

Granite buys competitor

\$13.1 million stock purchase kicks off merger

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WATSONVILLE — Watsonville-based Granite Construction Co. has expanded into the Pacific Northwest by closing a deal to buy a privately-owned construction company based there.

According to Granite spokesman Michael Lawson, the company recently paid \$13.1 million for a 30 percent share of Wilder Construction, the beginning of a gradual merger that will eventually see Granite own 75 percent of Wilder's stock by 2004.

In addition to opening up the nation's Pacific Northwest and Alaska markets to Granite, the deal will also allow Wilder to strengthen its own operations with a large infusion of capital.

"Wilder is mostly employee-held, and when employees retired they sell their shares back to the company," Lawson said. "It's similar to what Granite faced in the late '80s — it's difficult to grow the business when so much capital is tied up in retiring those shares."

Lawson said he expects Granite to own more than 50 percent of Wilder's common stock by 2002, at which point Granite will assume control of Wilder.

"Together we'll explore ways to add value," Law-

'Together we'll explore ways to add value.' — Granite spokesman Mike Lawson

son said. "We're looking for additional acquisitions in that area. We've never had a permanent base of operations in the Pacific Northwest."

In a prepared statement, Granite CEO David H. Watts and Wilder CEO Robert M. Helsell said the deal will benefit both companies.

Under the terms of the agreement, Granite will initially buy 30 percent of Wilder stock. Subsequent investments will bring Granite's equity ownership to between 51 and 60 percent in 2002, and 75 percent in 2004.

Founded in 1911, Wilder is a heavy-civil construction company with regional offices located in Washington, Oregon and Alaska. The company has annual revenues of about \$150 million and employs

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about 650 people throughout the Northwest and Alaska.

Granite is a diversified heavy civil contractor and construction

materials producer. It serves public and private sector clients through its 32 offices nationwide. Granite reported revenues of \$1.23 billion in 1998.

For more information about the company visit their website at www.graniteconstruction.com.