equity	435,476	481,208
Total liabilities and stockholders' equity	\$1,353,132	\$1,456,589

</TABLE>

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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HOLNAM INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME  
FOR THE THREE YEARS ENDED DECEMBER 31, 1992

<TABLE>  
<CAPTION>

	1992	1991	1990
	(000'S OMITTED, EXCEPT PER SHARE AMOUNTS)		
	<C>	<C>	<C>
Net sales	\$946,176	\$979,297	\$1,074,579
Cost of sales	836,066	857,520	912,771
Selling, general and administrative expenses	109,789	119,997	116,392
Unusual charges (Note 4)	11,037	61,672	--
Income (loss) from operations	(10,716)	(59,892)	45,416
Interest expense, net (Note 9)	51,808	56,534	58,942
Other (income) expense	4,469	(4,416)	(3,103)
Income (loss) before income taxes and minority equity in net income (loss)	(66,993)	(112,010)	(10,423)
Income tax provision (Credit) (Note 10)	(23,657)	(13,794)	6,168
Minority equity in net income (loss) (Note 3)	(14,764)	(3,162)	8,525
Net income (loss)	\$ (28,572)	\$ (95,054)	\$ (25,116)
Net income (loss) per share	\$ (.21)	\$ (.71)	\$ (.22)

</TABLE>

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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HOLNAM INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
FOR THE THREE YEARS ENDED DECEMBER 31, 1992

<TABLE>  
<CAPTION>

COMMON STOCK						
SHARES	PAR VALUE	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS (DEFICIT)	CUMULATIVE TRANSLATION ADJUSTMENT	TOTAL	



<S>	<C>	(000'S OMITTED, EXCEPT PER SHARE AMOUNTS)	<C>	<C>	<C>	<C>
Balance, December 31, 1989.....	98,103,460	\$ --	\$249,625	\$ 125,352	\$16,650	\$391,627
Add (deduct) -						
Net loss.....	--	--	--	(25,116)	--	(25,116)
Translation of foreign currency financial statements.....	--	--	--	--	390	390
Issuances of common stock (Notes 3 and 15).....	36,659,714	--	208,147	--	--	208,147
Conversion from no par to \$.01 par of common stock.....	--	1,348	(1,348)	--	--	--
Balance, December 31, 1990.....	134,763,174	1,348	456,424	100,236	17,040	575,048
Add (deduct) -						
Net loss.....	--	--	--	(95,054)	--	(95,054)
Translation of foreign currency financial statements.....	--	--	--	--	827	827
Issuances of common stock (Note 15)...	86,861	1	386	--	--	387
Balance, December 31, 1991.....	134,850,035	1,349	456,810	5,182	17,867	481,208
Add (deduct) -						
Net loss.....	--	--	--	(28,572)	--	(28,572)
Translation of foreign currency financial statements.....	--	--	--	--	(17,507)	(17,507)
Issuances of common stock (Note 15)...	121,101	1	346	--	--	347
Balance, December 31, 1992.....	134,971,136	\$1,350	\$457,156	\$ (23,390)	\$ 360	\$435,476

</TABLE>

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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HOLNAM INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE THREE YEARS ENDED DECEMBER 31, 1992

<TABLE>  
<CAPTION>

<S>	1992	1991	1990
	(000'S OMITTED, EXCEPT PER SHARE AMOUNTS)		
<C>	<C>	<C>	<C>
Cash flows from operating activities:			
Net income (loss).....	\$ (28,572)	\$ (95,054)	\$ (25,116)
Adjustments to reconcile net income (loss) to net cash provided by operating activities (net of effects of acquisitions) -			
Unusual charges (Note 4).....	11,037	61,672	--
Depreciation, depletion and amortization.....	79,918	82,157	76,792
Net gain on dispositions of property, plant and equipment.....	(2,256)	(917)	(1,003)
Deferred income taxes.....	(11,945)	(19,554)	659
Minority interest in net income (loss), net of dividends paid.....	(16,598)	(8,154)	(2,081)
Change in -			
Receivables.....	(3,433)	17,754	9,251
Inventories and supplies.....	13,356	(1,955)	(19,033)
Prepaid expenses and other.....	3,666	613	3,752
Accounts payable and accrued liabilities.....	(2,503)	(2,943)	(17,113)
Other assets and other liabilities.....	(12,110)	3,828	(10,901)
Cash provided by operating activities.....	30,560	37,447	15,207
Cash flows from investing activities:			
Proceeds from sales of assets.....	15,529	4,005	3,385
Capital expenditures (including capitalized interest of \$1,562 in 1991 and \$1,559 in 1990).....	(47,753)	(54,178)	(94,410)
Advances to BoxCrow (Note 8).....	--	(8,026)	(4,500)
Acquisitions of subsidiaries and investments in unconsolidated entities (Note 3).....	(5,688)	(45,090)	(114,038)
Other investing activities.....	244	(986)	7,643
Cash used for investing activities.....	(37,668)	(104,275)	(201,920)
Cash flows from financing activities:			
Issuance of common stock.....	347	387	100,147
Proceeds from short-term borrowings, net.....	3,000	--	--
Repayment of long-term borrowings.....	(221,993)	(263,026)	(347,656)
Proceeds from long-term borrowings.....	217,158	332,097	411,547

Other.....	3,968	1,936	1,146
	-----	-----	-----
Cash provided by financing activities.....	2,480	71,394	165,184
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents.....	(4,628)	4,566	(21,529)
Cash and cash equivalents, beginning of year.....	12,155	7,589	29,118
	-----	-----	-----
Cash and cash equivalents, end of year.....	\$ 7,527	\$ 12,155	\$ 7,589
	-----	-----	-----
Supplemental disclosures of cash flow information:			
Interest paid.....	\$ 50,802	\$ 52,983	\$ 58,633
	-----	-----	-----
Income taxes paid, net of refunds in 1991.....	\$ 2,899	\$ (5,736)	\$ 15,815
	-----	-----	-----
Supplemental disclosure of noncash investing and financing activities:			
In 1990, Holnam issued approximately 14.4 million common shares in a noncash transaction (see Note 3)			
In 1992, St. Lawrence issued preferred stock in a noncash transaction (see Note 3)			

</TABLE>

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The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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HOLNAM INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) BACKGROUND

Holnam Inc. and its subsidiaries (Holnam) are involved in the production and sale of cement and certain related products. As of December 31, 1992, approximately 95.2% of the outstanding shares of common stock were owned by Holdernam Inc. (Holdernam). Holdernam, in turn, is a wholly-owned subsidiary of 'Holderbank' Financiere Glaris, Ltd. (Holderbank), a publicly-traded Swiss corporation.

Most of Holnam's sources of financing are supported by Holderbank letters of comfort. In view of Holnam's current financial circumstances, Holnam's ongoing ability to borrow from these sources is dependent on Holderbank's continuance of such support and the lenders' acceptance of these letters of comfort. Without such support, Holnam's existing sources of financing would be in jeopardy and its ability to secure other sources of financing cannot be assured.

Throughout the reporting period, Holnam has held an approximate 60% interest (59% at December 31, 1992) in St. Lawrence Cement, Inc. (St. Lawrence), a publicly-traded Canadian corporation. In addition, throughout the reporting period, Holnam has held interests in Dundee Cement Company (Dundee) and Ideal Basic Industries (Ideal). As of January 1, 1990, Holnam owned 100% of Dundee and 67.4% of Ideal. During 1990 the 32.6% minority interest in Ideal was acquired by Holnam; Dundee and Ideal were then merged with and into Holnam (see Note 3).

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Holnam and its subsidiaries. All significant intercompany accounts and transactions have been eliminated.

REVENUE RECOGNITION

Revenue from the sale of cement and related products is recorded at the time of passage of title, which generally is when the products are shipped.

INVENTORIES AND SUPPLIES

Production inventories are valued at the lower of average cost or market. Cost includes material, labor and manufacturing overhead. Supplies and spare parts are inventoried when purchased, and when they are placed in service they are charged to expense or capitalized as plant and equipment, as appropriate.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost less accumulated depreciation and depletion. Depreciation and depletion is provided based on estimated service lives using the straight-line method for financial reporting purposes. Estimated service lives are as follows:

<TABLE> <CAPTION>	YEARS -----
<S>	<C>
Land improvements.....	10 to 50
Buildings and improvements.....	8 to 45
Machinery and equipment.....	3 to 25
</TABLE>	

Betterments, renewals and extraordinary repairs that extend the life of the asset are capitalized; other repairs and maintenance costs are expensed. The cost and accumulated depreciation applicable to assets retired are removed from the accounts and the gain or loss on disposition recognized in income.

Quarry preparation and reclamation costs are expensed when incurred.

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HOLNAM INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

COST IN EXCESS OF NET ASSETS ACQUIRED

Cost in excess of net assets acquired is amortized on a straight-line basis over 40 years. As of December 31, 1992 and 1991, the accumulated amortization was approximately \$20,000,000 and \$ 18,000,000, respectively.

INCOME TAXES

Holnam and its U.S. subsidiaries file a consolidated U.S. income tax return with other members of the Holdernam group and share in the resulting tax liability (or benefit) in accordance with the terms of an intercompany tax sharing agreement. Under the provisions of the tax sharing agreement, each member of the Holdernam group determines its tax liability (benefit) based on the tax it would pay as a separate company (or, in the event of a loss, based on the benefit received by the group company for its separate company losses), and pays or receives payment from Holdernam accordingly.

Provision is made for appropriate taxes on unremitted earnings of St. Lawrence.

Income taxes are provided based upon Statement of Financial Accounting Standards No. 96, 'Accounting for Income Taxes'. As required, Holnam will adopt the provisions of Statement of Financial Accounting Standards No. 109, 'Accounting for Income Taxes' in 1993. Adoption of this statement will not have a significant impact on Holnam's consolidated financial position or results of operations.

NET INCOME (LOSS) PER SHARE

Net income (loss) per share for each of the respective years has been computed by dividing net income (loss) by the weighted average number of common shares outstanding during the year. The weighted average number of common shares for 1992, 1991 and 1990 was 134,882,927, 134,782,030 and 115,669,884, respectively.

FOREIGN CURRENCY TRANSLATION

For significant foreign operations, the local currencies have been designated as the functional currencies; the assets and liabilities of such foreign subsidiaries are translated into U.S. dollars at year-end rates, and income and expenses are translated at average rates for the year. Changes in the cumulative foreign currency translation adjustment are included in stockholders' equity. For certain U.S. operations of St. Lawrence for which the Canadian dollar has been designated as the functional currency, translation losses are included in income and amounted to \$6,211,000, \$3,296,000 and \$3,429,000 in 1992, 1991 and 1990, respectively.

CASH FLOW INFORMATION

For purposes of the consolidated statement of cash flows all short-term investments with an original maturity less than three months are considered to be cash equivalents.

RECLASSIFICATIONS

Certain reclassifications have been made to the 1991 and 1990 financial statements to conform to the 1992 presentation.

(3) MERGER, ACQUISITIONS AND INVESTMENTS IN UNCONSOLIDATED ENTITIES

In January 1990, Dundee acquired all of the outstanding common shares of Northwestern States Portland Cement Company (Northwestern States) for an aggregate purchase price of \$22.4 million. In

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HOLNAM INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

addition, Dundee paid approximately \$21.9 million of outstanding indebtedness of Northwestern States. The total cash outlay was approximately \$46.9 million, including direct costs of the acquisition.

In March 1990, Ideal shareholders approved a plan of merger through which Holnam acquired all of the remaining 32.6% minority interest in Ideal by issuing one share of Holnam stock for every four shares of Ideal stock held by the Ideal minority shareholders. The total cost of the acquisition of the minority interest, including the value of the shares issued (calculated at \$7.50 per share) and the related costs (approximately \$8 million) incurred in conjunction with the merger, was \$116 million.

In August 1990, Holnam acquired all of the outstanding common shares of United Cement Company. The aggregate purchase price was \$60.7 million, including direct costs of the acquisition.

In October 1990, Holnam acquired the assets of Diversified Materials Inc. for approximately \$2 million.

The transactions discussed above have been accounted for as purchases and the total purchase price was allocated, based upon estimates of fair value, as follows (in thousands):

<TABLE>		
<S>		<C>
Net working capital.....		\$18,608
Cost in excess of net assets acquired.....		4,795
Property, plant and equipment, net.....		185,331
Long-term debt.....		4,732
Other, net.....		12,084
		-----
Total purchase price.....		\$225,550
		-----
		-----
</TABLE>		

Unaudited, pro forma consolidated results of operations, assuming that the acquisitions of Northwestern States, United Cement Company, Diversified Materials Inc. and of the minority interests in Ideal had occurred as of January 1, 1990, follow (in thousands except per share data):

<TABLE>		
<CAPTION>		
		YEAR ENDED
		DECEMBER 31, 1990
		-----
<S>		<C>
Net sales.....		\$ 1,098,830
Net loss.....		(30,558)
Net loss per share.....		(.26)
		-----
</TABLE>		

These results include adjustments for increased amortization, depreciation, interest and income tax expense and elimination of minority equity in net loss, and are not necessarily indicative of what the actual results of operations would have been had the acquisitions taken place on January 1, 1990.

During 1991, St. Lawrence acquired a 10.8% interest in Philip Environmental Inc., two ready-mix operations, and a 49% interest in Unilock Inc. Also in 1991, Holnam acquired a 49.98% interest in Cemtech LP, a limited partnership specializing in programs involving waste derived fuels and raw materials associated with the cement industry. The aggregate purchase prices totaling \$45.0 million have been accounted for as either cost method investments (\$22.0 million), equity method investments (\$17.2 million) or business combinations accounted for as purchases (\$5.8 million), as appropriate. The pro-forma effect of the 1991 business combinations, had they occurred as of January 1, 1990, on

the consolidated results of operations for the years ended December 31, 1991 and 1990 is not material.

During 1992, St. Lawrence acquired Beton Mathers, an eastern Canada concrete operation. The acquisition price was \$11.6 million. This acquisition was funded with \$3.1 million cash and the issuance of \$8.5 million of St. Lawrence preferred stock that has a 7% cumulative dividend, callable after 5 years and redeemable after 5 years and before 10 years. In addition, Holnam purchased the assets of C-Cure of Florida, Inc., a blender of grouts and cement products for a price of approximately \$1.6 million. The pro-forma effect of the 1992 business combinations, had they occurred as of January 1, 1991, on the consolidated results of operations for the years ended December 31, 1992 and 1991 is not material. Also, St. Lawrence acquired a 49% interest in Euclid Admixture Canada Inc., an admixture company, for a price of approximately \$1.0 million.

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HOLNAM INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

(4) UNUSUAL CHARGES

Unusual charges consisted of the following (in thousands):

	1992	1991
	-----	-----
<TABLE>		
<CAPTION>		
<S>	<C>	<C>
Restructuring charges (see below).....	\$11,037	\$18,556
BoxCrow (Note 8).....	--	38,616
Litigation settlement and other.....	--	4,500
	-----	-----
	\$11,037	\$61,672
	-----	-----
	-----	-----
</TABLE>		

During the fourth quarter of 1992, St. Lawrence committed to a restructuring plan to significantly reduce costs and recorded a pre-tax charge of \$11.0 million. The charge includes consulting costs, separation costs of employees leaving St. Lawrence, and other restructuring costs.

During the fourth quarter of 1991, Holnam implemented a restructuring plan to reduce costs and rationalize facilities within its U.S. operations. In connection with this plan, Holnam recorded a pre-tax charge of \$18.6 million. The restructuring charge included future costs under a non-cancellable facility lease, provisions for employee relocation, separation costs for employees leaving the Company and reductions (to net realizable value) in the carrying amount of assets related to facilities that management had concluded should be sold or closed.

(5) INVENTORIES AND SUPPLIES

Inventories and supplies consisted of the following as of December 31 (in thousands):

	1992	1991
	-----	-----
<TABLE>		
<CAPTION>		
<S>	<C>	<C>
Raw materials.....	\$ 16,005	\$ 26,520
Finished goods and work-in-process.....	88,823	102,409
Supplies and spare parts.....	73,047	70,595
	-----	-----
	\$177,875	\$199,524
	-----	-----
	-----	-----
</TABLE>		

(6) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following as of December 31 (in thousands):

	1992	1991
	-----	-----
<TABLE>		
<CAPTION>		
<S>	<C>	<C>

Land, land improvements and mineral deposits.....	\$ 97,565	\$ 102,038
Buildings, machinery and equipment.....	1,392,263	1,454,276
Construction in progress.....	43,519	44,331
	-----	-----
	1,533,347	1,600,645
Less -- Accumulated depreciation and depletion.....	677,465	671,531
	-----	-----
Property, plant and equipment.....	\$ 855,882	\$ 929,114
	-----	-----

</TABLE>

(7) OTHER ASSETS

Other assets consisted of the following as of December 31 (in thousands):

	1992	1991
	-----	-----
<S>	<C>	<C>
Investments in unconsolidated entities (Note 3).....	\$36,749	\$39,509
Long-term receivables.....	23,415	18,554
Other.....	5,865	4,442
	-----	-----
	\$66,029	\$62,505
	-----	-----

</TABLE>

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HOLNAM INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

At December 31, 1992 the fair value of long-term receivables, estimated using the expected future cash flows discounted at interest rates between 4.5% and 6.0%, approximated \$21 million.

The fair value of St. Lawrence's investment in Philip Environmental Inc., carried at its original cost of approximately \$20.0 million (differs from 1991 U.S. dollar acquisition costs of \$22.0 million discussed in Note 3 due to the strengthening of the U.S. dollar in 1992), approximated \$26 million at December 31, 1992.

(8) BOXCROW

In 1989, Holnam acquired an option to purchase the business and assets of BoxCrow Cement Company, L.P. (BoxCrow) and a 50% equity interest of \$500 in the general partner of BoxCrow. Holnam terminated its option to purchase the business and assets of BoxCrow in September, 1991.

During the period of this option, Holnam agreed to provide working capital and management services. Under the working capital agreement, Holnam was obligated to provide working capital loans to BoxCrow, the repayment of which is, in general, subordinate to other BoxCrow indebtedness. The loans are due by January 1, 1999 and are interest bearing. As of December 31, 1991 and 1990, Holnam had made working capital loans of \$30.6 million and \$22.6 million, respectively, to BoxCrow. In 1992, holders of senior debt and other obligations drew \$5.8 million on Holnam-reimbursable letters of credit. These draws, which were fully reserved in 1991, became additional subordinated working capital loans to BoxCrow. As such, at December 31, 1992 the total working capital loans approximate \$36.4 million.

Holnam management believes it is highly unlikely that BoxCrow will repay the working capital loans. A provision of \$38.6 million was recorded in 1991 to reduce the carrying value of subordinated working capital loans to their estimated net realizable value. In August 1992, BoxCrow filed for Chapter 11 bankruptcy protection. In mid-September, the bankruptcy court appointed a trustee to oversee the business and assets of BoxCrow for an indefinite period. Holnam's obligations under its management agreement expired in September, 1992.

(9) SHORT-TERM NOTES PAYABLE AND LONG-TERM DEBT

At December 31, 1992, Holnam had \$3,000,000 outstanding on a \$13,000,000 short-term uncommitted credit agreement expiring in December 1993. Interest is at LIBOR plus .6%. This facility is used to fund Holnam's working capital requirements. Additionally, St. Lawrence has available, for working capital requirements, a series of short-term, uncommitted credit agreements with several banks aggregating approximately \$76.3 million (\$97,000,000 Canadian) expiring in December 1993, none of which was outstanding at December 31, 1992. Interest is at bank prime rate. Outstanding balances are payable on demand.

HOLNAM INC. AND SUBSIDIARIES  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Long-term debt consisted of the following as of December 31:

<u>&lt;TABLE&gt;</u> <u>&lt;CAPTION&gt;</u>	1992	1991
	(IN THOUSANDS)	
<u>&lt;S&gt;</u>	<u>&lt;C&gt;</u>	<u>&lt;C&gt;</u>
Revolving Lines of Credit --		
\$225,000,000 credit agreement, due 1995, unsecured, interest not to exceed LIBOR plus .5-.625%, 4.1% average interest rate as of December 31, 1992 (a).....	\$ 80,000	\$100,000
Canadian \$200,000,000, unsecured (U.S. \$156,625,000 at December 31, 1992) available in Canadian or U.S. dollars; additional \$40,000,000 available only in U.S. dollars. Borrowings outstanding at December 31, 1992 consist of U.S. \$65,000,000 and Canadian \$148,978,000 (U.S. \$117,171,000). Due 1994, convertible to a term loan payable over a six year period. Various interest rates, average interest rate as of December 31, 1992 was 6.17% (b) (f).....	182,171	167,501
Credit agreement, paid in 1992.....	--	50,000
Credit agreement, due 1994, convertible into a term loan payable in seven quarterly installments of \$4,375,000 commencing in 1996 with final payment of \$4,375,000 in 1998, interest at 8.00% (c) (f).....	35,000	35,000
Total revolving lines of credit.....	297,171	352,501
Senior Notes, Term Notes and Loans --		
Term loan, due in 2001, payable in annual installments of approximately \$23,300,000 in 1999, 2000 and 2001, interest at 9.75% (c) (f).....	70,000	70,000
Term loan, due 1998, interest at 8.03% (c) (f).....	30,000	30,000
8 1/2% senior notes, due in 1993 (c).....	2,875	5,750
14 1/4% senior notes, due in annual installments of \$1,000,000 through 1995 (c).....	3,000	4,000
9.5% senior notes, payable in annual installments of \$3,000,000 in 1993 through 1997 (c).....	15,000	17,000
Other notes and loans.....	5,611	7,128
Total senior notes, term notes and loans.....	126,486	133,878
Industrial Revenue Bonds (d) --		
7% Industrial Revenue Bonds, due in 1995, secured by a letter of credit.....	18,000	18,000
6.8% Revenue Bonds, net of discount of \$13,594,000 in 1992 and \$14,031,000 in 1991, respectively; due in various installments between 1999 and 2009.....	53,336	52,899
5.8% Pollution Control Revenue Bonds, net of discount of \$50,000 in 1992 and \$150,000 in 1991, respectively, due in 1993.....	1,560	3,622
Other.....	4,623	4,888
Total Industrial Revenue Bonds.....	77,519	79,409
Subordinated Notes --		
8% senior subordinated notes, unsecured, payable in semi-annual installments of \$1,000,000 through 1997 (c).....	10,000	12,000
Currently non-interest bearing subordinated notes (e).....	50,000	--
9.6% subordinated notes, net of discount of \$19,000 and \$39,000 as of December 31, 1992 and 1991, respectively, due in 1998.....	16,126	16,106
16% subordinated notes, due in 1998.....	5,000	5,000
Total Subordinated Notes.....	81,126	33,106
Other --		
Sinking fund debentures, 9.25% coupon rate, unsecured, publicly-held, net of discount of \$2,937,000 in 1992 and \$4,229,000 in 1991, respectively, sinking fund payments in various installments between 1996 and 2000.....	\$ 12,329	\$ 16,849
Capital lease obligations, interest at an average of 9.42% and payable through 1998.....	2,834	3,771
Total other obligations.....	15,163	20,620
Total long-term debt.....	597,465	619,514
Less current portion of long-term debt.....	13,013	12,909

</TABLE>





1994.....	56,813
1995.....	116,076
1996.....	38,067
1997.....	49,337
Thereafter.....	324,159
	-----
	\$597,465
	-----
	-----

</TABLE>

The fair value of Holnam's long-term, fixed rate debt (excluding debt on which interest rate swap agreements have been entered into) at December 31, 1992 has been estimated based on quoted market prices for the issue, or on the current rates offered to Holnam for debt of the same or similar remaining maturities. The carrying amount of such debt totalled \$197 million, while the estimated fair value is \$221 million.

The fair value of interest rate swaps, approximately \$17 million, is the estimated amount that Holnam would pay to terminate the swap agreements at December 31, 1992, taking into consideration the current interest rates.

(10) INCOME TAXES

Income (loss) before income taxes and minority equity in income (loss) consisted of the following for the years ended December 31 (in thousands):

<TABLE>

<CAPTION>

	1992	1991	1990
	-----	-----	-----
<S>	<C>	<C>	<C>
Domestic.....	\$ (30,465)	\$ (115,352)	\$ (76,360)
Foreign.....	(36,528)	3,342	65,937
	-----	-----	-----
	\$ (66,993)	\$ (112,010)	\$ (10,423)
	-----	-----	-----

</TABLE>

The consolidated provision (credit) for income taxes consisted of the following for the years ended December 31 (in thousands):

<TABLE>

<CAPTION>

	1992	1991	1990
	-----	-----	-----
<S>	<C>	<C>	<C>
Current --			
Domestic --			
Federal.....	\$ (324)	\$ (1,104)	\$ (10,850)
State and local.....	10	1,125	219
Foreign.....	(10,214)	249	10,955
	-----	-----	-----
	(10,528)	270	324
	-----	-----	-----
Deferred --			
Domestic.....	\$ (1,038)	\$ (13,394)	\$ 1,163
Foreign.....	(12,091)	(670)	4,681
	-----	-----	-----
	(13,129)	(14,064)	5,844
	-----	-----	-----
Total provision (credit) for income taxes.....	\$ (23,657)	\$ (13,794)	\$ 6,168
	-----	-----	-----

</TABLE>

HOLNAM INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

A reconciliation between the consolidated provision (credit) for income taxes and the amount computed at the statutory United States federal income tax rate is as follows (in thousands):

<TABLE>

<CAPTION>

	1992	1991	1990
	-----	-----	-----
<S>	<C>	<C>	<C>
Provision (credit) computed at the statutory rate of 34%.....	\$ (22,778)	\$ (38,083)	\$ (3,544)

Foreign rate differential.....	(4,886)	(1,514)	4,294
Tax benefit of net operating losses which could not be recognized.....	4,673	22,517	5,488
Other.....	(666)	3,286	(70)
	-----	-----	-----
Tax provision (credit).....	\$ (23,657)	\$ (13,794)	\$ 6,168
	-----	-----	-----

</TABLE>

Deferred income taxes provided in the consolidated financial statements relate to certain income and expense items recorded for financial reporting purposes in one period and for tax purposes in another period. Major components, which are principally related to St. Lawrence, include temporary differences for excess financial reporting over tax basis on certain plant and equipment, depreciation, depletion and amortization, and gain on disposition of plant and equipment.

Holnam has recognized the benefit of certain loss carryforwards for financial reporting purposes through the elimination of deferred taxes that would reverse during the loss carryforward period. At December 31, 1992, Holnam had net operating loss carryforwards of approximately \$360 million which have not been recognized for financial reporting purposes, and are available to offset future taxable income. They expire in 1997 through 2007. Utilization of the operating loss carryforwards depends upon Holnam's ability to generate future taxable income, the Company's ability to sustain the ordinary (versus capital) loss treatment of approximately \$136 million of net operating loss carryforwards, as well as any issues which may result from an audit by the Internal Revenue Service which is currently in process. Holnam also has \$4,200,000 of investment tax credit carryforwards which are available to offset future income taxes payable and expire in 1994 through 2000.

(11) PENSION AND CERTAIN OTHER BENEFIT PLANS

Holnam has several noncontributory defined benefit pension plans covering substantially all employees. Plan benefits are generally based on length of service and average compensation. It is Holnam's policy to fund actuarially determined pension costs subject to minimum funding requirements of the Employee Retirement Income Security Act of 1974. Pension plan assets are invested primarily in equity securities, short-term investments and government bonds.

Total pension expense under these defined benefit plans amounted to \$4,797,000, \$5,216,000 and \$4,074,000 in 1992, 1991 and 1990, respectively. The net periodic pension cost of these plans included the following components for the years ended December 31 (in thousands):

	1992	1991	1990
	-----	-----	-----
<S>	<C>	<C>	<C>
Service cost.....	\$ 5,296	\$ 4,959	\$ 4,550
Interest on projected benefit obligation.....	15,279	15,052	13,697
Actual return on assets.....	(10,893)	(14,944)	(4,955)
Net amortization and deferral.....	(4,885)	149	(9,218)
	-----	-----	-----
Net pension cost.....	\$ 4,797	\$ 5,216	\$ 4,074
	-----	-----	-----

</TABLE>

HOLNAM INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

As of December 31, 1992 and 1991, the status of all of Holnam's pension plans was as follows (in thousands):

	1992		
	-----	-----	-----
<S>	<C>	<C>	<C>
Actuarial present value of projected benefit obligations --			
Vested employees.....	\$ 112,064	\$ 65,127	\$ 176,028
Nonvested employees.....	2,999	683	2,989
	-----	-----	-----
Accumulated benefit obligation.....	\$ 115,063	\$ 65,810	\$ 179,017

Projected benefit obligations.....	\$ 123,189	\$ 65,810	\$187,500
Plan assets at fair value.....	108,520	69,710	183,279
Assets in excess of (less than) projected benefit obligation.....	(14,669)	3,900	(4,221)
Unrecognized net loss.....	1,198	4,652	1,169
Prior service costs not yet recognized in net periodic pension cost.....	3,929	(470)	3,869
Unrecognized net transition asset.....	(5,229)	(1,004)	(7,271)
Accrued pension asset (liability).....	\$ (14,771)	\$ 7,078	\$ (6,454)

</TABLE>

Rates utilized in determining the actuarial present values of the benefit obligation in 1992 and 1991, for U.S. and Canadian plans, are presented below:

<TABLE>  
<CAPTION>

	1992	1991
<S>	<C>	<C>
Weighted average discount rate.....	8.0%-9.0%	8.0%-9.0%
Rate of increase in future compensation levels.....	5.0-6.0	5.0-6.0
Expected longterm rate of return on assets.....	9.0-10.0	9.0-10.0

</TABLE>

In addition to providing pension benefits, Holnam provides health care and life insurance benefits for certain retired employees. The cost of health care benefits is recognized as claims arise. For 1992, 1991 and 1990, the total costs of all of these benefits aggregated approximately \$3.7 million, \$4.3 million and \$3.8 million, respectively.

The Financial Accounting Standards Board (FASB) has issued Statement of Financial Accounting Standards No. 106 'Employers' Accounting for Postretirement Benefits Other than Pensions' which requires companies to recognize the liability for postretirement benefits as the benefits are earned by their employees. The unfunded Accumulated Postretirement Benefit Obligation and the unfunded Expected Postretirement Benefit Obligation as of January 1, 1993 under the postretirement medical and life insurance benefits plan approximates \$70 million and \$77 million, respectively. Effective January 1, 1993, Holnam will adopt the new accounting standard, recognizing the Accumulated Postretirement Benefit Obligation (the transition obligation) as a cumulative effect of a change in accounting principle. Management estimates that the adoption of the standard will also increase postretirement benefit expense by \$2.5 million in 1993.

In 1992, the FASB issued Statement of Financial Accounting Standards No. 112, 'Employers' Accounting for Postemployment Benefits.' This standard requires employers to recognize the obligation to provide benefits to former or inactive employees after employment but before retirement under certain conditions. The obligation should be recognized if it is attributable to employees' service already rendered, the rights to these benefits accumulate or vest, payment of the benefits is probable and the amount can be reasonably estimated. Holnam must adopt the provisions of Statement No. 112 no later than January 1, 1994. Management believes that the adoption of this standard will not have a significant impact on Holnam's consolidated financial position or results of operations.

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HOLNAM INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

(12) RELATED PARTY TRANSACTIONS

As of December 31, 1992 and 1991, Holnam reflected accounts payable of \$582,000 and \$ 1,220,000, respectively, to Holderbank and affiliates.

As of December 31, 1992 and 1991, Holderbank subsidiaries and related parties are holders of subordinated notes consisting of approximately \$4,340,000 in 16% notes due in 1998 and \$14,350,000 in 9.6% notes due in 1998. Additionally in 1992, \$50,000,000 of currently interest free notes, due at the earliest in 1994, was borrowed from a Holderbank subsidiary. Interest expense on related party debt was \$2,088,000, \$2,087,000 and \$2,454,000 in 1992, 1991 and 1990, respectively.

Holnam purchased \$6,011,000 and \$6,279,000 of cement in 1991 and 1990 from BoxCrow (see Note 8).

Holderbank and Holnam have a general assistance agreement which, among other things, provides for the sharing of research and development, technical knowledge and certain facilities. Fees charged by an affiliate of Holderbank pursuant to the general assistance agreement for 1992, 1991 and 1990 were \$3,897,000, \$4,715,000 and \$3,749,000, respectively.

Commissions and expenses of \$385,000, \$412,000 and \$883,000 were paid to Holderbank and affiliates in 1992, 1991 and 1990, respectively.

As discussed in Note 9, Holderbank has provided certain comfort letters to issuers of letters of credit and various lenders. Related fees charged by Holderbank for such letters were \$2,345,000, \$2,939,000 and \$656,000 in 1992, 1991 and 1990, respectively.

Pursuant to the terms of the intercompany tax sharing agreement (see Note 2), Holnam received payment of \$2,001,000 in 1991 (related to the 1990 tax benefit), and made payments of \$303,000 in 1990 (related to the 1989 tax provision).

(13) LEASES

Holnam leases the facilities and equipment at the Tijeras, New Mexico cement plant. The lease expires in 2003 with Holnam having an option to renew the lease for a seven year period and then to either renew the lease or purchase the facilities and equipment at fair market value (see also Note 9). Rental expense under the Tijeras lease was \$6,399,000, \$6,399,000 and \$6,501,000 in 1992, 1991 and 1990, respectively.

Holnam also leases certain other office space, terminal facilities, and manufacturing, transportation and office equipment under leases expiring on various dates through 2020. Rental expense under these other leases was \$10,711,000, \$13,789,000 and \$13,342,000 in 1992, 1991 and 1990, respectively.

As of December 31, 1992, the minimum future operating lease payments payable by Holnam were as follows (in thousands):

<TABLE>	
<CAPTION>	
<S>	<C>
1993.....	\$15,813
1994.....	15,602
1995.....	13,462
1996.....	12,109
1997.....	11,241
Thereafter.....	67,797
	-----
	\$136,024
	-----
	-----

</TABLE>

(14) CONTINGENCIES

As of December 31, 1992, a Holnam subsidiary was a defendant or third party defendant in approximately 80 silicosis actions. Ideal (a Holnam predecessor) is also named as a defendant in several

HOLNAM INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

of these actions. Other filings may occur in the future. In those lawsuits which specify damages, the individual claims range from \$600,000 to \$4 million. Historically, most actions have been resolved before trial with a number of defendants contributing to each settlement. To date, the Company's disposition cost per case has not been material, nor has the aggregate disposition cost for all such cases. Although the ultimate outcome of these matters cannot be predicted with certainty, management of Holnam believes, after consultation with counsel, that the resolution of these actions will not have a material adverse effect on Holnam's consolidated financial position or results of operations.

Under an agreement with the Air Quality Division of the Michigan Department of Natural Resources, Holnam conducted testing in 1991 at its Dundee, Michigan plant to determine what control devices, in addition to the baghouse completed in 1991, are necessary to achieve satisfactory opacity of the kiln stack plume. Based on such testing, Holnam believes that the use of gas stream absorbents results in an acceptable opacity level. Holnam has presented the results of the testing to the Michigan Department of Natural Resources and is negotiating permit conditions with the Air Quality Division.

There are various other contingent liabilities and pending legal and environmental proceedings involving Holnam's subsidiaries which are considered by management as incidental to its ordinary course of business. Although the final outcome cannot be predicted with certainty, management believes that the resolution of these matters will not have a material adverse effect on Holnam's consolidated financial position or results of operations.

(15) EMPLOYEE STOCK PLANS

Two million shares of common stock have been reserved for issuance under the Employee Stock Purchase Plan (Purchase Plan). Under the Purchase Plan, eligible employees (generally all fulltime employees of Holnam, excluding those employed by St. Lawrence and St. Lawrence subsidiaries) may subscribe for shares of common stock at a purchase price of 90% of the closing market price (as defined). The Purchase Plan will terminate when all 2,000,000 shares of common stock reserved thereunder shall have been subscribed for, unless earlier terminated by the Board of Directors. In 1990, 54,000 shares of stock were purchased under the Purchase Plan for a purchase price of approximately \$147,000. In 1991, approximately 87,000 shares of stock were purchased under the Purchase Plan for a purchase price of approximately \$387,000. In 1992, approximately 121,000 shares of stock were purchased under the Purchase Plan for a purchase price of approximately \$347,000.

In 1990, Holnam established the 1990 Stock Option Plan (Stock Option Plan) for certain fulltime key employees of Holnam. The Stock Option Plan provides for the grant of options to purchase up to 2,150,000 shares of Holnam common stock at not less than the fair market value of such stock at the date of grant. Additionally, stock appreciation rights (SARs) may be granted in tandem with options. Also in 1990, options to purchase 249,531 shares at \$9.50 per share (all immediately exercisable) were issued to holders of options to purchase Ideal shares (pursuant to an Ideal plan which was assumed by Holnam as part of the merger).

On March 23, 1990, options to purchase an aggregate of 473,000 shares of Holnam common stock at an exercise price of \$7.25 per share were granted under the Stock Option Plan. The options become exercisable at the rate of 33 1/3 percent per year on each of the first three annual anniversaries of their date of grant, and such options expire on March 22, 2000. In addition, SARs were granted in tandem with such options.

In 1991, options to purchase an additional 172,000 shares were granted. These options become exercisable six months from the date of grant and expire in 2001. In addition, SARs were granted in tandem with such options.

Transactions under the Stock Option Plan are as follows:

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HOLNAM INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

<TABLE>  
<CAPTION>

	1992		1991	
	OPTION SHARES	OPTION PRICE	OPTION SHARES	OPTION PRICE
<S>	<C>	<C>	<C>	<C>
Balance outstanding at beginning of year.....	824,056	\$4.38-\$9.50	715,118	\$7.25-\$9.50
Granted --				
New options.....	--	--	172,000	4.38 - 5.75
Exercised.....	--	--	--	--
Forfeited.....	(49,662)	--	(63,062)	7.25
Balance outstanding at end of year.....	774,394	\$4.38-\$9.50	824,056	\$4.38 - \$9.50
Options exercisable at end of year.....	616,728	\$4.38 - \$9.50	508,723	\$5.75 - \$9.50

</TABLE>

(16) SEGMENT INFORMATION

Holnam and its subsidiaries operate in the United States and Canada in one dominant industry segment, the manufacture and distribution of cement and related products for the construction industry. Information about Holnam's operations in different geographical segments for the three years ended December 31, 1992 is as follows (in thousands):

<TABLE>  
<CAPTION>

	UNITED STATES	CANADA	TOTAL
<S>	<C>	<C>	<C>
Net sales to unaffiliated customers --			
1992	\$ 585,442	\$ 360,734	\$ 946,176
1991	572,146	407,151	979,297
1990.....	562,068	512,511	1,074,579
Segment income (loss) from operations (a) --			
1992	\$ (31,449)	\$ (31,075)	\$ (62,524)
1991	(118,928)	2,502	(116,426)
1990.....	(78,187)	64,661	(13,526)
Identifiable assets --			
1992	\$ 912,216	\$ 440,916	\$1,353,132
1991	984,409	472,180	1,456,589
1990.....	1,039,637	454,532	1,494,169
Capital expenditures --			
1992	\$ 33,070	\$ 14,683	\$ 47,753
1991	33,987	20,191	54,178
1990.....	61,814	32,596	94,410
Depreciation, depletion and amortization --			
1992	\$ 57,103	\$ 22,815	\$ 79,918
1991	58,933	23,224	82,157
1990.....	53,692	23,100	76,792

</TABLE>

(a) Segment income (loss) from operations is defined as income (loss) before income taxes and minority equity in net income (loss) less other income. In 1992, the United States and Canada segment results include charges of \$1,750, and \$9,287, respectively, relating to unusual charges. In 1991, the United States segment results include charges of \$61,672 relating to unusual charges.

Holnam sells cement to various classes of customers who are part of the construction industry, including ready-mix concrete customers. Other customers include concrete products manufacturers, building materials dealers and other large-scale users of cement. Although the Company's customer base is geographically diversified, collection of receivables is partially dependent on the economics of the construction activity. There were no sales to any single customer which aggregated in excess of 10% of sales for 1992, 1991 or 1990.

HOLNAM INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

(17) SELECTED QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

<TABLE>  
<CAPTION>

	QUARTER				
	FIRST	SECOND	THIRD	FOURTH	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>
1992 --					
Net sales.....	\$138,361	\$263,507	\$304,384	\$239,924	\$946,176
Cost of sales.....	\$135,113	\$226,880	\$261,335	\$212,738	\$836,066
Unusual charges (Note 4).....	\$ --	\$ --	\$ --	\$11,037	\$11,037
Net income (loss).....	\$ (26,236)	\$78	\$2,072	\$ (4,486)	\$ (28,572)
Net income (loss) per share.....	\$ (.19)	\$ .00	\$ .02	\$ (.04)	\$ (.21)
1991 --					
Net sales.....	\$135,277	\$268,578	\$324,381	\$251,061	\$979,297
Cost of sales.....	\$130,648	\$230,354	\$271,254	\$225,264	\$857,520
Unusual charges (Note 4).....	\$ --	\$ --	\$ --	\$61,672	\$61,672

Net income (loss).....	\$ (25,409)	\$ (3,635)	\$5,067	\$ (71,077)	\$ (95,054)
Net income (loss) per share.....	\$ (.19)	\$ (.03)	\$ .04	\$ (.53)	\$ (.71)

</TABLE>

(18) INVESTMENT IN ST. LAWRENCE CEMENT COMPANY, INC.

As discussed in Notes 1 and 2, Holnam owns approximately 59% of the outstanding common shares of St. Lawrence and Holnam's principal financial statements consolidate the accounts of St. Lawrence. As supplementary information, the following condensed financial statement information separately reflects Holnam's investment in St. Lawrence on the equity method:

HOLNAM CONDENSED STATEMENTS OF INCOME

<TABLE>

<CAPTION>

	1992	1991	1990
	(000'S OMITTED)		
<S>	<C>	<C>	<C>
Net sales.....	\$548,735	\$525,290	\$516,756
Cost of sales.....	(469,627)	(467,291)	(464,430)
Selling, general and administrative expenses.....	(55,980)	(62,566)	(60,930)
Unusual charges (Notes 4, 16 and 17).....	--	(60,364)	--
Interest expense and other.....	(34,599)	(35,610)	(38,419)
Loss before income taxes and equity interest in net income (loss) of St. Lawrence.....	(11,471)	(100,541)	(47,023)
Income tax provision (credit).....	109	(10,385)	(9,468)
Net loss before equity interest in net income (loss) of St. Lawrence.....	(11,580)	(90,156)	(37,555)
Equity interest in net income (loss) of St. Lawrence (a).....	(16,992)	(4,898)	12,439
Net loss.....	\$ (28,572)	\$ (95,054)	\$ (25,116)

</TABLE>

(a) Cash dividends received by Holnam from St. Lawrence were approximately \$2.1 million, \$7.2 million and \$15.9 million in 1992, 1991 and 1990, respectively.

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HOLNAM INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

HOLNAM CONDENSED BALANCE SHEETS

<TABLE>

<CAPTION>

	1992	1991
	(000'S OMITTED)	
<S>	<C>	<C>
Current assets.....	\$187,498	\$214,350
Property, plant and equipment, net.....	531,124	558,950
Investment in St. Lawrence.....	162,718	197,691
Other.....	53,790	55,766
	\$935,130	\$1,026,757
Current liabilities.....	\$80,202	\$90,224
Long -- term debt.....	379,823	409,611
Deferred income taxes and other.....	39,629	45,714
Stockholders' equity.....	435,476	481,208
	\$935,130	\$1,026,757

</TABLE>

St. Lawrence separately reports its financial statements in accordance with Canadian accounting principles. The following condensed information regarding the results of operations and financial condition of St. Lawrence and its subsidiaries was derived from the separately-reported consolidated financial statements of St. Lawrence adjusted to reflect U.S. generally accepted accounting principles and translated to U.S. dollars.

ST. LAWRENCE CONDENSED STATEMENTS OF INCOME

<TABLE>  
<CAPTION>

	1992	1991	1990
	(000'S OMITTED)		
<S>	<C>	<C>	<C>
Net sales.....	\$397,441	\$454,908	\$557,823
Cost of sales.....	(366,439)	(391,130)	(448,341)
Selling, general and administrative expenses.....	(53,809)	(57,431)	(55,462)
Unusual charges (Notes 4, 16 and 17).....	(11,037)	(1,308)	--
Interest expense and other.....	(21,678)	(16,508)	(17,420)
Income (loss) before income taxes.....	(55,522)	(11,469)	36,600
Income tax (provision) credit (b).....	23,766	3,409	(15,636)
Net income (loss).....	\$ (31,756)	\$ (8,060)	\$20,964

</TABLE>

(b) Includes (provision) credit related to unremitted earnings to Holnam.

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HOLNAM INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

ST. LAWRENCE CONDENSED BALANCE SHEETS

HOLNAM CONDENSED BALANCE SHEETS

<TABLE>  
<CAPTION>

	1992	1991
	(000'S OMITTED)	
<S>	<C>	<C>
Current assets.....	\$ 182,448	\$194,121
Property, plant and equipment, net.....	324,758	370,164
Other.....	74,072	65,500
	\$581,278	\$629,785
Current liabilities.....	\$62,898	\$55,117
Long -- term debt.....	204,629	191,994
Deferred income taxes and other.....	40,108	56,244
Stockholders' equity.....	273,643	326,430
	\$581,278	\$629,785

</TABLE>

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SCHEDULE II

HOLNAM INC. AND SUBSIDIARIES

SCHEDULE II -- AMOUNTS RECEIVABLE FROM RELATED PARTIES AND UNDERWRITERS, PROMOTERS, AND EMPLOYEES OTHER THAN RELATED PARTIES

FOR THE YEARS ENDED DECEMBER 31, 1992, 1991 AND 1990  
(IN THOUSANDS)

<TABLE>  
<CAPTION>

	COLUMN D	COLUMN E
	DEDUCTIONS	BALANCE AT END OF
COLUMN B		



COLUMN A NAME OF DEBTOR	BALANCE AT BEGINNING OF PERIOD	COLUMN C ADDITIONS	AMOUNTS COLLECTED	AMOUNT WRITTEN- OFF	OTHER CHANGES (1)	PERIOD	
						CURRENT	NON- CURRENT
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
1992:							
Employee Stock Purchase Plan.....	\$ 6,590	\$1,076	\$ (356)	\$ --	\$ (637)	\$--	\$ 6,673
Employees' Mortgages.....	1,202	271	(70)	--	(76)	150	1,177
BoxCrow Working Capital Loans.....	--	5,847	--	--	(5,847) (2)	--	--
1991:							
Employee Stock Purchase Plan.....	6,361	944	(738)	--	23	--	6,590
Employees' Mortgages.....	1,365	74	(243)	--	6	53	1,149
BoxCrow Working Capital Loans.....	22,600	8,026	--	(30,626)	--	--	--
1990:							
Employee Stock Purchase Plan.....	6,438	935	(1,002)	--	(10)	--	6,361
Employees' Mortgages.....	1,222	470	(325)	--	(2)	80	1,285
BoxCrow Working Capital Loans.....	18,100	4,500	--	--	--	--	22,600

(1) Includes the effect of foreign currency translation.

(2) See Note 8 to the consolidated financial statements.

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SCHEDULE V

HOLNAM INC. AND SUBSIDIARIES

SCHEDULE V -- PROPERTY, PLANT AND EQUIPMENT

FOR THE YEARS ENDED DECEMBER 31, 1992, 1991 AND 1990  
(IN THOUSANDS)

COLUMN A DESCRIPTION	COLUMN B BALANCE AT BEGINNING OF PERIOD	COLUMN C ADDITIONS AT COST	COLUMN D RETIREMENTS	COLUMN E OTHER CHANGES (1)	COLUMN F BALANCE AT END OF PERIOD
<S>	<C>	<C>	<C>	<C>	<C>
1992:					
Land, land improvements and mineral deposits.....	\$ 102,038	\$ 1,250	\$ (2,325)	\$ (3,398)	\$ 97,565
Buildings, machinery and equipment.....	1,454,276	10,650	(47,011)	(25,652)	1,392,263
Construction in progress.....	44,331	35,853	(5,081)	(31,584)	43,519
	\$1,600,645	\$47,753	\$ (54,417)	\$ (60,634)	\$1,533,347
1991:					
Land, land improvements and mineral deposits.....	\$ 102,108	\$ 1,445	\$ (1,788)	\$ 273	\$ 102,038
Buildings, machinery and equipment.....	1,392,138	12,197	(13,738)	63,679	1,454,276
Construction in progress	64,616	40,536	--	(60,821)	44,331
	\$1,558,862	\$54,178	\$ (15,526)	\$ 3,131 (3) (4)	\$1,600,645
1990:					
Land, land improvements and mineral deposits.....	\$ 87,615	\$ 1,703	\$ (121)	\$ 12,911	\$ 102,108
Buildings, machinery and equipment.....	1,249,483	15,223	(11,696)	139,128	1,392,138
Construction in progress.....	37,092	77,484	--	(49,960)	64,616
	\$1,374,190	\$94,410	\$ (11,817)	\$ 102,079 (2)	\$1,558,862

</TABLE>

-----

- (1) Includes the effect of foreign currency translation and transfers from construction in progress.
- (2) Amount includes \$88,300 in connection with the acquisition of the minority interest in Ideal and the acquisitions of Northwestern States Portland Cement Company, United Cement Company and Diversified Materials Inc.
- (3) Amount is net of a \$9,171 writedown of property, plant and equipment to estimated recoverable values (Note 4 to the consolidated financial statements).
- (4) Amount includes \$5,263 of additions to property, plant and equipment through acquisitions (Note 3 to the consolidated financial statements).

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SCHEDULE VI

HOLNAM INC. AND SUBSIDIARIES

SCHEDULE VI -- ACCUMULATED DEPRECIATION AND DEPLETION OF PROPERTY, PLANT AND EQUIPMENT

FOR THE YEARS ENDED DECEMBER 31, 1992, 1991 AND 1990 (IN THOUSANDS)

<TABLE>  
<CAPTION>

COLUMN A ----- DESCRIPTION -----	COLUMN B ----- BALANCE AT BEGINNING OF PERIOD -----	COLUMN C ----- ADDITIONS CHARGED TO COST AND EXPENSES -----	COLUMN D ----- RETIREMENTS -----	COLUMN E ----- OTHER CHANGES (1) -----	COLUMN F ----- BALANCE AT END OF PERIOD -----
<S>	<C>	<C>	<C>	<C>	<C>
1992:					
Land, land improvements and mineral deposits.....	\$ 27,638	\$ 2,912	\$ (1,285)	\$ (1,493)	\$ 27,772
Buildings, machinery and equipment.....	643,893	75,319	(35,504)	(34,015)	649,693
	\$671,531	\$ 78,231	\$ (36,789)	\$ (35,508)	\$677,465
1991:					
Land, land improvements and mineral deposits.....	\$ 25,748	\$ 2,087	\$ (240)	\$ 43	\$ 27,638
Buildings, machinery and equipment.....	574,246	78,106	(11,666)	3,207	643,893
	\$599,994	\$ 80,193	\$ (11,906)	\$ 3,250	\$671,531
1990:					
Land, land improvements and mineral deposits.....	\$ 23,054	\$ 2,669	\$ --	\$ 25	\$ 25,748
Buildings, machinery and equipment.....	605,633	71,295	(8,689)	(93,993)	574,246
	\$628,687	\$ 73,964	\$ (8,689)	\$ (93,968) (2)	\$599,994

</TABLE>

-----

- (1) Includes the effect of foreign currency translation.
- (2) Amount includes a reduction of accumulated depreciation and depletion of \$97,000 as a result of the acquisition of the minority interests in Ideal.

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SCHEDULE VIII

SCHEDULE VIII -- VALUATION AND QUALIFYING ACCOUNTS

FOR THE YEARS ENDED DECEMBER 31, 1992, 1991 AND 1990  
(IN THOUSANDS)

<TABLE>  
<CAPTION>

COLUMN A DESCRIPTION	COLUMN B BALANCE AT BEGINNING OF PERIOD	COLUMN C ADDITIONS		COLUMN D DEDUCTIONS	COLUMN E BALANCE AT END OF PERIOD
		CHARGED TO COST AND EXPENSES	CHARGED TO OTHER ACCOUNTS (2)		
<S>	<C>	<C>	<C>	<C>	<C>
1992:					
Allowance for doubtful accounts.....	\$ 14,058	\$ 9,160	\$ (652)	\$ (8,817)	\$ 13,749
Reserve for spare parts obsolescence....	1,459	2,541	--	--	4,000
Reserve for notes receivable.....	750	--	--	--	750
Reserve for BoxCrow working capital loans.....	30,626	--	5,847(1)	--	36,473
	\$ 46,893	\$ 11,701	\$5,195	\$ (8,817)	\$ 54,972
1991:					
Allowance for doubtful accounts.....	\$ 12,375	\$ 4,421	\$ 25	\$ (2,763)	\$ 14,058
Reserve for spare parts obsolescence....	371	1,088	--	--	1,459
Reserve for notes receivable.....	--	750	--	--	750
Reserve for BoxCrow working capital loans.....	--	30,626(1)	--	--	30,626
	\$ 12,746	\$ 36,885	\$ 25	\$ (2,763)	\$ 46,893
1990:					
Allowance for doubtful accounts.....	\$ 6,831	\$ 7,023	\$ 583	\$ (2,062)	\$ 12,375
Reserve for spare parts obsolescence....	373	86	--	(88)	371
	\$ 7,204	\$ 7,109	\$ 583	\$ (2,150)	\$ 12,746

</TABLE>

- (1) See Note 8 to the consolidated financial statements.
- (2) Includes the effect of foreign currency translation.

SCHEDULE IX

SCHEDULE IX -- SHORT TERM BORROWINGS

FOR THE YEARS ENDED DECEMBER 31, 1992, 1991 AND 1990  
(IN THOUSANDS)

<TABLE>  
<CAPTION>

COLUMN A CATEGORY OF AGGREGATE SHORT-TERM BORROWINGS	COLUMN B BALANCE AT END OF PERIOD	COLUMN C WEIGHTED AVERAGE INTEREST RATE	COLUMN D MAXIMUM AMOUNT OUTSTANDING DURING THE PERIOD	COLUMN E AVERAGE AMOUNT OUTSTANDING DURING THE PERIOD	COLUMN F WEIGHTED AVERAGE INTEREST RATE DURING THE PERIOD
1992:					
Short Term Borrowings Under Uncommitted Credit Agreement.....	\$--	--	\$ 6,232	\$ 1,584	6.9%
Short Term Uncommitted Credit Agreement.....	3,000	3.7%	3,000	14	3.7%
1991:					
Short Term Borrowings Under Uncommitted					

1990:	Credit Agreement.....	--	--	46,151	19,675	10.2%
	Short Term Borrowings Under Uncommitted					
	Credit Agreement.....	--	--	9,193	2,322	14.4%

</TABLE>

-----

- (1) The average amount outstanding during the period is calculated by using daily balances.
- (2) Weighted average interest rate during the period is calculated by dividing the sum of interest expense by the aggregate principal amounts, factored by the time outstanding.

SCHEDULE X

HOLNAM INC. AND SUBSIDIARIES

SCHEDULE X -- SUPPLEMENTARY INCOME STATEMENT INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 1992, 1991 AND 1990  
(IN THOUSANDS)

<TABLE>  
<CAPTION>

ITEM	CHARGED TO COSTS AND EXPENSES
<S>	<C>
1992:	
Maintenance and repairs expenses.....	\$111,098
Taxes, other than payroll and income taxes -- Real Estate, municipal and other.....	\$ 16,306
1991:	
Maintenance and repairs expenses.....	\$117,671
Taxes, other than payroll and income taxes -- Real Estate, municipal and other.....	\$ 15,525
1990:	
Maintenance and repairs expenses.....	\$118,327
Taxes, other than payroll and income taxes -- Real Estate, municipal and other.....	\$ 15,424

</TABLE>

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HOLNAM INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

<TABLE>  
<CAPTION>

	3RD QUARTER		NINE MONTHS	
	1993	1992	1993	1992
<S>	<C>	<C>	<C>	<C>
For the period ended September 30				
Sales.....	\$328,355	\$304,384	\$728,498	\$706,252
Cost of Sales.....	269,257	261,335	623,167	623,328
Selling, general and administrative expense.....	26,249	29,654	78,395	84,445
Income (loss) from operations.....	32,849	13,395	26,936	(1,521)
Interest expense, net.....	11,788	13,368	34,873	40,301
Other income.....	2,061	1,065	6,019	3,573
Income (loss) before income taxes, minority equity in net income (loss) and the cumulative effect of changes in accounting principles.....	23,122	1,092	(1,918)	(38,249)
Income tax provision (credit).....	3,386	(336)	(1,478)	(6,701)
Minority equity in net income (loss).....	2,615	(644)	(1,224)	(7,462)

Income (loss) before the cumulative effect of changes in accounting principles.....	17,121	2,072	784	(24,086)
Cumulative effect of changes in accounting principles.....	--	--	(65,700)	--
Net income (loss).....	\$ 17,121	\$ 2,072	\$ (64,916)	\$ (24,086)
Net income (loss) per share Primary:				
Income (loss) before the cumulative effect of changes in accounting principles.....	\$ .13	\$ .02	\$ .01	\$ (.18)
Cumulative effect of changes in accounting principles.....	--	--	(.49)	--
Net income (loss) per share.....	\$ .13	\$ .02	\$ (.48)	\$ (.18)
Net income (loss) per share				
Assuming full dilution:				
Income (loss) before the cumulative effect of changes in accounting principles.....	\$ .12	\$ .02	\$ .01	\$ (.18)
Cumulative effect of changes in accounting principles.....	--	--	(.47)	--
Net income (loss) per share.....	\$ .12	\$ .02	\$ (.46)	\$ (.18)
Weighted average common shares outstanding and common equivalent shares outstanding				
Primary:.....	135,328	134,915	135,199	134,872
Assuming full dilution:.....	143,498	134,915	139,228	134,872

</TABLE>

The Company's business is highly seasonal; consequently results for interim periods should not be considered representative of the expected results for the full year.

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HOLNAM INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS

	SEPTEMBER 30, 1993	DECEMBER 31, 1992	SEPTEMBER 30, 1992
	(UNAUDITED)		(UNAUDITED)
<S>	<C>	<C>	<C>
ASSETS			
Cash.....	\$ 2,807	\$ 7,527	\$ 19,426
Receivables, net of allowance for doubtful accounts of \$13,492, \$13,749 and \$14,338, respectively.....	240,890	178,540	246,243
Inventories and supplies.....	151,058	177,875	170,433
Prepaid expenses and other.....	7,216	5,271	6,615
Total current assets.....	401,971	369,213	442,717
Property, plant and equipment.....	893,869	855,882	876,716
Cost in excess of net assets acquired.....	60,207	62,008	62,414
Other assets.....	70,635	66,029	66,838
TOTAL.....	\$ 1,426,682	\$1,353,132	\$ 1,448,685
LIABILITIES AND STOCKHOLDERS' EQUITY			
Accounts payable and accrued liabilities.....	\$ 129,486	\$ 126,354	\$ 119,540
Notes payable and current portion of long-term debt.....	18,768	16,013	19,903
Total current liabilities.....	148,254	142,367	139,443
Long-term debt.....	625,370	584,452	653,652
Deferred income taxes.....	55,904	58,253	71,935
Other liabilities.....	89,097	21,484	20,312
Minority equity.....	113,916	111,100	119,360
Preferred stock.....	30,508	--	--
Common stock.....	1,353	1,350	1,349
Additional paid in capital.....	457,797	457,156	456,992
Retained earnings (deficit).....	(88,306)	(23,390)	(18,904)
Cumulative translation adjustment.....	(7,211)	360	4,546
Total stockholders' equity.....	394,141	435,476	443,983

TOTAL.....	\$ 1,426,682	\$1,353,132	\$ 1,448,685
------------	--------------	-------------	--------------

</TABLE>

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HOLNAM INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

<TABLE>  
<CAPTION>

	NINE MONTHS ENDED SEPTEMBER 30	
	1993	1992
<S>	<C>	<C>
Sources (uses) of net cash		
OPERATIONS		
Net loss.....	\$ (64,916)	\$ (24,086)
Cumulative effect of changes in accounting principles.....	65,700	--
Adjustment to reconcile income (loss) before the cumulative effect of changes in accounting principles to cash flow from operations, net of effects of acquisitions.....	19,426	(5,486)
Cash provided (used) by operations.....	20,210	(29,572)
INVESTING ACTIVITIES:		
Capital expenditures.....	(42,297)	(34,938)
Investment in unconsolidated entities.....	(2,538)	(959)
Acquisition of subsidiaries.....	(54,172)	(3,131)
Proceeds from sales of assets.....	8,330	8,490
Other.....	1,537	(3,833)
Cash used for investing activities.....	(89,140)	(34,371)
FINANCING ACTIVITIES:		
Issuance of preferred stock.....	30,000	--
Issuance of common stock.....	1,152	182
Net proceeds from short-term borrowings.....	2,800	1,684
Net proceeds from revolving borrowings.....	(1,594)	21,567
Proceeds from other long-term borrowings.....	30,965	51,476
Repayment of other long-term borrowings.....	(6,702)	(5,056)
Other.....	1,121	1,361
Cash provided from financing activities.....	57,742	71,214
Increase (decrease) in cash.....	\$ (11,188)	\$ 7,271

</TABLE>

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HOLNAM INC. AND SUBSIDIARIES  
SUPPLEMENTAL CASH FLOW DATA

In conjunction with the 1993 acquisition, a Holnam subsidiary assumed existing industrial revenue bond indebtedness of \$26.7 million. In conjunction with the 1992 acquisition, a Holnam subsidiary issued \$8.5 million of preferred stock in a non-cash transaction.

In August, the Company issued a stock dividend of 10,150 shares at \$50 per share on the \$50 cumulative convertible preferred stock.

Interest and income taxes paid for the nine months ended September 30, were as follows (in thousands):

<TABLE>  
<CAPTION>

	1993	1992
<S>	<C>	<C>
Interest paid.....	\$35,668	\$40,419
Income taxes paid.....	\$ 1,823	\$ 3,573

</TABLE>

HOLNAM INC. AND SUBSIDIARIES  
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

## (1) GENERAL

The accompanying financial statements have been prepared by Holnam Inc. ('Holnam') without audit pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. Holnam believes that the disclosures are adequate to make the information presented not misleading when read in conjunction with the consolidated financial statements and the notes thereto included in Holnam's Form 10-K, as amended by Form 10-K/A-1, filed with the Securities and Exchange Commission for the year ended December 31, 1992.

The financial information presented reflects all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented. The Company's business is highly seasonal; consequently, the results for interim periods should not be considered representative of the expected results for the full year.

Certain reclassifications have been made to the 1992 financial data to conform to the 1993 presentation.

## (2) ACQUISITIONS

On May 19, 1993, Holnam acquired a 75% interest in a partnership (the Partnership) that operates a cement manufacturing plant located in Midlothian, Texas. The purchase price was approximately \$90.6 million.

The transaction was financed as follows:

<TABLE> <CAPTION>	(IN THOUSANDS)
<S>	<C>
Assumption of existing industrial revenue bonds.....	\$ 26,700
Drawing on a \$25.0 million long-term revolving line of credit.....	23,859
Equity contribution by partner.....	10,000
Holnam equity contribution.....	30,000
	-----
Acquisition price.....	\$ 90,559
	-----
	-----

&lt;/TABLE&gt;

The Holnam equity contribution was funded via the issuance, to an affiliate of Holderbank, of 600,000 shares of non-voting, \$50 Cumulative Convertible Preferred Stock, dividend payable in-kind at Holnam's option, each share convertible into 13.5 shares of Holnam common stock, redeemable after May 15, 1997.

The transaction has been accounted for as a purchase and the purchase price was allocated, based upon preliminary estimates of fair value which may be revised at a later date, as follows:

<TABLE> <CAPTION>	(IN THOUSANDS)
<S>	<C>
Cash.....	\$ 6,468
Receivables, net.....	5,980
Inventories and supplies.....	6,476
Property, plant and equipment.....	75,152
Other assets.....	606
Accounts payable and accrued liabilities.....	(4,123)
	-----
	\$ 90,559
	-----
	-----

&lt;/TABLE&gt;

Unaudited, pro forma consolidated results of operations, assuming that the acquisition of the Midlothian, Texas cement operation had occurred as of January 1, 1992 follow:

<TABLE>  
 <CAPTION>

	NINE MONTHS ENDED SEPTEMBER 30,	
	1993	1992
	(IN THOUSANDS, EXCEPT PER SHARE)	
<S>	<C>	<C>
Sales.....	\$739,869	\$726,943
Net income (loss).....	(64,826)	(24,910)
Earning (loss) per share.....	(.48)	(.18)

These results include adjustments for amortization, depreciation, interest expense and elimination of minority equity in net loss or income and are not necessarily indicative of what the actual results of operations would have been had the acquisition taken place on January 1, 1992.

(3) INVENTORIES AND SUPPLIES

Inventories and supplies consisted of the following:

<TABLE>  
 <CAPTION>

	SEPTEMBER 30, 1993	DECEMBER 31, 1992
	(IN THOUSANDS)	
<S>	<C>	<C>
Raw materials.....	\$ 17,374	\$ 16,005
Finished goods and work-in-process.....	68,724	88,823
Supplies and spare parts.....	64,960	73,047
	\$ 151,058	\$177,875

</TABLE>

(4) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following:

<TABLE>  
 <CAPTION>

	SEPTEMBER 30, 1993	DECEMBER 31, 1992
	(IN THOUSANDS)	
<S>	<C>	<C>
Land, land improvements and mineral deposits.....	\$ 113,283	\$ 108,869
Buildings, machinery and equipment.....	1,436,947	1,380,959
Construction in progress.....	45,998	43,519
	1,596,228	1,533,347
Less-accumulated depreciation and depletion.....	702,359	677,465
Property, plant and equipment, net.....	\$ 893,869	\$ 855,882

</TABLE>

(5) LONG-TERM DEBT

In conjunction with the acquisition discussed in Note 2, a Holnam subsidiary assumed the obligation for \$26.7 million of industrial revenue bonds maturing on December 1, 2009. A letter of credit expiring May 1, 1996 permits the bond trustee to draw amounts to pay principal and accrued interest for up to 65 days on the related bonds. The interest rate applicable to the bonds is based on a weekly variable rate.

In addition, the Holnam subsidiary established a \$25.0 million unsecured revolving credit facility, which reduces by \$5.0 million per year until termination in 1996. Interest on the facility varies with LIBOR.

The obligations of the Holnam subsidiary under the letter of credit and the revolving credit facility are guaranteed jointly and severally by Holnam Inc. and its partner in the investment.



HOLNAM INC. AND SUBSIDIARIES  
 NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS -- (CONTINUED)

(6) CONTINGENCIES

A Holnam subsidiary is a defendant or third party defendant in approximately 77 silicosis actions. Ideal (a Holnam predecessor) is also named a defendant in several of these actions. Other filings may occur in the future. In those lawsuits which specify damages, the individual claims range from \$600,000 to \$4 million. Historically, most actions have been resolved before trial with a number of defendants contributing to each settlement. To date, the Company's disposition cost per case has not been material, nor has the aggregate disposition cost for all such cases. Although the ultimate outcome of these matters cannot be predicted with certainty, management of Holnam believes that the resolution of these actions will not have a material adverse effect on Holnam's consolidated financial position or results of operations.

Under an agreement with the Air Quality Division of the Michigan Department of Natural Resources, Holnam conducted testing in 1991 at its Dundee, Michigan plant to determine what control devices, in addition to the baghouse completed in 1991, are necessary to achieve satisfactory opacity of the kiln stack plume. Based on such testing, Holnam believes that the use of gas stream absorbents results in an acceptable opacity level. Holnam has presented the results of the testing to the Michigan Department of Natural Resources and is negotiating permit conditions with the Air Quality Division.

There are various other contingent liabilities and pending legal and environmental proceedings involving Holnam or Holnam's subsidiaries which are considered by management as incidental to its ordinary course of business. Although the final outcome cannot be predicted with the certainty, management believes that the resolution of these matters will not have a material adverse effect on Holnam's consolidated financial position or results of operations.

(7) CHANGES IN ACCOUNTING PRINCIPLES

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

Effective January 1, 1993, the Company adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 106 'Employees' Accounting for Postretirement Benefits Other than Pensions', which requires companies to recognize the liability for postretirement benefits as they are earned by their employees (other than employees of St. Lawrence). Holnam provides health care and life insurance benefits for substantially all current and former employees who retired from active service and their dependents. Benefits are extended to dependents of deceased retirees for one year following the death of the retiree. Employees retiring prior to January 1, 1996 will receive benefits in accordance with various individual plan agreements. Employees retiring after January 1, 1996 will receive a fixed dollar subsidy that can be used to purchase one of the three retiree medical plans, with differences between the subsidy amount and the total cost of coverage being paid by the retiree. The health care and life insurance benefit plans are unfunded. In adopting SFAS No. 106, Holnam elected to immediately recognize, as of January 1, 1993, the unfunded, Accumulated Postretirement Benefit Obligation (the Transition Obligation) of approximated \$67.0 million (\$64.0 million net of applicable income taxes) as a cumulative effect of a change in accounting principle. The Expected Postretirement Benefit Obligation as of January 1, 1993 approximated \$71.0 million. The adoption of this standard will result in 1993 postretirement benefit expense of approximately \$5.5 million, an increase of approximately \$2.0 million over the estimated 1993 cash costs. The Transition Obligation, Expected Postretirement Benefit Obligation and the 1993 postretirement benefit expense all differ from the Company's previously disclosed estimates as a result of finalizing actuarial calculations.

The actuarial assumptions used are as follows:

HOLNAM INC. AND SUBSIDIARIES  
 NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS -- (CONTINUED)

<TABLE>	
<CAPTION>	
Initial annual health care trend rate	
<S>	
Pre-age 65 benefits.....	15%
Post-age 65 benefits.....	10%
Discount rate.....	8%
Average remaining service period (years).....	15
</TABLE>	

A one percent increase in the health care cost trend rate would result in a transition obligation of approximately \$72.5 million and annual service and interest costs of approximately \$6.0 million.

#### ACCOUNTING FOR INCOME TAXES

Effective January 1, 1993, Holnam adopted the provisions of SFAS 109, 'Accounting for Income Taxes.' SFAS 109 replaced SFAS 96, of the same title, which Holnam previously used to account for income taxes. The effect of adopting SFAS 109 was to recognize a deferred tax liability of \$1.7 million that was not recognized under SFAS 96. In addition, Holnam determined that approximately \$160 million of tax benefits did not satisfy the recognition criteria set forth in the standard. Accordingly, a valuation allowance was recorded against the deferred tax asset.

A valuation allowance is provided when it is more likely than not that some portion of the deferred tax asset will not be realized. Holnam has established a valuation allowance for the full amount of operating loss carry forwards which are not anticipated to offset existing net taxable temporary differences. Future utilization of operating loss carryforwards currently fully reserved will depend on Holnam's ability to generate future taxable income, the Company's ability to sustain the ordinary (versus capital) loss treatment of approximately \$136 million of net operating loss carryforwards, as well as the resolution of any issues which may result from an audit by the Internal Revenue Service.

#### (8) SUBSEQUENT EVENT

On November 8, 1993, the Company announced the calling of all its \$15.3 million 9.25% sinking-fund debentures outstanding, due in 2000, at a price of \$1,009.30 per \$1,000.00 principal amount, plus accrued interest. The redemption will occur in December, 1993.

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ANNEX A

FORM OF  
CERTIFICATE OF OWNERSHIP AND MERGER  
OF  
HOLCEM INC.  
(A DELAWARE CORPORATION)  
INTO  
HOLNAM INC.  
(A DELAWARE CORPORATION)  
(FILED PURSUANT TO SECTION 253 OF  
THE GENERAL CORPORATION LAW OF  
THE STATE OF DELAWARE)

The undersigned hereby certify that:

(1) Holnam Inc. ('Holnam') was incorporated on the 8th day of May, 1981 under the name HOFI North America Inc. pursuant to the General Corporation Law of the State of Delaware.

(2) Holcem Inc., a corporation incorporated on the 23rd day of December, 1993 pursuant to the General Corporation Law of the State of Delaware ('Holcem'), owns more than 90% of the issued and outstanding shares of common stock, par value \$.01 per share, of Holnam and 100% of the issued and outstanding shares of 7% Cumulative Convertible Preferred Stock, par value \$.10 per share, of Holnam, which constitute all the outstanding classes of stock of Holnam.

(3) The directors of Holcem, at a meeting duly called and held on January 7, 1994, unanimously adopted the following resolutions authorizing the merger of Holcem with and into Holnam (the 'Merger') and the amendment of the Restated Certificate of Incorporation, as amended, of Holnam:

#### MERGER OF HOLCEM WITH HOLNAM

RESOLVED, that, pursuant to Section 253 of the General Corporation Law of the State of Delaware (the 'DGCL'), Holcem merge (the 'Merger') with and into Holnam Inc., a Delaware corporation ('Holnam').

RESOLVED, that at the effective time of the Merger each outstanding share of common stock of Holnam (other than any shares owned by Holcem and subject to the rights of stockholders of Holnam who perfect their dissenters' appraisal rights) be converted into the right to receive \$7.65 in cash (the 'Cash Consideration') upon the surrender of the certificates for such shares of common stock of Holnam to the paying agent for Holdernam Inc.

RESOLVED, that this Board of Directors has reviewed and considered such

information from and related to Holnam and concerning the Merger as it deemed relevant and appropriate, and a presentation by and the opinion of Merrill Lynch, Pierce, Fenner & Smith, dated January 7, 1994 and addressed to Holcem and certain affiliates of Holcem, concerning the fairness of the Cash Consideration to be received by the stockholders of Holnam other than Holcem and, on the basis of such review and consideration, this Board of Directors finds the Merger to be fair to the stockholders of Holnam other than Holcem.

RESOLVED, that upon the surrender by Holdernam Inc., a Delaware corporation and the owner of all the issued and outstanding capital stock of Holcem ('Holdernam'), of the certificates for the shares of common stock of Holcem to the paying agent after the effective time of the Merger, Holnam shall deliver or cause to be delivered to Holdernam certificates for (a) 1,000 shares of common stock of Holnam in lieu of the 128,491,701 shares of common stock of Holnam held by Holcem prior to the Merger, and (b) 1,034.71333 shares of 7% Cumulative Convertible Preferred Stock of Holnam in lieu of the 620,828 shares of the 7% Cumulative Convertible Preferred Stock of Holnam held by Holcem prior to the Merger, which newly issued certificates shall represent all the issued and outstanding equity securities of Holnam immediately after the Merger.

RESOLVED, that the stockholders of Holnam other than Holcem shall have appraisal rights as set forth in Section 262 of the DGCL.

RESOLVED, that the proper officers of Holcem are authorized to execute, acknowledge, file and record a certificate of ownership and merger in accordance with the requirements of Section 253 of the DGCL (the 'Certificate of Ownership and Merger') and to cause the Merger to become effective, all without further action by this Board of Directors.

RESOLVED, that at any time before the Certificate of Ownership and Merger is filed with the Secretary of State of the State of Delaware, this Board of Directors may amend these resolutions and abandon the Merger, all in the manner and to the extent permitted by Sections 253(c) and 251(d) of the DGCL.

#### AMENDMENT OF THE RESTATED CERTIFICATE OF INCORPORATION OF HOLNAM

RESOLVED, that upon the effectiveness of the Merger, the restated certificate of incorporation, as amended, of Holnam be amended as follows:

(a) The preamble of Article FOURTH shall be amended so that, as amended, said preamble shall be and read as follows:

'FOURTH: The total number of shares of stock of all classes which the corporation is authorized to issue is 4,000 shares, consisting of 2,000 shares of Common Stock, par value \$.01 per share (the 'Common Stock'), and 2,000 shares of Preferred Stock, par value \$.10 per share (the 'Preferred Stock'). The voting powers, designations, preferences, relative rights, qualifications, limitations and restrictions of each class shall be as follows:'

(b) The resolutions set forth in the Certificate of Designation of the 7% Cumulative Convertible Preferred Stock, par value \$.10 per share (the 'Series A Preferred'), of Holnam dated as of June 2, 1993 shall be amended as follows:

(i) The Series A Preferred shall consist initially of 1,000 shares instead of the 600,000 shares currently provided in the first and tenth such resolutions and the 10,150 shares and 10,678 shares of Series A Preferred Stock issued on August 15 and November 15, 1993, respectively, as dividends shall instead aggregate 34.71333 shares;

(ii) The form of stock certificate annexed thereto as Exhibit A shall be amended to the extent necessary to reflect the changes in the Series A Preferred set forth herein;

(iii) The annual preferential cumulative dividend per share set forth in the third such resolution shall be changed from \$3.50 per share to \$2,100.00 per share effective as of the date hereof;

(iv) The preferential distribution provided in clause (x) of the fifth such resolution shall be changed from \$50 per share to \$30,000 per share;

(v) The number of shares of Common Stock into which each share of Series A Preferred may be converted shall be changed from 13.5 shares set forth in the sixth such resolution to 0.06 shares; and

(vi) The table of Redemption Prices set forth in the seventh such resolution is replaced in its entirety by the following table:

<TABLE>  
<CAPTION>

## REDEMPTION DATE

REDEMPTION  
PRICE

REDEMPTION DATE	REDEMPTION PRICE
<S>	<C>
From May 15, 1997 to May 14, 1998.....	\$ 31,260
From May 15, 1998 to May 14, 1999.....	\$ 31,050
From May 15, 1999 to May 14, 2000.....	\$ 30,840
From May 15, 2000 to May 14, 2001.....	\$ 30,630
From May 15, 2001 to May 14, 2002.....	\$ 30,420
From May 15, 2002 to May 14, 2003.....	\$ 30,210
On or after May 15, 2003.....	\$ 30,000

&lt;/TABLE&gt;

(4) The Merger has been duly approved by the sole stockholder of Holcem at a meeting duly called and held on January 7, 1994.

(5) The Restated Certificate of Incorporation, as amended, of Holnam, further amended as provided in paragraph (3) above, shall be the certificate of incorporation of the surviving corporation.

(6) The Merger shall become effective as of the close of business on the date on which this Certificate of Ownership and Merger is filed with the Secretary of State of the State of Delaware, at which time Holcem shall merge with and into Holnam, which, as the surviving corporation, shall continue its corporate existence under the laws of the State of Delaware under its current name, Holnam Inc.

IN WITNESS WHEREOF, Holcem Inc. has caused this Certificate of Ownership and Merger to be signed in its corporate name by its President and attested by its Secretary, and each signatory acknowledges, under penalties of perjury, that this instrument is the act and deed of Holcem Inc. and that the facts stated herein are true as of the day of February, 1994.

HOLCEM INC.

By:

.....  
NAME: PETER BYLAND  
TITLE: PRESIDENT

ATTEST

.....  
NAME: PIERRE F. HAESLER  
TITLE: SECRETARY

ANNEX B

MERRILL LYNCH

Investment Banking Group  
World Financial Center  
North Tower  
New York, NY 10281-1330

January 7, 1994

Board of Directors  
Holcem Inc.  
6211 North Ann Arbor Road  
Dundee, Michigan 48131

Board of Directors  
Holdernam Inc.  
6211 North Ann Arbor Road  
Dundee, Michigan 48131

Special Committee of the  
Board of Directors  
'Holderbank' Financiere Glaris, Ltd.  
Hauptstrasse 44  
CH-8570 Glaris  
Switzerland

Holnam Inc.

Gentlemen:

We understand that the Board of Directors and the sole stockholder of Holcem Inc. ('Holcem'), which is the holder of more than 90% of the common stock, par value \$.01 per share (the 'Common Stock'), and all of the 7% Series A Convertible Preferred Stock, par value \$.10 per share (the 'Preferred Stock'),

of Holnam, Inc. (the 'Company'), intend to take certain corporate action pursuant to Section 253 of the Delaware General Corporation Law as a result of which Holcem will be merged (the 'Merger') with and into the Company, the Company will become a wholly-owned subsidiary of Holdernam Inc. ('Holdernam') and an indirect wholly-owned subsidiary of 'Holderbank' Financiere Glaris, Ltd. ('Holderbank'), and each outstanding share of Common Stock held by shareholders other than the Company, Holcem or any of its affiliates (the 'Public Shareholders') will be converted into the right to receive \$7.65 in cash per share from Holdernam, subject to the rights of shareholders who perfect their dissenters' appraisal rights. We understand the Merger will be effected by the filing of a Certificate of Ownership and Merger (the 'Certificate') with the Secretary of State of the State of Delaware, which filing is expected to be made on or about February 10, 1994.

You have asked us for our opinion as to whether or not the proposed cash consideration to be received by the Public Shareholders pursuant to the Merger is fair to such shareholders from a financial point of view.

In arriving at the opinion set forth below, we have, among other things:

(1) reviewed the Company's annual reports to shareholders for the three fiscal years ended, and its annual report on Form 10-K for the two fiscal years ended, December 31, 1992 and the related audited financial information included therein, and the Company's unaudited financial information and related Forms 10-Q for the three-, six-, and nine-month periods ended March 31, June 30, and September 30, 1993, respectively;

(2) reviewed the annual reports to shareholders and related audited financial information of St. Lawrence Cement, Inc. ('St. Lawrence'), a corporation organized under the law of the Province of Quebec, Canada, whose securities are publicly traded on the Montreal and Toronto stock

exchanges, and of which the Company owns shares representing approximately 59% of the equity interest and 77% of the voting rights for the three fiscal years ended December 31, 1992;

(3) reviewed certain information, including financial projections, relating to the businesses, earnings, cash flow, assets and prospects of the Company, based upon information furnished to us by the Company, and of St. Lawrence, furnished to us by St. Lawrence;

(4) conducted discussions with members of senior management of the Company and St. Lawrence concerning their respective businesses and prospects, and conducted discussions with members of senior management of Holderbank concerning such businesses and prospects;

(5) reviewed the Registration Statement on Form S-4 of the Company, including the combined Proxy Statement and Prospectus dated February 14, 1990 included therein, filed with the Securities and Exchange Commission ('SEC') in connection with the merger of the Company and Ideal Basic Industries, Inc.;

(6) reviewed the current and historical market prices and trading activity for the Common Stock and compared them with that of certain publicly traded companies which we deemed to be reasonably similar to the Company, in whole or in part;

(7) reviewed the current and historical market prices and trading activity for the Class A subordinate shares of St. Lawrence;

(8) compared the results of operations of the Company with those of certain companies which we deemed to be reasonably similar to the Company, in whole or in part;

(9) reviewed a draft dated January 6, 1994 of the Certificate;

(10) reviewed the Certificate of Designation relating to the Preferred Stock;

(11) reviewed a draft dated January 7, 1994 of the Rule 13e-3 Transaction Statement, including the Disclosure Statement included therein, proposed to be filed with the SEC in connection with the Merger; and

(12) compared the financial terms of the transactions contemplated by the Certificate with the financial terms of certain other business combinations and other transactions which we deemed to be relevant.

We have also reviewed such other financial studies and analyses, and performed such other investigation and taken into account such other matters as we deemed necessary.

In preparing our opinion we have relied without independent verification

upon the accuracy, completeness and fair presentation of all financial and other information provided to us by Holderbank, the Company and St. Lawrence, including information concerning certain tax matters relevant to our analysis, or which was publicly available. In addition, we have not made an independent appraisal of any of the assets or liabilities of the Company or St. Lawrence or of the shares of St. Lawrence. With respect to the financial forecasts referred to above, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of the Company or St. Lawrence, as the case may be, as to the future financial performance of the Company or St. Lawrence, as the case may be, and that management of Holderbank concur in those estimates and judgments. In light of the fact that Holcem owns in excess of 90% of the Common Stock and has indicated that it will not sell such shares of Common Stock, we were not requested to, and did not, solicit indications of interest for the acquisition of all or part of the Common Stock.

We have provided investment banking services to Holderbank and its subsidiaries in the past, other than the Company, for which we have received compensation.

On the basis of, and subject to the foregoing, we are of the opinion that the cash consideration to be received by the Public Shareholders pursuant to the Merger is fair to such shareholders from a financial point of view.

Very truly yours,

MERRILL LYNCH, PIERCE, FENNER &  
SMITH INCORPORATED

By: .....

ANNEX C

SECTION 262 OF THE DELAWARE GENERAL CORPORATION LAW

262 APPRAISAL RIGHTS. (a) Any stockholder of a corporation of this State who holds shares of stock on the date of the making of a demand pursuant to subsection (d) of this section with respect to such shares, who continuously holds such shares through the effective date of the merger or consolidation, who has otherwise complied with subsection (d) of this section and who has neither voted in favor of the merger or consolidation nor consented thereto in writing pursuant to 228 of this title shall be entitled to an appraisal by the Court of Chancery of the fair value of his shares of stock under the circumstances described in subsections (b) and (c) of this section. As used in this section, the word 'stockholder' means a holder of record of stock in a stock corporation and also a member of record of a nonstock corporation; the words 'stock' and 'share' mean and include what is ordinarily meant by those words and also membership or membership interest of a member of a nonstock corporation.

(b) Appraisal rights shall be available for the shares of any class or series of stock of a constituent corporation in a merger or consolidation to be effected pursuant to 251, 252, 254, 257, 258, 263 or 264 of this title:

(1) Provided, however, that no appraisal rights under this section shall be available for the shares of any class or series of stock which, at the record date fixed to determine the stockholders entitled to receive notice of and to vote at the meeting of stockholders to act upon the agreement of merger or consolidation, were either (i) listed on a national securities exchange or designated as a national market system security on an interdealer quotation system by the National Association of Securities Dealers, Inc. or (ii) held of record by more than 2,000 stockholders; and further provided that no appraisal rights shall be available for any shares of stock of the constituent corporation surviving a merger if the merger did not require for its approval the vote of the stockholders of the surviving corporation as provided in subsection (f) of [^251 of this title.

(2) Notwithstanding paragraph (1) of this subsection, appraisal rights under this section shall be available for the shares of any class or series of stock of a constituent corporation if the holders thereof are required by the terms of an agreement of merger or consolidation pursuant to 251, 252, 254, 257, 258, 263 and 264 of this title to accept for such stock anything except:

a. Shares of stock of the corporation surviving or resulting from such merger or consolidation;

b. Shares of stock of any other corporation which at the effective date of the merger or consolidation will be either listed on a national securities exchange or designated as a national market system security on an interdealer quotation system by the National Association of Securities Dealers, Inc. or held of record by more than 2,000 stockholders;

c. Cash in lieu of fractional shares of the corporations described in

the foregoing subparagraphs a. and b. of this paragraph; or

d. Any combination of the shares of stock and cash in lieu of fractional shares described in the foregoing subparagraphs a., b. and c. of this paragraph.

(3) In the event all of the stock of a subsidiary Delaware corporation party to a merger effected under 253 of this title is not owned by the parent corporation immediately prior to the merger, appraisal rights shall be available for the shares of the subsidiary Delaware corporation.

(c) Any corporation may provide in its certificate of incorporation that appraisal rights under this section shall be available for the shares of any class or series of its stock as a result of an amendment to its certificate of incorporation, any merger or consolidation in which the corporation is a constituent corporation or the sale of all or substantially all of the assets of the corporation. If the certificate of incorporation contains such a provision, the procedures of this section, including those set forth in subsections (d) and (e) of this section, shall apply as nearly as is practicable.

(d) Appraisal rights shall be perfected as follows:

(1) If a proposed merger or consolidation for which appraisal rights are provided under this section is to be submitted for approval at a meeting of stockholders, the corporation, not less than 20 days prior to the meeting, shall notify each of its stockholders who was such on the record date for such meeting with respect to shares for which appraisal rights are available pursuant to subsections (b) or (c) hereof that appraisal rights are available for any or all of the shares of the constituent corporations, and shall

include in such notice a copy of this section. Each stockholder electing to demand the appraisal of his shares shall deliver to the corporation, before the taking of the vote on the merger or consolidation, a written demand for appraisal of his shares. Such demand will be sufficient if it reasonably informs the corporation of the identity of the stockholder and that the stockholder intends thereby to demand the appraisal of his shares. A proxy or vote against the merger or consolidation shall not constitute such a demand. A stockholder electing to take such action must do so by a separate written demand as herein provided. Within 10 days after the effective date of such merger or consolidation, the surviving or resulting corporation shall notify each stockholder of each constituent corporation who has complied with this subsection and has not voted in favor of or consented to the merger or consolidation of the date that the merger or consolidation has become effective; or

(2) If the merger or consolidation was approved pursuant to SS228 or 253 of this title, the surviving or resulting corporation, either before the effective date of the merger or consolidation or within 10 days thereafter, shall notify each of the stockholders entitled to appraisal rights of the effective date of the merger or consolidation and that appraisal rights are available for any or all of the shares of the constituent corporation, and shall include in such notice a copy of this section. The notice shall be sent by certified or registered mail, return receipt requested, addressed to the stockholder at his address as it appears on the records of the corporation. Any stockholder entitled to appraisal rights may, within 20 days after the date of mailing of the notice, demand in writing from the surviving or resulting corporation the appraisal of his shares. Such demand will be sufficient if it reasonably informs the corporation of the identity of the stockholder and that the stockholder intends thereby to demand the appraisal of his shares.

(e) Within 120 days after the effective date of the merger or consolidation, the surviving or resulting corporation or any stockholder who has complied with subsection (a) and (d) hereof and who is otherwise entitled to appraisal rights, may file a petition in the Court of Chancery demanding a determination of the value of the stock of all such stockholders. Notwithstanding the foregoing, at any time within 60 days after the effective date of the merger or consolidation, any stockholder shall have the right to withdraw his demand for appraisal and to accept the terms offered upon the merger or consolidation. Within 120 days after the effective date of the merger or consolidation, any stockholder who has complied with the requirements of subsections (a) and (d) hereof, upon written request, shall be entitled to receive from the corporation surviving the merger or resulting from the consolidation a statement setting forth the aggregate number of shares not voted in favor of the merger or consolidation and with respect to which demands for appraisal have been received and the aggregate number of holders of such shares. Such written statement shall be mailed to the stockholder within 10 days after his written request for such a statement is received by the surviving or resulting corporation or within 10 days after expiration of the period for delivery of demands for appraisal under subsection (d) hereof, whichever is later.

(f) Upon the filing of any such petition by a stockholder, service of a

copy thereof shall be made upon the surviving or resulting corporation, which shall within 20 days after such service file in the office of the Register in Chancery in which the petition was filed a duly verified list containing the names and addresses of all stockholders who have demanded payment for their shares and with whom agreements as to the value of their shares have not been reached by the surviving or resulting corporation. If the petition shall be filed by the surviving or resulting corporation, the petition shall be accompanied by such a duly verified list. The Register in Chancery, if so ordered by the Court, shall give notice of the time and place fixed for the hearing of such petition by registered or certified mail to the surviving or resulting corporation and to the stockholders shown on the list at the addresses therein stated. Such notice shall also be given by 1 or more publications at least 1 week before the day of the hearing, in a newspaper of general circulation published in the City of Wilmington, Delaware or such publication as the Court deems advisable. The forms of the notices by mail and by publication shall be approved by the Court, and the costs thereof shall be borne by the surviving or resulting corporation.

(g) At the hearing on such petition, the Court shall determine the stockholders who have complied with this section and who have become entitled to appraisal rights. The Court may require the stockholders who have demanded an appraisal for their shares and who hold stock represented by certificates to submit their certificates of stock to the Register in Chancery for notation thereon of the pendency of the appraisal proceedings; and if any stockholder fails to comply with such direction, the Court may dismiss the proceedings as to such stockholder.

(h) After determining the stockholders entitled to an appraisal, the Court shall appraise the shares, determining their fair value exclusive of any element of value arising from the accomplishment or expectation of the merger or consolidation, together with a fair rate of interest, if any, to be paid upon the amount determined to be the fair value. In determining such fair value, the Court shall take into account all relevant factors. In determining the fair rate of interest, the Court may consider all relevant factors, including the rate of interest which the surviving or resulting corporation would have had to pay to borrow money during the pendency of the proceeding. Upon application by the surviving or resulting corporation or by any stockholder entitled to participate in the appraisal proceeding, the Court may, in its discretion, permit discovery or other pretrial proceedings and may proceed to trial upon the appraisal prior to the final determination of the stockholder entitled to an appraisal. Any stockholder whose name appears on the list filed by the surviving or resulting corporation pursuant to subsection (f) of this section and who has submitted his certificates of stock to the Register in Chancery, if such is required, may participate fully in all proceedings until it is finally determined that he is not entitled to appraisal rights under this section.

(i) The Court shall direct the payment of the fair value of the shares, together with interest, if any, by the surviving or resulting corporation to the stockholders entitled thereto. Interest may be simple or compound, as the Court may direct. Payment shall be so made to each such stockholder, in the case of holders of uncertificated stock forthwith, and the case of the holders of shares represented by certificates upon the surrender to the corporation of the certificates representing such stock. The Court's decree may be enforced as other decrees in the Court of Chancery may be enforced, whether such surviving or resulting corporation be a corporation of this State or of any state.

(j) The costs of the proceeding may be determined by the Court and taxed upon the parties as the Court deems equitable in the circumstances. Upon application of a stockholder, the Court may order all or a portion of the expenses incurred by any stockholder in connection with the appraisal proceeding, including, without limitation, reasonable attorney's fees and the fees and expenses of experts, to be charged pro rata against the value of all the shares entitled to an appraisal.

(k) From and after the effective date of the merger or consolidation, no stockholder who has demanded his appraisal rights as provided in subsection (d) of this section shall be entitled to vote such stock for any purpose or to receive payment of dividends or other distributions on the stock (except dividends or other distributions payable to stockholders of record at a date which is prior to the effective date of the merger or consolidation); provided, however, that if no petition for an appraisal shall be filed within the time provided in subsection (e) of this section, or if such stockholder shall deliver to the surviving or resulting corporation a written withdrawal of his demand for an appraisal and an acceptance of the merger or consolidation, either within 60 days after the effective date of the merger or consolidation as provided in subsection (e) of this section or thereafter with the written approval of the corporation, then the right of such stockholder to an appraisal shall cease. Notwithstanding the foregoing, no appraisal proceeding in the Court of Chancery shall be dismissed as to any stockholder without the approval of the Court, and such approval may be conditioned upon such terms as the Court deems just.

(l) The shares of the surviving or resulting corporation to which the



shares of such objecting stockholders would have been converted had they assented to the merger or consolidation shall have the status of authorized and unissued shares of the surviving or resulting corporation.